

Tuca, Sabina

Article

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CES Working Papers

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Suggested Citation: Tuca, Sabina (2015) : Global Governance vs. National Sovereignty in a Globalized World, CES Working Papers, ISSN 2067-7693, Alexandru Ioan Cuza University of Iasi, Centre for European Studies, Iasi, Vol. 7, Iss. 1, pp. 193-201

This Version is available at:

<https://hdl.handle.net/10419/198371>

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GLOBAL GOVERNANCE VS. NATIONAL SOVEREIGNTY IN A GLOBALIZED WORLD

Sabina TUCA*

Abstract: *The global economic and financial crisis of 2007 highlighted the risks, threats and enormous costs of a global economy in the absence of a global government. The aim of this paper is to emphasize the importance of global governance in a world in which states are facing the erosion of national sovereignty. The two concepts are being analyzed from various points of view, including current challenges and future scenarios. Despite the fact that states, especially major powers, are not prepared to accept some elements of global governance and the limits that they would put on their national sovereignty, recent developments seem to make global governance a key component of the international scene.*

Keywords: global governance, national sovereignty, globalization

JEL Classification: F52, F53, F69

Introduction

Global governance is a relative new concept. It is often defined in terms of what is not: it is not a world government. In one of the first studies on global governance, published in 1992, James Rosenau defines the concept as a world order where there is no central authority and capacity to implement global decisions (Rosenau, 1992, p.7). His idea of global governance is that of an existing order for managing interdependence in the absence of a state. The definition is very broad and there is no reference to who should take or implement the decisions.

More recently, Weiss and Thakur (2010) provide a more comprehensive definition of global governance. According to the two authors, global governance includes all laws, rules, policies and institutions that constitute and mediate relations between citizens, businesses, markets and states in the international arena (Weiss and Thakur, 2010, p.6).

Despite the fact that currently there is no global government as the UN General Assembly is not a world parliament and Ban Ki-moon is not the president of the world, we can affirm there is some level of government. Moreover, Weiss and Thakur argue that the desire to improve the functioning of global governance has little to do with the desire to create a world government.

On the other hand, the concept of sovereignty can be traced back to 1648, when the Treaty of Westphalia was settled and marked the end of 30 years of religious war.

* Sabina Tuca is a Phd Student in Economics at the Faculty of Economics and Business Administration, Alexandru Ioan Cuza University of Iasi, Romania, e-mail: sabina.tuca@gmail.com

According to Cynthia Weber (1995), sovereignty means the absolute authority that a state holds over a territory and its people, as well as independence and international recognition by other sovereign states as a sovereign state (Weber, 1995, p.1).

Modern state sovereignty was at first dependent of relations between states, based on the idea that each state (in principle and not always in practice) acknowledges the autonomy of others within their own borders. Held and McGrew (2003) argue that no state, no matter how strong it is, held as much sovereign control in practice, as enshrined in legal principle.

1. Global governance vs. national sovereignty – current challenges

1.1. Global governance

Both governance and the government are composed of a system of rules and mechanisms by which authority is exercised in order to allow systems to maintain consistency and to meet the desired objectives. Governance systems are social functions or processes that can be made or applied in a variety of ways in different times and places for a variety of organizations.

The instruments of global governance take the form of treaties, customary international law, international organizations, formal and informal rules embedded etc. Formal international institutions are both globally and regionally. Examples of global institutions are the United Nations (UN), the World Trade Organization (WTO), the World Health Organization, the International Monetary Fund, the World Bank, the Organization for Economic Co-operation and Development, the North Atlantic Treaty Organization (NATO), etc. Among formal regional organizations can be included Shanghai Cooperation Organization that includes Russia, China and the former Soviet republics of Central Asia: Kazakhstan, Tajikistan, Uzbekistan and Kyrgyzstan, whose objective is to maximize the economic, diplomatic and military between Member States. In essence, these countries consider that global security should be based on the coexistence of several centres for peace, linked to centres of civilization.

Also, issues related to global governance are addressed at BRICS Summits as well. At the third BRICS Summit, which took place on 13 and 14 April 2011, with the acceptance of South Africa in the group, they addressed issues such as the need to reform the UN, the inclusion of Russia in the WTO and cooperation in the Council Security in the peaceful settlement of the conflict in Libya.

In addition to these international institutions, there are informal institutions, like the Bilderberg Club, the Club of Rome, the Trilateral Commission, G8, G20, G5. The advantage of these informal structures before intergovernmental organizations is precisely the lack of bureaucracy. Although at

first glance the lack of formality of these structures, whose decisions are not mandatory but recommended, can be considered a weakness, reality has shown that often their influence exceeds that of many formal global institutions.

On the other hand, Jagdish Bhagwati (2004) emphasizes the importance of civil society on the global governance process. Civil society, reflecting national mobilization, values, culture and political sensitivities, provides opportunities for better management of globalization in democratic societies. In this regard, non-governmental organizations (NGOs) have a major role. For example, governments, especially in poor countries, adopt legislation such as the 'polluter pays' principle, but not the means to monitor compliance. In this context, NGOs are pursuing compliance.

Also, Bhagwati (2004) draws the attention to multinational corporations, which although non-governmental organizations, they play an essential role in providing appropriate governance through what is called "corporate social responsibility".

In other words, we can say that there are multiple levels of governance, from the local level, continuing with national and regional level, global problems being managed globally. For each level of government, there are special institutions, not independent but overlapping powers and responsibilities of each. However, coordinating the efforts of various stakeholders, from local to global, governmental, intergovernmental and non-governmental proves to be a real challenge to global governance.

Global governance is shaped by a growing tension between the need to internationalize as many rules and the willingness of states to assert and preserve national control. The balance between internationalization and national sovereignty is constantly changing as powerful forces are pushing in both directions simultaneously and we cannot know whether reconciliation between the two is possible.

The global arena in the last decades has created a favourable context of global governance. First, states are not the only actors; various other actors (civil society, international experts) have become active players. Secondly, there is a rigid concept of territoriality. Most problems are cross-border and transnational in nature. Third, there is a hierarchy of problems. All issues are of equal importance, interdependent, making it a more complex world than ever before.

The role of global governance can be separated into two. On one hand, it can design a structure. Designing a structure - be it architecture or complex framework - provides the ability to create a useful mechanism. On the other hand, global governance can manage a process. In short, we can formulate certain procedures relating to communication, interaction and networking.

1.2. National sovereignty

The growing importance of global governance has brought discussions regarding national sovereignty to a new level. In the contemporary period, sovereignty is still being tested. Most likely, the sovereign state is still the main unit of the international system, but the operation and its legitimacy is underestimated by both external factors and internal factors.

Held and McGrew (2003) believe that sovereignty is disputed because the political authority is compromised by the regional, global, economical and cultural factors. The legitimacy of the state is raised because, due to increasing regional and global interdependence, states can no longer provide basic goods and services to their citizens without international cooperation. However, international cooperation can be often quite inadequate in the face of global problems - from global warming to volatile movements in the financial markets - that can fully escape political settlement.

The principle of national sovereignty is challenged by those who argue that during serious humanitarian crises, the international community (NGOs, international institutions and states) has the right to intervene to help people who are not protected by their states. In the past, only sovereign states and not individuals had a role in international law. Accordingly, within national borders, a political system could do anything with its citizens, even if it meant to be human rights violations or be neglected basic human needs.

Thus, we can say that we are witnessing a transfer of sovereignty from the national state to individuals. Given that there are several levels of government (local, regional, national, global), individuals can target the appropriate form they need. For example, in regards to Human Rights, individuals that feel they rights have been violated by their states, can address to the European Court of Human Rights, at least in Europe. The European Court of Human Rights is a supranational organization which guarantees fundamental human rights and freedoms set out in the European Convention on Human Rights.

Sovereignty is questioned not only in theory but also in practice. Sovereignty is externally challenged by the dynamics of globalization: markets, companies and open technologies, which are permeable boundaries powerful states by external forces. Internally, sovereignty is eroded by internal conflicts and subnational movements and the strengthening of economic development crisis (shortage of resources, environmental degradation, and population growth). This undermines the legitimacy and international underlying national sovereignty. Both external and internal factors have led to an increasing number of countries in collapse. At the same time, even the most powerful states alone cannot manage global problems effectively.

2. The global crisis and the changing distribution of power in the world

The crisis of 2007, which originated in the United States, led the global economy into recession. Under these circumstances, the world is facing a change in the distribution of power in the world.

As a direct consequence of the global crisis, the international community has tried to build a new form of global economic governance centred on the G20. In November 2008, in Washington DC, met the leaders of the world's top 20 economies and agreed a series of measures and a joint action plan to cope with the crisis, including solutions to revive their economies (without affecting the world trade), to regulate global finance, to help the poorest countries affected by the crisis and to reform international institutions, as Ngaire Woods highlights (2010). From the first meeting of G20, an action plan has delegated specific tasks to different international institutions (IMF, World Bank and other multilateral development banks, United Nations Development Programme, the Financial Stability Board). G20 leaders met again in London in April 2009, meeting that strengthened the capacity of the organization to comply with a new action plan, announcing nearly 750 billion dollars for the IMF, for this purpose. All this was again revised in September 2009, at their third meeting in Pittsburgh (Woods, 2010, p.52).

The current financial problems in the euro area could be a boost to justify this process, at least in the short term. In the medium and long term, the crisis will give impetus to the search of new forms of global governance, as it will increase the need to strengthen cooperation on global economic policy. It is possible that the future international relations to be largely characterized by rivalry and cooperation between countries beyond the global ruling establishment. Each state, managed by a political instinct and power, will try to use different forms of governing as a global forum for discussion to maximize their own national interest. At the same time, countries will seek to advance, in order to create public international goods.

On the other hand, the world is constantly changing. Over the last decades, emerging markets and developing countries have experienced unprecedented growth. Global governance has had much to gain from the peaceful growth of the BRICS countries. Approximately one billion people rose from poverty without causing major international turbulence. The global financial crisis has not only boosted the process, but also produced new challenges and difficulties. As the crisis continues, it is clear that global economic growth has evolved. It is also clear that a proportional change in paradigms of global governance has not yet occurred. For example, Van Kerckhoven and Hazenberg (2013) believed until recently that the absence of conflicts in recent decades in large parts of Europe is an argument of the idea that integration and increasing global interconnections discouraged states to

engage in violent confrontations. However, the recent conflict in Ukraine proves that things are not so. The current level of global governance cannot yet guarantee peace and stability, even in the developed world. This not only confirms that global governance is only in its infancy, but it gives it a chance to take the shape and characteristics of specific global phenomena.

At the same time, the power of the United States is questionable. Although in absolute terms the US remains the superior power, in relative terms, its decline gradually became an undeniable fact. US still is a great economic, cultural, symbolic and military power, but the changing distribution of power has impacted global governance and the way the international order is managed. Given the changes in the international environment in recent years, the international community will rejuvenate and align efforts to build global governance in various fields.

However, on short and medium term, global governance is able to come up with progress in at least three directions. The first would be more equal spread of global development. While absolute poverty has fallen dramatically in the past 20 years, inequality has skyrocketed. From a global perspective, the least developed countries continuously lose ground to developed economies. Rather than fall behind the developed countries, least developed economies is likely to fall outside the global economy. And even within countries, inequality is increasing. While balancing growth and distributive justice is a difficult exercise, global governance should require countries to undertake such an exercise.

A further development of global governance would be needed in terms of reducing emissions of greenhouse gases in the atmosphere and stopping global warming. Temperatures are still growing while biodiversity declines at a rate dangerous. The threat of global warming is created by human activity, and the solutions are still in the hand of people. Governments should intensify their efforts to internalize energy harmful externalities.

Third, to achieve a more equal spread of global development and a reduction in emissions of greenhouse gases requires global cooperation as representative. Disregard of the interests of people living in poor or failed states is not only an internal system failure, but more the guilt of the global governance architecture in which these people have only a minor word to say. For example, G20 is watching for the good of a few countries, compared to the number of existing states around the globe. In this context, Africa is almost entirely excluded from international political discourse. The current form of global governance is not representative of most of the states. If NGOs or companies would get politically involved, they would become the designated representative agencies whether they like it or not. As a member, their responsibility is not only to donors or their customers, but also to the international community.

To meet these challenges, we must overcome a lot of obstacles. The first and most important of them is nationalism. National interests still crash often collective solutions. Different national or local preferences (often exacerbated by a strong lobby), are the less inclined to do something for the international community, reducing the possibility of reaching a higher overall result.

In addition, it is worrying that civil society and national media often neglect the international stage. Objective information and international NGOs have enormous potential to increase public awareness of global arena. Citizens must know what makes their country international. Overcoming this obstacle is to discover benign forms of nationalism which remain open so supranational decisions and internally. This implies a precarious balancing act between the desire democratic local decision making and the need for global governance human rights. Currently, unfortunately a lot of local leaders refuse to look beyond the national interest and also many international leaders refuse to recognize the integrity of their communities.

Regarding the future evolution of national sovereignty, Maryann Cusimano Love (2011) sees three possible scenarios. Under the first scenario, the world is witnessing the end of the nation state. Decisions on investment, production and exchange rates are taken elsewhere by institutions and individuals on which states have very little control. National labels are meaningless. States lose their ability to respond to economic blows. In this context, the regions are becoming increasingly important.

According to the second scenario the states are retiring, as their functions are changing. Today, either these functions are fulfilled by other entities, either they are no longer met. Susan Strange (1996) discuss some of the functions in the decline of states. First, the state is responsible for the defence of the national territory, but in developed countries there is minimal danger of foreign invasion, thus being eroded state authority. Second, the state must provide foreign currency value, but inflation of a country can be transmitted to others. Third, states used to choose the form of desired economic development, but open economies allow market pressures from the IMF, the World Bank and private investors to limit the choices of states.

At the same time, the contemporary state no longer orders resources but negotiates, gaining strength in foreign direct investment, educated workforce and a skilled market and not a military superiority and territorial control. Thus, there is a crisis of democratic politics as countries lose some elements of autonomy in selecting and applying policy to unelected and non-state actors.

The third scenario assumes that nothing fundamental has changed in terms of national sovereignty because existing states have little incentive to change the system. States shall guarantee the international system, so it is difficult for non-state actors to have equal rights in this system. The evolution of the European Union proposes an alternative model to traditional sovereignty, but there

are just few serious challenges to sovereign arrangements. National sovereignty is becoming increasingly entrenched as far as religious, ethnic and nationalist challenges enhance the state. In spite of the fact that national sovereignty is not an optimal arrangement, it is too early to declare its extinction. Furthermore, in response to the economic crisis in 2007, many states have tried to revive national institutions and public expenditure.

All the above scenarios regarding the future of national sovereignty include well argued statements, but that only capture distinct aspects of the same reality. We are not witnessing the end of the national states yet, but it is obvious that their role has changed. In the short and medium term, we are witnessing what is called global governance, understood as a mechanism for state and non-state entities to seek solutions to transnational problems, through cooperation in order to manage the globalization in the context of the exchange of power distribution. On this basis, strengthening global governance inevitably translates into the development of institutions whose purpose is to find an appropriate balance between national sovereignty and global responsibility.

Conclusions

In conclusion, the concept of global governance must take a deeper meaning. Global governance must be seen as the only realistic way of governing in a world increasingly complex and interdependent. There is still much room for constructive action, and all nations and interested organizations should participate in this difficult task. The recent global crisis has shown that states alone cannot cope with both their internal problems and especially the increasing global challenges. Although states are facing the fear of the erosion of their national sovereignty, they must adapt and give some of their powers to supranational actors to respond better to global issues and challenges.

It is clear that the concepts of global governance and national sovereignty will mutate, as there will be another system of interaction between the main national and international actors. Basically there will be a new world order as "black swans" (extreme events, unexpected and atypical), as Nassim Nicholas Taleb calls them, will shape the world.

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