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"**Globalization and Governance: From Statism to Polycentrism**"

J A Scholte

CSGR Working Paper No. 130/04

February 2004

THE UNIVERSITY OF
WARWICK

CENTRE FOR THE
STUDY OF
GLOBALISATION AND
REGIONALISATION

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ECONOMIC
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# Abstract[*]

This paper explores the implications of globalization for governance. It argues that the contemporary large-scale and accelerated growth of transworld connectivity has rendered the statist mode of governance unviable and encouraged the emergence of polycentric (multi-sited and networked) regulation. States remain crucial nodes in this polycentric governance, although globalization has spurred several important shifts in their attributes. Meanwhile, globalization has opened considerable possibilities for substate (municipal and provincial) authorities to engage directly with realms beyond their state. Inadequacies of the state as a sole site for the governance of global relations have also promoted a growth of suprastate (regional and transworld) sites of regulation. In addition, contemporary globalization and the currently prevailing neoliberal policy framework have encouraged a major expansion of private sites of governance. Civil society has followed the trend from statism to polycentrism by shifting its focus from the state alone to a multi-layered and diffuse governance apparatus

*Address for correspondence:*
Jan Aart Scholte
Centre for the Study of Globalisation and Regionalisation
University of Warwick
Coventry  CV4 7AL, UK
scholte@warwick.ac.uk

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[*] This paper is a draft of a revised chapter on globalization and governance for the second edition of *Globalization: A Critical Introduction*, forthcoming from Palgrave Macmillan later in 2004. For an elaboration of the conception of globalization that informs this paper, see CSGR Working Paper 109/02.

**Introduction**

Contemporary globalization – and the rise of supraterritoriality more particularly – has encouraged a number of changes in the organization of governance in the contemporary world. Territorialism as the previously prevailing framework of social space was closely interlinked with statism as the previously prevailing mode of regulation. Hence a move away from territorialism in geography has, not surprisingly, unfolded together with a move away from statism in governance. As a result, society in today's more global world is regulated in what can be termed a polycentric manner.

'Statism' refers here to a condition where governance is more or less equivalent to the regulatory operations of territorial national governments. In statist circumstances, all formulation, implementation, monitoring and enforcement of societal rules occurs directly or indirectly through the state and inter-state relations. Under statist governance, regional and global regulatory mechanisms are small in scale, if present at all, and fall more or less completely under the thumb of national governments. Likewise, in a statist mode of governance local governments have no significant autonomy from central governments regarding national policy questions. Moreover, local authorities in a statist situation lack substantial possibilities to engage directly with the wider world outside of their state. In short, as the term suggests, statism entails governance that is for all intents and purposes reducible to the state.

Following – and spurred on by – half a century of accelerated globalization and growing supraterritorial connections, statist conditions no longer mark governance today. To be sure, national governments remain major and indispensable sites of regulation in the contemporary more global world. The end of stat*ism* in no way entails the end of the state itself. However, governance now also involves suprastate (regional and transworld) regimes that operate with some autonomy from the state. In addition, many substate (municipal and provincial) governments today engage directly with spheres beyond their state.

In other words, governance in the more global world of the twenty-first century has become distinctly multi-layered and cross-cutting. Regulation occurs at – and through interconnections among – municipal, provincial, national, regional and global sites. No single 'level' reigns over the others, as occurred with the primacy of the state over suprastate and

substate spheres in territorialist circumstances. Instead, governance tends to be diffuse, emanating from multiple locales at once, with points and lines of authority that are not always clear.

The dispersal of governance in contemporary history has occurred not only across different layers and scales of social relations from the local to the global, but also with the emergence of various regulatory mechanisms in private quarters alongside those in the public sector. Many rules for global companies, global finance, global communications, global ecology and other global matters have been devised and administered through nongovernmental arrangements. Although this private governance has generally depended on support, or at least tolerance, from government agencies, it too has maintained substantial autonomy from the state.

This situation of multi-layered and diffuse governance might be called 'polycentrism', to denote its distinctive feature of emanating from multiple locales at the same time. Polycentrism is not the only possible name for this situation, of course. For example, Michael Hardt and Antonio Negri have invoked the term 'empire' to describe 'a decentered and deterritorializing apparatus of rule that progressively incorporates the entire global realm' (Hardt and Negri, 2000: xii). John Keane has invoked the concept of 'cosmocracy' to denote a 'much messier' and 'far more complex type of polity' with 'multiplying, highly mobile and intersecting lines of governmental powers' (Keane, 2003: 98). Other analysts have for their part talked of a 'new medievalism' to designate conditions where, as in the European Middle Ages, multiple authorities operating at different levels exercise overlapping and sometimes conflicting competences over the same realms (Bull, 1977: 254-5, 264-76; Anderson, 1996; Kobrin, 1998; Friedrichs, 2001). Or one can describe a 'new multilateralism' involving both states and non-state actors (R.W. Cox, 1997; Schechter, 1999a,b). Another alternative is to speak of 'networked governance', where regulation occurs through webs of interconnected agencies (cf. Rhodes, 1997; Reinicke, 1999-2000; Stone, 2004).

Polycentrism seems the least problematic of these labels. 'Empire' has existed in such diverse forms in so many historical contexts that the word does not easily evoke something distinctive about governance in the present-day more global world. The term 'cosmocracy' and the related 'cosmopolitics' (Archibugi, 2003) could be read to imply: (a) that the larger, global scale has primacy over other spheres, possibly with a tendency towards world

government; and (b) that the inhabitants of this polity have overriding cosmopolitan impulses towards universal human solidarity and global citizenship. Yet neither of these conditions holds today. The notion of 'new medievalism' is objectionable since, apart from superficial similarity in the broadest outline of the governance structure, there is very little of the medieval in the twenty-first century. The phrase 'networked governance' captures important qualities of the contemporary post-statist mode of regulation, but this name perhaps tends to overplay the significance of the links relative to the nodes, overemphasizing the connections between agencies relative to the agencies themselves. In contrast, polycentrism both captures the multi-sited character of current governance and invites an exploration of the interplay between sites.

The rest of this paper further elaborates the shift from statism of an earlier era to polycentrism as the prevailing mode of governance in the twenty-first century. The first section below indicates how contemporary large-scale globalization – and the rise of supraterritoriality more particularly – have rendered statist regulation unviable. The second section shows how globalization has not undermined the state but rather repositioned it in certain important respects. The third section explains the recent growth of multi-layered public governance (with transborder relations between substate authorities and a proliferation of regional and global institutions) as largely a response to inadequacies of the state as the sole site for governance of global relations. The fourth section reviews the expansion of private regulatory arrangements as a consequence of rapid contemporary globalization and its prevailing neoliberal policy orientation. The fifth and final section notes that the shift from statism to polycentrism has prompted changes in the object of civil society activity away from the state alone to a multi-layered and diffuse governance apparatus.

**The obsolescence of statism**

The statist mode of governance saw its peak from the mid-nineteenth to the mid-twentieth century. At this point territorial bureaucratic centralized states reigned supreme over the vast majority of humanity, including through state-based colonial empires. Governance through local councils, religious orders and market actors was everywhere superseded by or subordinated to regulation through the state. States supplied rules to govern pretty well every aspect of social relations: money, language, armed violence, sexual behaviour, employment, formal education, health standards, heritage, nature conservancy, etc.

World politics in this statist era was very much an international (or, to be more precise, inter-state) system. Provincial and municipal authorities had no trans-state relations. Suprastate regionalism did not exist apart from a few international river commissions. A few small and minimally resourced international organizations showed but the faintest trappings of global governance. The situation fell very much into what international relations theorists have typically called a 'Westphalian' mould, after the 1648 Peace of Westphalia that formalized the modern concept of a system of sovereign states.

Westphalian sovereignty held that each state would exercise supreme, comprehensive, unqualified and exclusive rule over its territorial jurisdiction. With supreme rule, the Westphalian sovereign state would answer to no other authority; it always had the final say in respect of its territorial realm and its cross-border relations with other countries. With comprehensive rule, the Westphalian sovereign state governed all areas of social life. With unqualified and absolute rule, the Westphalian sovereign state respected a norm of non-intervention in one another's territorial jurisdictions. With exclusive and unilateral rule, the Westphalian sovereign state did not share governance over its realm with any other party.

Since the mid-twentieth century, accelerated globalization and the rise of supraterritorial connectivity have made Westphalian constructions of state sovereignty obsolete. Westphalian practices of sovereignty depended on a territorialist geography where all social transactions occur at fixed locations: either within territorial jurisdictions; or at designated points across tightly patrolled territorial borders. However, supraterritorial circumstances cannot be fixed in a territorial space over which a state might aim to exercise absolute control. An era of large-scale globality does not allow a state – even the most highly endowed state – to exercise supreme, comprehensive, unqualified and exclusive rule over its territorial domain. Indeed, on many occasions transworld relations influence circumstances in a country without ever directly touching its soil.

Many material conditions in the current globalizing world have made statist governance unviable. Computerized data transmissions, radio broadcasts, satellite remote sensing and telephone calls do not halt at customs posts. Moreover, such communications occur: (a) at speeds that make it difficult for state surveillance to detect them in advance; and (b) in quantities that a state, even with greatly enhanced capacities, cannot comprehensively track.

Even a long-time arch-sceptic of globalization theses has conceded that Internet use by transborder criminal networks presents states with major challenges (Krasner, 2001). Electronic mass media have also detracted from a state's dominion over language construction and education. Nor can a state exercise complete authority over transplanetary associations or global companies. In addition, as detailed below, many regulations now come to the state from suprastate bodies and global law rather than from that state itself. Likewise, governments intervene in, rather than control, global trade. How can the Maritime and Port Authority of Singapore possibly inspect the 18.5 million containers that crossed its wharves in 2003 (MPA, 2004)? With the development of global currencies, credit cards and the like, even the most powerful state has lost unqualified authority over money supplies and exchange rates. Nor can a state successfully assert supreme and exclusive rule over the global financial flows that pass through its jurisdiction (or do they?). Electronic commerce, intra-firm trade, offshore financial centres, derivatives and hedge funds have all substantially compromised state abilities to raise tax revenues (Tanzi, 2000). Transworld ecological developments such as ozone depletion and biodiversity loss have similarly contradicted the material territorialist preconditions of statist governance.

Contemporary globalization and the rise of supraterritoriality have also loosened crucial affective underpinnings of statism. On the one hand, the new geography has advanced various nonterritorial identities and solidarities. Transborder bonds on lines such as class, disability, gender, profession, race, religion and sexual orientation have diluted, rivalled and sometimes also overridden feelings of national community that have in the past so buttressed statist governance. At the same time, contemporary globalization has also often reinvigorated more localized solidarities. When faced with a seemingly vast, intangible and uncontrollable globality, many people have turned away from the state to their local 'home' in order to nurture their possibilities of community and self-determination (Strassoldo, 1992). In addition, citizens and governors alike have in general become increasingly ready to give values such as economic growth, human rights and ecological integrity – none of which is strictly bound to territory – a higher priority than loyalty to the state.

On both material and ideational counts, then, contemporary large-scale globalization – and its supraterritorial aspects in particular – have contradicted and subverted the statist mode of governance. In this light various authors have observed that the world has moved into 'the twilight of sovereignty' or 'beyond sovereignty' (Wriston, 1992; Soroos, 1986). These

commentators have noted that 'sovereignty is no longer sacrosanct' or 'has lost much of its relevance' (Chopra and Weiss, 1992; Lapidoth, 1992: 345). The Westphalian notion of sovereignty has indeed become obsolete (Czempiel and Rosenau, 1989; Czempiel and Rosenau, 1992).

Other analysts have argued that sovereignty has not ended but rather taken new form to fit post-statist conditions (cf. Williams, 1996; Clark, 1999: ch 4; Cohen, 2001). These theorists rightly emphasize that key ideas and practices like sovereignty are social constructs that evolve as historical contexts change (Onuf, 1991; Biersteker and Weber, 1996; Sørensen, 1999). In this regard some commentators have spoken of emergent 'partial' or 'shrunken' sovereignty, as states surrender their prerogatives in certain areas. Other observers have introduced notions of 'limited', 'qualified' and 'semi' sovereignty, as states acquire numerous legal commitments to regional and global regimes. Or analysts have coined phrases concerning 'pooled' and 'shared' sovereignty, in respect of various instances like the EU where regulation is undertaken jointly among states. The head of the World Health Organization has promoted the idea of 'enlightened sovereignty', where states cede control in areas subject to universally agreed norms and values (Brundtland, 2000). Global environmental problems might elicit a 'greening of sovereignty' (Litfin, 1998; also Schrijver, 1997). Still other theorists have reconceptualized sovereignty to mean a state's 'capacity to manage', thereby removing inferences of unilateral, supreme and unconditional rule (cf. Gelber, 1997: xi). Yet whether one abandons or refashions the concept of sovereignty, it is clear that the statist conditions to which sovereignty referred in the past are gone.

True, even in statist times practice sometimes fell short of the Westphalian principle of sovereignty (Krasner, 1999). For example, many states at one time or another undertook military invasions and covert interventions into foreign jurisdictions. Westphalian states also never enjoyed full control of cross-border movements of money (Helleiner, 1999). In addition, colonial administrations sometimes exercised only limited control over peripheral districts of their claimed territory. Meanwhile weaker states often lacked the resources to make good their legal pretensions to absolute control over their territorial jurisdiction. And a scattering of religious universalists, liberal cosmopolitans and Marxist internationalists rejected the Westphalian principle of sovereign statehood on moral grounds long before the onset of contemporary globalization.

In spite of these earlier challenges, however, Westphalian sovereign statehood remained hypothetically realizable in the territorialist world of old. A state could, by strengthening its means, graduate from mere legal sovereignty to approximate full substantive sovereignty. Major states could generally make good their claims to supreme, comprehensive, unqualified and exclusive governance over a territorial space. Moreover, the principle of sovereign statehood enjoyed largely unquestioned acceptance in Westphalian times. The few cosmopolitans around were normally dismissed as misguided utopians.

Yet today, amidst large-scale globality (and widespread supraterritoriality more particularly), statist constructions of sovereignty cannot be made operative, whatever the resources that a government has at its disposal. Although a number of technological developments have greatly enhanced capacities for state surveillance and intervention, these innovations have not kept pace with rises in global mobility. For example, determined Internet users can find ways to circumvent state-controlled firewalls and service providers (as in China). No amount of unilateral state mobilization can halt climate change at the border, or monitor all electronic financial transfers, or locate every undocumented worker.

That said, states are anything but impotent in the face of contemporary globalization. The end of Westphalian state sovereignty has not marked the end of state power. Governments can shape the effects of globalization on their territories and populations: with fiscal policies, monetary policies, consumer policies, labour policies, environmental policies, data protection policies, and so on. Arguably many governments have not used their full room for manoeuvre in respect of globalization. Indeed, many a politician has sought to escape responsibility for their own policy failures by blaming a purported juggernaut of globalization.

Stronger states in particular can substantially influence global and supraterritorial activities and indeed exploit the new geography to considerable advantage. For example, the US government has become a sole superpower in good part thanks to its use of global rules and institutions, global money, global finance and global military operations. Arguably major states – such as those of the OECD and the Group of 7 – have in fact gained new power as they have lost traditional sovereignty.

In contrast, weaker states have tended to lose relative power in the face of expanded globality. Clearly, for example, the Japanese state has generally been able to exert far more

influence in global spaces than the Bolivian state. The authorities in Burkina Faso or El Salvador have had very limited capacities to manage global flows in regard to their respective countries, with but a handful of relevant experts and hardly any of the necessary equipment and data. Indeed, with cruel irony most new, post-colonial states (established in the time of accelerated globalization and the rise of supraterritoriality) obtained Westphalian sovereignty in name at the very moment that it ceased to be realizable in practice.

But none of this has meant the end of the state. Although a number of commentators have linked contemporary globalization to a retreat or even demise of the state, these death notices have been recklessly premature. Yes, recent decades have witnessed several striking implosions of government, for example, in Lebanon and Somalia. In addition, several states like ex-Czechoslovakia, Eritrea/Ethiopia, the former Soviet Union, and Yugoslavia have fragmented. Yet states threatened with collapse have almost invariably survived, and recompositions of states have been the stuff of world politics for centuries. None of these developments point to the death of the state as such.

Thus, just as territoriality has remained important with the passing of territorialism, so states have remained important with the passing of statism. Whatever new world order might be emerging in the course of contemporary globalization, the state remains a major part of it (Weiss, 1998; Sørensen, 2004). There is no basis to assumptions that globality and the state are inherently contradictory. States remain prominent players in contemporary governance and show no sign of disappearing in the foreseeable future.

**The reconstructed state**

Yet to conclude that the state persists – and persists prominently – in contemporary times of large-scale accelerated globalization is not to conclude that the state remains the same. As many a political theorist has stressed, the state has never in its history been fixed. It is perpetually 'in motion, evolving, adapting, incorporating … always in some condition of transition' (Jarvis and Paolini, 1995: 5-6).

The accelerated growth of transplanetary connectivity over the past half-century has promoted several significant shifts in the character of the state. One change, the end of sovereignty in its Westphalian incarnation, has already been elaborated above. In addition,

states have had to develop new capacities to address global matters such as ecological change, electronic finance, human rights, and transworld production. Other features of post-Westphalian statehood, discussed in further detail below, include: (a) reorientations of states to serve global as well as national constituents; (b) adjustments to state provisions of social welfare; (c) altered features of warfare; and (d) increased transstate connections in regulatory processes.

*Turns towards global constituencies*

Contemporary globalization has encouraged increased complexity in respect of the constituencies that states serve. The territorialist state of old generally represented so-called 'domestic' or 'national' interests. It sought to advance the pursuits of its citizens in the wider world and to defend them against harmful so-called 'external' or 'foreign' intrusions. To be sure, Westphalian states often favoured the interests of certain sectors of their resident population more than others, for example, particular classes, religious denominations or ethnic groups. However, such privileged constituencies almost always lay within the given state's territory and among its citizens.

Under the influence of contemporary globalization, states have become less consistent in holding a territorial line of defence of their 'inside' against their 'outside'. States no longer always clearly promote 'domestic' interests against those of 'foreigners'. Instead, states in a more global world have tended to become arenas of collaboration and competition between a complex array of national and transnational players.

To take one prominent example, contemporary states have often served the interests of global capital in addition to (and sometimes ahead of) national capital. (Needless to say, global capital here includes not only 'foreign'-based enterprises, but also 'home'-based concerns with transworld operations.) Much contemporary state policy has thereby addressed the needs of global production chains, transplanetary financial markets, supraterritorial mass media operations, transworld telecommunications companies, and so on. Many governments have feared that, if they do not provide sufficiently appealing and predictable taxation and regulation environments, footloose global capital will desert them. For instance, in 1995 alone 65 states liberalized their rules governing foreign direct investment (UNDP, 1999: 29). Likewise, many governments have offered subsidies and reduced corporate tax rates in

scarcely disguised interstate tax competition for mobile global business (Tanzi, 1996). Offshore privileges are another symptom of the tendency for contemporary states to serve global capital. In addition, some states (or parts of states) have collaborated in the illicit business of global criminal networks.

This is not to suggest that states have prostrated themselves before transworld companies, with no attention for 'internal' business interests. On the contrary, many states have responded to contemporary globalization with intensified commercial protectionism in respect of certain 'domestic' sectors (agriculture, steel and textiles are prominent examples). Indeed, the contemporary state has often been a site of struggle between territorial and supraterritorial capital. For example, even the radically neoliberal Thatcher Government prevaricated in the face of Nestlé's 1988 takeover of a 'British' institution, Rowntree Mackintosh. Likewise, Vodafone's proposed purchase of Mannesmann in 2000 initially sparked nationalistic opposition in Germany, although the anger quickly dissipated when it was realized that Mannesmann shares already lay largely in non-German hands.

Post-Westphalian states have sometimes also sided with other types of global constituents besides firms. For example, many governments in the South have taken heed of the priorities of global economic institutions, foundations and NGOs when designing and executing development policies. In terms of social movements, the Iranian state after 1979 gave extensive support to Islamicists across the world. Other states have from time to time carried the banner for global environmentalism or for a global human rights campaign. For instance, in 1995 the Danish, German and Swedish governments joined transworld protests by environmentalists against Royal Dutch/Shell's plan to sink the Brent Spar oil platform in the North Atlantic. Likewise, many states backed global civil society campaigns against apartheid rule in South Africa.

In short, with increased globalization the clientele of governments has become increasingly global as well. National-territorial constituencies remain very important, but *raison d'état* has become more than *raison de la nation*. A state's attempts to serve both national and global interests can breed ambiguous policy, particularly when the two constituencies conflict.

*Pressures on state welfarism*

Greater state orientation towards global constituencies is a fairly indisputable consequence of greater transplanetary connections in the contemporary world. However, a second issue, the implications of greater globality for state provision of social welfare guarantees, is far more debateable (cf. Esping-Andersen, 1994; M. Rhodes, 1996; Bowles and Wagman, 1997; Baker *et al.*, 1998; Yeates, 1999, 2001; Swank, 2002). On the one hand, many analysts have argued that the growth of transworld relations has put considerable downward pressures on state-supplied social protections (Teeple, 1995; Gray, 1998; Stryker, 1998; Mishra, 1999). On this line of argument, the welfare state and social reform would be the casualty of a 'race to the bottom' of government interventions in the market economy. In contrast, other researchers have argued that states (especially stronger states in the North) have far more discretion in their choices regarding social policy in a globalizing world. Such governments can, if they so decide, sustain considerable programmes of public welfare (Rodrik, 1998; Garrett, 1998; Hirst and Thompson, 1999).

The history of states during the half-century prior to the onset of accelerated globalization was in good part a case of growing public-sector guarantees of nutrition, health care, housing, education, minimum income and other human welfare needs. At the same time, many states introduced regimes of progressive taxation to effect a substantial redistribution of wealth among their resident populations. Such programmes of state-centred social reform unfolded (in different ways and to different extents) across the world: North and South, East and West. A number of circumstances encouraged this trend, including the spread of universal suffrage in national politics, pressures from organized labour, the global communist movement, and promises made by governing elites to suffering masses during the world wars and decolonization struggles.

In contrast, the last decades of the twentieth century saw considerable attenuation of state-supplied welfare guarantees and other redistributive measures. 'Transition economies' in Eastern Europe and the former Soviet Union experienced major declines in social services and large increases of social inequalities. 'Opening up' the economy to private market activity under surviving communist regimes in China and Vietnam went hand in hand with growing welfare gaps. Across the South, post-colonial socialist projects gave way to 'structural adjustment' in the direction of liberal markets and less direct state provision of

welfare needs. Would-be social reformers like Mbeki in South Africa or Cardoso and more recently Lula in Brazil have, once in state office, tempered or abandoned programmes to increase state-supplied welfare and state-led redistribution. In the North, Britain under Thatcher, the USA under Reagan/Bush, and New Zealand under Lange pursued especially severe reversals of state-led social reform. In addition, François Mitterand failed as President of France in the early 1980s to resurrect policies of nationalization and Keynesian demand stimulation. Even governments in Scandinavia, after largely resisting demands to retrench during the 1980s, scaled back their public welfare measures in the 1990s (Geyer *et al.*, 2000). Almost no government anywhere in the world of the early twenty-first century dares openly to pursue a programme of radical redistribution of wealth to finance expanded state guarantees of social welfare.

This general retreat from state-centred social reform projects has unfolded concurrently with major growth in transplanetary and supraterritorial relations. Does this correlation imply that the two trends are causally connected? Certainly some links can be discerned. Opportunities to escape the profit-constraining corporatist welfare state have provided considerable impetus to the globalization of capital. In response, many governments have told their citizens that cuts in higher rates of tax and reductions of costly social protections are necessary steps to face 'global competition'.

Has globalization limited the state's ability to raise tax revenues needed to pay for more generous social guarantees? Opinion on this point is divided. Some analysts have suggested that globalization has undermined the fiscal capacities of states (McKenzie and Lee, 1991; Steinmo, 1994). Other studies have argued that so-called 'big government' can be quite compatible with globalization (Rodrik, 1998; Garrett, 2001) and that taxation of business remains as viable as ever (Swank, 1998). Both sides in this debate have tended to define globalization as liberalization, so that the argument concerns the consequences of certain policies towards globalization rather than globality (as transplanetary connectivity) per se. In this sense the implications of greater transworld relations for state provision of welfare are perhaps more a question of policy choice than the new geography as such. Needless to say, stronger and wealthier states have far more scope to make such choices than weaker and poorer states, so that globalization would sooner constrain government fiscal positions in the South than in the North.

In any case it would be overly simplistic to attribute developments in Northern welfare states entirely to globalization. Quite apart from increased global relations, other demographic, economic and political conditions were already putting substantial strains on social programmes in most OECD countries by the last quarter of the twentieth century. Circumstances like ageing populations, altered family patterns, transformations in labour markets, government budget deficits, increased costs of health care, and the rise of neoliberal ideology all presented challenges to social welfare policies built up through Northern states during the so-called 'golden age' of 1945-75. Hence, although pressures from globally mobile capital for lower taxation and regulation created additional problems for Northern welfare states in the late twentieth century, substantial difficulties existed anyhow.

Moreover, governments of the North have responded to pressures on the welfare state in diverse ways and to varying extents. For example, strongly neoliberal regimes in Australia and the USA have retrenched more severely, while more social democratic governments in Denmark and the Netherlands have maintained comparatively high state-supplied social protections. In other words, to understand the impact of globalization on a given welfare state it is necessary to examine national particularities like electoral politics, cultural traditions, and the relations between state, labour and business in a given country (Esping-Anderson, 1996; M. Rhodes, 1996; Garrett, 1998; Geyer, 1998; Yeates, 1999; Weiss, 2003).

In any case, cuts in state-provided social protections should not be exaggerated, particularly in respect of the North. In fact, in EU countries social expenditure as a percentage of GDP remained broadly steady during the 1980s and 1990s, and at considerably higher levels than in the 1960s. In some respects people in the North have sometimes perceived a decline of the welfare state, when it may in fact be their expectations of still greater public provision of pensions, health care, education, housing and other social services that have been disappointed.

Outside the North, too, there may be greater room for manoeuvre on state welfare policies than is often imagined. It may transpire that, with time, governments in 'transition countries' can improve their provisions of social protection in a more global world. In the South, economic restructuring programmes have increasingly incorporated so-called 'social safety nets' since the 1990s, with the aim of reducing the worst pains for poor and disadvantaged people. Indeed, in 1999 the IMF and the World Bank changed the label of what had

theretofore been called 'structural adjustment programmes' to 'poverty reduction strategies'. It is a matter of dispute how far the new name has brought different substance with it, but the shift has at least given explicit acknowledgement of a need for social policy delivered through states.

Finally, there are cases where globalization appears actually to have promoted an expansion of state welfare programmes. For example, many governments have expanded education and training budgets on the argument that such spending will enhance their country's competitive position in global markets. In a more specific case, the Republic of Korea responded to pressures of globalization, including in particular the Asia financial crisis of the late 1990s, with increases in state-supplied social protection (Lee, 1999: 34-7; Kwon, 2000).

In sum, then, globalization has had complex implications for state guarantees of social welfare. Depending on the specific circumstances, growing global relations can have the effect of contracting, reorienting, or expanding state-provided social protections. In any of these scenarios, however, globalization is but one of several relevant factors. Wider macroeconomic conditions, national institutions and political choices also figure importantly in determining the fate of state welfare programmes in a more global world.

*Altered patterns of warfare*

Next to welfare, contemporary globalization has also had implications for warfare. Preparation for and engagement in organized armed violence was a major spur to the early formation of Westphalian states and subsequently also remained one of their chief preoccupations (Shaw, 1984; Mann, 1988; Tilly, 1990). That said, the means and purposes of state war-making have shifted over time. The large spread of global relations in recent decades has encouraged several further such changes in relation to the post-Westphalian state (Sørensen, 2004: ch 7).

For one thing, unprecedented levels of globality in contemporary history have reduced some incentives for interstate warfare. With its focus on territorial conquest, war has limited utility for the capture of supraterritorial resources. Armed operations by land, sea and air are not terribly effective ways to gain control of the Internet, electronic finance, transworld production chains, global consumer markets, transplanetary ecological trends, or global

governance regimes. Of course, states may continue to pursue warfare for territorially based objectives like securing access to natural resources or overthrowing national governments, but conventional armies are poor tools in relation to supraterritorial phenomena.

Indeed, interstate warfare arguably serves little purpose for governments and social circles that have become deeply intertwined with one another through global relations. States have little reason to embark on war against each other – and on the contrary every reason to avoid armed conflict – when they host the same global companies, promote the same global currencies, support the same global elites, enjoy the same global spectacles, collaborate in the same global governance regimes, and so on. In this light Martin Shaw has suggested that the end of warfare between advanced industrial states reflects their transformation into a relatively coherent single Western state conglomerate (Shaw, 2000). Thus perhaps it is no accident that states with McDonald's outlets in their jurisdictions have only once gone to war against each other. Even in the single exception to this rule, the Kosovo War of 1999, the six McDonald's restaurants in Belgrade only closed during the hostilities between Serbian and NATO forces and quickly reopened after the ceasefire (*New York Times*, 2 July 1999).

While the rise of global connectivity may in certain respects have discouraged *inter*-state warfare, it has in other ways encouraged states to pursue greater *inward* application of armed violence (Kaldor, 1999; Shaw, 2000). All but three of the sixty-one major armed conflicts recorded between 1989 and 1998 were civil wars (UNDP, 1999: 5; Wallensteen and Sollenberg, 2000). Many of these cases have involved the suppression of subnational ethnic strivings or religious resurgence movements, both of which have often been fed by globalization. On various other occasions states have unleashed armed force to secure the position of global companies, the implementation of structural adjustment programmes, or the privileges of an exploitative local elite that puts greater stakes in global economics and politics than in its purported 'homeland'.

In addition, recent globalization has brought changes to the conduct of war, including new kinds of weapons (like long-range fighter aircraft) and new kinds of operations (like rapid reaction forces). With an exclusive reliance on precision bombing, NATO forces suffered not a single troop casualty in the Kosovo War. Meanwhile the recent 'war on terrorism' has involved satellite remote sensing, monitoring of bank accounts, and hacking into computers as much as armed combat.

So globalization has by no means heralded the end of militarization. The state in a more global world is anything but a post-military state. On the contrary, globalization has given states military equipment of unprecedented sophistication and destructive potential. Although military expenditures declined for several years after the dissolution of the Soviet Union, by 2000 they had risen once again to $800 billion (FPIF, 2002). The events of 11 September 2001 have stimulated still further remilitarization. Hence the post-Westphalian state has not abjured warfare so much as pursued it differently.

*Increased transstate relations*

So far this discussion of states in an increasingly global world has mainly considered the state acting individually: how it deals with constituents; how it does or does not provide social protections; how it engages in warfare. But contemporary globalization has also affected the ways that states act collectively. As noted earlier, large-scale transplanetary connections and the pronounced growth of supraterritorial relations have made unilateral state control of territorial jurisdictions impossible in many important fields of policy. Yet joint efforts by states can often have considerable effects in regulating globality and its consequences. As discussed in the next section, much of this multilateralism has developed through regional and global regimes with permanent suprastate agencies. In addition, however, considerable multilateral governance has grown in recent decades more informally (and often outside the public eye) through transstate regulatory processes.

Others have termed these transstate connections 'transgovernmental relations' or 'government networks' (Keohane and Nye, 1977; Slaughter, 2000). In these instances, officials holding similar functions in different states interact with each other on matters of common concern. Such transstate information sharing and policy coordination generally occurs without formal treaties or permanent secretariats.

Interstate exchanges between heads of government, diplomatic services and armed forces go back to the earliest days of modern national governments, of course. However, in contemporary history transstate networks have also developed across a much wider span of the government apparatus. For example, justice ministries and police from different states now often collaborate to combat transborder criminal activities. Judges and human rights commissioners from different national jurisdictions meet to exchange experiences. Securities

and insurance supervisors from multiple states consult in their oversight of (increasingly globalized) financial markets. Environmental regulators from various governments cooperate in respect of ecological problems that transcend state boundaries. Health officials from numerous states work together on transworld disease control, while immigration services from different states collaborate on asylum and refugee issues. Other transstate networks respectively link central bankers, labour officials, and parliamentarians.

Probably the most pronounced manifestation of transstate governance to date has been the G7/8 process (Hajnal, 1999; Hodges *et al*., 1999; Bayne, 2000; Kirton *et al*., 2001; G8, 2004). This transgovernmental collaboration on global economic, financial and later also wider questions started as a Group of Five in 1975, soon expanded to a Group of Seven (G7), and became the Group of Eight (G8) with the addition of Russia in 1998. Begun as a summit for heads of government, the G7 established a separate finance ministers group in 1986 that normally meets 3-4 times per year. Between summits and ministerial meetings, considerable G7/8 activity takes place outside public view between senior officials of the respective governments.

Other 'Gs' in transstate relations include the Group of Twenty (G20), created in 1999 as an expansion of the G7 finance ministers to include representatives from so-called 'emerging markets' like Brazil, Korea and South Africa. The Group of Ten (G10) central bank governors from advanced industrial countries have met regularly at Basel since 1962 to discuss monetary and financial matters of common concern. A Group of Twenty-Four (G24) was established in the early 1970s as a South-based counterpart to the G10, although it has had far less policy impact (Mayobre, 1999). Meanwhile the Group of Seventy-Seven (G77), started in 1964 and now in fact numbering 133 states, has linked governments of the South on questions of the global economy more generally.

Whereas interstate cooperation of the past normally took formal shape in treaties, much of contemporary transstate governance has no basis in conventional international law. At most, the collaboration is set down in memoranda of understanding among the officials concerned. In contrast to treaties, these MOUs do not require ratification by legislative bodies, so that transstate relations can easily become technocratic networks that operate outside democratic oversight.

Indeed, transgovernmental networks can tend to disaggregate and fragment the state. A Westphalian state conducted its foreign policy in a relatively coordinated manner through a single department of external affairs. In contrast, the state in a more global world engages with other states through multiple ministries, regulatory agencies, legislatures and courts, all of which can come to operate with considerable autonomy from each other. In some cases trans-ministerial cooperation among states can be greater than inter-ministerial collaboration within a state. Transgovernmental activities may also increase divisions within states. For instance, in the United Nations Environment Programme (UNEP) environment ministers from around the world have regularly complained about their difficulties with economics ministers. Likewise, officials from finance ministries and central banks have often found more commonality of views among themselves in G7/G10/G20 circles than with other departments of their respective states. In such cases global concerns and connections have loosened the cohesiveness of the state.

In sum, as the preceding pages have indicated, contemporary globalization has promoted some significant shifts in the character of the state: different kinds of constituencies; different kinds of welfare and warfare; and different kinds of interstate relations. Globalization has not meant the end of the state, which is as entrenched in social life as ever; however, it has meant a transition from Westphalian to post-Westphalian statehood.

**Multilayered public governance**

As previously emphasized, the story of governance in the contemporary globalizing world does not end with the state. The move from Westphalian to post-Westphalian states is only one aspect of the larger structural shift from statism to polycentrism. Not only have states themselves become more decentred and fragmented in contemporary governance, as seen with the rise of transstate relations. In addition, regulation under conditions of intense globalization has been increasingly diffused from states to other sites 'above' and 'below' the national government.

Globalization has furthered this dispersion of public-sector governance in three principal ways. First, as already discussed, the rapid contemporary growth of global (and especially supraterritorial) relations has made statist regulation impracticable. Other institutions at municipal, provincial, regional and transworld levels have moved in to fill the many resultant

gaps in effective governance. Second, globalization has involved a number of problems (transborder communications, global environmental changes, etc.) in which substate and suprastate agencies may hold a comparative advantage over states, or at least an important complementary role. Third, the growth of global communications, global travel, global organization, global finance, global law and global consciousness has provided substate and suprastate authorities with infrastructures and mindsets to sustain their operations, including many activities that bypass states.

Indeed, many substate and suprastate governance arrangements have acquired a relative autonomy from states. In other words, these bodies now often take their own initiatives in regulating a more global world and are not wholly subordinated to states. Weaker states in particular have become liable to influence and sometimes even outright domination by public governance agencies at other levels. The power of regional and global financial institutions in much of the South is a well-known example. On the other hand, the autonomy of substate and suprastate regulatory agencies from states is limited insofar as these bodies continue to interact with and be shaped (often heavily) by national governments.

Thus in polycentric circumstances no site or level of governance has one-way sway over the others. Regulation occurs through interconnections among multiple sites with different but overlapping spheres of jurisdiction. The following pages consider in more detail the expansion of transborder substate governance, the development of suprastate regional regimes, and the growth of global governance arrangements.

*Transborder substate governance*

Even in statist times, before contemporary large-scale globalization, government was never completely centralized in national bureaucracies. Smaller territorial sections of state jurisdiction – variously called provinces, federal states, counties, districts, cantons or departments – had their own governance institutions. In addition, most villages, towns and cities had their own governments. Apart from in micro-territories like Andorra or San Marino where national and local government were the same thing, Westphalian states delegated a number of regulatory tasks from central bodies to provincial and municipal agencies.

However, under statist conditions of the territorialist past, non-central authorities worked entirely within the state context. Only very rarely would local governments reach out beyond their state to the wider world. Moreover, if municipal and provincial bodies had contacts with governance institutions abroad, it would be with the intermediation of their national government. Apart from rare exceptions like the first Basque government of 1936-39 (Zubiri, 1999), substate agencies had no 'foreign policy' of their own.

These circumstances have altered in the present-day more global world. For one thing, most states have in recent years undertaken significant additional devolution from national to subnational spheres. The many examples include decentralization by the 74th amendment to the Indian Constitution in 1996, the construction of Flemish and Walloon governments in Belgium by the constitutional revision of 1980, power transfers from the centre to the provinces in Argentina, increased autonomy for the Government of Quebec within Canada, and greater competences for the districts in Uganda and the *oblasts* of the Russian Federation.

These devolutions have transpired largely owing to cultural, economic, historical and political circumstances connected to the particular state in question; however, globalization has also often encouraged the trend. As previously emphasized, the growth of transplanetary and supraterritorial relations has loosened the supreme and absolute rule that states could aim to exercise in the preceding territorialist context, thereby increasing possibilities for substate sites of governance to take greater initiative. Indeed, provincial and municipal authorities can be better suited to handle matters like the organization of global spectacles, the provision of infrastructure for global companies, and some aspects of the control of transworld infectious diseases and transworld crime. Moreover, devolution from states to substate institutions has often come with the explicit urgings and financial sponsorship of suprastate agencies like the EU or the multilateral development banks.

In a further departure from statist practices, many substate authorities have in recent decades developed direct transborder contacts with parties abroad (Duchacek *et al*., 1988; Michelmann and Soldatos, 1990; Brown and Fry, 1993; Hocking, 1993; Aldecoa and Keating, 1999; Breslin and Hook, 2002). These 'supralocal' connections have often unfolded without intermediation by central state governments. Indeed, the 'paradiplomacy' pursued in these transborder substate relations has sometimes run counter to policies prevailing at the state level.

Considerable transborder substate governance has developed between municipalities. This trend is hardly surprising insofar as transplanetary telecommunication webs, air corridors, capital flows, diasporas and ecological problems have connected so-called 'global cities' like Hong Kong, London, Los Angeles, Moscow, Paris and Singapore as much to one another as to their respective hinterlands (Eade, 1997; King, 2000; Sassen, 2001, 2002; Cross and Moore, 2002; Erie, 2004). Yet in small and medium-sized towns, too, local governments have taken global policy initiatives on matters such as development cooperation, crime control, environmental degradation and human rights promotion.

Formal regular transworld contacts between town councils began on a small scale in the early twentieth century through the International Union of Local Authorities, founded in 1913. The practice of twinning towns began in the 1950s (Handley, 2001). However, global links between municipal governments have mainly intensified since the late twentieth century. The various networks include the World Association of Major Metropolises, launched in 1985, and regional organizations of urban authorities set up for Arab countries (1967), Africa (1975), Asia (1989), Europe (1990) and Latin America (1995). In regard to global ecological issues more specifically, the International Council for Local Environmental Initiatives, established in 1990, connected 455 municipal authorities across the world as of 2003, with the aim 'to achieve and monitor tangible improvements in global environmental conditions' (ICLEI, 2003; UIA, 1998: 951). In addition, the CityNet group has shared information on sustainable development among dozens of cities in the Asia-Pacific region. In a more ad hoc fashion, virtual policy forums have involved city managers from across the world in electronic consultations on a variety of issues.

At the level of provinces and federal states, a number of substate governments have developed their own departments of foreign affairs. This trend has gone furthest in Quebec, where the provincial ministry of external affairs has maintained a staff of 360 people and 24 offices in 17 countries. The ministry has moreover conducted over 120 missions abroad per year and concluded more than 400 agreements with foreign governments (Teitelbaum, 2001; Fry, 2005). Other Canadian provincial governments in Alberta, British Columbia and Ontario have pursued transborder relations on a smaller scale. Nearly 40 of the 50 states of the USA had permanent representations abroad in 2002, up from just 4 states in 1980; the number of these offices rose from 151 in 1992 to 240 in 2000 (Fry, 1995, 2005). For their part the *Länder* in Germany between them have opened some 130 offices around the world since the

1970s, mainly as foreign trade and investment bureaux in major export markets of Asia, Eastern Europe and North America (Kaiser, 2004). In China the provincial governments of Guangdong, Shandong, Xinjiang and Yunnan have their own foreign ministries with considerable autonomy from the central authorities in Beijing (Goodman and Segal, 1994; Segal, 1994; Breslin, 2000). Australian states, French regions, Japanese prefectures and Swiss cantons have also joined the trend of setting up overseas offices.

Some provincial governments have also bypassed the central state to develop direct links with suprastate agencies. For example, federal states in both Brazil and India have had direct dealings with the World Bank. Several provincial regulatory bodies have their own affiliation to the International Organization of Securities Commissions (IOSCO), separately from the national authorities. In Europe, a Committee of the Regions established under the 1992 Maastricht Treaty has formalized direct consultations between suprastate institutions of the EU and substate tiers of government in the member-states. By 1996 there were 115 regional representative offices in Brussels (Keating, 1999: 6). Launched in 1989, the INTERREG programme of the EU has provided several billion euros to fund transborder cooperation between substate governments on issues such as energy, environmental protection, tourism, and transportation. In 2000 the UN Centre on Human Settlements launched a Global Campaign on Good Urban Governance that gave it direct connections with municipal governments.

In some other cases substate regional governments have pursued their own multilateral collaboration with one another, separately from both state and suprastate authorities. For example, in Western Europe the so-called 'Four Motors' network, in operation since 1988, has linked Baden-Württemberg, Catalonia, Lombardy and Rhône-Alpes in collaboration on commercial, cultural, educational, environmental and technological matters. Meanwhile substate authorities in Bavaria, Quebec, Shandong, Upper Austria and the Western Cape have formed a multilateral partnership in respect of hi-tech industries. In northern Scandinavia the Saami Council has linked the local parliaments of indigenous peoples in Finland, Norway and Sweden.

Other ventures by substate authorities into transborder relations have been more ad hoc. For example, local authorities in Tatarstan have asserted their independence from the Kremlin in dealing with global capital. Likewise, many provincial governments in China have bypassed

Beijing to pursue direct relations with global companies. Governors from three southern states of the USA travelled to Germany to present competing incentive packages for a global firm to invest in their jurisdictions. State, county and city governments took the lead in imposing sanctions by the USA against the apartheid regime in South Africa when the central government under Ronald Reagan was slow to adopt restrictive measures (Fry, 1998: 5). Similarly, the State of Massachusetts put its own sanctions on Burma in 1997, although on this occasion a federal court overruled the policy.

As this last example well illustrates, none of the growth of transborder substate relations has signalled the end of states as significant sites of regulation. The European Commission's Director of Science and Technology almost certainly exaggerated when declaring in 1994 that:

> in just a few decades, nation-states … will no longer be so relevant. Instead, rich regions built around cities such as Osaka, San Francisco and the four motors of Europe will acquire effective power.
>
> (quoted in Runyan, 1996: 242)

Moreover, although substate authorities have gained greater autonomy from the state in the context of accelerated globalization, they have not necessarily gained greater policy initiative overall. After all, like states, municipal and provincial governments have faced pressures to accommodate global companies, global financial markets and global civil society associations as well as (or more than) their local constituents. In addition, substate agencies have in contemporary history had to contend not only with the state, but also with growing centres of suprastate governance that hold regional and transworld remits.

*Regionalization*

In addition to the micro-regionalization within states just described, globalization has also unfolded together with – and in several ways encouraged – a trend of macro-regionalization among states (Fawcett and Hurrell, 1995; Gamble and Payne, 1996; Mansfield and Milner, 1997; Coleman and Underhill, 1998; Hettne *et al*., 1999, 2000, 2001; Hook and Kearns, 1999; Hout and Grugel, 1999; Schulz *et al*., 2001; Breslin *et al*., 2002). No less than 109 regional trade agreements were reported to the GATT between 1948 and 1994 (*The Economist*, 1995: 27-8). The decade of the 1990s alone saw 93 such accords reported to the GATT/WTO. Other regional schemes like the League of Arab States and the Organization of

American States (OAS) have focused more on diplomatic and military concerns. To be sure, some of these regional initiatives have not developed beyond paper agreements. However, others have involved a substantial growth of suprastate laws and institutions.

Regionalization has transpired across the world. The most far-reaching instances have occurred in Europe, where fifty years of progressive widening and deepening of regional integration has culminated in today's European Union, encompassing 25 countries from 2004, and Council of Europe, with 45 member states. Outside Europe, other significant regional governance projects have developed in Central America (1960), East Africa (1967-77, relaunched in 1991), South East Asia (1968), the Caribbean (1973), West Africa (1975 and 1994), Southern Africa (1980 and 1993), the Persian Gulf (1981), Central Asia (1984), South Asia (1985), Central Europe (1989), the Black Sea area (1993), North America (1994) and the cone of South America (1995). Negotiations are underway to form a Free Trade Area of the Americas (FTAA) across the Western Hemisphere by 2005.

In addition, the decades of accelerated globalization have witnessed the development of several intercontinental transregional initiatives. For instance, as its name suggests, the North Atlantic Treaty Organization (NATO) has spanned North America and Europe since its creation in 1949. Meanwhile the Organization for Security and Cooperation in Europe (OSCE) has come to link 55 participating states from Central Asia, Europe and North America. In the Southern Hemisphere 23 states of Africa and South America have since 1986 formed a Zone of Peace and Cooperation of the South Atlantic with periodic ministerial meetings. Asia-Pacific Economic Cooperation (APEC) with 21 Member Economies has been pursued through multiple meetings and forums since 1989.

Certain regional entities have embarked on their own relations with each other, introducing a new multilateralism of regions alongside the old multilateralism of states. For example, the EU has maintained formal connections with the Association of South East Asian Nations (ASEAN) since 1980, the Andean Pact since 1983, and the Gulf Cooperation Council (GCC) since 1989. The EU and the Southern Common Market (MERCOSUR) launched an Inter-Regional Framework Cooperation Scheme in 1995. On the whole, however, this trend toward interregionalism has so far remained modest.

Like substate agencies with transborder relations, some regional governance frameworks have acquired a notable degree of autonomy from states. True, states have instigated regional projects and remain prominent participants in regionalization. However, in some ways states have also been constrained to 'go regional', for example, in order adequately to respond to global capital and transborder ecological problems. Moreover, regional governance has in a number of cases developed to a point that the regimes have acquired authority over member states as well as vice versa.

The EU in particular has gone beyond an interstate arrangement to a suprastate regime (Marks *et al.*, 1996; Richardson, 1996; Cram *et al.*, 1999; Hix, 1999; Rosamond, 2000; Wallace and Wallace, 2000). It has its own Commission, Parliament, Court of Justice, and Central Bank, together with a distinct regional currency launched in 2002 and some 80,000 regulatory measures generated by 2000. Already in the early 1990s some 40 per cent of all civil servants (local and national) within the member countries regularly came in contact with EU matters (Risse, 2000). The EU has also emerged as a distinct actor in global politics, with its own Common Foreign and Security Policy (CFSP), its own overseas development regime (the Yaoundé, Lomé and Cotonou agreements), its own delegations in over 120 countries, its own participation in G7/8 and WTO meetings, and observer status in most UN bodies (C. Rhodes, 1996; Piening, 1997; Bretherton and Vogler, 1999; Jørgensen and Rosamond, 2002). On the other hand, the scale of the EU apparatus should not be overstated, as its budget in 2000 amounted to only 1.2 per cent of the collective GDP of its member countries (Jørgensen and Rosamond, 2002: 194). Indeed, some of the major EU member governments have proposed to reduce even this low figure to 1.0 per cent.

How is regionalization related to globalization: as steppingstone or stumbling block (Hettne *et al.*, 1999: xix)? In some respects, the two trends have been complementary. For one thing, technologies of supraterritorial communication and travel have made possible tight coordination of activities on both regional and global scales. In addition, regional common markets have provided efficiency and economies of scale for the production, distribution and sale of global products (Chesnais *et al.*, 2000). In this vein one critical research and advocacy group has talked of globalization being 'corporate led and EU fed' (Balanyá *et al.*, 2000). Furthermore, regional governance arrangements have often proved to be an effective mechanism for the administration of global norms, for instance, in areas such as human rights and technical standardization. Moreover, the growth of global consciousness has prepared

people intellectually for the construction of suprastate regional frameworks. Indeed, various observers have suggested that regional integration serves as an intermediate stage towards full-scale globality (Tober, 1993: 101; Hettne, 1994).

On the other hand, in some respects regionalization can also unfold in opposition to globalization. After all, regionality carves up the planet, whereas globality spans the planet. Regionality follows territorial logic, whereas globality often transcends territoriality. Regionalism can be a reaction against globalism, serving as a macronationalist, neoprotectionist defence against the turbulence of globalizing capitalism, the imposition of global cultures, and so on. Some EU controls on external trade and ever-tightening restrictions on immigration into the region well illustrate this reactive dynamic. Thus Helen Wallace has suggested that 'European integration can also be seen as [an] effort to contain the consequences of globalization ... and to harden the boundary between [West Europeans] and the rest of the world' (1996: 17). Yet others have looked to regionalization as a positive strategy towards globalization, as a way to enhance self-determination in the management of a more global world.

To be sure, globalization has not been the only force propelling the proliferation and growth of suprastate regional projects in contemporary history. Local, national and region-specific circumstances have also determined where and when regionalization has taken place, how far, in what forms, at what speeds, and so on. However, regional schemes would not have appeared in such numbers – and developed as far as they have – in the absence of a concurrent large-scale growth of global relations.

*Transworld governance*

Of course suprastate governance involves more than regional arrangements. In addition, the greatest growth of transworld governance institutions and associated legal instruments has occurred in recent decades. Indeed, these regulatory organizations have established many norms and rules that have facilitated accelerated globalization in contemporary history.

Large-scale contemporary globalization has created needs for significant elements of transworld governance. HIV/AIDS, the Internet, air travel, refugee movements, transworld money flows, climate change, and much more cannot be effectively regulated without a

substantial global dimension to the regime. Unprecedented amounts of global governance are therefore unavoidable and indispensable in the twenty-first century (although *how* one pursues global governance is substantially a matter of political choice).

Today several thousand multilateral agreements on culture, ecology, finance, health, human rights, military affairs and trade apply to global spheres. Organs of the United Nations, the Bretton Woods institutions, the WTO, the BIS and the OECD are prominent examples of governance bodies with a global remit. Several transworld institutions have a direct presence globally. For example, UNDP has some 150 Country Offices, while the IMF and the World Bank each maintain resident missions in over 70 countries. Moreover, these global governance organizations execute their mandates using transworld communications networks and transplanetary bureaucracies with staff and funds drawn from all corners of the world.

One outstanding example of expanded global governance is the World Trade Organization (Hoekman and Kostecki, 1995; Jackson, 1998; Krueger, 1998; Sampson, 2001; Cohn, 2002). Established in 1995, the WTO has obtained a larger membership, a far wider agenda, and substantially greater enforcement capacities than any previous transplanetary trade regime. Over 140 states have joined the WTO, and a queue of others waits to enter. The organization has addressed not only traditional concerns with cross-border exchange of merchandise, but also matters such as trade in services, electronic commerce, trade-related investment, competition policy, environmental questions, and intellectual property issues.

The contemporary global trade regime has influence that is greater than that of its state members. Under the 1994 Marrakech Agreement that created the WTO, member-states commit themselves (with no reservations allowed) to alter their national statutes and procedures to comply with suprastate trade law. Even the US Supreme Court has recognized, in a 1999 judgement, the higher authority of WTO rules. The Trade Policy Review Body of the WTO conducts periodic surveillance of member governments' commercial measures. Alleged violations of WTO rules are submitted to a Dispute Settlement Body (DSB), where panels of experts reach decisions that are binding unless every state party to the global trade regime (including the initial complainant) votes to overturn the advice. In the first nine years of the WTO's existence over 300 trade disputes were tabled for DSB consideration. Many more WTO-related cases have been settled through informal negotiation and pressure. Formally, of course, states have had the 'sovereign prerogative' whether or not to join and

comply with the WTO. However, the forces of a globalizing economy, coupled with the prevailing neoliberal discourse that extols trade liberalization, have heavily constrained this supposed 'free will'. Indeed, to date no state has outright rejected the Marrakech Agreement.

Other considerable growth in public global economic governance has occurred through the International Monetary Fund (Denters, 1996; James, 1996; Blustein, 2001; Boughton, 2001). During the first 30 years after it started work in 1946, the IMF held a modest brief to establish and then manage the Bretton Woods regime of fixed exchange rates. However, since the 1970s the Fund has intervened more intensely with its client governments. For one thing, the 'second-generation' IMF has undertaken comprehensive and detailed surveillance of economic performance: of its 184 member-states (annually); of the world economy as a whole (biannually); and since 1998 of certain regions as well. In addition, the IMF has supplied major training and technical assistance services, largely in order to provide poorly equipped states with staff and tools that can better handle the policy challenges of globalization. The IMF Institute has taken over 21,000 officials from around the world through its programmes since it opened in 1964 (IMF, 2003). Furthermore, the Fund has gone beyond its traditional stabilization measures (which correct short-term problems with the balance of payments) to sponsor wide-ranging economic restructuring programmes in over 80 countries. Finally, the IMF has since the 1980s played a pivotal role in responding to crises in global finance, including emergencies of recent years in Asia, Russia, Latin America and Turkey. To the extent that the Fund has acted as a lender of last resort in such situations and has addressed questions concerning the supervision of global capital markets, it has acted as something of a suprastate central bank. Meanwhile the Bank for International Settlements has since 1974 developed some general principles for the oversight of global commercial banking, for example, on matters including capital adequacy ratios as well as payment and settlement systems.

The much-expanded activities of the Organization for Economic Cooperation and Development further illustrate the contemporary growth of global economic governance (Sullivan, 1997; Ougaard, 2004: ch 5). In the 30 years after 1970 the number of OECD instruments (that is, decisions, recommendations, agreements, etc.) multiplied more than tenfold. These measures have especially addressed the environment, taxation, and transworld investment, although they have also extended across a full spectrum of economic and social policies. Like the WTO and the IMF, the OECD has acquired a significant role in policy

surveillance. At regular intervals (usually every 18 months) the organization releases an authoritative assessment of the macroeconomic conditions of each of its 30 member-states, including suggestions for policy adjustments.

The acceleration of global ecological degradation has also prompted a significant expansion of transworld governance in recent history (Porter, 2000; Miles *et al*., 2002). Some 900 multilateral environmental agreements have come into force, including conventions in respect of supraterritorial problems such as depletion of stratospheric ozone (1985), climate change (1992), and loss of biological diversity (1992). Other treaties have addressed so-called 'global commons' such as Antarctica and the deep seas. Since the 1970s most of the principal transworld regulatory agencies have created special organs and programmes to address ecological issues. The many initiatives of this kind include the OECD Environment Committee (1970), the World Bank Environment Department (1987), the UN Commission on Sustainable Development (1993), and the WTO Committee on Trade and Environment (1995). That said, other major initiatives in transworld ecological governance like the Kyoto Protocol on global warming have floundered.

Elsewhere, global governance has grown as an instrument of conflict management. In this vein the United Nations has undertaken over 30 peacekeeping operations since 1956 and several humanitarian interventions in the 1990s (Mayall, 1996). Even the usually sovereignty-obsessed government of China has endorsed the concept of UN peacekeeping and has since 1989 moreover participated in some of these activities (Kim, 1994: 49-53). A global Nuclear Nonproliferation Treaty has been administered through the International Atomic Energy Agency since 1970. Other global arms control regimes have addressed biological and chemical weapons.

The period of accelerated globalization has also witnessed unprecedented growth of suprastate governance in respect of human rights. In the area of workers' rights, for example, the ILO has come to monitor a transworld code encompassing (as of 2003) 185 Conventions and 194 Recommendations. Several other global conventions on human rights (for example, concerning torture, racial discrimination and the protection of children) have acquired supervisory committees under the UN Secretariat. Interestingly, from the perspective of global governance, these UN committees consist of experts who act in their personal capacity rather than as representatives of states. Meanwhile the UN Commission on Human Rights,

which is composed of government delegates, has since 1970 undertaken over 60 official examinations of country situations. Hardly any state now invokes (as Burma did in 1996) the 'domestic jurisdiction' clause of the United Nations Charter to deny entry to a UN human rights mission.

On occasion global human rights governance has even brought individuals (rather than states) to justice, intimating the introduction of something like cosmopolitan law. Ad hoc global tribunals to investigate crimes against humanity were created after the Second World War and again in the 1990s to address genocide in Rwanda and war in former Yugoslavia. The extradition of Slobodan Milosovic to the Hague Tribunal in 2001 marked the first time in history that a person was charged under international law for offences performed as a head of state. A permanent International Criminal Court was established in Rome in 2002, although its statute has not been ratified by several major states including China, Russia and the USA. In addition, the UN and other suprastate agencies have promoted the creation of national human rights commissions and ombudspersons, helping to raise their number during the 1990s from around a dozen to around a hundred (Cardenas, 2003).

Global regulatory agencies have also engaged in other aspects of state building. For example, in post-conflict situations the UN has undertaken direct administration of Bosnia, Cambodia, East Timor, Haiti, Kosovo and South West Africa (now Namibia) (Wilde, 2001). The UN has also provided assistance and supervision scores of national elections after 1990 (Findlay, 1995: 49). The World Bank has since the mid-1990s given considerable attention to reforming national and subnational governance in areas such as the civil service, the judiciary and labour legislation. Technical assistance from the IMF has developed central bank and finance ministry capacities in many weak states. Thus the construction of governance institutions has not been a one-way affair: not only have states built up regional and transworld institutions, but suprastate bodies have on numerous occasions also built up states.

Of course, it is important not to overestimate the growth of global governance just described. Transworld regulatory frameworks have been riddled with neglected issues, double standards, limited enforcement, poor coordination between institutions, understaffing, underfunding and low legitimacy. To note but one neglected issue, global governance has accomplished little in the area of public schemes of binding regulation of transworld companies. In terms of resource limitations, the UN has a smaller budget than the New York Fire Department and a

smaller staff than the City of Stockholm. Global economic institutions, too, have had restricted operating budgets (in 1996) of only $1,375 million for the World Bank, $471 million for the IMF, and just $93 million for the WTO (World Bank, 1996: 155; IMF, 1996: 217; WTO, 1996a: 153).

Thus, contrary to some expectations, global governance is not – and currently shows no sign of becoming – global government (Zolo, 1997; Heinrichsohn, 2000). Globalization is not leading to the creation of a centralized world state, where Westphalian-style sovereignty is transferred 'upwards' from the national to the global level. As this paper has made plain, regulation in today's globalizing world occurs in a polycentric manner through regional, state and substate authorities as well as global arrangements. Moreover, the principle of subsidiarity has generally weighed strongly in contemporary governance, so that global regulation has tended to devolve for implementation to regional, national and local institutions. Indeed, on the whole global governance frameworks currently have very limited and fragile legitimacy in the public eye. Most citizens are barely aware that transworld regulatory arrangements exist.

Yet these substantial shortcomings do not negate the crucial point that post-Westphalian governance involves notable global regulation. The rapid growth of transplanetary regulation has not heralded a demise of the state, but it has confirmed the end of statist governance. Although states have created transworld governance institutions, they have done so under substantial constraints of globalization. Nor have states fully controlled the actions and further development of transworld authorities once they are established.

**Privatized governance**

Governance has become polycentric under the influence of globalization not only with the diffusion of regulation across multiple 'levels' of the public sector, but also by the spread of private, non-statutory frameworks (cf. Cutler *et al*., 1999; Ronit and Schneider, 2000; Brühl, 2001; Haufler, 2001; Knill and Lehmkuhl, 2002; Hall and Biersteker, 2003). Given statist conditions of the past, one might easily assume that governance is by definition a public operation through governmental and intergovernmental agencies. However, the formulation, implementation, monitoring and enforcement of societal rules could in principle also occur through nonofficial channels.

Contemporary globalization has encouraged a substantial privatization of governance in two main ways. First, a number of private regulatory arrangements have arisen to fill regulatory gaps in suprastate governance. Although transworld and regional regimes have undergone unprecedented degrees and rates of expansion in recent history, this growth has often still lagged well behind the regulatory needs of expanded global relations. Various areas – including global markets and global finance – have suffered major governance deficits as a result. In a number of cases non-governmental actors have stepped in where public regulatory frameworks have been deficient or absent in order to construct the necessary standards and norms that enable increased global relations to develop.

The prevailing neoliberal approach to contemporary globalization has also promoted the rise of private regulation. The logic of neoliberalism can easily move from prescribing the privatization of production to advocating the privatization of governance. At an extreme, neoliberals might affirm that the global private sector can – together with consumer and other stakeholder pressure in the marketplace – adequately regulate itself.

Like most phenomena connected with contemporary globalization, private global governance is not completely new to recent history. For example, in the second half of the nineteenth century a number of business associations created standard forms of contract to govern cross-border trade in commodities such as corn and cotton (Wiener, 1999: 165). However, the scale of current private regulation far outstrips anything seen in the past.

Moreover, private global governance of earlier times tended to be sanctioned by intergovernmental treaty, so that states retained considerable initiative and control of the overall process. To be sure, approval or at least tolerance of states (especially big states) remains necessary for the operation of today's private regulatory arrangements. Yet much recent private governance has arisen with little direct involvement of governments.

One major contemporary growth area of private governance of globalization is so-called 'corporate social responsibility' (CSR), sometimes also termed 'corporate citizenship' (Zadek, 1997, 2001; Andriof and McIntosh, 2001). Official measures to regulate production through transborder corporations have remained moribund (like the UN Centre for Transnational Corporations code of 1979), weak (like the UN Global Compact launched in 2000), unratified (like the draft UN Norms on the Responsibilities of Transnational

Corporations of 2003), highly general in terms (like the OECD Guidelines for Multinational Enterprises, first issued in 1976 and subsequently revised), or very narrow in focus (like the 2003 WHO Framework Convention on Tobacco Control). However, non-statutory rules for transborder companies have proliferated since the 1990s, especially regarding labour, environmental and human rights practices (cf. ILO, 1998; Picciotto and Mayne, 1999; Richter, 2001).

Private CSR frameworks have taken several forms. Some of these voluntary codes for transborder firms are self-regulatory arrangements. That is, they are operated either by a single company over its own activities or by a group of companies over their own sector. For example, Nike and Unilever have developed company-based codes (which notionally also cover their subcontractors and suppliers), while the International Council of Toy Industries has overseen an umbrella code for the sector. Outside consultants have devised other CSR arrangements like the Global Reporting Initiative (GRI), started in 1997, and the Social Accountability Standard SA8000, operational since 1998. Some civil society groups have also promulgated CSR standards. For example, Amnesty International issued its Human Rights Principles for Companies in 1998, while scores of Christian associations have used the Interfaith Center on Global Corporate Responsibility to screen firms for investment. Recent years have also seen the emergence of so-called 'multi-stakeholder initiatives' involving firms, labour unions and NGOs in jointly pursued nonofficial regulatory arrangements for global business. Like the consultancy schemes, multi-stakeholder initiatives involve standard setting, independent monitoring, certification and reporting. Examples include the Forest Stewardship Council, which has since 1993 linked companies, workers, environmentalists and indigenous peoples in efforts to promote sustainable logging.

Other significant private global governance has expanded since the 1970s in respect of commercial adjudication. Whereas states have submitted their trade conflicts to a public body, the GATT/WTO, global companies have tended to handle their disputes through private arbitration, thus avoiding litigation in state or suprastate courts (Dezalay and Garth, 1996; Mattli, 2001; Lehmkuhl, 2003). The available mechanisms include the International Court of Arbitration of the International Chamber of Commerce, the London Court of Arbitration (LCA), and the China International Economic Trade Arbitration Commission (CIETAC). The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958) stipulates that national courts cannot review the judgements of

arbitrators on core issues. To give one indication of the scale of this private governance practice, the Secretariat of the ICC Court had received 10,000 requests for arbitration by 1998, more than two-thirds of them since 1976 (Craig *et al*., 1998: 2).

In addition to global production and trade, much private governance has also applied to transworld finance (Porter and Coleman, 2002). The many relevant sites include the International Chamber of Commerce Commission on Banking Technique and Practice, the World Federation of Exchanges (for securities markets), and the Derivatives Policy Group (with members drawn from major investment banks). Bodies like the International Accounting Standards Board and the International Federation of Accountants have respectively developed the main global accountancy and auditing norms currently in use. Rating agencies like Moody's and Standard & Poors have also played something of an unofficial policing role in the contemporary global economy, rewarding governments and companies that score well and punishing those that rate poorly (Levich, 2002; Sinclair, 2004).

Considerable additional privatized governance has emerged in relation to global information and communications. For example, the International Telecommunication Union has moved from being an intergovernmental organization to a hybrid construction with 600 affiliated companies as well as 189 member states (Salter, 1999). Names and addresses in cyberspace are regulated through the Internet Corporation for Assigned Names and Numbers (ICANN), created in 1998 with operations that involve business, technical, academic and user inputs (Franda, 2001).

Multiple further instances of private governance of globalization can be found across other sectors. The International Organization for Standardization (ISO), formally a nongovernmental body, has often agreed its measures together with the major companies involved (Clapp, 1998). The ICC's Uniform Customs and Practice for Documentary Credits have been accepted by banking associations in 175 countries (Wiener, 1999: 183). The International Air Transport Association (IATA) has standardized airline documentation. The Rome-based Codex Alimentarius Commission has set global food standards with considerable inputs from industry. The World Tourism Organization ('the other WTO') has a Business Council that includes representatives of different facets of the industry in 70 countries. The Gates Foundation has spent more on health care in Africa than the World Health Organization (WHO) does in ten years.

Finally, substantial privatization of governance has occurred in the course of contemporary globalization in the form of 'contracting out' the delivery of public services to private providers. For instance, non-profit organizations have come to figure prominently in the supply of humanitarian relief. The mid-1990s annual budgets of the giants in this field include $586 million for CARE International, $419 million for World Vision International, and $350 million each for Oxfam and Save the Children (Smillie, 1999: 17-18). By comparison, the operating budget for the UN High Commissioner for Refugees has run at about $1,000 million per annum. Not surprisingly, in view of these resource constraints, UNHCR in 1998 maintained connections with more than 500 non-profit organizations as 'Partners in Action' (UNHCR, 1999). Likewise, bilateral and multilateral donor organizations have since the 1970s made far more use of non-profit bodies (rather than official agencies) to execute development assistance projects. With a recent revival of mercenary operations there are even suggestions to contract out warfare to private firms such as South Africa-based Executive Outcomes and US-based Military Professional Resources, Inc. (Zarate, 1998).

The merits or otherwise of private governance – in regard to social justice and democracy, for example – are considered in Part III of this book. The point at the present juncture is to note that contemporary globalization has brought with it a considerable privatization of regulation. Polycentric governance involves not only multiple scales of activity, but also the spread of private alongside public mechanisms of governance. Inasmuch as this privatization has responded to the slow development of official regulatory arrangements in various areas of globalization, together with prevailing neoliberal doctrine, the trend could be reversed as and when neoliberalism recedes and more public-sector frameworks are constructed.

**(Global) civil society**

Given all of the developments reviewed above, globalization has fostered a considerable dispersal of regulatory competences across substate, state, suprastate and private sites of governance. This shift from statism to polycentrism has in turn had important implications for civil society activity.

The concept 'civil society' has meant many things since it first surfaced in sixteenth-century English political thought (Cohen and Arato, 1992; Chambers and Kymlicka, 2002). In today's context we might conceive of civil society as a political space, or arena, where

voluntary associations of citizens seek, from outside political parties, to shape the rules that govern social life. Civil society groups bring citizens together non-coercively in deliberate attempts to mould the formal laws and informal norms that regulate social interaction.

Civil society associations assemble people who share concerns about a particular policy issue. The many examples of civil society activity include anti-poverty campaigns, business forums, consumer advocates, pro-democracy groups, development cooperation initiatives, environmental movements, ethnic lobbies, faith-based associations, human rights promoters, labour unions, local community groups, peace advocates, peasant movements, philanthropic foundations, professional bodies, relief organizations, think tanks, women's networks, youth associations, and more. Civil society therefore includes – but also ranges far wider than – nongovernmental organizations (NGOs). The huge diversity of civil society groups is evident not only in their broad range of focal issues, but also in their multifarious organizational forms, constituencies, capacity levels, geographical scopes, ideological persuasions, strategic visions, and campaign tactics.

With its concern to shape the rules of social life, civil society activity unfolds in relation to a governance apparatus. In former circumstances of statism, when governance came down to government, civil society functioned in relation to the state. However, when the framework of governance changes – as it has done with contemporary globalization – the character of civil society may be expected to alter in tandem (Scholte, 2002a). In today's more polycentric condition, civil society associations have redirected some of their attention from states to other sites and networks of governance, including global regulatory arrangements.

Recent history has therefore witnessed a major rise of what analysts have variously called transnational/global social movements (Smith *et al*., 1997; Porta *et al*., 1999; Cohen and Rai, 2000; Guidry *et al*., 2000; O'Brien *et al*., 2000; Khagram *et al*., 2002; Smith and Johnston, 2002), transnational advocacy networks (Keck and Sikkink, 1998), global citizen action (Edwards and Gaventa, 2001), and transnational/global civil society (Florini, 2000; Scholte, 2000; Anheier *et al*., 2001; Glasius *et al*., 2002; Kaldor, 2003). Like most things in contemporary globalization, civil society mobilization beyond the nation-state-territory is not completely new. Labour, peace, religious and women's movements already developed a transworld dimension in the nineteenth century. However, the scale of this earlier global civil society activity was much smaller than today.

Contemporary civil society has 'gone global' in at least six ways. First, many civil society associations have begun to address the governance of transplanetary problems. The multiple examples include arms control, asylum seekers, climate change, cultural protection, debt relief, digital inclusion, gender equity, HIV/AIDS, human rights, labour standards, religious revivalism, and trade agreements. Indeed, recent years have seen considerable civil society activism around the general theme of globalization itself, in what has variously been termed the 'anti-globalization', 'alter-globalization' or 'global justice' movement (Bourdieu, 1998; Klein, 2000, 2002; Rupert, 2000; Starr, 2000; Broad, 2002). Prominent initiatives in this vein have included Peoples' Global Action (PGA), started in 1998, and the World Social Forum process, launched in 2001 (Houtart and Polet, 2001; Sen *et al*., 2004).

Second, civil society activities have obtained global qualities by engaging with transplanetary governance institutions. Countless civil society associations have addressed themselves to UN agencies, the World Bank, the IMF and the WTO, often 'leapfrogging' over states to contact the global bodies directly (Weiss and Gordenker, 1996; Willetts, 1996; Fox and Brown, 1998; Foster with Anand, 1999; Scholte, 2002b; Scholte, 2003). In response, most global governance agencies have devised mechanisms of one kind or another to engage (at least to some extent) with civil society associations: upgrading their public communications to address civil society audiences; including civil society groups in their briefings, conferences and workshops; appointing civil society members to official committees; employing civil society liaison officers who regularly attend civil society venues; and adopting formal guidelines for staff engagement with civil society organizations. In addition, quite a few governments have included civil society advocates on their official delegations to global governance meetings. For their part, numerous civil society associations have opened bureaux near the headquarters of suprastate governance organizations. For instance, the ICFTU, the Institute of International Finance (IIF), and Oxfam all maintain offices in walking distance from the headquarters of the IMF and the World Bank.

A third global aspect of much contemporary civil society activity is its use of transplanetary and supraterritorial travel and communications. Air transport has enabled civil society actors from across the planet to convene in frequent global meetings, including parallel forums alongside many official global governance conferences. Between such face-to-face encounters, telecommunications, computer networks and electronic mass media have allowed today's civil society groups to maintain more or less instantaneous connections with one

another across the world. The Internet has proved to be a particular boon to global citizen activism (Lee, 1996; Naughton, 2001; Warkentin, 2001).

Civil society has also become global in the fourth sense of adopting global organizational forms. Some of these associations are unitary and centralized, like the World Economic Forum (WEF), which has assembled some 900 transworld companies under the motto of 'entrepreneurship in the global public interest'. Alternatively, the transplanetary association may take a federal form, as in the case of the International Confederation of Free Trade Unions (ICFTU), with 233 affiliated labour organizations in 152 territories as of 2003. Meanwhile other global civil society associations take the shape of transworld networks without a coordinating secretariat. An illustrative example is the aforementioned PGA, which has mainly operated through a website.

Fifth, considerable elements of contemporary civil society have become global inasmuch as they are motivated by sentiments of transplanetary solidarity. For example, many civil society groups have built on a sense of collective identity that transcends territory – for example, on lines of age, class, disability, gender, profession, race, religious faith or sexual orientation. In addition, significant amounts of civil society activity are today driven by cosmopolitan inspirations to provide security, justice and democracy for humanity across the planet.

Sixth, some civil society associations have turned global by undertaking transworld regulatory activities themselves. That is, these organizations have become directly involved in mechanisms to formulate, implement, monitor and enforce global governance measures. For example, in the late 1990s hundreds of civil society associations joined with the World Bank in a Structural Adjustment Policy Review Initiative to assess the effects of macroeconomic reforms in eight countries (SAPRI, 2004; SAPRIN, 2004). The Ethical Trading Initiative, established in 1998 with sponsorship of the British government, has involved 18 NGOs and 4 trade union federations. NGO Forums have often exercised notable influence on the declarations and programmes of action that emanate from UN-sponsored global issue conferences of the 1990s. Such impact was especially apparent during the population meeting at Cairo in 1994, when interventions from the NGO Forum were instrumental in preserving commitments to family planning.

Environmental NGOs have taken a particularly prominent part in global governance of their issue-area (Princen and Finger, 1994; Lipschutz with Mayer, 1996; Wapner, 1996; Newell, 2000). In 1980 the World Conservation Union (IUCN) and the World Wide Fund for Nature (WWF) collaborated with UNEP to launch a World Conservation Strategy that developed guidelines for states. On a similar pattern the World Resources Institute (WRI) formulated the Tropical Forestry Action Plan in 1985 jointly with the UN Food and Agriculture Organization (FAO) and UNDP. Since 1997 Global Forest Watch has tracked illegal logging and its impacts on local populations in ten countries across the world. The International Council of Scientific Unions played an important advisory role to the World Meteorological Organization and UNEP in setting up the Intergovernmental Panel on Climate Change in 1988. The Secretariat for the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) has worked in close cooperation with the IUCN and the WWF. The IUCN, WRI and UNEP have jointly organized the Biodiversity Conservation Strategy Programme.

Of course civil society interventions have also sometimes blocked global governance initiatives, prompting some observers to speak of an 'anti-globalization movement'. For example, NGOs played an important role in thwarting negotiations in the OECD toward a Multilateral Agreement on Investment (MAI) in 1998 (Henderson, 1999; Goodman, 2000; Smythe, 2000). Civil society opposition to neoliberal globalization has also played a part in frustrating WTO Ministerial Conferences at Seattle in 1999 and Cancún in 2003 as well as cancelling a World Bank meeting in Barcelona in 2001 (Cockburn *et al.*, 2000; Kaldor *et al.*, 2000; Yuen *et al.*, 2001). Coalitions of NGOs and grassroots groups have halted several World Bank-funded dam constructions or obtained better compensation arrangements for people adversely affected by these projects (Udall, 1998; Khagram, 2000).

Civil society engagement with global governance has sometimes also reverberated back on state regulation. Employing a so-called 'boomerang effect', civil society groups have worked through global arenas in pursuit of changes to national policy. For example, civil society associations in Kuwait have utilized global events and measures to press their government to change budget allocations, economic planning, and environmental laws. Some women's associations in Eastern Europe and Central Asia did not meet their national authorities until both sides attended UN meetings on gender issues.

**Conclusion**

From the above it is plain that globalization has significantly affected the mode of governance. In tandem with this reconfiguration of social space, the statist mould of old has given way to a polycentric framework. States continue to figure very significantly in this post-statist condition, but they are embedded in multilayered and diffuse networks of regulation. Polycentric governance occurs through diverse and often interconnected public and private arrangements on varying scales from local to global. The situation has lacked a clear centre of command and control of the sort that the Westphalian sovereign state once provided.

With such a dispersion of regulatory activities, polycentric governance involves major challenges of producing effective policy. No single actor or committee of actors plays an overall coordinating role in, say, the regulation of climate change, epidemics, intellectual property, the Internet, or refugee flows. The possibilities of gaps, overlaps, confusions and contradictions between agencies are considerable.

To take one prominent example, a global financial crisis draws involvement from governments of the countries directly affected, as well as transstate networks like the G7, G20 and G24, as well as global agencies such as the BIS and the IMF, as well as private bodies with regulatory functions like the International Accounting Standards Board and the International Securities Market Association, as well as civil society associations like the IIF and Friends of the Earth (Scholte, 2002c). Nothing like a World Financial Authority exists to provide general oversight and coordination. In this situation, responses to global financial crises have tended to be rather ad hoc and muddled. Similar comment could be made about the governance of many other global problems.

Of course a dispersion of activities does not necessarily entail a diffusion of power. On the contrary, contemporary globalization has very much been a question of hierarchy and dominance. Decentralization in respect of the institutions of governance has also been a context for considerable concentration of power in certain states and social circles. As a result, today's globalizing world confronts critical democratic deficits.

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