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Kenneth B. Taylor

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Global capitalism and the question of global governance

A socioeconomic perspective

Kenneth B. Taylor

Department of Economics, Villanova University, Villanova, Pennsylvania, USA

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Abstract *Economists have observed that during the last several decades of the twentieth century there have been more examples of national economic success than failure. One leading explanation for this is that socio-economic evolution has resulted in improved institutions and institutional arrangements. Globalization during the second half of the twentieth century spread capitalist institutions and liberal politics around the world. This paper examines the fundamental forces underlying these socioeconomic processes. If the boundaries of these forces are on the global rather than national level, the issue of a global government naturally arises. The relationship between the forces of socio-economic evolution, sustainable globalization and global governance are explored. An index of global government is presented to monitor these phenomena over time.*

The advance of globalization raises a host of intriguing questions. What is the relationship between economic globalization and global governance? Does deeper and broader economic globalization demand the formation of a stronger, more centralized, global government? Is what we know to be true for a national economy also true for the global economy? Is the patchwork of supranational institutions created in the second half of the twentieth century sufficient to meet the demands of an increasingly interwoven world? What are the forces that have led to the creation of international organizations such as the United Nations (UN), the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO)? Over time will these same forces compel national governments to turn over increasing amounts of sovereignty to supranational institutions?

The primary intent of this paper is to delineate the arguments and forces surrounding these questions. It is admitted from the start that these phenomena are extremely complex, poorly understood, with multiple possible end state global equilibriums. The direction in which global forces are moving will permit an assessment of envisioned outcomes and thus help to develop understanding of how globalization might lead to some form of global government.

It is important to note that globalization is reversible. Statements to the effect that this process is inexorable and irreversible lack an understanding of the historical process. One of the most common fallacies in the minds of academics, politicians or the citizenry of a nation is that once a trend is established it will persist indefinitely. In his recent book, *Open World: The Truth about Globalization*, Legrain (2002) convincingly argues that globalization is a choice, not a destiny. National governments have tremendous influence on the form and extent of global economic integration. If circumstances are sufficiently unfavorable, they have the power to withdraw partially or even wholly from the world economy. Another objective of the current paper is to

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step back from all the bewildering facts and stories and to cast globalization in a fresh light.

In what follows, the focus will be to more fully articulate the forces and arguments for global government rather than those that oppose it. This is not because the author believes opposing forces to be unimportant or that global government is fated. Indeed, the forces that stand in the way of constituting a strong global government are formidable and will restrain or even neutralize those favoring global government. Essentially, the objective here is to delineate the arguments for a global government that are assumed by those who envision a global civil society in our collective future.

The motivation in writing this paper is two-fold. First, the flood of work on globalization has often created confusion. Students of the subject have tended to focus on the past 50 years and, given the complexity of the issues, fallen into two main camps. One concludes that nation states are being eviscerated by globalization and that movement toward more supranational governance or a world government is inevitable. The other concludes that the nation state is more important than ever and will remain that way for the foreseeable future (see Perraton, 2001)

There are powerful arguments on both sides, yet what both camps fail to recognize is that globalization is an evolving process. What was true in the past will not necessarily be true tomorrow. What this confusing discourse indicates is the fact that the accelerating political and socio-economic changes occurring on the global stage are monumental yet have ambiguous consequences.

A second motivation in writing this paper springs from the observation that the social economics literature is often permeated with a bias favoring global government. Movement toward stronger global governance becomes a necessity to promote a universal vision of "human rights" or "civil society". A recent article includes the statement that:

The logic of the situation, like it or not, will elicit [supranational] judicial, legislative, and executive organizations to address these externalities (Samuels, 2001, p. 278).

This statement misses a sense of dynamic process; a process that can unfold in many directions and many forms.

Throughout this paper I distinguish between global government and global governance. Global government is defined as the group of supranational institutions, autonomous from nation states, with the legitimate right to the use of force to impose its laws, rules and regulations. By this definition the United Nations is not a global government. Instead, the UN is a collection of institutions that assist in global governance. Global governance is thus an institutional framework by which global issues are addressed and hopefully resolved. It is not sanctioned through the use of force but rather through the agency of contract. By this definition, modern global governance has been in existence since the Treaty of Westphalia was signed in 1648. This treaty realigned international relations by inaugurating the modern era of diplomacy among a system of nation-states. Along with the UN, global governance today includes a bewildering array of bilateral and multilateral treaties among nations, as well as the rules and regulations of multinational corporations, numerous non-governmental organizations (NGOs) and international crime syndicates. Global governance is therefore a partisan, *ad hoc* approach to international problem solving centering on a shifting set of issue-specific regimes.

In the coming pages I identify four powerful forces compelling the world toward increased global governance. Whether or not this will translate into more centralized global government, it is argued, depends on several unpredictable variables. Opposing forces are discussed and an index presented that will permit us to map the emergence of global government in the future.

Forces gathering in – the case for global government

The first two global forces supporting a move toward greater global governance can be characterized as “invisible hand” forces. These forces do not act independently yet are overlapping and themselves influenced by other forces.

Because multinational corporations will demand it

Spar (2001) notes that a study of economic history suggests the expansion of markets occurs in four distinct phases:

- (1) innovation;
- (2) commercialization;
- (3) creative anarchy; and
- (4) rules.

While the stories she shares on what happens during “innovation” and “commercialization” are fascinating, we are here interested in what she has to say concerning the final two phases.

She states that during the period characterized by “creative anarchy”:

... even the pioneers begin to realize the costs of chaos. And once they realize these costs, once they understand that a lack of rules can diminish their own financial prospects, they begin to lobby for what they once explicitly rejected... In general... rules get created because private firms want them (Spar, 2001, p. 18).

She goes on to say that who writes the rules and how they are written varies substantially from one historical example to another. Early on in the process firms play a dominant role in establishing the rules that govern themselves. As industries evolve, the expenditures associated with providing private governance functions become unproductive:

Eventually... governments tend to reenter the scene. There is nothing necessarily malicious in their reentry, nor anything inherently anti-business (Spar, 2001, p. 20).

While firms can do a great deal in laying out the basic rules and standards by which an industry operates:

... firms don't have the ultimate ability to punish misbehavior or create property rights, for these are things that only governments can legitimately do (Spar, 2001, p. 19).

The order and structure that government can bring to a market is beyond that which any voluntary association of industry members can achieve. This has been demonstrated repeatedly over time and it underscores what Spar (2001) calls the “central irony” along the economic edge:

When technologies first emerge, there is a rush away from governments and a surge of individualism. ... Over time, however, the rebels tend to return to the state – not because they change their minds or lose their nerve, but simply because the state can secure the empires that they've built (Spar, 2001, p. 22).

Spar's (2001) work extends the insights attributable to North (1981). He claimed that people could do an adequate job of regulating business within a traditional or small society. However, if young markets are to grow into stable and efficient enterprise structures, states have to enter in order to provide supporting institutions and rules. Property rights, North (1981) argued, enforced by an impartial judicial system, are essential to successful, low-cost contracting. De Soto's (2000) recent work has also extended this thesis by asserting that it is not misfortune or mismanagement that keeps a large swath of the world in poverty, but rather a lack of clearly defined property rights.

This deficiency, within and among nations, is an Achilles' heel of the global economy. The WTO has been grappling with this issue for many years. While the WTO has a mechanism to negotiate agreements and adjudicate violations, the treaties that comprise the WTO are not universally recognized and the WTO itself lacks the power of global enforcement. As long as this is so, the WTO will have limited success in its objective to have intellectual property rights globally recognized and honored. At some point in the future, deeper and broader globalization may lead MNCs to demand that supranational organizations, such as the WTO, have powers now reserved by and for national governments. For the WTO to be granted such power would necessitate accountability brought by the oversight of a global government.

Another message imbedded in Spar's (2001) study is that historically the rules often get written by the dominant hegemonic power of the time and in the region. If, as many observers suggest, the end of the Cold War era erodes the foundation of US hegemony in the world, and if we accept the premise that there is no other nation to take its place, supranational organizations linked to the *de facto* global government, the UN, may be distributed increasing decision-making powers. As global markets increasingly intertwine with national markets, multinational corporations may demand a global government with increased oversight and power since no other means will be available to secure their commercial empires.

The Lockean “state of nature” writ large: social, cultural and political externalities

Nozick (1974) outlined Locke's (Laslett, 1967) “state of nature” argument for government. The people who inhabit Locke's (Laslett, 1967) “state of nature” are free to do as they please with their property and lives within the bounds of the “law of nature” without accounting for their actions to any other person. The law of nature requires that no one harms another in regard to that person's property, freedom or health. But, individuals violate this law. The violated party may defend himself and he and/or his agents may attempt to recover that which has been taken. This in turn leads to feuds: perpetual rounds of retaliation and retribution. To deal with such issues, people may band together into “mutual-protection associations”. Whenever conflict breaks out between the various mutual-protective associations, a need arises for a particular kind of agency: a “dominant protective association”. (Nozick, 1974, p. 10) A dominant protective association's:

sole purpose is to enforce agreed upon rules and laws for engagement within a broad context of free markets, free associations and free individuals (Nozick, 1974, p. 15).

The set of interrelated institutions we call government is the end product of a civilizing progression. Where are the bounds to this process? Is there any reason to presume that the national government is the final frontier? The same forces that compel individuals into mutual protective associations and groups of these into an overarching government are present at the global level. The nineteenth and twentieth centuries witnessed tremendous conflict among nations and firmly suggest that the final frontier of this process is on the global rather than national stage. One of the central arenas for conflict during these centuries, Europe, and home to the festering twentieth century feud between Germany and its neighbors, is today the region where nations have voluntarily transferred the greatest amount of sovereign power to a supranational governing body: the European Union. Samuels (2001) builds his entire argument for world government on projecting onto the world stage the logic that there exists an:

... increasing desire by elite and non-elite people to participate in the organizations that make decisions that affect them in important ways (Samuels, 2001, p. 273).

Nozick (1974) notes that there are:

... two critical necessary conditions for being a state: that it [have] the requisite sort of monopoly power over the use of force in the territory and that it [protect] the rights of everyone in the territory... (Nozick, 1974, p. 111).

By this definition, the world today has no government... no "state". However, we will use this definition later in the paper to create a means by which we can monitor future movement toward global government.

Liberal democracy and human rights: people will demand it

Capitalism in England during the early nineteenth century spawned a social and political reaction. Polanyi (1957) named this effect the "double movement". As the century wore on, a socio-economic struggle intensified between those who believed that economic outcomes should be dictated by self-regulating markets and those who sought protection from negative consequences arising from the functioning of market forces. Along with groups representing the poor, laborers, merchants and even some landowners, demands were made for changes in the working rules of British society. Along with a significant rewriting of British law in favor of those adversely affected, the state's role in the regulation, production and distribution of goods and services began to grow. Ultimately, government got involved in directing private economic relations.

The clash between those advocating economic liberalism and those advocating a managed society took many paths after this initial period, eventually spilling onto the global stage during the twentieth century and ending, so it seemed, with the resolution of the Cold War. Some would say that in the titanic clash between communism and capitalism the true underlying issue of the civilizing process was lost: providing opportunities for self-fulfillment for the greatest number of people consistent with the law of nature.

Fukuyama (1992) sees the end of the Cold War as the "end point of mankind's ideological evolution" and, in the early years of the twenty-first century, is probably

correct. He believes that liberal democracy may constitute the “final form of human government”, and as such constitutes the “end of history”. Liberal democracy as the operating structure for the polity upholds the twin principles of liberty and equality well.

Why is it that people care so much about these twin principles? If one accepts the Hegelian position that along with the physical needs for food, shelter and clothing, humans possess the additional need to be recognized as beings with worth and dignity, then the answer to this question is simple: they are willing to fight and die for that which best fulfills all their needs. The liberal democratic state has now served the test of time as the system of political organization best suited to fulfill human needs for the greatest number of people.

Accepting the desire to be recognized as a being of worth and dignity as a need rather than a want, Fukuyama (1992) argues, provides the missing link between liberal politics and liberal economics. There is no question that stable democracy and economic development are highly correlated. In the 1960s, Friedman (1962) asserted that the economic freedoms afforded by liberal democracies lead to greater wealth creation. While this was an article of faith for a time, serious empirical work supporting Friedman’s (1962) contention has recently been accomplished. The Fraser Institute’s (2003) *Economic Freedom of the World* annual report catalogues agreed on attributes of a healthy liberal economy and shows a clear and direct correlation between economic freedoms and economic growth. Economic freedoms, the authors find, not only make citizens richer but also politically freer. In other words, economic growth and the liberal state possess positive feedback loops reinforcing each other. Thus, liberal politics helps fulfill a citizen’s need for worth and dignity while liberal economics provides the means for fulfilling one’s basic material needs.

If enforcement of human rights is supported by a sufficient number of people worldwide, a movement toward liberal politics at the global level becomes the next step in the civilizing process. The “Universal declaration of human rights” has been the cornerstone of UN policy since its adoption by the General Assembly in 1948. This declaration is a manifestation of a major facet of liberal democracy on the world stage. Many argue that the UN declaration goes beyond that of the liberal state by encompassing the material as well as fundamental rights of the global citizen. The architects of the UN chose the modern liberal state as their model for government. Yet, without the primary power over the use of force in the world, and the power to protect the rights of the global citizen, the UN does not constitute a world government.

In another section of his book, Fukuyama (1992) notes that:

... the original bloody battle for prestige between two individual combatants leads logically to imperialism and world empire. The relationship of lordship and bondage on a domestic level is naturally replicated on the level of states, where nations as a whole seek recognition and enter into bloody battles for supremacy. Nationalism, a modern yet not-fully-rational form of recognition, has been the vehicle for the struggle for recognition over the past hundred years, and the source of this century’s most intense conflicts.

He goes on to say:

But if war is fundamentally driven by the desire for recognition, it stands to reason that the liberal revolution which abolishes the relationship of lordship and bondage by making former slaves their own masters should have a similar effect on the relationship between states.

Liberal democracy replaces the irrational desire to be recognized as greater than others with a rational desire to be recognized as equal. A world made up of liberal democracies, then, should have much less incentive for war, since all nations would reciprocally recognize one another's legitimacy. And indeed, there is substantial empirical evidence from the past couple of hundred years that liberal democracies do not behave imperialistically toward one another, even if they are perfectly capable of going to war with states that are not democracies and do not share their fundamental values (Fukuyama, 1992, p. 111).

A world made up of liberal democracies, it could be argued, would still need a world government. This springs from the fact that nation states and their economies will still be either weak or strong. A global government could consistently protect national and human rights, enforce the rule of international law through an impartial judicial system and provide forums and mechanisms supportive of stability, peace and economic prosperity for the greatest number of people.

Across national borders: economic externalities... and a big fallacy of composition

Globalization is in part about trading more, producing more and consuming more. This fact is at the heart of globalization and is in essence the Western concept of material progress. Expanding output comes with externalities, such as pollution, that increasingly spills across international borders. Global warming is now an acknowledged fact, although its ultimate causes are still in dispute. Whatever the true root causes, it is acknowledged by all scientists that human activity is contributing to the phenomenon.

Increasing global output creates more jobs and income yet sucks in resources from the far flung reaches of the planet, causing deforestation, loss of biodiversity and adds to stress within earth's biosphere. Continued growth in the world population augments globalization; providing more labor, more consumers; and more pollution. Increased world population also dilutes the impact of economic growth, diminishing improvements in the standard of living, causing a disproportional loss of arable land while drawing down reserves of water, wood and fish to dangerous levels in many regions of the world. Do these observations suggest that the globalization process with its assumed concept of progress is flawed, dooming us to mass extinction through the process of overshoot and collapse?

Thomas Malthus was wrong because he misunderstood the motivations of human beings and underestimated agricultural productivity. More recently, the members of the "Club of Rome" were wrong because the processes they sought to define were too complex to accurately model (see Meadows *et al.*, 1992). These are but two of many notable Cassandras in history proclaiming the doom awaiting civilization. The lesson that should be taken from their errors in judgment is that it is impossible to define when or how economic growth or human expansion will reach any particular limit. An inaccurate conclusion many draw from this questionable doomsday literature is that there are no limits. It is worthwhile to note that Cassandra, while an oracle of poor repute in Troy, was absolutely correct: the Trojans did come.

The doctrine of comparative advantage has been a cornerstone of international capitalism since the days of David Ricardo. It has in turn spawned the current rage in international and development economics: the export oriented development strategy. A premise of this approach is that all less developed nations can emulate the Asian

Tigers and, in time, attain the standard of living enjoyed by the richest nations of the planet. This is a fallacy of composition of monumental proportions. While any one nation may be able to grow economically without limit in the short to intermediate term, global economic growth in the long run must face the limits imposed by a fixed biosphere, if not fixed non-renewable resources.

Mohandas Gandhi said it best: "It took Britain half the resources of the planet to achieve its prosperity; how many planets will a country like India require?" Even if the recent evidence reported by the UN's population division is true, and fertility rates in developing nations on average fall below 2, there will be approximately 9 billion people by mid-century (*Wall Street Journal*, 2003). It may be premature to announce the arrival at the inflection point along the global population growth curve and, in any case, one major question remains: will providing Western-style prosperity for 9 billion people be beyond the carrying capacity of the earth? Gandhi's question is as relevant today as it was when he first uttered it some 50 years ago: although we may wish to rephrase it: it takes the 282 million citizens of the USA 40 percent of the world's resources to sustain its prosperity; how many planets will 9 billion people require to enjoy comparable prosperity?

In 1987 the United Nations shifted the global dialogue on economic progress through the publication of what is often called the "Brundtland Report". Unlike the "Club of Rome's" emphasis on the limit of earth's non-renewable resources, this report shifted the emphasis to the absorptive capacity of nature. In addition, it called attention to factors leading to the undermining of the world's system for providing key renewable resources such as water, fish and air. The report concludes that efforts should be directed toward promoting sustainable development rather than economic growth *per se*. The accumulation of evidence confirming many portions of this report, including global warming, has led to this report having a more enduring impact. The term "sustainable development" has found its way into the vernacular of all social scientists. Unfortunately, few of these experts have spent much time examining the inherent contradiction between globalization and sustainable development at a global scale.

Lutz (1999) states that "...the notion of unlimited economic growth is one of the most serious problems that humanity has ever faced" (Lutz, 1999, p. 222). The revelation of this fallacious thinking will likely be piecemeal and gradual, as represented by the story of global warming. Since they will be global in nature, one could argue, humanity's approach to addressing these issues will be most constructively addressed through global forums and treaties. The Koyoto Accords were initially hailed as a path-breaking, multinational treaty addressing the problem of global warming. It has turned out to be a failure, for the USA, the nation that generates a quarter of all greenhouse-gas emissions, refused to sign the treaty. This underscores a fundamental flaw in the existing approach for dealing with many modern international issues: compliance is voluntary and violation goes without sanction. If one dominant state refuses to cooperate, we immediately confront the classic free-rider problem on a global scale. The standards established by the Treaty of Westphalia and refined over the centuries are beginning to crumble. Defining the terms of military engagement and the rights of states is one thing, defining restrictions on current economic behavior that reduces incomes today, and that only has beneficial consequences for people in the future, is another.

The World Wildlife Federation predicts that by 2050 “humans will consume between 180 percent and 220 percent of Earth’s biological capacity” (Loh, 2002, p. 22). The notion of mankind’s “ecological footprint” carries a clear message: the thrust of globalization, our collective notion of economic progress, is unsustainable. Technology cannot provide remedies for all earth’s ills or overturn the law of entropy. Entropic degradation is an unavoidable consequence of the growth of living organisms within a finite space. As additional environmental consequences to worldwide economic growth are revealed, attempts to deal with them through the piecemeal, traditional multinational treaty process will fail. In time, the Koyoto Accords may be seen as the “swan song” of multilateralism. When this becomes clear it will likely be argued that the time has come for some form of sovereign world government. The various stakeholders (national governments, NGOs, regional coalitions of citizens, multinational corporations, etc.) will need a place to come together to work out solutions to the myriad problems confronting our world.

Countervailing forces

The objective thus far has been to delineate the arguments for a global government that are assumed by those who envision a global civil society in our collective future. Still, it would be mistake to omit a list of the powerful, opposing forces. They include nationalism, ethnicity, culture, religion, ignorance, and geography; those who stand to lose by a change in the existing power structure, actual and would-be dictators, global crime syndicates and hegemonic and aspiring hegemonic powers. The journey into the future leads to a multitude of global equilibria, but only a few narrow paths lead to a sovereign global government.

The major reason these countervailing forces are lightly treated here is that they are widely known, studied and discussed elsewhere. Still, before we move on it is important to note that there are other relevant, lesser known issues. The first emerges from the fact that globalization has not been global. A small number of developing countries have significantly increased their trade and attracted the bulk of foreign direct investment outside of the developed world. A study by the World Bank (2001) revealed that 24 nations have significantly increased their trade-to-GDP ratios over the past 20 years. Collectively, these nations are home to 3 billion people and include Argentina, Brazil, China, India and the Philippines to name a few. It is also important to note that studies have shown that economic growth has been on balance good for the poor in those developing countries participating in the world economy (World Bank, 2001). It is the other 2 billion people who reside in nations where trade-to-GDP ratios have fallen over this same period of time that need to be considered. Despite the spectacular growth enjoyed by the most developed nations over the past decade, these “non-globalizing” nations saw their income per person fall by 1 percent per year during that decade! Most of these nations can be found in Africa, Central Asia and the Middle East. The earlier mentioned Fraser Institute (2003) report ranks many of these nations that have falling trade-to-GDP ratios at the bottom of their economic freedom list.

The implication of this on the global government question is crucial. To feel a need to become a more active member of a broader community demands that one be part of that community and believe in its values. Two billion marginalized people constitute a significant portion of humanity having minimal awareness of the potential benefits or costs of globalization. Most of these people live in traditional societies and feel

threatened by the cultural intrusion, some would say cultural pollution, that comes with minimal participation in global markets. As long as this marginalized group continues to exist, and possibly grow, these people will see no reason to relinquishing power to outsiders.

The role of the nation state

To a great extent, whether or not a global government is installed depends on the power of the nation state within the global system. Global issues, such as nuclear safety and proliferation, human health, human rights, international crime and environmental degradation require nation states to coordinate policy making. Also, technological changes accentuating transnational capital flows may require increased cooperation. Over the past 50 years there has been a marked tendency for nations to shift decision-making power up to regional trade organizations as well as to participate in supranational institutions such as the IMF and WTO. The number of supranational institutions has increased, as has the depth and breadth of issues being addressed. This trend alone does not suggest an erosion of national power. Countries are simply choosing to exercise their authority through international regimes. Finally, it implies an increase in global governance yet not global government.

Whether nations are stronger or weaker in the context of resurgent globalization has been the subject of extensive debate... and extensive confusion. One side comprises those who see the nation state as losing control of their fate:

It is already the case – to the dismay of some, of course – that national sovereignty has been eroded. But – and herein lies another irony – much of the erosion is due to the increasing hegemony of corporate governance, increasing globalization of the economy, and the operation of market forces (Samuels, 2001, p. 282).

On the other side are those who argue that the nation state is as potent as ever:

In summary, the initial premise of the view that globalization will result in a dismantling of the state as we know it is factually unsubstantiated... (Woods, 2000, p. 7).

These are but two examples of a vast literature on both sides of the debate (see Perraton, 2001).

The impact of globalization on state power varies from country to country. While all nation states are fundamentally affected by globalization, the impact on national authority depends on a complex interaction of unique economic, political and social factors. It not only varies from country to country, it also varies from issue to issue. Musgrave noted that: "Globalization can be a menace as well as a blessing. It depends for whom" (Buchanan and Musgrave, 1999, p. 242) This makes it impossible to make any sweeping generalizations. What can be said with certainty is that "... a much greater erosion of autonomy is occurring in respect to weak states than strong" (Woods, 2000, p. 10). Given the dynamics of economic power, we can interpret "weak states" to be on the whole less and "strong states" to be more economically developed. Given that strong states define the ultimate power of supranational institutions, this suggests that one necessary condition for the forces for global government to assert themselves is not presently met.

There is another twist to this story that needs to be presented. While it is true that the necessary conditions for the emergence to global government are not in place, this may change over the course of the twenty-first century. In the mid-1990s Krugman and

Venables (1995) investigated the impact of global economic growth on the global income distribution. Their theoretical research questions the ability of advanced nations to sustain the relatively high living standards they have come to enjoy. Krugman and Venables (1995) asked:

Does globalization, as free-trade enthusiasts might assert, always benefit all nations? Does it hurt the periphery, as many thought during the 1970s? Or does it hurt the core, as many now believe? (Krugman and Venables, 1995, pp. 858-9):

Their simple model suggests a U-shaped pattern of initial divergence followed by eventual convergence. From the start they acknowledge that the processes involved are far more complex than they could capture in a model so that their results are offered with “tongue firmly in cheek”. Still, the details of their model are based on widely held economic theory and, despite being a “minimalist” model, worthy of attention. They find that in the initial stage of the process the more developed nations gain at the expense of those that are less developed:

As integration proceeds further... the advantages of the core are eroded, and the resulting rise in peripheral income may be partly at the cores’ expense (Krugman and Venables, 1995, p. 876)

If this theoretical conclusion has empirically validity it would suggest that, if globalization is sustained, the power of the more developed nation states may erode as the century progresses. If so, the greatly feared “neoliberal race to the bottom” might in fact occur. In time, national governments may become more willing to transfer increasing power to supranational institutions. The economic motivation of this move would be to set and enforce rules, to maintain economic stability and to tax international transactions in a fair and consistent manner. While this is the logical conclusion, even Krugman and Venables (1995) state that “A general outbreak of protectionism... would clearly produce a very different outcome” (Krugman and Venables, 1995, p. 875). In other words, nation states can retreat into a policy set centered on autarky in order to maintain national political control. There is a strong precedent for this as witnessed by the anti-trade policies put in place in the 1930s by the dominant nations of that era.

This last point is underscored by the known dynamics of power associated with the modern republic. Olson (1982) defined “distributional coalitions” as groups of individuals organized to maintain and extend the members’ share of national income. Parliamentary democracy brings with it the possibility of acquiring leveraged benefits through focused political action. Special-interest organizations operate in all democracies and have been successful in accruing gains for their members. Over time, stable societies are characterized by an accumulation of such special-interest coalitions. In time and within stable societies, Olson argued, the effect these coalitions have is to make the political process divisive and impeded. Further, this phenomenon reduces efficiency, national income and economic growth. In other words, special-interest groups alter the direction of socio-economic evolution. While Olson (1982) acknowledged that countervailing forces to distributional coalitions exist, he argued that their existence creates an internal contradiction in the development of stable societies. Olson (1982) concludes that this internal contradiction is the major contributing factor to the decline of a liberal society.

As liberal democracies age, they tend to get encrusted with special-interest groups that restrain the political decision-making process. All “strong states” are liberal democracies and, furthermore, most have been stable for the last 50 years. One might surmise from this that the leading, most global nations of the world have political structures increasingly incapable of relinquishing decision-making power to the supranational level regardless of the issue or circumstance.

This, then, constitutes an additional countervailing force to add to those listed above. As long as stability is maintained within and among the strong states, movement toward global government is highly unlikely. Under this scenario, we are much more likely to see a continuation of the fractured and highly politicized approach to dealing with global governance which is presently in place

Measuring the emergence of global government

To be a government, the associated institutions must have pre-eminent power over the use of force in its domain, and to enforce the rights of all citizens. In the case of global government this does not preclude the existence of powerful national police forces. If a global government eventually emerges, the United Nations will form its nucleus. In other words, global government would be built on those supranational institutions already in place. Assuming this takes place, one would expect military spending in member nations to decline to that necessary to support a national police force with strictly defensive capabilities. At the same time one would expect a significant increase in military spending on the part of the UN.

Japan and Germany have had constitutional mandates to limit military spending to defensive capabilities since the end of the Second World War. Therefore, we can use a GDP weighted average of their military spending as a working definition of what necessary expenditures are required to maintain a viable national police force. This figure can be subtracted from comparable military spending as a percent of GDP for leading nations without such constitutional restrictions to build a crude index of offensive military capability. As a world government evolves, this index will be expected to decline. At the same time, UN spending on “peacekeeping” would be expected to climb as this organization takes over the historical role played by hegemonic powers. This too can be indexed to some relevant inflection point in history. A ratio of the UN peacekeeping index to the offensive military spending index can then be generated as an index of global government. If this index were to increase in the long run it would suggest that an important necessary condition for global government is being established.

Index of offensive military spending

Table I shows a marked decline in offensive military capability over the ten years covered by the index[1]. To a large extent this trend reflects a winding down from the Cold War as governments shifted spending to domestic programs.

Index of United Nations peacekeeping expenditures

This index[2] was also started at the beginning of the post-Cold War time period. While the United Nations has been in existence since 1945, computation of this index from that time through 1989 would not provide meaningful insights into the issue investigated here.

Peacekeeping expenditures are volatile in nature since the UN does not have a standing military force and puts together forces in response to specific needs. Regardless, 1990 was not an atypical year to use as a base so the index clearly reflects an increased emphasis on the use of UN peacekeeping missions in the early post-Cold War era (see Table II).

Table III represents a preliminary attempt to build an index of global government to use over time. It is built as a ratio of the former indices with the Index of United Nations peacekeeping expenditures in the numerator. This index represents at best a blunt measurement tool; yet would be expected to produce consistent directional indications over the long term.

The author expected this index to be unstable during the past decade. Still, it shows a marked preference in the 1990s for the use of the United Nations in dealing with global crises requiring military intervention. In the wake of September 11, 2001, and with the current conflict in the Middle East, this index is expected to show a marked decline during the first decade of the twenty-first century. After this expected reversal, if the index begins a multi-decade increase, it will suggest movement toward establishing some type of a global government. While crude, this index can be refined

Year	Index of offensive military spending
1990	100
1992	78.85217
1994	62.44641
1996	49.72573
1998	48.44923
2000	49.45309

Table I.
Index of offensive
military spending

Year	Index of United Nations peacekeeping expenditures
1990	100
1992	421.8229
1994	798.2931
1996	347.4899
1998	200.6574
2000	384.4704

Table II.
Index of United Nations
peacekeeping
expenditures

Year	Index of global government
1990	100
1992	534.9541
1994	1,278.365
1996	698.8131
1998	414.1601
2000	777.4447

Table III.
Index of global
government

through time and will provide us with some manner other than anecdotal and speculative to measure the emergence of global government in the twenty-first century.

Completion of a global political revolution?

Globalization has been said to promote a common consciousness for humanity. It can be defined as:

...an historical process which transforms the spatial organization of social relations and transactions, generating transcontinental or inter-regional networks of interaction and the exercise of power (Shaw, 2000, p. 11).

The notion that there are certain civil principles that should be enforced worldwide has firmly take root and is currently held by hundreds of millions of people. Therefore, social economists who implicitly assume that a global civil society will emerge with a viable global government at its core have a good deal of company. These agreed-on global principles which center on human rights, opportunity, empowerment and fairness constitute:

...a set of principles and core values that allow poor people to gain power through participation while protecting them from arbitrary, unaccountable actions in their lives by governments, multinational corporations and other forces (United Nations Development Program, 2002, p. vi).

The authors of the *Human Development Report 2002* (United Nations Development Program, 2002) go on to say that the world needs:

... means ensuring that institutions and power are structured and distributed in a way that gives real voice and space to poor people and creates mechanisms through which the powerful – whether political leaders, corporations or other influential actors – can be held accountable for their actions... at the global level it highlights the urgency of forging a much more democratic space... (United Nations Development Program, 2002, p. vi).

Later in the report, in a section entitled “Building more democratic international institutions”, they discuss the current “inadequate commitment of powerful member governments and the disillusionment of weaker states” (United Nations Development Program, 2002, p. 112). They mention that a number of high-level commissions have been established to probe global problems and have proposed:

...a new global environmental organization, a global bankruptcy mechanism, a global financial regulator and an international tax organization (United Nations Development Program, 2002, p. 112).

Despite the recommendations of these commissions, they conclude that:

Creating such new institutions would require tremendous political will from powerful states: political will that so far is not very apparent... Efforts to achieve these goals must confront the realities of global power (United Nations Development Program, 2002, pp. 112, 122).

The crucial point is that the needs are real yet the political will is weak. Thus, it is clear that to accomplish what the United Nations proposes requires a transfer of additional sovereign power. If such a transfer of sovereign power were to be accomplished, it would constitute a major step toward global government.

During the 1990s there was a widespread belief that the time had come to get government in all its forms out of the way and to let the agents of capitalism reinvent the world. In the partial meltdown of this vision during the early 2000s, a virulent form of anti-globalization has emerged. Global anger and frustration seems to have replaced global promise in a few short years. Terrorism has become an insidious diversion, with the headline issues drawing attention away from its underlying cause: lack of basic human rights and opportunity in the non-globalizing world. Polanyi (1957) once said that the inability of the dominant powers to deal with the disruptive effect of nineteenth century globalization contributed significantly to the great disturbances of the twentieth. We may be able to say that the clash between communism and capitalism is fundamentally finished, yet the perpetual struggle between tyranny and human dignity has yet to be resolved. It is inarguable that however the twenty-first century develops, global problems, issues and concerns will mount, as will the need for creative means to address them.

In the aftermath of the First World War the League of Nations was established and after the Second World War the United Nations. Whatever the failings of politics in the nineteenth century, the political leaders of the twentieth century liberal societies had a vision of some form of world government; a global polity that would at least assist them in bringing peace, prosperity and dignity to humanity. While the twenty-first century is dawning to a world far from having this dream fulfilled, the actions in support of this vision by twentieth century politicians represents the strongest evidence of the underlying forces outlined in this paper.

Notes

1. The first step is to generate the change in offensive military capability of former, present and potential hegemonic powers. For this exercise Great Britain, France, Russia, the USA and China were used to define the index of offensive military potential. The base year chosen for all indices was 1990 since this approximately marks the end of the Cold War. All weighting was based on nation specific percent of combined GDP for those nations included in the index. Military spending by these nations was adjusted annually by the aforementioned national police force factor derived from Germany and Japan. GDP amounts used were taken from the World Bank databases and were in constant 1987 dollars. Military spending amounts were generated from data obtained from the Stockholm International Peace Research Institute's *SIPRI Yearbook 2002*.
2. Data for this index were taken from UN peacekeeping expenditures compiled by Michael Renner (2002), a senior researcher with the WorldWatch Institute. These data were converted from current to constant 1987 dollar terms prior to indexing.

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