

# Democratic Governance for the Globalized World

*By Dr. Wendelin Ettmayer*

If we ask the question, what should democratic governance be for the globalized world, the answer would be pretty clear:

The globalized world needs governance:

- that can control globalization;
- that can control global competition, especially the financial markets;
- that can help protect the middle-class in countries, where it is threatened, and create one where it does not exist;
- that can demonstrate that democratic decisions, not speculators and banks determine our lives.

In short, democratic governance should protect people in the way that winners and losers of globalization are not merely determined by market-forces. Democratic governance should tame the creative and destructive forces of globalization the same way the Welfare State tamed the forces of Manchester Capitalism in the late 19<sup>th</sup> and early 20<sup>th</sup> century.

*The economic impact* of globalization is tremendous. Since privatization and deregulation became accepted principles in many countries, capitalism and the market economy led to the creation of transnational corporations, more powerful than many states; the worldwide exports and imports reached new heights and foreign direct investments (FDI) demonstrate that only those companies succeed who become global players.

New technologies, from the computer to the cell phone and from the Internet to the smart phone have opened a new dimension of globalization and openness. The new connectedness, created by a revolution in communications technologies, was supported by a worldwide revolution in education and in the mass media.

In our context, one thing is important to note: tremendous changes in the context of globalization have been brought about by market forces, and not by democratic political decisions. As soon as the basic decisions concerning privatization and deregulation were

taken during the Reagan-Thatcher revolution of the 1980s, the economic forces developed their own dynamics. Politicians were downgraded from actors to observers.

The 2008 economic crisis originated in the USA, but soon created worldwide repercussions. Similarly, the Euro crisis started with the Greek disaster in 2010 but sent shock waves around the world. In both cases democratic politicians were not able to give an answer that would have tamed the worldwide economic crisis by worldwide accepted democratic rules.

*As far as global governance* and democracy are concerned, important developments have taken place, especially when compared with previous decades, but so far not in the same intensity and in the same efficiency as in the economic field. Democratic ideas have spread all over the world and have found supporters in most countries. Today, 3 out of 5 world continents – Europe, the Americas, and Australia – are ruled according to democratic standards. In Asia and Africa as well there are some democratic governments, and many human rights and democracy activists. These are supplemented by numerous international networks: the UN-system, international governmental organizations, international NGOs, and international media.

After World War II, Europe created a qualitatively new international organization: the Council of Europe (CoE). Its goal was to place relations among its members on a set of values: democracy, human rights, and the rule of law. This is how the “Diplomatic Revolution in Europe” started: for hundreds of years foreign policy in Europe was based on power politics, but CoE replaced it by a set of common values. The monitoring and the enforcement of these values have been done on a supranational level. In addition, citizens of the member states of the CoE gained the possibility to file suit in an international jurisdiction, the European Court of Human Rights. And this is the essence of the “Diplomatic revolution in Europe:” Welfare state oriented thinking replaced power politics in the relations among European countries.

Another remarkable change also took place: limited interference into internal affairs of a country replaced the principle of non-interference as the basis to safeguard peace and security. When the United Nations was founded in 1945 peace and security were affirmed in its charter, assured by the respect of national sovereignty and the independence of the states. In Europe; however, common values like democracy, human rights, and the rule of

law became the basis for promoting peace, and supranational interference into internal affairs became the essential instrument to assure the implementation of these values.

Despite the fact that democratic governance has made progress, in the way of proliferation of democratic movements, major obstacles and problems remain that prevent the establishment of global democratic governance: globalization not only unites, but also strengthens forces that divide; states remain attached to the principle of national sovereignty; and new worldwide challenges can not be met by old instruments developed within nation-states.

*The dialectic of globalization* not only unites, but also divides. By being included into the global economic process, countries like China, India, Russia or Brazil became more powerful and more nationalistic. Today, we are moving towards a multi-polar world, where the decision-making process in international affairs becomes more diverse, as more and more countries take part in decisions on world politics and their implementation. Basic economic indicators support this trend: While the United States produced 60 % of the world economic output after World War II, the West as a whole produces this share today, and this is projected to shrink to 38 % by 2025. Europe and North America together counted for 33 % of the world population 100 years ago, today this share is down to 17 %.

Further, globalization can also inspire ideas and ideologies that divide. Some groups of people, facing Western ideological import, might look back to their roots and seek protection in a traditional ideological or religious environment. So even in the era of globalization, nationalism and in particular fundamentalism can get stronger, as some people might reject Western values and affirm traditional ones. Attitudes we developed in Europe long ago like the separation of the church and the state might be rejected by Islamic fundamentalists today as they stipulate religion as the basis for conducting everyday life.

*Sovereignty* remains an essential value for many countries. In spite of the worldwide effects of globalization, many countries remain attached to the principle of sovereignty and non-interference into their internal affairs. Contrary to what is happening in Europe, in other regions of the world states are not willing to give up national sovereignty. Their relations with each other remain, to some extent, based on power politics.

*Global challenges need* global solutions, but none is being implemented today. Whereas the impact of financial markets, environmental problems or security questions is

felt across national borders, there are often only national answers or a patchwork of national answers to tackle them. Whereas the problems of the 21<sup>st</sup> century are quite often of international nature – the state system still functions as it did 200 years ago, at the time of the Congress of Vienna (1814-15), when each country acted on the basis of sovereignty and according to its national interest. It is therefore not surprising that when confronted by the forces of globalization many people feel helpless, and nation-states on their own can not find solutions.

We should take an effort to make the international community work at least to such an extent that a set of rules are put in place for global developments. Economic and other global forces should not be guided by the invisible hand alone, but by political decisions, guided by democratic values. For this we need a total renewal of international organizations and political guidelines. The Council of Europe, which has helped to open a new era of political cooperation in Europe after World War II, could serve as an example.

We need *a total renewal* of the system of international organizations. Since the Treaty of Westphalia (1648), a new international order was established after every major conflict: the Peace of Utrecht (1713), created a system accentuating balance of power as preventive force for future wars. After the Napoleonic wars, the Congress of Vienna established the concert of five major powers, which succeeded in securing peace in Europe for 100 years. After World War I, the League of Nations could not fully succeed, but at least an effort was made toward a mutual security based new world order. After World War II, the United Nations with the Security Council and UN special agencies were created to protect global peace and promote economic and social prosperity.

But that world order is now appears to be outdated. After the end of the Cold War, in which the West prevailed over the Soviet Union, we find ourselves in a new international situation, but continue to rely upon the old international institutions, inherited from the time of World War II. These institutions do not take into account the outcome of the Cold War, they continue to assume that old values matter for the new international order, and therefore, they are inadequate to tackle global developments.

We need a new international political agenda to tame the economic forces of globalization, and to create uniform and fair working conditions and environmental standards for all those who are competing in the globalized world. For this reason, international organizations that promote common standards, like the International Labour

Organisation (ILO) or environmental agencies must be strengthened. Few small steps have already been taken, and an international community of values has become visible to some extent: for instance, by prosecuting crimes by International Courts or special courts for genocides and war-crimes. As utopian as it might seem today, in the era of globalization, we need common international rules that cover the economic and social life as well as security and justice.

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