GLOBAL GOVERNANCE, INTERNATIONAL DEVELOPMENT DISCOURSES AND NATIONAL POLICY-MAKING:

HIGHLIGHTS OF CRITICAL ISSUES

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<tr>
<td>IGTN</td>
<td>International gender and trade network</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>LDCs</td>
<td>Least-Developed countries</td>
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<td>NGOs</td>
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<td>PRPs</td>
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<td>SAPs</td>
<td>Structural Adjustment Programs</td>
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<td>WB</td>
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<td>WTO</td>
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<td>UNCTAD</td>
<td>United Nations Conference for Trade and Development</td>
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I. INTRODUCTION: ECONOMIC FUNDAMENTALS AND POLITICAL IDEAS

1. The world economy and the political international environment are characterized by the increasing interdependence of countries’ economic systems and decisions linked to processes of capital accumulation. This global context affects both nation-states’ margin of policy space at national level as well as international governance institutions’ discourses on development.

2. Since 1945, in the context of the cold war, the discourse on development presented by international institutions and by governments highlighted the idea that most developing countries would, in a more or less long time frame, catch up to the level of economic development and social welfare achieved by industrialized countries.

3. The period from 1945 to 1990 was characterized by the push towards modernization of developing countries’ economic and social structures. Such transformation was also expected to subsequently result in gender equality and women’s political participation in development. The empirical evidence after more than 45 years has shown that only a few developing countries (mostly in Asia and Latin America) have managed to improve their living standards, and they are still fighting to achieve social justice and gender equality.

4. The fall of the Berlin wall in 1989 marked a major historic change. It was the end of the cold war. The hope for a better world has spread all over the globe, fostering the victory of the capitalistic system of production and of its derivatives, namely trade liberalization and progressive disengagement of the State from social (and economic) policies. This historical event marked not only a shift in international politics and economic approaches and theories, but also a major change in development discourses.

5. Consequently, international discourses on development policies have put the emphasis on the role of the private sector in development and advocated cuts in useless public
expenses, particularly in non-profitable sectors such as education and health care. The need for developing countries to integrate, through trade liberalization, into the world economy has also been emphasized.

6. This new political context has been shaping the global governance development discourses. It also resulted in a definite allocation shift of resources from aid for development, entailing the concept of public intervention in development policies, to aid for trade\(^1\), which advances the paradigm of public aid to increase private sector competitiveness and production.

7. Although, such a lexicon might appear only as a minor change in language it represents a major international and national political transformation as it impacts allocation and distribution of public funds and limits the scope for both gender budgeting and non-competitive sectors in public policy-making. The dominant development discourses over the past decade stress, therefore, that international trade and private sector are the best tools to achieve national development and wealth.

8. In 1995, the Marrakech Agreement establishing the WTO\(^2\) marked a step further towards the concretization of the neo-liberal political belief and vision of development. The WTO expanded the field of action of the GATT of 1947.

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\(^1\) For more details on the IGTN critics of aid for trade see *The Doha Development Agenda and Aid for Trade: Finding the Policy Link*. Available at: [http://www.igtn.org/page/703](http://www.igtn.org/page/703).

\(^2\) Article III of the Marrakech Agreement reads as follows: *The WTO shall facilitate the implementation, administration and operation, and further the objectives of this Agreement and of the Multilateral Trade Agreements, and shall also provide the framework for the implementation, administration and operation of the Plurilateral Trade Agreements. The WTO shall provide the forum for negotiations among its Members concerning their multilateral trade relations in matters dealt with under the agreements in the Annexes to this Agreement. The WTO may also provide a forum for further negotiations among its Members concerning their multilateral trade relations, and a framework for the implementation of the results of such negotiations, as may be decided by the Ministerial Conference. The WTO shall administer the Understanding on Rules and Procedures Governing the Settlement of Disputes (hereinafter referred to as the “Dispute Settlement Understanding” or “DSU”) in Annex 2 to this Agreement. The WTO shall administer the Trade Policy Review Mechanism (hereinafter referred to as the “TPRM”) provided for in Annex 3 to this Agreement. With a view to achieving greater coherence in global economic policy-making, the WTO shall cooperate, as appropriate, with the International Monetary Fund and with the International Bank for Reconstruction and Development and its affiliated agencies.*
9. By including in its Agreements liberalization of agriculture and services and protection of trade-related intellectual property rights, the WTO Members have delegated part of their national competencies to the international sphere.

10. This decision is political, and represents a symbolic step towards the centrality of international competitiveness as opposed to national and local social cohesion in national and international policy-making. This shift has impacted development discourses. It is a part of a continuing process of constructing a market society and consolidating the gains of capitalist relations in the hands of a few firms, this time, at a global scale.

11. The WTO and its sister organizations, the World Bank (WB) and the International Monetary Fund (IMF) emphasize in their development discourses the role of trade mainstreaming (through the strengthening of the private sector) as a development tool, while spreading the political idea that trade is not only an economic tool but also a political vehicle to achieve international peace and social stability worldwide. Development, through trade and its consequent macro-economic adjustments, is to be reached in the long run. This political spectrum of ideas highlights that international trade will carry development.

12. Reciprocity of trade concessions and market access are the pillars of this vision of development that neglects social stability and equality at the national level, while it emphasizes the potential cascade effect that global growth could eventually have on national welfare. Unfortunately, this global perspective of international trade does not provide any lens to read the challenges of national policy-making, and in particular to analyze the impact of trade liberalization on gender relations and women’s role in both developed and developing societies.

13. In this regard, while acknowledging that positions might diverge on whether or not integration of developing countries into the global economy is, and can be, conducive to development, the dominant neo-liberal credo highlights that difficulties in achieving
development and social justice are only temporary or related to the lack of proper implementation of the neo-liberal fundamentals by developing countries.

14. Development policies become homogeneous. This one-size-fits-all discourse in economic and social development stresses as its entry point the need for stable monetary policies, macro-economic discipline, competitiveness and private sector development. All these prescriptions are supposed, of course, to be gender and socially neutral. However, empirical evidence and civil society voices have been showing that fiscal privileges for enterprises and the privatization of public goods, such as water and electricity, as well as the implementation, or lack thereof, of the WTO trade rules have not automatically resulted in economic growth, nor in gender-sensitive development. Rather impact has been generally contradictory and rife with tensions.

15. In the process of the WTO negotiations developing country-Members highlight that there is a link between lack of true liberalization in industrialized countries, i.e. in agriculture, and their lack of development. This is a particularly important political argument as it raises the issue of the role and the margins of maneuverability national authorities in developing countries have in formulating, implementing and evaluating national programs and policies. In this regard, at least two main pieces of empirical evidence are worth recalling.

16. First, at the national level most developing countries continue to face the challenges posed by the structural adjustment programs (SAPs) as demanded by the WB and the IMF to provide their loans. By reducing resources available to national authorities, these programs have undermined their capability to provide support, at least through access to public services, to socially vulnerable groups, in particular women and children. This situation results in class and gender inequities.

17. In this context, the rich have become richer and the poor poorer, while women’s burdens and gender inequalities have increased as a result of the reduction in public employment and lack of universal access to public services.
18. Indeed, by reducing employment in the public service sector the SAPs contributed to the instability of incomes for women, while the dismantling of public education systems and lack of sanitation (two sectors considered burdens to the State) have intensified the work burden and overall life condition of both rural and urban women and their families.

19. Second, at the international level, the analysis of the link between economic growth, production, the market and development has neglected to take into account, among others, women’s subordination and the pursuit of gender equality, thus ignoring men’s and women’s differential interests and needs arising from existing local social and class structures and conflicts. In sum, it ignores gender power relations.

20. The assumption that economic development when it occurs is generally beneficial to all has often neglected the evidence showing the existence of polarizing social effects of development policies and market instruments. One example is agricultural production for commercial purposes. The intensification of commercial agriculture has often resulted in stronger class and gender differentiation. Small family farmers, usually women, have been facing the consequences of the rise in prices of inputs and the deterioration of terms of trade, while struggling against land alienation. It is typically the more affluent social groups-those with secure access to land, irrigation water and marketing outlets as well as with access to political spheres, who have been in a position to reap the benefits of global economic growth. These are usually wealthy men owning extensive crops for exports. A better analysis of these social processes would cast some doubt on the optimistic assumption that integration in the world economy through trade liberalization in agricultural goods would automatically result in development strategies that by a multiplication effect would then naturally benefit women.

21. Furthermore, global development discourses neglect the political dynamics at the local and national level. The neo-liberal discourses also present national dynamics in their
technical aspects, particular in regard to macro-economic and monetary policies as if they were totally gender neutral.

22. In reality, development macro-economic and monetary models and schemes proposed by the WB and the IMF undermine women’s ability and time to more visibly and effectively participate in social and economic decision-making that will affect their welfare. This is a political issue that needs to be tackled. Policy recommendations in this regard will be made in sections V and VI of this paper. However, we are not tackling in this paper the details of structural adjustment policies, but rather what we think are the inconsistencies in international policy recommendations.

II. Objectives, Structure and Methodology of This Paper

Objectives

23. This paper has three main objectives:

(i) To point out the lack of coherence in global development discourses as presented by international organizations that influence national policies, namely the Bretton Woods institutions and the WTO and the United Nations (UN) and its specialized agencies;
(ii) To present some of the critical issues related to national policy-making; and
(iii) To draw conclusions and make recommendations.

Structure

24. This paper will be therefore be structured around the three following sections:

(i) Highlights of main conflicting development messages;
(ii) Global governance and national policy space; and
(iii) Conclusions and policy recommendations.
Methodology

25. This paper will provide a picture of the main international institutional perspectives on development, and highlight their gender dimension. It will discuss the issues related to coherence, or lack thereof, of development discourses as well as their link with national development policy-making and discourses.

26. These two dynamics are strictly related, and pose the questions of national responsibilities and of political awareness of citizens in the world. Thus, calling upon civil societies and parliaments roles to ensuring that international agreements and commitments reflect national aspirations.

III. GLOBAL GOVERNANCE: IMBALANCE OF POWERS AND CONFLICTING INTERNATIONAL DEVELOPMENT DISCOURSES

The World Bank, the IMF and the WTO versus the United Nations and its specialized agencies

27. The common objective of the whole governance system is the pursuance of development and improvement of living standards worldwide. However, divergences persist with regard to the political perspectives on development objectives to pursue and on how to achieve development. The international (intergovernmental) global governance regime and its discourses on development understandably reflect these divergent interpretations of what development is and how it should be reached.

28. In this respect, at least two blocks of official discourses can be identified. The three sisters, the WB, the IMF and the WTO, on one side. The discourse and instruments

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Global governance is generally defined as the complex of formal and informal institutions, mechanisms, relationships, and processes between and among states, markets, citizens and organizations, both inter- and non-governmental, through which collective interests on the global plane are articulated, rights and obligations are established, and differences are mediated.” See: James Rosenau, "Toward an Ontology for Global Governance," in Martin Hewson and Timothy J. Sinclair, eds., Approaches to Global Governance Theory (Albany, NY: State University of New York, 1999). Thomas G. Weiss and Ramesh Thakur, The UN and Global Governance: An Idea and its Prospects, Indiana University Press, forthcoming. Source: Columbia Encyclopaedia.

[1]
proposed by the United Nations and its specialized agencies, on the other. The first block working mostly on macro-economic and trade principles, while the second addressing mostly political and social policy issues. A few major institutional differences are to be underlined.

29. The WB and the IMF are lenders. This means that they have a much stronger bargaining power vis-à-vis countries that demand a loan. In the area of trade, the WTO Dispute Settlement Body (DSB) provides its Members the opportunity to launch a complaint to be compensated for commercial losses resulting from non-compliance with the WTO Agreements by another Member. This enforcement mechanism represents a major constraint with regard to trade commitments taken by WTO Members.

30. The UN system’s enforcement bodies are weak and have no compelling power on its Members. The UN is therefore confined to the so-called declaratory diplomacy. As a result, its action in response to the WB, the IMF (part of the UN system) and the WTO (not part of the UN) remains fragile. A typical example relates to the WB conditionality of SAPs for its loans. The hunger revolts of the 1980s resulting from the implementation of SAPs have brought developing countries to define that period as the lost decade. At that time the ILO proposed, wherever possible, safety nets, without having any power to question the implementation of SAPs as a political idea of development.

31. Whereas the ILO promotes social justice through, inter alia, regulation of hours of work and a number of social welfare measures⁴; the World Bank⁵ calls for the

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⁴ See the Preamble of the ILO Philadelphia Declaration, 1944.
⁵ In 1945, the International Bank for Reconstruction and Development (IBRD), specialized agencies of the United Nations, with headquarters at Washington, D.C.; also called the World Bank (WB) was also set up by 28 countries, which ratified the agreement. At the moment, the Bank counts 183 members. The WB makes loans to member nations, but, under government guarantee, to private investors, for the purpose of facilitating productive investment, encouraging foreign trade, and discharging burdens of international debt. All members of the WB belong to the International Monetary Fund. The bank is self-sustaining, and has maintained profit on its lending activities. The board of governors, one from each member state, manages its functioning. Votes are prorated according to countries’ capital subscription. Ordinary affairs are conducted by 22 executive directors, five appointed by the five largest capital subscribers, the United States, Germany, Japan, Great Britain, and France, and 17 elected by the remaining members. Regional vice presidents oversee the bank’s operations in five regions: Asia,
flexibility of working conditions and labor markets, dismantling of labor law dismantling, macro-economic and trade liberalization, while reducing the capacity of governments in developing countries to reinvest trade revenues deriving from tariffs into sectors that do have an impact on social and gender equality, including in health and education. These sectors are of particular importance for the advancement of more equalitarian gender policies at the national level, particularly for developing countries.

32. In this respect, the discussion in the context of the United Nations reform on the possibility of setting-up a stronger UNIFEM should be further explored. Indeed, although the gender perspective is included in most of the United Nations agencies’ work, much still remains to be done. Focusing on gender budgeting and women’s rights could help to better integrate the gender perspective into UN programs, including in conflict resolution, peace-keeping and humanitarian aid as well as at the national policy level.

33. Meanwhile, the WTO advocates for a rules-based trade regime, which has to be implemented in contexts of existing Poverty Reduction Programs, whose requirements go beyond the WTO commitments and trade rules. Most governments are members of all the above-mentioned organizations. This policy confusion has not resulted, and cannot result, in development on the ground, but rather in conflicting policy actions at the local level.

34. Civil society wonders how can different international discourses and policies be coherently implemented by national authorities in developing countries and how can governments under PRPs as promoted by the World Bank, with weak, if not inexistent, production capacities shift from export-oriented agricultural production paradigm,
resulting from historical international division of labour, to industrial development schemes that would allow these countries to diversify their production systems.

35. Furthermore, the current pressure put on developing countries to further opening their markets, through tariff reduction on manufactured products in the context of the Doha Round will not help industrialization of these weaker partners of the world trading system. Thus, once again undermining their productive capacities and stable income creation for their peoples.

36. And, although, WTO Members recognize in principle that: “their relations in the field of trade and economic endeavor should be conducted with a view to raising leaving standards of living, ensuring full employment ...in accordance with the objective of sustainable development, seeking both to protect and preserve the environment and to enhance the means for doing so in a manner consistent with their respective needs and concerns at different levels of economic development”6 in reality international agriculture rules and trade in services combined with the liberalization of trade in goods represent a major setback for social equity and a gender-sensitive development.

37. In line with the idea that development would have a natural cascading effect from the international to the national level, the supposed gender neutrality of negative effects of the WTO Agreements has proved to be one of the biggest misleading concepts of the neo-liberal development discourse. The assumption that at the national and local levels women would automatically benefit from global economic development as any other citizen (referred to in this approach as a consumer) has not proved true in empirical evidence. Facts confirm civil society position, including IGTN’s, that such a model is flawed as a development as well as a gender strategy.

38. For both development and gender equity national policies and local development strategies are central.

39. The interdependence of countries and economies in the global economy poses the question of the space for national policy-making and development strategies, particularly in developing countries. The question of national policy space contains at least two main aspects.

40. First, national policy space is above all a political vision of national development and welfare that countries have to fight for. In this regard, the identification of national and local needs is the key to the formulation and implementation of appropriate national policies. Such process can be long and painful as it entails local social dialogue among divergent interests groups as well as a political balance of powers through legal frameworks that strike a balance between rights and obligations of citizens. It also must be an endogenous process, and can neither be dictated nor passed down internationally.

41. One aspect is related to the impact of international rules on developing countries lacking appropriate regulatory frameworks. Their capacity to regulate according to national needs might be limited as a result of too demanding international commitments.

42. In concrete terms, this means that international disciplines and commitments shall not be construed to prevent countries from exercising the right to regulate, and to introduce new regulations, i.e., on the supply of services, including public services, in their territories to meet national policy objectives. Therefore, services provided by central, regional and local governments and authorities (Article I:3 (a) (i) of the GATS) shall continue to be excluded from trade negotiations as they remain a central means to maintain social cohesion and redistribution.

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7 This paragraph is only intended to highlight critical political issues to be kept under scrutiny in the GATS negotiations.
8 The GATS (Article I:3 (c) ) defines a “service provided under government authority” as any service which supplied neither on a commercial basis nor in competition with one or more service suppliers.
43. The international macro-economic global framework and conditionality, however, continue to weaken the capabilities of developing countries to regulate internally. One could wonder indeed how developing countries, in particular in Africa, exercise their policy space, in situations where almost half of them do not have an independent monetary policy, have entered into SAPs or PRPs (revamped version of SAPs) with the WB, and are facing the black hole of debt constraints.

44. The existing economic structures and systems confine developing countries to monocrops agriculture and natural resources reservoirs, while distribution chains get most of the benefits of production, i.e., the case of cotton in the fabrics of jeans only 2% goes to the cotton producers in Benin, while 57% of the benefits go to distribution\(^9\) services in the North. This shows that the WTO negotiations in agriculture are the tip of the iceberg, while distribution services are its foundation. Manufactured products and their production chains are in the middle of this process. This inequity cannot continue to be ignored as it increases the North-South divide, while increasing poverty worldwide.

45. The present architecture of global governance is definitely to be improved, and made politically coherent. A major shift is needed. Particular emphasis should be put on redistribution policies that support social and economic welfare of nations rather than political choices that benefit only an already wealthy minority.

46. The existing development fundamentals promote social justice neither nationally nor internationally. The international division of labour that relegates developing countries to providers of natural resources and primary commodities\(^10\) has to be questioned. While, international trade rules and consumption models that are not environmentally and socially sustainable should be revised to guarantee the attainment of sustainable development and social justice.

47. At the national level, international decisions and structures have limited governments’ capacity to improve both legislation and implementation of more equalitarian labour

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\(^9\) TV5monde, 6.10.2006.

\(^10\) For further information on IGTN reflection in this area, please consult the IGTN website: [www.igtn.org](http://www.igtn.org).
policies, thus further deteriorating female working and employment conditions. This relationship is particularly important in the area of agreements involving advantages provided to multinationals investing in developing countries, and employing women without respecting ILO minimum wage and equality of treatment Conventions therein.

48. This perspective provides a spectrum of ideas other than the assumption that leaves social welfare at the mercy of the market forces, and that underpins the existing global governance structures and discourses.

49. The context described above leads us to the following three international policy recommendations:

V. INTERNATIONAL POLICY RECOMMENDATIONS

(i) The existing global governance system should be rebalanced. The entry point of such a process would be a large debate among governments’ representatives, civil society and parliaments at the national and international levels on the right-based and justice-based international laws. Such an approach is necessary to counter the negative proved effects of the so-called adjustment costs occurring as a result of macro-economic and trade liberalization in the world;

(ii) Liberalization measures proposed by the World Bank and the IMF programs should not go beyond commitments taken by States in the WTO. An international declaration clearly engaging these two Organizations should be made in this respect. The WTO should not push for greater liberalization prescribed by a raise towards the WB and the IMF standards that are not the result of negotiations among members;

(iii) Decisions –making in the WTO should be transparent and inclusive at the international level by involving all parties concerned, including the weakest trading partners of the world trading system. Furthermore, as decisions taken in the trade arena do have consequences at the national level, national societies must be properly informed and consulted so as to ensure that national policy space is guaranteed as well as the interests of the most vulnerable groups, including women are protected.
A debate on the strengthening of the enforcement systems and decision-making processes in the United Nations system should also be launched. The existing system of governance is not only undesirable, but inefficient as it does not result in development and welfare for all.

VI. SPECIFIC ISSUES TO BE ADDRESSED AT THE NATIONAL AND INTERNATIONAL LEVELS

50. The following critical issues are to be addressed to move ahead, through national and international debates:

(i) Role of state (as a facilitator or catalyst as proclaimed by the neo-liberal discourse or as a central actor to mediate social and political conflicts in societies) and balance of power among economic and social forces to be guaranteed by the State;

(ii) Role of institutions (to support market-friendly reforms or to mediate and support redistribution and ensure social peace);

(iii) Role of markets in societies (to self-regulate societies or to be embedded in the social behaviours and well-being while respecting economic and social rights).

(iv) Methods to ensure clear and open channels of communication between governments and their population;

(v) Studies could be launched on how to shift from an un-embedded to a socially embedded and/or rights based economic paradigm, in particular on: (a) redistribution policies ensuring sustainable income for people in compliance with existing social and economic rights Conventions; (b) public health and medicines accessible to all; (c) and exercise of national sovereignty.
VII. CONCLUSIONS

51. In light of the above, the main issue of concern in the present global economic framework is the assumption that: “Market economy implies a self-regulating system of markets, in slightly more technical terms, it is an economy directed by market prices and nothing but market prices. Such a system capable of organizing the whole of economic life without outside help or interference would certainly deserve to be called self-regulating.” In our view, on the contrary, the economic activity and global economic growth are not ends in themselves. They have to serve human realities, while promoting and respect for social and economic rights through economic welfare.

52. If economic policies serve a minority against a majority, then they fail in what should be their main mission: social peace and cohesion. Economic policies have to be at the service of social welfare and well-being for all.

53. Experience has proved that unless economic rules are in line with social and economic rights, world’s instability and conflicts grow. The price of goods as the key element of social and political choices has to be revised. Right-based social cohesion systems have to be promoted. Economic policies have to be put at the service of people’s welfare and peace.

54. Furthermore, any development discourse has to take into account the pressure put on women’s reproductive and social management roles, which are generally socially undervalued and unremunerated, while paid work and power positions remain largely in the hands of men. And, although contemporary societies and economics are more complex than they used to be, such a reality remains largely true, although under different facets, for a large number of women in both developing and developed countries.

55. It is time to put *citizens* rather than *stakeholders* at the center of international and national policy-making. As societies are not made of consumers united by the common desire of shopping and consuming, but rather of people who share a common space and leave on a territory. Therefore, decisions taken by their representatives are to be in harmony with local needs and aspirations.

56. This implies a process of consultation as inclusive as possible to make sure that decision taken at the international level are not counter productive for the people that are on the contrary supposed to benefit from them. Social cohesion and gender equity have to be improved worked upon over time, and their achievement demands a constant political dialogue and compromise as well as political accountability and commitment.

57. This is not a utopia but rather the lucidity of those, who have realized already in 1944 that “*Poverty anywhere is a threat to prosperity everywhere.*”

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II. Books and Reviews

Books


**Articles**

