Jody Patricia Jensen
Globalizing Governance in a Multi-Stakeholder World:
The Global Prince, Merchant and Citizen
titled Ph.D. dissertation

Supervisor:
Prof. András Blahó
Head of the Department
University Professor

Budapest, 2008
THESIS SUMMARY

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Contemporary globalization has provoked profound changes in the way we participate in democratic practices (or not), in the way we do business, in the way we communicate, and in the way we organize ourselves and our societies. Many authors have observed that the tenor of globalization has changed as a result of its *extensity, intensity, velocity* and *impact* in the last two decades. Too often studies of globalization focus on the economic impact and ignore the social dimensions of globalization. It is the purpose of this dissertation to bring together the new global stakeholders: states, markets and societies. Globalization has come to mean all things to all people, a theory about how everything works that can be universally applied. The arguments need to be analyzed to turn confrontation into constructive engagement. Contemporary globalization is a profound contextual change that requires the redefinition of terms like states, markets and civil societies. This research is a culmination of research on globalization and global civil society which I have conducted for the past 10 years. It is the product of both applied scholarship and work experience in the field of civil society development. Some of the basic academic research was done under the auspices of the CiSoNet project at the Wis-
senschaftzentrum in Berlin. Within this framework an extensive study was conducted on the development of the languages of civil society. My contribution concentrated on the globalizing issues of civil society development, ramifications of new and vocal concerns about increasing global inequalities and injustice, and the articulation of new stakeholders in the global context. I spent 7 years working in the field of social entrepreneurship as the regional director of Ashoka: Innovators for the Public. This experience brought me into close and deep contact with one of the hybrid forms discussed here. As far as I know, no one has applied hybridization studies to the fields of business and society relations. It gave me a unique opportunity to study at first hand how a new hybrid operates in the globalized context of contemporary social organization. I expanded the scope of this work to states and markets and the media. I attempted to assess the progress and potential for new strategic partnerships between previously viewed contiguous but interrelated spheres. The importance of the research and its findings lies in the fact that new, hybrid forms are emerging, combining, and creating systems of governance without government. These hybrid forms are an important feature of contemporary globalization and play a significant if not vital role in the evolving structures of global governance.
II. THE APPLIED METHODOLOGY

II. 1. A New Era of Globalization: The theoretical approach begins with, e.g., WALLERSTEIN, GILL and SASSEN, who recognize that we are indeed entering a new era/phase/stage of globalization and we cannot predict its outcome. WALLERSTEIN’s observation is important in this context: that at moments of transition, individual and collective action become more meaningful, and the transition period to a new structure is more open to human intervention and creativity. I looked for new formulations and reinterpretations of states, markets and societies. The innovation and creativity of our contemporary period is born out in the study.

II. 2. The Prince, the Merchant and the Citizen: I worked within the framework and paradigm of the metaphor of the Prince, the Merchant and the Citizen introduced by MARC NERFIN. He distinguishes a “third system” that does not seek political or economic power, but functions to help people assert autonomous power vis-à-vis the well-organized financial and market forces of the Merchant and the states and governments of the Prince. It is a rich source for my theoretical studies. This metaphor is extended to include the powerful agents of global media today, in analysis of their role, impact and potential for contributing to more inclusive global governance structures. The discordant
voices in the globalization debate need to be addressed by a new repositioning of Global Princes, Merchants and Citizens in the governance of globalization processes. This metaphor of the locally and globally self-organizing Citizen vis-a-vis the states and intergovernmental mechanisms of the Prince and the turbo-markets of the Merchant, is part of the methodological basis of this dissertation.

II. 3. *Structural Hybridization:* Globalization is viewed in this study as hybridization where forms become separated from existing practices and recombine into new forms and new practices. Hybridization can also extend to states, markets, media and civil society because globalization generates forces of both fragmentation and integration ("fragmegration") that affect all of these fields. Structural hybridization can be observed in the political economy, in the interpenetration of modes of production and hybrid economic formations; in space and time, in the coexistence of the premodern, modern and post-modern; and in the transformation of states, business regulation, and in public-private partnerships between business and society. It gives rise to a plurality of new mixed forms of cooperation and competition. The state, market, citizen and media hybrids that have evolved in response to the democratic challenges of globalization are the subjects of this dissertation.
III. THE RESULTS OF THE RESEARCH

III. 1. Globalization and its Discontents: The debate on globalization has become in essence a debate on democracy, social justice and governance at the global level. Some of the main points of contention regarding economic globalization can be summarized as follows: Global economic liberalization which promotes market-based policy solutions is not working. It presents problems particularly for developing countries and is increasing global poverty, inequality and injustice. Calls are made for the formulation of an ethical framework for governing markets and the direction of global processes. The balance of power has shifted so that corporations are viewed today as more powerful than states. This results in the disempowerment of states in meeting social needs and hampers their control over corporate activities. It limits states’ choices in economic and social policy decision-making, and shifts accountability away from elected officials to the non-elected global bureaucracies of MEIs. Attention is drawn to the fact that the neo-liberal vision of globalization (free movement of capital and commodities) increases the barriers against the free flow of people, information and ideas. There is a need to protect human and environmental rights from exploitation by multinational corporations and multilateral economic institutions. Therefore, greater
transparency, regulation and accountability is required of both. There is a call for the democratization of institutions of global governance, opening them up to civil societies for increased participation in decision-making, policy formation and implementation. The discourse and debate is partly the result of the emergence of a “global consciousness,” of global values and identity. This is elaborated in the concepts of cosmopolitan citizenship.

III. 2. The Metamorphosis of the Nation State: We are witnessing the constitution of a hybrid state with hybrid competencies and scope, i.e., the formation of a type of authority and state practice that entails the partial denationalizing of what has traditionally constituted the nation. This is a hybrid that is neither fully private nor fully public, neither fully national nor fully global. It is just this hybrid quality, that is neither national as historically understood, nor global as the term is interpreted today, that signals the reconstituting of sovereignty. The “container category” of nation no longer adequately encompasses the proliferation and transformation of traditional state activities and responsibilities. A self-determining collectivity can no longer be located simply within the territorial boundaries of single nation states. There are now multi-loci of power, of which only one remains the nation state, and the power located
at the nation state level is transforming. Domestic challenges are recontextualized as international affairs that require international if not global coordination and regulation by groups of states. These changes have instigated the transformation of state authority, but not necessarily the hollowing out of state-based political power. The global is partly constituted inside and embedded in the national. There will be states better and worse prepared for this transformation. This may lead to an increased polarization in states’ competencies at the global level – those better able to adapt will have a greater voice in global arrangements. This also has consequences for enabling democracy at the local and national levels. It is clear that electing competent national leaders, able to balance the challenges of economic globalization with national social and political interests, have a greater chance of successfully navigating their nations into the position of net beneficiaries of the global economy. Just as progressive or positive hybridization could empower states and strengthen national democracies, a regressive or negative hybridization, which ransoms representative state institutions like legislatures to multi-nationals and sympathetic executive branches will weaken national democracies and increase the risk of a country’s exclusion from the benefits of globalization.
III. 3. The Emergence of Multi-Stakeholder, Co-Regulation of Global Markets: There are increasing numbers of new types and loci of business regulation. Sources of regulation are varied and range from individual firms, and business associations to NGOs and public agencies. There is a growing institutionalization of standard setting between profit-making and not-for-profit actors. Private actors are beginning to establish, maintain, verify, and monitor their own private regulations and these new rule systems are becoming the constitutive tools of global governance today in economic relations. Whereas traditional forms of regulation emanated from national governments, and later also from intergovernmental agencies, we now see hybrid forms of regulation emerging in public-private and private-private governance structures. These include multi-stakeholder approaches to co-regulation. These relationships are different from the historical alliances of NGOs and the private sector because, in the past where they met as adversaries, today there are beginning to share norms and principles. Product and production standard setting that is ethical, environmentally sound and socially sensitive are the area within which hybrid partnerships are emerging. Verification, certification and reporting are also moving from self-regulation to co-regulation. The basic notion of Corporate Social Responsibility (CSR) is
that not only do companies need to perform ethically in the communities where they are located, but that the community is also an important stakeholder in the companies’ activities. The transformations that set the stage for new multi-stakeholder initiatives and co-regulation include transformation of the discursive field, restructuring of the political environment and the correlation of social forces and the growing criticism against corporate self-regulation. These innovations and initiatives constitute an important field of economic hybridization in the discourse of corporate social responsibility, in the redefinition of profit, and in business regulation. This expands the potential participation of new actors in regulating and directing global business.

III. 4. Business as Unusual: The Corporate Citizen Hybrid: At least 37 of the top 100 economies of the world are corporations. They represent enormous power. A European survey, however, has shown that most elites trust civil society organizations more than either business or government. With this kind of legitimacy, global civil society organizations (GCSOs) can wield power in response to the negligence and irresponsible behavior of corporations. One type of corporate citizenship encompasses business leaders who address social and environmental issues that may seem to be counter to their corporate
interests. They view profit and profit-making in the long-term and understand that long-term business prospects require the protection of natural resources and the building of local infrastructures that will allow them to operate safely and effectively in the future. More effective partnerships between companies and civil society is also increasing the knowledge and trust between the sectors. A tripartite coalition (states, business, civil society) could form a structure for governing economic globalization by setting universal standards, monitoring corporate behavior globally and enforcing action where necessary. The corporate citizen, as a hybridization of the traditional business player, could help to bridge the gap between markets, states and societies. What may finally convince corporations about the validity of CSR are increased profits that can be had through responsible business practices. Companies that have effective programs for corporate social responsibility have a rate of return that is 9.8% higher than companies that don’t over a 10 year period. NGOs are also less reticent to dialogue and partner with corporations.

III. 5. The Social EntrepreneurHybrid: Disruptive Innovation: The term “social entrepreneurship” combines a social mission with business-like discipline, innovation, and determination. Disruptive innovation, one of the most important innovation
theories of the last decade, can be applied to describe innovation in the social sphere. Social entrepreneurs disrupt existing services, value chains, and business and social models thereby structurally changing society. An outline of successful strategies for structural innovations include: **A New Idea** that can be: a) a fundamental system change that alters the fundamental characteristics of an existing system, and has the possibility of worldwide adoption, b) a sector specific strategic element that consists of one or more new strategic element(s) that modify some existing practices in a particular sector; c) a comprehensive/integrated strategy focused on combining an array of existing services; d) the importation/adaptation of an idea that a social entrepreneur observed outside of his/her local context. **Social Impact** can be defined in terms of numbers of beneficiaries of certain new services, but also in terms of the comprehensive and multi-faceted nature of a new approach. **Leveraging Resources not usually tapped** encompasses accessing resources not normally utilized by traditional organizations such as community-based operations and volunteers. **Strategic Partnerships** and working with networks to focus on one critical target group involves the forming of coalitions with many others in order to achieve one’s objectives. This includes cross-sectoral linkages. **Using Market-Based Incentives to Forge Social**
Change that require the realignment of incentives and flexibility to solve multiple social problems. Constant Innovation/Strategic Changes reflect how flexible strategies are refined based on new opportunities and changes in the political and economic context. Operational Efficiency to leverage resources. Geographic Spread Models include: franchising, networking, third-Party replication, and creating centers of excellence.

The difference between business and social entrepreneurs is clear. For the social entrepreneur the social mission is explicit and central. The range and depth of impact becomes the central mission, not the accumulation of material wealth. Wealth becomes social capital: the greatest number served in the best possible, most efficient and sustainable way.

III. 6. The Media and Globalization: There is little theoretical interaction between globalization and media scholars. Globalization theorists come from the outside of media and communication studies; and most media scholars are concerned with the media economy and power inequalities. Although most people agree that the media is important, it often becomes marginalized in a subgroup of cultural studies, when in fact it encompasses economics, politics and polities. The media plays a more central role because individual media activities, which
become social practices, contribute to globalization. This new medium is entirely dependent on technology. The bifurcation of the global media into economics-oriented and political-oriented actors is one form of media hybridization. The role of the hybrid media is fundamental to societies and their impacts on global governance. The better civil society is able to access and influence the international media, the more it will increase its influence in international debates. On the other hand, the explosion of citizen-led news forums, mailists, chatrooms, blogs, etc., has changed the way news is made and reported. Users become producers and producers become users of the new media. But we have to keep in mind that the new media can also invent new ways to deceive and mislead through abuse and manipulation, promoting anti-cosmopolitan values and interests like nationalism, xenophobia and exclusion. A recent example of this reality was found during the investigations of “Terrorist 007,” an Islamic extremist who worked not just at the level of Al-Qaida propaganda, but also created the websites like <www.YouBombIt.com> and links for marketing and distributing Al-Qaida’s message. Students radicalized each other through the Internet terrorist propaganda machine where the whole world became a virtual terrorist training camp. This has grave consequences for freedom of speech on the net and ques-
tions whether people can be arrested for what they download, and not for what they actually do with the information. Freedom of speech and the new communications technologies is going to be an area of increasing debate and confrontation.

III. 7. The Challenge and Potential of an Emerging Global Civil Society: Global civil society is an expression of the emergence of a global consciousness, of shared values and goals. It stresses our “overlapping communities of fate” in which individuals act as global citizens. Global civil society surfaced with many related terms, like international non-governmental organizations, transnational advocacy networks, global social movements, new multilateralism, deterritorialization, etc. The need for civil society stems from democracy’s deficiencies, but civil society at the global level remains amorphous and incomplete without some kind of articulation of citizenship that can be applied globally. Cosmopolitan or world citizenship entails rights but also responsibilities. In the context of global governance, global citizens organized in networks of social movements, become part of a growing global civil society. A globalizing civil society has the potential 1) to give voice to stakeholders and even empower them, thereby enhancing participation on the global level; 2) to contribute to the quality and scope of public education by disseminating information about
complex and rapid changes; 3) to foster discussions about the actual challenges of global governance – locally as well as on the supranational level; 4) to contribute to enhancing the transparency of global governance; and 5) to increase accountability. It is important to keep in mind the limits of global civil society which questions whether global civil society is able to provide an alternative, or is simply bound, like markets and states, by the same logic. The leverage of civil society may be limited and that only in partnership with states and market actors, can responsibility be shared. Social values and norms will have to change if the world is to become safer, healthier and more just, and it is here that civil society organizations can play an important role; but if the public does not care, neither multinational corporations nor governments will institute change. An important part of the debate is the potential of globalization to actually empower local communities, which at the same time has consequences for enhancing state power to manage global economic integration and sustainable development. The challenge is whether local democracy-building can enhance the globalization of local issues and discussions, while localizing discussions of global concern.

III. 8. Global Civil Society and Global Governance: Global governance is not an embryonic form of a world government
modelled after the modern nation state. Instead, global relations are regulated in a “poststatist” fashion with no single center of authority. Civil society, therefore, serves a different function than in previous periods and must find new ways for establishing itself within the new global, postnational constellation. The engagement between civil society and regulatory mechanisms could enhance the respect and legitimacy that citizens accord to global governance. Civil society could affirm and guide global governance arrangements and when necessary constrain their behavior. It could also provide the space for expression of discontent when arrangements are regarded as illegitimate. It is too early to tell whether emerging global publics and civil networks will be able to deliver the enabling frameworks and institutions which will be powerful and persistent enough to shape a new global public space where global civil society can develop and be sustained and contribute to global governance.

III. 9. *Global and Cosmopolitan vs. National and Parochial*: The world is becoming more polarized. Global civil society is seen as one mechanism for crossing the chasm between the global red (where there is violence and poverty) and green zones (protected by physical and mental walls of the beneficiaries of globalization). What may be happening is the re-formulation of globalization - a redefining of sovereignty and
democracy in a global context. Globalisation does not mean the end of the state, or the emergence of a global government. The state is changing and being transformed, in different ways and at different speeds, and what has been described as governance without government is emerging as a new kind of global politque, with its consequent regional and global public spaces, with the state as one among many actors. This new, multi-layered, multi-level, multi-sectoral construction has penetrating and fundamental implications for democracy. It would entail promoting and empowering local communities in order that they be able to shoulder the burdens traditionally assigned to the province of national authorities. Citizens and local networks of citizens need to become stakeholders in terms of public policy construction and mediation, implementation and management.

III. 10. *A Call for Change*: There is a call for a stronger ethical framework because globalization has developed in an ethical vacuum with successful markets being the only measure of success. Market-driven globalization does not promote values like respect for human rights, respect for diversity, protection of our shared natural environment and an awareness of our common humanity. It has instead weakened social trust in institutions at all levels of governance and has indeed weakened our
democracies and the very fabric of our societies. The emphasis is placed on enhancing human security, social equality, and democracy. Today, global civil society is actively shaping and informing new constructions for governing globalization as an important actor in global politics. The discussion about global civil society focuses on its potential to manage diversity and conflict, encouraging, supporting and sustaining public debate at all levels and advocating non-violence. Democracy in the new century may come to be defined in terms of conflict management and that requires the empowerment of local communities. That is why a discussion about the potential for democracy-building at the local level is fundamental to studies of globalization.

III. 11. Glocal and Glocalising Democracy: The pressure to democratize can be provoked from above (international financial institutions, external governments, and private donors) and from below. Civil societies at the local and national levels are increasingly connected to global communications and social networks that they exploit to push reforms forward. Civil society is also beginning to understand that the framework of good global governance requires competent state representatives and that who they elect nationally can make a difference at the global level. They are also learning very fast how to make use
of global networks to enhance democracy at the national level. While it is true that many decisions are now taken at the supra-national and global levels, it is also the case that the increased complexity of decision-making allows for greater “subsidiarity”, that is to say, allowing as many decisions as possible to be taken at the level closest to the citizen. The new technologies and e-government makes this possible.

III. 12. *Post-National Democracy: Towards New Forms and New Contents*: Democracy involves more than elections, it requires a bottom-up dynamic that has often been lacking in transitional states. It is true that the democratization of societies takes much longer than the establishment of democratic institutions. Much of the recent turbulence in East and Central Europe is evidence which points to the long process required for embedding social democratic principles in societies that are traditionally authoritarian and paternalistic. Bottom-up approaches to democracy-building in these cases become more important in the long run than top-down, elite-driven approaches. Global debates can be domesticated and domestic debates globalized. Redefining democracy in the context of globalization contributes to the global debate about governing globalization and may help to alleviate the gulf between vast regions of poverty, hopelessness and the despair which breeds
terrorists and the global fortresses of plenty. If global civil society does not cross this gap, then increasing insecurity, violence and terrorism will. We need to think innovatively about new varieties of flexible, multi-stakeholder mechanisms of global governance which respond to both local and global demands. Today we are faced with an unprecedented complexity and intensity of challenges: environmentally (the unquestionable consequences of global warming), politically (the Middle East, Iraq and Iran, North Korea), and human security generally, as well as the crisis of democracy in developed countries. The processes of global transformations – in their scale, their speed and their character – are unprecedently complex and challenging. In nearly every geographic region and sphere of human life, tensions are also the clear sign of profound structural problems that demand coordinated and focused attention. One of the greatest challenges for our societies is the lack of leadership at all levels of governance and a sense of global responsibility for our common futures. The appeal to mobilize for change requires the formation of new hybrid forms of states, markets and societies and a broader coalition of forces between different sectors of global stakeholders. Taking full advantage of the resources of the Prince, the Merchant, the Citizen and the Trickster and the interfaces of new hybrid
forms, and by opening the space for more participatory and accountable decision-making, we may begin to achieve a more equitable and just distribution of the benefits of globalization to more people in the new century.
IV. MAJOR REFERENCES


V: List of Personal Publications on the Topic of This Dissertation

Books
2007. From Transition to Globalization: New Challenges for Democracy, the Media and Society. Editor with József Bayer. MTA Institute of Political Science.

Chapters in Books

Referred Journals
2006 December. “Los lenguajes de la sociedad civil: metáforas para el cambio o la dominación?” [The Languages of Civil Society: Metaphors for Change or Domination]. Puente@Europa, pp. 20-25.


Other Publications