

The Research Committee for Studying the Problems  
of Governance and International Systems  
in the Globalizing World

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## **The Concept of Global Governance**

Ryo Oshiba

Global governance has become a popular word in the 1990s. There are mainly three reasons for this: first, at the end of Cold war questions were raised in terms of what kind of world order should be formulated. Second, globalization of the world economy also raises a new theme of how to cope with the problems caused by globalization. Third, global issues such as human rights and global environmental protection become more and more serious.

Three approaches have been developed in the study of global governance: two of them are analytical while the last one is normative and practical. James Rosenau defines global governance as “a system of rule that is as dependent on intersubjective meanings as on formally sanctioned constitutions and charters” and proposed the idea of governance without government. Oran Young sees global governance as an institution rather than an organization, and argues that governance system is more comprehensive than international regimes. The Global Governance Commission shares the basic idea of global governance with Rosenau and Young, and it concretely proposed a reform of UN system and world society.

## **The Impact of Globalization on the Japanese Economy**

Tetsuro Sugiura

Globalization is spreading in every corner of the Japanese economy. Foreign goods, services, and business practices are surging in many fields. A growing number of Japanese firms and consumers are gaining benefit from the globalization, ranging from lower costs to bigger markets for their products. However, we have to recognize that the very same globalization, more rapid and serious than in the United States, has brought us heavy blows. Large firms, once dominant players in the world economy and financial market, are under a tremendous pressure to restructure their businesses as boldly and quickly as possible, to compete with

their counterparts, and their restructuring efforts have made it inevitable for lots of small suppliers to streamline their organization. Small and mid-sized firms, the backbone of the Japanese economy, are simultaneously faced with the deflationary pressure from the technological innovation, so-called IT, which tends to get rid of intermediaries, and from the rapid shift of financial structure from bank-lending dependent to capital market dependent.

### **Global Governance and International Financial Markets**

Yoshiko Kojo

Although there is no definite definition of global governance, advocates of global governance share the notion that it is urgent to establish new international institutional approach to deal with difficult problems occurred in the post Cold War period. International finance is one of the crucial issue areas for global governance, because stable international financial system is necessary for maintaining not only international but also individual sound societies. In this context, stable international financial system is recognized as international (or global) public goods. Series of international financial crises since the 1980s such as Asian financial crisis reinforced such recognition in international society. Although only limited number of measures have been agreed so far such as surveillance of international markets and BIS regulation, state is still most important actor in governance of international finance, despite its declining ability in controlling economic globalization. Rapid international capital mobility causes different distributional effects not only among states but also within domestic society. Due to such different distributional effects, there are different policy preferences regarding the measures of controlling capital mobility among not only states but also societal actors. In order to establish effective governance system in international finance, state is, at present, only actor who can play a role of coordinating different preferences among actors.

## **Global Governance as an U.S. Strategy in the Globalizing Economy**

Tatsuo Yanagita

The paper outlines the globalization in terms of economic theories, then reviews the implications of the Plaza Agreement to international economy. Furthermore, the paper considers the issue of IMF operation through the studies of how IMF prescriptions impacted on Korean economy during the Asian economic crisis, and on economic transition in Russia.

Through these studies, we hope to clearly illustrate how an economic game can result in zero-sum or negative-sum under the resource restriction and natural environment degradation, allowing each country under the assaults of mighty waves called international politics. The paper will also review strategies for global governance led by USA.

### **Financial Crisis and International Aids**

Secretariat

#### (1) Problems in IMF support packages

Listed below are the problems found in IMF's support packages for a financial crisis:

- (i) Issues of quantitative performance and criteria
- (ii) Issues of qualitative performance and criteria
- (iii) Issues in determining a recovery program
- (iv) Appropriateness of high interest policies and foreign exchange rate stabilization
- (v) Structural problems of IMF monitoring

#### (1) International finance architecture

- (i) Institutional approach  
Restructuring in view of information exchange, laws and regulations,

and behavior models

(ii) Economic approach

Ensure international flow, maintain stable exchange rate and others, and prevent the occurrence of monetary crisis

(1) AMF Plan

Although AMF plan had not materialized, Japan considers AMF as a subsidiary body of IMF, which establishment was highly appropriate.

(2) Monetary crisis and Japanese measures

At the time of Asian monetary crisis, Japan showed a tendency to pursue its own benefits. On the other hand, Japan's contribution on the appeasement of monetary crisis was not well publicized.

### **Global Governance in the international financial system**

Etsuko Katsu

Growing economic integration in recent years has become a major concern among policymakers and international institutions. Asian crises in 1997, Russian crises in 1998 and near collapse of LTCM have raised a problems related with huge capital flows between industrialized countries and developing countries. To contain these crises and manage them , Governments from industrial countries and emerging economies , and the international financial institutions (the I M F , the World Bank, the Bank for International Settlements, and others)have been hard at work on plans, that is to say "international architecture". This paper examines these plans , and also examines the role of I M F and insists that a regional framework such as AMF would be a necessary. As for an international standard of capital ratio of banks that is to say Basel accord, this paper insists that market discipline is important for a appropriate behavior of financial institutions, however, it does not mean that governments and international financial institutions will cease to play an important role in the future architecture. To make a good governance in global financial system, a reform of the currency systems of emerging countries has also a key role . The international financial institutions and mature economies governments should make an advice a right exchange policy to govern a global financial system.

## **International Trade Governance: Direction of WTO and Future Issues**

**Kenji Ooe**

### **Major environmental changes of international economy in recent years:**

- (1) Globalization of corporate activities,
  - (2) Economies' shift toward service industries,
  - (3) Development of an information society,
  - (4) Increased awareness in environmental issues,
- and others

Under such environment, the factors that led to the failure of WTO's ministerial meeting in Seattle last December were:

- (1) Unproductive preparation work in Geneva
- (2) Activated anti-globalism activities
- (3) Unsuccessful collaboration in the developing world issue
- (4) Antipathy toward the developed country-domination in discussion processes

Following points will be important in order for the WTO, considered as global governance body of free trade, to start up a new round of talks and to fulfill its role and objectives:

- (1) A measure to nurture trust: As governance body, improve decision-making processes such as by assuring external transparency
- (2) Developing country measures: Continue cooperation to developing countries, including capacity building, and technology assistance
- (3) Relationship with civil societies: Improve WTO's transparency, and realize practical and progressive discussion on issues such as environment and trade

## **Global Governance and the Role of NGOs**

Satoko Mori

The concept of global civil society has wide currency in the late twentieth century. Especially transnational activities of NGO networks provide emerging practices of global governance. By reviewing the existing literature, at least three functions which NGOs are contributing to governance can be identified: presenting alternative global norms; inputting them into inter-governmental negotiation process; and linking NGOs which work at different geographical levels and issue areas. In this paper the first function, presenting alternative global norms, is focused on.

The effectiveness of NGOs in the global governance process has been well recognized in the areas of human rights and environment. In accordance with globalization in the 1990s, however, NGOs can and did become influential in alternative norm formation process in the fields of not only environment but also security, development, trade and investment. To identify the role of NGOs in global governance, the framework originally developed by M. Finnemore and K. Sikkink are applied to NGO networking for disarmament and development issues: International Campaign to Ban Landmines and Jubilee 2000 Campaign for debt cancellation. By so doing, three conditions, which enable NGO networks to become effective norm entrepreneurs, are identified. First, in order to take the lead in the process of norm formation, it is necessary to involve professional NGOs in its networks. Second, it is important to identify some governments or international organizations with which NGOs can strategically collaborate. Third, alternative norms presented by NGOs should be appealing to the global community in itself.

# The concepts of “good governance “ and “human security” in International Development

Juichi Inada

New concepts of “good governance” and “human security” emerged as important words in international development in 1990s.

The concept of “good governance” firstly appeared in the World Bank report on African development in 1989. It pointed out accountability, transparency, and legal framework as factors of governance. Later, DAC of OECD broadened its concept to anti-corruption, participation, civil society, decentralization, rule of law, etc.

On the other hand, the word of “human security” firstly appeared in Human Development Report of UNDP in 1994. The concept focused on each people instead of nation-states as a main actor of security, and emphasized social factors such as poverty, hunger, unemployment, disease, human right abuses, environmental pollution, crime, drugs as major threats to human being.

In fact, development theories after W.W.II have been evolving around two major pillars of the World Bank and the United Nations. Both organizations have been giving strong influences to the international development arguments, and each had its own approach. After the end of cold war, the World Bank has been making efforts to take a leading role in international development, and began to involve into domestic political issues of recipients by using the concept of “good governance.” The United Nations also have been expanding its mandate for international security after the end of cold war, by using the words of “human development” and “human security.”

My paper analyzed the developments of arguments and concepts of the World Bank, the United Nations Group, and DAC of OECD by examining the reports of each organization in recent ten years. Each word of governance, human development, and human security was emerged as a word, which justified the intervention of international society into domestic social and political issues of the Third World. A series of these documents offers a clear evidence of deepening of “global governance” in international society after the end of cold war.



## Challenges for International Cooperation in ongoing Globalization

Takeshi Nakano

In the midst of rapidly progressing globalization, both developed and developing countries aim for the intensification of international cooperation, while making the best use of the globalization opportunities and exerting much effort in risk evasion. The 1990's were the decade when a global standard in "foreign aids" was sought. As the world's greatest ODA donor, Japan needs to seek for a way to attain a role that is compatible with the scale of its foreign aids. For this, it needs to develop a new improved methodology in offering the ODA, such as a self-supportive type development aid, country-specific approach focusing on the actual results, coordination in aids, and the participation in competitive aids.

## Re-examination of globalization and global-governance

Ryo Oshiba and Jitsuo Tsuchiyama

The concept of global governance is more comprehensive than the concept of international regimes. Human rights and democracy are seen as major values/goals for people in the global governance system. The decentralized structure is another characteristics of the global governance system.

The term global governance had become very popular in the 1990s for the following reasons. First, the end of Cold War demanded a creation of a new world order. Second, American scholars of international relations were asked to propose a theory which legitimate the American-led world order. Third, the globalization of economy demanded a new political order which would deal with the problems caused by globalization.

Major issues discussed in the meeting were as follows. First, what is the relationship between globalization and global governance? The global governance system is generally seen as a system to deal with global market failures and externalities. At the same time, the global governance system may

work as a market-friendly system; the global governance provides rules for stimulating the market mechanism.

Second, what is the American strategy in creating and managing the global governance system? The US did not insist on the necessity of global governance system in the issue-area where the US is at an advantage. However, the US demanded a formulation of the global governance system where the US failed to establish a set of rules by the market mechanism.

Third, is the concept of global governance effective in analyzing the real situation of globalization? We concluded that it depends on the externality, the variety of actors, and the complexity of individual issue-areas.