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## **THE UNITED NATIONS AND DEMOCRATIC GLOBALISATION: A RECONNAISSANCE OF THE ISSUES**

**KEITH COWLING \***

**SILVIA SACCHETTI \*\***

**ROGER SUGDEN \*\*\***

**JAMES R. WILSON \*\*\*\***

\* Department of Economics, University of Warwick, UK, and *DARE (Democratic Communities in Academic Research on Economic Development)*; [K.G.Cowling@warwick.ac.uk](mailto:K.G.Cowling@warwick.ac.uk)

\*\* University of Birmingham, UK, and *DARE (Democratic Communities in Academic Research on Economic Development)*; [roger.sugden@stir.ac.uk](mailto:roger.sugden@stir.ac.uk)

\*\*\* University of Stirling, UK, and *DARE (Democratic Communities in Academic Research on Economic Development)*; [s.sacchetti@bham.ac.uk](mailto:s.sacchetti@bham.ac.uk)

\*\*\*\* Basque Institute of Competitiveness, University of Deusto, Spain, and *DARE (Democratic Communities in Academic Research on Economic Development)*; [jwilson@orquestra.deusto.es](mailto:jwilson@orquestra.deusto.es).

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**“For the United Nations, success in meeting the challenges of globalization ultimately comes down to meeting the needs of peoples. It is in their name that the Charter was written; realizing their aspirations remains our vision for the twenty-first century”**

(Kofi A. Annan (2000), *We the Peoples’: The Role of the United Nations in the 21<sup>st</sup> Century*, New York: United Nations, p.14)

## **I. INTRODUCTION**

The concern of this chapter is to discuss some ideas on the role of the United Nations in influencing the democratic development of economies, thereby to contribute to economic and political debate about the organisation’s role in the modern world. It is an initial reconnaissance of the issues. Without attempting to provide a detailed history or analysis of the current situation within the organisation, and maintaining a distance from the baggage of its internal politics, the objective is to present and consider a perspective based upon a particular analysis of processes of economic development. The analysis focuses on the inclusion of all peoples in the realisation of the economic development goals that they themselves would democratically identify and seek, given the opportunity. We suggest that it is an approach that is apparently consistent with many of the principles of the United Nations. Most notably, it has the realisation of the aspirations of peoples at its heart and to that degree is in line with Annan’s (2000) vision for the United Nations in the twenty-first century; if that vision is meant to be real and realisable, the issues we identify and discuss represent the economic and political challenges that must be overcome.

The chapter echoes aspects of Stutzer and Frey (2005) in their discussion of democracy in international organisations, and in appraising the economic and political relevance of our approach we draw on their concluding words (p. 324-325): the proposal we offer “is certainly in a preliminary stage and many aspects need further consideration. But one thing can be predicted with certainty: the decision-makers in international organisations and national governments will reject it. While the basic thrust of an increased democratic element is difficult to deny, the proposal will be labelled naïve and impossible to realise. But such a reaction would correspond exactly to the interests of these decision-makers ... It would therefore be in their interests to find as many arguments against the proposal as possible. Quite another strategy would be to simply ignore the proposal. In any case, the entrenched persons and groups will not support it.

But this does not necessarily mean that it will never be put into practice,” at least in certain respects and with significant consequences amongst some peoples and in some parts of the world economy.

Specifically, our approach is centred on the governance of economic activity; on who determines the strategic direction of production, and on what basis. As argued in some detail by Branston *et al.* (2006a), such a governance-centric approach to policy is at odds with current and previous practice, certainly in Anglo-US economies. Insofar as this practice has a theoretical rationale in economics, its foundation is essentially market failure; see, for example, Pitelis (1994) on the British case. Such market-centred approaches give little or no direct importance to strategy; they emphasise the benefits of markets and most especially market competition, in contrast to our focus on strategic choice. The governance-centric and market failure analyses are also markedly different in their treatment of policy objectives. For example, whilst Pitelis (1994, p. 4) observes that the literature on market failure has ‘no clear consensus on, or even discussion of’ industrial policy objectives, he sees increases in the per-capita incomes of consumers as a typical concern. See also Coates (1996) and Wren (2001) on, for instance, the desire for increased productivity. However, the prime policy objective in the governance-centric approach is not reducible to rises in per-capita incomes or productivity. Rather, the objective would need to be determined through a democratic process (that goes beyond nation states and that entails far more than elections) involving everyone affected by the economic activity. Dewey (1927) is especially interesting for a provocative consideration of how this might be achieved in practice, and his approach has been taken up in recent literature exploring specific challenges in greater detail; see, for instance, Branston *et al.* (2006a) on the public interest in corporate governance, and Branston *et al.* (2006c) on the health industry.

The chapter is organised as follows. Section II uses a series of illustrations to outline a particular analysis of processes of economic development and of globalisation. More specifically, its focus is the strategic decision-making analysis of the development of economies (as explored in, for example, Cowling and Sugden (1998a, 1998b, 1999), Bailey *et al.* (2000), Cowling and Tomlinson (2000), Sugden and Wilson (2002a) and Sacchetti and Sugden (2003)). Section III observes that international institutions are well placed to stimulate and nurture

processes of globalisation, but identifies possibilities with widely differing outcomes for peoples welfare: on the one hand there is the potential to promote a process that is elitist and exclusionary, and on the other to catalyse democracy and inclusion. We remark on the impact in practice of the World Bank and the International Monetary Fund, consider the founding charter of the United Nations and comment on the future role of the organisation. We argue that the attainment of inclusive development processes necessitates public initiatives to which the United Nations is uniquely placed to contribute. A short summary of the argument is included in the concluding Section IV.

## **II. PROCESSES OF ECONOMIC DEVELOPMENT**

### ***Governance***

Imagine that you live in a locality within a city in Argentina, the harbour area - El Puerto - of Mar del Plata, for example. What does the term 'economic development' mean to you? Perhaps it encapsulates a desire that your children have higher standards of education and/or healthcare. It might mean the opportunity to earn a higher income than at present. If you have a job, maybe you desire the creation of more jobs, or of better quality jobs, so as to alleviate poverty and social problems around you. 'Economic development' might also incorporate a wish to build on the traditions and cultures of your community. Perhaps its meaning to you is founded on an attachment to certain activities and ways of doing things; for example, the history and culture of El Puerto is deeply rooted in fishing (Allen, 2001). However, while we can analyse the meaning of economic development for you, as 'outsiders' we cannot hope to be totally accurate.<sup>1</sup>

Within El Puerto itself, while each person will have different views, there are likely to be common concerns and desires. Each person is related through their direct and immediate stake in the development of their locality. More fundamentally, they are linked through their everyday relationships and communications, through the common firms and institutions that impact on

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<sup>1</sup> According to Annan (2000), a poll of 57 000 adults in 60 countries in 1999 for the United Nations revealed that "people everywhere valued good health and a happy family life more highly than anything else. Where economic performance was poor, they also stressed jobs" (p. 16).

their daily lives. Many will have lived through the locality's recent history, and been brought up within its cultures and traditions. Consequently, there are likely to be common threads and a potential for the emergence of broad consensus on what is desired, albeit one that is evolving and at times contested. We suggest that the specification of development in El Puerto be taken from these aims and objectives, and that 'development' by other criteria lacks meaning for the people of El Puerto.

Now consider what development of the locality means for those who make the key decisions impacting on its future. At a national level motivations and desired outcomes may differ to those found in El Puerto. Certain policies formulated in Buenos Aires, Argentina's capital city, might reflect the interests of groups or individuals that are successful at lobbying. What constitutes 'development' for such a group might at times cut across the objectives of those in El Puerto. Allen (2001), for example, demonstrates how the nationally determined restructuring of the Argentinian fishing industry has impacted on Mar del Plata; while the expansion of fishing rights during the 1990s no doubt constitutes 'development' for the Argentinian and European companies involved, Allen argues that it has brought to Mar del Plata "not only negative social and natural impacts but ... the deterioration of the city's environment, particularly the harbour area" (p. 162).

Moreover, given the physical and cultural distance between people in El Puerto and the decision-making apparatus in Buenos Aires, the degree of transparency and accountability in such decisions is likely to be low. This is compounded by the general suspicion of "spectacular corruption" in Argentina (Pastor and Wise, 2001, p. 61). During the recent financial crisis, for example, the people of El Puerto would have had virtually no recourse to impact on or call to question the policy changes that seemed to arrive daily from Buenos Aires, but that critically affected their lives.

Similarly, some important decisions are made outside of Argentina. Many key choices are taken within international institutions such as the World Bank and the International Monetary Fund (IMF). The impact of strategy formed in Washington (for example) is felt in places such as El Puerto both directly, through externally directed programmes, and indirectly, through the concept of aid conditionality applied to national governments. Again, there are likely to be

differences between the outcomes that constitute 'development' for those making decisions in Washington, and outcomes that are meaningful for the people of El Puerto. Once more there are few, if any, channels for the people of that locality to have an influence.

The significance of decision-making processes has also been identified in other contexts relevant to an understanding of the development process; see, for example, Cowling and Sugden (1998b) on international trade; Bailey *et al.* (2000) on the accountability of transnational corporations; Cowling and Tomlinson (2000) on strategic failure in Japan; and Sacchetti and Sugden (2003) on different types of network.

Consider, more particularly, the governance of firms and most especially of modern transnational corporations (Cowling and Sugden 1998a, 1999; Branston *et al.* 2006a). To take one of many illustrations, the South African economy is heavily reliant on the activities of a small number of large transnationals, including Anglo American, BHPBilliton (formerly Billiton), Old Mutual and SABMiller (formerly South African Breweries). Yet these firms are governed by only a subset of those with an interest in their activities. This subset determines the corporations' strategies and therefore their impacts. In recent years each has taken the key decision to move their primary stock exchange listings and relocate their headquarters to London.<sup>2</sup> The impact of this, while determined by a narrow elite of shareholders and directors, is ultimately felt among wider groups in South African society, where considerable concern at the moves has been registered.<sup>3</sup> The result is strategic failure; concentration of strategic decision-making power in the hands of a few implies a failure to govern production in the interests of the community at large (Cowling and Sugden, 1999). To avoid such failure, the democratisation of governance is required, to reflect the concerns of everyone

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<sup>2</sup> See, for example, 'South African companies head for the open door: Groups are seeking overseas listings to raise their profile and gain access to hard cash', *Financial Times*, March 22<sup>nd</sup> 1999.

<sup>3</sup> This concern is reflected in the reported hesitancy of the South African government in sanctioning the moves, and is evident in vocal disquiet by groups such as the South African Congress of Trade Unions (COSATU) who feel that South African employment will ultimately suffer ('SA Breweries: No Longer a Home Brew', *Mail and Guardian*, December 11<sup>th</sup> 1998; 'Manuel gives green light to big SA firms wanting offshore listings', *Business Day*, November 9<sup>th</sup> 1998).

interested in a corporation's activities. More generally, a similar argument for democratisation applies to all aspects of economies, and to economies as a whole.

In line with this analysis, Sugden and Wilson (2002a) present a theoretical approach centring on the key argument that 'economic development' is only meaningful to the people seeking to develop when that development reflects their own aims and objectives. Moreover, it rejects the currently prevalent, largely 'external' definitions and evaluations of development as inappropriately biased, given their potential to influence and skew the development priorities of specific localities, and to undermine the possibility of development solutions that are rooted in localities' own histories, cultures, aims and desires. The idea is that 'external' criteria inevitably reflect external interests, to that extent yielding inefficient outcomes with respect to the aims of the communities seeking to develop.

This focus signals a need for people and peoples to be involved in the planning for their development, and thus in the decision-making processes affecting the societies where they live. In other words, the governance of economic development is crucial.

### ***Knowledge and Learning***

Linked to the importance of governance is a concern with knowledge and learning, the foundations on which engagement in governance can be built.

The emphasis that we have in mind as regards knowledge and learning differs fundamentally from a conventional economists' concern with tangible skills and training, and the static transfer of codified information. Consider, for example, the analysis of mainstream development economics. Given movement towards a 'new' economy, where knowledge is seen to be the key to realising returns, it has become widely accepted that education and the generation and diffusion of knowledge are vital components of development processes. The 1998/99 'World Development Report' (World Bank, 1998), for example, is dedicated to knowledge. The standard approach is to see knowledge as important in terms of the value it can add to production processes, and crucially, therefore, the ability to attract investment. A primary concern is with bridging knowledge gaps so that localities can 'compete' on a more equal footing, or extending

knowledge gaps so that localities can enhance their 'competitive advantage' (see the discussion in Sacchetti (2004)).

While we recognise the importance of this 'competitive' imperative for knowledge, our focus is different. We see knowledge and learning as especially important when they afford people the opportunity to engage effectively in the decision-making processes that govern development. We suggest that appropriate knowledge and learning processes can free people to become suitably involved in formal and informal networks for the governance of firms, institutions, government and other economic actors. This is in part knowledge about how to govern democratically; a process of learning about how to form opinions and express them, and in doing so to impact on development. Where effective governance networks do not exist, knowledge and learning about governance, obtained through participation in the process itself, can lead to their establishment.

Again, let us illustrate with an example. Ocotal is a small city in Nicaragua. It is close to the northern border with Honduras and suffers from many of the problems that characterise cities in Central America. At the end of the 1990s fifty-five percent of its population were under twenty, creating a high degree of dependency. Yet even before Hurricane Mitch hit Nicaragua in 1998, sixty percent of the economically active population of Ocotal were unemployed (Rocha, 1999). With figures such as these it is clear that Ocotal faced significant economic and social problems. However, the way in which these problems were approached provides an indication of the sorts of learning and knowledge that can underpin the democratic governance of development.

According to Ocotal's mayor, Marta Adriana Peralta: "at the end of 1997 we began a process of strategic planning for sustainable development that includes the participation of Ocotal's citizens. We had round-table discussions on five issues: the economy, the environment, tourism as an employment generator, social and urban planning, and social factors" (cited in Rocha, 1999, p. 1). While this process was not what is commonly thought of as learning or transferring knowledge in a formal sense, it was nevertheless a process of learning and knowledge generation. In particular, knowledge was being developed not through explicit skills and training, but through interaction and participation, through communication across interested parties. The process allowed people to learn



what they sought from development, and to learn what each other sought. It also allowed people to learn how to represent, reconcile and achieve those aims in a democratic fashion (Walker, 1997).

The experiences of Ocotol or indeed any number of similar examples show that active citizenship can yield significant economic benefits. Such citizenship does not require specific skills such as engineering or information technology qualifications, although it can benefit from different types of knowledge, and not only in the physical sciences but also the arts, humanities and social sciences. Within this, certain forms of static knowledge are important; information about decisions being made by firms or government is necessary if people are to develop views on and govern what happens in their societies (see for example Bailey *et al.* (1998, 2000) on monitoring large corporations). But vital for success is a dynamic process of learning to develop and communicate ideas, and, in so doing, learning to determine democratically the development of a locality.

While learning to be democratic may sound a simple notion, it is an emphasis that is typically lost in debate and policy.<sup>4</sup> In line with Branston *et al.* (2006a), it entails each person learning to think about, and learning to engage in, the governance process; learning to be alert to the need for certain types of knowledge; learning to exercise their voice in the pursuit of that knowledge; and learning to use that knowledge in expressing their voice on strategic ways forward.

It is in this sense that we see knowledge and learning as cornerstones of development. Moreover, following the approach to globalisation elaborated in Sugden and Wilson (2003, 2005), knowledge and learning are especially pertinent in today's world because they determine how people are able to respond to and shape the changes that are occurring as borders assume different importance (see also Sacchetti (2004)). Globalisation of its essence implies changes in activity and behaviour associated with new geography and new technology. Within this, knowledge and learning, and their impact on governance, are

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<sup>4</sup> In considering the potential weaknesses of a democratic approach, one issue stressed by Stutzer and Frey (2005) focuses on education – more specifically, on its being inadequate to equip citizens to play an appropriate role in a democratic economy. In contrast, the stress on learning in our approach is not merely an issue of education.

fundamental to economic well-being. However, our perspective on development suggests that who governs and how implies that globalisation can take two broad forms. It can be 'elite globalisation' or 'democratic globalisation', one a process harnessed to further the prosperity of exclusive interests and the other a process harnessed to further the prosperity of all. If knowledge and learning are fundamental in the governance process, they are accordingly fundamental to the choice between elite and democratic globalisation.

### **III. INTERNATIONAL INSTITUTIONS**

It is in this context of different possibilities for globalisation that we see a significant role for international institutions in influencing economic development, albeit with outcomes that might vary considerably in their desirability. On the one hand there is the potential to promote a process that is elitist and exclusionary, and on the other to catalyse democracy and inclusion.

The possibility of influence is illustrated by the impact of the World Bank and IMF in many countries over recent years. For example, they have had a telling effect in Argentina, as we have already hinted. Under their influence, the experience of the Argentinean economy over the last 15 years or so characterises a particular form of globalisation, more specifically a form of 'elite globalisation'. In the late 1980s the country was in one of its periodic crises, characterised by what Romero (2002, pp. 285) describes as "a bankrupt state, the national currency in shambles, wages that did not meet basic necessities, and social violence." In 1989 inflation was 4,923%, GDP having shrunk by 1.5% since 1980 (Schirm, 2002). The response of the incoming administration was to ally political and economic populism in embracing the "general recipe" provided by the Washington consensus, in doing so aiming "to make possible an appropriate insertion into the global economy" (Romero, 2002, pp. 285-6). The consensus advocates 'free markets', containing corporations largely unfettered by regulatory requirements and state constraints, thus free to trade and invest in and across all countries throughout the world (Williamson, 1990, 1993). The spread of these characteristics is seen as the route to economic development; they are argued to result in closer cross-country integration, increased trade and investment ties, and the generation of more wealth.

So successful were these attempts that Argentina became what Stiglitz (2002, p. 79) calls the “star student” of the IMF; it was the exemplar for Washington consensus policies, in terms of both what to do and what success to expect. However, Romero (p. 334) argues that by 1999 “no one could ignore the economic dead-end” that the country faced. At the start of the twenty-first century it was once more plagued by acute economic and political turmoil. For the people of Argentina, seeking this form of globalisation brought unemployment, poverty - 40% of the population was below the poverty line by 2001 (*ibid.*) - civil unrest and near pariah status amongst the world’s economies.

There has been often-fierce debate over where things went wrong in Argentina (see Pastor and Wise (2001) and IMF (2002) for discussion). According to Bianchi (2002), the neo-liberal path of privatisation, trade liberalisation and deregulation resulted in the emergence and invasion of a small number of family groups governing key parts of the productive system. Nochteff and Abeles (2000) also suggest that the deregulation led to economic and social fragmentation. They note that the concentration of economic and political power has resulted, on the one hand, in abuses of dominant positions and extraordinary profits, and on the other in unemployment, poverty and increasing income inequality. In addition, it seems that the neo-liberal approach to (lack of) regulation in the Argentinian social, cultural and institutional context has nurtured a vacuum in which corruption and malpractice have flourished. In short, in the case of Argentina, globalisation according to the overview and approval of the international institutions at the heart of the Washington consensus was elitist and exclusionary, benefiting some but failing to overcome problems of poverty and underdevelopment (Sugden and Wilson, 2002b).<sup>5</sup>

More generally, a common criticism of the Washington institutions in their dealings with less developed countries is that development professionals arrive, stay in top hotels, and then return after a few weeks or months to their career paths in Washington; they are distant from the actual process of development.

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<sup>5</sup> It is argued, however, that Argentina did not conform to the strict principles of the Washington consensus. Romero (2002, p. 288) refers to the “careless” privatisations “at odds with other declared objectives, such as encouraging competition.” Further detailed discussion can be found in Williamson (2003).

Stiglitz (2002) discusses this in the context of the IMF, and Taylor (1997, p. 151) draws an interesting parallel with the criticism by Von Mises (1935) of socialism “on the grounds that ‘as if’ planners could never improve upon capitalism because they would just ‘play’ a market game without being disciplined for their mistakes. The same doubts apply to bureaucrats ‘playing’ at running national economies with their attention focused on career advancement in the institutions back in the United States.” When combined with the charge that the Washington institutions are highly prescriptive in their advice (Palast, 2002; Stiglitz, 2002), a one-way rather than two-way flow, it becomes clear why they are often viewed as ‘outsiders’. Indeed, they are often seen as having a stake or interest in the local development process that differs markedly from that of the local people. In this sense we suggest that a problem with the Washington institutions is that they forge ‘international’ but not ‘multinational’ development relationships. In other words, they operate across nations, but they do not do so in a manner that is rooted in and respectful of the constituent interests of each nation.

While the Washington institutions facilitate a form of elite globalisation, however, this is not the only option. A different form of international institution might play a different and more positive role in stimulating alternative forms of globalisation. More specifically, we would advocate a role for the United Nations as regards the attainment of democratic globalisation.

### ***The United Nations***

The Preamble to the Charter of the United Nations (United Nations, 1945) identifies as an objective the “promotion of the economic and social advancement of all peoples”, based (amongst other things) on the “dignity and worth of the human person.” Article 1 refers to “respect for the principle of *equal rights and self determination of peoples*” alongside “international *cooperation* in solving international problems of an economic, social, cultural or humanitarian character” (our emphasis). It calls for the United Nations “to be a centre for *harmonising the actions of nations* in the attainment of these common ends” (our emphasis). Chapter IX focuses on international economic and social co-operation, reaffirming “respect for the principle of equal rights and self determination of peoples.” Members “pledge” to cooperate so as to promote: “higher standards of living, full employment, and conditions of economic and

social progress and development”; “solutions of international economic, social, health, and related problems”; and “universal respect for, and observance of human rights and fundamental freedoms for all without distinction as to race, sex, language, or religion.”

These principles and aims have been stressed by the Secretary General of the United Nations in his reflections on its role in a modern world (Annan, 2000). Because “it is the only body of its kind with universal membership and comprehensive scope, and encompassing so many areas of human endeavour”, he sees the organisation as “a uniquely useful forum – for sharing information, conducting negotiations, elaborating norms and voicing expectations, coordinating the behaviour of states and other actors, and pursuing common plans of action” (pp. 5-6). He explicitly identifies this unique role as also being rooted in “the shared values embodied in our Charter” (p. 13). Furthermore, according to Annan the United Nations “exists for, and must serve, the needs and hopes of people everywhere” (p. 6). He goes on to assert that “the central challenge we face today is to ensure that globalization becomes a positive force for all the world’s people, instead of leaving billions of them behind in squalor. *Inclusive globalization* must be built on the great enabling force of the market, but market forces alone will not achieve it. It *requires a broader effort to create a shared future, based upon our common humanity and its diversity*” (p. 6, our emphasis).

We see these principles, aims and sentiments as in line with a desire to stimulate and nurture throughout the world processes in which each interested person is able to think about and participate fully in the governance of economic development; they point to a role for the United Nations and its constituent agencies in shifting the development focus to localities and to democratic relationships within and between localities, in line with the theoretical arguments of the previous section.<sup>6</sup> Such a shift would be radical, and for some commentators might seem a vain ideal in the modern world. But the economic and political reality implied by the United Nations Charter and by Kofi Annan’s reflections necessitates its contemplation.

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<sup>6</sup> We would argue that it is the people in those localities, not their agents (e.g. consultants), who need to be the objects of the relationships that might be catalysed by the United Nations.

This paper has argued that currently typical processes of economic development and correspondingly of globalisation are characterised by strategic failure, a concentration of strategic decision-making power amongst exclusive interests that implies a failure to govern production in the interests of communities at large. Avoiding this failure necessitates the democratisation of governance within and across all economic organisations and institutions. Success in this regard would deliver what Annan (2000) refers to as inclusive globalisation, and could not be achieved through the market alone. Whilst the existing literature on the democratising of strategic choice in economic development is far from clear about *all* that is needed to achieve desirable outcomes, there is *no* doubt about its conclusion that a free market characterised by a concentration of power yields exclusive governance and elite globalisation.

To achieve democratic outcomes the literature lays stress on various factors, including the significance of appropriate public policy that serves the public interest. For example, Cowling and Sugden (1998a) conclude their analysis of the theory of the firm with the observation that the emergence of a democratic form necessitates purposive public policy.<sup>7</sup> It cannot rely on a natural evolution in a process of free competition between alternative possibilities, because of the power of currently incumbent forces. This points to the need for policy organisations that stimulate and catalyse democratic outcomes, and at the international level it would seem to us that this suggests a pivotal opportunity for the United Nations. Its unique position resulting from global membership and, in particular, the common values of the Charter indicate a concern with economic democracy, whilst comments about its focus on voice, coordination, plans of action and so on reflect an explicit concern with policy.

Annan's (2000) mentioning of voice is also especially interesting because it prompts reference to ideas about the relative importance of voice and 'exit' in democratic development and globalisation (see in particular Branston *et al.* 2006a). Following Hirschman (1970), exit is central to market processes and voice to democracy. He argues that exit is "neat", "impersonal" and "indirect", respects in which "voice is just the opposite of exit. It is a far more 'messy' concept because it can be graduated, all the way from faint grumbling to violent protest; it implies articulation of one's critical opinions rather than a private,

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<sup>7</sup> See also Sunstein (2001a) on political democracy and in particular the role of constitutions.

'secret' vote in the anonymity of the supermarket; and finally, it is direct and straightforward rather than roundabout" (pp. 15-16). The conclusion of Hirschman (1970, p. 17 and 43) is that the democratic process of its essence entails "the digging, the use, and hopefully the slow improvement" of channels of voice, "essentially an *art* constantly evolving in new directions." Consistent with this, we see the policy challenge as the design of a set of initiatives that recognise and nurture the constantly evolving art.

Exactly what the initiatives might entail in practice is partially explored in existing literature. They might include, for example, experimentation with different forms and processes of direct democracy, discussed in some depth by Stutzer and Frey (2005). Their focus is on all citizens having democratic participation rights; they advocate mechanisms of random citizen selection to make democracy realisable. It also seems likely that practical economic democracy would necessitate the promotion of novel forms of organisations based on participatory governance processes. These might include social enterprises which have social objectives, as discussed in Borzaga and Defourny (2001). Similarly pertinent are the specific suggestions for evolving democracy in large corporations analysed in Branston *et al.* (2006a); these suggestions encompass new company laws and suitably designed regulatory environments. Moreover, such proposals are extended to the sphere of democracy across productive sectors by Branston *et al.* (2006b), discussing privatisation and in particular the electricity sector, and by Branston *et al.* (2006c), on the health industry. These contributions are consistent with the guiding principle for realisable democratic development suggested by Sugden and Wilson (2002): to design and implement a dual approach, on the one hand perforce accepting certain requirements as laid down by currently powerful decision-makers, on the other hand using any room for manoeuvre to focus on possibilities for democratic development, according to the aims and objectives of the people seeking to develop.

We would emphasise very strongly that meeting the policy challenge places a stress on understanding the needs and desires of people, and on the nurturing of relationships amongst people. This would include recognition of peoples having numerous concerns and dimensions, an argument suggested by Sunstein (2001b). He contrasts consumer and political sovereignty, arguing that the latter requires something other than unfettered pursuit of consumer interests. The key

point is that people are not merely consumers; rather, they are multi-dimensional. We would highlight something similar in the search for an economic democracy. In issue are the interests of people in all of their dimensions (Branston *et al.* 2006a). Such recognition would seem to be entirely consistent with the principles of the United Nations, for example with the focus of the Charter on “the dignity and worth of the human person” (United Nations, 1945, Article 1).

More generally, we see an effective democracy as founded upon mutual respect amongst its participants, upon their listening to each other and upon their searching for some form of mutual understanding. There is a need to provide arenas for discussion and conflict resolution, for eliciting compromise and negotiating agreements (Branston *et al.* 2006a). These are precisely the sorts of issues with which there is considerable and unique experience in the United Nations. Accordingly it is well placed to help to enable preferences to evolve within the choice process as relationships develop between all of the different interested parties.<sup>8</sup> Doing this, the United Nations might then be able to advance the evolution of economic democracy based on public deliberation, discussion and reason-giving, an approach that we see as deserving special attention when analysing the possibilities for democratic governance, rather than concentrating on, for instance, what Dewey (1927) might refer to as foolish majority rule.<sup>9</sup>

#### **IV. CONCLUDING REMARKS**

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<sup>8</sup> On the notion that individual values can change in a decision-making process, see Buchanan (1954).

<sup>9</sup> Sunstein (2001a, p. 6) comments that “the ideal of democracy can be understood in many different ways. Some people think that democracy calls simply for majority rule; other people think that a democratic system qualifies as such if it is highly responsive to popular will.” He rejects these approaches, instead favouring ‘*deliberative democracy*, an idea that is meant to combine political accountability with a high degree of reflectiveness and a general commitment to reason-giving’ (pp. 6-7). See also Stutzer and Frey (2005) on the factors that mean citizens “could start to feel an incentive and obligation to participate in the joint effort” (p. 316); general discussion among citizens on aspects of the democratic process is identified as important.



This paper has focused on different processes of economic development. Illustrations are used to depict the currently typical situation in which exclusive interests determine the aims of economic activity, and more generally to consider the significance of governance; it is argued that appreciating who makes strategic decisions, and on what basis, is central to an understanding of economic development. The paper suggests a need for people to be involved in the planning for their development, and thus in the decision-making processes affecting the societies where they live. More particularly, we advocate the democratisation of governance and favour democratic globalisation.

Effective democratic processes need to be rooted in and respectful of the constituent interests of each nation. They are accordingly difficult to realise because they imply the need for relationships to emerge over time. This necessitates a lengthy process of learning, and an evolution of trust and knowledge amongst participants so as to yield productive co-operation. Achieving this on a global basis would require significant input from one or a set of organisations that are active in nations throughout the world, and that carry the respect of people from different parts of the world. In that regard we suggest that the unique position of the United Nations implies a pivotal opportunity for it to stimulate and catalyse desirable outcomes.

We would also emphasise that if development is to be based on the aims, objectives and actions of the people of a locality, and if those outside a locality might be able to contribute ideas and suggestions in a co-operative process, then the ways in which the outsiders conduct themselves is crucial. That is a lesson from the experiences of the World Bank and IMF. There needs to be conscious awareness of sensitivities and concerns, and of the economic, political and social characteristics of the locality. Related to this requirement, there needs to be sensitivity on the part of local people; for example a refusal to jump to the depiction of interfering outsiders when that is not accurate. Both insiders and outsiders need to be aware of each other's roles, respectful of each other, and willing to learn together as the process unfolds.<sup>10</sup>

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<sup>10</sup> For a discussion of related points in the context of the participation of academics in local economic development processes, see Branston *et al.* (2003).

Such an approach would seem to be in line with the principles, aims and sentiments of the Charter of the United Nations, and the same can be said for the democratisation of processes of economic development more generally. Whether or not the approach is realisable in practice is an open question. For example, Ryan (2000) argues that the United Nations is a body that has been shaped by states, and that the domination of states will likely be maintained. For the future, he sees it as a forum in which the world's poor may continue to exercise their voice, seeking to pressure rich countries into dealing with problems of poverty and hunger, but he also suggests that the rich countries might choose not to listen. Gareis and Varwick (2005) make a related argument. In suggesting that Annan (2005) saw the UN as tailored to an "inter-national world", while we in fact live in a "global world", they argue that the fundamental institutional challenge of this century" lies "in the effective reaction to this transition" (p. 243). Within this they see three future scenarios for UN development: "Marginalization", "World Government", and "Muddling Through" (p252). Ryan's comments on the domination of states could be seen to infer that 'world government' is unlikely, which in this scheme would imply 'marginalisation' or 'muddling through', However, our analysis suggests that this array of alternatives is too limited.

In particular, we identify a fourth, and more desirable, alternative to aim for: 'A Democratic Multinational Agency for Development in a Global World'. This would not be 'marginal', nor 'world government', nor 'muddling through', but 'active, multilateral, democratic and central', in the way we have described. Indeed, we would argue that the Charter implies the appropriateness of democratising processes of economic development, and that its sentiments are a positive force to build upon. Our advocated approach is focused on meeting the needs of peoples, all peoples in all lands without discrimination and with respect for their dignity. Moreover, for the United Nations to champion such development successfully would be for it to realise peoples' aspirations and - echoing the words of Kofi Annan with which we opened this paper - fulfil its vision for the twenty-first century.

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