GLOBALISATION OF LEADERSHIP AND GOVERNANCE FOR DEVELOPMENT: QUO VADIS

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ABSTRACT

The present global leadership and governance in the development scenario has in to several debates on the manner in which development can be achieved. The argument has been critical in improving the welfare and prosperity of millions of people in developing countries. The discourse has also affected the leadership and governance approach used by developed countries in supporting the developing ones. Since the industrialisation and successful wealth generation of the countries of the North, development has become the Holy Grail amongst developing countries as they have to emulate the North’s modernised paradigms as new paths to developing the countries of the South. The article seeks to deal with the foundational theories of development and its consequences in developing countries aimed at exploring how leadership and governance in development and globalisation are linked in addressing issues of underdevelopment within the global terrain. The role of global leadership and governance, its shortcomings and possible benefits converge to form the argument that provides the problems which the article is envisaged to address.

The article uses development to mean that everyone is able to have a better life now and in the future, which may include greater access to food, employment or creativity, health care, freedom of expression and living without fear.

INTRODUCTION

Developments mean different activities to different people with those people’s different cultural and religious background playing a part in how they perceive development. Ward, Solomon, Baliff-Spanvilll and Furhriman (2008: 2) alluded to this when they point out that development in developing countries is often a manifestation of Western ideals of leadership and governance in development. In this section the
characteristics of development will be outlined a final working definition will be outlined for clarity’s sake.

For the purpose of this article, development can be dichotomised into two. In the first instance development has often been viewed as referring to processes geared towards the increase of the economic activities of a country in terms of industrialisation, manufacturing and exporting of products (Tatsuro 1992: 113). Within this perspective, the economy takes centre stage on development. It is focused on the role of trade policies, the labour market, exchange rates, the market and government in the creation of wealth (Gereffi & Fonda 1992: 423). Gereffi and Fonda (1992: 422-423) outline that this economic focused development can be outward and inward focused and cite the export focused East Asian Tigers as examples of outward focused development.

The second manifestation of development to highlights the importance of social development in terms of human capital development, public health, education and livelihood development (Tatsuro 1992: 113). There is consensus between this social oriented view of development and Gereffi and Fonda’s (1992: 420) essentialisation of development as being the improvement of quality of the life. Ward et al., (2008: 6) state that development is multi-faceted and is about the attainment of resources- at an individual or country level- to be able to control one’s future. The working definition of development may be described as the manipulation of multi-faceted social and economic elements with the aim of improving the quality of lives of people in a sustainable manner.

GLOBALISATION OF LEADERSHIP AND GOVERNANCE

There are several critical theories and foundational principles that gave rise to the study, practice and the implementation of projects and programmes with respect to issues of development and globalisation. These theories and principles are discussed hereunder.

Development

The Neo-classical theory of development has been identified with the so-called Washington Consensus of International Institutions. The World Bank and the International Monetary Fund- loan and aid conditionalities have required loan or aid receiving countries to control budget deficits, nullification of trade barriers and the liberalisation of markets (Jensen 2004: 198). Ward et al., (2008: 4) state that these measures involve spending cuts in public services and Gereffi and Fonda (1992: 423) also identify wage stagnation as being part of the neo-classical measures. It is noteworthy that these approaches to development carry significant political risks (Ward 2008: 4). These measures have been found to be questionable in terms of their ability to foster economic development (Jensen 2004: 198).

Dependency theory holds that there is a core of industrialised countries and a periphery of developing countries. The former benefits substantially from the economic
trade and investment engagements between the two groups to the detriment of the latter (Gereffi & Fonda 1992: 424). This was in direct contrast to modernisation theory which espouses greater engagement between the core and periphery countries and views this as beneficial not only to the core developed countries but also to the periphery (Ibid.). Modernisation theory tends to simplify development to a process of emulating the developed countries’ development path, essentially a process of modernisation. This overlooks the fact that the modernisation of developed countries occurred through a particular environment, history, culture and ideological framework which differs to that of the developing countries. Ward et al., (2008: 2) allude to this when they refer to Western development agencies (such as Non-Governmental Organisations) utilising Western ideals on development and how it can be achieved.

World Systems theory utilises a framework borrowed liberally from Marxist theory and uses terminology such as imperialism to explain capitalist exploitation of developing peripheral and semi-peripheral countries by the developed core countries (Gereffi & Fonda 1992: 423). Countries in a particular strata, experience a unique set of resource obstacles that affect their upward and downward mobility (Ibid.). A country’s scale of integration into the world economic system is the critical determinant of the outcomes of national development.

The above development theories deal in one way or the other with the role of the state in facilitating economic development (Gereffi & Fonda 1992: 424). The developmental state is a concept that deals directly with the role of the state. It is concerned with the political will, ideological coherence, bureaucratic instruments and the repressive capacity needed to develop and execute economic policies that effectively promote intense economic growth (Ibid.).

Globalisation

A clear definition of globalisation is a critical starting point in dealing with the connection between globalisation and development. Globalisation has broad effects on societies and is a term that resonates through a wide spectrum of the social sciences from political studies to anthropology. Thus there are various definitions of globalisation. This means that for the purpose of this article, a working definition of globalisation should be the thrust of the article.

Globalisation can be said to be a gradual process that has been under way for many centuries and thus did not occur suddenly with a big bang (Shroff 1999: 2846). This gradual process has led to the movement towards the integration of the global economy through steps such as the erasing of trade barriers and exchange and the greater mobility of capital (Shroff 1999: 2846). The present cycle of globalisation can be traced to the politico-economic events in 1980s and 1990s such as the fall of the Berlin Wall and the USSR and the end of the Cold War (Sengupta 2001: 3137). This process has been amplified by the information revolution which has facilitated the movement of goods, information and capital (Ibid.). Sengupta (2001: 3137) views globalisation as being in two forms- the economic and non-economic (socio-cultural, historical and political).
Globalisation in this article falls within the former category and can be seen as the process of global economic integration.

Globalisation has been touted by its exponents as providing a real opportunity to combat poverty (Seth 2000: 3392). It has also been credited with assisting to strengthen markets by developing competition and thus efficiency (Shroff 1999: 2847). This of course presupposes that market development and the attendant economic growth will necessarily relate to development that reaches beyond the narrow economic development of economic growth. Globalisation’s detractors have counter claimed that it actually has negative repercussions for the poor (Shroff, 2000: 498). It has also been stated that globalisation lacks legitimacy as it is a process that has been assembled by a global economic system that is built by huge business conglomerates and international economic bureaucracies (Seth 2000: 3392).

It is clear that there is much debate on the benefits and shortcomings of globalisation relative to development but one outcome of the process is undeniable- globalisation leads to the curtailment of sovereignty to the broader global economic interest (Shroff 2000: 498). Now that national economies have become subject to the performance of the global economy it is clear that an international system of governance and administration of the global economy is necessary for the following reasons: the performance of the global economy directly and indirectly affects billions of people (the majority of whom are some of the world’s poorest) so their economic well being needs to be protected; the performance of the global economy affects the performance of national economies (the more integrated they are to the global economy the more affected they become) and the financial well being of states; a degree of global regulation is crucial given the vast financial investments in the global system and the potential for domino effects if the global economic system falters; and lastly as a means for ensuring the global economic system prioritises the economic development of developing countries.

GLOBALISING LEADERSHIP AND GOVERNANCE

The continuing quest for development amongst developing countries is now occurring in an environment of heightened global economic integration as facilitated through the process of economic globalisation. It has already been highlighted that this process of economic globalisation has to be governed and administered through an international system. This section will outline the role of international administration in development.

Globalisation has led to the development of global economic integration that has impinged on the ability of the state to positively intervene in or direct its own development agenda. This has reduced the space for the effectiveness of development theories- such as the developmental state- that put the state in a central role in terms of developing and driving a developmental agenda of a country. The constriction of the development role of the state has seen a parallel rise in the importance of international institutions and international administration in the wake of globalisation. It is important to note that this does not mean that states have become useless in the development arena. States are
more often than not key decision making members of international institutions such as the World Trade Organisation (Jiaxing 2004: 143).

This point is illustrated in the Secretary-General’s Report of the United Nations on the *Convening of a United Nations Conference on International Migration and Development*. The report is clear that progress on the holding of the conference and its substance were heavily influenced by member states (United Nations 1997: 145-148).

This however does not contradict the notion that states have ceded much power on development to international institutions. Though states still have significant input on key decisions it is important to remember that the actual administration of such decisions is carried out by personnel in the permanent employ of international institutions meaning that there is a scope for international institutions to reflect their own views in terms of nuanced implementation. This is analogous to politicians at state level having their policy directives *corrupted* inadvertently (where administrators agree with the policy directive) or deliberately (in cases where administrators are against a policy directive) by the administrative implementation process.

A key role of international institutions is in the development and administration of international laws and regulatory systems (Jiaxing 2004: 144). The international legal system and its administration is critical as it underpins the global economic integration and the developmental benefits that accrue from it. Collier (2008: 111-112) states that the international legal system is crucial on two scores: *firstly*, international justice protects the weak from the powerful and *secondly*, international justice assists to prevent opportunism. In terms of development especially in an environment of global economic integration the above are critical to ensure developing countries are not subjected to a global economic system that puts them at a structural disadvantage and thus perpetuates underdevelopment. The concept and practice of international law can be far removed from each other. For instance, the United States of America is the biggest funder of the United Nations’ budget and thus uses this to influence administrative decisions (Nanjundan 2000: 584). This funding weakness of international institutions and the effects it has on international administration can also be applied to international law.

International institutions such as the World Trade Organisation often utilise dispute resolution mechanisms to solve conflicts that can develop among member states on trade related issues (Coon & Lang 2007: 527). However, these can be biased towards developed countries to the detriment— in terms of development— of developing countries that do not have the expertise to implement international agreements and thus will tend to be on the wrong side of dispute resolution decisions (Coon & Lang 2007: 527). The inability of developing countries to implement international laws— with a bearing on development— that necessitates a high degree of expertise places a responsibility on international institutions to develop and execute technical assistance programmes to increase capacity in key areas linked to development such as trade policy (Alexovicova 2007: 415). This capacity development role of international institutions and administration has often been overshadowed by the more overt funding role.

Great deals of international institutions administer funds. The most *popular* of these are the International Monetary Fund and the World Bank which respectively administer
loans and aid (Gereffi & Fonda 1992: 422). This fund distributing role also necessitates an attendant monitoring role. This monitoring role goes beyond simply monitoring the use of the loan or aid funds but also includes the performance of loan or aid receiving countries in complying with the conditionalities that these organisations place on the provision of their funds (Jensen 2004: 197). This means that international institutions also play a policy development role in which they endeavour to promote the implementation of particular policies by countries as a means of fostering development (Ward et al., 2008: 3). Connected to policy making international administration has to engage in key support services such as research which are critical to the development of knowledge that is used to convince countries of the wisdom of certain development policies based on the lessons learnt from other countries (Coon & Lang 2007: 539).

INSTITUTIONALISATION

World Wars I and II impacted negatively on the development and advancement of the people in the world. It brought sorrows and poverty to all communities. Global economy fell to the lowest level. The War led to the downfall of the Wall Street in the United States of America, which led to the global economic turmoil and the great depression of 1929. After World War I the League of Nations was formed. The League of Nations as a world governing body did not prevent World War II from taking place. The failure of the League of Nations led to the formation of the United Nations as a successor to the League of Nations (http://en.wikipedia.org/wiki/United_Nations).

One of the most critical and fundamental roles of international institutions is to provide a platform for the co-ordination of the actions of states in the development arena in a manner that permits the majority- if not all- of the states to benefit from the development opportunities that exist in the process of global economic integration. This lies at the heart of the new globalisation era. It has forced states to cooperate in order to ensure that they achieve development.

United Nations (UN)

The United Nations was established through the initiative of the Prime Minister of Britain, Winston Churchill and the President of the United States of America, Franklin D Roosevelt. They tried to unite the allied countries participating in the World War 11 under the Atlantic Charter. The allied countries of the World War 11 united under the 1942 Declaration of the United Nations. In 1944 major allies met at the Dumbarton Oaks Conference to outline the organisation’s plans, membership and ideals in regards to peace, security and cooperation.

The United Nations was established in order to maintain peace and security. It can be concluded that the role of the United Nations amongst others is to prevent conflicts and remove threats of conflicts for the maintenance of peace in the world. Where there is peace, becomes attractive to investors and is conducive for development. (www.un.org/aboutun/chart.html).
The purpose of the United Nations is to foster international co-operation in solving international problems of an economic, social, cultural, or humanitarian character. It also must promote and encourage respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language or religion or to be a centre for harmonising the actions of nations in the attainment of these common ends. The United Nations is based on the principle of the sovereign equality of all its members. The organisation binds all its members to settle their international disputes by peaceful means so as not to endanger international peace, security and justice. Members are discouraged from using the threats or use of force against the territorial integrity or political independence of any state.

The United Nations has 192 member states including every recognised independent state in the world. Member states of the UN depend on whether the country or a nation has participated in the United Nations Conference on International Organisation at San Francisco. The country must have signed the Declaration by the United Nations of January 1, 1942. Nations must also have signed the current Charter and ratify it (www.wikipedia.com).

**Millennium Development Goals (MDGs) of the UN**

The United Nations has been the key to socio-economic and political development. The initiative is driven through the Millennium Development Goals. The Millennium Development Goals were adopted in 2000. The Millennium Development Goals are to be met by 2015. The following are the set goals by the UN for development:

- **Goal 1**: Eradicate extreme hunger & poverty;
- **Goal 2**: Achieve universal primary education;
- **Goal 3**: Promote gender equality & empower women;
- **Goal 4**: Reduce child mortality;
- **Goal 5**: Improve maternal health;
- **Goal 6**: Combat HIV/Aids, malaria & other diseases;
- **Goal 7**: Ensure environmental sustainability; and
- **Goal 8**: Develop a Global Partnership for Development

The Millennium Development Goals are vehicles for the member states’ development. The Global partnership is achieved through the Bretton Woods institutions which the IMF, WTO and World Trade Organization.

The United has assisted many African countries to improve their economic status through provision of expertise and finances. Some of the countries which benefited from the United Nations are *inter alia* Zimbabwe, Sudan, Cote d’Ivoire and the Democratic Republic of Congo. It is important to indicate that the role of the United Nations in various countries has been integrated and no one can specify whether it is economic, social or political. Economic situations can impact on political stability and political stability can lead to social stability. Therefore it can be concluded the efforts of United Nations has been focused on integrating development.

The United Nations Charter propagates equality before the law. Equality goes hand in hand with development. Where there is no equality, there is no peace and there is
no economic growth because unrest which hampers investments in the country. The question to be answered is whether the efforts of United Nations as an international institution benefited the least advantaged or have marginalised them further.

**International Monetary Fund (IMF)**

The Second World War contributed to the breakdown in international economic relations. Other countries affected by the Great Depression imposed restrictions in the exchange controls and devaluated their currencies in order to maintain domestic incomes in the realm of shrinking economies. In 1944, 44 countries met and concluded that there must be code of conduct to promote of international economic relations. The nations reached a conclusion that there must be international institutions which will promote and supervise economic cooperation. On the 27th December 1945, the International Monetary Fund was established (http://www.zmag.org/zmag/articles/jan/2000albert). The IMF’s primary mission is to assist financially countries that have financial and economic difficulties. It utilises funds deposited to the IMF by 185 member countries. Countries assisted by IMF are supposed to make some reforms which have often been dubbed the “Washington Consensus”. The IMF was aimed at facilitating the balanced growth of international trade. The League of Nations failed because it also did not create a forum economic issues can be discussed. The focus was mainly on preventing armed conflict. The United Nations through the IMF provide a forum for consultation and collaboration on international problems (http://en.wikipedia.org/wiki/imf).

The IMF is run by an organisational entity called the Board of Governors. The Board of Governors is the highest decision making body in the IMF. The members of the Board of Governors are appointed by every member of the fund. A member of the fund is also requested to appoint an alternate Governor (Driscoll 2002: 25).

The IMF also has an Executive Board as a permanent decision making body. The Executive Board exercises the powers assigned to it and delegated to it by the Board of Governors. The organ meets several times a week in order to deal with the day to day operations of the IMF. Members with the highest quota in the Fund can nominate the Executive Director of the Executive Board to the 24 member Board (www://en.wikipedia.org/wiki/IMF) 24 constituencies that form the Executive Board can elect other officials to both the Interim Committee and the Development Committee. The Interim Committee advises the Board of Governors on issues regarding the management and adaptation of the international monetary system. It also advises on proposals made by the Executive Board to amend Articles and on how to deal with disturbances that pose a threat the international monetary system (Albert et al., 2000: 15).

**The World Bank Organisation (WBO)**

The World Bank is one of the Bretton Woods institutions formed in 1945 following the ratification of the Bretton Woods agreement. The main purpose of the bank was to rebuild
the war torn countries of Europe. The *Marshall Plan* influence ensured that the Bank does not focus on Europe only but on also building infrastructure of the colonies of the European countries (http://en.wikipedia.org/wiki/World_Bank).

The mission of the World Bank is to assist developing countries and their inhabitants achieve development and the reduce poverty. It is also to ensure that the Millennium Development Goals are achieved. The World Bank aids countries to develop environment conducive for investment, jobs and sustainable growth. It also promotes economic growth through investment and enabling the poor to share the fruits of economic growth. The World Bank has identified the following factors as necessary for economic growth:

- building capacity;
- infrastructure creation;
- development of financial systems;
- combating corruption; and
- research, consultancy and training

**International Bank for Reconstruction and Development (IBDR)**

The IBDR is one of the legal financial affiliates of the World Bank. The purpose of the IBDR is to help reconstruction and development of territories of members by facilitating the investment of capital for productive purposes. It promotes the balanced growth of international trade and maintenance of balance of payment of equilibrium. It also promotes private foreign investment by means of guarantees or participation in loans and other investments and when private capital is not available, to provide its own financing. The functions of the IBDR are to provide technical assistance and funding for projects and policies aimed at achieving sustainable economic growth and reducing poverty in developing countries as well as protecting the environment. The IBDR stimulates economic growth through a focus on private sector development and human resource development (Albert et al., 2000: 15).

**International Development Association (IDA)**

The IDA operates similarly to IBRD. The IDA pursues the same objectives and the same staff with IBRD. IDA was formulated in order to assist the countries that have got the balance of payment which makes it difficult to repay. Their development capacity is low and they have, what IMF calls a burden of repayment. The IDA gives loans to member countries. For the country to qualify for a grant it must be less developed. Currently South Africa does not quality because of its economic status in Africa. South Africa is considered the economic powerhouse of Africa. The IDA has contributed in the construction of the Lesotho dam for water reticulation. The IDA has assisted South Africa in procurement. In 2000, the procurement made by IDA for South Africa worth US$ 509 million. During the same year South Africa contributed only US $ 83 million (Albert et al., 2000: 15).
International Finance Corporation (IFC)

The IFC was established in 1956 with the sole purpose of assisting the private sector. The IDA and the IBRD focus primarily on the Government and government enterprises. The IFC was established in order to foster economic growth by promoting private sector investment in developing member countries. It operates under the principle of catalyses whereby it helps private investors to make good investments.

It operates on the business principles, whereby it should bear commercial risk so that its fund although backed by public sources, is transferred under market discipline. The principle of special contribution is important for development whereby it participates in investments only if it supplements or complements the role of market operators (Albert et al., 2000: 20).

It should be taken into consideration that the IFC complements the activities of the IBRD and the IDA. There special entities with the IFC that are specifically focusing on Africa is the African Enterprise Fund (AEF). AEF projects are co-financed by local banks. Their loans range from US$ 100 000 to US $ 1 Million for projects with a total cost of between US$ 250 000 and US$ 5 million (Albert et al., 2000: 20).

The IFC specifically established the Africa Project Development Facility (APDF) to help the African Continent. The APDF assist entrepreneurs in to prepare viable projects and obtain finance for them. The last entity is the Africa Management Services Company (AMSCO). AMSCO assists with management skills. They train project managers on management skills. Africa relies heavily on direct foreign investment. The IFC has established Foreign Investment Advisory Services (FIAS) to advise developing countries on policies, regulations and institutions needed to encourage foreign direct investment.

Multilateral Investment Guarantee Agency (MIGA)

The Multilateral Investment Guarantee Agency was established with the aim to encourage foreign investment. MIGA provides insurance against political risk to private investors. It also promotes countries to foreign investors. MIGA offers advice on the way countries can attract foreign investments for development (Albert et al., 2000: 20).

One can conclude that MIGA is a guarantee against risks caused by war and civil disturbances. It covers countries against transfer risk resulting from restrictions on currency transfers and conversions. MIGA ensures that new investments made by nationals of a member country in another country or by corporations incorporated are ensured. The projects to be ensured by MIGA in another country must be approved by the host country and geared towards development.

International Settlement of Investment Disputes (ICSID)

ICSID encourages greater private foreign investment for development. Investment should be between two contracting states. If any dispute arises between two contracting states
from such an investment contract it must be referred to conciliation and arbitration before an international forum (Onimode 1992: 28).

The body is governed by the Administrative Council. The President of the World Bank is the Chairman of the Administrative Council. This organ is very important in the development of states. It also has developmental potential between two countries.

AN APPRAISAL

The benefits of globalising development are manifold. Globalisation has assisted in creating a measure of stability. This is in a context of globalisation which has led to the reduction of the long standing powers of the state in driving development. Globalisation has also made it critical to co-ordinate the developmental agendas of states so as to ensure that global economic integration leads to development that can be enjoyed by the majority of the people of the world.

The financing role of globalising development has argued that the financial resources of developing countries have been critical in forestalling total financial crises of some states that would have a negative effect on development not only of people within those states but also those within regions. Globalising development has also recognised that financial assistance must come with technical assistance and this has been important in developing the capacity of states to benefit from the development opportunities of the global economy. This technical assistance has been informed by policies that also have been developed into programmes to be implemented in the assistance of states to accelerate development.

Globalising development has some shortcomings. Although the co-ordination ability of the international institutions cannot be underestimated, the financial dependency on member states tends to create inequity in terms of the power of members (Nanjundan 2000: 584). This can lead to the policies and programmes of the international institutions and international legal system being undermined to suit the needs of powerful states and regions to the detriment of development in weaker or poor states and regions. Furthermore; globalising development tends to create questions on the legitimacy of development initiatives that are structurally top-down and are seen as not representing the needs of the people or considering the views of the people (Ward et al., 2008: 2).

The International Monetary Fund’s Structural Adjustment Programmes have been largely decried for this top-down approach. It can also be said that some international institution’s espousing of neo-liberal development theories have led to them faithfully implementing or enforcing these policies without regard for the uniqueness of certain areas and people and this has an effect on opportunities for success of the fundamentals of development. The manner in which some international institutions are traditionally associated with these neo-liberal policies can sometimes negatively affect their work as assumptions are automatically made of the policies they aim to implement. Therefore, globalisation of development can be a victim of ideological warfare.
CONCLUSION

The article has outlined the rise of the importance of globalising leadership and governance in development due to the process of global economic integration. The effects of the global economic integration on development have been highlighted and the different foundational frameworks of development and globalisation have also been outlined. Despite the obvious shortcomings of globalising development through the roles play by international institutions, it is evident that rather than seeking to reverse the prevalence of globalisation, it actually needs to be strengthened. This is due to the fact that globalisation and thus global economic integration are processes that are here to stay. The processes that have been developed to deal with economic globalisation and the harnessing of its development opportunities must not only be bolstered but they also need to be made more equity focused so that they can better help deal with development needs of the global community.

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