GLOBALIZATION, DEVELOPMENT AND DEMOCRACY

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I. Introduction

"We believe that the central challenge we face today is to ensure that globalization becomes a positive force for all the world's people", reads the fifth paragraph of the United Nations Millennium Declaration (United Nations, 2000). Although globalization reflects technological advances and economic forces, it can be molded by society and, particularly, by democratic political institutions. In fact, the form that globalization has been taking has been largely determined by explicit policy decisions.

In this sense, the most disturbing aspect is the uneven and unbalanced character of the current phase of globalization and of the international policy agenda that accompanies it. The latter reproduces the traditional asymmetries in the world economy and creates new ones. There are four issues that dominate the current economic agenda: free trade, intellectual property rights, investment protection, and financial and capital account liberalization. In the latter case, certain additional conditions have been super-imposed as a result of recent crises: it should be appropriately sequenced, and priority should be given to long term flows and institutional development. Moreover, in the area of international trade, liberalization is incomplete and asymmetric: various goods of special interest to the developing countries are subject to the highest levels of protection, and in the case of agriculture, to subsidies in the industrialized countries.

On the other hand, major issues have been left out of the international economic agenda: the mobility of labor, particularly unskilled labor; international norms regarding taxation, especially on capital (essential to guarantee an adequate contribution of this highly mobile factor to public sector financing); the formulation of truly international norms on competition and codes of conduct applicable to multinational corporations; the design of effective instruments to ensure an adequate technological transfer to developing

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countries; and compensatory financing to assure the inclusion of those countries and social groups that tend to fall behind in the process of globalization.

The preceding reflects, in turn, the most important asymmetry: that which exists between the rapid globalization of (some) markets and the relative weakness of the international social agenda, which has its best expression in the declarations and plans of action of the United Nations Conferences and Summits. The social agenda has to cope with weak accountability and enforcement mechanisms, limited funds for Official Development Assistance, and the high levels of conditionality that characterize international financial support.

In broader terms, it is increasingly recognized that globalization has made more evident the need to provide political, social, economic and environmental "global public goods" (Kaul et al. 2002), in view of the fact that, with the growing interdependence of nations, many areas of public interest that were previously national (and, in some cases, local) have been becoming spheres of global attention. Nevertheless, there is an undisputable contrast between the recognition of this fact and the weakness of the international structures expected to provide this type of goods and the resources that are allocated to fulfill this function.

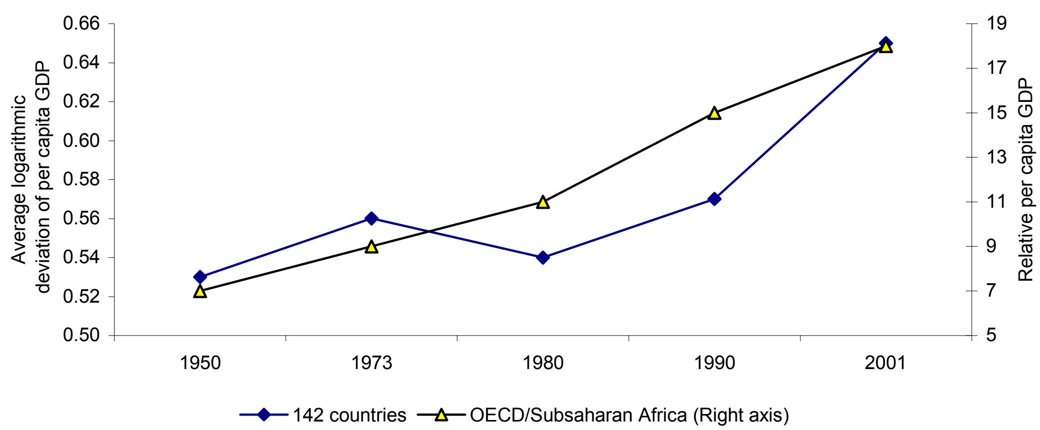
This paper provides a succinct analysis of some of the challenges faced in building a more balanced globalization. It is divided into three sections, the first of which is this introduction. The second focuses on economic inequalities and asymmetries, and the international schemes and national policies needed to overcome them. The third deals with the broader relations between globalization and democracy, and between globalization and social equity.

II. World economic inequalities and asymmetries

1. Global inequalities

The extensive literature on economic growth makes clear that the world has experienced a long term *divergence* in the levels of per capita incomes among countries over the past two centuries. This trend was particularly strong in the XIX century and the first half of the XX century. It slowed down between 1950 and 1973 but has resumed since then. Using levels of per capita income of the 142 countries included in the historical series of Angus Maddison (2003), it is possible to estimate that the average logarithmic deviation of this variable (one of the traditional measures of inequality), increased from 0.57 in 1973 to 0.65 in 2001. Divergence is stronger and more persistent if we focus on the ratio between per capita income of the industrialized countries and the poorest region of the world today, Sub-Saharan Africa. Such ratio was already high in 1973 and nearly doubled since then (Figure 1).

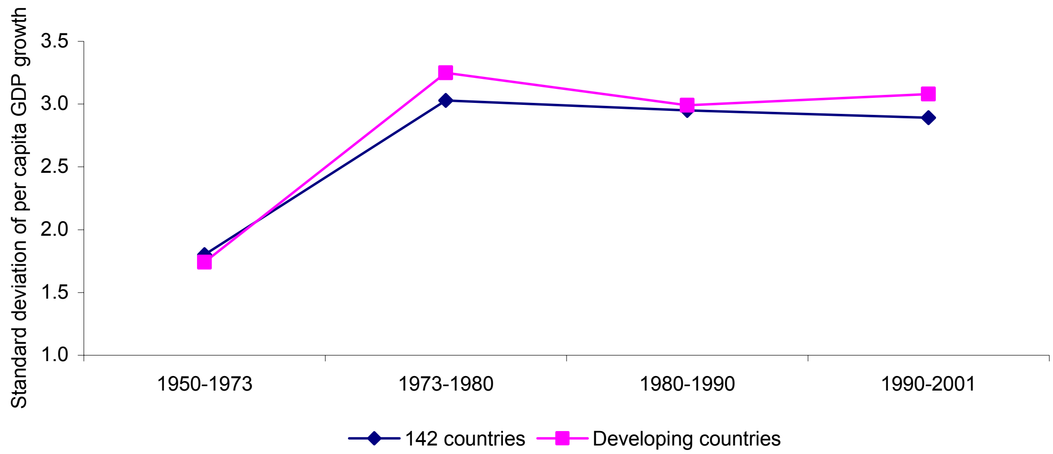
Figure 1
Increasing international inequalities



Source: Author estimates based on Maddison (2001)

The analysis of the same data source brings to light another and equally important phenomenon: the marked and growing dispersion of the rates of growth of the developing countries during the last quarter of the XX century –that is to say, the coexistence of "winners" and "losers" among developing countries. In fact, for the same sample of 142 countries, the standard deviation of the rates of growth per capita increased from 1.8 in 1950-73 to 3.0 in 1973-1990 and 2.9 in 1990-2001 (Figure 2). It is important to stress that this process is much more generalized than the increasing trend of international disparities of income per head, since it affects all regions, and low-income as well as middle-income countries.

Figure 2
Dispersion of growth rates of developing countries



Source: Author estimates based on Maddison (2001)

The divergence in per capita incomes has been accompanied by a fairly broad trend towards increasing inequality within countries. According to a recent study on this subject (Cornia, 2004, Part I), 48 out of 73 countries for which information is available experienced a deterioration of income distribution during the last decades of the XX century; these 48 countries contain 87.5% of the population of the 73 (Table 1). Although such deterioration was not very strong in some cases, 4 out of 5 experienced a worsening of the Gini coefficient of at least three percentage points, a relatively large change. On the other hand, only 9 countries, with 2.7% of the population, experienced the opposite pattern and in the rest income distribution remained essentially stable.[1] According to this study, inequality tended to increase, sometimes markedly, in a large group of industrial countries, in Central and Eastern Europe, and in Latin America. Asian countries, amongst which China stands out, have increasingly shared in this trend. Africa is the only continent without a clear tendency, as a result of opposite patterns in particular countries.

[1] See, in particular, Table 2.8 of this book. The data on population come from the United Nations and refers to the year 2000. The percentages were estimated in relation to the population of the 73 countries reported in that table, where 78.5 per cent of the world's population is concentrated.

Table 1
Changes in income inequality within countries, 1960s to the 1990s

	Developed countries	Developing countries	Transition economies	Total
A. Number of countries				
Rising inequality	12	16	20	48
Constant	4	10	2	16
Falling inequality	2	7	0	9
Total	18	33	22	73
B. Percent of population a/				
Rising inequality	13.3	66.7	7.5	87.5
Constant	2.3	7.3	0.3	9.8
Falling inequality	1.8	0.9	0.0	2.7
Total	17.4	74.8	7.7	100.0

a/ Percent of 73 countries population, that represent 78.5% of world population.
Source: Based on Cornia (2004), Table 2.8 and population data from the United Nations.

Explanations for the worsening income distribution within countries continue to be a subject of heated debate. The combination of the adverse distributive effects of market reforms (or, at least, some of them) and the simultaneous weakening of the institutions of social protection, including the growing reluctance and difficulties experienced by governments in providing effective social protection, offers the best explanation (Cornia, 2004). The increasing differentials in labor income according to skill levels provide a complementary explanation, perhaps the one that enjoys more consensus among analysts. A third force, which has been subject to less attention, is the increasing asymmetry between the international mobility of some factors of production (capital and highly skilled labor) and the restrictions on the mobility of other factors (unskilled labor), which generate forces that distribute income to the disadvantage of the latter (see below).

These two forces –the divergence in per capita income levels among countries and the growing inequality in income distribution within countries– have been offset since the 1980s by the rapid economic growth of China, and, to a lesser degree, India, the two most populous poor countries in the world. Thus, the trend in the distribution of income among the world's citizens depends on the weight accorded to these two countries and the associated statistical methodologies. Nevertheless, many recent studies have concluded that this distribution tended to deteriorate in the last decades of the XX century;[2] such deterioration was, in any case, slower than that which characterized the XIX century and the first half of the XX century, when the gap between the per capita of the developed countries and developing countries increased markedly. In any event, it is difficult to interpret the rapid economic growth of China and India as being the result of the ability of the globalization process to redistribute world income more equitably.

2. Economic asymmetries in the global order

The growing disparities in the levels of development among countries indicate that, although domestic economic, social and institutional factors are obviously important, economic opportunities are basically determined by the position that countries occupy within the global hierarchy. This implies that rising up on this international ladder is a difficult task. The fundamental international asymmetries largely explain why the global economy is essentially *not* a "level playing field".

These asymmetries are of three kinds (Ocampo and Martin, 2003). The first is associated with *the greater macroeconomic vulnerability of developing countries in the face of external shocks*, which has tended to increase with the tighter integration of the world economy. The nature of this vulnerability has been changing, nevertheless, in the last decades. Thus, although the transmission of external shocks through trade remains important, financial shocks have come to play a prominent role, revisiting patterns which have been observed in the past in many developing countries, especially during the boom and financial collapse of the 1920s and 1930s.

In this sense, macroeconomic asymmetries are associated with the fact that international currencies are the currencies of the industrial countries and with the asymmetric features of capital flows: while capital flows among developed countries tend to be stabilizing, the flows between developed and developing countries have a clearly

[2] Dikhanov and Ward (2001) reach this conclusion for the period 1970-1999, Bourguignon and Morrison (2002) for 1970-1992 using the Theil inequality index (the other two indexes used by these authors show no clear trend during this period) and Milanovic (2002) for 1988-1993. The main study that reaches the opposite conclusion is Bhalla (2002).

pro-cyclical character. The combined result of these factors is that industrial countries have more room for maneuver to adopt countercyclical macroeconomic policies (particularly in the United States, which issues the major international currency). In contrast, the economies of the developing countries lack that room for maneuver because financial flows are volatile, procyclical macroeconomic policies tend to enhance rather than smooth out the cycle, and market players expect and evaluate authorities on their ability to adopt such pro-cyclical stance.[3]

The second asymmetry is derived from the *high concentration of technical progress in the developed countries*. The diffusion of technical progress from the source countries to the rest of the world remains "relatively slow and uneven" according to Prebisch's (1950) classical predicament. This reflects the prohibitive costs of entry to the more dynamic technological activities, including the obstacles that developing countries face in technologically mature sectors where opportunities for them may be largely confined to attracting multinationals that control the technology and global production and distribution networks. In its turn, technology transfer is subject to the payment of innovation rents, which have been rising due to the generalization and strengthening of intellectual property rights. The combined effect of these factors explains why, at the global level, the productive structure has exhibited a high and persistent concentration of technical progress in the industrialized countries, which thus maintain their dominant position in the most dynamic sectors of international trade and their hegemony in the establishment of large transnational enterprises.

The third asymmetry is associated with the *contrast between the growing mobility of capital and the restrictions on the international movement of labor*, particularly of unskilled labor. This asymmetry is a characteristic of the present phase of globalization, since it was not manifested in the XIX and early XX centuries (a period characterized by large mobility of both capital and labor) nor in the first twenty five years following the Second World War (a period in which both factors exhibited very little mobility). As has

[3] See a recent evaluation of the procyclical character of macroeconomic policies in developing countries in Kamisky et al. (2004).

been pointed out by Rodrik (1997), these asymmetries in the international mobility of the factors of production generate biases in the distribution of income in favor of the more mobile factors (capital and skilled labor)and against the less mobile factors (less skilled labor) and, in turn, affect relations between developed and developing countries in as much as the latter have a relative abundance of less skilled labor.

3. Global asymmetries and the international economic structures

Since the creation of the United Nations Conference on Trade and Development (UNCTAD),[4] the need to correct the asymmetries that characterize and continue to characterize the international economic system has been explicitly recognized. The commitments concerning the flow of Official Development Assistance and "special and differential treatment" for developing countries in trade issues were some of the partial, although relatively frustrating results of this effort to build a "new international economic order". This vision has been radically eroded in the last decades and has been substituted by an alternative paradigm according to which the basic objective of the international economic system should be to ensure a uniform set of rules –a "level playing field"– leading to the efficient functioning of free market forces (Ocampo and Martin, 2003).

It is important to underline that, contrary to this trend, in area of sustainable development new principles were agreed to at the outset of the 1990s, notably principle 7 of the Declaration of the Conference on the Environment and Development that took place in Rio de Janeiro in 1992 (commonly known as the Earth Summit), relative to "common but differentiated responsibilities" of developed and developing countries.

In the new vision of the international economic system that emphasizes the need for a "level playing field", the essential gains for the developing countries lie in the eventual dismantling of protectionism of "sensitive" sectors in industrialized countries, in the guarantees that export sectors derive from an international trading system with clear and stable rules, and in the design of preventive macroeconomic policies which serve as "self-protection" against international financial volatility. The correction of the

[4] See, for example, the first report of the Secretary-General of UNCTAD (Prebisch, 1964).

international asymmetries is only confined to the recognition of international responsibility towards least developed countries, replicating at an international level the vision of social policy as a strategy that focuses State activities on the poorest segments of the population.

Even though all these actions are desirable, would they be sufficient in themselves to generate a greater convergence in levels of development? In light of the previous considerations, the answer is probably negative. The application of the same measures in very different situations can even aggravate existing inequalities. Moreover, "leveling the playing field" implies restrictions on the developing countries that the industrial countries themselves never faced in previous periods of their history: standards of intellectual property protection which are those of countries that generate technology rather than those which were adopted by countries that copied technology, and limitations on policy options for promoting new productive sectors for either the domestic or the external markets (Chang 2002). Thus, the concept of "common but differentiated responsibilities" of the Rio Declaration and the already classic principle of "special and differential treatment" incorporated in the agenda of international trade negotiations, are more appropriate guidelines for building a more equitable global order than the "leveling of the playing field", the norm that has guided efforts to reform the international economic system in recent decades.

These considerations lay down the essential elements that should guide international economic reform vis-à-vis the developing countries (Ocampo and Martin, 2003). The first of these asymmetries suggest that the essential function of the international financial institutions, from the perspective of the developing countries, is to compensate for the pro-cyclical impact of financial markets, smoothing financial boom and bust at its source through adequate regulation, and providing a larger degree of freedom for countries to adopt countercyclical macroeconomic policies. This implies, in turn, adequate surveillance during boom periods, to avoid accumulating excessive macroeconomic and financial risks, and adequate financing during crises to smooth the required adjustment in the face of "sudden stops" of external financing. An additional function, which is equally essential, is to act as a countervailing force to the concentration of credit in private capital markets, making resources available to countries and economic agents that have limited access to credit in international capital markets.

With respect to the second asymmetry, the multilateral trade system must facilitate the smooth transfer to developing countries of the production of primary commodities, technologically mature manufacturing activities and standardized services and, therefore, avoid erecting obstacles to such transfers through protection or subsidies. Moreover, this system must also accelerate the access of developing countries to technology (avoiding, in particular, an excessive protection of intellectual property, which raises its costs or limits excessively the modalities through which the transfer can take place), and must ensure an increasing participation of developing countries in the generation of technology and in the production of high technology goods and services.

In order to accelerate these processes, the trade system must provide enough room for the adoption of active production strategies in developing countries –"policy space", to use the terminology of UNCTAD XI, which took place in June 2004 in São Paulo. In light of the problems that developing countries face in ensuring a dynamic transformation of their productive structures, what is required is "special and differential treatment" in diverse but particularly in two critical areas: regimes for intellectual property protection that avoid creating excessive costs for developing countries and which instead provide clear incentives to the transfer of technology towards them, and instruments to promote new exports ("infant export industries") which foster the diversification and increase the value added of their exports. All this requires, as should be obvious, a search for the appropriate instruments, in order to avoid a sterile competition among countries to attract footloose industries.

Lastly, to overcome the third asymmetry, labor migration must be fully included in the international agenda through a globally agreed framework for migration policies and strict protection of the human and labor rights of migrants, complemented by regional and bilateral frameworks and negotiations. Moreover, such agreements must envisage complementary mechanisms to facilitate migration, such as the recognition of educational, professional and labor credentials, the transferability of social security benefits, and a low cost for transferring remittances.

4. National Responsibility [5]

An international system "friendly" to development should start by overcoming the basic asymmetries of the global system, but cannot ignore the fact that the responsibility for development resides in the first instance with the countries themselves. This has been reiterated in numerous international declarations, most particularly in the United Nations Conference on Financing for Development that took place in Monterrey in 2002 (United Nations, 2002). This principle responds also to an old postulate of development literature, particularly of Latin American structuralism: that institutional development, the creation of mechanisms of social cohesion, and the accumulation of human capital and technological capacities ("knowledge capital") are essentially *endogenous* processes. To use a term of Latin American structuralism, in all these cases development can only come "from within" (Sunkel, 1993).

In this sense, a development strategy for the global era should have at its root an adequate institutional development. This includes non-discretionary legal systems and economic agents that behave in ways that confer trust in contracts; relatively efficient, impartial bureaucracies; strong social covenants that guarantee social cohesion and political stability; and rules and organizations that create an adequate balance between the public and the private interest. There are no universal models in any of these areas and there is, therefore, vast scope for institutional learning and, above all, for the exercise of democracy.

These institutional elements are basic factors of an adequate investment climate and, as such, could be considered necessary conditions for development. However, none of them explain the concrete incentives that lead to economic growth, nor do they offer

[5] For a longer analysis of the issues raised in this section, see Ocampo (2002) and Ocampo and Martin (2003), chapter 5.

the means to confront old and new forms of economic and social vulnerability brought about by globalization. To this end, the strategies that developing countries adopt should have three additional elements: macroeconomic policies designed to reduce external vulnerability and facilitate productive investment; active productive development strategies aimed at developing system-wide competitiveness; and ambitious social policies based on an integrated vision of development.

Macroeconomic policies ought to aspire towards a broad view of stability that should take into account not only price stability and the sustainability of fiscal accounts, the two main themes emphasized in orthodox literature, but also dynamic and stable economic growth and employment creation, sustainable external accounts and deep, healthy and inclusive domestic financial systems. Furthermore, this vision should take into consideration that there is no simple correlation between financial and real definitions of macroeconomic stability, and thus that there are unavoidable trade-offs between policies.

Strategies for productive development should, first of all, increase the pace of innovations, in the broad sense of the term, which includes the creation and diffusion of new technology as well as the development of new productive sectors and the conquest of new markets, and they should support the necessary learning processes. Secondly, it should reduce coordination costs to take advantage of the synergies between enterprises and productive sectors that contribute to create systemic competitiveness based on integrated productive networks. Thirdly, it should narrow down the productive gaps between different economic activities and different productive agents and, thus, reduce the dualism or structural heterogeneity that characterize productive sectors in the developing world.

The development of an integrated framework of economic and social policy requires that social development should be understood as the product of two basic ingredients: (i) a long-term social policy designed to increase equity and guarantee social inclusion, which requires ambitious education, employment and integral social protection (or modern welfare states), as well as strong principles of gender equality and frameworks to facilitate the social and economic inclusion of all social groups; and (ii) stable economic growth which generates an adequate volume of quality employment and a favorable environment for the development of small enterprises. The second ingredient implies that the social objectives of development cannot be reached without affecting the functioning of the markets. This implies that social development cannot advance if social objectives are not placed at the centre of *economic* policy.

III. A more balanced globalization

1. <u>The long road to better global governance</u>

As indicated by the World Commission on the Social Dimension of Globalization (2004), the road to a balanced globalization inevitably lies in better global governance. However, this road is long and rocky since the asymmetries that characterize the present globalization and the resulting distributive tensions reflect the intrinsic characteristics of politics and the political economy of the world today.

In fact, the imbalance of the current globalization agenda reflects the greater influence exerted thereon by the more powerful states and the large multinational enterprises. It is also the result of the disorganization of other actors, particularly developing countries, in international debates. This behavior is linked not only to the weakening of historical mechanisms of collective action of the developing countries (such as the Group of 77),[6] but also to the "policy competition" that globalization itself has created: the incentive for each country to show its attractiveness to investors in an era of capital mobility and greater susceptibility to relocation of production.

This situation is also affected by an element of politics and political economy: the resistance of the majority of countries to give up their economic sovereignty to international organizations. Under the strong market forces that characterize globalization and weaken nation-states, as well as the unilateral liberalization processes simultaneously

[6] A recent development has been, however, the rise of new groupings of developing countries that cross regions, and have had an important influence on trade negotiations (e.g., the G-20 led by Brazil, and the coalition of ACP countries and LDCs).

undertaken by countries, regulations of markets have thus weakened worldwide. Many analysts see this as progress, but it is also a source of serious distortion and risk. In addition, although open regionalism is one of the traits of the current globalization process and has led to integration efforts in many regions of the developing world (such as in Latin America, South East Asia and, more recently, Africa), these efforts have not resulted so far in strong coalitions among developing countries. In fact, the European Union aside (and, in this case, only in a limited way), countries are not ready to give up their sovereignty even to regional organizations.

These characteristics of politics and political economy have had important consequences for international reform. The most obvious is that the efforts towards a substantial reform are weak. Furthermore, they have prevented a more balanced negotiation process, thus undermining or even ignoring the interests of some actors. Hence, the asymmetries in global power relations and the high cost of establishing international coalitions to compensate for them have taken on greater importance.

The absence of a strong drive towards institution building at the international level implies that the institutions thus far created at the national level will not exist at the global level or will only have limited functions. Given the likelihood of incomplete international arrangements, developing countries should continue to claim autonomy in areas of critical importance, particularly in the definition of strategies of economic and social development and, as we have seen, adequate "policy space" to implement them. Moreover, as we will mention later, national autonomy in this area is the only system coherent with the promotion of democracy at the global level.

A final implication of the aforementioned analysis is that no international architecture is neutral in terms of the balance of power in international relations. In this regard, an international system that depends exclusively on a few global institutions will be less balanced than a system that relies also on regional institutions. The positions of countries lacking power at the international level will improve if they actively participate in such regional schemes. In fact, these schemes offer levels of autonomy and mutual assistance that countries would otherwise not be able to obtain in isolation. Therefore, the international order should offer ample room for the functioning of strong regional institutions respectful of a global order based on clear rules –in other words, a system of "open regionalism". In fact, building a strong network of regional institutions could be the best way to gradually building a better international order.

2. Globalization and Democracy

Despite the strength of the asymmetries that characterize the world economic system and the distributive tensions that it generates, the current phase of globalization is a multidimensional phenomenon that has also included the gradual spread of common ethical principles and international social objectives, which have been sanctioned in international declarations and agreements on human rights (civil and political, as well as economic, social and cultural) and in the declarations and plans of action the United Nations Conferences and Summits, including in particular the Millennium Summit (United Nations, 2000). These principles and objectives represent, in a deep sense, the "social dimensions of globalization". These processes are also rooted in the long history of struggle by international civil society for human rights, social equity, gender equality, protection of the environment and, more recently, globalization of solidarity and the "right to be different" (cultural diversity).

This "globalization of values" (ECLAC, 2000; Ocampo and Martin, 2003) has been instrumental in spreading democratic principles and a broad vision of citizenship throughout the world. However, the simultaneity of this process with the liberalization of market forces has generated tensions without creating mechanisms to attenuate them. The main reason for this is that the process of globalization, while supporting the recent spread of democracy and the establishment of international social objectives, has also eroded the capacity for action by nation-states. It has kept the complex task of sustaining social cohesion in the hands of nation-states, but with limited room for maneuver. Moreover, the necessary space required by democracy to engender diversity has been reduced as a result of the homogeneity of norms and the strong weight of conditionality in international financial assistance.

In this sense, the absence of a true internationalization of politics is the major paradox of the current globalization process. In other words, the simultaneous growth of democratic forces and distributive tensions has not been accompanied by the strengthening of the political institutions that would reduce the tension between them. Although there are incipient instances of global citizenship that take place in the form of struggles by international civil society, their capacity to affect the course of globalization still depends on their influence on national political processes, particularly in the more powerful countries.

This has deep implications for the international order. In the first place, it implies that it is necessary to create democratic spaces of a global character. However, as we have mentioned above, this process will be necessarily slow. Therefore, as long as the nation-state remains the main space for the expression of political citizenry, the promotion of democracy as a universal value will only make sense if national processes of representation and participation are allowed to determine economic and social development strategies and to mediate the tensions created by globalization. This coincides with the idea that institutional development, social cohesion and the accumulation of human capital and technological capacity ("knowledge capital") are essentially endogenous processes (see section II.4).

The support for these endogenous processes, the respect for diversity and the formulation of norms that would facilitate it are essential for a development-friendly international democratic order. This means, therefore, that *the international order should be strongly respectful of diversity*, obviously within the limits of interdependence. It also implies that an essential function of international organizations is to support national strategies that contribute to reducing, through political citizenry, the strong tensions that exist today between the principle of equality and the functioning of globalized markets.

3. International social goals and Official Development Assistance

Within a rights-based framework, the construction of a global social agenda should recognize that all members of society are citizens and, as such, are bearers of economic, social and cultural rights. The international declaration and covenants of human rights, as well as international agreements adopted at United Nations Conferences and Summits, can thus be considered an initial definition of the concept of global citizenship.

However, in this respect, there has not been a full transition from domestic to international responsibilities. In fact, respect for human rights and the responsibility of achieving social objectives still remains at the national level. Moreover, the execution of these obligations and commitments still lies with the nation-state and does not explicitly include other social agents. Lastly, as of now, there are no clear mechanisms for guaranteeing that these rights are respected and their commitments are fulfilled within each nation.

One essential activity in this field is the production, dissemination and analysis of information on the situation of economic, social and cultural rights, and on the provision of "public goods" and "merit goods" (or "goods of social value"), as well as on the fulfillment of objectives agreed upon at world conferences and summits. These periodic evaluations should be discussed at representative national forums, with active participation by parliaments and civil society. A process of this type would contribute to creating a culture of responsibility for meeting international objectives and commitments, and to adjusting domestic public policies accordingly. It would thus help building strong *political accountability* for international agreements.

The political visibility and the mechanism designed to evaluate progress towards the Millennium Development Goals of the United Nations represent major progress in this regard. It would be important to build on this experience and create new and broader mechanisms to promote accountability that would eventually lead to an integrated evaluation covering the declaration and covenants of human rights and other internationally agreed social rights (e.g. the principles and fundamental rights to employment, agreed upon at the International Labor Organization, and the rights of children, women and ethnic groups) and the closely related commitments reached at global Conferences and Summits of the United Nations.

In some cases, this political accountability can gradually make room for the possibility of citizens being able to *judicially demand* the fulfillment of their economic, social and cultural rights and of other international social commitments in competent national and international courts. The European Union has been the only region in the world where this process has been initiated. In all cases, the obligations of States must correspond to the degree of development of countries and, in particular, with their ability to reach goals that can indeed benefit *all* citizens, thus avoiding both voluntarism as well as populism.

At the same time, it is important to recognize that the responsibility for the comprehensive enforcement or implementation of social rights and goals goes beyond the aegis of the State. For this reason, the international community has moved towards various innovative initiatives, including the concept of corporate social responsibility. One concrete example of such initiatives is the Global Compact of the United Nations, through which the private firms that participate in the program commit themselves to voluntarily promote human rights in their areas of activity, to respect basic labor rights, to protect the environment and, more recently, to combat corruption.[7] This process has been accompanied by private initiatives, both in the corporate sector and in social movements of diverse origins.[8] These principles and commitments of corporate social responsibility have begun to be pursued on a regular basis by different institutions. It is worth noting, however, that there is still a great deal of controversy between those who argue for compulsory corporate responsibility schemes (mainly non-governmental organizations) and those (private companies) that prefer voluntary standards that will be gradually extended through emulation.

[7] See www.unglobalcompact.org

[8] Among relevant initiatives, there are directives for multinational enterprises prepared by the OECD in 2001; the Dow Jones Sustainability Index; the international code on environmental management (ISO14001); and the Corporate Responsibility Index promoted by the British organization "Business and the Community" and associated with the British stock-exchange index (FTSE).

On the other hand, the existence of significant global inequalities and asymmetries means that Official Development Assistance (ODA) remains a critical component for the implementation of global social rights and goals. Such assistance should be provided in accordance with the international commitments agreed with at the United Nations (to allocate ODA equivalent to 0.7 per cent of the Gross National Income of developed countries) and the basic criteria agreed by the international community in the 2002 Monterrey Conference on Financing for Development: to give priority to the fight against poverty and to the ownership of socio-economic development policies by the countries that adopt them (United Nations, 2002). Development cooperation must be conceived from the perspective of the simultaneous support for the eradication of poverty and the building of democracy, in accordance with a rights-based approach.

A complementary approach lies in the recognition that economic globalization will succeed in achieving convergence in the levels of development of different countries only if accompanied by resource flows that are explicitly aimed at that objective. The European Union, through its policy of "social cohesion", has undoubtedly provided the international mechanisms in which these principles have been shaped most clearly. It is indicative of the underlying political philosophy of these arrangements that the deepening of economic integration in the last decade of the twentieth century was accompanied by the strengthening of such a policy of cohesion (Marín, 1999). There is, however, no similar experience outside the European context. For this reason, as some analysts have argued, it would be desirable to extend this experience to other regional arrangements.[9]

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[9] See, for example, Bustillo and Ocampo (2004) in relation to the application of this framework to a possible Free Trade Area of the Americas.

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