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The Globalisation of Regulation*

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I. INTRODUCTION

GLOBALISATION, says Anthony Giddens in *The Third Way*, is an ugly word. Perhaps in part this is attributable to the fact that it refers to at least three distinct processes; (1) the globalisation of firms, (2) the globalisation of markets, (3) the globalisation of regulation.

Each type of globalisation involves, at base, a comprehensive spread of a phenomenon. Global firms are firms that begin their legal life in a territory and spread their operations through corporate groups and structures to other territories. Global markets, such as financial markets, are where buyers and sellers from any one territory can transact business with buyers and sellers from any other territory. The globalisation of regulation involves the spread of some set of regulatory norms. Most states, for example, now have systems of patent law.

The focus of this paper is on the globalisation of regulation. The next section of the paper outlines the relationships between the three kinds of globalisation. It then suggests that studies of globalisation should examine the effects of these three processes on three types of sovereignty: parliamentary sovereignty, national sovereignty and citizen sovereignty. Understanding these relationships helps us to see that in the debates about globalisation the participants are sometimes talking about different processes that impact on different kinds of sovereignty and as a result talk past each other. Section II of the paper discusses five examples of the globalisation of regulation. Much of the literature that is important to understanding globalisation takes the form of studies of particular regulatory

*This article draws on a study of global business regulation by the two authors. See John Braithwaite and Peter Drahos, *Global Business Regulation* (Cambridge: Cambridge University Press, 2000).

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domains rather than globalisation as an abstract moving force. Section III of the paper draws some conclusions about the process of regulatory globalisation.

II. THREE KINDS OF GLOBALISATION; THREE KINDS OF SOVEREIGNTY

Globalisation is a process of degrees. Holm and Sørensen's definition of globalisation as the 'intensification of economic, political, social and cultural relations across borders' nicely captures this claim.[1] A phenomenon does not have to traverse the entire globe before it can be conceived as part of globalisation. Many islands of the South Pacific do not have semiconductor chip legislation. But there are global proprietary standards for the protection of semiconductor chips. The process of globalisation loosens 'the constraints of geography' without necessarily eliminating them.[2] Around the world the criteria of patentability are the same, but there are different patent systems. The US prefers to retain its first-to-invent model while most other jurisdictions follow first-to-file. This example also shows that globalisation is distinct from harmonisation. Countries can adopt the same regulatory standards or principles and yet construct different rule-based systems of regulation. The more that countries move towards the same regulatory rules the more globalised and harmonised that regulatory system becomes. Turning now to the three kinds of globalisation, we can say that the intensification of one kind of process of globalisation is not necessarily linked to the intensification of another. The connections among the processes of the globalisation of firms, markets and regulation are contingent ones. Even if a particular market turns out not to be globalised, it does not follow that the regulation of that market is not global regulation or that the firms active in that market are not global firms. Deciding whether a given market has globalised, or a firm is genuinely global, or whether regulation has globalised involves in each case looking at different kinds of indicators. To measure the globalisation of markets one might look at a range of indicators including the price of a given commodity in those markets, imports and exports as a percentage of GDP and internet users per 1,000 population.[3] To decide whether a firm has globalised one might look at the spread of its production facilities, the number of countries and markets in which it operates, its recruitment patterns and its sources of borrowing. In the case of the globalisation of regulation one is trying to ascertain the extent to which principles, standards, rules, guidelines and models of regulation have converged. The fact that many countries adopted the UK Bills of Exchange Act of 1882, sometimes without change, is important evidence of the globalisation of personal property regulation.

[1]Holm and Sørensen 1995, p. 1.
[2]Waters 1995, p. 3.
[3]Jones and Smith 1999, p. 9.

Those who are sceptical about the existence of globalisation generally point to lower than expected levels of integration of markets for a genuinely global economy.[4] However, even if there is evidence of a lack of market globalisation based on the kinds of indicators mentioned above, it does not follow that there is no regulatory or firm globalisation in the relevant area. The examples below reveal the contingent nature of the relationship between the three types of globalisation and why scepticism about the existence of one does not warrant scepticism about the existence of the other two.

(a) Market globalisation without regulatory globalisation

The market for gambling has substantially globalised, with internet gambling and high rollers being flown across to casinos with special deals to attract their custom. To date the regulation of gambling has not globalised: different states regulate it in utterly disparate ways.

(b) Regulatory globalisation without market globalisation

The regulation of prescription drugs has substantially globalised in recent years. Yet markets here are not global. In many of the biggest markets, the state is a monopsonistic buyer of most prescription drugs. These national monopsonies are one reason why there is no one global price for the same drugs. There are also cases where regulatory globalisation in fact prevents market globalisation. For example, if global intellectual property laws allow for the prohibition of parallel imports (in other words, making the import of a legitimate product depend on the consent of the producer), it follows that intellectual property rights holders can price discriminate between markets by granting the right of importation to an exclusive agent.[5]

(c) Globalisation of firms without market globalisation

The preceding example reveals how you can have globalisation of firms without globalisation of markets. In no industry sector are the largest corporations more globalised in their activities than in pharmaceuticals. All the top twenty firms are quintessential transnationals that have subsidiaries in all the largest markets and many of the smaller ones.

(d) Globalisation of firms without regulatory globalisation

There are global media companies, Rupert Murdoch's News Corporation being an example. There is also a global trade in audio visual services like film and TV programs. With some qualifications the regulation of media remains a

[4]Held et al. 1999, p. 5.
[5]Walker 1998.

national affair. States have different laws on matters such as the allowable concentration of media ownership, the kind of pornography or politics they tolerate in the media and the amount of domestic content they require in their TV programming.

Globalisation is often demonised in the popular press, being blamed for loss of jobs, erosion of national sovereignty and identity, lower standards of living and so on. The concern here is the impact of globalisation on national sovereignty. But there are at least two other kinds of sovereignty that are also relevant to processes of globalisation; the sovereignty of parliament and the sovereignty of citizens. The connections between these three kinds of sovereignty and three kinds of globalisation turn out to be, as our case studies will illustrate, deeply contingent. This means that it is difficult to develop in some *a priori* fashion relationships of correspondence amongst these processes and sovereignties. The globalisation of telecommunications, it might be claimed, has caused a loss of sovereignty. If by globalisation we mean regulatory globalisation as it applies to the setting of telecommunication standards, then it is true to say that states and parliament no longer set such standards. This is done by international organisations such as the International Telecommunication Union or the marketplace.[6] The loss of state sovereignty or parliamentary sovereignty over telecommunications standards does not entail a loss of citizen sovereignty. Harmonised telecommunications standards enable citizens around the world to communicate. They allow for new forms of international citizen activism. The globalisation of a telecommunications standard (regulatory globalisation) may produce gains for consumers (consumer sovereignty being an aspect of citizen sovereignty) worldwide because it means that many manufacturers can compete to the same standard. Allowing too many national or regional standards to proliferate may work against consumer interests. The blocking of the globalisation of Japanese standards for high-definition television by the US and Europe is a case in point.[7] If, however, by the globalisation of telecommunications we mean the globalisation of media empires then there may be a threat to citizen sovereignty. The globalisation of media companies may mean that citizens receive news from fewer and fewer sources, leading to what Herman and Chomsky call manufactured consent.[8]

There are also examples of the globalisation of regulation that do not bring benefits to consumers. India, for example, by not allowing patents on pharmaceutical products, was able to produce cheap medicines for its population as well as the populations of other developing countries. Under the Agreement on Trade-Related Aspects of Intellectual Property Rights 1994 (TRIPs) India has to recognise product patents on pharmaceutical products. The

[6]Joseph and Drahos 1998.
[7]Hart 1998.
[8]Herman and Chomsky 1994.

result will be an increase in drug prices.[9] The globalisation of firms is not necessarily a bad thing for environmental protection. Global firms have global reputations to protect and they can be powerful agents for leading environmental standards up rather than down once they see a competitive advantage in those standards. The globalisation of markets is also a complex phenomenon in terms of effects. The globalisation of agricultural markets would probably bring benefits to the agricultural exporting economies of many developing countries. The globalisation of the institution of the stock exchange means that companies in developing countries have more opportunity to raise capital, especially if they cannot meet the higher regulatory standards of a New York or London Stock Exchange. New financial instruments such as the hedging contract mean that borrowers can access cheaper offshore capital and guard themselves against the risk of currency fluctuations. It is true that global investment flows and the innovation in financial products pose new kinds of risks for the financial systems of states, but the solutions to these risks probably lie in globalising financial regulation so as to make capital flows genuinely productive rather than just speculative.[10] Dividing globalisation into three distinct types of processes and linking the effects of these processes to three types of sovereignties pushes theories of globalisation in the direction of the empirical. As the examples above have shown, we cannot deduce the effects of globalisation on citizen sovereignty, even if we know that globalisation has caused a loss of national or parliamentary sovereignty. Approaches to globalisation that fail to disaggregate it into its constituent processes and that rely too heavily on abstract theorising are likely to produce generalisations that apply weakly or claims that are simply false. A conceptual scheme that connects the study of globalisation to three kinds of globalisation and three kinds of sovereignty allows for a more fine-grained investigation of the empirical realities of globalisation. This conceptual scheme also links the study of globalisation to existing normative theorising about national, parliamentary and citizen sovereignty. Prescription and description in relation to globalisation become more closely linked enterprises. A normative justification for the globalisation of some regulation might be that such globalisation promotes the republican ideal of freedom as non-domination of citizens.[11] The prescription of World Government[12] as a solution to the globalisation of markets and regulation might be empirically shown to be utterly utopian in the face of the capacity of some states with mighty treasuries and armies to defend their sovereign powers. There is no reason to think that globalisation strips states of their sovereignty in equal measure. In fact there may be cases where the globalisation of regulation promotes the national sovereignty of one state, if what has been globalised is a national regulatory model that

[9]Keayala 1996.
[10]See, for example, Haq, Kaul, Grunberg, 1996.
[11]Pettit 1997.
[12]Habermas 1996, p. 456.

advantages a particular state. One possible institutional prescription is the creation of a Second Assembly of the UN directly elected by the people of the world.[13] As a Second Assembly, this proposal lacks the unreality of supplanting the votes of undemocratic states in the existing General Assembly.

III. FIVE CASE STUDIES OF REGULATORY GLOBALISATION

A. PROPERTY AND CONTRACT

Property and contract form the foundation of a private law based system of commerce. Property law constitutes rights in the objects of property; contract enables the exchange of those rights. The regulation of real property remains a matter for states, very often local governments. It is, as we shall see, a different matter for personal property (for example, money, negotiable instruments, intellectual property rights).

The history of the globalisation of property and contract is linked to the rise and fall of the Roman Empire. In terms of its regulatory impact and influence on the institutions and laws of other countries it is Roman law that has been the most important. The principles and rules of Roman private law are to be found embedded in the modern common law and civil systems of many states. By the second century AD, Rome lay at the centre of a global trading system. Running parallel to Rome's territorial and commercial expansion was the creation and expansion of its private law. The development of Roman private law was largely undertaken by a body of men commonly called jurists, private individuals who through their writings and opinions developed the principles and rules of private law. It is the jurists from the classical period (the Principate) who 'are the real builders of the great fabric of Roman Law'.[14] Roman private law progressively extended throughout the Empire as more and more of its inhabitants acquired citizenship. After Rome fell to the Ostrogoths in AD 476, the harmonised system of Roman private law went through a process of vulgarisation, becoming fragmented and mixed with local and customary law.[15] The Emperor Justinian attempted to reverse this process with his great project of codification and systematisation of Roman private law, the *Corpus Iuris Civilis*. After the publication of its main parts in AD 533 and 534, the *Corpus*, like the Empire, began to fade from view. Unlike the Empire, however, the *Corpus* was destined for revival and a second journey of conquest. This journey began in the eleventh century in Bologna where the scholar Irnerius was principally responsible for beginning a study of the *Corpus*, after a copy of the *Digest* (one of the works making up the *Corpus*) was discovered in Pisa.

[13]Segall 1990; Held 1995.
[14]Buckland 1963, p. 20.
[15]Kaser 1965, pp. 4–5.

Bologna became the centre of Roman law studies in Europe. The reception of Roman law into Europe travelled, at first, along academic routes. The agents of this reception were university teachers and those trained by them who entered the legal system, the administrators, judges and advocates.[16] No country in Europe escaped the process. The structure of Blackstone's *Commentaries* (1765–1769) is essentially that of Justinian's *Institutes*.[17] Roman law (along with Canon law to a lesser extent) worked as a centripetal harmoniser. It became the handmaiden of different western medieval legal systems—canon law, imperial law, the systems of positive law of emerging secular states.[18] The principle of personality allowed for the coexistence of the different laws of different peoples. It produced great complexity and uncertainty, particularly in trade because it meant that different traders brought their different laws to the trading table.[19]

Nation-states over time developed an alternative to the principle of personality. The sovereign of a nation-state, it came to be accepted, had the right to enact laws for a particular territory. Sovereignty came to mean a right of command over the inhabitants of a territory rather than simply a people. Territorial sovereignty was complemented by the development of an important legal principle, the principle of territoriality—the principle that the laws of a sovereign applied absolutely within the territory that constituted the sovereign's state but did not apply in the territories of other sovereigns. This principle, like the principle of personality, proved to work against the harmonising influence of Roman law. The principle of territoriality brought unity of law within a state. It enabled the intra-state harmonisation of law. It was not a principle that worked in favour of the cross-border harmonisation of a given set of rules, because under the principle, the sovereign's commands stopped at the borders of his nation-state.

The spread of Roman law, which had begun so forcefully in the eleventh century, began to lose its impetus in the sixteenth. Crucial in this complex historical process was the work of the legal humanists of the Renaissance.[20] It was they who, through their attacks on medievalist interpretations of Roman law, paved the way for a renewal of interest in the study of customary law. Roman law, which through its reception into Europe had offered the elements of a universal legal system, now had to be content with casting its shadow upon the legal systems of nation-states. Roman private law, particularly contract and property, remained much studied. It provided the emerging national legal orders of Europe with a common conceptual vocabulary, but not a universal legal system. Property and contracts were regulated by both canon law and secular systems of law. Cannon law generally was 'more highly developed' and therefore

[16]Watson 1991, p. 90.
[17]Birks and McLeod 1987, p. 24.
[18]Berman 1983, pp. 204–5.
[19]Vinogradoff 1929, pp. 25–6.
[20]Hazeltine 1926, p. 155.

'available for imitation', but the extent of its imitation by secular authorities was limited by their fears of the expansion of ecclesiastical power, as well as by the existence of customary sources of law that secular systems could draw upon.[21]

One class of private actors remained a critical force for the harmonisation of property and contract. Trade grew in the eleventh and twelfth centuries and with this came the professionalisation of trade. More and more trade came to be carried out by merchants whose livelihood was based solely upon the pursuit and exchange of goods and who, through charters of privilege, managed to escape the restrictions of feudal law that bound many lowly peasant producers.[22] Merchants saw clearly that if trade, particularly international trade, was to flourish they needed clear and certain rules as well as speedy dispute resolution mechanisms. Over time, through the application of commercial practical reason, merchants evolved a set of customary norms that applied to merchants as a professional class. The origins of Law Merchant (*Lex Mercatoria*) lie in the customary practices of merchants that transcended local custom or law and which came to be recognised by national courts. Lying at the core of these practices was the principle of good faith in the making of agreements, a principle that was policed by the need of merchants to maintain trading relations with each other so that the growing international commerce could continue.[23] The creation and reinforcement of this body of merchant custom was aided by the evolution of codes of conduct in important trading centres, codes that had an influence across state boundaries. In the case of maritime trade the most important of these were the Amalphitan Table (1095 from the Republic of Amalphi in Italy), the Rolls of Oléron from the island of Oléron (circa 1150), The Consulato del Mare from Barcelona in 1340 and The Laws of Wisby (circa 1350) from the Baltic.[24] As international and intra-regional trade in medieval Europe grew, the problem of how to arrange for the payment of goods became more pressing. Solutions lay in the creation of financial instruments, documents that were easier and safer to transport than gold or coin. These instruments, such as the bill of exchange, became part of the landscape of personal property and with the rise of negotiability, tradeable entities in their own right. The evidence suggests that these innovations were borrowed from the merchants of the East.[25] By the fifteenth century one standard version of the bill of exchange, the *tratta* or letter of payment as it was known, was in use everywhere in Europe.[26] The widespread imitation of the Italian *tratta* by all countries, including England, had everything to do with the emergence of a new type of commercial actor in Europe: 'the rise and development of that type of commercial organisation of which the Italian

[21]Berman 1983, p. 274.
[22]Postan, 1973, pp. 138–42.
[23]Trakman 1983, p. 7.
[24]Berman and Kaufman 1978, pp. 224–5.
[25]Abu-Lughod 1989; Postan 1973.
[26]Postan 1973, p. 54.

banking houses were a specimen: we mean the appearance of firms with permanent connections abroad'.[27]

Medieval *Lex Mercatoria* was a spectacular example of transnational private ordering. In the twentieth century the globalisation of property and contract remains powerfully influenced by firms, now themselves global corporate entities. States have, through international organisations such as the United Nations Commission on International Trade Law, attempted to harmonise commercial law. But for the most part the international conventions that have been produced in this field are a 'dead letter'.[28] By contrast, the international business organisation the International Chamber of Commerce (ICC) has had many successes. Founded in 1919, the ICC operates through an elaborate structure of national committees and working parties, which in the case of international trade is utilised to ascertain the actual business practice of merchants. Drawing on this database of custom, the ICC began to formulate standard codes for the regulation of financial instruments. Its code on Uniform Customs and Practice for Documentary Credits, first adopted by it in 1933, had by 1966 been applied in 173 countries, the code transcending cold war differences. The new *Lex Mercatoria*, like the old, remains a process in which regulatory norms travel from bottom (the practices of corporations) to top (recognition by the state).[29]

The deep-seated influence of corporate actors upon the process of regulatory globalisation is best illustrated in the case of the globalisation of intellectual property rights. The conceptual foundations for incorporeal rights are to be found in Roman law, but it is not till the nineteenth century that the process of globalisation of intellectual property rights begins in earnest with the signing of the Berne Convention 1886 (dealing with copyright) and the Paris Convention 1883 (dealing with industrial property). Many states did not join these conventions at the time because they saw little in the way of trade gains for themselves. The US did not join the Berne Convention because it was reluctant to recognise the rights of foreign copyright holders. After World War II the US began to push for the global recognition of intellectual property standards. It joined the Berne Convention in 1986 and in that year it also managed to place intellectual property protection on the agenda of the Uruguay Round of trade talks. The US kept developing countries at the multilateral negotiating table on intellectual property by threatening 'pirate' developing countries with suspension of the trading privileges they enjoyed in the US market under US trade legislation. A small group of US corporations were behind these bilateral and multilateral strategies. Under US trade legislation, corporations could ask the United States Trade Representative to investigate the practices of other countries on the

[27]Postan 1973, p. 63.
[28]Bonell 1992, p. 617.
[29]Cooter 1996.

protection of US intellectual property. Representatives from US corporations also played a key role in shaping and even drafting the TRIPs agreement.[30]

Before moving on to discuss financial regulation, it is worth making some observations about this particular case study. It is clear that in the case of property and contract the process of globalisation has been a long and uneven one. Roman law provides the conceptual foundations for many of the contract and property norms that regulate business today. Yet the globalisation of property and contract does not follow a neat evolutionary line. After the sacking of Rome the legacy of Roman law was lost to Europe for almost a millennium. The harmonised *Lex Mercatoria* of the twelfth and thirteenth centuries became less harmonised as a result of the emergence of national regulatory orders. In the case of contract law it is non-state actors, such as the Glossators and merchants of the ancient East and the medieval West, that have been responsible for its globalisation. These two case studies also reveal the operation of what might be termed 'mechanisms' of globalisation.[31] Roman commercial law globalises in the first instance because of Rome's armies. The mechanism of military coercion explains why a lot of the world's business regulation is at the level of concepts and principles globalised. But it is by no means the only mechanism. The reception of Roman law into Europe that began in the eleventh century was carried out by weak non-state actors—scholars working with tools of interpretation. Crucial to this regulatory diffusion was the fact that the Glossators had constructed what in effect was a powerful regulatory model: 'the law of the *Corpus Iuris* was a highly developed system providing solutions for many difficult legal questions and was conveniently assembled in one great codification'.[32] Constructing regulatory models that others follow and adapt for their own purposes can be termed the mechanism of 'modelling'.[33]

A third mechanism that has operated in the case of contract law has been a mechanism based on a reciprocity of interests. Merchants wishing to do business with each other across borders in medieval Europe had a great incentive to develop one set of rules to govern their relations. It was for this reason that Pollock described *Lex Mercatoria* as a type of natural law.[34] He was drawing attention to the fact that reason and convenience had driven merchants to recognise their reciprocally linked interests and to establish rules common to all merchants to serve those interests. The reciprocity mechanism also explains the limits of the global harmonisation of contract. Multinationals gain from there being some diversity in systems of contract law because they can choose to apply

[30] Drahos 1995.
[31] The use of mechanisms to explain events is an approach adopted by Jon Elster (1989).
[32] Wolff 1964, p. 191.
[33] Modelling can be more precisely defined as the globalisation of regulation achieved by observational learning with a symbolic content, learning based on conceptions of action portrayed in words and images. The latter cognitive content makes modelling more than mere imitation, where imitation means one actor matching the actions of another usually closely in time. See Braithwaite and Drahos 2000, ch. 4.
[34] Pollock cited in Wright 1939, p. xi.

that system of contract law to a particular transaction that best suits their purpose. In those cases where a reciprocity of interests does not work to produce globalisation, an actor might still be able to unilaterally globalise regulatory standards if it is sufficiently powerful to mobilise a mechanism like military or economic coercion. The use of trade threats by the US in the case of intellectual property is a case in point. Developing countries as intellectual property importers had no interests in the globalisation of intellectual property rights. TRIPs is an example of regulatory globalisation that at base was brought about by the mechanism of economic coercion.

B. FINANCIAL REGULATION

Financial regulation embraces a number of different regimes: monetary regulation, banking, securities, tax and insurance regulation. Each regime has globalised to a different degree. Present-day global financial regulation, much like the regulation of property and contract, has emerged from a historical process of oscillation between national and global standards.

Monetary harmonisation was a feature of the ancient world. The Persian and Roman Empires, for example, assumed control over coinage and issued an imperial currency. The right to coin became a hallmark of sovereign power. It also became the symbol of tyranny. The development of currency in the seventh and sixth centuries BC was in Greece also the age of tyrants, when men used power over coinage as a means to political supremacy.[35] Throughout ancient times one of the first things a city-state or region would do, once it had regained its autonomy, would be to recommence a local currency. Monetary harmonisation in the ancient world was not simply the product of military coercion. Monetary unions were agreed to amongst some of the independent city republics of Greece from the end of the fifth century.[36] Reciprocal trade interests lay behind the emergence of these unions. States have recognised that they have a long-term interest in an international monetary system that equilibrates imbalances of payments between states. International monetary crises, such as those experienced between 1918–1939, a period in which states engaged in currency depreciation races, have reminded states of their long-term interests in finding a means of adjustment. Such crises allow leading economic minds to travel to places like Bretton Woods and devise a set of regulatory institutions for the world. Yet long-term and short-term interests have rarely been allowed to stay together by actors in matters of financial regulation. Despite the success of Bretton Woods, the seeds of self-interest had already been planted in those institutions. Keynes, one of the principal architects of the agreements at Bretton Woods, observed in his report to the UK Chancellor in 1946 that the 'Fund can

[35] Burns 1965, pp. 81–2.
[36] Ibid., p. 219.

scarcely be, at any rate in the early years, the nucleus of a super-central bank, such as we hoped'.[37] By 1971, the year the US suspended the convertibility of the US dollar, Keynes' vision of an international monetary system capable of disciplining deficit and surplus nations alike, thereby bringing equilibrium to the economies of the world, had faded. The pattern since then has been one of floating levels of cooperation through temporary regimes and accords.[38] The mechanism of reciprocity that we identified in the previous section has operated in international monetary affairs with fluctuating intensity.

Banking regulation is an example of where the globalisation of markets and firms for a long time was not matched by the globalisation of prudential regulation. Integrated capital markets are not just a twentieth century phenomenon. The capital markets of Amsterdam and London were highly integrated in the first quarter of the eighteenth century.[39] Similarly financial crises, as the work by Kindleberger shows, have tended to go international.[40] Nation-states for a long time, in other words, have been exposed to volatilities and crashes in foreign financial markets. What is different at the end of the twentieth century is that there are many more entry points into these markets, many more points on the globe where a crisis can begin. Much of the history of banking regulation in the eighteenth and nineteenth centuries is the history of central banks learning to understand the operations of emerging banking systems under conditions of crisis and integrated financial markets. The Bank of England in this respect was well ahead of other central banks, but it did not reach the zenith of its influence till the end of the nineteenth century.[41] The truth about national supervisory power over banking is that for the most part it has been based on uncertainties about how to exercise that power, imperfect information flows between national regulators concerning international crises, and a lack of early warning systems to detect the development of those crises. States for the most part have only ever had a weak or partial sovereignty over their banking systems. Somewhat paradoxically, the globalisation of banking and financial markets has seen the quiet evolution of a global regulatory system for banking that has actually improved the prudential regulatory system for multinational banks located within national jurisdictions.

The beginnings of this global system lie in the failure in 1974 of the Herstaat Bank in Germany and the failure of the US wholesale bank, the Franklin National. It became clear to regulators that such failures posed much higher levels of systemic risk because of the integrated nature of the financial system.[42] The response of the custodians of national financial systems, the central bankers, was swift. Under the auspices of the G10, the central-bank Governors of that

[37]Keynes 1980, p. 232.
[38]Hirst and Thompson 1996, p. 32.
[39]Neal 1990, ch. 7.
[40]Kindleberger 1978.
[41]Morgan 1965.
[42]Herring and Litan 1995.

group of countries established at the end of 1974 what is now known as the Basle Committee on Banking Supervision (Basle Committee). The Basle Committee's first accomplishment was the production of a set of principles aimed at working out supervisory lines of responsibility for a bank established in more than one jurisdiction. One of the central features of the system of regulation that the Basle Committee has built is that it is comprised of principles, standards and guidelines that are non-legal in nature. Yet despite this, many standards that the Basle Committee sets enjoy almost universal adoption by banks that trade internationally, an example being its capital adequacy standards for banks. The global regulatory system that the Basle Committee has built up has been achieved through a process of dialogue and networking. Through extensive consultation with experienced members of the banking community, the Basle Committee develops principles and guidelines for best financial practice.[43] During its consultations the Committee reminds those in international banking circles that cooperating to avoid the dangers of systemic risk has an inescapable logic about it. In various ways it helps to build personal links between supervisors, bringing them together as part of a global village community of banking supervisors. Slowly, quietly, step by step, the Basle Committee moves towards coordinating the emergence of a global regime for banking that operates on the basis of self-regulated cooperation.[44]

The case of banking regulation also reveals the way in which globalisation, even in the case of financial markets, cannot simply be seen as the triumph of a liberal principle of deregulation. The real success of the principle of deregulation lies in the fact that its application in financial regulation is progressively removing restrictions on what different kinds of actors may do in a given market. Banks under deregulation can move into offering a range of different services such as securities and insurance. Actors can enter other geographical markets (US Banks in Europe, European Banks in the US). Deregulation has not, however, resulted in certain kinds of activities or functions becoming free of regulation. In fact the reverse seems to have happened. No-one seriously suggests that there should be less supervisory coverage of the banking function. Supervisory authorities operating in deregulated markets have in fact been successful in pushing for an extension of their supervisory powers.[45] The principle of deregulation has developed important counterweights in the form of the principles of consolidation and transparency. Transparency requires corporate groups to make information about their balance sheet items (and increasingly their off balance sheet items) and related data available to supervisors, while the principle of consolidation requires supervisors to aggregate that information and data in ways that reveal that corporate entity's overall condition. Regulation based on

[43]Shah 1996.

[44]On the conditions for self-regulated cooperation without enforcement see Ostrom 1990, p. 186. On the role of complex interdependency see Keohane 1984.

[45]For an example involving the Bank of England see Moran 1986, ch. 5.

these principles makes the value and risks of tradeable assets more visible to other traders, auditors, regulators, analysts, fund managers, rating agencies, investment advisers and ordinary shareholders. These principles in fact serve the information needs of the mass investing public of developed countries. Both states and citizens are in a better position to gain information about the risks that attend any given investment than at any other time in the history of financial markets. When the Rothschilds lent money as venture capitalists to companies and states, they did so on terms known only to a few. These days when venture capitalists in London or New York lend capital to companies in Asia and assume a seat on the board, they steer those companies in the direction of higher levels of transparency, higher standards of financial disclosure and management, knowing that the chances of that company attracting the attention of investors and gaining a listing on one of the world's better stock exchanges will be increased by these moves. Global capitalism is a more transparent capitalism. Somewhat paradoxically, this form of capitalism places national regulators and investors in a stronger position than the insider networked capitalism of previous centuries.

C. ENVIRONMENTAL REGULATION

The globalisation of environmental regulation in contrast to the preceding three case studies has a much shorter history. Most of the important events in the history of the globalisation of environmental regulation have occurred since 1970. There are early examples of international conventions with environmental goals such as the 1900 Convention for the Preservation of Animals, Birds and Fish in Africa or the 1911 convention between the US and other powers which accomplished the restoration of northern fur seal herds.[46] The motivation behind these conventions was predominantly economic rather than ecological.

A key event in the transition from primarily economic to primarily conservationist motivation for environmental regulation was the publication in 1962 of Rachel Carson's *Silent Spring*; its central concern was the threat of agrochemicals to fauna and flora. Carson's ideas became influential in many countries. Certain catastrophic events contributed to the shift from economics to ideas as the driving force towards globalisation. One was the outbreak of Minamata disease from mercury poisoning in Japan from 1953 to 1956, and again in 1965. In quick succession, the Japanese catastrophe led to the realisation that Canada, Sweden, the United States and then other countries had serious problems of mercury in game and fish. Soon after *Silent Spring*, new science demonstrated the widespread risks of polychlorinated byphynels.[47] Once the scientists revealed the evidence that built global concern, the UN decided in 1968 to convene the 1972 Stockholm conference on the Human Environment. After

[46]Brenton 1994, p. 16; Young and Osherenko 1993, p. 35.
[47]Lonngren 1992, p. 97.

Stockholm, the number of states with national environmental agencies increased from 26 in 1972 to 144 a decade later. The proliferation of framework conventions dealing with the environment in the last few decades has been staggering. One claim is that there are 900 multilateral or bilateral international legal instruments concerning the environment.[48]

The sheer size and diversity of global environmental regulation means that it contains some of the most interesting case studies of the globalisation of regulation. To begin with, environmental regulation is an area in which international NGOs and concerned mass publics have been important actors. Our previous case studies have shown states, multinationals and international business organisations to be key players. The ideas for international environmental regimes have tended to come in the first instance from globalising movements of concerned citizens and scientists rather than bureaucracies and governments.[49] They have hawked regulatory models of environmental change from one state to another, until they have captured a powerful bureaucracy to champion the model. The International Union for the Conservation of Nature effectively set the agenda in the negotiations that led to the signing of the Convention on International Trade in Endangered Species in 1973 by earlier tabling a draft convention on the trade in endangered species. It attempted to capture the same strength from weakness in the biodiversity debate by tabling a draft biological diversity convention in 1988.[50] Placing a regulatory model on the table means that there is a resource for others to use which saves them development costs. Young and Osherenko found empirically that the key feature of such models for them to be influential is simplicity.[51] This modelling mechanism can be used by business and non-business actors alike. For example, the Responsible Care Program for chemical manufacturers had its beginnings in Canada.[52] This was picked up by the US Chemical Manufacturers' Association and eventually spread throughout the world by global companies. Importantly though, international business has been able on issues crucial to it to trigger the use of the mechanism of coercion. Business groups did circulate a draft TRIPs agreement during the Uruguay Round of trade negotiations, but it was the use of trade threats by the US that drove developing countries to agree to TRIPs. Business models alone would never have persuaded developing countries to agree to TRIPs.

Studying the globalisation of environmental regulation also reveals the operation of different dynamics of global regulation. The globalisation of production and markets is often seen as constituting a dynamic that drives down attempts to globalise higher standards of environmental protection. States, in

[48]Boer 1995, p. 114.
[49]Caldwell 1988, p. 17; See also Keohane, Haas and Levy 1993, p. 14.
[50]Porter and Brown 1991, p. 62.
[51]Young and Osherenko 1993.
[52]Gunningham 1995.

order to attract investment, enact only minimal standards of environmental protection and corporations locate in those jurisdictions where environmental regulatory costs are the lowest. This particular regulatory dynamic is triggered by corporations subscribing to a principle of lowest cost location, a principle which sees them shifting high impact activities from nations with tough regulatory standards to pollution havens. Since the 1980s, however, an alternative dynamic based on a different set of principles has emerged. This dynamic is based on the adoption into regulation of principles of world's best practice, continuous improvement, and best available technology. Building these principles into regulation means that companies face tougher regulatory hurdles, but those tougher hurdles may also help to constitute a competitive advantage. The empirical work by Michael Porter shows that tough national environmental standards act as an incentive for national firms to innovate to meet those standards, thereby giving them an advantage in international markets.[53] The kind of evidence Porter adduces for his conclusion is the way the Japanese Energy Conservation Law of 1979 set demanding standards for refrigerators, airconditioners and automobiles, stimulating product improvements that improved the international position of Japanese firms in these markets. Porter found that until the 1970s the US led the world in the export of pollution control technology. But during the 1980s higher standards in nations such as Germany, Sweden and Denmark enabled them to seize much of this American export leadership.

Global production and global markets need not necessarily produce a race to the bottom when it comes to environmental regulation. If states and corporations can be persuaded to follow principles such as world's best practice and continuous improvement, environmental standards can be ratcheted up rather than down. There is empirical evidence that in the case of global environmental regulation there has been significant ratcheting up.[54] This does not change the fact that ratcheting up is from a low base of environmental protection. Environmentalists remain sceptical about whether schemes for companies like the EU's Eco-Management and Audit Scheme can deliver the kind of foundational change that is needed in global environmental regulation.[55] Business power continues to prevent the kinds of regulatory regimes which might give the planet a sustainable future. For many in business, the principles of lowest cost location and deregulation are more tangible, easier to understand than the principle of world's best practice. The case of environmental regulation reveals the limits of an abstract structural approach to understanding globalisation. From the knowledge that markets and production have globalised one cannot read off the direction in which the regulation of the environment will go. There is, as we said at the beginning of this paper, a deep

[53]Porter 1990.
[54]Vogel 1995.
[55]Isaak 1999, ch. 3.

contingency about the globalisation of regulation. Both positive and negative global regulatory ratchets operate in environmental regulation. The existence of a positive or negative ratchet in a given environmental area is an outcome of a contest of principles (for example, the principle of lowest cost location v. the principle of world's best practice), of different actors using mechanisms at their disposal to support their chosen principles. The globalisation of regulation (or lack of it) is the outcome of these strategic micro struggles.

D. Labour Regulation

The first globalising movement in the regulation of labour culminated in rather detailed rules for a slave system in Justinian's Code (issued progressively through the sixth century AD) and earlier in the Theodosian Code (AD 438). Justinian's code proved a resource over the ages, being drawn on for the purposes of Byzantine administration and the Visigoths when they overran Spain in the Early Middle Ages.[56] Feudal serfdom more or less replaced the slave system. Slavery became of major economic importance again with the exploitation of African labour to develop the plantation economies of the New World. From the sixteenth to the nineteenth century 9.5 million Africans were forcibly transported across the Atlantic.[57] The principles of Roman slave law continued to influence nineteenth century US slave labour.[58]

This resurgence of slavery gave rise to the first of the great global social movements, the anti-slavery movement. It was initially an anti-slave-trade movement which had the decisive victory of ending British and US participation in the international slave trade in 1807. In 1838 slavery was abolished throughout the British Empire, later in progressively more American states, later still throughout the whole of Europe, the Americas and the Pacific. The Quakers in North America and England were the most important early shapers of the social movement against slavery. In 1787 what had been a purely Christian, predominantly Quaker, social movement became a non-sectarian transatlantic movement with the establishment of the London Abolition Committee with links to other committees throughout the Empire, in Philadelphia and New York, and to Amis des Noirs in Paris.[59] The anti-slavery movement pioneered tactics now standard in social movement politics, such as the use of petitions, consumer boycotts (of sugar produced by slaves), and of the courts to highlight injustice.[60] While the use of these tactics to smash the system of slavery brought successes, much more was accomplished through the mechanism of military coercion. British naval attacks right into Rio harbour

[56]Phillips 1985, p. 38; Finley 1980, p. 124.
[57]Fogel and Engelman 1974, p. 15.
[58]Watson 1987, pp. xvii–xix.
[59]Temperley 1972, p. 40.
[60]Temperley 1972, p. 10; Anstey 1975, p. 246.

effectively ended the Brazilian slave trade in 1853, the new French government after the February Revolution of 1848 moved immediately to emancipate slaves in all French colonies,[61] and the civil war in the US ended the era of slavery in the world's emerging great power. Military coercion was also fundamental to the globalisation of labour market standards that occurred from the beginning of the sixteenth to the early twentieth century, based on a global politics of race and colonialism. As slavery was progressively abolished, the law of master and servant which had become progressively less important to regulating white workers became progressively more important to regulating non-white colonial labour, replacing slavery with servitude.[62] Colonialism did not forge a global harmonisation of labour law because colonialism operated to push the South back to legal regimes that applied in earlier periods of Western history—to pre-feudal laws of a slave system during mercantilism, to pre-capitalist Master and Servant laws during the industrial revolution and into the twentieth century. Colonialism saw the continued globalisation of regulatory systems based on the coercion of labour, but those systems were adapted and designed for purposes of local domination.

The globalisation of labour regulation that we see in the world today also illustrates that an understanding of the process of globalisation depends on understanding the operation of a whole web of influences. Different actors form part of the web. In the twentieth century the labour movement, the women's movement, the black rights civil movement and the human rights movement have all been important. The International Labour Organisation (ILO) has been the key international organisational actor in promoting a global convergence on a core group of labour standards. The organisation itself was born out of an alliance between the labour movement, the victorious states of the Versailles peace accord and international business, the last two groups fearing that if something were not done about labour standards globally, the unions would become the instruments of Bolshevism.[63] The UK, the US, France and Germany have all been at different times key national players, with the US being more influential than other states in the bilateral enforcement of labour standards. Individual companies like Levi-Strauss, Reebok and Starbucks Coffee have made modest contributions to the globalising of labour standards by insisting on and enforcing compliance with a corporate labour code by their many suppliers throughout the world (as well as by their own subsidiaries).[64] While NGOs have been sceptical about the value of these codes, arguing that corporate hands have too great a say in their design and enforcement, these codes form one regulatory strand, albeit a weak one, that influences the globalisation of labour standards. Another weak strand has been the establishment of Company Councils by

[61]Temperly, 1972, p. 183, pp. 189–90.
[62]Craven and Hay 1994.
[63]Haas 1964.
[64]Compa and Hinchliffe-Darricarrere 1995.

international trade secretariats to help workers develop a process of transnational collective bargaining with transnational companies (TNCs). The Agricultural Implement Council set up tri-company global negotiations in 1975 with Caterpillar and the other big manufacturers. Electrical World Councils were established to negotiate with Westinghouse, General Electric, Siemens, Honeywell and other companies.[65] These attempts at coordination have on occasion provided useful international assistance to 'weak links' in the chain of national union claims against TNCs.[66] International trade secretariats have failed as vehicles for ratcheting up global standards, but they have in isolated cases helped prevent them being wound down. During the twentieth century the ILO has been the most important strand of the regulatory web that operates on labour standards. The accomplishments of the ILO have been simultaneously impressive and limited. It has produced 181 Conventions and 188 Recommendations on standards ranging from social security systems, occupational health and safety, regulation of working conditions and hours of work, and equal employment opportunities. However only a tiny fraction of ILO conventions have been ratified by enough states to cover most of the world's workers. But there is systematic evidence that when states do ratify, it significantly changes the behaviour of developed states, though not so with less developed countries (exceptions being Costa Rica, Cyprus and Malta).[67]

Understanding the ebb and flow of the globalisation of labour standards requires an analysis of the way the different actors located within the labour standards web have mediated their influence. This in turn leads into a study of the principles and mechanisms that actors have used in order to achieve their regulatory objectives. International business has been a strong supporter of the principle of lowest cost location, using it to engender a contest amongst states on labour costs. But business has on occasions abandoned the principle as it did in helping to bring about the creation of the ILO. The principle of world's best practice, an important emerging principle in financial regulation, has not been an important part of the labour standards debate except in relation to discrimination against women, education and training standards, and some occupational health and safety standards. The principle of deregulation has seen different complex alliances form around it. Labour had been massively regulated through the era of slavery and the law of master servant. In Britain, Holland, the United States and other metropolitan powers, forces of liberalism entered into an ironic alliance with emerging forces of organised labour to deliver a decisive blow for the deregulation of labour by striking down the law of master and servant from 1875. By the late nineteenth century, the labour movement throughout the West had shifted its agenda from a principally deregulatory one to a pro-regulatory agenda. Its affinity with liberal political parties disintegrated; it formed its own

[65]Bendiner 1987, p. 82.
[66]Bendiner 1987.
[67]Strang and Chang, 1993; Chayes and Chayes 1995.

parties with a pro-regulatory agenda; in 1919 it succeeded in globalising this agenda through establishing the ILO. The principle of national sovereignty has remained important to all state actors with some qualifications. In the European Union there is a strong commitment to the principle of harmonisation for occupational health and safety standards. Developing countries have insisted on national sovereignty over labour standards and resisted attempts by other actors to forge a link between labour standards and the World Trade Organisation. They have done so in the belief that this will allow them to maintain the comparative advantage they have in cheap labour. Since developing countries are combining national sovereignty with a principle of deregulation, they will lose sovereignty as labour market deregulation involves a surrender of national sovereignty to global market forces. Here we see one of the many paradoxes of globalisation that are produced by an interaction amongst the three processes of globalisation we identified earlier. Insisting on national sovereignty in this particular context of labour standards regulation will lead to an erosion of national sovereignty. Whether this enhances or diminishes the welfare of citizens of developing countries remains to be seen.

During the twentieth century no one actor has dominated this web, no one principle or mechanism has emerged triumphant. The US for a number of reasons has been reluctant to use economic coercion in the form of bilateral trade threats to globalise labour standards. The ILO's successes have come through dialogue, given special force through its tripartite structure (states, accredited employer organisations and accredited worker organisations are all given votes) as well as the power of its models. The result of this particular regulatory web has been a non-linear dynamic in which labour standards that recognised the interests of workers were globalised early this century and then ratcheted up in the middle part of the century. Since then this upwards movement has declined with labour standards being undermined or weakened in many states. If we are right about the deep contingency of globalisation, where this regulatory web next takes labour standards will most depend on the strategies of the actors in the web rather than on forces of history, markets, or system needs.

A glimpse of these strategies was to be seen at the Ministerial Meeting of the WTO that began at the end of November 1999 in Seattle. The purpose of the meeting was to determine an agenda for a 'Millennium Round' of trade talks aimed at further trade liberalisation in key sectors such as agriculture, investment and services. For a variety of reasons the Seattle meeting failed to produce an agreement on a Millennium Round. At that meeting the US indicated that it wanted to see the enforcement of core ILO labour standards (freedom of association and the right to collective bargaining, child labour, discrimination, equal remuneration and forced labour) included in a WTO Millennium Trade Round. Developing countries opposed this formal linkage between trade and labour standards just as they had done at the Singapore Ministerial Conference of the WTO in 1996. The EU at Seattle proposed a compromise position that would

have seen discussion of the issue taking place outside of the WTO. Significantly, the international business actors (US, European and Japanese companies) that had been so crucial to establishing the linkage between intellectual property and trade remained quiet on the issue of labour standards at Seattle. Missing also from Seattle was a pattern of US bilateral aggression on labour standards. In the Uruguay Round of Trade negotiations the bilateral aggression by the US on intellectual property that had been called up by US business proved to be a key factor in getting trade ministers of other countries to agree to the inclusion of intellectual property in that Round.[68]

IV. CONCLUSIONS

The preceding five case studies have sought to conceptualise the process of regulatory globalisation in terms of relationships between actors, mechanisms and principles. Even the brief histories of globalisation that we have recounted here show the intricate complexity of regulatory globalisation. Those histories cannot be understood in terms of the agency of single actors using single mechanisms. Rome's globalising regulatory influence across the ages turns out to depend upon a combination of mechanisms of military coercion and modelling, involving at times as weak a non-state actor as the community of scholars. Theories that concentrate on a single actor, such as realist international relations theory,[69] or a single mechanism, such as rationality, end up giving a poor account of the patterns of regulatory globalisation. The very recent history of labour standards regulation in Seattle that we mentioned at the end of the last section reveals how the accomplishment of regulatory globalisation depends on a complex alignment of principles, mechanisms and actors. Even if the US were to overcome its traditional reluctance to use bilateral coercion to deter labour abuses, it would have to win the approval of international business actors and the EU to have any chance of incorporating core labour standards into the WTO. The US would also have to find a way to prevent developing countries from forming a veto coalition. All this is difficult in a world where in the case of labour standards many actors continue to subscribe to the principles of lowest cost location and deregulation. Nor can the globalisation of intellectual property be seen as being driven by one mechanism. We saw that the globalisation of intellectual property begins in the nineteenth century with the signing of the Paris Convention in 1883 and the Berne Convention in 1886. These conventions were the product of the mechanisms of reciprocity and modelling—not coercion.

It follows from our webs of influence model that the web for each domain is contextually complex, paradoxical, and therefore requires less a law-like understanding and more a clinical diagnosis of when a particular web tightens

[68]Drahos 1995.

[69]For an example of an approach to the international politics of intellectual property and competition policy that is more in accord with the one being suggested in this paper see Sell 1998.

or unravels. It is important not to overlook weak strands in the web. The point is how one strand in a web of controls works to strengthen the mesh of the web (or to unravel it). We saw in the case of labour standards that international trade secretariats and codes of conduct for individual companies have been two weak strands that have acted to prevent a further weakening of global labour standards. NGO activists are almost certainly right when they claim that the voluntary codes of conduct adopted by companies represent the interests of those companies more than they do the interests of workers. But to ignore the possibilities of voluntary codes is to ignore a regulatory strand which, when combined with other strands such as the independent monitoring of codes and capacity building programs for worker organisations, forms a web that can enmesh even the most powerful actor.

Our case studies also reveal regulatory globalisation to be a contest of principles. In the case of intellectual property it has been a contest between the principles of national sovereignty and harmonisation; in the case of financial regulation it has been a contest between the principle of deregulation on the one side and the principles of world's best practice, consolidation and transparency on the other, and in the case of environmental regulation one contest has been between the principle of lowest cost location and world's best practice, this contest repeating itself in the context of labour standards. This list of principles is anything but complete. A better understanding of the globalisation of intellectual property, for example, comes from examining the role that the principles of common heritage of mankind and national treatment have played in global regulatory contests.

State and non-state actors strive to establish principles of their choosing, using the mechanisms they have at their disposal. The contest amongst actors is an unequal one. The case of intellectual property shows the US state and international business mobilising the mechanism of coercion to get developing countries to sign TRIPs. That agreement entrenches principles of harmonisation and most-favoured-nation for the global regulation of intellectual property rights. As a consequence, the sovereign right of states to define the nature of property rights in information for the purpose of dealing with externalities has been severely eroded. But the globalisation of regulation is not *a priori* inconsistent with national sovereignty. We saw that in the case of financial regulation the globalisation of the principles of world's best practice, transparency and consolidation under the auspices of the Basle Committee will enable states to more effectively regulate multinational banks operating in their national jurisdictions. Nor is the globalisation of regulation inconsistent with the sovereignty of citizens. All citizens will be better off if the work of the Basle Committee produces a more resilient, a more stable global financial architecture, and presumably citizens would vote for this. The case studies show globalisation to be a process in which some actors have more mechanisms at their disposal for the purposes of intervening in regulatory webs of influence than other actors.

State actors can use military and economic coercion. Military coercion has historically been an important mechanism of globalisation. Despite the inequality of power in regulatory webs, weak actors can accomplish the globalisation of regulation. The anti-slavery, labour and environment movements each provide an example of where a weak non-state actor has globalised a regulatory agenda. Weaker actors have been successful where they have captured the imagination of mass publics in powerful states and as a result have been able to enrol those states in their enterprise. As the environmental case study shows, weaker actors increase their chances of success if they have alternative models of regulation ready and waiting. The regulatory universe abhors the uncertainty of a vacuum. Those who have developed models of regulation are in the best position to take the initiative, especially in moments of crisis when a regulatory universe fractures because of disasters like Three Mile Island or Bhopal. The use of the modelling mechanism is not confined to strong actors. Finally, we have seen that global regulation is a non-linear dynamic. Financial regulation in the area of prudential regulation has been ratcheted up while the exchange rates mechanism is an example of ratcheting down. Environmental regulation has been pushed up by globalisation more than it has been driven down. Labour standards which were led up in the first part of this century seem at the close of the century to be being led down. Intellectual property is a spectacular example of economic regulatory standards being driven up, its regulatory rise made all the more spectacular by the fact that in many areas of economic regulation regulatory standards are in the midst of a deregulatory dynamic. The regulation of contract has undergone only the most modest globalisation. The process of regulatory globalisation does not proceed in the inexorable degrees of a tide that never ebbs. Like the real tide, it ebbs and flows. Unlike the real tide, the nature of these ebbs and flows is not to be found in some celestial law, but rather in the intricate struggles of actors as they seek to influence its course.

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Although globalization has strengthened the world economy as a whole, two-thirds of all households in 25 advanced economy countries saw their incomes stagnate or decline between 2005 and 2014. Itâ€™s statistics like this that have created openings for politicians to exploit economic resentment and instate more protective polices. This in turn has created a new phase of globalization, one characterized by the push to innovate, digitize and interconnect like never before counteracted by the fierce compulsion to retract, retreat and return to simpler times.Â We do our best to answer the questions clients ask us most: How is this new policy, regulation or tax requirement going to affect me? How do we navigate these global opportunities and manage the associated risks? 1. Globalization Causes Inequality (Stolper Samuelson Theorem) 2. Race to the Bottom in terms of wages, labor standards, human rights, and environmental standards (ship breaking) 3. Increases vulnerability of large sections of population to global market fluctuations with national states unable to protect their citizens 4. Loss of National Sovereignty 5. Financial Markets and Macro-economic Management 6. Globalization favors those ahead of. the game (e.g. Intellectual property) 7. Economic globalization promotes homogenization (culture, institutions)...cultural imperialism argument. Towards Re... Globalization can have many upsides, however, it also implies serious issues. In this article, the causes and the pros and cons of globalization are shown.Â The introduction of phones and other technologies that facilitated global communication have been big contributors to the globalization progress. Internet on global scale. The internet can be regarded as one of the biggest technological achievement of the human race. Globalization is simply the process through which integration and interaction of countries, companies and people occurs across the globe. Globalization is an economic concept that works by easing the movement of goods and people across borders. To ease the process, all investments, trade, and markets get integrated The Globalisation of Regulation. December 2002. Journal of Political Philosophy 9(1):103 - 128.Â Above all regulation has been 'decentred', with some of the responsibilities of the state having been devolved to actors in the market and in civil society. â€˜There's gold in them thar students!â€™ Australia and New Zealand in the global market.Â One of the major outcomes of this move has been a 'globalization of regulation' (Drahos and Braithwaite, 2000), exemplified through policies such as the Agreement on Trade Related Intellectual Property Rights (TRIPS), which attempts to coerce different nations to accept the legal validity of US patents and copyrights.