The International Political Economy of New Regionalisms Series

GLOBAL ECONOMIC GOVERNANCE AND HUMAN DEVELOPMENT

Edited by
Simone Raudino and Arlo Poletti

ROUTLEDGE

Global Economic Governance and Human Development

Traditional understandings of economic development in low- and mid-income countries have largely been influenced by the economic narrative of Western Official Development Assistance (ODA). Within this framework, compliance with macroeconomic orthodoxy and early integration in Global Economic Governance (GEG) regimes are presented as enabling conditions to reach enhanced and sustainable levels of economic growth and social betterment. Yet, this narrative often fails to answer fundamental questions surrounding relational dynamics between the economies of ODA beneficiary countries and the GEG regimes they are asked to join.

Bringing together contributions by Government officials, academics and development practitioners, this edited volume explores quantitative and qualitative approaches to socio-economic analysis in low- and mid-income countries, highlighting the conditions under which international economic policies and institutions can foster – or hinder – their socio-economic growth. In particular, contributions address the impact of both West and China-inspired international economic regimes on value-adding capacity, trade, investments, job creation and social development, thus advancing the debate on what policy and legal provisions should low- and mid-income countries adopt in order to maximize the benefits and minimize the costs deriving from joining international economic regimes.

A comprehensive investigation of both sides of the Global Economic Governance and Human Development relationship; this book will interest scholars, practitioners and graduate students working in the areas of international relations, international political economy, global governance, international economics, development studies and human security.

Simone Raudino is Visiting Professor at the Kiev School of Economics, Ukraine, and the founder of Gap Consultants, a Hong Kong-based business consultancy company exploring alternative measures to promote economic growth in low-income countries.

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A Franca Giudice,
che con straordinaria intelligenza, generosità e
grazia ha percorso il secolo breve
con il passo lungo di una civiltà millenaria

To Franca Giudice,
who with extraordinary intelligence, generosity and
grace has crossed the short century
with the long stride of a millennial civilization

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Acronyms

ACEA	European Automobile Manufacturers' Association
ACP	African Caribbean and Pacific
ADB	Asian Development Bank
ADF	Asian Development Fund
ADFIs	Asian Development Finance Institutions
AIIB	Asian Infrastructure Investment Bank
ALCS	Afghanistan Living Conditions Survey
AMF	Asian Monetary Fund
ANDS	Afghanistan National Development Strategy
APTTA	Afghanistan–Pakistan Transit Trade Agreement
ASEAN	Association of South East Asian Nations
BoP	Balance of Payments
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China and South Africa
CASes	Country Assistance Strategies
Cat DDO	Catastrophe Deferred Drawdown Option
CDB	China Development Bank
CEPAL	*Comisiòn Economica Para América Latina y el Caribe*
CMI	Chiang Mai Initiative
CODHES	*Consultoría para los Derechos Humanos y el Desplazamiento*
COPs	Conference of the Parties
CPEC	China–Pakistan Economic Corridor
CPI	Consumer Price Index
CSO	Central Statistics Organization (Afghanistan)
DAC	Development Assistance Committee
DDO	Deferred Drawdown Option
DFIs	Development Finance Institutions
DPF	Development Policy Financing
DPOs	Development Policy Operations
DTCs	Developing and Transitioning Countries
EC	European Commission
ECA	Europe and Central Asia

ECLAC	Economic Commission for Latin America and the Caribbean
EFF	Extended Fund Facility
ELG	Export-Led Growth
EMEs	Emerging Market Economies
EMDCs	Emerging Markets and Developing Economies
EODB	Ease of Doing Business
EPAs	Economic Partnership Agreements
ETUC	European Trade Union Confederation
EU	European Union
EUROsociAL	Program for Social Cohesion in Latin America
EXIM	Export–Import Bank of China
FARC	Revolutionary Armed Forces of Colombia
FDI	Foreign Direct Investment
FILs	Financial Intermediary Loans
FOCAC	Forum on China–Africa Cooperation
FPI	Foreign Portfolio Investment
FTAA	Free Trade Area of the Americas
FTA	Free Trade Agreements
GATT	General Agreement on Tariffs and Trade
GCFF	Global Concessional Financing Facility
GDP	Gross Domestic Product
GEG	Global Economic Governance
GFC	Global Financial Crisis
GFRP	Global Food Crisis Response Program
GNI	Gross National Income
GPA	Government Procurement Agreement
GPGs	Global Public Goods
HD	Human Development
HDI	Human Development Index
HDI+	Human Development Index Plus
HICs	High Income Countries
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IDB	Inter-American Development Bank
IDB	Islamic Development Bank
IFC	International Finance Corporation
IFIs	International Financial Institutions
IL	Investment Lending
ILO	International Labour Organization
IMF	International Monetary Fund
IOs	International Organizations
IPF	Investment Project Financing
ISDS	Investor-State Dispute Settlement

ISI	Import Substitution Industrialization
ITO	International Trade Organization
LAC	Latin America and the Caribbean
LDCs	Least Developed Countries
LICs	Low-Income Countries
MAD	Mutual Assured Destruction
MCs	Ministerial Conferences
MDBs	Multi-lateral Development Banks
MDGs	Millennium Development Goals
MENA CFF	Middle East and North Africa Concessional Financing Facility
MERCOSUR	*Mercado Comùn del Sur*
MICs	Mid-Income Countries
MIGA	Multilateral Investment Guarantee Agency
MSJ	*Mesa de Seguridad y Justicia*
NAFTA	North American Free Trade Agreement
NATO	North Atlantic Treaty Organization
NBU	National Bank of Ukraine
NDB	New Development Bank
NGOs	Non-Governmental Organizations
NRVA	National Risk and Vulnerability Assessment (Afghanistan)
NSAs	Non-State Actors
OCA	Optimum Currency Areas
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PCA	Political Cooperation Agreement
PEF	Pandemic Emergency Financing Facility
PFM	Public Finance Management
PPP	Purchasing Power Parity
PQLI	Physical Quality of Life Index
PRC	People's Republic of China
PRSPs	Poverty Reduction Strategy Papers
PTAs	Preferential Trade Agreements
RAS	Reimbursable Advisory Services
RCEP	Regional Comprehensive Economic Partnership
RETF	Recipient-Executed Trust Fund
RTAA	Reciprocal Trade Agreement Act
RTAs	Regional Trade Agreements
SAARC	South Asian Association for Regional Cooperation
SAFTA	South Asian Free Trade Agreement
SAGAR	Security and Growth for all in the Region (India)
SALs	Structural Adjustment Loans
SAPs	Structural Adjustment Programs

SBA	Stand-By Arrangement
SCO	Shanghai Cooperation Organization
SDGs	Sustainable Development Goals
SMEs	Small- and Medium-sized Enterprises
SMP	Staff Monitored Program
SOE	State Owned Enterprise
SRF	Silk Road Fund
TA	Technical Assistance
TICAD	Tokyo International Conference on African Development
TNC	Trans-National Corporation
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
UNGA	United Nations General Assembly
UNODC	United Nations Office on Drugs and Crime
UNSC	United Nations Security Council
USAID	United States Agency for International Development
VPA	Violence Prevention Alliance
WB	World Bank
WBG	World Bank Group
WHO	World Health Organization
WTO	World Trade Organization

Introduction

Simone Raudino and Arlo Poletti

Let's agree on definitions,
and we will spare the world half of its illusions
René Descartes

The world of *Global Governance*

Despite having gained celebrity status for more than two decades in the study of international politics and global affairs, there remains substantial confusion about the concept of *Global Governance* (Hofferberth 2015). Ambiguity surrounds the meaning of both terms *Global* and *Governance*. While not seeking to systematically do justice to this rich conceptual debate, let alone to propose a synthesis to it, we offer a working definition that provides the overarching conceptual umbrella for the contributions to this volume.

Following a lead offered by Lawrence S. Finkelstein (Finkelstein 1995), we agree that the term *Global* points to something over and beyond what is usually conveyed by the terms *international*, *interstate*, *intergovernmental* or *transnational*. Historically, the term *Global* has gained prevalence with what many have perceived as a crisis of the State-centred system, an international system gravitating around the belief that States are the only rightful political units for the establishment of legitimate and effective rule. This crisis has been largely driven by the emergence of political, economic, social and cultural processes transcending traditional State boundaries which, altogether, have fundamentally called into question the State's ability to effectively sustain the production of collective goods within its boundaries, problematizing its role both as a level playing field and as a unit (Cerny 1995).

A breaking of the exclusive link between territory and political power (Held and McGrew 2002) created the permissive condition for the increasingly significant role played by supranational and trans-national actors, including International Organizations (IOs), International Financial Institutions Trans-National Corporations (TNCs) and Non-Governmental Organizations (NGOs). The rise in number and importance of this new class of actors thus called for new theoretical frameworks and terminologies that were not associated with the inter-state system created in 1945. Against this background, the adjective *Global* came to be associated to different political processes aiming to promote, regulate, or intervene, more or less purposefully, in the common affairs of humanity in which States could not be recognized anymore as the only relevant political units. The term *Global* thus describes patterns of political interconnectedness and interdependence among different classes of international actors, of which national governments only represented one specific class, that are potentially or actually global in reach.

The term *Governance* is also beset by varying usages. Let us begin from what would appear to be self-evident: *Governance* can safely be assumed to signify something different from *Government*. Since the rise of the Westphalian system in seventeenth century Europe, the international system lacks hierarchy among sovereign States, which means that it is not possible to talk about an international *Government*. In the passage from middle age to modernity, European sovereigns freed themselves from the yoke of universal institutions – the Pope and the Emperor – and established self-legitimizing and self-referential sovereign systems which did not recognize superior authorities: *superiorem non recognoscens*. Because the term *Government* cannot be applied to relations among sovereign States, a fuzzier and less definitive term has come to connote any form of wilful coordination among independent political units. Paraphrasing Carl von Clausewitz's celebre definition of war, it could be said that *Governance* is the continuation of *Government* through other means, in a context lacking the foundational feature of Government, e.g. *sovereignty*.

Authors in this volume understand *Governance* as a less compelling and more heterogeneous form of social organization than the one associated with the term *Government*. We also agree with Finkelstein's rigour in defining *Governance* as "an activity – that is, doing something" (Finkelstein 1995): *Governance* is an inherently active phenomenon and the institutions of *Governance* should therefore be seen as *means* of exerting governance, rather than as *ends* in themselves. Following this line of thought, he reaches the conclusion that "*Global Governance* is governing, without sovereign authority, relationships that transcend national frontiers". We find this first part of Finkelstein's definition well suited for the understanding used in this volume – yet we ought to disagree with his second part of the definition, which sees *Global Governance* as "doing internationally what Governments do at home", exactly because the international system lacks the defining feature of national governments, which base their authority upon the principle of *sovereignty* and its key manifestations, including the monopoly of the legitimate use of violence. As Keohane (2002) fittingly puts it, "since there is no global government, global governance involves strategic interactions among entities that are not arranged in formal hierarchies".

We therefore agree with James N. Rosenau who stresses how, contrary to *Government* processes, *Governance* mechanisms are more related to "steering" and "[trying to] control", rather than "commanding" [as in *Government*]

(Rosenau 2009). Such interpretation also finds support in the etymology of the word, deriving from the Greek "kybenan" and "kybernetes", which means "to steer" and "to pilot or helmsman". Highlighting the absence of formal hierarchies as a key defining feature of *Global Governance* does not imply a negligence of the role of power. On the contrary, power, and the struggle to exert power, are key to understand *Global Governance*. Yet, contrary to what happens for Government, the entities that wield governance power are often not formally authorized to do so by the "sovereign authority", which means that they are often not regarded as legitimate by those who are affected by them (Keohane 2002).

Global Governance naturally poses two broad sets of questions. The first is who the players are: a characterization of the "actors" participating to the shaping of *Global Governance* is necessary if we have to retain a meaningful definition of the phenomenon. The second is a definition of the mechanisms used by these actors in steering, or at least trying to steer, *Global Governance* – these mechanisms being obviously related to and dependent upon the nature of the actors we estimate being legitimate players.

Actors

The deeper international interdependency that settled-in at the end of the Cold War made international affairs the legitimate business of an increasing number of small- and mid-sized corporate and non-profit organizations, rather than the exclusive preserve of national sovereign States, inter-governmental organizations and selected trans-national corporations. Such development further complicated the theoretical differentiation existing between "Globalization shapers" (or "controllers") – actors contributing in shaping *Global Governance* – from "Globalization takers" (or "controlees") – actors adapting to international norms and regulations set by others.

While different authors rely on criteria of different natures, they mostly conclude that national governments, international organizations and networks, transnational corporations and transnational non-governmental organizations should be counted among the "Globalization shapers". Some scholars have adopted resolutely comprehensive criteria in compiling the "shapers" list. For example, in a topical article, James N. Rosenau opts for virtually leaving no one out of the "shapers/controllers" group: "*Global Governance* is conceived to include system of rules at all levels of human activity – from the family to the international organization – in which the pursuit of goals through the exercise of control has transnational repercussions" (Rosenau 2009: 14). Rosenau leverages his definition upon a decision of the Council of Rome,[1] concluding that the term should "not only encompass the activities of Governments, but also include the many other channels through which commands' flow in the form of goals framed, directives issued, and policies pursued" (Rosenau 2009: 8).

Finkelstein, on his side, is more sceptic of the usefulness of such an encompassing definition: "Does it really clarify matters, however, or facilitate the research enterprise, to toss [transnational criminal organizations] in a hopper along with States, intergovernmental organizations, nongovernmental organizations, and Moody's investors' services? Global Governance appears to be virtually anything" (Finkelstein 1995: 368). Finkelstein has a compelling point and yet his question leaves unattended the most burdening task: individuating and defining a discriminatory criterion to sift actors who can be categorized among the "shapers/controllers" from those who are to be relegated among the "takers/controlees".

This is no straightforward exercise. While everybody would agree on the functional and normative difference between national sovereign governments and single-family units, it also seems obvious that at some point the discriminant between "shapers/controllers" and "takers/controlees" needs to be drawn in an arbitrary fashion. Should the discriminant be based on the size – demographic, economic or else – of the actors? Should the source of these actors' funding – State budgets rather than private contributions or self-financing – be chosen as a stick of measurement? Could institutional or ownership structures around the world be standardized and eventually be taken as a norm criterion?

All these potential criteria present their own sets of challenges. If economic size mattered, then the legitimacy of many State actors should be questioned: with a Gross Domestic Product (GDP) of roughly USD 30 million, the Republic of Tuvalu would qualify as one of the 23 million Small- and Medium-sized Enterprises (SMEs) incorporated in the European Union (EU)[2] – yet, as a sovereign State, it is entitled to a diplomatic representation in its own right at the United Nations (UN) and at the EU. Similarly, if an international NGO with regular funding from a Government's budget should be categorized among the "shapers/controllers", it remains unclear why a think tank relying on private contributions should be relegated among the "takers/controlees". State-controlled enterprises such as Gazprom are certainly to be counted among the "shapers", along fully privately-owned companies of the calibre of Apple; yet, it would be impossible finding an objective and properly justified threshold for the dozens of millions of other private, State-owned or State-participated active companies around the world. The same goes with non-governmental organizations, interest groups, lobbies, societies and the dozens of other categories in which different national legislations have institutionally declined the natural human tendency to act via organized social action.

If an arbitrary threshold has to be established, we decide to draw such a line at a point that takes into consideration the following: i) recognition – either *de iure* or *de facto* – by players who indisputably pertain to the "shapers/controllers" group; ii) capacity to mobilize human and financial resources beyond these actors' inner social/professional circles; and iii) capacity to exert influence on a transnational scale. Any international actor complying with these criteria will be considered as a "Globalization shaper", and therefore a legitimate object of interest in the ontology of this volume.

Mechanisms

Generosity (profligacy?) in defining the group of "Globalization shapers" brings Rosenau to identify no less than a dozen control mechanisms (Rosenau 2009: 16–36). Abundance comes as a natural consequence of the number of actors Rosenau considers as influencing *Global Governance*, but also results from a certain commingling of control mechanisms and classes of actors.[3]

The exercise engaged by Rosenau is worthwhile. Yet, as Finkelstein had hinted, it seems to get enmeshed in an open, never-ending process. Rosenau is fully aware of the many obstacles lying on the path he has chosen: in his words, such exercise is destined to convey a "sense of the degree to which global governance is likely to become increasingly pervasive and disaggregated in the years ahead" (Rosenau 2009: 17), rather than an exhaustive compilation. In the interest of pragmatisms, this volume will simply recognize as control mechanisms of *Global Governance* any organized action that officially stems from one of the *Global Governance* "shapers/controllers" and that is recognized as such by other "shapers/controllers".

According to this definition, the American invasion of Afghanistan; the decision of Samsung and Apple to draw to an end their legal battles on copyright infringements and; the efforts of the Government of Saudi Arabia to diversify its economy away from oil revenues should all be considered mechanisms of *Global Governance* as much as, say, the decision of a local Nigerian NGO to wind-down activities in one specific Nigerian province. All these activities respect the above-mentioned criteria (provided that the NGO is registered, recognized and/or financed by a sovereign State, an international organization or another "Globalization shaper"). As heterogeneous, unconventional and skewed as such categorization might sound, it is somehow representative of the very essence of *Global Governance*, whereby authority and capacity to influence are diffused, interdependent and non-hierarchical.

Despite the absence of formal hierarchies, influence in *Global Governance* is also exerted through traditional paradigms of power. For example, in the most extreme forms, a dominant State can issue authoritative decisions on behalf of one or more subordinate States, such as when these subordinate States decide to formally adopt a foreign currency (Kahler and Lake 2009). In the case of supranational institutions, political authority can be shifted to a collective unit that can make binding or authoritative decisions, and is sometimes even provided with credible enforcement power (Goldstein et al. 2000). In other cases, actors such as States, NGOs and organizations representing business interests give shape to softer types of cooperation in the form of networks based on voluntary adherence to common rules, reciprocity and trust (Abbott and Snidal 2009). While in all these governance mechanisms influence is exercised in the absence of formal vertical authority, this authority appears to remain shaped and enforced via more classic mechanisms of Government.

Global Economic Governance (GEG)

Following our discussion above, it is important to note the inherent difficulty one faces in identifying clear policy boundaries within *Global Governance*. Hardly any policy area falls outside the scope of *Global Governance*. While the coveted ground of the high politics – matters that are vital to the very survival of the most important political units, the nation States – such as military security, foreign policy and fiscal matters, are predictably high on the agenda of "Globalization shapers", virtually no policy area is excluded from their range of activities.

Indeed, one of the very characteristics of *Global Governance* is the capacity of "shapers" to hold increasing sway upon "takers" by simply carrying on their daily activities. Interconnectedness works both vertically and horizontally: steering in one policy area has far-fetched political, legal and economic implications in other policy areas. This mirrors dynamics at the national level – where, for example, decisions in the fiscal area have implications in all other policy areas – but also comes as a corollary of the interdependency paradigm upon which the very concept of *Global Governance* is based. Interconnectedness also translates in the globalization of domestic policy areas and business sectors, which at its own turn implies a progressive blurring of borders between traditional governmental thematic areas. Hence, while it still makes sense to distinguish policy areas in terms of actors and control mechanisms, we are compelled to note that a clear-cut definition of the boundaries of the "economic" dimension of *Global Governance* is becoming progressively difficult.

Keeping in mind this important caveat, this volume tries nonetheless to focus on the economic sphere of *Global Governance* – e.g. *Global Economic Governance (GEG)* – by defining it as the "diffuse act of governing, without sovereign authority, economic relationships that transcend national frontiers".

Understandably, and similarly to processes around the general term of *Global Governance*, there is much disagreement around the term GEG. Not everyone agrees with an encompassing definition of the term: for example, in its *Report of the Secretary General* titled *Global Economic Governance and Development*, the United Nations General Assembly (UNGA) identifies GEG as the "role of multilateral institutions and processes in shaping global economic policies, rules and regulations" (UNGA 2011: 2). This rather restrictive understanding is reinforced by the idea that "the existing mechanisms of global economic governance were created more than 60 years ago" (UNGA 2011: 2), which implies that institutions and processes established before the Bretton Woods and Dumbarton Oaks conferences are little relevant to today's GEG.

We ought to disagree with this understanding in so far as the single GEG's most defining feature remains the market economy. Most of the key mechanisms of the market economy – including private ownership; freedom to engage in economic enterprise; freedom to move production factors; fiat currency and; legal inheritance – were all adopted well before the funding of the United Nations (or the Society of Nations for that matter), the World Bank (WB), the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade (GATT)/World Trade Organization (WTO).

In fact, national Governments based on the tenets of the market economy are the very founding fathers of the IFIs that UNGA portrays as the main "shapers/controllers" of GEG. The historical legacy of this genesis is still evident today: out of the forty-four countries which participated to the Bretton Woods conference, it was the five of them with the strongest market economies that yielded disproportionate negotiating power (USA, UK, France, Germany, Japan), as this eventually reflected in the governance systems of the new-born institutions. Although membership to global IFIs was subsequently expanded and the allocation of votes was regularly updated, countries pertaining to the G7 and, to a lesser extent, other countries pertaining to the Organization for Economic Cooperation and Development (OECD), still maintained their guiding role, with IFIs mostly acting on their behalf. This is not to say that IFIs have no room for independent action, or that the interests of OECD States and those of global IFIs are perfectly aligned; yet, the relationship between the two can largely be read as one of principal/agent.

In light of this, it should come as no surprise that an independent review of the role of ten different classes of actors in influencing global business norms across thirteen regulatory fields has found that nation States have, by far, been the most important players (Braithwaite and Drahos 2000). Among them, the USA, the UK, France and Germany have been found to be the most influential. In economic affairs, International Organizations (IOs) (systemic/intergovernmental level), and particularly IFIs, have often behaved as institutional relays of these and other powerful OECD national governments.

Human Development

The concept of *Human Development* has a somehow less encompassing and better-defined meaning than the concept of GEG. Introduced for the first time by Pakistani economist Mahbub Ul Haq in the 1990 UN Human Development Report, *Human Development* refers to the process of "enlarging people's freedoms and opportunities and improving their well-being". In line with Amartya Sen's work (Nussbaum and Sen 1993), Ul Haq operationalized life improvements through the variable of *capabilities:* a person's potential to do and become. Capabilities are considered necessary equipment that one has to pursue for a life of value; their most basic expression includes good health, access to knowledge and a decent material standard of living, while more elaborated versions may take into consideration the ability to participate in the decisions affecting one's life, to have control over one's living environment, to enjoy freedom from violence, to have societal respect, and to relax and have fun.

When introduced in 1990, the Human Development Index (HDI) represented a fairly revolutionary departure from previous statistical operationalizations of the concept “development”. The HDI index chipped away the mainstream interest for economic variables and focused instead on some of the social manifestations of those economic variables, merging economic and social indicators into a single index. The process was instrumental in serving the more general cause of shifting attention away from rather theoretical operationalizations of *wellbeing* – including macroeconomic indicators and far-fetched understandings of *security* such as the military perspective that dominated the Cold War’s security narrative – into a more relevant, realistic and, ultimately, truthful portray of what normative philosopher Ken Booth aptly called the interests of “real people in real places” (Booth 1996: 366).

Dissenting voices on mainstream understandings of “development” were not completely new in the 1990s, as questions on the suitability of orthodox economic measures in gauging people’s wellbeing had long been asked before the work of Mahbub Ul Haq and Amyarta Sen. In particular, heterodox voices suggesting that GDP was ill-suited to accurately measure a society’s overall wellbeing had already sprung right after the Bretton Woods conference had sanctioned GDP as the standard tool for sizing up a country’s economy. In 1959, American economist Moses Abramovitz already suggested the need to be “skeptical of the view that long-term changes in the rate of growth of welfare can be gauged even roughly from changes in the rate of growth of output” (Abramovitz 1959: 21). In the 1970s and 80s development economists already suggested to go beyond GDP by putting greater emphasis on employment, redistributive growth and capacity to meet people’s needs; such push concretely resulted in the Physical Quality of Life Index (PQLI), a precursor of the HDI. Although these ideas remained minoritarian, they were predictive of a theoretical shift to come.

The normative drive behind the theoretical shift introduced by the *Human Development* concept is based on a simple belief: betterment in people’s quality of life ought to be the only true purpose of economic growth. *Human Development* is a reminder that humanity should be interested in economic growth only in so far as it can improve quality of life – or *capabilities* in Ul Haq and Sen’s wording–, and not because economic output is good per se. Such a self-evident axiom had gone largely forgotten both in mainstream economics and in popular understandings of wealth, and the invention of the GDP index in the 1940s did little to address existing (mis)perceptions. On the contrary, increases in GDP per capita across the Western world, particularly after the end of the Second World War, had generally been hailed as a self-evident proof of healthy economic systems and good “developmental” processes being underway. This faith concealed doubtful assumptions and, at times, interest-driven research.

The theoretical assumption underpinning the belief of a linear relation between the national aggregate output and people’s wellbeing had largely been driven by so-called “trickledown economics”: the idea that everyone stands to benefit from a richer society, and that “a rising tide lifts all boats”. The assumption is not inherently wrong or historically unfound: one only needs thinking at the exceptional socio-economic growth of Victorian Britain or post-Xiaoping China, to know that general economic expansion can bring improvements across the entire social spectrum of whole nations. However, the idea is just too general and unqualified to identify all the concurrent conditions that contributed in determining such outcomes. As, no doubt, there must have been concurrent conditions at work: one only needs thinking at the phenomena of GDP expansion cum middle-class income stagnation in post-Nixon America or GDP expansion cum pauperization of the lowest income quartile in Menem's Argentina to realize that economic growth does not automatically entail social betterment for everyone.

Trickle-down economics is an oversimplified reading of a set of phenomena – wealth creation, distribution and use – that remain dependent upon and correlated through extremely complex, and at time unfathomable, variables. The epistemological and empirical limits of trickle-down economics have been raised in the economic literature by many, most notably by exponents of the Historical School of Economics, and more recently by a large group of mainstream and heterodox economists, including Joseph Stiglitz and Ha-Joon Chang. These contributions strongly maintain that economic expansion as measured by value-adding indexes do not automatically translate in proportional increases in people's living standards. Further, a narrow focus on a brute measurement of economic growth eventually leads to a fetishization of a process while losing touch with the content – or to the prioritization of a *mean* over the originally-sought *end*. Eventually, as Max Horkheimer had warned in his *Critique of instrumental reason* (Horkheimer 2012), such processes risk leading to the tyranny of efficiency over meaningfulness and the forfeiting of democracy for technocracy.

The theoretical underpinnings of the *Human Development* approach are rich. In the institutional declination of the UN, *Human Development* is about "expanding the richness of human life, rather than simply the richness of the economy in which human beings live … an approach that is focused on people and their opportunities and choices" (UNDP 2016). Yet, the corresponding statistical implications of the approach have been rather modest: the HDI simply consists in a composite index weighting i) alphabetization and ii) life expectancy variables along iii) the traditional GDP variable. Such pragmatic compromise is understandable considering the statistical predicament implied by each new variable added to a global composite index. Data needs to be retrieved from all countries before they can be standardized and compared. This is an endeavouring exercise explaining why in 1990 UNDP compromised on the HDI by only adding two social variables to the traditional GDP variable. Yet, the genie was out of the bottle: since then, dozens of development indicators privileging social and political perspectives – including *Human Security*, democracy, freedom and happiness indexes – have added their voices to and successfully competed with traditional economic measures of wellbeing.[4]

In trying to give a broader operationalization to the concept of socio-economic development, authors in this volume will at time make reference to a *theoretical* index of *Human Development*, as it would be defined by the set of variables used by some existing statistical surveys – which typically includes food security, gender equality and housing conditions on top of more granular definitions of health coverage and education.[5] The variables adopted in the Afghanistan Living Condition Survey (ALCS) developed by the Afghan Central Statistics Organization (CSO) with the support of the World Bank can be taken as an example of a modern and comprehensive operationalization of the *Human Development* concept along these lines. We will refer to this theoretical index comprehensively operationalizing *Human Development* as "HDI+".

Structure of the volume

The volume brings together contributions by Government officials, academics and development practitioners with a view to both fostering a dialogue between different communities that, despite dealing with the same subject matters, all too often remain isolated, and developing insights that can benefit a wide audience of development-focused professionals.

The first contribution by Raudino represents the conceptual building block of this collective research endeavour. This first chapter develops a framework to think systematically and comprehensively about the GEG/HDI+ nexus, thus providing a unitary and coherent conceptual reference for all contributions to the volume. More specifically, Raudino argues that, within a given community, three variables are directly and significantly involved in determining *Human Development* levels: i) the creation of wealth; ii) the distribution of wealth; and iii) the use of wealth. He considers these three variables as mutually inter-dependent and accounting, at any given point in time, for the HDI+ level in a given community, and its likely progression over the near future. After elaborating on each of these three dynamics, the chapter specifies the various causal channels through which GEG bears on the prospects of wealth creation, distribution and use. In particular, Raudino argues in favour of focusing on how globalization "shapers" affect economic growth opportunities in low- and mid-income countries by steering two key sets of policies: macroeconomic (and in particular, monetary, fiscal and business regulatory policies) and Balance of Payments (BoP) (current account and capital and financial account) policies. Moreover, this chapter systematically discusses how each contribution to the volume speaks to this conceptual framework. We defer to Raudino's chapter for an overview of how the contributions included in this volume problematize and empirically assess the relationship between GEG and HDI+.

Two distinctive and important features of the following contributions – Chapters 2 to 10 – should be stressed at this stage.

First, while the chapters focus on the roles of globalization "shapers" that have traditionally attracted scholarly attention, i.e. WTO, WB and they also expand the analytical focus of the debate to include a wider set of international institutions that are increasingly playing a major role as globalization "shapers". In particular, the analyses carried out in Chapters 2, 3 and 8 cover four sets of multilateral governance systems. Chapter 2 by Hanegraaff and Poletti, for instance, seeks to shed light on the political-economic factors that can enable a more effective representation of poorer countries' interests in GEG by carrying out an analysis of populations of Non-State Actors (NSAs) active at a traditional multilateral institution such as the WTO, but also at an increasingly important multilateral institutional venue such as the United Nations Framework Conventions on Climate Change. Chapter 3 by Baroncelli, develops an original investigation of how the World Bank has internally adapted in the face of the structural and multiple crises it has faced in the last decade. Chapter 8 by Korablin, albeit only indirectly, analyzes the challenges faced by commodity-dependent economies and their limited room for action when interacting with IMF programmes.

The volume also touches upon the increasingly important role played by regional globalization shapers. Chapter 5 by Sicurelli does so by investigating the political-economic drivers of EU trade agreements with a number of Asian countries in order to shed light on the likely impact of these EU-led trade initiatives on their development potential. Chapter 7 by Lampa considers an additional regional institution by showing how MERCOSUR, in combination with the national economic policies of MERCOSUR countries, crucially affected within-region development trajectories.

Moreover, and in line with the discussion on the critical role that States continue to play in GEG, other contributions to this volume focus on the role of national globalization "shapers". Chapter 9 by Rendón Cárdenas, and Chapter 10 by Bakos and Fishstein, for instance, analyse how US foreign aid contributed to privileging traditional security approaches to conflict prevention in Latin American countries, and achieved only modest results in fostering economic growth in Afghanistan, respectively. Moreover, Chapters 4 and 6 investigate the increasingly important role played by China. More specifically, Chapter 4 by Ashraf discusses whether the Chinese Belt and Road Initiative represents a challenge to the so-called Western International Economic Order, while Chapter 6 by Bodomo sheds light on the implications of Chinese Foreign Direct Investments (FDI) in Africa for broader patterns of country-to-region cooperation, and African development prospects more generally.

The second important distinctive feature of this collective volume consists of the broad coverage of its field perspectives, ensuring a global geographical scope when it comes to analyzing the globalization "takers". For instance, Chapter 7 by Lampa and Chapter 9 by Rendón Cárdenas cover the Latin American continent, developing field perspectives on Colombia and Mexico, and some MERCOSUR countries respectively. Chapter 6 by Bodomo covers the African continent through an analysis of Chinese FDI flows in a number of African economies. The Asian continent is also widely represented in the volume through the analyses developed in Chapter 5 by Sicurelli, who investigates the politics generated by EU trade agreements with South Korea, Vietnam and Singapore, in Chapter 4 by Ashraf, who offers insights on the likely effects of the Chinese Belt and Road Initiative for Pakistan's economy, and in Chapter 10 by Bakos and Fishstein, who develop an in-depth assessment of the many remaining challenges that the international community still faces in supporting HDI+ in Afghanistan. Finally, Chapter 8 by Korablin touches upon Ukraine, a former Soviet Republic that is located in the EU's East neighbourhood region and that, despite possessing a strong industrial base, still faces significant development challenges.

Ultimately, the volume offers a comprehensive investigation of both sides of the GEG–HDI+ relationship, not only considering a wide-ranging set of globalization "shapers", but also collecting field perspectives from a diversified set of globalization "takers".

Notes

1 Such decision notices how "the concept of governance should not be restricted to the national and international systems but should be used in relation to regional, provincial and local governments as well as to other social systems".

2 According to the European Commission's definition, a company needs to either have a turnover below EUR 50 million or a balance sheet total below EUR 43 million and less than 250 staff to be considered a medium-sized company.

3 The heterogeneous group thus created includes transnational nascent control mechanisms (including private volunteer and profit-making organizations), social movements, sub-national nascent control mechanisms (including cities and microregions), State-sponsored mechanisms, jointly sponsored mechanisms, cross-border coalitions, transnational institutionalized control mechanisms (such as credit rating agencies), subnational institutionalized mechanisms (such as crime syndicates), State-sponsored mechanism, jointly-sponsored institutionalized mechanisms. Rosenau individuates two macro-groups to which all these mechanisms can trace their root to: either resulting from State-driven, top-down processes or; from indirect, bottom-up processes of organizational activities that eventually get transformed into institutionalized control mechanisms (Rosenau 2009).

4 A list that is by no means exhaustive include: the *Corruption Perception Index* (first launched in 1995) by Transparency International; the *Democracy Index* (2006) by the Economist; the *Human Freedom Index* (2008) by the Fraser and Cato Institutes; the *Worldwide Press Freedom Index* (2002) by Reporters without Borders; the *World Happiness Report* (2012) by the UN Sustainable Development Solutions Network; the *Social Progress Index* (2013) by the Social Progress Imperatives; the *Human Rights Data Project* (1994) of the University of Connecticut.

These add-up to indexes that were already available before the HDI was developed, including *Freedom in the World* (1972) and *Freedom of the Press* (1980) indexes by Freedom House, the *Physical Quality of Life Index* by the Overseas development Council (1975).

5 A good example of social survey providing a granular portray of *Human Development* is provided by the Afghanistan Living Condition Survey (ALCS) elaborated by the Afghan Central Statistic Organization with the support of the international donor community. Obviously, it would be impossible having a general index taking in consideration all these variables for all countries. See http://cso.gov.af/Content/files/01.pdf

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