THE ROLE OF SUBNATIONAL GOVERNMENTS IN STRENGTHENING
THE IMPORTANCE OF GLOBAL PUBLIC GOODS

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TITLE: The role of subnational governments in strengthening the importance of global public goods.

ABSTRACT:

This paper will focus on the role of subnational governments in strengthening the importance of Global Public Goods (GPGs). GPGs are usually associated with the realm of environmental, human rights and developmental issues, among others, which are closely related to the interests of not only national states, but especially of subnational governments and organized civil society groups. This paper will be divided into three parts: it starts by explaining the current main issues in the GPGs literature; then it elaborates on how subnational governments influence the provision of GPGs; and finally an explanation is offered of how the main issues pertaining to GPGs converge with the interests of subnational governments.

Keywords: Global Public Goods (GPGs), Subnational Governments, International System.

RESUMO:

Este artigo aborda o papel de governos subnacionais no fortalecimento do conceito de Bens Públicos Globais (BPGs). BPGs são comumente associados às questões voltadas ao meio-ambiente, direitos humanos, desenvolvimento entre outros, as quais estão relacionadas aos interesse não somente dos governos centrais, como também de governos locais e grupos organizados da sociedade civil. Este artigo está dividido em três partes: abordagem dos principais aspectos e características dos BPGs discutidos na literatura; análise da influência de governos subnacionais quanto à provisão de BPGs; e uma explanação sobre os principais pontos convergentes de interesse dos governos subnacionais e do fortalecimento dos BPGs.

Palavras-chave: Bens Públicos Globais (BPGs), Governos subnacionais, Sistema Internacional.
INTRODUCTION

Although nation-states are still the main actors in studies of international relations, non-state actors such as transnational companies and civil society organizations, as well as subnational governments, are receiving greater attention from scholars. In the context of a globalized world and amidst economic crisis, growing civil conflicts, disagreements over environmental issues and so on, there has been a greater interplay among state and non-state actors in shaping policy processes, as a result of the enmeshment of ideas, institutions and interests represented by these actors (CLARKE and GAILE, 1997). According to Rosenau (1988), a multi-centric world has been evolving since the end of the twentieth century, creating “overlapping memberships” between state-centric and multi-centric actors.

Rosenau (1988) believes that this multi-centric world is transforming the processes and structures of world politics, and among the several impacts this transformation may result in, this paper will argue that in a multi-centric world the idea of global public goods (GPGs) will gain greater importance in the realm of global governance studies and that subnational governments will play an important role in strengthening the international agenda for GPGs.

The main concept of GPGs used in this paper follows the definition by Kaul, Grumberg and Stein (1999) in a report published by the United Nations Development Programme (UNDP). GPGs refer to public policy in a broader and international context, demanding a transformation of “international cooperation from its traditional place as “external affairs” into policy-making applicable to most, if not all, domestic issue areas” (KAUL, GRUMBERG and STEIN, 1999, p. xxv). Such definition implies a less state-centric approach to foreign policy and the inclusion of multiple actors, including subnational entities, which are closely linked to the domestic level of public policy.

Although subnational governments do not have the autonomy to engage in extensive foreign policy agreements in the sense of “high politics” (SALOMÓN and NUNES, 2007), subnational governments are nonetheless important actors in setting the international agenda. Local governments have the advantage of being closer to civil society groups, companies and the general constituency that are most affected by public policies – and therefore by
GPGs - than national governments. The provision of public goods has been seen as one of the main rationales for the existence of the state (KAUL, GRUMBERG and STEIN, 1999), and in a multi-centric world central governments are being challenged to include a greater number of actors to design and negotiate public goods that affect people and institutions at all different levels of governments.

In this context, there is a tendency by national and subnational governments alike to reform their public management processes and structures (KETTL, 2005). Subnational governments can benefit from an increase in the discussion of the provision of GPGs as they deal with issues that are closely related to domestic public policy, and subnational governments can intensify their pressure on national governments to act on the provision of GPGs. Therefore, this paper will focus on the role of subnational governments in strengthening the concept of GPGs, and it will be divided into three parts: it starts by examining the main issues discussed in the GPGs literature; then it elaborates on how subnational governments influence the provision of GPGs; and finally it explains how GPGs main issues converge with the interests of subnational governments.

GLOBAL PUBLIC GOODS - MAIN ISSUES AND ASPECTS

According to Kaul, Grumberg and Stein (1999 apud CARBONE, 2007) GPGs are public goods that match two criteria: there is a degree of “publicness”, and spatial range of benefits. This means that “a GPG must be non-excludable (i.e., once the good is produced, no one can be excluded from enjoying it) and non-rival in consumption (i.e., the consumption of a good does not affect the amount available to other people) (KAUL, GRUMBERG and STEIN, 1999 apud CARBONE 2007, p. 181). This concept of GPGs relies on previous work from Mancur Olson that elaborated on the idea of collective action. For Olson (1971, p. 871) international institutions are the cornerstone of collective action, stating that “the collective goods that international organizations provide in most cases inevitably go to all of the states in a group and in some cases probably even to all states in the world.” The author recognizes the utopian element in expecting equal share of costs and benefits.
However International Organizations (IOs) offer an arena for different cost-sharing schemes, as the author argues that “it will often be feasible to align marginal cost and benefit shares more closely than they have been aligned in the past if there is a conscious effort to do so” (OLSON, 1971, p. 873).

The global dimension of a public good is defined by the extent of its impact to “beyond a group of contiguous countries and must not discriminate against any set of populations or generations” (Ibidem). Adding to this definition, Moore (2004, p. 91) states that

“Public goods’ are the resources and conditions constructed through these struggles and utilized by enough people so they benefit more than 'special interests'- from sanitation facilities to rules on banking, and from colonial states hastening ‘civilisation’s’ progress to environmental legislation.”

Carbone points a list of three main categories of GPGs, which encompasses:

(1) natural global commons, such as the ozone layer or climate stability; (2) human-made global commons, such as scientific and practical knowledge, principles and norms, the world’s common heritage, and transnational infrastructures (Internet); (3) global conditions, such as peace, health, and financial stability. (CARBONE, 2007, p. 182)

According to the list presented above, GPGs are public goods that have far reaching consequences and affect the well-being of people around the world. That is why the concept of GPGs is far from being unanimously accepted, not only by academics but also by countries and IOs. Defining objectives, resources and priorities for the provision of GPGs demand a high degree of agreement on issues that are highly debated among states.

Kaul, Grumberg and Stein (1999) also point out two main problems related to the provision of GPGs: free-riding and the prisoner’s dilemma. Briefly, it can be said that both the free-riding problem and the prisoner's dilemma deal with the problem of the incentive for contributing and collaborating (or not) with the provision of GPGs, often creating situations in which noncooperation can seem to be more useful for states than cooperation. According to Snidal (1985, p. 923) “the problem of international cooperation is essentially one of collective
action applied to the particular circumstances of the international system”. Snidal asserts that cooperation in the international realm can be increased by the development of international institutions created to deal with issues of collective interests, and therefore it is a matter of international regime formation. However, participation and compliance with international institutions is also closely linked to domestic politics, as long as international regimes are flexible enough to allow for domestic needs to influence norms and rules (Snidal, 1985).

In this context, Cornes and Schweinberger (1996) argue that the prisoner’s dilemma and free-riding problems in the provision of GPGs tend to be greater in issues related to free trade, but in most cases listed as categories of GDPs, cooperation could prevail and free-riding and the prisoner’s dilemma should not necessarily be an obstacle to more extensive cooperation.

In this regard, Nye (2002) offers an interesting perspective on how cooperation can produce positive outcomes even in situations where there are problems of free riding. The author affirms that the national state defends its interests in the international arena according mostly to domestic pressure groups. That is why some countries, especially the United States in the past and recent decades, have been seen as a bully state and uncooperative in terms of provision of GPGs (NYE, 2002). However, Nye argues that this behavior can have a negative effect in the long run for American interests, thus the United States should reinforce the importance of expanding its multilateral ties and incorporate global values into domestic concerns in order to maintain its own influence in the international arena. According to Nye (2002, p. 234)

“[… ] global interests can be incorporated into a broad and far-sighted concept of the national interest. After all, terrorism is a threat to all societies; international trade benefits the United States as well as others; global warming will raise sea levels along all America’s coasts as well as those of other countries; infectious diseases can arrive anywhere by ship or plane; and financial instability can hurt the whole world economy.”

Despite indications that a more benign approach to multilateral agreements could prove beneficial to American interests, the United States is avoiding making any further commitment in defining the agenda of GPGs at the
meetings and conferences that have been held so far to discuss the topic. Disagreements over the validity and importance of discussing GPGs at the international level were observable in conferences and meetings held in the United Nations sphere and on most occasions the topic was withdrawn from further discussions (CARBONE, 2007). Nonetheless, subsequent reports by the UN intensified its advocacy for strengthening the concept of GPGs as an important mechanism for dealing with issues as broad as the environment, free trade, peace and poverty.

**THE ROLE OF SUBNATIONAL GOVERNMENTS IN SETTING THE AGENDA FOR GPGs**

Most subnational governments are expanding their relationships beyond the nation-state boundaries by signing agreements of cooperation and exchanging expertise with other subnational governments, taking part on international non-governmental organizations and so on. Because of their growing importance, local governments are influencing also the way national governments conduct their foreign policy.

In a multi-centric world, the decision-making process in world politics is ever more entangled in a loop, in which there is no linear process but one that has local and global actors competing, negotiating and bargaining in order to defend its interests (KAUL, GRUMBERG and STEIN, 1999). In this respect, it is important to note that not all groups are represented equally. On one hand there are the central governments exerting their power and authority over international institutions and processes, as well as economic groups that can be large enough to influence global policy outcomes. On the other hand, there are a great number of states that are still marginalized in this globalized world.

The globalization process initiated in the twentieth century was marked by the intensification of economic and cultural globalization, evidenced by the increased influx of people, money and goods across borders. For the most part, a state-centric approach prevailed in the analyses of the globalization process, in which the interplay among states was central to the understanding of world politics. However, the twenty-first century is marked by an intensification of market liberalization and increase in the participation of international economic
actors in global markets as well as in the international arena as a whole (SASSEN, 2001).

In this context, the complexity of cross-border interactions has intensified, representing new opportunities and demands. For Aldecoa and Keating (1999) the process of globalization has imposed a political, social and economic restructuring of regions and countries, promoting a greater mobilization of people, resources and enterprises around the world. The authors also argue that this process has produced competition among regions, provinces, states and cities. Therefore, central governments are no longer the main actor in defining the international agenda for dealing with issues that are considered of global interest.

However, the process of globalization creates an asymmetric interdependency among national, subnational and non-state actors, in which differences in infrastructure and access to technology influence the development or under-development of a given territory. Therefore subnational governments, those that can be defined as “a coherent territorial entity situated between local and national levels with a capacity for authoritative decision-making” (MARKS et al. 2008, p. 113), have a certain degree of autonomy and power, although limited in terms of foreign policy, to defend their interests and that of their constituencies.

While nation states are sovereignty-bound actors, subnational governments are sovereignty-free actors (ROSENAU, 1988 *apud* COHN and SMITH, 1996, p.31). In this context, Rosenau (Ibidem) reminds us that subnational governments also have a “sovereign competence of their own in specified areas”.

According to Borja and Castells (1997) subnational governments emerge as local powers capable of taking leadership in the creation and implementation of GPGs, because subnational governments are the protagonists in the construction of the physical, political and social infrastructure for common public goods. Therefore, the actions of subnational governments are paramount in reducing such asymmetries that are created by a globalized world. Such asymmetries should not be understood only in economic terms, but are also manifest in a variety of issues, from access to clean water, medication to civil liberties and arms races.
In a multi-centric world, subnational governments can expand their influence over foreign policy by the diversification of their partnerships with other subnational and non-state actors. The creation of mechanisms for cross-border integration by subnational governments signal a desire to act in a more organized way than before, working around converging interests that could produce positive outcomes.

CONVERGING INTERESTS

In a globalized world, there can be a greater degree of convergence of interests and the possibility of improving the provision of GPGs by the emergence of a new global public domain. As Ruggie (2004, p. 519) points out “[…] the new global public domain is an institutionalized arena of discourse, contestation, and action organized around the production of global public goods. It is constituted by interactions among non-state actors as well as states. It permits the direct expression and pursuit of a variety of human interests, not merely those mediated (filtered, interpreted, promoted) by states. It ‘exists’ in transnational non-territorial spatial formations, and is anchored in norms and expectations as well as institutional networks and circuits within, across, and beyond states.”

The subnational level of government is therefore an appropriate arena for allowing a positive and benign process of bargaining, discussion and negotiation of GPGs because there is a greater possibility of convergence of interests among the multi-centric players involved.

In the context of globalization, the term “global” assumes a multifaceted aspect representing a shift from national to global. There is an intrinsic connection between global issues – be it of economic, environmental, security, human rights nature and so on - and domestic or foreign policy, as nations, companies, regions compete for investments, dispute around issues such as tariffs, market expansions, monetary (de)valuation, climate change, health and so on. However, Chandler (2009 p. 530) offers an interesting insight on how to define globalization in the political aspect of the concept, arguing that “[…]
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Global politics cannot be found through the investigation of global economic interconnections, global spaces of communication, or of global threats.” Instead the author emphasizes the globalization of politics as:

[…] a product of political disconnection between state elites and societies and a popular disengagement from mass politics. Politics becomes globalised when political actors experience a loss of social connection, and political aspirations are expressed in increasingly abstract and unmediated forms. In this sense, discussion of a shift from ‘territorialised’, state-based politics to ‘deterioralised’, global politics reflects the decline of strategic, instrumental engagement, concerned with transforming the external world, and the rise of a more atomised politics of self-expression – of awareness, of identity and of values. (CHANDLER, 2009, p. 531)

As local governments are closer to their citizens than central governments, they are capable of understanding the changes in expectations and needs of the people, as they are also much more representative of the cultural values and identity present in daily lives of it the citizens. Subnational governments can also be much more capable of incorporating changes derived from transformations in the productive system, the economy, the environment, among other issues, and can be much faster in incorporating these changes. Moore (2004, p. 91) states “the world's ruling classes are now more 'globalised', and they work with (and sometimes against, albeit less than before) states ranging from the municipal to the global level”.

According to Betsill and Bulkeley (2006), the nation-state will be less capable of accomplishing its commitments on climate change without subnational action. In the case of GPGs related to the environment, cities would be the most appropriate arena for developing policies on climate change for instance. The authors argue that the growing process of urbanization that has taken place over recent decades has lead cities to plan policies directed towards waste management, land-use planning, and transportation, among others. This experience has allowed for the accumulation of expertise and background on formulating public policies that are not only feasible but also inclusive of multiple actors, as it has permitted the participation of a diversity of stakeholders in the process of discussing and implementing public policies.
Subnational governments are a fundamental part of making the provision of GPGs as concrete as possible. According to Happaerts, Van den Brande and Bruyninckx (2011) subnational governments around the world have joined in networks aimed at producing cooperation, sharing experiences in public policy management, and influencing the decision-making process in multilateral arenas. The European Union (EU) offers the most comprehensive example of subnational integration, “in which subnational entities, spurred by political and economic effects of globalization and by enhanced European integration, seek new ways to relate to the state, the market and the EU” (Happaerts; Van den Brande and Bruyninckx, 2011, p. 326). Although most subnational governments around the world may not enjoy the same level of influence on international and policy issues as subnational governments in the EU, the process of intensification of regional integration is nonetheless positive for the increasing influence of subnational governments elsewhere.

The environment and the welfare of people are issues closely related to the concept of GPGs. According to Rao (apud KAUL, GRUMBERG and STEIN, 1999) globalization has led to increasing inequality, and as global integration is still in its early stage, with most states nowadays marginalized in terms of economic and market integration. The majority of countries in the world do not enjoy the benefits of a stable domestic democratic system and there are profound inequalities between and within countries, which affect cooperation in the international arena. For instance, in cases of extreme poverty, as it is the case of Africa and other parts of the world, GPGs designed to alleviate this problem could be considered in the global interest, as situations of extreme poverty can generate a string of conflicts that could have an impact on international peace or even on global health issues (KAUL, GRUMBERG and STEIN, 1999). Therefore, the provision of GPGs would increase and the negotiation process surrounding GPGs would improve “if economically unequal nations were converging in living standards and if the global pie was briskly growing bigger” (KAUL, GRUMBERG and STEIN, 1999, p. 69).

As GPGs are public goods directed towards securing peace and security, improving trade, justice and equity and so on, the interests of national and subnational could converge and create a more positive approach to the provision of GPGs. In this context the theory of the two-level game offers an
interesting perspective for the analysis of the interplay between national and subnational levels. For Putnam (1998) the main actor in the international system is still the nation state, but the state has to be analyzed and understood from the main attributes of the domestic politics of its subnational governments. Putnam argues that foreign and domestic politics are intrinsically connected and both must be understood from the national and subnational perspective.

The state is not a uniform entity that presupposes a uniformity of objectives, values and goals, and an analysis from the subnational level could offer important insights for the provision of GPGs and strengthen the discussion of GPGs in the international system as well.

EMPIRICAL EVIDENCE OF CONVERGING INTERESTS

In order to empirically analyze the converging interests between subnational interests and GPGs provision, this paper will present one example of coordinated action by subnational governments aiming at influencing the creation of GPGs: Rede de Mercocidades (Mercocidades). Mercocidades is a network of Latin American cities that encompasses several initiatives for building greater interaction and empowerment of localities in issues that are shared by many local and international public and private actors.

In 1995, the First Conference of Mercocidades was held in Assunção, Paraguay, in which the opportunities and challenges for the development of cities in the realm of Mercosur\(^2\) were discussed. One of the most important objectives of Mercocidades is to consolidate a “vision of authentic citizenship arising from local societies” (MERCOCIDADES, 2012) through international cooperation. In this regard, Mercocidades has evolved to become a network of subnational governments that promotes horizontal cooperation among its members. Its activities go from creating mechanisms for improving policies for social, urban and economic development, to tackling gender and racial inequality issues, sustainable growth and environment protection, among others.

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\(^2\) Mercosur is a political and economic agreement among Brazil, Argentina, Paraguay, Uruguay (with Venezuela joining the agreement later) established in 1991. The regulations of this political and economic bloc range from market and transport regulations, energy an agricultural policies, employment and social security issues, among others.
Nowadays Mercocidades has two hundred and sixty cities as members from nine South American countries. Since its beginning, this network has been able to create formal and informal mechanisms that promote interaction among subnational governments, non-governmental organizations (NGOs) and civil society groups. The converging aspects of subnational government action and the promotion of GPGs become even clearer when analyzing the objectives of Mercocidades, according to its statute. According to section 2, Mercocidades' efforts and objectives should be aimed at creating mechanisms for exchanging experiences and facilitating the flow of information among its members; promoting cultural and technological development; coordinating local management projects directed towards urban planning and sustainable development, among others.

In order to achieve its objectives, Mercocidades places great emphasis on its decentralized character and on the democratic participation of the several actors involved, especially public servant agents, civil society groups and elected politicians (FAMSI, 2011). The Mercocidades statutory structure reinforces the conception of subnational governments as legitimate international actors in the promotion of economic, cultural, environmental and political issues, which are closely related to global values as understood in the GDPs literature.

In this respect, Mercocidades stresses the importance of promoting the participation of different actors in its projects, as it proposes a multi-centric, multi-layered and decentralized forum for achieving common goals. The participation in such a network represents a greater institutionalization of subnational government action in the international political arena, and subnational governments are placing a greater importance on the participation in such networks as a mechanism for economic and social coordination (HAMBLETON, SAVITCH and STEWART, 2002). An important indication of Mercocidades' success in promoting the greater participation of subnational governments in international issues is its growing number of members throughout the years, as can be observed from the map below:
Mercocidades members are encouraged to participate in as many subnational networks as possible. One of these networks is the Forum for Local Authorities for Social Inclusion and Democracy (Rede FAL in Spanish), which was created during the World Social Forum in Porto Alegre, Brazil, in 2001. The Rede FAL supports greater international action from its subnational government members in order to influence collective action on issues that are commonly shared (such as fair trade, the environment, social inclusion, and so on) and in doing so ameliorate local public policy management.

The Charter of Rio (Carta do Rio), the official founding document of Mercocidades, emphasizes the importance of strengthening integration among Mercosur countries and, by emphasizing the importance of central governments, Mercocidades recognizes the legitimacy of state and regional interests. This reinforces its accommodating nature instead of adopting an antagonistic position against state interests. By taking this stance,
Mercocidades demonstrates its belief in a position of compromise among different levels of governments on many shared issues (as in the case of GPGs).

By the same token, the Charter of Porto Alegre (Carta de Porto Alegre), created in 1996, restates the importance of combining national and subnational governments as important actors in building effective and democratic participation in public policy promotion. In this regard, Mercocidades has created a specific fund for fomenting collective action, the Fund for Structural Convergence at Mercosul (FOCEM - *Fundo para a Convergência Estrutural do Mercosul*, in Portuguese).

FOCEM is an organization created to finance the development of less developed economies within Mercosur. One of its many objectives is related to promoting social cohesion and increasing economic competitiveness through the promotion of public policies focused on alleviating poverty, promoting urban redevelopment, access to housing and education, and so on.

In order to guarantee a greater effectiveness in the exchange of information and experiences, Mercocidades is organized around fifteen areas: (1) Environment and Sustainable Development; (2) Autonomy, Management and Sustainable Financing; (3) Science, Technology and Training; (4) Decentralized International Cooperation; (5) Culture; (6) Sports; (7) Local Economic Development; (8) Social Development and Human Rights; (9) Urban Development; (10) Education; (11) Gender and Municipality; (12) Youth; (13) Strategic Planning; (14) Security and (15) Tourism.

The above structure adopted by Mercocidades has been successful in the development of action in non-traditional areas by subnational governments (such as finance services, tourism, scientific and technological research, and so on). This embracing of a multitude of areas has been an effective catalyst in the promotion of modernization of public management processes, political decentralization, citizenship participation and even inter-jurisdictional coordination of public policies.
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FINAL CONSIDERATIONS

GPGs are a multidimensional concept, which encompasses the geographic dimension, as well as a sociological and temporal dimension (KAUL, GRUMBERG and STEIN, 1999). In this multidimensional scope, subnational governments appear as an important actor in influencing and strengthening the discussion around GPGs. Although the concept of GPGs is not the main topic in the agenda of international politics, there is still space for exploring and researching the issue both theoretically and empirically.

There is a pressing need for multilevel governance, in which multi-centric actors can negotiate and provide GPGs that advances citizens’ access to improved health, labor, education, environmental conditions and so on. There is also space for mixed partnership between public-private goods that poses different challenges and results in different outcomes, which entails not only the incorporation of the participation of subnational governments, but also the consideration of market driven objectives combined with pure public goods.

A greater level of influence by subnational governments in defining the agenda for GPGs could create a loop effect in which greater participation would also entail stronger democratic processes at the domestic level, with the potential to include marginalized and peripheral regions and countries in the global decision-making process. Subnational entities have the potential to create networks of shared interests in a much more flexible way than nation states, facilitating the spread of democratic values, as well as the interests of ordinary people around the world and the GPGs that could positively affect them.

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