GLOBAL GOVERNANCE: ECONOMIC GROWTH AND INCOME DISTRIBUTION

KÜRESEL YÖNETİŞİM: EKONOMİK BÜYÜME VE GELİR DAĞILIMI

Murat BINAY*
Nesrin ATALAY**

ABSTRACT

Global governance has been the result of competitive pressure of economic globalization within the framework of the developments following the end of cold war era. To reduce the costs and make them more efficient, these pressures have mainly focused on public institutions. Targeting increasing the well-being of all nations by promoting economic efficiency and growth, globalization has failed to fulfil this target due to the lack of effective and democratic governance in the process. In a world in which the nation state is still important, governance of globalization has been carried out by nation-level governance. In this process, partial or complete loss of power by the actors determining the social policies has brought the issue of social policy governance to the agenda and led to the rise of uncertainty and concern in the new era. In this study, the relationship between governance index, economic growth and income distribution was examined and it was observed that the increase in governance ensured economic growth but did not improve the income distribution.

Keywords: Globalization, Governance, Economic Growth, Income Distribution.

ÖZ

Küresel yönetişim, soğuk savaşın ardından ortaya çıkan gelişmeler içinde ekonomik küreselleşmenin rekabetçi baskısının sonucu olmuştur. Maliyetleri azaltmak ve daha verimli hale getirmek için, bu baskılar esas olarak devlet kurumlarına odaklanmıştır. Ekonomik verimliliği ve büyümeyi artırarak tüm ulusların refahını artırma potansiyelini hedefleyen küreselleşme, sürecinin etkin ve demokratik yönetişimden yoksun olması nedeniyle yetersiz kalmıştır. Ulusun hâlâ önemli olduğu bir dünyada, küreselleşmenin yönetişimi ulusal düzeyde yönetişim tarafından gerçekleştirilmiştir. Bu süreçte, sosyal politikanın belirleyici aktörlerinin gücünü kısmen veya tamamen kaybetmesi, sosyal politika yönetişim meselesini gündeme getirirken, yeni dönemde endişe ve belirsizlik doğmasına yol açmıştır. Küresel yönetişim küresel uygarlık olarak tanımlanır ve küresel kaos için anahtardır.

* Yeditepe Üniversitesi Finansal İktisat Doktora Öğrencisi, Sosyal Güvenlik Kurumu, Sosyal Güvenlik Uzmanı, mbinay@sgk.gov.tr, Orcid: 0000-0002-9987-1492.

** Sosyal Güvenlik Kurumu, Sosyal Güvenlik Uzmanı, natalay3@sgk.gov.tr, Orcid: 0000-0002-6031-4736.

Gönderim Tarihi : 23.07.2018
Kabul Tarihi : 04.12.2018

Küresel kaosun nedenlerini anlamadan sorun çözülemez. Küreselleşme olgusu tarafından yaratılan yıkım, hem uluslararası ilişkiler hem de sosyal politika açısından incelenmeli ve çözülmelidir. Bu çalışmada yönetişim endeksi, ekonomik büyüme ve gelir dağılımı ilişkisi incelenmiş ve yönetişim artışının ekonomik büyüme sağladığı fakat gelir dağılımını düzeltmediği görülmüştür.

Anahtar Kelimeler: Küreselleşme, Yönetişim, Ekonomik Büyüme, Gelir Dağılımı.

INTRODUCTION

Major problems of developing countries are unequal income distribution and low growth rate, which affect their welfare aspects. It was implicitly assumed that whenever we achieve target of higher growth rate, benefit of growth would automatically trickle down to the poor. History of developing countries shows that the rich benefited more than the poor as evidenced by rising income inequality during the period of higher economic growth. Early works done by Anderson (1964) and Aaron (1967) showed that there was an inverse relationship between growth and income distribution. If society wishes a high level of economic output, like point A, it must also accept a high degree of inequality. Conversely, if society wants a high level of equality, like point B, it must accept a lower level of economic output because of reduced incentives for production as shown in Figure 1 (a).

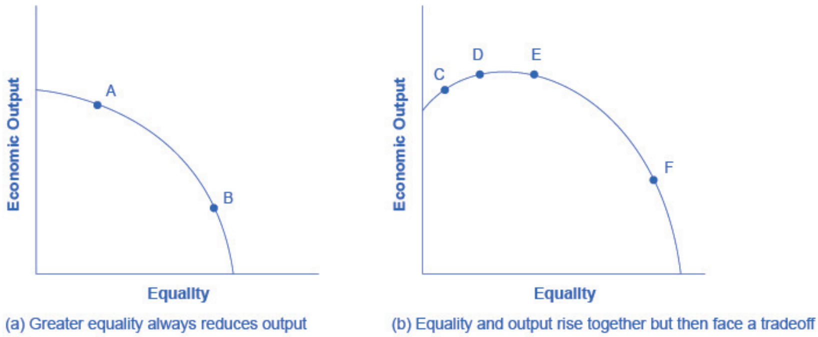

Figure 1. The Tradeoff between Incentives and Economic Equality. (a) Society faces a trade-off where any attempt to move toward greater equality, like moving from choice A to B, involves a reduction in economic output. (b) Situations can arise like point C, where it is possible both to increase equality and also to increase economic output, to a choice like D. It may also be possible to increase equality with little impact on economic output, like the movement from choice D to

E. However, at some point, too aggressive a push for equality will tend to reduce economic output, as in the shift from E to F.

Later empirical work shows that government policies aimed at increasing economic well-being would end poverty as shown in Figure 1 (b). Le Blanc (2000) examines the relationship between economic growth in the macro economy and poverty and finds that this relationship is very sensitive to the distribution features.

In recent years, governance has been considered as a solution to this global turmoil as a concept that is used both in political discourse and in the context of different meanings in various academic disciplines such as economics, law, political science, social policy and sociology. Governance in the broadest sense refers to the multiple interactions of the state, economic actors and non-governmental organizations that the state is not the sole source of regulation. Hence, governance aims at activating more decision-making processes and achieving this multiple interaction in the formation of policies. In this sense, governance emerges as a structure that directly affects and / or restricts the regulatory role of the state. This situation overlaps with the neo-liberal ideology that determines the role of the state as a 'limited but effective state'. On the other hand, governance also includes the means of effective and effective management of public resources and issues in order to address the needs of the society.

The transition from government to governance has been one of the most striking features of the neoliberal structure in the post-Cold War era. While governance attaches importance to hierarchical decision-making and the centralization of public actors, governance attaches importance to the participation of public, private actors and non-governmental organizations as well as non-hierarchical decision-making formats. Governance also means conceptual and theoretically the coordination of social systems (Lee and McBride, 2007: 6; Kohler-Koch and Rittberger, 2006: 28-29; Rajagopal, 2013: 171). Within the framework of the dominant neo-liberal understanding, since the 1980s, there has been a shift towards governance, from bureaucratic to market and market nets, in the direction of practices such as the deregulation of markets, the reduction of privatization and the protective role of the government.

In this study; firstly the global governance concept will be explained, then the results of global governance in terms of social policy will be discussed and lastly global governance effect at income distribution will be emphasized.

Because global governance concept is thought as key eliminating the problems of globalization so the governance concept is related by two main problems: social policies and lack of persistent peace sourced by income distribution. This paper attempted to examine this issue for 183 countries over the period 2005-2015 by nonparametric approach grouped into three main groups; best, worst and average.

1. GOVERNANCE TYPES

Governance is the concept of recent exposure to designate the efficiency, quality and good guidance of the intervention of the State. It defines a "new form of government" in the globalization. After mentioning of the types of governance briefly, it will be focused on global governance.

1.1. Public Governance

Public governance contains national, regional, local, political, social groups, private and commercial from social institutions organization of networks of organizations. There is an external management orientation function. Public governance foresees that social processes can be directly influenced by each other in the network of public policies, but that these actors can carry different and often conflicting aims and interests (Özer, 2006: 77)

1.2. Good Governance

The concept first began to be expressed within the framework of power and management problems in countries such as Africa, where stable, well-established, and state structures were absent.

The concept of good governance is defined as where the rule of law and the independence of the judiciary ensured for citizens, the public institutions that govern the public expenditures in a fair and correct way, the public can account for the actions of the political leaders, or the public can ask them to account; rights include the minimum requirements (Yüksel, 2000: 155).

1.3. Global Governance

In order to overcome the inefficiencies of neo-liberal policies, the governance model, especially emphasized after the 1990s, has been developed both against the inevitability and the obstruction of the downsizing of the state as well as the leaving everything to the market (Güney, 2006: 161). In other words, governance refers to the new state and economy management approach that takes place during the privatization of public entrepreneurship and services (Köse, Reyhan, Senalp, 2003: 306-307). According to this, it is recommended not only to be limited to the state or the market but also to establish networks with different actors, public-private partnerships and other negotiator coordination mechanisms (Jessop, 2005: 23, Börzel and Risse, 2010: 114). In another aspect, governance is the reapplication of policies that direct and encompass relationships between the issues at local, regional and national levels, the role and relationship of the state, civil society, and diverse interest groups (Daly, 2003: 115).

The development of globalization has created a need for better governance. Increasing interdependence among nation states means that nowadays it is much more profoundly influenced by the present, more countries and older.

Global governance is a system of rules and institutions that the international community and individual actors set up in order to tackle the problems that arise in economic, social and political matters that hang up their capacities. It must develop good governance, freedom, security, diversity, justice and solidarity, both nationally and globally. Good governance must also adhere to the principles of human rights, the rule of law, respect for democracy and participation, and the principles of controllability, effectiveness and appropriateness (ILO, 2004: 75). To be understood, global governance refers to bringing more regular and reliable solutions to the problems that arise in economic, social and political matters, which are predominantly hanging on individual capacities of states. Although non-governmental organizations are important, global governance considers institutions, actors and activities in a broader spectrum. Governance is the way individuals and institutions control their activities in some way (Yeates, 2002: 76) and co-ordinate (Clark, 2000: 170) to manage public and private common problems and achieve the desired results.

As can be seen, governance is defined as the composition of various elements; among them, the rule of law, participation, transparency and accountability stand out as the most emphasized issues. On the other hand, global governance also reveals the dialectical relationship between global and local political forces in shaping the globalization process. This structure of global governance is also used to show the relationship between globalization and social policy.

Globalization, which means interdependence of countries in economic, social and political terms, has created quite different effects on welfare state implementations. The welfare state does not only mean making social improvements through various income transfers and social services, but also means that the state plays a more active role in economic management in a broader context, and is in this context related to the political economy (Koray, 2005a: 192-193). Thus, given the multidimensionality of social policy implementations, it is clear that the reduction of the problems of globalization and social policy will require better governance.

Just as governance is in many areas, its influence is felt in the field of study associations, and in this framework the parties, level and theme of industrial relations are restructured on the basis of social dialogue.

The state plays an active role in regulating economic and social institutions to the groups representing capital and labor on the local scale. In this process, flexible and secure governance is taken as a basis by taking advantage of the various forms of coordination to which the innovations of the social parties are added (Erdut, 2004: 137; Clark, 2000: 170-171; Keune and Marginson, 2013: 480-481). The mission imposed on the concept of governance is much more than solving the tightness of the state in the context of civil society demands and social services. In this context, governance concepts can be expressed: to give social partners and other actors an increased role in networks in which social problems are discussed and evaluated. In other words, governance is the work of local actors, governments, global private actors and international businesses in terms of collective work relations (Erdut, 2004: 143). The governance approach is not only the state and the policy-making and decision-making processes; citizens, private sector and non-governmental organizations in order to contribute to the understanding of management together. So governance foresees significant changes in the role of the state; state-based management, community and individual-centered governance.

1.3.1. Elements

1.3.1.1. Network for Solving Social Problems

Global governance is primarily concerned with the damping of the nation state as the sole actor in politics. This refers to networks formed by public, private and civil society actors who will operate on a grand scale of compromise. The reason for existence of these networks is to provide cooperation on the basis of solution of collective problems (Dingwerth and Philipp Pattberg, 2006: 189). Because such collective problems can be solved more effectively in these networks than in the state. On the other hand, some stable structures also shape governance. These structures are usually put in place by independent supervisory agencies and strengthened by legal processes. (Hazenberg, 2013: 2-3; Rajagopal, 2013: 171). State administration is viewed as a developmental problem of preventive development and a governance model based on the role of different actors is suggested in the solution of this problem. However, with the declining power of the nation state, it still has an important role. On the other hand, due to the uneven development at the local regional and national levels, there is a tendency to shift in spatial hierarchical structures. This uneven development manifests itself not only in the shifts between national economies, but also in the new forms of the north-south, developed-developing countries distinction in the rise and fall of the regions. All changes have their own material and / or strategic bases and thus serve the complex reintegration of global, regional, national and local economies. With the globalization, the concept of the emptied state is encountered.

That is, the loss of the basic functions of the state and the shifting of power to international financial markets, global corporations and supranational institutions. The analysis of the supremacy of nation-state, on the other hand, suggests that regional-based governance systems are either outdated or can not gradually fulfill the functions expected of them. It is therefore understood that monosyllabic structural hegemony (stateism, territoriality or multilateralism) can no longer prevail (Daly, 2003: 116). Thus, social partners and other actors are now becoming increasingly involved in networks where social problems are discussed and evaluated. For example, European Union governance has become a structure that is not hierarchical, allowing networks of public and private actors, led by formal institutions as well as non-formal institutions, to participate in decision-making and problem-solving processes.

1.3.1.2. The Existence of Different Actors and Interest Groups

Incorporation of different actors and interest groups in political decision-making processes and the importance of civil society is a requirement of global governance. In this sense, social partners are asked to expand their approaches and methods for better cooperation with NGOs. This situation causes new actors, interest groups and new forms of participation, especially in the context of civil dialogue (Erdut, 2004 137). Actors of social policy; state, employer and employee representatives. This tripartite dialogue has had more interaction between new civil society actors who are linked to traditional social partners and innovative civilian dialogue in some issues such as the protection of employees, the extension of rights, the reconciliation of business and family life with global governance, or social inclusion. There is a strong need for a strong representation of workers and employers for a healthy social dialogue.

With global governance, the interests of the various social classes in society are emphasized, as well as the development of labor rights through discussing common interests in economic and social policy. Because governance, along with the globalization process, has rapidly developed in a way disconnected from economic and social institutions, which are both straightforward and equal in terms of markets. However, this unfair development draws attention with its asymmetrical effects on wealthy and poor countries (ILO, 2004: 10). Despite these adverse developments, the vast majority of developing countries still have very few sayings in negotiations around the world in economic, fiscal and social matters. As such, the workers and the poor have almost no say in this governance process. One of the fundamentals of good governance is ensuring the growth of workers 'and employers' organizations and removing barriers to efficient social dialogue between them. In addition, it is also important to support the strengthening of representative organizations of other poor and socially disadvantaged groups. They constitute the basic conditions for the development of an energetic civil society that reflects the diversity of different views and interests (ILO, 2004: 55). For this reason, governance draws a broad framework for the involvement of highly diverse actors and interest groups in public policies and practices in various forms. Global governance and global politics therefore involve many actors at different levels and in a wide range of activities.

1.3.1.3. The Extent of Law

The fact that the economic crises that occur in any region or country has consequences that can affect the whole world, shows the level reached by globalization. It is foreseen that these results can be solved by the actions of states in the framework of global governance. Because the international market and the financial system can only function in a healthy way by conforming to the governance principles of the states. The provision of transparency, accountability and the rule of law can prevent excessive risk purchases and very high prices, which are the biggest causes of economic crises. Harmonization with these principles of governance also envisages that economic actors will inspect themselves. Good governance at all levels; transparency, the rule of law, a sound economic strategy and the adoption of market-oriented economic policies. These should be supported by adequate domestic institutional infrastructure. For this reason, both governments and the market must cooperate appropriately in order for globalization to provide appropriate economic results (Das, 2009: 31; Dingwerth and Pattberg, 2006: 195). The realization of the rule of law principle involves the identification of economic, social and political priorities with a broader community consensus and the recognition of their assets in the decision-making processes of the poorest and most fragile segments of society and in the distribution of resources (Sözen and Algan, 2009: 2). The principle of supremacy of law emerges as a result of the principle of transparency (clearness). A good and healthy functioning governance requires a fair framework of implementation rules. Moreover, it is proposed that these rules be applied in an impartial manner, regardless of the power relations between the state and other actors. Thus, the rights of those who are especially fragile are also protected. It is also possible to appeal to an independent body in the settlement of conflicts. This appeal or objection must be accepted and adopted by all stakeholders (Aras and Crowther, 2009: 3). Effective implementation of laws and justice is essential. The impartial legal framework applicable to all is not limited to protecting people from the abuse of power in the hands of state and non-state actors. It also helps people to have property, education, decent work, freedom of expression and other essential rights for human development. In this sense, efforts should be made to ensure that the binding / enforcement of laws at both the national and local level is guaranteed, and that all rich and poor citizens have the right to use them, their knowledge and possibilities. This requires transparent and accountable government institutions at the legislative and executive levels, as well as independent judiciary (ILO, 2004: 55-56).

1.3.1.4. Transparency (Clearness) and Accountability

Economic transparency will ensure that the best allocation of resources is achieved, the efficiency is ensured and the growth potential of the economy is increased. Otherwise, information deficiencies in the market will increase transaction costs and market imbalances will arise.

Today, the demand for transparency is at the core of globalization and democratization. The interdependence of national economies has made the actions of all actors more relevant. Developments that are happening elsewhere in the world are rapidly reflecting and affecting other regions. International organizations such as the International Monetary Fund (IMF), the World Bank (WB), and the Organization for Economic Cooperation and Development (OECD) often make recommendations to ensure transparency in national governments (Kondo, 2002: 8-9; Scholte, 2004: 217).

On the other hand, transparency from the main elements of governance is closely related to accountability. In this sense, the main objective of transparency demands is to ensure accountability and responsibilities for the policies of the people and actors in the economic, social and political authorities of the state. Accountability is the basis for the democratic relationships that must be found between rulers and rulers (Hazenberg and Mulieri, 2013: 308). Governance is a form of management and process that encompasses public and private sector actors. Examples of this include European Union (EU) institutions and social stakeholders at European level.

Today, transparency is one of the two main orbits of EU-level governance (Welz, 2008: 108). Asymmetric information equality will be abolished in a governance mentality where there is no transparency. Therefore, the participation of people who are potentially affected by governance debate will not make sense in this matter.

1.3.2. Global Governance Actors

Governance actors vary depending on the level of government that is under discussion. For example, in rural areas other actors may include land owners, water management groups, associations of farmers, cooperatives, NGOs, research institutes, religious leaders, finance institutions, and political parties, among others.

There are complex relationships between actors involved in governance. At the national level there are also media, lobbyists, international donors, and multi-national corporations, all of which may play a role in decision-making or in influencing the decision-making process. At the international level, governance actors can include national governments, regional authorities, international organizations, and the donor community (UNDP, 1994).

1.4. Reasons for Global Governance

In the context of neo-liberal understanding, since the early 1980s, the position of the state in the economy and social politics has become questionable. In particular, the need to reduce the regulatory role of the state on the basis of the labor market has been repeatedly stated. This is nothing more than a question of the role of the state in regulating the market mechanism in general terms. Regulation has been perceived to be distorted in its true sense, leading to negative consequences in terms of growth, employment and even income distribution, which hinder the healthy operation of the market.

Along with this ideological re-turning, there are two reasons for the desire for change. The first justification is competition at international level. It has been argued that intensification of international competition in connection with globalization, including wages, requires more costs and less flexibility to the production system. This, of course, has negative effects on the achievements in social policy. Increased market liquidity increases the bargaining power of businesses over competent public authorities and employees. While the workers fall into a weak state against the dangers of localization, the states that are willing to attract and sustain foreign investments are obliged to make concessions. Secondly, the threat to stimulate support provided by social policy during the cold war period has partially ceased to exist. In this context, it is understood that globalization initiated a change that is not backward in the world (Erdut, 2004: 46).

These radical structural changes that have emerged have initiated the process of regional restructuring of social policies. These structural changes, which are predominantly based on socioeconomic and demographic bases, are well known in developed countries and have been subject to detailed investigation and research.

These structural changes will encourage new and more flexible production methods, which are described as the main solution to the economic problems, the increasing population instability, the diminishing fertility rates accompanying deep economic restructuring, the prolonged unemployment, the increase in female labor force participation, and new technologies (Kazepov, 2010: 35). In this sense, it is necessary to adapt to change and to protect those that may suffer in this process. These changes not only undermine the functioning of welfare state institutions but at the same time weaken the effectiveness of social policies. Post-Cold War policies have been developed to address specific risks in the context of economic growth, the need to keep requirements relatively constant, to increase available resources, and to provide access to more sources and to anticipate controlling conflicts that may arise from re-distribution. The demolition of this system, called Keynesian Fordism, has created many new areas of conflict, from unemployment to social services and care. In this case, it has become inevitable for the state to face a deep financial crisis and it has become a necessity to establish a new balance between existing resources and requirements in the context of structural adjustment politics (Kazepov, 2010: 36). The neoliberal policies adopted in the globalization process have created serious unfavorable economic and social implications.

Globalization has affected global prices of goods, services and production factors negatively. In developed industrial economies, especially when many large industrial sectors operating with low technology are closing down, these economies have suffered from the rapidly rising unemployment problem. This loss of jobs has become permanent in many countries and sectors, and has also led to deterioration in social welfare. In short, globalization is seen as the main responsibility of these emerging business losses (Das, 2009: 34).

The transboundary movement of goods and services trade has undoubtedly not prevented the increase and spread of economic inequality, despite the acceleration of the globalization process, as compared to the past. As a result, increasing economic inequality and increasingly distorted income distribution in emerging market economies and emerging market economies reveal the other side of the globalization process. Some economists have encountered job and job losses after articulation to the global market. Globalizing economies have to provide national policy support to solve unemployment and ensure equity in income distribution. The problem of income inequality is not only observed at the national level, but also in the international arena. That is, it is expressed that globalization has increased income inequality among countries. The underdeveloped and poor countries are adversely affected by the unprecedented rise of globalization. On the other hand, it is also one of the most important features of the globalization process that the inter-border movement of the workforce occurs at much lower levels than desired and expected speed. This poses a weak point of globalization for the labor force (Das, 2009: 34). There is no doubt that change is concentrated on the nation state. Globalization is measured by the increasingly controversial nature of states' traditional autonomy. It is not possible to balance the loss of national autonomy to the present by putting the necessary social policies into practice. The social landscape has radically threatened the globalization of the economy, the monetary and fiscal deregulation of the world, and the regulatory role of the multinational states of their production systems.

In this sense, as globalization reduces the classical effectiveness of social protection, it is understood that methods of creating a social framework for labor markets that become interdependent beyond the national borders must be investigated and put into practice. According to this, change is manifested itself by the decline of two actors of classical economic and social politics, namely the state and labor union, the application of structural adjustment programs which are effective in this tension, and the gradually increasing role of the actor in this process becoming almost one-sided decisive force in the social field (Erdut, 2004: 47).

Neo-liberal policies change the relationship between state, labor and capital. Economic activity is shaped by market forces, not through state intervention and social partners as in the past. The activities in international capital markets no longer coincide with the activities of national labor markets. The risks and advantages that are caused by the disparity between labor and capital come from this. In this context, the discussion of the traditional role of the economic and social intellectual state has been made and it has been argued that certain decisions in this area have progressively shifted gradually towards the lower levels of the nation state (regional, local), and some of them gradually go beyond the nation state (transnational or international level) seen. There is no doubt that this change leads to the regression of the nation state. The fact that multinational enterprises start to fill this vacated area from the nation-state constitutes another aspect of the regulator's change (Erdut, 2004: 48-49). The nation state is no longer a ruling force capable of creating political consequences with its own authority and in all its dimensions, but in a position where governance forms are proposed and justified in this way (Özaydın, 2008: 168).

There are many different factors such as geographical fragmentation of labor, unorganization, improvement such as separation to qualified and unqualified groups, increase of unemployment, increase of service sector, increase of women's labor, employment structure, meaning of work, class concept and politicization of labor. As a result, the power relations between the two social partners differed, as well as the structure and meaning of labor and capital, as a factor of production. In today's conditions, as well as increasing problems in working relations, different interest groups have emerged. However, to explain them in class associations; it is not possible to say that class power continues (Koray, 2005: 43). In explaining the relationship between globalization and the change in social policy, it is understood that the national level is still important, that national regulations, regionalism and protectionism have not lost their importance.

2. RESULTS OF GLOBAL GOVERNANCE IN TERMS OF SOCIAL POLICY

Social policy can be defined in general as the practice of governments and other institutions which will influence the prosperity of the societies. However, this definition excludes targets of applications that are not explicitly defined. The aims and objectives of social policy can be summed up in a wide variety of ways, including meeting the basic needs, protecting against risks, developing human abilities, and improving prosperity through appropriate means. All of these concepts are atypical to the concept of generic justice. The debates emerging in the topics of globalization and social policy are assessed in the context of the impact of globalization on the welfare state. This approach emphasizes the constraints of economic globalization on states, public policies and welfare states. Although capitalism has always been regarded as a global system, capital mobility has always been a risk, and the politics of states have been depended on parameters accepted historically as international capital institutions. Nevertheless, the state alleges that the power and policy autonomy is eroded by the external forces of the contemporary global economy (Yeates, 1999: 377).

This situation makes the power of the IMF, WB and WTO fragmented and contradictory (Gough, 2013: 187, Deacon, 2007: 48-51, Ervik, Kildal and Nilssen, 2009: 2). The trend towards the transnational framework takes place as far as the strength of the national domain is concerned. The postmortem framework is accompanied by upward, downward and lateral transfers of economic, social and political production functions (Ervik, Kildal and Nilssen, 2009: 2). In resolving market disruptions, the importance of non-state mechanisms in the distribution of economic and social policies supported by the government in the financial sector is increasing. Although social policy continues to be perceived as a national problem in today's world, the dimension of globalization and national boundaries is more prominent. State and non-state institutions regulating national social policies are influenced by social policy arrangements at supra-national and international levels. Global social policy, supposed by supranational actors, is shaping global redistribution, global social regulations and global social empowerment, and this change also includes formalizing national politics of supra-national organizations (Özaydın, 2008: 172). Along with the international opening of the markets, many regulatory authorities emerged from the authorities of the state. Organizations such as the IMF, WB, WTO and ILO are also seen to play an increasing role in the social policy agenda, as well as on the economic-political agenda. Increasingly, attempts to internationalize social policy have been mentioned.

Simultaneously, however, economic and social policies are being transmitted towards regional, urban and local levels on the grounds that they can be designed in close proximity to the application areas of the best policies to influence micro-economic supply, as well as social revitalization. In these three (global, national and local) contexts, welfare governance is redefined in the transnational process.

In the transnational process, it takes the place of providing imperative coordination by the sovereign state, interdependence, mutual learning, sharing of knowledge, re-negotiation of flexibility. The state derives from being the only force that defines general interests, and becomes a mixture of power relations between private interests. For this reason, the state is no longer a third party but a side of social dialogue. Social dialogue is influenced by all actors. At national level new forms of social dialogue are emerging. These forms are used in the reform initiatives towards the labor market and social protection, on the grounds of employment policy. The state actually aims at more flexible rules for business, rather than consolidating collective autonomy as an autonomous goal. Concretely, in the regulation of working conditions, both sectors are looking for techniques that can be better adapted to the conditions of the employer and the worker, and that are not very strict in terms of the employer's demands in the management of the workforce. In this context, there are many ways in which the functioning and structure of the global economy can reshape national social policy. First of all, financial globalization increases the structural dependency of the state on all domestic and foreign capital forms. Second, financial globalization increases the risk of capital mobility. Third, financial articulation reduces the possibility of nation states pursuing broader economic policies to reduce unemployment, which forces nation states to achieve fiscal discipline. Fourth, the global economy has exacerbated the link between economic development and full employment in developed countries. The fifth, and most important, is the transnational extension of neoliberalism. This emphasizes the utter weakness and inadequacy of producing economic and social policy at the national level. Neoliberalism encourages the governments of nation states that governments should not compromise the structure, functioning or outcomes of the global economy and thus comply with the requirements of international competition such as reducing or eliminating trade barriers, reducing public interest, taxing and reducing welfare (Yeates, 1999:

373). Although there are arguments that the state is weakened by international economic forces, it is clear that states operate in a distinctly different economic and political environment 40 years ago. The process of social policy making, implementation and measures takes place in a context where states are not a privileged subject of international politics, nor are they the only mediator, nor even the main agent of their own society.

Political globalization and its accompanying trade and institutional and organizational changes in the form of governance mean that politics is more centralized. These states constitute only one dimension of a 'system of governance that is intertwined, often competing and highly complex'. This structure of global governance and the accompanying political processes have negative implications for states' independence and political autonomy.

3. GLOBAL GOVERNANCE AND INCOME INEQUALITY

Mayer and Sussman (Mayer & Sussman, 2001) assessed that regulations concerning information disclosure, accounting standards, permissible practice of banks and deposit insurance do appear to have material effects on economic growth. Beck et al. (Beck, A, & Levine, 2003) assessed that both the legal systems brought by colonizers and the initial endowments in the colonies are important determinants of stock market development and private property rights protection. Huang (Huang, 2005), using a panel dataset of 90 developed and developing countries over 1960-1999, revealed that political liberalization is typically followed by a higher level of economic growth at least in the short-run, particularly for lower-income countries, ethnically divided countries and French legal origin countries. In this study the governance index, economic growth and income distribution will be analyzed by nonparametric tests.

3.1. The Gini Index of Income Inequality and Governance Scores

The Gini Index (GINI) measures the deviation of the distribution of income among individuals or households within a country from a perfectly equal distribution. The index is theoretically based on the so-called Lorenz Curve, where a value of 0 represents absolute equality and a value of 100 absolute inequality.

Three indices were utilized to assess social governance, namely (a) the Health Sub-index of the Human Development Index (b) the Education Sub-index of the Human Development Index and the Gini coefficient compiled by the World Bank. The scores, ranking and governance scores are presented in Table 1.

Table 1: The Social Governance Scores and Rankings in a Global Context

Category of Countries	HDI-HLT		HDI-EDU		GINI	
	Score	Rank	Score	Rank	Score	Rank
Best: all countries	83.6	1	0.994	1	25.0	1
Worst: all countries	45.6	183	0.049	183	65.8	137
Average: all countries	70.4	92	0.558	92	40.4	69

Table 2: Spearman's and Kendall's Non Parametric Rank Correlation Tests

	Spearman		Kendall	
	rho	Prob > |t|	τ	Prob > |z|
2005	0.5575	0.0002	0.3954	0.0004
2006	0.4963	0.0013	0.3482	0.0019
2007	0.7567	0.0000	0.5655	0.0000
2008	0.7935	0.0000	0.5978	0.0000
2009	0.8119	0.0000	0.6140	0.0000
2010	0.8198	0.0000	0.6329	0.0000
2011	0.8352	0.0000	0.6383	0.0000
2012	0.8247	0.0000	0.6329	0.0000
2013	0.7729	0.0000	0.5655	0.0000
2014	0.6856	0.0000	0.4764	0.0000
2015	0.5658	0.0002	0.3927	0.0005

Source: Authors' calculations.

Table 2 reports the correlation values between economic growth and governance. The results reveal that according to the Spearman's test, we accept H0 (p-value < 0.05). There is a link between economic growth and governance (they are highly correlated because rho tends to one especially during 2009, 2010, 2011 and 2012). The Spearman correlation coefficient or Spearman's rho is positive: economic growth (governance) tends to increase when governance (economic growth) increases. Kendall's test concludes that there is a statistically significant lack of independence between economic growth and governance.

Analyzing the link between governance, economic growth and the Gini coefficient; when the score of economic growth will increase, income inequality will decrease. Overall, governance is negatively correlated with Gini coefficient and positively correlated with economic growth. These results corroborate those found previously.

CONCLUSION

There has been little empirical study on the relationship between finance, governance and inequality. Good governance may reduce inequality and thereby enhance economic growth. At this backdrop, we have included six well known global governance measures and their interaction with wealth inequality in our empirical specifications. It is asserted that greater voice and accountability, higher political stability and government effectiveness, better regulatory quality and rule of law, and control of corruption, on average, help a country to reduce unequal wealth distribution which in turn may promote subsequent economic growth.

This would seem to suggest that good governance tends to lead to economic prosperity. This conclusion, also often found in the literature, supports intuitive thinking, given that good governance is likely to mean responsive administration, better institutional set-ups and more efficient utilization of resources. However the causality of this connection has been questioned, as indicated in the literature section, given that, as one reason, it may be possible that economic development enables the country to better afford governance institutions.

This study attempted to examine this issue for 183 countries over the period 2005-2015 by non-parametric approach grouped into three main groups; best, worst and average. Analyzing the link between governance, economic growth and the Gini coefficient; when the score of economic growth increase, income inequality decrease. Overall, governance is negatively correlated with Gini coefficient and positively correlated with economic growth.

In conclusion, to get economic growth governance is a key for developed and developing countries, however to provide income distribution equality other social policies should apply.

Data Appendix

Economic Growth: Per capita real GDP growth rate as well as TFP growth rate from 2006 to 2014 have been compiled from PWT version 9.0 is a database with information on relative levels of income, output, input and productivity, covering 182 countries between 1950 and 2014.

Governance: The Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for over 200 countries and territories over the period 1996–2017, for six dimensions of governance. http://info.worldbank.org/governance/wgi/index.aspx#home

REFERENCES

Aaron, H. (1967), The Foundation of the War on Poverty, Re-examined, America Economic Review 57, 1229–1243.

Anderson, T. W. (1964), An Introduction to Multivariate Statistical Analysis, 2nd Edition. New York: John Wiley and Sons.

Aras, G. and Crowther, D. (2009), "Corporate Governance and Corporate Social Responsibility in Context", in Global Perspectives on Corporate Governance and CSR, (edts) Aras, G. and Crowther, D., Farnham, England.

Börzel, T. A. and Risse T. (2010), "Governance without a State: Can It Work?", Regulation & Governance, 4 (2), June, pp.113–134.

Cederman, L. (2001), "Back to Kant: Reinterpreting the Democratic Peace as a Macrohistorical Learning Process", The American Political Science Review, 95, 1, pp.15-31.

Clark, I. (2000), Governance, the State, Regulation and Industrial Relations, Routledge, New York.

Credit Suisse (2015), "Global Wealth Report", Global Wealth Data Book. https://www.credit-suisse.com/us/en/news-and-expertise/research/credit-suisse-research-institute/ publications.html. (Access: 14.10.2018).

Daly, M. (2003), "Governance and Social Policy", Journal of Social Policy, 32 (1), January, pp. 113- 128.

Das, D. K. (2009), Two Faces of Globalization, Edward Elgar Publishing Limited, Cheltenham, UK.

Deacon, B. (2007), Global Social Policy and Governance, Sage Publication, London.

Deutsch, K. W. (1978), The Analysis of International Relations, New Jersey, Prentice-Hall Inc.

Dingwerth, K. and Pattberg P. (2006), "Global Governance as a Perspective on World Politics", Global Governance: A Review of Multilateralism and International Organizations, 12 (2), 185-203.

Doyle, M. (2005), "Three Pillars of the Liberal Peace", The American Political Science Review, 99, 3, 463-466.

Erdut, Z. (2004), 1. Ulusal Sosyal Politika Kongresi, Yaşam Boyu Sosyal Koruma, Devrimci İşçi Sendikaları Konfederasyonu, Ankara, Dedeman Otel, 22-24 Ocak, s. 32-57.

Ervik, R., Kildal, N. and Nilssen, E. (2009), "Introduction", in the Role of International Organizations in Social Policy, (edts) Ervik, R., Kildal, N. and Nilssen, E., Edward Elgar Publishing Limited, Cheltenham, UK.

Galtung, J. (1971), "A Structural Theory of Imperialism", Journal of Peace Research, 8, 2, 81-117.

Gough, I. (2013), "Climate Change, Social Policy, and Global Governance", Journal of International and Comparative Social Policy, 29 (3), pp.185–203.

Güney, A. (2006), "Bob Jessop'da Yönetişim Kavramı: Stratejik İlişkisel Devlet Biçiminden Yönetişim Biçimine", Memleket Siyaset Yönetim, 1, s. 153-171.

Hazenberg, H. (2013), "Is Governance Democratic?", Critical Review of International Social and Political Philosophy, 16 (1), pp.1-23.

ILO (2004), A Fair Globalization: Creating Opportunities for All, International Labour Office, (ILO) Geneva.

Jessop, B. (2005), Hegemonya Post-Fordizm ve Küresellesme Ekseninde Kapitalist Devlet, (edts) Yarar, B. ve Özkazanç, A., İletisim Yayınları, İstanbul.

Kazepov, Y. (2010), "Rescaling Social Policies towards Multilevel Governance in Europe: Some Reflections on Processes at Stake and Actors Involved", in Rescaling Social Policies: Towards Multilevel Governance in Europe, (edts) Kazepov, Y., Ashgate Publishing, European Centre Vienna.

Keune M. and Marginson P. (2013), "Transnational Industrial Relations as Multi-Level Governance: Interdependencies in European Social Dialogue", British Journal of Industrial Relations, 51 (3), September, pp. 473–497.

Kohler-Koch, B. and Rittberger B. (2006), "Review Article: 'Governance Turn' in EU Studies", Journal of Common Market Studies, 44 (1), September, pp. 27–49.

Kondo, S. (2002), "Fostering Dialogue to Strengthen Good Governance", in Public Sector Transparency and Accountability: Making it Happen, OECD, Paris.

Koray, M. (2005), Avrupa Toplum Modeli, 2. Baskı, İmge Yayınevi, Ankara.

Köse A. H., Reyhan H. ve Senalp M. G., (2003), "Küresel Yönetişim ve Sendikalar", Türkiye.

Lee, S. ve McBride, S. (2007), Neo-Liberalism, State Power and Global Governance, Springer, Dordrecht, Netherlands.

LeBlanc, M. (2000), Poverty, Policy and the Macroeconomy, United States of Department of Agriculture, Technical Bulletins 1889.

Maoz, Z. and Abdülali N. (1989), "Regime Types and International Conflict, 1816-1976", The Journal of Conflict Resolution, 33, 1, 3-35.

McGrew, A. (2002), Liberal Internationalism: Between Realism and Cosmopolitanism, Held, D., McGrew, A., (edts), Governing Globalization: Power, Authority and Global Governance, (267-289), Cambridge, Polity Press.

OECD (2014), "Focus on Inequality and Growth". http://www.oecd.org/social/Focus-Inequality-and-Growth-2014.pdf , (Access: 17.01.2018).

Oneal, J. R., Russett, B., and Berbaum M., (2003), "Causes of Peace: Democracy, Interdependence, and International Organizations, 1885-1992", International Studies Quarterly, 47, 3, 371-393.

Özaydın, M. M. (2008), "Küresel Etkilerle Şekillenen Sosyal Politika Anlayışı Ekseninde Sosyal Politikaların Geleceğini Tartışmak", Gazi Üniversitesi İktisadi ve İdari Bilimler Fakültesi Dergisi, 10 (1), s.163-180.

Özer, M. A. (2006)," Yönetişim Üzerine Notlar", Sayıştay Dergisi, 63 (1), 59-89.

Rajagopal, B. (2013), "Global Governance: Old and New Challenges", in Realizing the Right to Development: Essays in Commemoration of 25 Years of the United Nations Declaration on the Right to Development, Office of the United Nations High Commissioner for Human Rights (UNHRC), New York.

Rosenau J. N. (1995), Governance in the Twenty-first Century, Global Governance, Vol. 1. No. 1.

Scolte, A. A. (2004), "Civil Society and Democratically Accountable Global Governance", Government and Opposition, 39 (2), pp. 125-391.

Sözen, S. ve Algan B. (2009), İyi Yönetişim, İçişleri Bakanlığı Genel Yayın No: 654, Ankara.

Şenses, F. (2014), "Gelir Dağılımı ve Yoksulluk: Temel Eğilimler, Nedenler ve Politikalar", Kalkınmada Yeni Yaklaşımlar (der. Ahmet Faruk Aysan ve Devrim Dumludağ), İmge Kitabevi, İstanbul, s. 93-121.

Rummel, R. J. (1983), "Libertarianism and International Violence", The Journal of Conflict Resolution, 27, 1, 27-71.

Waltz, K. N. (2000), "Structural Realism after the Cold War", International Security 25, 1, 5-41.

Welz, C. (2008), The European Social Dialogue under Articles 138 and 139 of the EC Treaty, Kluwer Law Publishing.

Yeates, N. (2002), "Globalization and Social Policy: From Global Neoliberal Hegemony to Global Political Pluralism", Global Social Policy, 2 (1), pp. 69–91.

Yüksel, M. (2000), "Yönetişim Kavramı Üzerine", Ankara Barosu Dergisi, 58(3): 145-159.