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Regulatory Regimes; Significance and Utility

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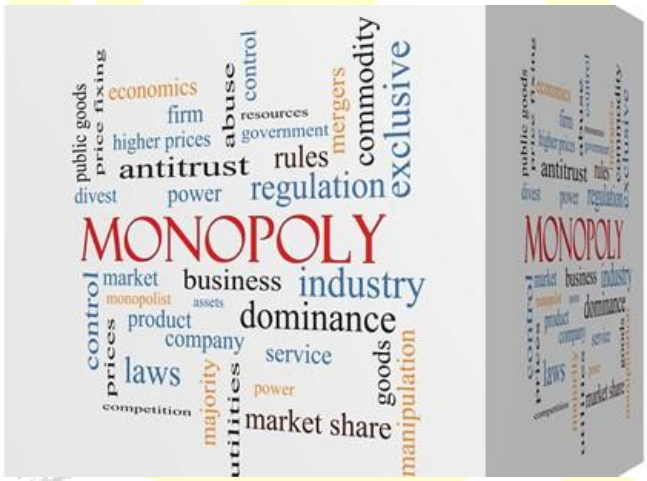

Introduction

A regulatory regime represents any type of authority which can operate at either industrial, national or international levels and which can influence, direct, limit or prohibit any activity undertaken by any stakeholder in a state.[1] Such regulatory regimes exist on the international and national level to serve the purpose of regulation of the

[1](Yoo, Lyytinen, & Yang, 2005)

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affairs of the state. By 'regulation' we mean the attempt to modify the socially-valued behavior of others by the promulgation and enforcement of systems of rules, typically by establishing an institutionally distinct regulator [2]. On the global level, the main purpose of regulatory regime is to regulate various affairs among the states and to ensure the smooth running of the international system. Regulatory regimes operate in the sphere of security, economy, trade, health, environment, communication, energy, and drugs, etc. These regimes assure that the nations around the world comfortably integrate with the international system, and adopt common rules of business in international cooperation. They acquire their power from pacts, treaties, and power directly conferred from international regulatory authorities. Besides Global Regulatory regimes, the state also establishes such bodies at the local level as well.

Regulatory regimes on the state level are enacted through constitution provisions to protect the economic and social rights of their citizens. These regulatory regimes use their constitutional powers to avoid exploitation in the realm of business as well as social life. It has been observed by various writers that regulation only serve a particular group, but the theories of regulation suggest that the benefits are more than the drawbacks. States with a high level of internal and external regulatory regimes are usually more prosperous than those with weak ones. Pakistan being a developing country has also enacted a number of regulators in its constitution through the council of common interests. The utility and importance of regulatory regimes around the

[2](Selznick, 1985; Ogus, 1994; Daintith , 1989).

world and in Pakistan will enable us to understand its necessity and will divert our thoughts to the role of these important institutions to play within a state.

Importance of Regulatory Regimes

The importance of global and domestic regulatory regimes is visible as they safeguard the rights of states and individuals in almost every sphere of their life. Governments and Corporations are under a legal obligation to observe certain rules and regulations in the supply of goods, to curb market exploitation, and to avoid illegal practices in production, to bring the conduct of the institutions and individuals according to some national, social morals and standards. Sanctions are imposed in the form of heavy fines, restricting growth through punitive measures and imprisonment.

In the absence of global regulatory regimes, the realist 'Anarchic World' would get erected from a theoretical obscureness to an observable fiasco. Without regulatory regimes, every nation-state would pursue their goals and objectives of national interests by any means possible without any fear of repercussions. The deterrence to avoid illegal pursuance of national interests on the global level is provided by various regulatory regimes like the United Nations, Basel Convention, Barcelona Convention, International Court of Justice, International Atomic Energy Commission, Financial Assistance Task Force, World Health Organization, World Trade Organization, Inter-governmental Panel on Climate Change, Environmental Protection Agencies. These Regimes works for Human Rights, labor rights, trade rights Protection Agencies and organizations. These organizational bodies are important because they are responsible

to confine the behaviour of the member countries to the agreed rules and standards. They are important in the global level, as the main reason for their existence is to protect the human race from the hazards of technology, pollution, diseases, illegal trade, abusive use of nuclear energy, exploitation of the financial system. Similarly, regulatory regimes are important in the internal functioning of the state. The regulatory regimes of Pakistan could be analyzed to understand the importance of governing regimes on the state level.

National Counter Terrorism Authority, Public Procurement Regulatory Authority, Pakistan Electronic Media Regulatory Authority, National Electric Power Regulatory Authority, Oil and Gas Regulatory Authority, Federal Board of Revenue, Pakistan Council Scientific Industrial Research, Security and Exchange Commission, Drug Regulatory Authority, Civil Aviation Authority, Pakistan Environmental Protection Agency and National Accountability are some of the important regulatory regimes in Pakistan. The importance of these regulatory regimes is evident from the fact that these regulative regimes impact almost every aspect of national discourse. The significance of these regimes has considerably increased as their effective function has become more imperative for a better future of the country. These regimes are essential for the proper functioning of the state apparatus as well as the wellbeing and welfare of the Society.

The Utility of Regulatory Regimes

Regulatory regimes serve a number of purposes: They keep a check on business and trade, control information of national importance, and ensure that inventors own the results of innovation, determine ethical practices, ensure the safety of employees, regulate the migration of workers across international borders, and provide a framework for the execution of international relations. The regulatory regimes also have the function of regulation of policies in the economic and social sectors. These regimes act as a watchdog to prevent corrupt practices in financial dealings. The working of various international and national regulatory regimes will shed light on their utility.

Most of the official regulatory regimes on the international level operate under the auspices of the United Nations. Its various regimes protect and inspect the affairs of the globe in various fields. For instances, the International Atomic Energy Agency as an international nuclear regulatory body assures the effective and legitimate use of nuclear energy around the globe. Furthermore, The Agency works with its member States and multiple partners worldwide to promote the safe, secure and peaceful use of nuclear technologies[3]. Similarly, the World Health Organization (WHO) works worldwide to promote health, keep the world safe from global epidemics, and serve the vulnerable. The objective is to ensure that more people have universal health coverage, to protect people around the world from health threats, emergencies, and

[3] https://www.iaea.org/about

provide better health and well-being to billions of people around the globe. The organization regulates the policies of the health sector around the globe to fight endemic diseases in developing countries. Likewise, International Regulatory Regime like the Organization of Petroleum Exporting Countries is working to manage the supply of oil to set its prices in the international market. Moreover, for the regulation of global trade, the World Trade Organization (WTO) was established.

WTO provides a framework for negotiating trade agreements and a dispute resolution process aimed at enforcing participant's adherence to WTO agreements, which are signed by representatives of member governments and ratified by their parliaments.[4]

The role of National Accountability Bureau, Federal Board of Revenue and State Bank Pakistan as regulatory regimes in Pakistan is significant, not only to root out the evil of corruption but also develop permanent mechanisms which could deter corrupt practices and maintain financial integrity. Similarly, Pakistan Electronic Media Regulatory Authority as a regulatory regime of media, drive and regulate the private electronic media and keep it under constitutional and social norms and values. Likewise, National Electric Power Regulatory Authority (NEPRA) as Electric Power Regulatory regime provides a framework for reliable, efficient and affordable electric energy for the consumers. The role of National Electric Power Regulatory Authority is very important in not only maintain prices at an affordable rate but being an important

[4]4 https://www.wto.org/

government regulatory regime, it also has an important role in lessening the burden of circular debt.

A Comparative Analysis of Regulatory regime in developed and underdeveloped states.

Regulatory regimes administer state affairs in every country. Countries, where the regulatory regimes are weak with restricted power and infested with political interference, are very low on the graph of economic and social development. For instance, the regulatory regimes in countries like Afghanistan and Yemen are very weak and powerless. The consequences are really adverse to those societies. Their economies are destroyed and society fragmented. However, for the developed countries depict their positive role in their respective states.

The strong regulatory regimes of the United Kingdom maintain and implement the Government policies in the avenues of education, environment, finance, and health care. The Health and Care Professional Council (HCPC) is a statutory regulator of over 344,000 professionals from 16 health and care professions in the United Kingdom.[5] Similarly, the Financial Conduct Authority is a regulatory regime that provides services to consumers and maintains the integrity of financial markets in the UK. Likewise, the Office of Qualifications and Examinations Regulation (OFQUAL) is a non-ministerial government department that regulates qualifications, exams and tests in England. Moreover, Northern Ireland Environment Agency (NIEA) ensures the protection of the

[5] https://www.hcpc-uk.org/

environment and Marine Management organization implement the UK′ s government vision for clean, healthy, safe, productive and biologically diverse oceans and seas. These regimes had played a vital role in maintaining the United Kingdom as a developed and a unified Nation.

Conclusion

Regulatory regimes are playing a vital role in the regulation of the practices and functions of the states on the global and domestic levels. Although, there are critics that oppose these regulatory regimes and blame them for their ineffectiveness. The critics also raise allegations about the impartial and biased conduct of individual participant countries in the global regulatory regimes. In their opinion, these strong states use their influence and power in the regulation of the affairs of the global financial and political realms. However, being the watchdogs for the smooth function of the nation-state system their role in the larger perspective is satisfactory. Regulatory regimes in a developing country like Pakistan could play an important role in revamping the socio-political and economic conditions. The inertia imposed by unwanted political interference and the decades-old stagnation of the national regulatory regimes is badly affecting the progress of Pakistan. To break the stagnation and inertia in the national development, it is very much necessary to realize the importance and utility of regulatory regimes and start the necessary reformation as soon as possible.