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Contested globalization: the changing context and normative challenges

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Introduction

Even leading globalizers—that is, proponents of the continued liberalization of the global economic order occupying positions of influence in either the public or private domain—now concede that in its failure to deliver a more just global economic order, globalization may hold within it the seeds of its own demise. As James Wolfenson, President of the World Bank, noted in an address to the Board of Governors of the Bank in October 1998, '… [i]f we do not have greater equity and social justice, there will be no political stability and without political stability no amount of money put together in financial packages will give us financial stability'. An economic system widely viewed as unjust, as Ethan Kapstein recently argued, will not long endure. These views, of course, are not new. Adam Smith himself acknowledged in *Wealth of Nations* that no society could survive or flourish if great numbers lived in poverty.[1]

If globalization in some instances exacerbates, and in other instances gives rise to, new forms of injustice, then the meaning and scope of justice is no longer self-evident. Nor indeed are the means by which it is to be achieved. We are thus forced to consider again the nature of justice. But it must be a conception of justice that relinquishes the Westphalian co-ordinates. If the territorial boundaries of politics are coming unbundled, to use Ruggie's evocative phrase,[2] then it is inevitable that our conceptual images of politics will become similarly unbundled.

Conventional accounts of justice have failed to address the changing nature of the social bond. Rather they have supposed the presence of a stable political society, community or state as the site where justice can be instituted or realized. Indeed, it is often assumed that a stable political order is a condition of justice and justice requires a clear site of authority and a clearly demarcated society. In short, conventional accounts of justice have tended to assume a Westphalian cartography of clear lines and stable identities; they have assumed a settled, stable social bond as a necessary condition of justice. In so doing conventional theories of justice—essentially liberal individualist theory (and indeed liberal democratic theory more generally)—have to date limited our ability to think about political action beyond the territorial state.

[1] Ethan Kapstein, 'Winners and Loses in the Global Economy', *International Organization*, 54:2 (2000), pp. 359–84.

[2] John G. Ruggie, 'Territoriality and Beyond: Problematizing Modernity in International Relations', *International Organization*, 47:1 (1993), pp. 139–74.

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But what if a stable bond should no longer exist?[3] If under conditions of globalization the very fabric of the social bond is constantly being rewoven, then can these givens of justice still pertain? Do the forces and pressures of modernity and globalization, as time and space compress, render the idea of a stable social bond improbable and, if so, how are we to think about justice? What happens to justice when social, economic and political conditions destabilize the social bond? When the social bond is undergoing change or modification as a consequence of globalizing pressures, how can justice be conceptualized, let alone realized? Can there be justice in a world where that bond is constantly being disrupted, renegotiated and transformed by globalization? What are the distributive responsibilities, if any, of states under conditions of globalization? What should be the role, again if any, of the international institutions in influencing the redistribution of wealth and resources on a global scale?

These are serious normative questions with which the modern political philosopher—with few exceptions—has yet to engage in a global, as opposed to bounded sovereign, context.[4] They are thus not questions to which this article, authored by someone untrained in political philosophy, can make a major contribution. But we can take another tack, one located more in contemporary political practice, that can offer some insight into the prospects for greater global justice. We can do so by arguing that these questions, by default and in the absence of settled ethical positions, are also 'governance questions'. By starting with governance, rather than first principles grounded in ethical philosophy, we may be proceeding in the reverse order of logical procedure. But, in the absence of institutions of governance capable of addressing these questions, justice (no matter how loosely defined) is unlikely to prevail.

In short, we lack a basic structure at the global level that can make provision for some kind of elemental distributive justice. In this context, therefore, the general aim of this article is to ask a series of questions about the nature of contemporary global governance that assumes a need for greater distributive justice at the global level for the world's poor, but without elaborating the details of what that greater justice (other than advances in poverty alleviation) might look like. The article will examine the current policy debate on global governance issues to see what change, if any, is in train and what impact any such change is likely to have on advancement in the direction of greater global justice. In this regard the article offers a narrative account of some recent changes in the agenda of global governance. In addition, the article tries to capture the flavour of change in intellectual thinking about these issues. Specifically, it argues that we are seeing a 'mood swing' in both the theory and the practice of international political economy, indeed international relations in general, at the dawn of a new century.

The outcome of this mood swing is a greater concentration in the international policy community on the 'governance' or 'management' of globalization than was

[3] This supposition is discussed in Richard Devetak and Richard Higgott, 'Justice Unbound? Globalization, States and the Transformation of the Social Bond', *International Affairs*, 75:3 (1999), pp. 483–98.

[4] For some exceptions see Andrew Linklater, 'The Evolving Spheres of International Justice', Charles Beitz, 'Social and Cosmopolitan Liberalism' and Henry Shue, 'Global Environment and International Inequality', all three of which appeared in a special 75th anniversary edition of *International Affairs*, 75:3 (1999).

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apparent in the more fundamentalist free-market days of the last two decades of the twentieth century. But it is the specific argument of the article that there is a difference between governance and politics. The principal limitation of the global governance agenda at the beginning of the twenty-first century is shown to be the underdeveloped nature, if indeed not suppressed nature, of its understanding of the salience of politics. Politics, in the context of the emerging global conversation about governance, needs to be understood as not only the pursuit of effective and efficient government, but also as a normative, indeed explicitly ethical, approach to the advancement of a more just agenda of global economic management.

In the 1980s and 1990s free market liberalism (what Ulrich Beck calls 'globalism'[5]), as practice and process, was largely left to private sector corporate actors. The scholarly agenda on globalism was almost exclusively set by the economist. But following a series of striking 'trigger' events in the late 1990s—notably the financial volatility that beset the global economy in general and the states of East Asia, Latin America and Russia in particular—a new view is emerging. For its advocates and detractors alike, globalization as the grand narrative of the contemporary age (which I take to include not only the ideology of globalism, but also an understanding of the phenomenon of shrinking economic and political space) is now too important to be left to the private sector and the economist. More polemically, globalization cannot simply be driven by the neoliberal economic agenda. This is not merely the (often long-held) view of politically marginal analysts residing in departments of international relations, political science, sociology and cultural studies. It is now recognized across the political spectrum, and indeed within the mainstream economic discourse, that globalization has to be *politically* legitimized, democratized and socialized if the gains of the *economic* liberalization process are not to be lost to its major beneficiaries.[6]

There are a range of ways to explain this changing climate of opinion in the domain of both practitioner and analyst. They are discussed in the first section. But the central aim of the article is to ask where this mood swing is taking us. Specifically, where does the relationship between globalization and governance (this time defined as a more ethical politics) head over the next decade? The argument presented here is that it must transgress the divide between the simple profit-maximizing approaches of the 'real world' of corporate capitalism that dominated the policy world in the late twentieth century and the more reflective, but largely ignored, normative interest that prevailed in the academy. The time for a serious marriage of normative and applied policy work in international political economy (indeed international relations in general) is at hand.

In specific terms the interests of the theorist and practitioner of the market must meet seriously the interests of the normative theorist of international politics in a manner that has not occurred since the heyday of Keynesianism. If we take the signals of growing resistance to globalization of the late 1990s to be salient, markets must start to deliver what citizens want or continue on a fraught road to increasing delegitimation and contest. In the past, interest in the question of legitimation has

[5] Ulrich Beck, *Was ist Globalisierung?* (Frankfurt: Suhrkamp, 1997).

[6] See for example, Daniel Rodrik, *Has Globalization Gone Too Far?* (Washington, DC: Institute for International Economics), and Paul Krugman, *The Return of Depression Economics* (London: The Allen Lane Press, 1999).

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been largely the domain of the normative political theorist of the bounded sovereign state. This bifurcation cannot be sustained under conditions of globalization. With no utopian teleology implied, it is perhaps time to start thinking about how we conceptualize a 'global polity', or at least an international system with 'polity-like' characteristics.[7]

If the liberalization of the international economy is to continue, or indeed not be rolled back, then metaphorically, Hayek will have to concede more ground to Polanyi and Keynes than practitioners, indeed scholars too, would have imagined just a few years before the end of the twentieth century. That this must happen is less to do with any substantial ideological rejection of the market rather than a re-recognition by some, and an initial learning by many, that markets are social constructs that need to be governed. But, and this is the key point, governed in a way that goes beyond the simple understanding of governance as the effective and efficient management of the modern state. Global governance must find a way to take account of the need to legitimize and democratize those policy processes that occur beyond the boundaries of the state.

The article unfolds in three stages. In Part 1 the characteristics of the 'mood swing'—from the Washington Consensus to the Post Washington Consensus—are outlined. This change in mood is predicated on a narrow definition of globalization as the process of *economic liberalization* and the emergence of an agenda for global governance as a response to this process. Globalization is, of course, more complex than simply economic liberalization plus global governance and the article does not suggest that the Post Washington Consensus and a global governance agenda are synonymous. Global governance has a much wider intellectual history and policy agenda than merely the management of the international economy at the close of the twentieth century. Throughout the twentieth century, notwithstanding failed attempts to build institutions like the League of Nations, the growth of multilateral and regional institutions reflects what one scholar has called an evolving 'constitutionalization' of world order.[8]

But enveloped in the language of a Post Washington Consensus, the new global governance agenda is clearly a response to the backlash that followed the financial crises that has hit the emerging markets of Asia, Latin America and Russia since 1997 and other subsequent forms of resistance to globalization. The Consensus–post-Consensus metaphor attempts to capture the flavour of these changes. In the former market-dominated consensus, no conception of governance was present. In the latter, it is argued that a limited understanding of governance is emerging. In Part 2 of the article the limits of the Post Washington Consensus to questions of governance are subjected to scrutiny. The essence of the critique is that the Post Washington Consensus represents an exercise in 'governance without politics'. Prescriptively, this will not do. We need to bring politics back in to the management of the global economic order, thus Part 3 of the article is a plea for an invigorated normative scholarship of international political economy.

[7] This theme is developed in Morten Ougaard, 'Approaching the Global Polity', Working Paper 42/99, (University of Warwick: Centre for the Study of Globalization and Regionalization, October 1999) and in more detail in a collection of forthcoming essays in Morten Ougaard and Richard Higgott (eds.) *The Global Polity* (London: Routledge, 2001).

[8] See Daniel Elazar, *Constitutionalizing Globalization* (Boston, MA: Rowman & Littlefield, 1998).

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1. In the mood: the end of the Washington Consensus and the emergence of 'contested globalization'

The resistance to globalization that has developed over the last 4–5 years can be identified in a number of different ways and in a large body of secondary committed quasi-academic and analytical literature that identifies a range of limitations in, and objections to, globalization as a neoliberal project.[9] Influential in the development of the mood of resistance to globalization has been a range of events in the world of international political economy and international politics as practiced in the closing stages of the twentieth century. Four events are illustrative of this mood swing.

Firstly, the failure of the OECD to establish the Multilateral Agreement on Investment. Rightly or wrongly (and the analysis is contested) this was thought to represent a signal victory for NGO mobilization of opposition to a major neoliberal international initiative *via* the use of the modern technology of the internet.[10] The second factor was the financial crises that hit Asia in the second half of 1997 and then spread to Latin America and Russia in early 1998. The Asian crises were seen initially in some parts of the international policy community, as former IMF President Michel Camdessus described it, as 'a window of opportunity' to consolidate the Anglo-American model of economic development at the expense of the Asian developmental state. However, the longer term reading is one that identifies these crises as significant sources of backlash against the unfettered nature of the globalization project and the spur to a rethink about the role of regulation, re-regulation and the capacity of the state in the political economy of globalization.[11]

The third event was what is now commonly known as 'the battle of Seattle' that aborted attempts at the third Ministerial Meeting of the WTO to set in train the new multilateral (Millennium) round of trade negotiations. Again the significance that one attaches to this event is contested in a range of quarters. For some, such as Mary Kaldor, it was a victory for political globalization from below.[12] In more restrained fashion, the significance of Seattle was that it brought together that range of non-state actors who, in their many different ways over the previous decade, had

[9] Good secondary discussions of debates about the emergence of globalization and the different ways of analysing this phenomenon are now numerous and need not be reviewed here. The literature is now too voluminous to review here. Perhaps the most comprehensive text on the subject is David Held et al., *Global Transformation* (Cambridge: Polity Press, 1998). But the best single authored text is without doubt Jan Aart Scholte, *Globalization: A Critical Introduction* (Basingstoke, UK: Macmillan, 2000). For a flavour of the *range* of literature on offer see the essays in Richard Higgott and Tony Payne (eds.), *The New Political Economy of Globalization*, 2 vols. (Aldershot, UK: Edward Elgar, 2000). For a flavour of the critiques, see Gerry Mander and Edward Goldsmith (eds.), *The Case Against the Global Economy: And For A Turn Toward the Local* (San Francisco: Sierra Club Books, 1997); Richard Falk, *Predatory Globalization* (Cambridge: Polity Press, 1999); and the essays in Don Kalb et al., *The Ends of Globalization* (Oxford: Rowman and Littlefield, 2000).

[10] See Stephen J. Kobrin, The MAI and the Clash of Globalizations', *Foreign Policy*, 112 (Fall, 1998); Elizabeth Smythe, 'State Authority and Investment Security: Non State Actors and the Negotiation of a Multilateral Agreement on Investment at the OECD', in Richard Higgott, Geoffrey Underhil and Andreas Bieler (eds.), *Non State Actors and Authority in the Global System* (London, Routledge, 2000).

[11] See Martin Rhodes and Richard Higgott, 'Asian Crises and the Myth of Capitalist Convergence', *The Pacific Review*, 13:1 (2000), pp. 1–19.

[12] See Mary Kaldor's 'Civilising Globalization: The Implications of the Battle of Seattle', *Millennium: A Journal of International Studies*, 29:4 (2000), pp. 105–14.

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commenced the discussion about what the nature of an opposition to the most rapacious aspects of globalization might look like. In contrast to the activities of NGOs throughout the 1990s,[13] the debate at Seattle was not just issue-specific (gender, environment, social exclusion, development) but also more generally it reflected on the wider question of the very nature of the kind of global polity that might/should/could emerge out of the mitigation or reform of globalization.

It behoves us, however, to recognize the more cautionary tale told by other observers of Seattle. Jan Aart Scholte offers several sobering observations on Seattle. While noting that events did in fact reflect one of the most sophisticated and in-depth reflections of civil society opposition to globalization to date, Scholte also notes that '… halting a new round of trade liberalization is not the same thing as building a better world'.[14] The policy change that will emanate from Seattle is yet to be determined and until we can say otherwise, its impact should not be overestimated. In addition it would be a mistake to overestimate, 'romanticise' says Scholte, either the innately progressive nature of, or functionality of, civil society as an agent of policy change. The most appropriate way to see Seattle—and the regular demonstrations at the joint annual spring meetings of the World Bank and the IMF, the failure of the MAI and the overflow from the financial crises of the late twentieth century—is as a series of trigger points on the road to a changing international intellectual and policy agenda, the detailed parameters of which are yet to be fully discerned.

The fourth factor in bringing a change in mood to wider attitudes towards globalization is less an event and more the development of a perception that global liberalization brings with it increased inequality. There is much empirical data (not always consistent it should be added) on this issue. The best sources do, however, identify a rapid post-World War II growth in global income gaps. The income gap ratio between the 20 per cent of the world's population in the richest countries and the 20 per cent in the poorest grew from 30:1 in 1960 to 60:1 in 1990 and 74:1 in 1995. The poorest 20 per cent of the world's population account for only 1 per cent of total global GDP and 40 per cent of the world's population live in absolute poverty.[15] Whether the relationship between increased inequality and globalization is causally related or merely a correlation is theoretically very important, and there is emerging evidence to suggest that there is indeed a causal relationship.[16] But the correlation alone is sufficient to make it a political issue of the utmost importance. It is the identification of the correlation that causes the dispossessed to believe that globalization is a source of their plight.

While the increase in the relative gap at the top and bottom of the scales is hard to dispute, other data can provide evidence of increased aggregate welfare generation overall from which more people in absolute terms have benefited from globalization. The strongest economic point that can be made is that across the

[13] For a discussion of the role of NGOs as sites of opposition to the globalization discourse, see Cecilia Lynch, 'Social Movements and the Problem of Globalization', *Alternatives,* 23:2 (1998), pp. 149–73.

[14] Jan Aart Scholte, 'Cautionary Reflections on Seattle', *Millennium: A Journal of International Studies*, 29:4 (2000) p. 116.

[15] Data from United Nations, *Human Development Report* (New York, Oxford University Press, 1999). For a good discussion of the complexity of the relationship between inequality and globalization, see the essays in Andrew Hurrell and Ngaire Woods (eds.), *Inequality, Globalization and World Politics* (Oxford: Oxford University Press, 1999).

[16] The literature is reviewed in Kapstein, 'Winners and Losers in the Global Economy', pp. 359–84.

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twentieth century a 'massive divergence in income levels and growth performance' has been conclusively demonstrated.[17] As important as these data are, they are invariably silent on the politics of these numbers.

The important factor in the politics of globalization is the degree to which it is perceived to exacerbate inequality and the degree to which the existing institutions are thought by those who claim to speak for the dispossessed, to underwrite the *status quo* rather than work for its eradication. The point for this essay is that correlation between globalization and poverty is sufficient for the relationship to generate the kinds of combative politics that we have witnessed over the last few years as the gap between beneficiaries and victims of globalization has become more apparent. Any emerging normative agenda must address it full on. It is in this empirical and changing intellectual context that the central elements of the international economic institutional architecture that developed in the post-World War II era have been found to be increasingly wanting at the end of the twentieth century.

The existing architecture is insufficiently flexible to respond to what we might call the 'new politics of contested globalization'. It has led to the end of that orthodoxy (the Washington Consensus) that dominated the 1980s and 1990s and the emergence of a Post Washington Consensus.[18] The principal element of this change is the development of an understanding, amongst leading policymakers of the international institutional policy community, of the importance of the need for a stronger 'governance dimension' to the international economic order. 'Governance' here, as the next section will demonstrate, is to be distinguished from 'politics'. At the present historical juncture, global economic managers are attempting to develop a global governance system, what others such as Stephen Gill might call a 'constitution for global capitalism',[19] but absent some of the more basic polity-like characteristics that accompany governance systems within the jurisdictions of sovereign states. I characterize this process as the emergence of a 'Post Washington Consensus'.[20]

The basic argument is not that these events reflect a fundamentally new aspect of the process of 'global politicization'. Rather, they should be seen as the minimum

[17] See the excellent discussion of the available data on these issues in Nicholas Crafts 'Globalization and Growth in the Twentieth Century', IMF Working Paper 00/44, Washington DC.

[18] This is not the place to develop a full exposition of the Washington Consensus save only to note that the term was originated by John Williamson to reflect shared opinion on the key parameters of global economic managament, and specifically policy prescriptions for financial adjustment in developing countries, within the Washington international financial community that included not only the US administration, but also the major international financial institutions and 'think-tanks' such as the IIE. To be fair to Williamson, he merely called it 'the Washington Consensus.' He cannot be held accountable for the expansion of its use and the pejorative connotations that have been attached to the epithet by other observers of these processes. See John Williamson, 'What Washington Means by Policy Reform', in John Williamson (ed.), *Latin American Adjustment, How Much Has Changed?* (Washington: Institute for International Economics, 1990). For discussions see Paul Krugman, 'Dutch Tulips and Emerging Markets', *Foreign Affairs*, 14:1 (1995), pp. 28–9; Robin Broad and John Cavanagh, 'The Death of the Washington Consensus', *World Policy Journal*, 16:3 (1999), pp. 79–88 and Moises Naim 'Washington Consensus or Washington Confusion, *Foreign Policy*, 118 (Spring 2000), p. 103.

[19] Stephen Gill, '*The Constitution of Global Capitalism*'. Paper presented to the British International Studies Association, Manchester, 20–22 December, 1999.

[20] For a detailed elaboration of this argument see Richard Higgott, 'Economic Globalization and Global Governance: The Emergence of a Post Washington Consensus', in Volker Rittberger and Albrecht Schnabel (eds.), *The UN Global Governance System in the Twenty-First Century* (Tokyo: UNU Press, 2001 forthcoming).

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response from the international policy community to manage the increasing hostility towards the liberalization and deregulation processes that have been at the heart of globalization. But they may well consolidate a growing trend towards the emergence of rudimentary 'polity-like' qualities to the international system. The Post Washington Consensus is discussed in the next section. Its limitations are addressed in Part 3.

2. The Post Washington Consensus: global governance without politics

The global market place of the 1980s and the first 6–7 years of the 1990s was an 'ethics-free zone'. This was the case whether one was observing practice (both public and private sector) in the international political economy or whether one was reading the scholar on the global economy. In the domain of practice, processes of trade liberalization, financial deregulation and asset privatization were increasing the tempo of the globalization of the world economy. Free enterprise and the market culture had triumphed. Proof of this was to be found, as the economists would say, 'in the numbers'. These numbers reflected massive increases in aggregate welfare overall and not only in the developed world, but also in the rapid processes of industrialization that were taking place in the newly industrializing economies, especially those to be found in East Asia.

In the academic political economy (as opposed to the economics discipline) scholars interested in the global economy were either engaged in refining rational choice method (if they worked, or aspired to work, in the US) or in 'clubby' debates over which mode of structuralist analysis best described the dominant structures of US hegemony.[21] Few of those engaged in either the theory or practice of the international political economy in this period seemed to be much interested in the relationship between the stuff of the (international) political theorist; that is, normative questions of justice and fairness. The goddess of growth was on the throne and for all who agreed to worship her such normative issues were simply not relevant. In the academic domain of the economist, liberal economic theory had triumphed; again as in the policy world, the proof of the pudding was in the numbers. The rest of the social sciences were merely the indulgence of rich universities in developed countries. The Cold War was over and the North–South Divide that had led to demands for a New International Economic Order in the 1970s (if the noise that was emanating from the marginalized South, as opposed to the booming South, was any guide) had become a distant memory.

But the end of one century and the beginning of a new one, following the events identified above, has seen something of a transition in this pattern of practice and thinking. The ethical dimension has found its way into the theory of globalization.[22] In the policy world too, the Post Washington Consensus is not merely driven by the

[21] I have developed this point in Richard Higgott, 'Taming Economics, Emboldening International Relations: A New Normative Agenda for International Political Economy', in Stephanie Lawson (ed.), *Ten Years After the Wall: A New Agenda for International Relations* (Cambridge: Polity, 2001).

[22] Of all the *fin de siècle* literature, amongst the most influential is likely to be Nobel prize winner Amartya Sen's attempts to humanize economics in *Development as Freedom* (New York: Basic Books, 1999).

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desire to contain the incipient revolt against globalization. There is also in some quarters a genuine recognition of the importance of tackling ethical questions of justice, fairness and inequality.[23] It is in this dual context, and following from the emergence of the new politics of contested globalization, that we can identify the key aspects of the new governance. At this stage there is a disjunction between the new politics and the new governance. The new governance clearly lags the new politics. There are at least three reasons for this.

Firstly, the flagging of the importance of 'governance issues' by the international financial institutions emerged in part to help them dig themselves out of the intellectual hole into which their adherence to unfettered free market ideals throughout the 1980s and first half of the 1990s had forced them. The financial crises since 1997 have provided a way out of the 'economism' that dominated policymaking throughout the 1980s and 1990s.[24]

Secondly, if governance is about the conditions for ordered rule and collective action it differs little from *government* in terms of output. The crucial differences become those of process, structure, style and actors. In the recent public policy literature, governance refers to '… the development of governing styles in which boundaries between and within public and private sectors have become blurred'.[25] But this definition neither notes the way globalization has blurred the domestic–international divide as material fact, nor the longer term historical development of systems of emerging international norms and regimes (both public and private) that represent the elements of a framework of 'governance without government' under globalization.[26]

Thirdly, given the impact of globalization, 'governance' becomes an essential term for understanding not only transnational processes that require institutional responses but also for identifying those non traditional actors (third and voluntary sector non-state actors such as NGOs, GSMs and networks) that participate in the governance of a globalized economy beyond the traditional confines of government. Thus the concept of 'global governance' becomes a mobilizing agent for broadening and deepening policy understanding beyond the traditional international activities of states.

It is in this evolving theoretical context that the initial Washington Consensus (WC) which governed international economic thinking throughout the 1980s and 1990s became a moving feast as the major financial institutions, at odds with each other over the appropriate policy responses to the 1997 financial crises, sought a new approach—paradigm even. The original well known buzzwords of the WC were liberalization, deregulation and privatization. To these the Post Washington Consensus (PWC) has added civil society, social capital, capacity building,

[23] Of the policy literature under written by a recognition of the importance of the normative agenda, see Michael Edwards, *Future Positive: International Cooperation in the 21st Century* (London: Earthscan, 1999).

[24] For an elaboration, see Higgott, 'Taming Economics, Emboldening International Relations'.

[25] Gerry Stoker, 'Governance as Theory: Five Propositions', *International Social Science Journal*, no. 155 (1999), p. 17.

[26] See the pioneering essays in Ernst Otto Czempiel and James N. Rosenau, *Governance without Government: Order and Change in World Politics* (Cambridge: Cambridge University Press, 1992). See also Volker Rittberger (ed.), *Regime Theory and International Relations* (Oxford: Clarendon Press, 1993).

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governance, transparency, a new international economic architecture, institution building and safety nets.

These themes had, of course, been emerging in the World Bank for some time[27] where influential figures such as then chief economist Joseph Stiglitz, and President James Wolfensen, helped to move the Bank beyond the initial consensus.[28] From the time of the Asian crisis even the WTO has begun to take these issues more seriously.[29] The IMF too has responded, albeit somewhat more slowly. Add to the PWC the UNDP initiatives on 'governance' and 'global public goods'[30] and the UN's 'Global Compact'[31] with the private sector to promote human rights and raise labour and environmental standards, and we had, as we entered the new millennium, a new rhetoric of globalism to accompany globalization as process.

Amongst these activities, potentially most interesting for this article is the attempt by the UN to develop the Global Compact. It may become of significance throughout the first decade of the twenty-first century. While it fits firmly within a neoliberal discourse for developing an interaction between the international institutions and the corporate world, it is an important recognition of the need to globalize some important common values. In this regard, it has strong constructivist overtones too. This should perhaps not be a surprise when one considers its intellectual driving force. That the 'global compact' reads like an attempt to globalize embedded liberalism is perhaps to be expected. The intellectual architect of this agenda was John Ruggie in his capacity as Chief Adviser for Strategic Planning to UN Secretary General Kofi Annan (1997–2000). Not all judgements are positive. For some in the NGO world it 'casts serious doubt on the UN's willingness to challenge the dominance of the institutions wholly owned and operated by the G7'.[32]

The PWC's understanding of governance is underwritten by: (1) a managerialist ideology of effectiveness and efficiency of governmental institutions and (2) an understanding of civil society based on the mobilization and management of social capital rather than one of representation and accountability. In the context of the PWC, civil society is not, in contrast to Robert Cox's recent reformulation, a site of

[27] See Cynthia Hewit de Alcantara, 'Uses and Abuses of the Concept of Governance', *International Social Science Journal*, 155 (1998), pp. 105–113.

[28] See Joseph Stiglitz, Towards a New Paradigm for Development: Strategies, Policies and Processes', *The 1998 Prebisch Lecture*, Geneva, UNCTAD, 19 October, 1998. To be found at http://www.worldbank.org/html/etme/jssp101998.htm and 'Towards a New Paradigm for Development'; see also his 'More Instruments and Broader Goals: Moving Towards a Post-Washington Consensus', *The 1998 WIDER Lecture*; Helsinki, 7 January, 1999.

[29] See Jan Aart Scholte, Robert O'Brien and Marc Williams, 'The WTO and Civil Society', Working Paper no. 14 (Warwick University: ESRC Centre for the Study of Globalization and Regionalization, July 1998).

[30] See UNDP, *Governance for Sustainability and Growth* (New York, July 1997) and Inge Kaul, Isabelle Grunberg and Marc A. Stern (eds.), *Global Public Goods: International Cooperation in the 21st Century* (New York: Oxford University Press for the UNDP, 1999).

[31] *The Global Compact: Shared Values for the Global Market* (New York: UN, n.d.); *Business Leaders Advocate Stronger UN and Take Up Secretary General's Global Compact* (New York, UN Press Release, 5 July, 1999) and *The Global Compact: Shared Values for a Global Market* (New York: UN Department of Public Information, DP1/2075, October 1999); Mark Zacher, *The United Nations and Global Commerce* (New York: UN Department of Public Information, 1999). See also John Ruggie and Georg Kell, 'Global Markets and Social Legitimacy: The Case of the "Global Compact"', paper presented to an International Workshop entitled *Governing the Public Domain: Redrawing the Line Between the State and the Market* (York University, Ontario: Robarts Centre for Canadian Studies, November 1999).

[32] Nicola Bullard, 'The United Nations Shows its True Colours', *Focus on Trade* (Bangkok: Focus on the Global South), http//:www.focusweb.org

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resistance.[33] But the PWC understanding of governance does represent a departure from the narrowly economistic and technocratic decision-making models of the WC. The PWC does not reject the WC emphasis on open markets. Rather, the PWC is an attempt to institutionally embed, and even maybe, as the UNDP would have it, 'humanize', globalization and the earlier technocratic, prescriptive elements of the WC.[34]

Given that the PWC holds a sanitized view of the sociopolitical dimensions of the development process, why is it an important break with the past? Because it is at least a recognition that governance, if not necessarily politics, matters. This is not historically trivial. Such a recognition was noticeably absent from the economistic analyses of the impact of globalization over the last two decades. Along with the works of a few economists (Stiglitz, Rodrik and Krugman) it demonstrates a growing sensitivity to some of the political complexities inherent in the reform processes. As yet, it has to be said, the PWC and the economic literature show little understanding of *politics*. But conceptual understandings of power and interest, while underdeveloped in the PWC, must offer a starting point for thinking about justice under conditions of globalization that did not exist until the end of the twentieth century.

Theorists are still groping for a universally acceptable definition of 'social and economic justice'. But given the strong perception that globalization, in its unadulterated form, results in unequal treatment for some states and, more importantly, exacerbates poverty for the weakest members of international society, then globalization is seen to deny justice. In the current debate, poverty alleviation seems to have a stronger claim than equality in prevailing definitions of justice.[35] Thus the important normative question is: what is the relevant community or society to which 'social justice' pertains and in what domains should the question of justice be addressed?

This question has traditionally been understood in the contexts of the values that actors attach to their behaviour within market structures. But markets are not the only sites of action. The domain issue is at the core of 'the global governance' question. And, as is now widely understood in the international relations literature, governments are no longer the only actors. NGOs, global social movements, networks, epistemic communities and international organizations all play significant roles in the wider global governance agenda; albeit that, in both in theory and practice, the political process invariably trails the integrated and globalizing tendencies in the world economy. As a consequence, the prevailing anarchical order of the state system is inadequate to the task of managing most of the agenda of globalization. While this may be well understood, the prospects of heterarchy remain more aspirational than real at this time.

Since global governance is an imprecise term, one normative question for students of international relations over the next few years must be to determine how much

[33] Robert Cox, 'Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order', *Review of International Studies*, 25:1 (1999), pp. 3–28.

[34] *Globalization with a Human Face: The UN Human Development Report* (New York: Oxford University Press for the UNDP).

[35] See the excellent paper by Ngaire Woods, 'Order, Globalization and Inequality', in Hurrell and Woods (eds.), *Inequality, Globalization and World Politics*.

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authority we should invest in the concept, given the wide-ranging way in which it is used. Currently, understandings of global governance can range along a continuum from basic, informal processes, to enhanced transparency in interstate policy coordination, through to the somewhat grander, although still essentially liberal, visions of a rejuvenated system exhibited in the Commission on Global Governance's *Our Global Neighbourhood*.[36]

But if we accept the argument that the transnationalization of market forces is exacerbating inequality, then the avenue for mitigating this gap lies with a reformist agenda for the global rules and norms that underwrite the current international institutional architecture. Currently driven by 'northern' agendas, it is those states most disadvantaged by globalization that are 'rule-takers'.[37] As a result such rules lack legitimacy even where states actually possess the necessary governmental effectiveness to enforce them should they so wish. Either way, these processes have negative implications for a consensual evolution of global governmental norms.

A starting assumption for the development of a PWC-style global governance is that it, and the continuance of a state system, are not inimical. But to recognize that state power will not go away is not to cling to some Westphalian legend. Rather it is to recognize that states, and interstate relations, remain the principal sites of politics. As a result, the research agenda on global governance is complex. It may therefore help to identify two interconnected understandings of it that are in one way or another coming together in the era of the Post Washington Consensus.

(1) *Global governance as the enhancement of effectiveness and efficiency in the delivery of public goods.* This is a fashionable policy concept, especially in the international institutions which see their role as consolidating or institutionalizing the 'gains' made by the processes of global economic integration. But it fails to recognize that the successful internationalization of governance can, at the same time, exacerbate the 'democratic deficit.' This approach forgets that states are not only problem-solvers, their policy elites are also strategic actors with interests of, and for, themselves. Thus much collective action problem-solving in international relations is couched in terms of effective governance. It is rarely posed as a question of justice, responsible or accountable government, or democracy. These latter questions are the stuff of political theory; but it is the political theory of the bounded sovereign state. Thus we need to think beyond these confines. It is central to the understanding of the relationship between the Post Washington Consensus and global governance, but it also leads to a wider, second understanding of the concept of global governance.

(2) *Global governance as a normative enterprise to enhance democracy.* Paradoxically, the language of democracy and justice takes on a more important rhetorical role in a global context at the same time as globalization attenuates the hold of democratic communities within the confines of the territorial state. Indeed, as the role of the nation state as a vehicle for democratic engagement becomes more problematic, the clamour for democratic engagement at the global level becomes stronger. But these are not stable processes. Understanding of, and attention to, the importance of normative questions of governance and state practice as exercises in accountability and democratic enhancement must catch up with our understanding

[36] London: Oxford University Press, 1995.
[37] Hurrell and Woods, *Inequality, Globalization and World Politics*, Introduction.

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of governance as exercises in effectiveness and efficiency. The debate is largely divided between theorists and practitioners.

The current theoretical debate over the prospects for transnational democracy mirrors many of the wider debates in contemporary political theory over the nature of democracy in the twenty-first century.[38] Unsurprisingly, the debate within the policy community is narrowly focused. There is still a reluctance in the economic policy community to recognize the manner in which markets are sociopolitical constructions whose functioning (and legitimacy) depends on their possessing wide and deep support within civil society. But one key approach of late has been an increasing effort by the international institutions to identify those agents who can advance the cause of greater accountability and transparency in the management of the international institutions while not undermining the overriding goal of effectiveness and efficiency. In this context the greater incorporation of selected non-state actors into the deliberative process of these organizations is a principal goal of contemporary policy reform. While the incorporation of civil society actors into the policy process is seen as a necessary condition for the legitimation of the liberalizing agenda, most international institutions still see non-state actors as both boon and bane.[39]

The 'post-politics' of the Post Washington Consensus

These two interpretations of global governance (it is hard to call them definitions) stand respectively in relationship to the Washington and Post Washington Consensuses. The initial Consensus was an attempt by an international managerial-*cum*-policy elite to create a set of global *economic* norms to be accepted by entrants to the global economy under the guidance of the existing international institutions. Can the Post Washington Consensus be seen as an attempt to induce support for a new set of *sociopolitical* norms to legitimate globalization by mitigating its worst excesses? If captured by the existing international institutions (claiming that they are the only available sites of global governance) then, reflecting the ideology of globalism in its neoliberal guise, definition (1): effectiveness and efficiency, may well become the dominant mode of understanding global governance. Critical analysts can be forgiven, therefore, for not seeing the growing interest in global governance as an automatically 'progressive' force.

Democratic accountability, definition (2), is currently *at best* a secondary component. Globalization might have rapidly generated a set of technological and economic connections; but it has yet to generate an equivalent set of shared values and sense of community, even amongst those agents actively involved in discussions about greater global participation. Indeed, much of the policy prescriptive work on governance currently being undertaken in or around the international institutions treats governance as a neutral concept in which rational decision-making and efficiency in outcomes, not democratic participation, is privileged.

[38] See the excellent review by Antony McGrew, 'From Global Governance to Good Governance: Theories and Prospects of Democratising the Global Polity', in Ougaard and Higgott, *The Global Polity*, forthcoming.

[39] See P. J. Simmons, 'Learning to Live with NGOS', *Foreign Policy*, 111 (1998).

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In this regard, the debate on global governance within the international institutions (UN, World Bank, IMF and WTO) remains firmly within a dominant liberal institutionalist tradition; ethically normative discussions about democracy and justice beyond the borders of the territorial state are still largely technocratic ones about how to enhance transparency and, in limited contexts, accountability. They fail, or in some instances still refuse, to address the assymmetries of power over decision-making that characterize the activities of these organizations. The essence of the liberal institutionalist view remains avowedly state-centric and pluralist and is, not surprisingly, captured nicely by American institutionalist Robert Keohane's definition of global democracy as 'voluntary pluralism under conditions of maximum transparency'.[40]

The liberal institutionalist view is also essentially the reformist view held for the international institutional leaders by senior global decision-makers from US Treasury Secretary Lawrence Summers to UN Secretary-General Kofi Annan. Annan called for better accountability to improve global governance after the abortive MTN Ministerial Meeting in Seattle in November 1999 and Summers called for greater transparency and accountability for the IMF at its Spring 2000 meeting.[41] As previously argued, Annan's Global Compact also approximates the liberal institutionalist genre of thinking, albeit (given its implicit belief that the global corporate sector can be socialized) on the progressivist constructive end of the spectrum.

The preferred term in international policy circles is 'global public policy',[42] not global governance. The aim is to make provision for the collective delivery of global public goods.[43] 'Public policy' has none of the ideological and confrontational baggage present in the notion of 'politics'. Institutional analysis, with its concerns for understanding the mechanisms of collective choice in situations of strategic interaction, is similarly 'de-politicized'. This is not to deny that recent rationalist theorizing of cooperation has not been a major advance on earlier realist understandings.[44] But the problem with rationalist and strategic choice approaches is not what they do, but what they omit. They make little attempt to understand governance as issues of *politics* and *power*. This has implications for the operational capability and intellectual standing of the international institutions.

In essence, the governance agenda as constructed by the international institutions in the Post Washington Consensus era has largely stripped questions of power, domination, resistance and accountability from the debate. To the extent that the international institutions recognize that political resistance is a legitimate part of the governance equation, it is a problem to be solved. It is not seen as a *perpetual* part of the process. In this regard, for many key players, global governance is not about

[40] Robert Keohane, 'International Institutions: Can Interdependence Work? *Foreign Policy* (Spring, 1998), cited in McGrew, 'From Global Governance to Good Governance: Theories and Prospects of Democratising the Global Polity'.

[41] See Kofi Annan, *Renewing the UN* (New York: United Nations, 1999) and Lawrence Summers, *Statement to the International Monetary Fund Financial Committee*, Washington, 16 April 2000.

[42] See Wolfgang H. Reinecke, *Global Public Policy: Governing without Government* (Washington, DC: Brookings, 1998).

[43] See Kaul et al., *Global Public Goods*.

[44] See Robert O. Keohane, *After Hegemony: Collaboration and Discord in the World Economy* (Princeton, NJ: Princeton University Press, 1984); Helen V. Milner, *Interests, Institutions and Information: Domestic Politics and International Relations* (Princeton, NJ: Princeton University Press, 1997).

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politics. There are no problems that cannot be 'governed away'. Governance, *pace* definition (1) as effectiveness and efficiency, is 'post-political'. Agendas are set and implementation becomes the name of the game. Notwithstanding the fragmented and dissaggregated nature of political community in a global era, there is no place outside of the rubric of the existing governance structures for non-state political action on global policy issues.

The PWC view of good governance implies the universalization of an understanding of governance based on efficiency and effectiveness, in which democracy is a secondary component. Indeed, much of the prescriptive work on governance currently being undertaken in or around the international institutions treats governance as a neutral concept in which rationality in decision-making and efficiency in outcomes is uppermost. Nowhere is this better illustrated than in the efforts of those around the World Bank and the UNDP to develop public-private partnerships and global public policy networks for the collective provision of public goods.[45] Such work is innovative, certainly by the standards of the international institutions, but it is also limited by the political implications of its 'top down' intellectual origins. Notwithstanding stronger rhetorical efforts to bridge the participatory gap, these recent attempts to develop strategies to advance the collective provision of global public goods still minimize the essence of 'the political' in these processes.

Moreover, this agenda has only a limited notion of public good, largely consistent with a liberal individualist ideology. Any notion of serious redistribution of wealth in the direction of the world's poorest is not considered a public good. Indeed, such support for the world's poor as there is, understood as development aid, is seen by some to be on the brink of collapsing.[46] The global public goods literature, indeed the global governance agenda more generally, does not address this issue. Given the ideological underpinnings of neoliberalism, it is not intellectually, let alone politically, capable of doing so.

Yet as is apparent from activities within the various international institutions—such as the World Bank's 'Global Development Network Initiative (GDNI)[47] and other efforts (and some notable failures to engage civil society in the global policy debates too)—that this blindness to the inevitability of 'politics' cannot long prevail. Civil society in this sense is becoming to global governance what international markets are to economic globalization. But, for a range of reasons, closing the 'participation gap'[48] by incorporating non-state agencies into this process is not without its own problems. Nor does it corrode the importance of sovereign states. With their resources and rule-making capacities, they remain at the base of any strategy to develop the provision of a public goods agenda. This is for at least three reasons.

The first is that, despite their visibility, NGOs and other non-state actors cannot approximate the legitimacy of the national state as the repository of sovereignty and policymaking authority, nor its monopoly over the allegiance of the society(ies) it is

[45] See Wolfgang Reinecke and Francis Deng, *Critical Choices: The United Nations, Networks and the Future of Global Governance* (Ottawa: International Development Research Centre, 2000).
[46] See Jean Claude Therien and Carolyn Lloyd, 'Development Assistance on the Brink', *Third World Quarterly*, 21:1 (2000), pp. 21–38.
[47] On the GDN, see the essays in Diane Stone (ed.), *Banking on Knowledge: The World Bank's Global Development Network* (London: Routledge, 2000).
[48] Kaul et al., 'Introduction'.

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supposed to represent. Second and related, despite the appeal of expanding the parameters of participation to include these important actors, it is widely recognized that they are often less democratically accountable than the states and inter-state organizations they act to counter and invariably less democratic in their internal organization than their outward participatory activities would suggest.[49] Third, the implementation of resolutions taken in 'global' negotiations, or often by international organizations, remains primarily the function of national states, or at the very least depends on their compliance and complementary activity at the national level for their implementation.

These observations point to significant anomalies in the system. The expansion of participation to non-state actors such as NGOs and GSMs does not solve the problem of the under-representation of developing country states, nor their agendas for greater fairness and redistribution, in the more formalized policy processes. 'Global' governance issues are dominated by the powerful states and alliance constructions and interest representations which feature in the structures of international organizations and groupings such as the G7. Various calls for the expansion of the G7 into the G16, G20 or similar, recognize that in order to be effective, global economic leadership needs diversification, and that collaboration in the provision of public goods depends on an extended participation. There is a widespread recognition that the institutional constructions of key global policy forums are insufficient for the generation of meaningful 'global' collaboration on a range of policy issues. Most importantly, the provision of those public goods identified as crucial to the construction of a fairer global order is complicated by the unequal nature of the negotiation processes and, as seen in Seattle, by the marginalization of developing states within these processes.

As a consequence a case can be made that the PWC is likely to be as challenged in the long run as the WC. It cannot constitute a template for an emerging 'global governance' agenda, nor even an emerging policy agenda. It suffers from the same failings as its predecessor. The PWC is no less universalizing, and attempts to be no less homogenizing, than the WC itself. Global policy debates, in this way, remain reliant on a set of 'generalizable', but essentially Western liberal, principles and policy prescriptions. Even while they offer a more subtle understanding of market dynamics than in the early years of global neoliberalism, these prescriptions still demonstrate a penchant for universalizing notions of a 'one-size-fits-all convergence' on issues of policy reform under conditions of globalization. Such prescriptions may well be resisted in the developing world as but a new form of Western hegemony.[50]

If we accept that states continue to engage in (at least) two-level games,[51] then effectively a conception of governance built on interaction with non-state actors and the development of issue-specific global public policy networks is likely to marginalize the international bargaining role of developing states (through the privileging of civil society and the structures of international organizations). Yet they do this while attempting to enhance the position of states as mediators between

[49] See Leon Gordenker and Thomas G. Weiss, 'NGO Participation in the Global Policy Process', *Third World Quarterly*, 16:3 (1995), pp. 543–55.

[50] For an elaboration on this point see Richard Higgott and Nicola Phillips, 'After Triumphalism: The Limits of Liberalization in Asia and Latin America', *Review of International Studies*, 26:4 (2000).

[51] Robert Putnam, 'Diplomacy and Two Level Games', *International Organisation*, 42:2 (1988), pp. 427–60.

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the forces of global change and the societies they are supposed to represent. Thus, and perhaps not surprisingly, for many policy elites in the developing world (representative of their populations or otherwise) attempts to introduce a dialogue with non-state actors represents an alternative to giving them a larger voice in the global policy debates and is therefore something to be resisted.

Thus the international institutions may find themselves on some sort of waste-ground between market economics (in which the state is inactive) and a raging debate about the significance and appropriate functions of state institutions. For example, in the 'good governance' and the social capital–state debates, the World Bank seeks, on the one hand, to plug the 'developmental gaps' and close the 'participation gaps' by engaging civil society. On the other hand, it seeks to dictate what states do and how they do it, as it attempts to both down-play the centrality of the state in global bargaining and offset societal opposition to the state's continued pursuit of neoliberal economic coherence. A similar disjuncture can be seen in attempts by the WTO to secure greater NGO input into the deliberations on the continued reform of the trading system while at the same time fearing the potentially disruptive effect that any such widening of the deliberative process might have on the traditional highly structured nature of trade negotiations.

These fears were realized at Seattle where not only American workers, but Asian and Latin American policy elites were not in accord with their counterparts in the developed world as to what are mutually agreed public goods. To give but one example, the widely held view amongst the economic policy and corporate elites of the developed world that the extension of the remit of the WTO is a public good is not equally shared in the developing world at the end of the twentieth century. Many developing countries do not have the technical ability to keep pace with the current WTO 'Built-in Agenda' from the Uruguay Round, let alone the desire and political conviction to take on board a range of new agenda items (in the areas of investment, competition policy, labour standards, transparency) currently being pushed by the developed countries in general and the US in particular. This antipathy towards further liberal reform of the global economy was exacerbated by the crises at the close of the twentieth century.

Finally, civil society critics of globalization, with their focus on the inter-state bodies such as the IMF, WTO and the World Bank as the instruments of global governance, miss the influence emanating from networks and institutions of private authority and transnational interests. But recent literature demonstrates the increasing influence of networks and sources of private authority ranging over the semi-private regulation of global environmental and labour standards, the regulation of borrowing *via* bond rating agencies, through *ad hoc* regulatory processes for telecommunications and the internet and even the increasingly integrated nature of syndicated criminal activity.[52]

This mix and match of emerging and increasingly well organized egalitarian social movements, and similarly well organized structures of vested economic interest, prevent us painting a simple picture of how global governance is emerging.

[52] See John Braithwaite and Peter Drahos, *Global Business Regulation* (Cambridge: Cambridge University Press, 2000); A Claire Cutler, Virginia Haufleur, and Tony Porter (eds.), *Private Authority and International Affairs* (Albany, NY: SUNY Press, 1999) and H. Richard Friman and Peter Andreas (eds.), *The Illicit Global Economy and State Power* (Boulder, CO: Rowman and Littlefield, 2000).

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It is for this reason that we should think rather of the global system taking on complex, cross cutting, polity-like features not dissimilar to those that developed within states in the eighteenth and nineteenth century. The system exhibits a preponderant but contested ideology (currently of the neoliberal market variety); a wide range of institutions and organizations (of an intergovernmental and transnational nature) conducting public service functions (with all the strengths and weaknesses of public service delivery we have come to expect within sovereign communities) and the interplay of public and private sector actors attempting to influence the direction of public policy. What is lacking of course are representative and democratic structures of global political space that allow for processes of ordered change.

Despite the seepage of power from states down to local communities and up to supranational organizations, the state remains the principal repository of sovereign authority. Moreover, it is within the most powerful of states and the international institutions they control that a robust methodologically individualist neoliberalism remains the driving ideology. It is here that the polity-like characteristics of the global system break down. The vast majority of the world's population (and the states within which they live) remain rule-takers. The rules that they are forced to take, underwritten by this neoliberal ideology, do not, indeed cannot, address the ethical issues surrounding the task of alleviating the lot of the poor and the dispossessed. Consequently, there is a need to think beyond the Post Washington Consensus.

3. Beyond the Post Washington Consensus—scholarly, normative, political and ethical challenges

It has been argued that the shift from a Washington Consensus to a Post Washington Consensus represents a 'mood swing' in world politics that has raised the salience of the 'global governance' dimension of international relations. It is also argued that the principal limitation of an attempt to create a new consensus around the need for governance, seen as effective and efficient management of global problems by the provision of global public goods by global policy networks, is its lack of an understanding of politics and a wider normative commitment to the creation of a global ethic of poverty alleviation *via* a commitment to redistribution.

The obvious defence of this position by those who advocate modest issue-specific definitions of global governance as the provision of public goods, is that there has to be a reality check on what is feasible and what is practical. This response is not without value, but it misses the larger political point. Largely liberal institutionalist in inspiration and driven by rational actor models, these approaches emanating from the international policy community frequently exhibit a deficient understanding of the way in which politics derails the best-laid schemes. In effect, governance, defined as effectiveness and efficiency, operates with a very old-fashioned understanding of the distinction between policy (administration) and politics. It aspires to 'governance without politics' and as such appears doomed to failure. To attempt to 'depoliticize' globalization—that is to place at one step removed the effects of globalization on

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much of the world's citizenry—is to misunderstand the manner in which it is both the theory and practice of politics that creates the structures of communities.[53]

For sure, our understanding of 'citizen attitudes' and changes in 'societal values' resulting from perceptions of globalization is as tentative as our understanding of the relationship between inequality and globalization discussed earlier. But, to the degree that globalization registers on the mental maps of the citizenry of a given state, then it would appear to be every bit as salient a factor as the impact of the material dimensions of the processes of liberalization and deregulation.[54] Moreover, there will inevitably be, indeed is, a large variation in the way that citizens of different countries, indeed citizens within countries, perceive the effects of globalization. We can say, however, that there is a large category of actors, groups and individuals who look increasingly negatively at globalization and who firmly believe that it leads to increases in inequality.

This growing concern with inequality is perceived to occur on at least two planes. Firstly, within states, between those sectors of the economy that are the beneficiaries of current innovation and liberalization (especially in services and information technology) on the one hand and the 'losers' in those sectors of the economy that have become less relevant in this historical juncture (especially agriculture and manufacturing) on the other. On a second plane, an increased global inequality between states, and the capacity of states to withstand global economic pressures, is also demonstrable. The conclusion from these perceptions is that a world that sustains major magnitudes of inequality is likely to be unstable. But this is not simply the view of the dispossessed and the 'losers' in the globalization race.

It is also a view that is increasingly to be found amongst established and respected mainstream scholars[55] and, most interestingly, within the mainstream of the economics profession where there is now, as was much less so the case until the late 1990s, acknowledgement of the importance of welfare safety nets of the kind developed under the Post-World War II embedded liberal compromise.[56] Most significantly, as indicated at the outset of this article, an increasing number of senior

[53] Bernard Crick, *In Defence of Politics* (London: Penguin, 1962), p. 24.

[54] For a good discussion of the pitfalls involved in assuming an understanding of the impact of globalization on societal values, see Jean Blondel, 'Globalization, Citizens and the State: Towards an Analysis of the Impact of Globalization in Contemporary Society', mimeo, n.d., p. 11–10. For a discussion of attitudes of elements of US society towards globalization, see Gary Burtless, Robert Z. Lawrence, Robert E. Litan and Robert J. Shapiro, *Globaphobia: Confronting Fears About Open Trade* (Washington, DC: Brookings, 1998), p. 6.

[55] See for example, Fouad Ajami, 'On the New Faith', *Foreign Policy*, 119 (Summer) 2000, pp. 30–34; and Ethan Kapstein, 'Distributive Justice and International Trade', *Ethics and International Affairs*, 13 (1999), pp. 175–204.

[56] On the embedded liberal compromise and the challenge presented to it by globalization, see John G. Ruggie, 'International Regimes, Transactions and Change: Embedded Liberalism in the Post War Economic Order', *International Organization*, 36:2 (1982) and 'At Home Abroad, Abroad at Home: International Liberalization and Domestic Stability in the New World Economy,' *Millennium: Journal of International Studies*, 24:3 (1995), pp. 507–26. Of recent significant supporting statements in favour of the mitigation of the market by the underwriting of this compromise, see Rodrik, *Has Globalization Gone Too Far?* and Krugman, *The Return of Depression Economics*; but see also Jagdish Bhagwati , 'The Capital Myth: The Difference Between Trade in Widgets and Trade in Dollars', *Foreign Affairs*, 77:3 (June 1988); Joseph Stiglitz, Towards a New Paradigm for Development: Strategies, Policies and Processes', *The 1998 Prebisch Lecture*, Geneva, UNCTAD, 19 October, 1998. To be found at http://www.worldbank.org/html/etme/jssp 101998.htm; and 'More Instruments and Broader Goals: Moving Towards a Post Washington Consensus', *The 1998 WIDER Lecture*: Helsinki, 7 January, 1999.

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office holders of the major international financial institutions have recognized the destabilizing effects of unfettered liberalization and the growing perception that it exacerbates inequality, and as Paul Krugman intimated, it may be necessary to save liberalism from itself. We could also add it might be necessary to save economists from themselves. In order to do so, what is needed is a revitalized multidisciplinary 'international political economy'.

This new international political economy would go 'beyond economics'. It would combine the breadth of vision of the classical political economy of the mid-nineteenth century with the analytical advances of twentieth-century social science. Driven by a need to address the complex and often all-embracing nature of the globalizing urge, the methodology of the new international political economy would reject old dichotomies—between agency and structure, and states and markets—which fragmented classical political economy into separate disciplines in the wake of the marginalist revolution in economic thought.[57] Rather, the new international political economy would aspire to a hard-headed materialist (that is, real world) political economy that recognized the limits of methodologically individualist, choice-based economic theory.[58] Instead, it would explain how choice is affected by the social meanings of objects and actions. Indeed, if there is one thing that the emerging processes of globalization teach us, it is that monocausal explanations of economic phenomena lack sufficient explanatory power. Such a view now holds increasing sway at the dawn of a new century. Moreover, it holds sway not just among Third World economic nationalists and radical academic critiques of a global neoliberal agenda but also within sections of the mainstream economics community.

This reformist position also reflects a long overdue resistance to the often overstated virtues of parsimony. In this regard the current era should offer no easy location for specialist parsimonious theorizing.[59] The new international political economy would operate from an assumption that what the marginalist revolution separated, globalization is bringing together. We are in a period of complex contest between the desire for grand totalizing narratives and theories of globalization on the one hand, and the need to produce specific histories of various actors and sites of resistance (be they states, classes, regions, or other localist forms of organization) to the grander projects on the other. The new international political economy must eschew this dichotomy. It should seek to be multi-disciplinary and theoretical in intellectual spirit, and empirically grounded in history, at the same time as it aspires to a normatively progressive research programme.

At the core of these concerns must be the changing institutional patterns which characterize alternative models of capitalism and the mechanisms by which a global economy and a global culture are constructed. Its normative agenda should be

[57] See James Caporaso and David Levine, *Theories of Political Economy* (New York: Cambridge University Press, 1992).

[58] For a discussion of these limits see Amartya Sen, 'Rational Fools: A Critique of the Behavioral Foundations of Economic Theory' *Philosophy and Public Affairs,* 6:4 (1977), pp. 713–44, and Ben Fine, 'The Triumph of Economics: Or, "Rationality Can be Dangerous to Your Reasoning"', in James G. Carrier and Daniel Miller (eds.), *Virtualism: A New Political Economy* (New York: Berg, 1998).

[59] Albert Hirschmann, 'Against Parsimony: Three Easy Ways of Complicating Some Categories of Economic Discourse', in Hirschmann (ed.), *Rival Views of Market Society and Other Recent Essays* (New York: Viking Books).

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underwritten by a strong policy impetus towards the issues of enhancing justice and fairness under conditions of globalization—especially in the developing world's relationship with the developed.[60] Above all the new international political economy would foreground power in its *structural* as well as its *relational* form and recognize the need to ask the important Lasswellian questions about power of the 'who gets what, when and how' variety.[61]

The new international political economy has major implications for how we understand the current governance agenda emanating from the international policy community. Largely because it is driven by members of a deterritorialized transnational policy elite, the current policy agenda has no conception of the residual strength of identity politics, the importance of social bonds within communities, the manner in which globalization appears to be picking many traditional social bonds apart without creating new sources of solidarity and, by implicit extension, no ethical agenda for addressing these questions.[62]

In this context, legitimate global governance, without a sense of community, would appear a remote prospect. This is sham governance. Real governance is about political contest over issues such as distribution and justice. In the promotion of the public good, politics is concerned with the empowerment of communities from the bottom up rather than just the top down. Both issues, in other than rhetorical fashion, still fall into the too-hard box for many in the international policy community. They are either ignored, or assumed away as 'policy questions' in which the global distribution of wealth and poverty, as currently constituted, is not part of the agenda for consideration. But governance is about making choices, while most specialists at the international institutions advancing a governance agenda have a conception of international relations that sees the global economy in decontextualized fashion and their tasks as depoliticized and technical.

This is not an argument against the importance that liberal institutionalism places on international institutional reform rather than a normative recognition of the need to move beyond; to recognize the need to start thinking about a 'global polity' and create a global public domain in which a deliberative dialogue between rule-makers and rule-takers, of the kind envisaged by cosmopolitan theorists, can take place.[63] Politics within states would not function if the same rules and styles of operation applied in the domestic public sphere that institutional actors are trying to put in place in an emerging global public sphere. But, the up-scaling of a democratic system from the national to the global level is not going to be easy. It is difficult enough for citizens to contest governmental decision-making within states. With a finely honed facility for stating the obvious, the leading theorist of (pluralist) democracy has recently argued that it is always going to be harder beyond territorial borders.[64]

[60] Anthony Payne, 'The Political Economy of Area Studies?' *Millennium: A Journal of International Studies*, 1999.

[61] See Susan Strange, *States and Markets* (London: Frances Pinter, 1998).

[62] See again, Devetak and Higgott, 'Justice Unbound? Globalization, States and the Transformation of the Social Bond'.

[63] See for example, David Held, *Democracy and the Global Order: From the Modern State to Cosmopolitan Governance* (Cambridge: Polity Press, 1995) and Andrew Linklater, *The Transformation of Political Community* (Cambridge: Polity Press, 1998).

[64] Robert Dahl, 'Can International Organisations be Democratic?, in I. Shapiro and C. Hacker Gordon (eds.), *Democracy's Edges* (Cambridge: Cambridge University Press, 1999).

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There is a final way in which the drive for effectiveness and efficiency is a politically inadequate strategy. It is driven by a facile understanding of politics as 'anti-politics'; the prevailing assumption of which appears to be that resistance and opposition will be 'managed away' by incorporation. This, I have suggested, is an untenable reading of the emerging relationship between civil society and the international policy communities. It also, as has again been suggested, makes assumptions about both the benign and progressive nature of NGOs that are not always sustainable. While the policy communities located within the various international institutions have clearly had no choice but to engage with NGOs in current times, they have unleashed a series of tigers that will not remain easily within their control. The increasingly articulate and forceful critiques of globalization that emanate from these non-state actors are changing the nature of negotiating processes and the agendas of multilateral bodies such as the WTO, the World Bank and regional bodies such as APEC. It is too early in the life of these interactions to tell how they will ultimately develop.

The scenarios range across those of the development of positive and eventually fruitful engagement that legitimizes and advances the global policy agenda of the international institutions, on the one end of the spectrum, through to a scenario where the international policy process finishes up with the worst of both worlds—paralysis and an absence of legitimacy—on the other. As even some influential economists now note, it may well be necessary to constrain the free market to save it. Scholars of international politics with a feel for issues of governance, questions of accountability, legitimacy and sovereignty have understood the importance of these sentiments for a long while. The development of a Post Washington Consensus represents but one step on the learning curve for the international policy community, but it does not address the justice and poverty questions on the international agenda. The absence of a wide-scale acceptance of the 'legitimacy' of any top-down agenda in the developing world remains, for quite appropriate reasons, a major challenge for the international policy community under conditions of globalization. These are issues of ethics and politics, not just governance.

Conclusion

This article has made the argument that the development of a global political theory of governance (seen as the apolitical, effective and efficient provision of a limited range global public good—the Post Washington Consensus) represents an advance beyond a simple liberal economic theory of globalization (the Washington Consensus). It has also been argued that, as a 'containing strategy' to address the rising tide of resistance to key aspects of the globalization process, it is likely to prove as ineffective as the initial consensus. This is the case for two reasons. Firstly, the Post Washington Consensus has little or no theory of politics as a vehicle for ordered change. Secondly, it has no ethical theory of justice underpinning it. The global public domain as currently constructed is still seen by the international policy community primarily as an arena for management, not for change *via* legitimate political contest.

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The explanation for this remains both practical and intellectual. In practical terms, the key difference between the domestic and international levels is that at the domestic level, important background norms and private arrangements allow difficult issues and questions to be confronted. These norms and private arrangements and political deals, the stuff of domestic politics, do not exist and cannot be implemented in the same way at the international level. Difficult issues—such as redistributive issues that are difficult to avoid at the domestic level—get placed in the 'too-hard box' at the international level. Under the current global governance agenda the Lasswellian questions have been subsumed in the international politics of the global economy. And this at the very time when the dissaggregation of the state and the geographical expansion of the economy is creating new intersecting relationships between local and global actors that will make these issues and questions the stuff of international politics in this new century. In denying them, or at least failing to address them seriously, the international institutions, as significant sites for policymaking, are merely staving off the day when they will have to confront them in other than token fashion. The key contemporary issue is not how simply to manage claims (or repress them even) by containing them within the private or national domain. Rather it is how might we engage them internationally.[65]

This is not to say that there has been no change. Ethical and moral considerations have taken hold in aspects of the global governance agenda in recent years. Notable is the greater sensitivity to questions of gender empowerment and the promotion of democracy. But, not surprisingly given the dominance of the market ideology, less success has been achieved in tackling the ethical and moral consequences of the limits of markets as agents of redistribution. The unequal distribution of wealth has now been an issue of discussion on the contemporary international agenda for more than a decade, but it is still not the primary one.

Moreover, it is still only conducted in international policy circles as but a subquestion in the context of theories of growth, which remain the preserve of the economist. With a few notable exceptions, this discussion is seen as technical rather than ethical and without standing as an autonomous agenda item in its own right. To the extent that it is a normative 'justice question' it is subsumed within the debates of the political theorist and scholar of international relations (along with issues of the democratic deficit, human rights and other so-called 'non-economic issues' such as whether the emerging relationship between global civil society and the extant state system will result in a new form of cosmopolitanism).

This continued bifurcation between the economic and the political, between the technical and the ethical (that is political) cannot be, or should not be, long sustained. The global governance agenda has to be widened to address the 'justice agenda' in a more overtly political way than has been the case to date. Failure to do so will ensure that global governance will remain inadequate to the task of redirecting resources from the winners of globalization towards the direction of the world's poorest citizens, and globalization will become more, rather than less, contested.

[65] This is well discussed in David Kennedy, 'Background Noise: The Underlying Politics of Global Governance', *Harvard International Review*, 21:3 (1999), p. 57.

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