

Saving the Social Bond and Recovering the Public Domain*

Richard Devetak

Richard Higgott

'The political problem of mankind is to combine these things: economic efficiency, social justice and individual liberty.' John Maynard Keynes noted in *Essays in Persuasion* (1931)

Introduction

Globalization has become the most over used and under specified term in the international policy sciences since the passing of the Cold War. It is a term that is not going to go away. More recently globalization has come to be associated with financial collapse and economic turmoil. Our ability to satisfy Keynes' three requirements under conditions of globalization is as remote now as at the time he was writing. Neither markets nor the extant structures of governance appear capable of providing for all three conditions at once. Globalization has improved economic efficiency and it has provided enhanced individual liberty for many; but in its failure to ensure social justice on a global scale, it also inhibits liberty for many more.

Even leading globalizers--proponents of continued global economic liberalization occupying positions of influence in either the public or private domain--now concede that in the 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 '...[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'.¹ His words, even if they appear to invert justice and stability as 'means' and 'ends', are a sign of the times in the international financial institutions.

Conventional accounts of justice suppose the presence of a stable political society, community or state as the site where justice can be instituted or realized. Moreover, conventional accounts, whether domestic or global, have also assumed a Westphalian cartography of clear lines and stable identities and a settled, stable social bond. In so doing, conventional theories--essentially liberal individualist theory (and indeed liberal democracy more generally)--have limited our ability to think about political action beyond the territorial state. But what if the territorial boundaries of politics are coming unbundled and a stable social bond deteriorates? Must a conception of justice relinquish its Westphalian coordinates? These are not merely questions for the political philosopher. In a time when the very fabric of the social bond is constantly being re-woven by globalization, they cast massive policy shadows.

There are no settled social bonds in an age of globalization; the Westphalian 'givens' of justice no longer pertain. The forces and pressures of modernity and globalization render the idea of a stable social bond improbable. If this is the case, how are we to think about justice? 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 under conditions of globalization, if any, of states? What should be the role of the international institutions in influencing the redistribution of wealth and resources on a global scale?

These are serious normative questions about governance. In the absence of institutions of governance capable of addressing these questions, justice (no matter how loosely defined) is unlikely to prevail. This paper suggests we need to begin to think about the relationship between globalization, governance *and* justice. To-date, the question of 'justice'--a central question of academic political philosophy as practised within the context of the bounded sovereignty of the nation state--is underdeveloped as a subject of study under conditions of globalization. Similarly, the study of globalization--especially when understood as economic liberalization and integration on a global scale--has been equally blind to 'justice' questions. This should come as no surprise. The struggle to separate normative and analytical enterprises has long been common practice in the social sciences. Indeed, it has been for a long time the hallmark of 'appropriate' scholarly endeavour. But such is the impact of globalization that we need to consider how we can traverse this artificial divide. Nowhere is this more important than at the interface of the processes of globalization and our understanding of what constitutes the prospects for creating a just international order at the end of the second millennium.

The paper is in three sections. Section one looks at the changing role of the state under conditions of globalization. It explains how assumptions made about the social bond--almost exclusively conceived in terms of sovereignty--are changing. It considers the specific challenges to the embedded liberal compromise that did so much to solidify the social bond in welfare states in the post world war two era. Section two charts the

rise of some new global (non-state) actors, that are now contesting with states over the policy agendas emanating from globalization. The argument is twofold. Firstly, strain on the social bond within states is giving rise to a search for newer forms of organization that transcend the sovereign state. We thus need to rethink how we understand the public domain on a global, as opposed to a national, level. Secondly, limited and flawed as the activities of non state actors (especially NGOS and Global Social Movements (GSMs)) may be in the global public domain, they represent an important, evolving, alternative voice in the discourse of globalization to that of the semi official neo-liberal orthodoxy on globalization. Moreover, the voice of the NGOs and the GSM is the one serious voice that aspires, rhetorically at least, to the development of a 'justice-based' dialogue beyond the level of the sovereign state.

Section three draws the strands of the first two sections together. It suggests that we have an analytical deficit occasioned by the failure of economic liberalism to assess the threat to its legitimacy emanating from its theoretical and practical myopia towards the *political* and *cultural* dynamics at work under globalization--the key sources of resistance to economic globalization. Neo-liberalism, with its emphasis on global commercialization, has forgotten why societal and democratic governmental structures were developed over the centuries

Thus the Conclusion to the paper exhorts us to remember that states have important practical assets and normative theoretical roles. They are not mere passive actors in the face of globalization and justice, difficult as it would be even if we could conceive of structures of global governance that might deliver it, will prove even more elusive in the absence of such political structures under conditions of economic

globalization. The prospects of a satisfactory synthesis of the imperatives of a liberal economic theory of globalization, a normative political theory of the global sphere and a new form of social bond to compensate for the decline of the social bond within the contours of the sovereign state are deemed to be slight.

Sovereignty and Modern Political Life

The sovereign state is the primary subject of modern international relations. Indeed, it has been the exclusive legitimate subject of international relations in the Westphalian system and the highest point of decision and authority. Since the middle of the seventeenth century the sovereign form of state has become hegemonic by a process of eliminating alternative forms of governance.² The modern state achieved a particular resolution of the social bond hinged on the idea that political life is, or ought to be, governed according to the principle of sovereignty. The concept of sovereignty concentrated social, economic and political life around a single site of governance.

This conception of politics dates back to the legitimation crisis of the late sixteenth and early seventeenth centuries. Thomas Hobbes saw the political purpose of the sovereign state as the establishment of order based on mutual relations of protection and obedience.³ The sovereign acted as the provider of security and the citizen, in turn, offered allegiance and obedience. This account emphasized sovereignty as the centre of authority, the origin of law and the source of individual and collective security. Citizens were bound together, whether for reasons of liberty or security, by

their subjection to a common ruler and a common law. This basic structure of governance forged a social bond among citizens and between citizens and the state.

The institution of state sovereignty brought with it a spatial resolution, which distinguished between the domesticated interior and the anarchical exterior. In general terms, inside and outside came to stand for a series of binary oppositions that defined the limits of political possibility.⁴ Inside came to embody the possibility of peace, order, security and justice; outside, the absence of what is achieved internally: war, anarchy, insecurity and injustice. Where sovereignty is present governance is possible; where it is absent governance is precluded. Modern political life is predicated on an exclusionary political space ruled by a single, supreme centre of decision-making claiming to represent and govern a political community. In recent interpretations, sovereignty has been understood as a constitutive political practice, one which has the effect of defining the social bond in terms of unity, exclusivity and boundedness and by the state's monopolization of authority, territory and community.⁵

A further crucial function performed by the sovereign state, of particular concern to this paper, has been the management of the national economy. Historically there have been competing accounts of how states should govern their economies, especially over the manner and extent to which governments should intervene in and regulate economic activity. Yet historically, and despite many important ideological and normative differences, there has been a tendency within the dominant liberal tradition to treat national economies as discrete systems of social organization more or less delimited by the state's territorial boundaries. Economies are conceived as largely self-contained, self-regulating systems of exchange and production. This was as true for

economic liberals, such as Adam Smith and David Ricardo, as it was for economic nationalists and mercantilists, such as List and Hamilton. This is not to suggest that such thinkers were blind to the fact that economic activity commonly spilled over national frontiers, but that they treated national economies as self-contained units in the international market.

The economy served the community of the state in which it was embedded; its functions and benefits were defined via the interests of a given political society. That states monopolized the right to tax within their boundaries enhanced the correlation of the economy with the state's boundaries. One of the general functions of the state, therefore, was to govern the economy in such a way as to promote the wealth and welfare of the community. Liberals focused on the market mechanism as the surest and most efficient means of ensuring the liberty, security and prosperity of both individuals and the community; non-liberal approaches tended to emphasize the need for regulation and manipulation of economic activity in order to satisfy the social needs of the community.

In short, a purpose of the sovereign state in modern political life was to stabilize the social bond. It did so by resolving questions of governance around the principle of sovereignty. Structures and practices of governance were established with direct correspondence between authority, territory, community and economy. It is in this context that justice has conventionally been conceived. Justice, no matter how defined, depended on a settled, stable social bond. Outside of a settled social bond justice was thought to be unlikely if not impossible. The sovereign state was thus a precondition for justice. However it is defined--whether as security from injury, as most natural law

thinkers understood it, or as the distribution of rights and duties, as liberals tend to define it--justice has generally been circumscribed by the territorial limits of the sovereign state. The boundaries of justice were thought to be coextensive with the legal-territorial jurisdiction and economic reach of the sovereign polity.

But that was then. The sovereign state is an historical product that emerged in a particular time to resolve social, economic and political problems. With the passage of time, and the changed milieu in which states exist, it is no longer axiomatic that the sovereign state is practical or adequate as a means of *comprehensively* organizing modern political life and especially providing the array of public goods normally associated with the late twentieth century welfare state. In the following section, we survey the manner in which some of the trends associated with economic globalization have begun to unravel the distinctive resolution of the social bond achieved by the sovereign state, and in particular the welfare state. Increasingly, the sovereign state is seen as out-of-kilter with the times, as globalization radically transforms time-space relations and alters the traditional coordinates of social and political life.

Globalization and Embedded Liberalism

Material changes associated with economic globalization--especially the processes of liberalization, deregulation and integration of the global economy in the domains of production, exchange and finance--are affecting the ability of the sovereign state to stabilize the social bond. Even if we reject the more extreme post modern readings of sovereignty under globalization, several normative questions are raised by

this destabilization. As the coordinates of modern social and political life alter, states--the traditional Westphalian site of authority--are supplemented, outflanked and sometimes overrun by competing sources of authority. Alternative sources of power and authority arising from globalization place pressure on the capacity of the state to deliver welfare provisions and, in turn, transforms the social bond.

To be specific, the urge for free markets and small government has created asymmetries in the relationship between the global economy and the national state. This situation has undermined the post-World War II embedded liberal compromise.⁶ According to John Ruggie, the liberal international order was predicated on measures taken concurrently to ensure domestic order and to domesticate the international economy.⁷ Consequently, the modern welfare state was the product of both domestic and international forces. States were the sites of trade-off, charged with cushioning domestic society against external pressures and transnational forces. But, globalization has changed this. One, as yet, unexplored implication of Ruggie's early analysis is that globalization focuses attention on a reconfiguration of the social bond, as a result of changes emanating from the processes of adjustment in the division of political space between the domestic and international policy domains. Domestic and international politics became embedded and intertwined in the same global system -- the post-WWII liberal order.

States are thus crucial in shaping the social bonds, which exist at any given time, and in any given space. They alter the relationship, not just between insiders and outsiders, but between citizens and the state. However, as domestic and foreign economic policy issues become increasingly blurred, as the domestic economy

becomes increasingly detached from the sovereign state, and as economic de-regulation and de-nationalization continue, it is more difficult for states to manage the domestic-international trade-off in a way that satisfies competing demands on it. And it becomes more difficult for states to sustain the trade-offs managed in the Bretton Woods, embedded liberal, era.

Globalization makes it harder for governments to provide the compensatory mechanisms that could underwrite social cohesion in the face of change in employment structures. As it has become more difficult to tax capital, the burden shifts to labour making it more difficult to run welfare states.⁸ While policy makers may be wising up to this problem, their perceived need to avoid socially disintegrative activities has not been joined by a clear policy understanding of how to minimize dislocation, where economic compensation alone may not be sufficient, in the face of the tensions inherent in the structural imperatives of economic liberalization. In the closing days of the twentieth century, the internationalization of trade and finance may be sound economic theory, but it is also contentious political practice. When pursued in combination, free markets and the reduction of, or failure to introduce, compensatory domestic welfare is a potent cocktail leading to radical responses from the dispossessed.⁹

An economist's response to this dilemma--that liberalization enhances aggregate welfare--might well be correct, but it does not solve the *political problem*. It might be good economic theory but it is poor political theory. While some objections to liberalization are indeed 'protectionism' by another name, not all objections can be categorized in this manner. Moreover, even where compensatory mechanisms might be adequate, the destruction of domestic social arrangements can have deleterious

outcomes of their own. If nationalist responses are to be avoided, then public policy must distinguish between protectionism and legitimate concerns. Securing domestic political support for the continued liberalization of the global economy requires more than just the assertion of its economic virtue. It also requires political legitimation.

Thus the question facing political theorists and policy analysts alike is, can the embedded liberal compromise (maximizing the positive and mitigating the negative effects of international liberalization) be maintained, or repaired even? This is now a much wider question than when first formulated by Ruggie. Under conditions of globalization, the question must now be addressed not only within, but also beyond the boundaries of the state. Sovereignty as the organizing principle of international relations is undergoing a more dramatic rethink than at any time since its inception. In an era of globalization--accompanied by assumptions about the reduced effectiveness of states--policy makers and analysts set greater store by the need to enhance the problem solving capabilities of various international regimes in the resolution of conflict and the institutionalization of cooperation. But the contours of this rethink are still primarily linked to enhancing the effectiveness and efficiency of international regimes.

The language of globalization, especially in its neo-liberal guise, is about the managerialist capacity of the modern state. But it has failed to recognize the manner in which the internationalization of governance can also exacerbate the 'democratic deficit.' States are not only problem solvers; their policy elites are also strategic actors with interests of, and for, themselves. Collective action problem solving in international relations is couched in terms of effective governance. It is rarely posed as a question of responsible or accountable government, let alone justice. While these latter questions

may be the big normative questions of political theory; it is the political theory of the bounded sovereign state. For most of the world's population, the extant institutions of global governance--especially the financial ones--are not seen to deliver justice.

Questions of global redistributive justice, accountability and democracy receive scant attention from within the mainstream of political philosophy and a political theory of global governance is in its infancy. Extant political theories of justice and representative governance assume the presence of sovereignty. In an era of a fraying social bond at the state level and the absence of alternative focuses of identity at the global level, the prospects of securing systems of efficiency, let alone accountability seem slim. For realist scholars and practitioners of international relations this is unsurprising. They assume the absence of altruism. Force and power--not global dialogue about the prospects for community and democracy, *pace* the work of the cosmopolitan political theorists such as Linklater and Held¹⁰--are the driving forces of international relations.

Yet there is a paradox. 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 over the policy making process within the territorial state. As the nation state as a vehicle for democratic engagement becomes problematic, the clamour for democratic engagement at the global level becomes stronger. But these are not stable processes. Attention to the importance of normative questions of governance and state practice as exercises in accountability, democratic enhancement and what we might call justice-generation must catch up with our understanding of governance as exercises in effectiveness and efficiency. There are a

number of ways to do this. One route, explored in section two, is to extend the public policy discourse on the nature of market-state relations to include other actors from civil society.

Global Governance and the Transformation of the Public Sphere

The modern social bond was conceived in terms of the concentration of authority, territory and community around the notion of sovereignty. Moreover, this political resolution was intimately tied to a notion of a corresponding economic space. But for a hundred and thirty years or--since the marginalist revolution--economic analysis has become separated from the study of politics and society. It is only with a recognition of globalization that civil society, along with the market and the state has become an increasingly significant third leg of an analytical triangle without which our ability to reconstruct, or create, social solidarity, trust and political legitimacy is limited.¹¹ There is still reluctance in much of the policy community to recognize the manner in which markets are socio-political constructions whose functioning (and legitimacy) depends on them possessing wide and deep support within civil society.

If sovereignty bestowed upon modern political life, an organizational form premised on boundedness and exclusion, globalization is unpacking this form of organization. Under globalization--especially with the emergence of a new international division of labour underwritten by the increased, indeed largely unrestrainable, mobility of capital and technology--our understanding of political and economic space has changed. This section examines transformations in the public sphere brought about by

the emergence of new actors under globalization, especially the increasing role NGOs, the rise of multilateralism and an emerging emphasis on civil society in an interwoven triangular relationship with the state and the market. But if non-state actors are now influential agents of change in a number of key policy areas of international relations, we are less sure of the degree to which this influence is 'unscripted' or if it represents a coherent process of expanded international diplomacy 'appropriate' to globalization.

The public sphere, at least in its Kantian sense, is where 'private' individuals come together as free and equal participants in an informed discussion of matters affecting the common welfare of the community. Its emergence as a critical reaction to the absolutist state in the eighteenth century was driven by a sense that society could and should press its demands upon the abstract, impersonal, modern state. The public sphere functions as a zone where civil society can engage with and scrutinize the state's exercise of power and authority.¹² In performing the important legitimation function within the modern state, the public sphere is integral to the formation and transformation of the social bond. For a public sphere to be genuinely open it must be inclusive: any citizen who stands to be affected by decisions reached in discussion must be allowed to bring their perspective to bear and freely express their viewpoint.

Normally, the public sphere has been confined to individual states. Today, with the arrival of electronic communication technologies and other means by which time and space compress, it is possible to conceive of a transnational or global public sphere; that is, a public sphere which interacts and functions on the plane of global social relations. We survey below some of the ways in which the interaction between states and non-state actors now finds expression in the global sphere

Transforming the Global Public Sphere? Civil Society and NGOs

Theoretically, one of the functions performed by non-state actors is to hold states and inter-governmental organizations to account. In much the same way that domestic civil society expresses itself via the public sphere, new social movements and NGOs are attempting to voice their concerns in a global public sphere. While remaining outside the official realm of the institutions of states and international organizations they seek to establish the interests and rights of those generally excluded from discussion.

As embryonic as this global public sphere may be, it is possible to see the contours of an evolving arena where social movements, non-state actors and 'global citizens' join with states and international organizations in a dialogue over the exercise of power and authority across the globe. The emergence of the global public sphere, albeit partial, impacts on the social bond by modifying the citizen's relationship to her own state, to citizens of other states, and to international organizations. The development of a global public sphere loosens the social bond traditionally defined by the sovereign state.

Global civil society has come to represent a domain that traverses the boundaries of the sovereign state, albeit in a range of contested ways. For some, global civil society is a but a substitute for revolution forgone. It is merely the domain of the new managerial class -- the habitat of 'Davos Man'. For others, it can be the source from which a more just society might develop in an era when disillusionment with the ability of traditional forms of politics to deliver justice has never been higher. But is it

legitimate to develop the concept of civil society beyond its origins in nineteenth century European political thought? Is it permissible to extrapolate from civil to global civil society? We think so.

In contrast to its earlier correspondence with the bourgeoisie under the development of capitalism, Robert Cox calls a 'bottom up' understanding of civil society in which:

'[C]ivil society is the realm in which those who are disadvantaged by globalization of the world economy can mount their protests and seek alternatives. ... More ambitious still is the vision of a 'global civil society' in which these social movements together constitute a basis for an alternative world order. In a 'top down' sense ... states and corporate interests ... [would make it] ... an agency for stabilizing the social and political *status quo* ... and thus enhance the legitimacy of the prevailing order'.¹³In such a theoretical formulation, NGOs, GSMs and other kinds of trans national associations become the principal actors in the reconstruction of political authority at the global level. Transnational associations bring together politically, culturally and territorially diverse organizations and individuals to advance a common agenda on one or another issue of global import. In empirical terms, the growth of NGOs has been dramatic. The number of international NGOs (defined as operating in more than three countries) was estimated to be in excess of 20, 000 by 1994;¹⁴ NGOs can facilitate cross national policy transfer and modify policy processes; trans-national networks of NGOs are vehicles to empower domestic NGOs on a range of issues at the global level.

But increasingly prominent as they may be, it remains to be seen whether NGOs and GSMs are agents for building a post-Westphalian global civil society and reconstructing a new social bond at the end of the twentieth century. The behaviour of NGOs is invariably normative, prescriptive, increasingly internationalized, highly politicized and at times very effective.¹⁵ NGOs try to universalize a given value and their growing influence is revolutionizing the relationship between 'old' and 'new' forms of multilateralism. The old multilateralism is constituted by the top down activities of the existing structures of international institutional governance (IMF, World Bank and WTO). The new multilateralism represents the attempt by social movements to 'building a system of global governance from the bottom up'¹⁶

The preferred strategy of the old multilateralism of the international institutions is to extend their remit *geographically* (wider institutional membership), *functionally* (deeper coverage of issues) and *inclusively* (by the cooption and socialization of recalcitrant actors into the dominant neo-liberal market mode.) By contrast, the new multilateralism of the GSMs (especially NGOs in developing countries) tries to change the prevailing organizing assumptions of the contemporary global order and thus alter policy outcomes. While multilateralism is not imperialism, a working assumption of many NGOs is that often existing institutions are instruments, if not of US hegemony, then at least of an OECD ideological dominance of the existing world economic order.

Whatever their agendas, the ability of social movements to affect decision making in international fora rubs up against the processes of globalization. Throughout the 1990s, social movement resistance to 'free trade' related issues has invariably been characterized as protectionist or globophobic. This is certainly the case with the

environmental movement, where demands for sustainable development imply a form of 'fettered development' to counter the deregulating tendencies of globalization. It is also the case in the domain of human rights, where NGOs attempt to strengthen labour rights generally, women's and children rights in particular, in the face of MNCs location decisions based on factors such as cheap labour costs. Much current NGO activity can be captured under a broad, if ill-defined agenda to secure 'justice for those disadvantaged by globalization'.

NGOs articulate a view of globalization—emphasizing privatization, deregulation and market conforming adjustment--as antithetical to their aims of securing human rights and environmental protection. NGOs represent alternative discourses to those reflected in the positions of those who gain most from the advance of globalization. Opposition to globalization has become an integrating feature of much of the literature of 'internationalized' NGOs.¹⁷ Nowhere is this better illustrated than in the opposition to NAFTA in the late 1980s and early 1990s, in resistance to the agendas of the WTO and the OECD initiative on a Multilateral Agreement on Investment in late 1990s. This interest in how to alter (resist) globalization represents a shift in the *modus operandi* of NGOs--from the field to the corridors of power. In many policy domains they have become the discursive opposition.

Traditional agents--such as the established policy communities holding office in the major industrial countries and the inter-governmental financial institutions--are only just beginning to recognize the significance of NGOs and GSMs. At times, established actors appear to lack the skills to deal in anything other than a resistive or combative fashion with these groups. But governments are learning that they must secure their

support or, at the very least, neutralize their opposition. But the ability to secure a balance between wider consultation and accountability, on the one hand, and an ability to resist the pressures of lobby groups on the other, is still underdeveloped. Nowhere is this better illustrated than in the ambiguity of the international economic institutions towards interaction with bodies purporting to be acting on behalf of one or another group within 'civil society'. This is certainly the case at the IMF, WTO and, albeit to a lesser extent, at the World Bank. There is now quite a long history of engaging NGOs on the ground in developing countries at the World Bank. Extending this engagement to the decision-making processes in Washington is still largely resisted.

In short, the elite driven nature of the neo-liberal globalization project is under challenge. The internationalization of NGOs, enhanced by new technologies, allows them to address governmental policy from outside, as well as from within, the state. They represent, or at least purport to represent, interests that are conventionally excluded from decision-making processes. As such, they are vehicles for the advancement of strong normative ideas in global civil society. NGOs and other similar, mission-driven, agents are increasingly important actors in contemporary international politics and governance. Securing a peaceful and constructive *modus operandi* with non-state actors will be a major exercise for state actors in the global policy community in the twenty-first century.

The Rise of the NGO: Keeping a Sense of Perspective

Some NGOs are now global agents or players of some influence, as the 1997 award of the Nobel Peace Prize for the campaign to ban land mines and the role of NGOs in the defeat of the MAI attests.¹⁸ NGOs are clearly capable of setting agendas and changing international policy on important issues. But the age of innocence is over. NGOs are in many ways the victims of their own success. Longer standing actors in international relations--state and intergovernmental organization policy-making elites--are now treating them much more seriously.

At present there is a discrepancy between the demands of NGOs for rights (to be heard and to influence policy) and an acceptance of certain obligations or duties that may be attendant on these rights (especially the duty truthfully to reflect the position of one's antagonists). While a balance may come with time, to-date only minimal efforts to inculcate a 'rights-duties' balance within the larger NGO family have been made.¹⁹ If NGOs and other non state actors are to become legitimate agents of acceptable structures of global governance, in an era of globalization, they will have to accept the need for transparent, accountable and participatory systems of decision-making of exactly the kind they expect to see in national governments, multinational corporations and international organizations.

Speaking the language of 'opposition', their discourse reflects a greater commitment to questions of justice, accountability and democracy. But there are limits to the degree of support and acceptance their agendas are likely to secure. For example, despite the economic crisis that began in East Asia, the power of the free market ideal remains strong and support for interference in the interests of redistributive justice are unlikely to replace the market ideal in the corridors of public power and

private wealth. Moreover, not all opponents of the worst effects of globalization are necessarily protectionists or opponents of economic liberalization, *per se*. Educated populations are capable of disaggregating the various elements of liberalization. Survey data suggests they are more supportive of trade liberalization than they are of financial deregulation.²⁰ Much social movement interest in the 'new protectionism'--a return to 'localization'--is an over simplified rhetorical position that lacks the intellectual power to counter the logic of liberalization.

Globalization, Justice and the State

That the activity and influence of NGOs has increased in international relations is in little doubt. It is however, naive to universalize the NGO experience. States still propose and dispose of international agreements and NGOs still--as in their involvement in the activities of the international institutions--need governmental sponsorship, or at least governmental acquiescence, to secure influence.

Polarization, social disintegration and the re-emergence (often violent) of identity politics are visible outcomes of the inequalities between globalization's winners and losers. They raise several questions that will become increasingly important if we are to create a more just world order. Will we have: (i) enough food for growing populations? (ii) Enough energy for growing economies? (iii) A sustainable physical environment in which to inhabit? (iv) Global institutions to manage these issues, preserve the peace, prevent burgeoning civic unrest and political-military dislocation within the developing world and in relations between the developed and the developing worlds?

Economists tell us that the key elements of globalization--the greater economic integration of the international economy and the revolution in communications and technology--are, of themselves, neutral and have the potential to solve these problems. In theory maybe, but it is not axiomatic that the tension between economic growth and environmental sustainability will be contained. Making the world's population more secure depends on how this tension is managed. This is the governance question. Governance--the means by which societies deliver collective goods and minimize collective bads--is as important today as it ever was and states remain central to this process. But, there is a deficit in the relationship between the *de facto* market led processes of economic liberalization and integration and the *de jure* state generated mechanisms that underwrite the international fora for the delivery of collective goods.

Thus the efficacy of the major international institutions remains a key normative and policy question for the twenty-first century. Will they remain vehicles for the pursuit of state interests, as traditionally defined in realist understandings of international organization? Or, can they evolve into sites to accommodate multiple demands and interests of public and private and state and non-state actors throughout the widening policy communities and civil societies of states? These are normative and analytical questions, yet they cast long policy shadows. The contest between the 'multilateralism from above' and the 'multilateralism from below' is just beginning

State policy elites may be conscious of their own diminished sovereignty but also of the accompanying need to control the 'public bads' that emanate from the effects of technology on cultures and eco-systems and the international order; especially the spread of drugs, crime, terrorism, disease and pollution. For sovereignty erosion to be

acceptable, it must occur via collective action in an issue-specific, not generalized, manner. 'Sovereignty pooling' will have to be volunteered out of recognition that self-interest is sometimes advanced collectively not individually.

How likely is this when the major factor explaining inter-state cooperation is *still domestic actor preference*?²¹ Despite impeccable normative arguments in favour of collective action problem solving, prospects for regular successful international cooperation amongst states must not be exaggerated. The desired basic goods for a 'just' global era--economic regulation, environmental security, the containment of organized crime and terrorism, and the enhancement of welfare--will not be provided on a state by state basis. They must be provided collectively.

If the limitations of inter-state cooperation are to be overcome, greater use will have to be made of innovative approaches to governance arising from the information revolution. Technology can strengthen the governance capacities of both state and civil society. Information technologies offer opportunities for private sector supplementation of the governance functions of states. Public/private provision of collective goods must not be seen as an either/or policy option. Private sector actors, from both the corporate world and civil society, will continue to be more significant in inter-governmental negotiation processes as issue-linked coalitions operate across borders to set agendas and enforce compliance.

In addition to the 'how' question in the international institutional management of those global forces that have a major impact on societies, this paper has also asked the important normative question. What are the prospects for supra national institutional forms of regulation guaranteeing some kind of fairness? Justice in a global context, we

have tried to suggest, is an underdeveloped, but emerging issue. The normative agenda for international relations will not go away. But for justice to have meaning in an era of globalization, governance will have to be exercised at a global level. As yet, however, the institutions of global governance are ill equipped to cope with such issues.

Moreover, we live in a culture of moral hazard in which, to provide but the most obvious example, the speculative operation of the international capital markets are under written by the sacrifices of ordinary members of society, especially in the developing world. The era of instant global capital mobility is seen by many of the world's population, and not just in the developing world, as a time of heightened and permanent insecurity. There may be movement in the international financial institutions, but unless something is done to mitigate the prospects of events such as the East Asia currency crises re-occurring, the lesson the majority of the world's population will draw is that even a reformed system, let alone the system as it is currently constituted, will be unable to deliver anything approaching an acceptably just or equitable world order.

In this respect, economic liberalization holds within it the seeds of its own downfall. Intellectual and evidentiary arguments for liberalization and open markets as superior generators of wealth have been won; or should have been. But rapid aggregate increases in global wealth and production have been accompanied by a corresponding naivete as to the political and social effects of these processes on the civil polities of developed and developing societies alike. As the politics of the East Asia crises demonstrated, theoretical parsimony blinds modern liberal economic theory and current market practices to the complex and combative politics that constitutes the down side of

economic liberalization. Sound rationalist economic logic on its own is not sufficient to contain the backlash against globalization.²²

The 'Post-Politics' of the Post Washington Consensus

For many in the developed world, liberalization has become an end in itself with little or no consideration given to its effect on prevailing social norms and values within societies and polities. The global market place of the 1980s and the first six to seven years of the 1990s were largely 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. Consequently, the consensus over how society is organized within the spatial jurisdiction of nation-states was strained and the continued process of liberalization threatened.

Globalization is unraveling the social bond. The policy remedies at the disposal of state agents for maintaining the cohesion of communities are curtailed, although not eliminated. Some governments attempt to 'depoliticize'--that is, place at one step removed--the state's responsibility for the effects of globalization on its citizenry. Yet, it is the practice of politics that creates the structures of communities.²³ As such, it will make the role of state institutions much more important in the next decade than has been assumed throughout the neo-liberal era, when the retreat of the state was deemed

axiomatic.²⁴ States have assets and capabilities; they are not merely passive or reactive actors.

But these assets have to be used better, domestically and internationally, if economic liberalization is to allow for the more effective provision of public goods. How to strike the appropriate balance between domestic socio-political imperatives and a normative commitment to an open liberal economic order remains the central policy question for the next century. Globalization is clearly an issue in need of sophisticated technical economic analysis, but it is also in need of analysis that is normative and ethical. First best, economically efficient, solutions may not always be politically feasible, or indeed socially desirable and most economic analysis has, to-date studiously ignored those socio-political and cultural conditions that, often more than economic explanation, will condition the prospects of continued liberalization.

These two interpretations of global governance (it is hard to call them definitions) stand respectively in relationship to the Washington and post-Washington consensus. 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. The post - Washington consensus can be seen as an attempt to induce support for a new set of *socio-political* 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 neo-liberal guise, definition (i) 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 (ii) will be, *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 international institutions, treats governance as a neutral concept in which rational decision making and efficiency in outcomes, not democratic participation, is privileged.

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 asymmetries 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'.²⁵

The Global Governance Deficit

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.²⁶ 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',²⁷ not global governance. The aim is to make provision for the collective delivery of global public goods.²⁸ '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.²⁹ 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 of 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 politics. There are no problems that cannot be 'governed away'. Governance, *pace* definition (i) as effectiveness and efficiency, is 'post-political'. Agendas are set and implementation becomes the name of the game. Notwithstanding the fragmented and disaggregated nature of political community in a global era, there is no place outside of the rubric of existing governance structures for non-state political action on global policy issues.

The post-Washington consensus 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.³⁰ 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.³¹ The global public goods literature, indeed the global governance agenda more generally, does not address this issue. Given the ideological underpinnings of neo-liberalism, it is not intellectually, let alone politically capable of doing so. Following from this analytical and theoretical deficit, the practical question facing policy makers in the early twenty-first century will be how to develop appropriate international institutions where 'appropriate' does not mean simply 'effective'? 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 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 through global policy networks, is limited by a 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.

Most significantly, an increasing number of the senior office holders of the major international financial institutions have recognized the de stabilizing 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'.

A New 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.³² 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.³³ 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 mono-causal 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 neo-liberal 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.³⁴ 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), 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 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.³⁵ 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.³⁶ 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 de-territorialized trans-national 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.

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, it 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 de-contextualized fashion and their tasks as de-politicized and technical.

This is not an argument against the importance liberal institutionalism places on international institutional reform. Rather, it is a plea for 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.³⁷

Attempts to implement collective policies through international institutions will lack legitimacy if there is no shared normative commitment to the virtue of a given

policy. International institutions must secure converging policy positions by agreement and willing harmonization, not by force. There must be provision, where necessary, for political communities to exercise an exit option on a particular issue where it is thought that this issue threatens the fibre of their (national) identity. This is not to offer a free-rider charter in the contemporary global economy, but to call for tolerance and an acceptance of difference rarely displayed under a neo-liberal orthodoxy in the closing stages of the twentieth century.³⁸ Without such tolerance the prospects for the development of some kind of social bond conducive to the development of a minimum conception of global justice cannot be envisaged.

Endnotes

* This is an expanded version of Justice Unbound? Globalization, States and the Transformation of the Social Bond, originally published in *International Affairs* 75: 3, 1999, pps 483 - 498

¹ Address to Board of Governors of the Bank (October 1998).

² Hendrik Spruyt, *The Sovereign State and its Competitors*, (Princeton: Princeton University Press, 1994).

³ Thomas Hobbes, *Leviathan*, (Harmondsworth: Penguin, 1968).

⁴ R. B. J. Walker, *Inside/Outside: International Relations as Political Theory*, (Cambridge: Cambridge University Press, 1993)

⁵ Andrew Linklater, *The Transformation of Political Community*, (Cambridge, Polity Press, 1998).

⁶ John G. Ruggie, 'At Home Abroad, Abroad at Home: International Liberalisation and Domestic Stability in the New World Economy', *Millennium: Journal of International Studies*, 24: 3, 1995, pps. 507-26.

⁷ John G. Ruggie, 'International Regimes, transactions and change: embedded liberalism in the post war economic order', *International Organisation*, 36: 2, 1982.

⁸ Daniel Rodrik, *Has Globalization Gone Too Far?* (Washington: Institute for International Economic, 1997).

⁹ Vincent Cable, *The World's New Fissures: The Politics of Identity*, (London: Demos, 1994).

¹⁰ Linklater, *The Transformation of Political Community* and David Held, *Democracy and the Global Order*, (Cambridge: Polity, 1995).

¹¹ Richard Higgott, 'Economics, Politics and (International) Political Economy: The Need for a Balanced Diet in an Era of Globalisation', *New Political Economy*, 4: 1, 1999, pps. 23-36.

¹² Jurgen Habermas, *The Theory of Communicative Action: The Critique of Functionalist Reason*, (London: Heinemann, 1989).

¹³ Robert Cox, 'Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order', *Review of International Studies*, 25: 1, 1999, pps. 10-11.

¹⁴ *Handbook of International Organisations*, (Brussels: Union of International Associations, 1994).

¹⁵ Margaret Keck and Katherine Sikkink, *Transnational Issue Networks in International Politics*, (Ithaca: Cornell University Press, 1997).

¹⁶ Robert Cox, (ed) *The New Realism: Perspectives on Multilateral and World Order*, (Basingstoke: Macmillan, 1997) p. xxxvii.

¹⁷ Cecilia Lynch, 'Social Movements and the Problem of Globalisation', *Alternatives*, 23: 2, 1998, pps. 149-173.

¹⁸ P. J. Simmons, P. J. 'Learning to Live with NGOs', *Foreign Policy*, 111, 1998, pps 82-97.

¹⁹ Leon Gordenker and Thomas G. Weiss, 'NGO Participation in the Global Policy Process', *Third World Quarterly*, 16: 3, 1995, pps. 543-55.

²⁰ *The Economist*, January 2 1999.

²¹ Helen Milner, *Interests, Institutions and Information: Domestic Politics and International Relations*, (Princeton: Princeton University Press, 1997).

²² See Richard Higgott, 'Economic Crisis in East Asia: A Case Study in the International Politics of Resentment', *New Political Economy*, 3: 3, 1998, pps. 333-56.

²³ Bernard Crick, *In Defence of Politics*, (London Penguin, 1962) p. 24.

²⁴ Susan Strange, *The Retreat of the State*, (Cambridge: Cambridge University Press, 1996).

²⁵ 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'.

²⁶ 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.

²⁷ See Wolfgang H. Reinecke, *Global Public Policy: Governing without Government*, Washington: Brookings, 1998.

²⁸ See Kaul et al. *Global Public Goods*.

²⁹ See, Robert O. Keohane, *After Hegemony: Collaboration and Discord in the World Economy*, Princeton: Princeton University Press, 1984; Helen V. Milner, *Interests, Institutions and Information: Domestic Politics and International Relations*, Princeton: Princeton University Press, 1997.

³⁰ See Wolfgang Reinecke and Francis Deng, *Critical Choices: The United Nations, Networks and the Future of Global Governance*, Ottawa: International Development Research Centre, 2000.

³¹ See Jean Claude Therien and Carolyn Lloyd, 'Development Assistance on the Brink', *Third World Quarterly*, 21 (1) 2000, 21-38.

³² See James Caporaso and David Levine, *Theories of Political Economy*, New York: Cambridge University Press, 1992

³³ 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: 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.

³⁴ 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.

³⁵ Anthony Payne, 'The Political Economy of Area Studies?' *Millennium: A Journal of International Studies*. 1999.

³⁶ .See Susan Strange, *States and Markets*, London: Frances Pinter, 1998.

³⁷ 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.

³⁸ Stephen Gill, 'Globalisation, Market Civilisation and Disciplinary Neo-Liberalism', *Millennium: Journal of International Studies*, 24: 3, 1995, pps. 399-423.