Globalization and Political Ethics

EDITED BY

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BRILL

In memory of Dušan Pokorný,

Philosopher and Friend

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Introduction

The literature on globalization is extensive and continues to grow, particularly from the perspectives of international economics and international relations. These perspectives appear at first to be both appropriate and natural: the term 'globalization' seems to direct our attention immediately to *worldwide* questions of *fact* and objective necessity, not to *individual* moral and ethical judgments. When we speak of 'global' issues, we frequently have in mind the statistical balance between population and food supplies, the imminent and measurable threat of environmental degradation, the increasing scarcity of natural resources in face of continuous industrialization, the risks of war and international terrorism, and so forth. Such questions appear to call for objective assessments and correspondingly objective responses on a scale that reaches far beyond the capacities or responsibilities of individuals. International economics and international relations provide an external view of the issues and the risks, allowing us to 'step out of ourselves' and create the conceptual distance needed to investigate a global system whose principal actors apparently are states, corporations, and international institutions. The very concept of a 'global system' seems to imply a universal pattern of interaction that has its own dynamic and moves with essential indifference to moral and ethical considerations.

It is no less obvious, however, that these same issues must also be addressed in terms of their potentially grave effects upon cultures, societies, and individual lives. These perspectives require a completely different manner of thinking, beginning with an internal assessment of our own intentions and the values to which we subscribe. We may each be *objects* of the global system, but we are simultaneously *subjects* with a personal responsibility for judging what ought to be done and for persuading others of the need to coordinate our actions in a way that we can rationally agree is appropriate. This point of view necessarily confronts us with moral and ethical issues, to which we respond both individually and collectively through civil and political organizations. Here the currency of debate is no longer just the facts and objectively measurable probabilities, but also our subjective sense of obligation and propriety. As social individuals we have a rational duty to make *choices*, and the act of choosing inevitably refers us not just to the existing state of affairs

but also to desirable futures. In responding to the consequences of globalization, we begin from this perspective with reference to moral duty and political ethics. Our question is not so much what *must* happen as what *ought* to be done. We ask such questions in the conviction that we are active participants in determining our own destiny.

Whereas the formal theory of economic science deals with value as price, in this volume we address questions of value primarily in normative terms. In that respect, we follow the lead of Aristotle and numerous other philosophers, including Adam Smith (in his capacity as moral philosopher), Immanuel Kant, G.W.F. Hegel, Karl Polanyi, and Jürgen Habermas, all of whom take the view that the normative order of human community is both logically and historically prior to the market order and the interstate system. Modern economic science formally reduces human activity and social interaction to a self-regulating system of purposive-rational satisfaction of individual wants. Within this context, instrumental and strategic reason are the organizing forces of behaviors that are abstracted from moral and ethical imperatives. But as Habermas writes, 'It is only *within* normatively established limits that legal subjects are permitted to act purposive-rationally without concern for conventions. Thus for the institutionalization of purposive-rational action, a kind of normative consensus is required. . . .' (Habermas 1984: 256).

The singular tragedy of the debate over globalization is that it is occurring at a time when universal markets evaluate wealth more highly than wisdom. Instead of communities regulating and institutionalizing global markets, the market system tends to marginalize considerations of *justice* and to impose instead its own standards of instrumental *efficiency*. In the formalized model of rational market activity, individuals pursue their own wants with no community-wide reflection on the ultimate social consequences. The market system replaces *duty* with desire; it bestows the formal illusion of individual choice and responsibility at the same time as it imposes its own systemic imperatives that are altogether oblivious to moral and ethical concerns. Markets promise the most efficient production of plenty; at the same time, they invite us to entrust the future of the planet to the pursuit of profit.

In contemporary society, however, the normative order of human affairs increasingly becomes a matter for human deliberation. In terms of the debate over globalization, this means that we ourselves have both the initial and the final responsibility for determining the rules and institutions that will regulate the international economy and the interstate system. Today's literature on globalization abounds with delirious projections of universal modernity through technological enlightenment; at the same time it is rife with cries of despair, cultural crises and deracination.

Utopias and dystopias, empowerment and impotence, wealth and destitution, a destiny of our own creation and a fate over which we have no control—these are the extremes within which the discourse moves. In this volume, we attempt to negotiate these extremes in terms of a logical and historical dialectic of enlightenment. Our fundamental conviction is that we are not helpless; and if we are not helpless, then we are responsible.

Rational exercise of our responsibility requires us to relate the globalization process to the ends and purposes that properly befit human life and human community. To understand the process requires awareness not simply of where we are, but also of where we have been and where we intend to go. In this context, economic 'ends' are merely the 'means' to ends of a higher order, which can only be specified in terms of moral duty and ethical purpose. We believe that the debate over globalization, in other words, is ultimately a debate over political ethics, and the most critical challenges of our own day turn out to be exactly those that concerned Aristotle in *The Politics* and *Nicomachean Ethics*.

Our starting point in this project is philosophical, but within that context we attempt to conceive and re-conceive several of the economic and political issues that have already been widely debated in the literature, including terrorism, institutional change and distribution in the world economy, the role of the United Nations (UN) and international financial institutions, the regimes of international trade and technology transfer, and the effects of regionalism in the European Union (EU) and the Association of Southeast Asian Nations (ASEAN). We cite the case of Russia to exemplify the price of failure in the globalization process; that of Africa, to pose the question of Western responsibility for genocides and state-induced famines. We then return to broader philosophical issues arising from the ongoing debate over possibilities of global governance and the definition and enforcement of human rights.

Richard B. Day's introductory chapter on 'Globalization, Markets and Ethics' begins with a survey of the most contentious political and economic issues posed by the globalization debate and then reformulates them in terms of the problematic relation between markets and ethics in the history of philosophy and political economy, beginning with Aristotle's account of ethical life in the city-state and concluding with the rival claims of Kant's universal morality and Hegel's view of the state-specificity of political ethics. In 'Society and Market in the Era of Globalization,' Dušan Porkorný moves from the particular to the universal by following the lead of Jürgen Habermas in reflecting upon the meaning of the terms 'society' and 'market' and the need for markets to be institutionalized and legitimated at various levels of social organization. Porkorný moves

from the confines of convention and kinship in pre-market 'society' to the inter-state organization of customs unions, free trade and economic community on the scale of the European Union. The chapter by Jacqueline Best on 'The Moral Politics of IMF Reforms' similarly relates universal economics to particular ethics in assessing the International Monetary Fund's efforts to impose universal standards of state behavior while simultaneously expressing technical imperatives in terms of the language of moral responsibility.

Rubin Patterson's chapter on 'Global Trade and Technology Regimes' emphasizes the asymmetric implications of 'universal' economic standards by comparing the dominant role of major economic powers with the compliant subordination expected of 'the global South' within the framework of the World Trade Organization (WTO) and its provisions governing technology transfer and Intellectual Property Rights. Mikhail A. Molchanov, writing of 'Russia and Globalization,' examines the unique case of a country that was compelled to re-enter the world economy at the cost of abandoning the ethical convictions associated with socialism in favor of the neoliberal prescriptions of 'shock therapy' and market fundamentalism. Whereas neoliberal proponents of globalized markets project a worldwide advance in efficiency and social enlightenment, Molchanov portrays a country struggling to redefine its own identity at the cost of an ongoing social catastrophe.

Turning from Russia to the experience of the European Union, Molchanov considers the prospects of 'regionalism' as an institutional response to globalization in the attempt to safeguard Europe's ethical traditions and cultural identity. In his chapter on 'The Community of Europe and Globalization,' Waldemar A. Skrobacki likewise emphasizes the institutionalization of social ethics in the European welfare states as distinct from abstract ideologies of globalization that minimize the significance of states in the name of universal markets. Shaun Narine explains the commitment to traditional notions of state sovereignty within ASEAN and its potential conflict with projects of humanitarian intervention in the name of universal human rights; Rhoda E. Howard-Hassman weighs human rights and human responsibilities in the tragic history of Africa; W. Andy Knight assesses the institutional capacity of the United Nations to uphold human rights and security; and Barry Cooper relates the material circumstances of globalization to cultural trauma in generating the new phenomena of global terrorism.

Following these empirical studies, our project then reconsiders, in view of the historical and institutional evidence, the broader philosophical issues of ethics and morality first set out in the chapters by Richard B. Day and Dušan Porkorný. Given the prevailing view that global mar-

ket forces are diminishing state institutions, and that interstate institutions have yet to respond convincingly, we now critically assess the capacity of universal human rights doctrines to reaffirm human dignity on a global scale. Although it is generally assumed, following the lead of Immanuel Kant, that the meaning of human rights must be obvious to any thinking person, Steve On's scrutiny of the Universal Declaration of Human Rights raises problematic questions as to how competing claims might be resolved and how an overlapping consensus might be reached. Erick Lachapelle addresses equally universal questions in criticizing the detachment of International Relations theory from political philosophy, specifying the logical tension between Hegelian ethics and Kantian morality and tracing its philosophical implications in the recent writings of John Rawls and Jürgen Habermas.

After confronting history and institutional adaptations with philosophy in the context of our present dilemmas, our final two chapters then consider current and future prospects for global governance. Steven Bernstein asks the question: What is 'good' environmental governance from the standpoint of liberal environmentalism, and how can it meet the requirements of authority, epistemic validity, good practices and practical reason? Joseph Masciulli and Richard B. Day then conclude with an assessment of the 'realist-idealist' dichotomy of current thinking in response to Kantian ideals of cosmopolitan citizenship and even global government, drawing upon the contributions of Habermas to make a case for 'realistic idealism.'

Our volume begins with history and philosophical ethics, then measures the current institutional and political realities against philosophical ideals, and finally returns more concretely to weigh present prospects against the current philosophical discourse concerning what *can* and what *ought to be done*. By framing such questions in terms of state-centered Hegelian ethics and the universal-cosmopolitan claims of Kantian morality, we hope to make a contribution to clarifying both the challenges and the opportunities that we face. In an historical process, there are no *determinate* ends, and we accordingly prescribe no ultimate solutions. Instead, our fundamental theme throughout this work is human responsibility in circumstances that often appear to deny human agency. Although contributors to this volume share no particular orthodoxy, we do share the rational conviction that the merely 'real' must be judged according the standards of the 'ideal,' which remains and will always remain the theme of moral and ethical discourse in human community.

R.B.D. and J.M

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Globalization, Markets, and Ethics

Richard B. Day[1]

Abstract

This chapter briefly surveys the political and economic issues posed by the debate over globalization and then reformulates them with reference to the problematic relation between markets and ethics in the history of philosophy. Beginning with Aristotle, and then proceeding to Adam Smith, Immanuel Kant, and G.W.F. Hegel, the chapter argues that markets always and everywhere presuppose normative consensus, with the implication that any notion of autonomous globalizing markets is an abstraction that threatens the human right to life and dignity.

Introduction

Most economists would agree on a working definition of globalization as a process of worldwide integration resulting from a concurrence of technological changes and political decisions in favor of freer movement of goods, services, capital, and, to a far more limited degree, labor. But if nothing more were involved, how would we explain the general unease that prevails? Protestors against globalized markets have included reactionaries and progressives, nationalists and anarchists, environmentalists, human rights advocates, trade unionists, small business people, and proponents of "global justice." This widespread public anxiety indicates that far more must be at stake than improvements in economic efficiency.

The contradictory effects of globalization were first anticipated by Karl Marx more than a century and a half ago. *The Communist Manifesto* declared that the bourgeoisie had already created "more colossal productive forces" than all previous generations taken together. Capitalism imparted "a cosmopolitan character to production and consumption in every country," created new industries "whose introduction becomes a

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life and death question for all civilized nations," replaced old wants with new ones "dependent on distant lands and climes," and drew all nations, "even the most barbarian . . . into civilization." But along with material progress, capitalism also brought poverty and deracination: all the "fixed, fast-frozen relations, with their train of ancient and venerable prejudices," were swept away. What was solid melted; what was holy was profaned. Capitalism degraded people at the same time as it rescued them from the "idiocy of rural life" (Marx 1978: 476-477).

Marx thought the science of history pointed to the inevitability of worldwide socialist revolution. Since the collapse of the Soviet Union, the triumph of capitalism is nowadays conceived in terms of a universal science of positive economics. Milton Friedman exemplified this kind of thinking in his essay on "The Methodology of Positive Economics," first published in 1953. Friedman undertook to detach economic science from constraints of time, place, history, and ethics. "Positive economics," he wrote, "is in principle independent of any particular ethical position or normative judgments. . . . It deals with 'what is' not with 'what ought to be.' Its task is to provide a system of generalizations that can be used to make correct predictions. . . . In short, positive economics is, or can be, an 'objective' science, in precisely the same sense as any of the physical sciences" (Friedman 1984: 213).

If a single economic science aims to explain and predict events on a world scale, it must also lay claim to universal laws. Joseph Stiglitz (2002), until recently chief economist at the World Bank, criticized this claim by referring to a free market *ideology* that consistently privileges financial interests over all others. To say that all countries are "one and the same," and therefore equally subject to identical economic laws, is to say that histories do not count, cultures do not count, and one set of market-promoting policies—the "Washington Consensus," with its prescription for fiscal austerity, privatization, and market liberalization— applies always and everywhere with equal validity (Stiglitz 2002: 53-88). Positive economics professes to articulate what Jan Aart Scholte (2000) calls "transworld truths" in the conviction that "Scientific knowledge is nonterritorial: the truths revealed by 'objective' method are purportedly valid for anyone, anywhere, anytime" (pp. 93-95).

This ideology of market fundamentalism is refuted by a long history of social anthropology. In his 1992 Massey Lectures, Robert Heilbroner touched upon this theme when he described the absence of any "economic knowledge" or "economic motivation" among the !Kung people of the Kalahari. The !Kung *toil*, but they do not *work*, for the concept of work presupposes legal and social arrangements that are absent from

their culture. The !Kung produce and distribute, but they do so without markets or prices. !Kung children are socialized by elders, under the guidance of culture and tradition, to become hunters, gatherers, and providers. !Kung society is to be understood not by any knowledge of "economics," but by reference to culture, the available techniques for appropriating nature, and the manner in which "political" decisions are made. If one attempted to persuade the !Kung of the superiority of a market over traditional ways of sustaining their community, they would, according to Heilbroner (1992), respectfully reply that "you are wasting our time. . . . What you suggest is inconceivable" (pp. 10-16).

The !Kung response is not really so different from our own reaction to a globalization process that threatens long-established institutions and social policies. Political scientists point to widespread concerns about cultural identity, democratic self-determination, the survival of public services, and the ethics of social interaction. Since our understanding of *who we are* and *who we ought to be* is partly expressed through our laws and political institutions, the globalization debate repeatedly raises the question: Which will prevail, nation-states or global markets? More precisely, how will we continue do what is *right* if global markets tell us that our particular convictions of *right* contradict the universal requirements of *efficiency*?

I propose to address this question in terms of philosophy and political economy, beginning with Aristotle's account of the *polis* as the ethical—not the economic—community. Philosophers tend to write less about globalization than economists do, but in the history of philosophy the relation between markets and ethics has always been problematic. One theme that constantly recurs is that exchange of *things* always presupposes a consensual pre-understanding of what is, and what is not, permissible in economic transactions. Ultimately, the thinkers whom I shall consider—Aristotle, Karl Polanyi, Adam Smith, Immanuel Kant, and G.W.F. Hegel—all believed that if human community is to be sustained, economic exchanges must be circumscribed by just laws and social norms of propriety.[2] If normative expectations differ from time to time and place to place, the implication would be that the abstract science of economics must defer to concrete ethical life. In that case, the real question becomes whether the *efficiency* requirements of the world market might ever be supported by a universal consensus on what is *just and proper*.

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[2] It is worth noting in this connection that the word "property" itself, denoting a relation of rights and duties, derives from *propriété*, meaning "propriety."

Immanuel Kant's formal morality claims the same universal validity as Milton Friedman (1984) attributes to economic science. In Hegel's philosophy, on the other hand, concrete ethicality always involves "this" people at "this" time and place. Kant proposes that we step out of our immediate, historically formed circumstances to reason our way to the categorical imperative; Hegel replies that all valid ethical prescripts are inseparable from "our" state and "our" laws. In Hegel's philosophy of history, nothing of the past is ever lost: movement from the Greek polis to the modern state is a single process of the objectification of Spirit. The purpose, or Reason, of history is the self-determination of reasoning beings. This entails institutionalization of markets through laws that reconcile the system of needs with what is right. The state, from Hegel's perspective, is freedom institutionalized. In the "great tapestry" of world history, Hegel saw human need, drive, inclination, and passion interwoven with "the Idea" of self-determination. If Reason is truly at work in history, we may understand better where we are today by first reflecting upon where we have been. First, however, let us review the issues in dispute.

The Setting and the Issues

Following World War II, the claims of economic efficiency and social justice appeared to be reconciled in the Keynesian Welfare State. Keynes showed that full-employment policies, administered by governments and realized in part through social redistribution, would ensure efficient and stable economic growth. In *A Theory of Justice* (1971), John Rawls represented this kind of society as one that redeems market inequalities by redistributing a portion of the social product so that each citizen is guaranteed the primary goods needed to pursue a "rational plan of life" (p. 93). Material inequality remains, due to differences of skill, luck, and effort, but the principles of justice ensure fair equality of opportunity and "compensating benefits for everyone, and in particular for the least advantaged members of society" (p. 15). Like Keynes, Rawls thought the proper duties of government include coupling property rights with social obligations, making provision for full employment, and providing necessary public goods and services in cases where they would not be made available by private firms in the market. In these circumstances, Rawls said, "use of the market system does not imply a lack of reasonable human autonomy" (p. 281).

The Rawlsian theory of justice can be thought of as a kind of self-portrait of welfare-state capitalism, in which autonomous citizens are respected as Kantian ends in themselves who realize their capacities within an enabling framework of just institutions. Since shared institu-

tions make it possible for each to make the best of talents and opportunities, it is appropriate for society also to play a role in redistributing a portion of the results. Following Aristotle, Rawls said we each realize our latent powers through dependence on the cooperative endeavor of others, and "what binds a society's efforts into one social union is the mutual recognition of the principles of justice" (p. 571). For Rawls, it is not exchange of *things* that is uppermost in accounting for social cohesion, but the shared *principles* in accordance with which economic interactions are institutionalized.

Today, the kind of welfare state discussed by Rawls is besieged by the global market. Most people realize that global economic forces require new rules and institutions, but we also fear that any such rules and institutions will probably be "theirs," not "ours." Who would consider the International Monetary Fund, the World Bank, or the World Trade Organization to be "ours" in the same sense as the state, in which we democratically determine social priorities and define legitimate rights and duties? The potential consequences of these global pressures on the state lie anywhere on a continuum that stretches from (1) a new world order— in which national communities are displaced by networks of individual and corporate self-interest on a global scale—to (2) intermediate institutions in which existing states pool resources to control the effects of external forces, to (3) reactionary outbursts of exclusionary nationalism and cultural tribalism.[3]

The result is a literature of apprehension. In *The Retreat of the State*, Susan Strange (1996) writes that "the impersonal forces of world markets . . . are now more powerful than the states to whom ultimate political authority over society and economy is supposed to belong" (p. 4). In the absence of an alternative system of global governance, Strange foresees the possibility of "ungovernance," "a yawning hole of non-authority" (p. 14), or a world of "multiple, diffused authority" (p. 199).

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[3] Consider, for example, the widespread concern over immigration into the European Union and the resistance to admission of Turkey, with its Muslim population of nearly 100 million. In *Global Transformations*, David Held and his co-authors (1999) note that in response to globalization, "new forms of fundamentalism have arisen along with new forms of tribalism—all asserting the a priori superiority of a particular religious, or cultural, or political identity over all others, and all asserting their sectional aims and interests" (p. 451). Describing the encroachment of the economic "system" on the cultural "lifeworld," Jürgen Habermas (1987) says: "ascriptive characteristics such as gender, age, skin color, neighborhood or locality, and religious affiliation serve to build up and separate off communities, to establish subculturally protected communities supportive of the search for personal and collective identity. . . . all this is meant to foster the revitalization of possibilities for expression and communication that have been buried alive" (p. 395).

She worries that in this *new world disorder*, international institutions may not have the power to respond to cyclical fluctuations (p. 193); private structures will lack political legitimacy (p. 198); and individual citizens will have nothing but their own consciences to guide them in determining where "allegiance, loyalty [and] identity" properly lie (p. 198). In today's world, the family, a firm, a political party or even a football team often commands the loyalty that once belonged to states (p. 72).

Dani Rodrik (1997) expresses similar concerns in his book *Has Globalization Gone Too Far?* For him, "the most serious challenge for the world economy . . . lies in making globalization compatible with domestic social and political stability . . . [and] in ensuring that international economic integration does not contribute to domestic social *dis*integration" (p. 2). Although Rodrik describes himself a "mainstream economist" of neo-classical persuasion, he notes that "Every society has restrictions, moral or legal, on what kinds of markets are allowed," and he fears that globalization may undermine "60 years of labor legislation and the social understanding those laws represent" (pp. 35-36). International trade has the potential to destabilize employment and erode social insurance, creating "a serious conflict between [market] openness and maintaining social consensus" (p. 55). The drive for "competitiveness" may undermine the legitimacy both of states *and* of markets. Workers will have to pay the taxes no longer contributed by footloose corporations, and social tensions will increase (pp. 4-6; see also 18-19, 54, 63). Cautioning that "Social disintegration is not a spectator sport" (p. 7), Rodrik calls for protection of vulnerable groups through new types of global taxation, international revenue sharing, and preservation of a state's right to opt out of any new rules. To the argument that social insurance is not conducive to higher productivity, he replies that "social spending has had the important function of buying social peace" p. 79).[4]

Kenichi Ohmae (1995) takes exactly the opposite view, arguing that governments purport to act in the "national interest" when they guarantee each citizen a "civil minimum," but in reality they simply protect the "special interests" of inefficient producers.[5] All citizens then pay the price in terms of lost opportunities for economic growth (pp. 63-64).

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[4] See also Held et al. (1999: 440).

[5] Consider the case of textile producers in the European Union and the United States, who demand protection against competition from lower-cost producers in China. In such a case, some jobs are saved by requiring everyone to pay higher prices. The liberal response would be that if domestic purchasers paid less for textiles, they would have additional income to spend on other goods and services, thus creating new jobs in emerging sectors of the economy where resources can be used more productively.

Ohmae believes nation-states have become merely a "cartographic illusion" (p. 7). In *The End of the Nation State*, he predicts that future social organization will lie with "region states" or "natural economic zones"—such as Singapore and Silicon Valley—and with borderless networks of "countless individual, market-based decisions" (p. 39). Region states are the "natural business units in today's global economy. Theirs are the borders—and the connections—that matter in a borderless world" (p. 5). From the standpoint of private companies, "political borders are little more than an artificial, externally imposed source of inefficiency" (p. 93). Nation-states are to become like municipalities or local authorities of a global system, their main role being to provide corporations with infrastructure and public goods at the lowest possible cost.

Ohmae also expects cultural differences to decline as markets expand. Calling for "an internationalism of outlook" as the new solvent of social tensions (p. 94), he believes technology and global flows of information will determine the "fundamental dimensions of worldview" (p. 15). If people in different corners of the world consume the same things, they will also think the same thoughts. Japanese "Nintendo kids" are said already to have more in common with their peers in Europe or North America than with their parents and grandparents (p. 37). Although he acknowledges that "The essential continuity between generations, on which every society necessarily depends for its integrity and survival, has begun to fray" (p. 30), Ohmae believes global ties of cultural association will replace historically formed communities. He also believes that "Horizontal linkages within the same generation in different parts of the world are stronger than traditional, vertical linkages between generations" (p. 38).[6]

In *Global Transformations*, David Held and his co-authors (1999) share Ohmae's doubts about national sovereignties in a globalizing market, but they also hope for democratic renewal. At the same time as "pre-existing social bargains" may be undermined (p. 440), transborder issues are erasing distinctions between foreign and domestic affairs—pollution and genetically engineered foods both travel without passports—and creating "overlapping communities of fate" that generate new loci for "articulation of the political good" (p. 445). In these circumstances, democracy

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[6] See the comparison of Japanese generations on pp. 31-35. For a very different view of the social and economic consequences of inter-generational differences in Japan, see Michio Morishima (2000). Morishima attributes Japan's economic stagnation since the early 1990s to ethical-cultural divisions in modern Japan resulting from globalization and from the new education system introduced during the American occupation following World War II.

needs to be reconceived as a "double-sided process" (p. 450) that might "combine a system of territorially rooted democratic governance with the transnational and global organization of social and economic life" (p. 431). Globalization must be civilized and democratized by a "cosmopolitan project" of global citizenship, entrenched simultaneously "in diverse self-regulating associations—from cities and subnational regions, to nation-states, regions and wider global networks" (p. 450). Global citizens must learn to practice "multiple citizenships" if a "global ethic" of democracy is to become the safeguard against new forms of political, cultural, and religious fundamentalism (p. 451).[7]

There remains, nevertheless, a vast difference between international pressure groups and authoritative institutions: rain forests continue to vanish, and countless species are disappearing in a worldwide ecological catastrophe—not for lack of protests by "transnational civil society" (p. 452), but because private interests profit at the expense of the global commons. The economic institutions of global governance include such bodies as the World Trade Organization (WTO), the International Labour Organisation (ILO), the World Bank (IBRD), and the International Monetary Fund (IMF), yet when citizens try to protect themselves against global markets they rarely expect comfort from these quarters. When they look beyond their own political institutions, it is usually to inter-state associations such as the European Union, which pool their means (and to some degree their sovereignty) in order to sustain regional interests. A great many Europeans expect the EU to protect their "social model" (the French term) and "social market economy" (the German term) against "ultra-liberal" globalization, but the recent French and Dutch rejections of the proposed European constitution also reveal deep distrust of arrangements entered into by privileged elites and the "political class." A common French complaint was that "We don't recognize ourselves" in the Europe projected by the draft constitution.[8]

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[7] Compare Held's optimism with George Soros' (1998) view that there are ever-fewer common values that hold modern societies together and that there has been "a general failure of politics on the national and the international level" (p. 102). For a study of the cultural changes that might support the possibility of cosmopolitanism, see John Tomlinson (1999).

[8] On May 30, the day after France rejected the constitution, the BBC summarized attitudes this way: "On the left, many voters believe that the constitution would create an ultra-free market economy within the EU that would undermine traditional French levels of social protection and allow countries with cheaper labour costs to take French jobs. On the right, voters were concerned that France is ceding too much sovereignty to the EU. Some voters were also troubled by the decline of France's influence in the

The issue of democratic legitimacy underlines the fact that apart from all objective opportunities for economic gain, the subjective dimension of community (and prejudice) holds real force over much popular thought. Many citizens of the United Kingdom, for example, distrust the Euro not so much for technical-economic reasons—for example, the European interest rate might be inappropriate for British circumstances—as because Sterling is "our" currency, and "we" do not yet have sufficient confidence in "theirs." Moreover, "our" state is democratic whereas "their" prospective superstate, originating in Franco-German collaboration, is at best a questionable project. "We" all know the "excesses" and the "lapses" of which "they" are capable.

The United States and Canada are as closely related in economic and cultural terms as any two countries can be, yet within the North American Free Trade Agreement (NAFTA) they are continually addressing concerns over protectionism (softwood lumber, the "culture industries," agricultural subsidies, the cross-border trade in beef), natural resource sharing (particularly fresh water), and possible penetration by United States firms of the publicly financed Canadian health care system. Canadians regard their national health care system as a guarantee of civilized community and an important source of legitimacy for the federal and provincial governments. They hear that tens of millions of Americans have no health insurance, and they want to protect their "polite" society against American extremes (gun-toting rednecks, urban violence, rampant drugs, religious fundamentalism, and never-ending strife over abortion). Popular perceptions are at least as important as economic facts.

As it happens, even the fundamental "facts" are never that clear. Paul Hirst and Grahame Thompson (1996) argue in *Globalization in Question* that what we are seeing today is not true *globalization* at all but simply

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EU, as a result of enlargement, and the plan to start membership talks with Turkey later this year" (http://news.bbc.co.uk/1/hi/world/europe/4483817.stm). A reporter with the *Financial Times* wrote: "The No camp spanned the anti-capitalist pro-Trotskyite left, through the notionally pro-European but anti-constitution socialists, through the anti-European sovereigntist right, to the fascistic National Front. . . . 'Voters were in the mood to say: the answer is No, what is the question?'" (May 31, 2005). Another *Financial Times* columnist added: "The voters . . . had a host of enemies: an incomprehensible document; their elite; Jacques Chirac, their president; Anglo-Saxon 'ultra-liberalism'; globalization; low-wage workers from Eastern Europe; the enlargement of the Union; prospective Turkish membership; economic change; high unemployment; immigrants; and foreigners. When the French look at contemporary Europe, they no longer see themselves in the mirror and when they look at their economy, they no longer see anybody in control" (June 1, 2005). Within days of the French vote, voters in the Netherlands rejected the proposed constitution for many of the same reasons.

renewed growth of an *inter-national* economy, a process that flourished until World War I and was then reversed by the Great Depression, World War II, and the Cold War. A truly globalized economy would be "socially disembedded"; escaping the constraints of national-cultural expectations, it would expose peoples everywhere to "autonomized and uncontrollable" market forces (pp. 10-11). Individuals, firms, communities, and whole countries would react, as they did in the 1930s, by demanding institutional protection.[9] Also, "Market economies need to be appropriately governed if they are to perform effectively. . . . Most markets need to be embedded in a context of non-market social institutions and regulatory mechanisms" (p. 123).

According to these authors, Ohmae and other extreme globalizers are fundamentally mistaken: the economic world is populated not so much by "stateless corporations" as by *nationally based* companies with "an international scope of operations" (p. 12). These powerful companies will continue to expect and receive solicitous care from their national governments.[10] National authorities obviously create important advantages for firms based within their jurisdiction, including provision of infrastructure, a skilled workforce, public health services, a stable regime of taxation and incentives, and—possibly most important of all—effective laws and courts to guarantee property rights. Anyone who doubts this might consider the wisdom of concentrating R&D in Mainland China (where "intellectual property" is frequently pirated), or financial activities in Jakarta or Bogotá rather than in Tokyo, New York, or London. If borders did not matter, how would we explain the differences of living standards between North and South Korea, or for that matter between Texas and Mexico? How would we account for the crucial fact that a "borderless" economy allows free movement for goods and capital but not for labor?[11]

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[9] In a provocative account of worldwide economic breakdown during the 1930s, Harold James (2001) makes a similar case and cautions that globalization is never irreversible. James believes "globalism fails because humans and the institutions they create cannot adequately handle the psychological and institutional consequences of the interconnected world. Institutions, especially those created to tackle the problems of globalism, come at particular moments of crisis under strains that are so great as to preclude their effective operation. They become the major channels through which the resentments against globalization work their destruction" (pp. 4-5).

[10] Hirst and Thompson (1996) write: "Our conclusion at this stage must be that. . . . International businesses are still largely confined to their home territory in terms of their overall business activity; they remain 'nationally embedded' and continue to be MNCs [multinational corporations] rather than TNCs [transnational corporations]. This means that it is not beyond the power of governments to regulate these companies" (p. 98).

To say that we have seen the "inter-national" economy before, how-ever—in the pre-Depression era of the gold standard and in the great nineteenth-century empires—is not to say that nothing has changed. An internationalized economy, even if it is not truly globalized, obviously does require effective regulation and institutions of some kind. The point is that international agencies typically come into existence only because "major nation states have agreed to them and confer legitimacy upon them" (p. 190). The conclusion, then, is evidently a paradox (or as Marx would say, a contradiction): "The degree to which the world economy has internationalized (but not globalized) *reinstates the need for the nation state* [italics added] . . . as a crucial relay between the international lev-els of governance and the articulate publics of the developed world." To the extent that there is a global polity, nation states are the "electors": "Such representation is very indirect, but it is the closest to democracy that international governance is likely to get" (p. 191).

While nation-states confer legitimacy upward to international organi-zations, international firms and institutions similarly address local publics through the mediation of states. As Marx told us long ago—and as our own experience repeatedly confirms—an international economy always creates international crises. In these circumstances, the International Monetary Fund does not discipline the weak by distributing pamphlets in Indonesian villages: it imposes terms on the Indonesian government (or the Russian, the Argentinean, the Turkish, the South Korean, or any other supplicant, as the case may be). At the same time, the peo-ples most directly affected by international crises invariably look first to "our" institutions to protect "us" against disturbances "out there." World markets may tend to homogenize cultures, but they also aggravate polit-ical-cultural sensitivities and may easily provoke violent reactions against perceived injustices. Who can forget the Ayatollah Ruholla Khomeini?[12]

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[11] As Hirst and Thompson (1996) note: "In the absence of labour mobility states will retain powers over their peoples: they define who is and is not a citizen, who may and may not receive welfare. In this respect, despite the rhetoric of globalization, the bulk of the world's population live in closed worlds, trapped by the lottery of their birth. For the average worker or farmer with a family, one's nation state is a community of fate. Wealth and income are not global, but are nationally and regionally distributed between poorer and richer states and localities. For the vast majority of people nation states are not just municipalities or local authorities, providing services that one chooses accord-ing to their respective quality and cost" (pp. 181-182).

[12] Anthony Giddens (2000) also points out in *Runaway World* that "Globalisation is the reason for the revival of local cultural identities. . . . If one asks, for example, why the

There are many reasons why the "facts" of globalization seem so intractable. Above all, we each see the issues and dilemmas from a particular perspective. As Anthony Giddens (2000) observes, there is no collective human will in charge: the global order is not something we are collectively *doing*, but something that is, for the most part, *happening to us*: "It is emerging in an anarchic, haphazard, fashion, carried along by a mixture of influences. It is not settled or secure, but fraught with anxieties as well as scarred by deep divisions" (p. 37). Nevertheless, in looking for a pattern behind the evident contradictions, it is useful to recall the work of Karl Polanyi (1957), the anthropologist and economic historian whose book *The Great Transformation* did so much to clarify the meaning of early capitalism and its social consequences.[13]

Polanyi spoke of a "double movement"—toward market society on the one hand, toward the creation of socially protective institutions to safeguard community against market contingencies on the other. He thought "The economic system is . . . a mere function of social organization" (1957: 49).[14] Nineteenth-century capitalism was an aberration rather than a natural social form: instead of the economy being embedded in social relations—the typical human condition—social relations became "embedded in the economic system" (p. 57). Land (the natural environment), labor (a principal activity of life), and capital (accumulated tokens of purchasing power) were transformed into fictitious commodities, although none of them were produced for sale. When market "laws" began to regulate life and nature as though both were *things*, the result

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Scots want more independence in the UK, or why there is a strong separatist movement in Quebec, the answer is not to be found only in their cultural history. Local nationalisms spring up as a response to globalising tendencies, as the hold of older nation-states weakens. Globalisation . . . squeezes sideways. It creates new economic and cultural zones within and between nations" (p. 31).

[13] Although Polanyi wrote *The Great Transformation* long before the current literature on globalization, his influence continues to be widely felt. See, for example, Rodrik (1997), who cites Polanyi: "Markets are a social institution, and their continued existence is predicated on the perception that their processes and outcomes are legitimate. As Karl Polanyi (1944) pointed out more than 50 years ago, the international market is the only market that is not regulated by an overarching political authority. Consequently, transactions undertaken in the international marketplace carry the least inherent legitimacy. . . . Institutions that lose their legitimacy can no longer function, and markets are no different" (p. 71).

[14] Polanyi (1968) also states: "The human economy is . . . embedded and enmeshed in institutions, economic and non-economic. . . . religion or government may be as important for the structure and functioning of the economy as monetary institutions or the availability of tools and machines . . . that lighten the toil of labor" (p. 148).

was universal resistance. At the same time as the self-regulating market expanded, counter-movements began in the opposite direction: workers rebelled against factory conditions and market determination of wages; landlords demanded tariffs against foreign competition; businessmen insisted upon regulating the money supply through central banks in order to prevent the deflationary effects of the gold standard. Polanyi thought every historical attempt to impose commodification of labor, land, and money must result in social demands for political regulation to restore and protect the right to life.

Aristotle: Community, Reciprocity, and Good Will

Polanyi (1968) regarded all types of economy as forms of a single substantive process of human interaction with the natural environment (p. 145). Institutions relate this interaction to a community's culture and values, imparting unity and stability. Polanyi spoke of three typical forms of instituting transactions: (1) reciprocity through kinship organization, (2) redistribution through a central allocative authority (e.g., ancient empires or centrally planned economies), and (3) exchange through price-making markets (pp. 149-150). When reciprocity prevails, social norms specify who does what and what is due to whom. The link between Polanyi's economic anthropology and his political philosophy came with his study of Aristotle. Whereas we try to make sense of the relation between our own expectations of national political institutions and globalizing markets, Polanyi says Aristotle faced an equally daunting challenge: to conceptualize growth of trade for private profit—a "disturbing novelty" (recall the !Kung)—within a community traditionally integrated through reciprocity (p. 100).

Polanyi interprets Aristotle against the background of a pre-market community, which has no "economy" as we would think of it (p. 85). A fully "embedded" economy is "nameless"—or simply "inconceivable"—because all human activities are merely a *part* of life, and life is a seamless *whole*. There is no marginal substitution of factors of production. Nor are there any individual calculations of marginal utility, for there is virtually no social individuation and only one way of doing things: the way sanctioned by the gods and by historical experience. In other words, the "natural" laws of economic science do not yet exist. There are also no positive laws to specify individual rights or obligations: people plant, hunt, share a kill, or perform rituals according to normative conventions. "We" are who we are because of who our ancestors were; what "is" (conventional behavior) and what "ought to be" (compliance with conventions) are the same (Pokorný 1993: 84). Where there is little

individuation, use of land belongs to families, clans and villages, whose principal concern is continuity of life.[15]

Polanyi saw early communities bound together by kinship and reciprocal readiness to share responsibilities. His concept of "reciprocity" corresponds to what Aristotle called "proportional requital"—or the *quality* of mutual responses in terms of the group's sense of what is the proper or adequate thing to do—not to any *quantitative equality* in the sense of market values or prices. In this kind of community, gift-giving is performed within the context of kinship or closely associated "political" roles. Unforeseen shortages or surpluses may give rise to barter, but there is no natural or social necessity that points in this direction. Barter, in turn, may lead to exchange of equivalencies mediated by money (usually in long-distance trade, regulated by treaties and conducted by resident aliens), but still there is no self-regulating, or price-making, market. Polanyi (1968) says Aristotle had traditional ways in mind when he taught that to every kind of community (*koinōnia*) there corresponded a kind of good will (*philia*) among its members, expressed in reciprocity (*antipeponthos*) (p. 52).[16] The ideal of self-sufficiency—the guarantee of life's continuity—was expressed in Aristotle's concept of *autarkeia*, which allowed for control of contingency through cooperation within the group.

The difference between a primitive tribe and the Greek polis was that in Greece social individuation and division of labor had advanced to the point of introducing into the polis the first elements of a completely

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[15] In *The Conquest of America*, Tzvetan Todorov (1984) writes of the Aztecs whom Cortés encountered in the early 16th century: "It is society as a whole—by the intermediary of the priests, who are merely the repositories of social knowledge—that decides the fate of the individual, who is thereby not an individual in the sense we usually give this word. . . . the individual himself does not represent a social totality but is merely the constitutive element [a part] of that other totality, the collectivity [the whole]" (p. 67). In primitive societies, according to Marxist anthropologist Maurice Godelier, the world is not an *object* to be manipulated because community and nature are a single totality explained by myth and analogy, not by *science*. Godelier speaks of nature being anthropomorphized, and community being naturalized, in "a gigantic mirror-effect, where the reciprocal image of man and the world is reflected ad infinitum, perpetually decomposing and recomposing in the prism of culture-nature relations. . . . By analogy [not instrumental reason] the whole world makes sense . . . [and] everything can be explained within a symbolic order" (quoted in Habermas 1984: 46).

[16] In *The Nicomachean Ethics*, Aristotle says: "In associations for exchange justice in this form—i.e. reciprocity—is the bond; but it is reciprocity based on proportion, not on equality. It is proportional requital that holds the state together because people expect either to return evil for evil . . . or good for good, and if this is impossible no exchange can take place; and it is exchange [in this sense] that holds them together. . . . because it is right both to repay a service to a benefactor and at another time to take the initiative in benefaction" (1976: 183).

different form of social relation: market exchanges. Aristotle had to relate exchange of goods to the good life. When speaking of a good individual, he referred to one whose appetites and emotions are governed by a rule of reason. Goodness of the soul is like health and fitness of the body. While Greek philosophy aspired to the rule of self-conscious Reason—goodness of character is an inward achievement of will, not merely outward compliance with laws—individual consciousness still tended, for the most part, to identify immediately with conventional religion and the customs of the city.

In the *Politics*, Aristotle understood individual goodness in terms of the life of a good citizen. The idea of an "autonomous," self-interested individual—the instrumentally "rational" economic actor, assumed by economists to be preoccupied with acquiring the "goods"—was as inconceivable to him as an autonomous market. While economists today regard the market as somehow "natural," or at least a natural product of social evolution (Hayek 1989), Aristotle accorded that honor to the political association. A polis enables satisfaction of all needs and is thus "the final and perfect association" that reaches "the height of full self-sufficiency." Accordingly, "Because it is the completion of associations existing by nature [families, households, and villages], every polis exists by nature. . . . It is the end or consummation to which these associations move, and the 'nature' of things consists in their end or consummation" (1958: 4).

Aristotle understood the ultimate need for a polis in terms of realizing the human potential for ethical behavior. Humans are distinguished from other species by the unique faculty of language, which allows subordination of instincts to the requirements of justice. Human beings have a future, which implies the duty to assess what ought to be done: "It is the peculiarity of man, in comparison with the rest of the animal world, that he alone possesses a perception of good and evil, of the just and the unjust, and of other similar qualities, and it is association in [a common perception of] these things which makes a family and a polis."[17] Because humans can be fully human only when they know what is just, the political whole is logically and historically prior to its parts: "We thus see that the polis . . . is prior to the individual. Not being self-sufficient when they are isolated, all individuals are so many parts all equally depending on the whole" (1958: 6).[18]

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[17] The words in parentheses are those of the translator, Ernest Barker.

[18] A beast cannot be part of a polis, for beasts do not possess language to ask what is just. Gods need not be part of a polis, for presumably they know what is just. But a man, when separated from the polis, is worse than all other animals "in the indulgence of lust and gluttony."

The political association exists *by nature for ideal ends*. Satisfaction of everyday material needs—involving mainly appropriation of plants and animals—was the responsibility of the household (the *oikos*, with *oikonomikê* being the art of household management). When the immediate end of such activity is defined by natural needs, a household's true wealth must also be naturally limited. There are no horizons of consumption moving outwards to infinity (unlimited wants), for to desire more things than are naturally needed is both unnatural and a corruption of the good life (p. 21). Aristotle and Plato both associated degeneration of a polis with greed and the resulting class divisions.

In the *Nichomachean Ethics*, however, Aristotle also spoke of "exchange" as the bond that holds a community together (1976: 183). The seeming contradiction comes from the fact that he thought of exchange as being of three forms: (1) the exchange of services (good deeds) between mutual benefactors; (2) the *natural* form of exchanging things, in which households exchange surpluses to satisfy needs; and (3) the *unnatural* form of exchanging things, in which private commercial gain comes not from appropriating nature but from taking advantage of other citizens (1958: 28). Natural exchanges may be mediated by money so long as they serve natural needs, but exchange motivated solely by the end of accumulating money is a threat to justice and to the polis (pp. 23-28).[19]

Aristotle associated unlimited desire to accumulate currency with "men's anxiety about livelihood, rather than about well-being" (p. 26). A man needs material goods not only to sustain himself and his household, but

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[19] Polanyi (1968) attributes Aristotle's different views of exchange to ideals of "reciprocity behavior": the just rate of exchange and the just price follow "from the requirements of *philia*, i.e. that the good will among the members persist. For without it, the community would cease" (p. 97). For a thoughtful examination of the relation between Aristotle's treatment of exchange in the *Politics* and in the *Ethics*, see Scott Meikle (1995). Meikle persuasively argues that the *Ethics* opens a metaphysical gap between use value and exchange value, which then reappears in the *Politics* as the difference between natural and unnatural trade. His interpretation differs from Polanyi's on the issue of how far market relations had developed in Greece. If Polanyi understated the spread of markets by Aristotle's time, this would not contradict his thesis that just exchange between the parts must be conducive to the good of the whole. Meikle's Aristotle also believed that "*philia* in buying and selling was the most important form of justice in the polis, 'the salvation of states'" (150). Where Meikle differs from Polanyi is on the matter of price. Polanyi, Meikle says, denied the existence of price-making markets in Athens and therefore thought Aristotle wanted to set prices authoritatively to preserve archaic relations of social status between parties to the exchange (154). Meikle says Aristotle did try to understand "exchange value" and actual market prices, but was barred from doing so by his metaphysics and ended up writing ethics. On the final point, Meikle and Polanyi agree. Both see Aristotle treating the economic in terms of the ethical.

also to practice the virtue of generosity and to actualize the ethical potential of being human. Material possessions are spiritually justified as instruments of the soul, not as ends in themselves (p. 282). "Community depends on friendship" (p. 181), and citizens who are bound together by good will treat property as friends would do: *in time of need, friends share*. Virtuous citizens "will ensure that the property of each is made to serve the use of all, in the spirit of the proverb which says 'Friends' goods are goods in common' " (p. 49).[20] Since adequate material possessions are a precondition for effective citizenship, the most practicable constitution was the "polity," with a substantial core of moderately endowed property owners (p. 179). A citizen with modest but adequate possessions has leisure for political life and can avoid both the pettiness of the poor and the ambitions of the rich: "It is therefore the greatest of blessings for a state that its members should possess a moderate and adequate property" (p. 182). (Recall Rawls and the distribution of "primary goods.")

Prescriptions for ethical life are given in the laws and conventions of our community, which define who we are and what we owe to each other. The laws express the "spirit" of our polis, our common *ēthos*, or the fundamental values that unite us in the common project of living a good life. Ideally, they are "Reason free from all passion" and individual self-interest (p. 146). Particular laws are precipitated out of conventions when the need arises to settle a dispute over what is just. We trust the laws when we are certain that they serve the general—not private—interest. Such conviction arises from sharing the responsibilities of governing. "Citizens . . . are *all* who share in the civic life of ruling and being ruled in turn" (p. 134).[21] Political life is a pedagogical experience of civic self-education (p. 233): "The polis . . . is an aggregate of many

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[20] Later Aristotle says that "Property ought not to be owned in common . . . though it ought to be used in common as friends treat their belongings. On the other hand, none of the citizens should go in need of subsistence. The institution of common tables is generally agreed to be for the advantage of all well-ordered states. . . . The right of dining at the common tables should be equally open to every citizen" (1958: 305). In *The Laws*, Plato says: "That city and that regime are first, and the laws are best, where the old proverb holds throughout the whole city . . . that the things of friends really are common" (1980: 126).

[21] Greek thought did not regard law (*Nomos*) in terms of the continuous enactments that issue from modern legislatures. *Nomos* referred to principles, conventions and unwritten social norms (Barker's introduction to *Politics*, lxxi). When Aristotle objected to the "permanent rulers" of Plato's *Republic* in favor of the principle of "ruling and being ruled in turn," he did not mean that citizens should change the law (*Nomos*) as they wished. He meant they should be eligible to serve as magistrates and apply justice (*Dikē*) in particular cases. In *The Nichomachean Ethics*, Aristotle writes: "For political justice is . . . defined

members; and education is therefore *the* means of making it a community and giving it unity" (p. 51). In the *Ethics*, Aristotle draws the same conclusion: "The acts laid down by law are enjoined from the point of view of virtue as a whole, because the law directs us to live in accordance with every virtue, and refrain from every kind of wickedness. . . . with a view to education in citizenship" (1976: 176).

In a good community, the good man and the good citizen are identical, and there cannot possibly be any "economic man." Indeed, when it came to explaining collapse of a polis and of the good life, Aristotle and Plato alike pointed to excesses of self-interest as the antithesis of justice.[22] Apart from the contemplative life of the philosopher, political life is the highest human activity. Aristotle thought we are all the children of this city. Our individual lives, as Polanyi said, are lived within the political-cultural whole, which is the natural and logical determinant of the parts. Markets could inflict sickness on individuals and even destroy communities, but they could not replace just laws and conventional norms of propriety.

As a democratic socialist, Karl Polanyi looked back to Aristotle partly to find confirmation of his own ideals for social reconstruction following the ravages of the Great Depression and World War II. Arguing that the market system had no self-evident claim to be "natural,"[23] much less ethical, he hoped to reinstate the counter-claims of reciprocal respect, social justice, and Reason. As an economic historian, however, Polanyi also knew that centuries of historical time and a vast divide of conceptual space separate the city-states of ancient Greece from our own experience. To bridge that divide and travel from Aristotle's ethics to Adam Smith's view of justice in the "modern" economy, let us briefly observe some of the conceptual signposts along the road.

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by law, and is found in communities where law is naturally accepted: those whose members share equally in ruling and being ruled" (1976: 189).

[22] See Part IV of Plato's *Republic* on "The Decline of Society and of the Soul." Plato denied any material possessions to warrior-guardians for fear of corrupting their souls. In the *Laws*, he warned that a city should always be established inland and be isolated from maritime commerce. Proximity to the sea "infects a place with commerce and the money-making that comes with retail trade, and engenders shifty and unworthy dispositions in souls; it thereby takes away the trust and friendship a city feels for itself and for the rest of humanity" (1980: 90).

[23] If we say markets are the "natural" social order, we simultaneously imply that most of human history is *unnatural*, which would simply be an absurd conclusion.

From the Spirit of Community to the "Spirit of Capitalism"

With the collapse of the Greek and Roman world, Christianity refor-mulated the issues in ways that constitute the philosophical background for Smith, Kant, and Hegel—and ultimately for our own reflections on the ethical implications of globalization. By the fifth century AD, the unity of Aristotle's city-state gave way to Christian doctrine of an absolute separation of spiritual from worldly concerns. Saint Augustine replaced the unity of the Greek city-state with *two cities*, one of God, the other of man: "Two cities have been formed by two loves: the earthly by the love of self, even to the contempt of God; the heavenly by the love of God, even to the contempt of self" (Ebenstein 1960: 174).[24]

By the thirteenth century, however, St. Thomas Aquinas reconciled Christianity with Aristotelianism in the *Summa Theologica*. Situating human institutions within a cosmic hierarchy, Aquinas said "man is assisted towards the perfect sufficiency of life by the *civil group* of which he is a part; namely, that he may not only live, but live well, having all the things which suffice him for life" (Lewis 1954: 226).[25] In essence, "It is therefore natural that man should live in the society of the many. . . . This point is further and most plainly evidenced by the fact that the use of speech is a prerogative proper to man. . . . If, then, it is natural for man to live in the society of the many, it is necessary that there exist . . . some means by which the group may be governed. . . . With this in mind, Solomon says: 'Where there is no governor, the people shall fall'" (Ebenstein 1960: 223). Concerning the governing of mediaeval markets, Aquinas followed Aristotle in condemning both usury (1988: 74) and trade for the sake of profit, which is "rightly condemned since it is moti-vated by greed for money which has no limit but tends to increase to infinity. It follows that trade in itself has a certain quality of baseness since it does not of its own nature involve an honorable or necessary end" (p. 73).[26] The essential theme of all Aquinas' thoughts on property

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[24] The excerpt is from Augustine's *The City of God*.

[25] Echoes of Aquinas reverberate today in "Liberation Theology." Since each had a right to the goods appropriate to his station, Aquinas wrote that in cases of "necessity" private property should be commonly used: "Thus the things that anyone has in super-abundance ought to be used to support the poor. . . . when a person is in imminent dan-ger and cannot be helped in any other way—then a person may legitimately supply his need from the property of someone else. . . . such a case is not theft or robbery" (1988: 72-73).

[26] When Aquinas condemned usury, his principal concern was with loans for con-sumption, which were taken out in response to necessity and could not possibly "breed" new value in the form of interest.

and social obligation was the Aristotelian (now Christian) duty to share: "A man should not possess external things as his alone but for the community, so that he is ready to share them with others in cases of necessity. Thus the Apostle Paul says in I Timothy, 'Command the rich of this world to be ready to share and to give'" (p. 72).

The sixteenth and seventeenth centuries brought the Protestant Reformation and rapid expansion of domestic and foreign trade. Max Weber (1958) studied the spiritual side of this transformation; R.H. Tawney (1961), and Marx before him, described its worldly counterpart in capital accumulation and imperial expansion. Calvinism flourished in Geneva and presupposed the effects of commerce. In *Institutes of the Christian Religion* (1536) Calvin repeated, like Saint Augustine, that humanity is under two kinds of government: the spiritual, which has "its seat in the interior of the mind," and the temporal or political, which imposes the civility "to be observed in an intercourse with mankind" (Ebenstein 1960: 316). The former involved internal dictates of conscience; the latter, external jurisdiction. But Calvin's external jurisdiction issued in tranquility different from Augustine's peace with God: one of its main purposes was to ensure "that every person may enjoy his property without molestation; that men may *transact their business* [emphasis added] together without fraud or injustice" (Ebenstein 1960: 320).[27]

If the state exists, even in part, to regulate and promote commerce, money-making also had to be reinterpreted. For Calvin, the Divine Plan was an *objective* fact; prayer or gifts to the Church could not persuade an absolutely omniscient God—who knew all of time from the beginning of time—to change His mind concerning the destiny of every soul ever created or yet to be created. But how could a believer hope to know the Divine plan? Lack of faith was obviously evidence that one was not predestined for salvation; on the other hand, economic success tended to confirm one's faith and thus implicitly linked capital accumulation in this world with salvation in the next. Pursuing wealth, says Max Weber (1958), the Christian of the Reformation "creates his own salvation, or, as would be more correct, the conviction of it" (p. 115).

In Calvinist theology, each was responsible for multiplying God's assets in a particular calling. The natural world became *objective material* upon which men labored in producing wealth. But since earthly assets belonged ultimately to God, they could not be expended in self-indulgence. The social opprobrium attached to ostentatious consumption legitimized the

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[27] At the same time, many radical Protestant groups, including the Anabaptists in Germany, the Diggers in England, and the radical wing of the Hussites in Bohemia continued to stress the primacy of common use of property.

accumulation of capital. As Weber wrote, "The religious valuation of restless, continuous, systematic work in a worldly calling, as . . . the surest and most evident proof of rebirth and genuine faith, must have been the most powerful conceivable lever for the expansion of that attitude toward life which we have . . . called the spirit of capitalism. When the limitation of consumption is combined with this release of acquisitive activity, the inevitable practical result is obvious: accumulation of capital through ascetic compulsion to save" (p. 172).[28]

R.H. Tawney (1961) adds that the "economic virtues" triumphed, causing commerce and secularization eventually to undermine Christianity itself. Previously, the term "economic virtues" would have been outrageously self-contradictory. Saint Thomas Aquinas believed the rich, as a condition of their own salvation, had a Christian duty to support the poor. Virtue referred to matters of Spirit and what ought to be; economics, in the commercial form discussed by Aristotle, referred to appetites. With Protestantism, things were reversed: worldly success in the activities related to appetites became associated with virtue, and poverty became *prima facie* evidence of sinfulness. The way to help the poor was not to "enervate them by relief, but so to reform their characters [by making them work] that relief may be unnecessary." As Tawney remarked, "such doctrines turned severity from a sin into a duty." He continued: "A society which reverences the attainment of riches as the supreme felicity will naturally be disposed to regard the poor as damned in the next world, if only to justify itself for making their life a hell in this" (pp. 264-265).

Protestantism spiritualized material wealth at the same time as it despiritualized social relations and substituted commercial relations. Weber (1958) saw in these changes the triumph of a new kind of Reason. Purposive rationality—the instrumental and strategic pursuit of private ends—ultimately replaced community held together by magic, myth, convention, ritual, and sacraments. Since private calculation required a stable framework of law, there also emerged "a calculable legal system and . . . administration in terms of formal rules" (p. 25). Aristotle and Aquinas thought laws express substantive ethics and exist to make us good; the new laws of commerce and contract were merely formal instruments for the pursuit of private ends.

Writing from the perspective of the early twentieth century, Weber concluded that law itself had become de-moralized and disenchanted, ultimately allowing objectification of people as means and replacing souls, who are ends in themselves, with labor abstractly conceived as a commodity

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[28] Marx, of course, emphasized the *material* origins of capital accumulation. His account and Weber's should be regarded as complementary, not mutually exclusive.

and a factor of production. "The elimination of magic from the world . . . came here to its logical conclusion" (pp. 104-105). Weber feared that an absolutely disenchanted world could not continue to be a home for *human* beings. The spiritual home of the polis would be replaced by an "iron cage"—a world of bureaucratic officialdom manufacturing formal laws, and of systems of machinery manufacturing soulless individuals in a state of "disillusioned and pessimistically inclined individualism" (p. 105). He ended *The Protestant Ethic* with an expression of despair: "Of the last stage of this cultural development, it might well be truly said: 'Specialists without spirit, sensualists without heart; this nullity imagines that it has attained a level of civilization never before attained' " (p. 182).

Adam Smith I: Markets and "Moral Sentiments"

Weber's conclusion obviously resonates with today's critics of globalization. The ethical oneness of Aristotle's polis seems long ago to have been replaced by a one-dimensional, abstract universe of market individuals—all "emancipated" from ignorance and tradition (that is, history and culture) so that they might "freely" live in a world market that marginalizes, subordinates, dehumanizes, and imposes its own abstract rules of universal efficiency upon nation-states. But we should neither romanticize the past unduly—after all, instrumental reason did give us insulin and antibiotics, not just gas chambers and nuclear weapons—nor ignore the normative presuppositions in which all stable markets must ultimately be grounded. The science of economics, in Milton Friedman's sense, yearns to be free of any concern over what "ought to be." But if we turn now to the beginnings of modern economics, it quickly becomes obvious that Adam Smith was no practitioner of abstract science. First and foremost, he was a moral philosopher.

Adam Smith's two major works, *The Theory of Moral Sentiments* and *The Wealth of Nations*, were published in 1759 and 1776 respectively. By the late eighteenth century, marketization and social individuation had reached the point where Smith could speak of the market, in *Wealth of Nations*, as "the obvious and simple system of natural liberty" that "establishes itself of its own accord" once production and exchange are freed from state-imposed preferences and monopolistic restraints (p. 651). In *Moral Sentiments*, he similarly depicted a society in which the institutionalized ethics of the Middle Ages were being replaced by individual responsibility for moral judgments.

Newton had repudiated the cosmic hierarchy by interpreting the order of the universe in terms of natural laws and bodies in motion. Smith undertook to explain the natural basis of moral order. He believed a benevolent God designed a rational universe that subsequently operates

according to its own laws. Human beings are likewise left to act responsibly upon their own will. For this purpose, the Author of Nature implanted in each of us the capacity for a *conscience*. A properly formed conscience originates in principles of human nature and matures through social interaction.[29] Calvin (cited in Ebenstein 1960) had conscience speaking to each individual in a direct relationship with God.[30] Smith saw conscience speaking *on behalf of the community* and arising from the mutual regard that citizens *naturally* have for each other's happiness and well-being. To appreciate the philosophical presuppositions of Adam Smith's economics, we must first examine his philosophical view of social relations and human nature.

Moral Sentiments begins with the capacity for "sympathy" or "fellow-feeling." The first chapter, titled "Of Sympathy," makes this observation: "How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, though he derives nothing from it except the pleasure of seeing it." Through our sympathetic understanding of other people, we vicariously share their experiences; it is our capacity to imagine another's suffering that initially restrains self-indulgence and contributes to moral bonds. Smith further states, "By the imagination we place ourselves in his situation, we conceive ourselves enduring all the same torments, we enter as it were into his body and become in some measure the same person with him, and thence form some idea of his sensations. . . . His agonies, when they are brought home to ourselves . . . begin at last to affect us,

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[29] Smith wrote: "Were it possible that a human creature could grow up to manhood in some solitary place, without any communication with his own species, he could no more think of his own character, of the propriety or demerit of his own sentiments and conduct, of the beauty or deformity of his own mind, than of the beauty or deformity of his own face. . . . Bring him into society, and he is immediately provided with the mirror which he wanted before. It is placed in the countenance and behaviour of those he lives with . . . and it is here that he first views the propriety or impropriety of his own passions, the beauty and deformity of his own mind" (1982: 110).

[30] "For as, when men apprehend the knowledge of things in the mind and understanding, they are thence said *scire*, 'to know,' whence is derived the word *scientia*, 'science' or 'knowledge,' so when they have a sense of Divine justice, as an additional witness, which permits them not to conceal their sins or to elude accusation at the tribunal of the supreme Judge, this sense is termed *conscientia*, 'conscience.' For it is a kind of medium between God and man, because it does not suffer a man to suppress what he knows within himself, but pursues him till it brings him to conviction. . . . This sentiment, therefore, which places man before the Divine tribunal is appointed, as it were, to watch over man, to observe and examine all his secrets, that nothing may remain enveloped in darkness. Hence the old proverb, 'Conscience is as a thousand witnesses'" (Ebenstein 1960: 317).

and then we tremble and shudder at the thought of what he feels" (Smith 1982: 9).

Equipped with this "fellow-feeling," each individual judges the actions of others on the basis of whether it is possible to sympathize with the motives for a particular conduct and its consequences. By judging others, we learn to judge ourselves. The subjective individual conscience becomes a kind of *objective third party*, "the well-informed spectator . . . the man within the breast, the great judge and arbiter" (Smith 1982: 220). "I" judge "myself" in terms of how I affect the other person through my actions. Smith says, "We endeavour to examine our own conduct as we imagine any fair and impartial spectator would imagine it" (p. 189). Issuing from reciprocal adjustments between individuals, a "concord of feelings" creates moral rules: "Our continual observations upon the conduct of others, insensibly lead us to form to ourselves certain general rules concerning what is fit and proper either to be done or to be avoided. . . . It is thus that the general rules of morality are formed" (p. 159).

Conscience makes individual wills possible through *forming and disciplining* them. To be a rational individual, one must be *fully socialized*. The principle of responsible selfhood is a principle of self-control on the part of social individuals. Therefore, "Those general rules of conduct, when they have been fixed in our mind by habitual reflection, are of great use in correcting the misrepresentations of self-love concerning what is fit and proper to be done in our particular situation" (p. 160). The "perfection of human nature" requires restraint in our own passions and generosity in understanding the passions and needs of others. Smith refers to Stoic ideals of universal harmony: "Man, according to the Stoics, ought to regard himself, not as something separated and detached, but as a citizen of the world, a member of the vast commonwealth of nature. . . . We should view ourselves, not in the light in which our selfish passions are apt to place us, but in the light in which any other citizen of the world would view us" (pp. 140-141).

The citizens depicted in Adam Smith's moral philosophy were obviously not abstract, self-interested economic maximizers. But the difficulty is that Smith assigned to conscience an awesome burden: to realize the virtue of self-command requires each individual, through self-reflection, to strike his own balance between self and others. Smith examines the possibility of balance in terms of three principal virtues—prudence, beneficence, and justice. Prudence is "the intelligent care of one's own health, wealth, and happiness," or what we commonly call enlightened self-interest. It is a necessary virtue because no other person can possibly know our own needs as well as we do. For "Every man . . . is first

and principally recommended to his own care," because each feels his own pleasures and pains more sensibly than those of other people (p. 82). By comparison with this immediacy of self-concern, beneficence—the second virtue—turns out to be the "soft power of humanity," a "feeble spark" (p. 137) and an "embellishment" rather than a necessary foundation of social order (for reasons that we shall discuss later).[31]

But if beneficence is so weak relative to prudence, there is an obvious risk that self-interest will prevail over generosity. This is, after all, exactly the order of priorities that a market imposes. Smith knew that individuation is necessary for self-determination, but he also knew that it can weaken the essential social bonds of sympathy. An immediately shared situation—as in a family—makes social affinity "more habitual," but "the affection gradually diminishes as the relation grows more and more remote" (p. 220). An earthquake could swallow "the great empire of China" and mean less to a European than loss of his little finger (p. 136). With the advance of commerce, social bonds of kinship are stretched and broken: "In pastoral countries . . . all the different branches of the same family commonly chuse to live in the neighbourhood of one another. . . . In commercial countries . . . the descendants of the same family . . . naturally separate and disperse, as interest or inclination may direct. . . . Regard for remote relations becomes, in every country, less and less, according as this state of civilization has been longer and more completely established" (pp. 222-223).[32]

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[31] In a manner appropriate to a market society, Smith regards law and formal justice as more important than beneficence: "Society . . . cannot subsist among those who are at all times ready to hurt and injure one another. The moment that injury begins, the moment that mutual resentment and animosity take place, all the bands of it are broke asunder, and the different members of which it consisted are, as it were, dissipated and scattered abroad by the violence and opposition of their discordant affections. If there is any society among robbers and murderers, [even] they must at least, according to trite observation, abstain from robbing and murdering each other. Beneficence, therefore, is less essential to the existence of society than justice. Society may subsist, though not in the most comfortable state, without beneficence; but the prevalence of injustice must utterly destroy it" (Smith 1982: 86).

[32] Considering the displacement of kinship bonds in commercial societies, Smith adds, "It is not so many years ago that, in the highlands of Scotland, the Chieftain used to consider the poorest man of his clan, as his cousin and relation. The same extensive regard to kindred is said to take place among the Tartars, the Arabs, the Turkomans, and, I believe, among all nations who are nearly in the same state of society in which the Scots Highlanders were about the beginning of the present century" (p. 223). To put things a modern context, we buy shoes made by child laborers in distant lands because we have no immediate experience of their suffering.

This means that markets have a contradictory effect: they bring us into contact with ever-more distant peoples, but they simultaneously distance us from our most immediate kin. As a result, division of labor necessarily creates conditions in which the virtue of prudence tends to grow over into the vices of vanity and avarice. In commercial society, two natural tendencies work to this end. First, we are all victims of the "deception" that wealth brings happiness. Second, we all believe that others will respect and envy us because, imagining themselves in our place, they will be impressed with the happiness that our wealth appears to bestow. Smith worried that each of us may strive to accumulate wealth not because it really does bring greater happiness, but because it attracts attention and admiration through conspicuous consumption. Like Aristotle, he thought natural needs are limited and may be supplied by "the wages of the meanest labourer." On the other hand, "It is the vanity . . . which interests us. . . . The rich man glories in his riches, because he feels that they naturally draw upon him the attention of the world. . . . At the thought of this, his heart seems to swell and dilate itself within him, and he is fonder of his wealth, upon this account, than for all the other advantages it procures him" (1982: 50-51).

Smith discovered what appears to be a fundamental contradiction in market society. The "deception" that wealth brings happiness is objectively necessary because the advance of civilization requires greatness to be respected (1982: 183). Admiration is one of the most powerful incentives for productive activity; if we were concerned only with immediate needs, there would be no accumulation and no economic growth. But this necessary incentive is also morally corrupting. Wealth often receives the respect due to virtue; and poverty is often treated with the "contempt" that "vice and folly" deserve. Like Aristotle or Aquinas, Smith warned that our disposition to admire the rich and neglect the poor is "the great and most universal cause of the corruption of our moral sentiments" (p. 61).

Now if the first virtue, prudence, is so powerful as to displace the second, beneficence, and if prudence further tends to grow over into avarice and indifference to the suffering of others, Smith must surmount the difficulty by invoking the third virtue, which is justice. He accords justice both an internal and an external dimension. The just man adopts the *internal moral rule* never to hurt or injure anyone else in the pursuit of his own interest or advantage (1982: 264). According to Smith, "A sacred and religious regard not to hurt or disturb in any respect the happiness of our neighbour, *even in those cases where no law can protect him* [emphasis added] constitutes the character of the perfectly innocent and just man" (p. 218).

But how can I be certain of what may hurt or disturb my neighbor? Perhaps my wealth will hurt his sense of dignity; perhaps my success will magnify his failure; perhaps I will injure him even in my attempt to do him good, for what seems to be good for me may not be good for him. Smith affirms that the answer must lie in the external rules of formal law. Formal rules, like those of a race or a game, free us from the question of *what* I owe my neighbor by specifying only *how* I must treat him: as a human being, he deserves to be treated *fairly*. He deserves (as John Rawls argues) a "fair" chance to make the most of his own talents and opportunities. As Smith says, "In the race for wealth, and honours, and preferments, [each] may run as hard as he can, and strain every nerve and muscle, in order to outstrip all his competitors. But if he should justle, or throw down any of them, the indulgence of the spectators is at an end. It is a violation of fair play, which they cannot admit of" (Smith 1982: 83).

Rules of justice appear to tie together the loose ends of moral philosophy when avarice is externally constrained. Formal law must supplement convention and natural sympathies: "Every state or commonwealth endeavours, as well as it can, to employ the force of the society to restrain those who are subject to its authority, from hurting or disturbing the happiness of another. The rules which it establishes for this purpose, constitute the civil and criminal law" (Smith 1982: 218). Justice is the indispensable condition for social stability: without it, men are like "wild beasts," and "a man would enter into an assembly of men as he enters a den of lions" (p. 86).

But at this point John Rawls would ask *who* defined these rules? Who determined what is fair or unfair? There was no universal suffrage in Smith's day, and citizens certainly did not take turns being magistrates. Public offices were the preserve of the wealthy, and Smith knew that rich and poor have different concerns: the "humble concerns and painful attentions" of the poor man "afford no amusement to the dissipated and the gay. They turn their eyes away from him, or if the extremity of his distress forces them to look at him, it is only to spurn so disagreeable an object from among them. The fortunate and the proud wonder at the insolence of human wretchedness, that it should dare to present itself before them, and with the loathsome aspect of its misery presume to disturb the serenity of their happiness" (Smith 1982: 51). If the rich are left to determine what is "fair," Adam Smith's moral philosophy appears to end in exactly the class-divided cul-de-sac that Marx described in *The Communist Manifesto*.

Adam Smith II:
From Moral Philosophy to Economic Theory

But in *The Theory of Moral Sentiments*, Smith anticipated an answer. The argument began with mutual sympathy as the natural origin of moral community, but now the rich have become contemptuous of the poor. The *tour de force* that rescues the integrity of *Moral Sentiments* and simultaneously points beyond it is the famous concept of the "invisible hand." In *Moral Sentiments* this concept emerges with reference to the landlord; in *Wealth of Nations* it applies to the capitalist. In both cases it serves as the inspiration for "trickle-down" economics.

Smith assures us that the contradiction between poverty and wealth need not be socially destructive. For one thing, the middle class are *by nature* committed to fair play. They know that "honesty is the best policy" in business and they can, as a result, be expected to display "a considerable degree of virtue" (1982: 63). Secondly, he notes that while landlords are greedy and personally unproductive, "the eye is larger than the belly." Unable to consume all they acquire, they end up supporting servants and retainers to gratify "their own vain and insatiable desires." As Smith explains, "The pleasures of wealth and greatness . . . strike the imagination as something grand and beautiful and noble. . . . [But] the rich only select from the heap what is most precious and agreeable. They consume little more than the poor . . . in spite of their natural selfishness and rapacity. . . . They are led by an invisible hand to make nearly the same distribution of the necessaries of life, which would have been made, had the earth been divided into equal proportions among all its inhabitants, and thus without intending it, without knowing it, [they] advance the interests of society, and afford means to the multiplication of the species" (1982: 183-185).

In the first chapter of *The Wealth of Nations*, Smith reintroduces this insight: "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from regard to their own interest. We address ourselves, not to their humanity but to their self-love" (1937: 14). Self-love responds to the "invisible hand" of competitive prices. It promotes social well-being insofar as it complies with the requirement of fair play. Butchers, brewers, and bakers maximize their own incomes by providing the best possible products at the lowest possible prices. If prices are truly competitive, there can be no *unfair* advantages. Individual wealth-seeking activity tends, in competitive conditions, to benefit the whole of society: "Every individual . . . endeavours as much as he can both to employ his own capital . . . [and indirectly] to render the annual revenue of the society as great as he can. He generally . . .

neither intends to promote the public interest, nor knows how much he is promoting it. He intends only his own security . . . [and] his own gain, and he is . . . led by an invisible hand to promote an end which was no part of his intention. . . . By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it" (p. 423).

A competitive market turns out to be not only just, but also natural: short-run market prices tend to converge on the long-run natural (or equilibrium) price, which is just sufficient to "pay the rent of the land, the wages of labour, and the profits of the stock employed . . . according to their natural rates" (p. 55). In long-run equilibrium, each contribution to the social product would be proportionally rewarded in quantitative terms (reversing Aristotle's qualitative standard of distributive justice). However, there is another issue to consider. The "natural" price of labor can be understood in two ways: *physical subsistence* and *market-determined wages*. The difficulty is that a non-competitive market will tend to drive wages to the subsistence level rather than the fair and natural level that would result from perfect competition.

Smith understood that perfectly competitive markets are an ideal to strive for, not normally a reality. He was also alert to the fact that the wealth-seeking activity of capitalists—while it may be conducive to maximizing the revenue of society as a whole—also tends to distort income distribution to the disadvantage of the workers. He regarded every capitalist as a potential conspirator against the public for the simple reason that monopoly increases profits. As a group, employers also have a shared interest in suppressing wages. The result is what Polanyi called the double movement.

Smith says that "Masters are always and every where in a sort of tacit, but constant and uniform combination, not to raise the wages of labour above their actual rate. . . . We seldom, indeed, hear of this combination, because it is the usual, and one might say, the natural state of things which nobody ever hears of. Masters too sometimes enter into particular combinations to sink the wages of labour even below this rate. These are always conducted with the utmost silence and secrecy" (1937: 67). When workers respond with their own "contrary defensive combination," the law favors the masters. Workers must then confront both the *invisible* conspiracy of their employers and the *visible* hand of the state: "The masters . . . never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of those laws which have been enacted with so much severity against the combinations of servants, labourers, and journeymen. The workmen, accordingly very seldom derive any advantage from the violence of those tumultuous combinations,

which, partly from the interposition of the civil magistrate . . . generally end in nothing, but the punishment or ruin of the ring-leaders" (p. 67).

At this point, Adam Smith's account of market justice seems ready to unravel. When called upon to suppress workers, the state, as a kind of nominal third party, is clearly not the same as the "impartial spectator" of *Moral Sentiments*. The role of the spectator was to give objective social validity to subjective precepts of moral behavior because moral self-command requires a balance of virtues. But Smith recognizes that the commands of the state are never likely to balance the interests of employers and workers. He says that "Civil government, so far as it is instituted for the security of property, is in reality instituted for the defence of the rich against the poor, or of those who have some property against those who have none at all" (1937: 674). In another place he writes: "Among nations of hunters, as there is scarce any property . . . so there is seldom any established magistrate or any regular administration of justice. . . . Wherever there is great property, there is great inequality. . . . It is only under the shelter of the civil magistrate that the owner of a valuable property . . . can sleep a single night in security. . . . The acquisition of valuable and extensive property . . . necessarily requires the establishment of civil government. Where there is no property . . . civil government is not so necessary" (pp. 669-670).

Aristotle thought fairness requires magistrates to interpret the law when applying it to individual cases. But Smith's magistrates are now manifestly unfair in their judgments because they enforce unfair laws. As a moral philosopher, Adam Smith seems obliged in these circumstances to pronounce his own judgment against *a social system* that appears to be unjust. He cannot do so, however, for to condemn what is inherently "natural" requires a standpoint outside of "nature,"either a religious perspective or appeal to a universal law of Reason. Since Smith has abandoned metaphysics in favor of empiricism, and since the market itself now defines the conditions of its own "fairness," there appears to be little more to say.

But there is something more. The ground of Smith's argument has been shifting from moral philosophy towards something new—economic science—and it is here that he looks for a response. His solution is economic growth. Rapid accumulation of capital will break the combination of masters, who will be forced to *compete for labor* and thus to establish a fair (and probably a rising) wage. As Smith notes, "When in any country the demand for those who live by wages . . . is continually increasing; when every year furnishes employment for a greater number . . ., the workmen have no occasion to combine. . . . The scarcity of hands occasions a competition among masters, who bid against one another, in

order to get workmen, and thus voluntarily break through the natural combination of masters not to raise wages" (1937: 68).

What is good for the whole of society—*provided there are universally competitive markets*—now is good for each of the parts. Every frugal capitalist, who accumulates out of individual self-interest, turns out to be *an unintended benefactor* of all: "The demand for those who live by wages . . . necessarily increases with the increase of the revenue and stock of every country. . . . The demand for those who live by wages, therefore, naturally increases with the increase of national wealth" (p. 69). Also, "Every increase . . . of capital . . . naturally tends to increase . . . the annual produce of the land and labour of the country, the real wealth of *all its inhabitants* [emphasis added]" (p. 321).

By substituting the invisible hand of competitive prices for the mediaeval hand of God, Adam Smith revolutionized social theory. Whereas Aristotle saw the polis as natural, Smith replaced both the political community and institutionalized ethics with natural economic forces and individual moral judgments. In doing so, he provided a rationalization of the capitalist market that still reverberates in the Washington Consensus. Every proponent of globalization still regards competitive markets as inherently self-justifying; in conditions of liberalization, privatization, and fiscal rectitude, markets must redound to the benefit of all citizens, *even if none of them plays any direct part in the democratic determination of their own destiny*. How many times have we heard how the dictator Augusto Pinochet saved Chile? How many times have we been told that the price of personal liberty is compliance with the natural forces of the economic universe? Beginning as a moral philosopher, Adam Smith ultimately opened the way to an economic science that acknowledges no obligation to philosophy whatsoever and deals only with "what is," not with "what ought to be." Its task, as Friedman noted, is simply to make correct predictions. By substituting *correct* for *right*, however, economic science leaves to Fate the issues that Kant and Hegel say belong properly to Reason.

Immanuel Kant on Universal Moral Law

Abandoning metaphysics for empiricism, Adam Smith could never arrive at a universal moral code. He spoke approvingly of the Stoic ideal of universality—we each *ought* to behave as "a citizen of the world, a member of the vast commonwealth of nature"—but he also said an earthquake could swallow the Empire of China and mean virtually nothing to a European. His theory of the market really presupposed the decent norms of "fair play" that he experienced in his native Presbyterian Scotland. He approved of the market because he believed it realized his

moral and philosophical ideal of responsible selfhood. He saw competition redeemed in terms of its *practical consequences*: it had the potential to make everyone better off—not merely because it was efficient, but also because it provided objective limits to moral corruption.

Immanuel Kant, Smith's contemporary, thought the *consequences* of our actions could never be the basis for moral judgments: all actions must be judged exclusively in terms of the maxims that form our decisions *before* we act. Morality is a matter of *intentions and action-orientations*. Although Kant's philosophy affirmed responsible selfhood, it also implied moral criticism of markets. Differences between the two thinkers began with their treatment of history. The Kantian version of history sounds like the Smithian, but Kant's philosophy also points beyond natural-empirical history to a universal moral law that is absolutely indifferent to market outcomes.[33]

While Smith saw history in terms of *economic* stages, passing from hunting communities to shepherding, agriculture, and eventually commerce, Kant dealt with history's *moral* significance. He saw nature using "antagonism within society" to develop innate moral capacities that eventually lead to law-governed order. A history of pathological conflicts over wealth, power, and honors, driven by natural appetite, is the precondition for freedom under law. States come into being to prevent mutual destruction; but when we learn to live within the requirements of *external* law, we also develop the kind of consciousness that makes us capable of moral self-government.[34] In his *Idea for a Universal History with a Cosmopolitan Purpose*, Kant said men are "unwittingly guided . . . along a course intended by nature. They are unconsciously promoting an end which, even if they knew what it was, would scarcely arouse their interest" (Reiss 1977: 41). That end was a rational will.

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[33] The various sources that are drawn on in the discussion of Kant include the following: Abbott 1923; Reiss 1977; Paton 1963; Ladd 1965; Bernard 1914; Friedrich 1949; and Gregor 1996.

[34] According to Kant, "Nature should thus be thanked for fostering social incompatibility, enviously competitive vanity, and insatiable desires for possession or even power. Without these desires, all man's excellent natural capacities would never be roused to develop. . . . The natural impulses . . . make this possible . . . [and] would thus seem to indicate the design of a wise creator" (Reiss 1977: 45). The purpose of natural-empirical history is "the most precise specification and preservation of the limits of this freedom in order that it can co-exist with the freedom of others" (p. 45). The highest task that nature sets for humanity is, therefore, the achievement of freedom under external laws. Additionally, as Kant explains, "This design, if we regard it as a compelling cause whose laws of operation are unknown to us, is called *fate*. But if we consider its purposive function . . . we call it *providence*" (p. 108).

A rational will is one that can abstract both from existing circumstances and from institutionalized ethics to reflect monologically upon its own duty. Kant distinguishes between "phenomenal" selves—sensible beings who are apparent to others, exist as part of nature, and are governed by natural causality—and "noumenal" selves, who are supersensible and conceived only by the intellect. As noumenal selves, we are like Christian souls. We each know our own self as a "free will" that transcends all physical needs and passions, and we find freedom in the duty to obey reason in accordance with universal criteria of moral judgment.[35] Moral freedom means doing the right thing in a manner that has absolutely nothing to do with self-love.

Moral law rules wills that rule themselves. Accordingly, moral philosophy must find a principle that can be simultaneously and voluntarily willed by all. Since particular needs differ, we will never all agree on *what* should be done. However, Kant thought reasoning beings will agree on *how* each must decide; to claim rational autonomy for ourselves, we must each respect the same autonomy for others. Rational autonomy presupposes a "categorical imperative" that binds all wills simultaneously with no regard to time or place: "The conception of an objective [universally valid] principle, in so far as it is obligatory for a will, is called a command (of reason), and the formula of the command is called an Imperative" (Abbott 1923: 30).

Dispassionate reason leads every individual to the categorical imperative as an objectively valid rule for laying down our own personal rules (maxims or precepts). Kant says we must each act only on maxims that we could will, without contradiction, to become a "universal law" (Paton 1963: 133). He gives other formulations: "Act as if the maxim of your action were to become through your will a universal law of nature" (p. 146); "So act as to use humanity, both in your own person and in the person of every other, always at the same time as an end, never simply as a means" (p. 165); "So act that your will can regard itself at

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[35] In *Fundamental Principles of the Metaphysic of Morals*, Kant explains how noumenal selves might discipline themselves and thus cohere according to the universal logic of moral law: "Everyone must admit that if a law is to have moral force, i.e. to be the basis of an obligation, it must carry with it absolute necessity [otherwise it would not be a 'law']; . . . therefore, the basis of obligation must not be sought in the nature of man [for nature is a realm of contingency and 'accident' rather than rational necessity], or in the circumstances of the world in which he is placed [a *universal* law cannot be determined by *particular* circumstances], but *à priori* simply in the conception of pure reason. . . . [M]oral philosophy . . . does not borrow the least thing from the knowledge of man himself (anthropology), but gives laws *à priori* to him as a rational being" (Abbott 1923: 3-4).

the same time as making universal law through its maxim" (p. 180); "So act as if you were always through your maxims a law-making member in a universal kingdom of ends" (p. 185). The several formulations share a common theme: all moral action is motivated by a good will—one that, in claiming its own autonomy, respects a universal principle of reciprocity.

A good will is the ultimate good, the end in itself. With the formula of *the kingdom of ends*, Kant anticipated a self-governing whole: a society of morally autonomous individuals cohering through universal self-imposed laws, in which all rational agents and all their ends are compatible. This is an ideal that can never be realized—as natural beings, we are always tempted to yield to our appetites—but towards which reason commands us to strive. The question then becomes, How might we ever hope to produce a *general will* out of an existing multitude of individual wills? Kant answered that the social contract is an Idea of Reason and the rational principle to which we might refer when judging our own political institutions and any lawful constitution whatever (Reiss 1977: 83).[36]

In *The Metaphysical Elements of Justice*, Kant defined an ideal constitution in terms of a common Will that unites individuals in civil society for the purpose of authoring their own public laws (Ladd 1965: 75). Universal public laws involve reciprocal obligations of legally enforceable (perfect) duties. Civil society requires "a collective, universal (common) and powerful Will" to produce legislation that is "backed by power" (p. 65). The guarantee that power will be exercised legitimately is ideally given by the requirement that only the "united and consenting Will of all" can legislate. In these conditions, "each decides the same for all and all decide the same for each" (p. 78). Political institutions are "so many relationships in the united Will of the people, which originates a priori in reason" (p. 109). Reason is the inner "spirit" of external laws, and the spiritual history of mankind, or the development of culture, prepares the way for a sovereignty "in which Reason alone shall have authority" (Bernard 1914: 358).

The kingdom of ends and the social contract suggested that beyond empirical history lies ideal history that we might consciously make for ourselves: history would then be created *a priori* in the same way as *a*

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[36] It should be mentioned that Kant's social contract implied a republic, not a democracy: "*Democracy*, in the truest sense of the word, is necessarily a *despotism*, because it establishes an executive power through which all the citizens may make decisions about (and indeed against) the single individual without his consent, so that decisions are made by all the people and yet not by all the people; and this means that the general will is in contradiction with itself, and thus also with freedom" (Reiss 1977: 101).

priori reason specifies moral duty: "How is it possible," Kant asked, "to have history *a priori*? The answer is that it is possible if the prophet himself occasions and *produces* the events he predicts" (Reiss 1977: 177). The French revolution suggested "that man has the quality or power of being the *cause* and . . . *author* of his own improvement" (p. 181). The revolution could not have been due to "anything other than a moral disposition within the human race" (p. 182). Kant believed that "A philosophical attempt to work out a universal history of the world in accordance with a plan of nature aimed at a perfect civil union of mankind, must be regarded as possible and even as capable of furthering the purpose of nature itself" (p. 51).

An ideal constitution would result in laws that all citizens would accept if they all judged rationally. But Kant acknowledged that perfectly rational behavior would require nothing less than pure "holiness of will" (Friedrich 1949: 225). This is one obstacle to *a priori* history. A second is more mundane but at least as compelling. In a market economy we all unavoidably use other people as "means" to our own ends. Labor, as Polanyi said, is reduced to another "commodity." This means, according to Kant, that we can never adhere consistently to the categorical imperative to "use humanity, both in your own person and in the person of every other, always at the same time as an end, never simply as a means" (see Paton 1963: 165). A market exists through the division of labor; and division of labor inevitably creates conditions in which some must labor against their will.

Kant hoped the most egregious inequalities of the market would be remedied through tax-supported charitable institutions. Like John Rawls, he thought a state that protects the wealthy also has a rightful claim upon part of their wealth to support the poor: "The government is therefore authorized to constrain the wealthy to provide means of sustenance to those who are unable to provide for even their most necessary natural needs. . . . It will do this by way of coercion . . . by public taxation, not merely by *voluntary* contributions . . ." (Gregor 1996: 101). One of the reasons why a people unite into a society is "to maintain those members . . . who are unable to maintain themselves" (p. 101). But precisely because they cannot maintain themselves, the recipients of public charity also cannot be active citizens.

Kant did not believe all citizens are equally fit to make binding political judgements or even to participate in choosing representatives. Aristotle believed that citizenship presupposes sufficient material goods to practice the virtue of generosity, to act upon one's own judgment, and to have the leisure for political life. Kant expressed a similar view: to be a citizen, in an *active* sense, one must possess a "civil personality" (Ladd 1965: 79).

A civil personality presupposed "civil independence," and civil independence meant economic independence: an active citizen "must have some *property* (which can include any skill, trade, fine art or science) to support himself" (Reiss 1977: 78). Only citizens enjoying economic independence can be expected to make political judgements that might fulfil the requirements of justice. Formal law might ensure that "all . . . are free and equal under existing public law . . . but not as regards the right to make these laws" (p. 77). Real society can never fulfill the ideal requirements of the social contract.

The result is that Kant's moral philosophy issues in a familiar contradiction: "particular wills" can never actually converge as a "general will," or the "united will of the people," because of the institution of private property. Kant anticipated the rule of Reason, but now it seems that reasoning beings are expected to will the impossible. Since this would be logically incoherent, Kant concludes that to strive for the rule of Reason we must have *faith*. Our judgment of this world must presuppose an otherworldly perspective. Unless Reason itself is a contradiction, we must believe in an immortal soul (only immortals could rationally strive for perfection) and in God as the lawgiver of a kingdom of ends and an ethical commonwealth (only a perfect lawgiver could will a perfect order): "There must . . . be someone other than the populace capable of being specified as the public lawgiver for an ethical commonwealth. . . . [T]his is the concept of God as moral ruler of the world. Hence an ethical commonwealth can be thought of only as a people under divine commands, i.e., as *a people of God*, and indeed under *laws of virtue*" (Friedrich 1949: 407-408).

"Immoral" Law and "De-moralized" Law

If we are unable to take this final step with Kant, we are immediately back to the dilemma we encountered in Adam Smith (1937): property owners will make the laws, and they will, presumably, act in their own self-interest. According to Smith, government *exists* to protect property. He also saw that the rules legislated by a relatively small group of the rich and powerful are likely to be "their" rules, not "ours." Smith was perfectly frank when speaking of the immoral character of businessmen. He described "the mean rapacity, the monopolizing spirit of merchants and manufacturers," who ought never to be "the rulers of mankind" (1937: 460). In Smith's view, "The government of an exclusive company of merchants is, perhaps, the worst of all governments for any country whatever" (p. 537). Participants in the same trade "seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public" (p. 128).

The implication was obvious, and it is exactly the one drawn by opponents of globalization, who see giant corporations exercising the principal influence in determining the rules. According to Smith, "The proposal of any new law or regulation of commerce which comes from this order, ought always to be listened to with great precaution, and ought never be adopted till after having been long and carefully examined, not only with the most scrupulous, but with the most suspicious attention. It comes from an order of men, whose interest is never exactly the same with that of the public, who have generally an interest to deceive and even to oppress the public, and who accordingly have, upon many occasions, both deceived and oppressed it" (p. 250).

Smith saw that apart from imposing unjust rules, capitalism might also destroy the will and emasculate the character of workmen, frustrating all Kantian ideals of autonomous moral judgment. Whereas Calvinists thought the poor were poor because their souls were flawed, Smith said the character of a people reflects the circumstances in which they live and work. No Marxist condemnation of factory labor could be more severe than that from Smith himself. He writes:

> The man whose whole life is spent in performing a few simple operations . . . generally becomes as stupid and ignorant as it is possible for a human creature to become. The torpor of his mind renders him . . . incapable . . . of conceiving any generous, noble, or tender sentiment, and consequently of forming any just judgment concerning many even of the ordinary duties of private life. Of the great and extensive interests of his country he is altogether incapable of judging. . . . The uniformity of his stationary life. . . . corrupts even the activity of his body. . . . His dexterity at his own particular trade seems . . . to be acquired at the expence of his intellectual, social, and moral virtues. But in every improved and civilized society this is the state into which the labouring poor, that is, the great body of the people, must necessarily fall, unless government takes some pains to prevent it. (Smith 1937: 734-735)

The problem is that in a market system, the prerogatives of government must also be limited to protect competition.[37] This is why Smith's account

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[37] In mediaeval society the activities of merchants were strictly regulated. Public authorities controlled prices in the name of justice because in an age when local famines were common, grain speculation could generate enormous profits at the expense of the poor. Likewise, constraints on usury limited the affliction of consumption debts. The emerging town governments controlled the sale of foodstuffs to prevent monopoly and arbitrary price rises. The activities of artisans and craftsmen were regulated to restrain professional monopolies and ensure the quality of goods. Smith was the first to argue systematically that economic growth (a concept essentially unknown to the middle ages) could achieve the same degree of social protection indirectly through competition and the price system.

of external rules of justice entailed what Weber called the *de-moralization* of law. Smith thought market rules are the like rules of a race or a game: they dictate fair play, not who ought to win the race or what number of goals ought to be allotted to whom. In *Moral Sentiments*, Smith made the point by distinguishing between the universal *form* of grammar and the *content* of a composition: "The rules of justice may be compared to the rules of grammar; the rules of the other virtues, to the rules which critics lay down for the attainment of what is sublime and elegant in composition. The one, are precise, accurate, and indispensable. The other are loose, vague and indeterminate, and present us . . . with a general idea of the perfection we ought to aim at, [rather] than afford us any certain and infallible directions for acquiring it" (1982: 175-176).

Rules of grammar tell us *how* to write meaningful prose; they give no guidance concerning *what* to write. Likewise, rules of contract prescribe *how* to enter into and fulfill an obligation, not *what* transactions to undertake. Formal laws of a market society are a prerequisite for the economic autonomy of individuals who are responsible for their own choice of action in response to the price signals of the "invisible hand." Prices themselves are a formal, symbolic means to communicate market data; they do not specify what we should buy or sell. The same distinction applies to Kant's categorical imperative: the moral law is a formal meta-rule rule that tells us *how* to reason in moral terms at a time when "ought" decisions are falling to modern individuals in post-conventional society.

In his capacity as economist, Smith saw even more clearly than Kant the relation between autonomous markets and the potential loss of human dignity. He and Kant both believed that a decent human community depends on reciprocal respect, yet neither of them, in the final analysis, could conceive of any alternative to rule by property owners. The contradiction seems profound and insurmountable. Although Smith and Kant wrote in the eighteenth century, the dilemmas they encountered are exactly those that today spark public demonstrations and even violent resistance to globalization. If large corporations can manipulate both markets and governments to serve their own self-interest, there seems to be no reason to expect that economic transactions will ever be framed by just laws to guarantee Kantian moral autonomy or even Smithian fair play—unless law itself can be thought of in a way that somehow reconnects substantive ethics with rules of procedure. This is the challenge Hegel takes up in his *Philosophy of Right*.

Hegel: Markets and "Ethical Life"

Ethical community prevailed in Aristotle's polis because the beginnings of the market were still embedded in conventional norms that all citizens immediately shared. With Smith and Kant, we have reached individuality in the modern world. Kant saw hope for moral enlightenment in the French revolution; Hegel replied that the revolution ended as a manifestation of evil. The revolution proclaimed the "abstract rights" of man— each consciousness demanded the exclusive "right" to make its own judgments on anything and everything—but this "vanity of self-consciousness," this absolute self-indulgence of the "absolutely free self," found that the true meaning of abstract freedom was *death* on the guillotine, "the most cold-blooded and meaningless death of all, with no more significance than cleaving a head of cabbage" (Hegel 1967a: 605). The final outcome of "abstract" rights was the despotism of a single will: "Despotism means any state of affairs where law has disappeared and where the particular will as such, whether that of a monarch or a mob . . . counts as law or rather takes the place of law" (Hegel 1967b: 180). Hegel saw his own philosophy as Reason's response to *the absurdity of the abstracting consciousness*; the very notion of modern individuality logically presupposed a state with clearly specified reciprocal rights and duties.

In *Philosophy of Right*, Hegel followed Aristotle in asking how the parts constitute the whole (at the same time as the whole forms the parts).[38] Whereas Aristotle began with households, Hegel began with modern individuals who at first, quite mistakenly, see themselves as self-directed agents detached from all conventional social bonds. To demonstrate the absurdity of absolute individuality, he adopted exactly that concept and then examined its inherent contradictions. An absolutely free ego is potentially anything, but as yet it is still nothing, an empty, purely subjective universal. Will determines the ego and is able to give it objectivity. Hegel thinks of the will not as a Kantian noumenal, or disembodied spirit, but as "practical reason" that goes beyond supersensibility to give itself existence in the world.

In logic, the move toward actual freedom begins with taking possession of things and then transforming them into property. At the level of abstract individuals, property is not yet institutionalized in a system of lawful rights and duties but originates as a relation between each man and the things in which he objectifies the self. Aristotle thought nature exists for us to appropriate; Hegel's abstract "person" claims "the right of putting his will into any and every thing" on the grounds that things

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[38] See Aristotle 1958: 2-3.

have no will of their own to be violated (1976b: 41). When a person objectifies his will in natural material, he gives himself a determinate existence. He *forms* nature, makes it *conform* to his thought, and *transforms* it into his property—an external embodiment of his own creative power.

Self-determination depends on property, and "property is the first embodiment of freedom." This means that the original need for property is spiritual, not economic: "The rationale of property is to be found not in the satisfaction of [biological] needs but in the supersession of the pure subjectivity of personality" (1967b: 236). Kant thought of free will as a disembodied self; Hegel agrees with Aristotle that property is a material requirement of spirit. Every person, *as a person*, has an abstract right to property (p. 42). For something to be "mine," however, it must not be someone else's: this means other persons must recognize my property as a right. My existence as a determinate being is simultaneously existence for another, and persons become aware of their selfhood through relations with others. In Hegel's view, this condition points to contract as the relation wherein my will and another will participate in a common will relating to the use and disposition of things (p. 57).

However, since there are still no laws at this level of abstraction, my right remains exposed to the possibility of wrong, or capricious violation of the contract. When wrong is committed, the parties to a contract each know (in their own consciences) that the "right" *ought to be* upheld, but at this point morality itself is an abstraction. If we differ, each conscience can appeal only to itself as "sheer inwardness of the will" because there are as yet neither rules nor ends that we share. The idea of right needs "determinate characteristics of some sort" (p. 103). Kant told us how to formulate universalizable maxims, not what we are to do. But if we are all left, as Kant suggested, to rely upon the "absolute universality" of our own will, each may, under the influence of self-interested passions, claim absolute rights for the self, in which case mutual annihilation is just as likely as spontaneous cooperation. Hegel regards the moral emptiness of purely self-oriented wills as the formula for *evil*. The logical abstraction of the abstract "person" must point beyond the self to a shared idea of good citizenship and a good life.

Identity of the good with the subjective will of each and all is "ethical life." Ethical life goes beyond individual morality by establishing universally recognized—and thus objectively valid—rights to uphold subjective freedom. Since the counterpart of rights is duties, freedom of the subjective will also requires objective duties. At the level of formal morality, I claim a right and attribute the duty of recognizing my right to another. With ethical life, "right and duty coalesce, and by being in the ethical order a man has rights in so far as he has duties, and duties in so far as he has rights" (Hegel 1967b: 109). If a man has no rights, he

also has no duties (something that protesters against globalization, and laborers in third-world factories, instinctively understand).

Ethical life involves a common will, but it is not the result of contract. On the contrary, the very idea of contract presupposes enforcement; enforcement, in turn, presupposes laws; and rational laws, which we might all voluntarily obey, presuppose the state. The state is logically prior to any "person" or any contract whatever; the whole, as Aristotle said, is prior to the parts. But what is the whole? As a universal, the state can only be the shared "spirit" of our community, objectified in laws and institutions. Things cannot be universal, only thoughts and values. We cannot all have property in the same thing simultaneously; we can, however, all subscribe to the same social ethos.

In his logical reconstruction of modern life, Hegel turns to the fact that each supposedly "abstract" person is already always part of an imme-diate community whose form is the family. Marriage is "a contract to transcend the standpoint of contract" (Hegel 1967b: 112). In a marriage, the partners "make themselves one person," whose immediate bond of love is externally embodied in the family property. As a "common pos-session," capital becomes "something ethical" in the family (p. 116). The "ethical dissolution" of a family occurs when children found families of their own. When the family disintegrates into several families, externally related to each other, there emerges "the world of ethical appearance—civil society" (p. 122). (Remember Smith's comment concerning the effects of commerce upon kinship.)

As members of civil society, we take a further step toward conscious awareness of the logically presupposed state. But civil society is still only an "appearance" of ethicality insofar as it is immediately based on the mutual servicing of individual and particular needs. As economic actors we are bound together spontaneously through laws of the market, and legally through the administration of justice, but we still regard the state as something external to ourselves. Kant was aware of this when he con-trasted the externality of the state with the inwardness of the moral uni-verse. I cannot be aware of the laws as "mine" until I see myself as a participant in *political life*. At this level of abstraction, I am only a par-ticipant in *the economy*.

Speaking of civil society as the "system of needs," Hegel nevertheless praised Adam Smith for discovering that even within this apparent "mass of accidents" there are unconscious laws of implicit rationality—Smith's "invisible hand" (1967b: 126-127). The market may be implicitly ratio-nal, but its rationality is not the same as Reason. Hegel calls civil so-ciety "the state based on need, the state as the Understanding envisages it" (p. 123); Reason is universal; Understanding is the rationality of parts that interact in the market guided by their own consciousness of

self-interest, not yet by consciousness of *the concrete*—the ethical whole. In the market, each produces for unnamed others, and the "reciprocal relation" remains, to that extent, abstract. Mutual dependence results from the objective fact of the division of labor, not from universal subjective bonds and objective duties; at the same time, work, which is intrinsically liberating, becomes increasingly mechanical as each person's skill is abstracted from that of the others (p. 129). Further, "When needs and means become abstract in quality . . . abstraction is also the character of the reciprocal relation of individuals to one another" (p. 127).

Ideally, Hegel thinks of "the universal permanent capital"—the social means of production—as a kind of common pool, like the family capital, "which gives each the opportunity, by the exercise of his education and skill, to draw a share from it and so be assured of his livelihood, while what he thus earns by means of his work maintains and increases the general capital" (p. 130). He also recognizes, however, a problem familiar to both Smith and Kant: at the same time as division of labor multiplies and subdivides dependence and needs *ad infinitum*, the material means to satisfy needs is "permanently barred to the needy man" (p. 128). The "complex interdependence of each on all" creates "disparities of individual resources and ability" (p. 130), which eventuate on the one hand in guilds and other corporate communities, on the other, in poverty and class divisions. The universality of freedom that is achieved in the market yields, at best, reaffirmation of the universal right of property, which is now reinforced by police and courts (p. 134). Like Aristotle, Hegel speaks of the administration of justice as "a sphere of education" (p. 134), but he is also aware that the "needy man" might see things otherwise. He tells us the public authority must take the place of the family where the poor are concerned (p. 149).

The business class and skilled artisans are better situated to take care of themselves. When these corporate interests organize, they protect their common interests and "come on the scene like a second family" for members working in the same business or trade (p. 153).[39] "As the family was the first, so the Corporation is the second ethical root of the state, the one planted in civil society" (p. 154). But since corporate interests are still particular in relation to other corporations, each corporation must remain "restricted and finite" (p. 154). Accordingly, civil society

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[39] When Hegel speaks of "corporations," his usage is closer to the medieval than the modern. He has in mind associations of people with common interests, not the capitalist corporations of our day. Hegel's corporation is a mediating link between individuality and political community, whereas the capitalist limited company is legally conceived as an individual.

must point beyond itself to the concrete universality of ethical life at the higher level of the state. Hegel provides for both class and corporate representation in legislative institutions; universal laws are to uphold and affirm the particular rights of all politically significant groups at the same time as concrete duties are prescribed. When "my" corporate representatives help to draft the law, "I" am mediated into the universal political community, making the state the "actuality of concrete freedom" (p. 160). Hegel says that "the universal does not prevail or achieve completion except along with particular interests" (p. 160).

In the state, freedom finally becomes concrete in a *unity of subjective wills with the objective requirements of law*: the universal ethical consciousness is now simultaneously the expression of each particular consciousness, for *the* law has become both *my* law and *our* law. The whole is actualized in the consciousness of every part, like Aristotelian *ethōs*, but now in the form of rightfulness deliberately prescribed by Reason.

From the point of view of individuals or particular social groups, the state may appear as an "external necessity," yet it is really "the end immanent within them"—the presupposition that makes their lawful autonomy possible (p. 261). However, "What is of the utmost importance is that the law of reason should be shot through and through by the law of particular freedom, and that my particular end should become identified with the universal end, or otherwise the state is left in the air. The state is actual [and fulfills its purpose of ethical community] only when its members have a feeling of their own self-hood and it is stable only when public and private ends are identical" (p. 281). The principle of the modern state "requires that the whole of an individual's activity shall be mediated through his will" (p. 292); that is through compliance with laws of reason that all of us, collectively, have laid down to ourselves—not as Kantian noumenal beings, but as real living participants in a universal community of spirit. "Actuality," Hegel says, is "always the unity of universal and particular" (p. 283).

Hegel thought that his own philosophy incorporated the insight of all previous thinkers and represented the logical (although obviously not the empirical) end of history.[40] The logical end of history is fulfillment of history's purpose, which is to transcend social conflict through a shared ethical awareness that simultaneously affirms each self. Transcendence did not mean the end of human rivalry; it stood for a rule of Reason

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[40] As a moving system of mediation, "the constitution *is*, but just as essentially it *becomes*, i.e., it advances and matures" (p. 291). The law-state is the final *form* of freedom, whose *content* will continue to change. Also, according to Hegel, "The basis of the state is the power of reason actualizing itself as will. In considering the Idea of the state, we

expressing itself in and through rightful—as distinct from merely nat-
ural—competition for wealth and honors. Hegel waxed lyrical in his con-
clusions: "The state is mind on earth and consciously realizing itself
there. . . . The march of God in the world, that is what the state is"
(p. 279). As Hegel sees it, "The state is the world which mind has made
for itself" (p. 285). "The state is the divine will, in the sense that it is
mind present on earth, unfolding itself to be the actual shape and orga-
nization of a world" (p. 166). "The state is absolutely rational. . . . This
substantial unity is an absolute unmoved end in itself, in which freedom
comes into its supreme right. . . . this final end has supreme right against
the individual, whose supreme duty is to be a member of the state" (pp.
155-156).

Hegel's law-state situated human individuality concretely. With regard
to Smith, Hegel pointed out that the first prerequisite of a market is the
right of property, not mere physical possession, which is inconceivable
apart from law. The law is necessarily prior to the system of needs, just
as Aristotle stated that the polis, the political whole, is prior to its parts.
The individual, conceived merely as an economic actor, is an empty
abstraction. Such individuals may inhabit Milton Friedman's science of
positive economics, but they do so as beings without substance. In short,
they do not *exist*. All economic activity occurs within a preexisting nor-
mative context and presupposes shared knowledge of right and wrong,
good and evil, justice and injustice. As Aristotle said, this is what dis-
tinguishes human beings from beasts—and as Adam Smith added, with-
out justice "a man would enter into an assembly of men as he enters
a den of lions" (1982: 86).

The law-state is the concrete universal because the parts are in the
whole (through representation in determining the laws) while the whole
is simultaneously in the parts; the spirit of the laws forms the ethical
judgments of every individual. Kant said we are free when we lay down
the moral law to ourselves; Hegel replied that we are concretely free
when we obey our laws in our state. The laws institutionalize freedom
because they require nothing more than obedience to our own rational
will, concretely expressed through the system of political mediation. In
the laws, everything that is mundane—beginning with property and
including capital and the entire system of needs—acquires spiritual (i.e.,
ethical) significance. The state is the rational institutionalization of our

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must not have our eyes on particular states or on particular institutions. Instead, we
must consider the Idea . . . by itself. On some principle or other, any state may be shown
to be bad, this or that defect may be found in it; and yet . . . it has in it the moments
essential to the existence of the state. . . . The state is no ideal work of art; it stands on
earth and so in the sphere of caprice, chance, and error . . ." (p. 279).

historically and culturally formed *ēthos*, which is, as Aristotle said, the true spirit of our community. In a world of globalizing markets, the clear implication is that we can be neither free nor rational if we are subject to purely external laws that appear to be imposed "out there"—in the ethical void of a world economy that presumes to speak with the authority of Reason when in fact it is the voice of Fate.

"Loose Ends"

Hegel's philosophy aimed to bring everything that was "out there" "in here." External nature is appropriated as property, and the system of needs turns out to be an integral part of ethical life. But Hegel's claims were themselves contradictory: behind the extravagant rhetoric lurked his own realization that in a world of *property*—conceived initially as a necessary space for rational self-development, and ultimately as a rightful social relation—*poverty* must be a wrong. At the beginning of the *Philosophy of Right*, Hegel wrote that "The rationale of property is to be found not in the satisfaction of needs but in the supersession of the pure [abstract] subjectivity of personality. In his property a person exists for the first time as reason" (1967b: 235-236). If some have no property, the *material* condition for rational self-development is violated. Moreover, in a developed constitutional order based upon property rights, the propertyless can have no *spiritual* stake.[41] Anticipating Marx, Hegel saw that poverty is a *wrong* that contradicts the right. The wrong at issue is violation of a concrete duty to eliminate poverty. Warning against the formation of a "pauperized rabble," Hegel wrote, "Against nature man can claim no right, but once society is established, poverty immediately takes the form of a wrong *done by one class to another* [emphasis added]. The important question of how poverty is to be abolished is one of the most disturbing problems which agitate modern society" (pp. 277-278).

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[41] Hegel feared the *spiritual* degradation of the rabble and the resulting loss of civic consciousness: "When the standard of living or a large mass of people falls below a certain subsistence level—a level regulated automatically as the one necessary for a member of the society—and when there is a consequent loss of the sense of right and wrong, of honesty and the self-respect which makes a man insist on maintaining himself by his own work and effort, the result is the creation of a rabble of paupers. At the same time this brings with it, at the other end of the social scale, conditions which greatly facilitate the concentration of disproportionate wealth in a few hands" (1967b: 150). He adds, "Poverty in itself does not make men into a rabble; a rabble is created only when there is joined to poverty a disposition of mind, an inner indignation against the rich, against society, against the government &c. A further consequence of this attitude is that through their dependence on chance men become frivolous and idle. . . . In this way there is born in the rabble the evil of lacking self-respect enough to secure subsistence by its own labour and yet at the same time of claiming to receive subsistence as its right" (p. 277).

Hegel believed that one way to address poverty was to institute price controls, especially in times of shortages. While this proposal did nothing to rectify the fundamental problem that some have no property as the condition for self-determination, it did point to the conclusion that markets must be held *accountable*, not merely to Smith's "invisible hand," but to universal standards of Reason. If laws of the state institutionalize markets, beginning with the right of property, then *we, as political actors, must also be the judges of the market system.* On this matter Hegel was perfectly clear: "The differing interests of producers and consumers may come into collision with each other. . . . The right to the exercise of . . . control . . . (e.g., in the fixing of prices of the commonest necessaries of life) depends on the fact that, by being publicly exposed for sale, goods in absolutely daily demand are offered . . . to a universal purchaser. . . . [P]ublic care and direction are most of all necessary in the case of the larger branches of industry" (p. 147). Hegel saw that each particular interest "invokes freedom of trade and commerce against control from above; but the more blindly it sinks into self-seeking aims, the more it requires such control to bring it back to the universal. Control is also necessary to diminish the danger of upheavals arising from clashing interests" (p. 147; also Hegel 1979: 168-169).

The "price" of politically legitimating the market and institutionalizing it within the system of ethical life was necessarily to make it subject to universal public judgment. The logic of Hegel's argument was compelling and inescapable. The stark alternative appeared in his early writings, when he had not yet reconciled markets with Reason. There he feared that markets, left to their own natural devices, would negate workers both physically and spiritually. Hegel might have been writing of third-world factories in a globalized economy when he declared:

> "A vast number of people are condemned to a labor that is totally stupefying, unhealthy and unsafe—in workshops, factories, mines, etc.—shrinking their skills. And entire branches of industry, which supported a large class of people, go dry all at once because of [changes in] fashion or a fall in prices due to inventions in other countries, etc.—and this huge population is thrown into helpless poverty. The contrast [between] great wealth and great poverty appears: the poverty for which it becomes impossible to do anything. . . . This inequality between wealth and poverty, this need and necessity, lead to the utmost dismemberment of the will, to inner indignation and hatred" (1983: 138).[42] (Adam Smith had said the same when speaking of the modern factory.)

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[42] The insertions are those of the editor, Leo Rauch.

An uncontrolled market would issue in nothing less than "the unmitigated extreme of barbarism. . . . and the bestiality of contempt for all higher things. . . . [T]he absence of wisdom is the heart of the matter (*das Ansich*). The absolute bond of the people, namely ethical principle, has vanished, and the people is dissolved" (Hegel 1979: 170). Hegel would have understood immediately why globalization incites outrage and protest. But even in his greatest achievement, the *Philosophy of Right*, he could not discover how the rational principle of public judgment might always be practically applied. The fundamental problem was not merely a question of distributive justice; it was that markets, in the nature of things, cause devastating and recurrent crises for which Reason had yet to find any coherent explanation. That discovery awaited the theory of the business cycle in Marx's *Capital*.

Hegel believed, like Karl Polanyi, that productive labor is a necessary and inherently ennobling part of human life.[43] Work provides us with "practical education"; it associates us with other people in a shared life; it creates habits of discipline essential to self-rule (1967b: 129). But the market also periodically drives people out of work and deprives them of an essential claim to a human life. In these circumstances, price controls would accomplish nothing. The unemployed could not purchase the necessaries of life whatever the price. Hegel hoped that private or public charity—we would refer to the welfare state—might alleviate suffering, but he still faced a dilemma: redistribution preserves *existence*, not a civilized, self-determining *ethical life*, which is the destiny of our species. Nor would public works resolve the matter. More would be produced at a time when current output was already not being absorbed. In the midst of a capitalist crisis, notwithstanding all the requirements of Reason, "the evil consists precisely in an excess of production" (Hegel 1967b: 150). It seemed that the resources of civil society, in these circumstances, must always be "insufficient to check excessive poverty and the creation of a penurious rabble" (p. 150).

Looking for a solution, Hegel concluded that if the total process of world history really is rational, the end must already be implicit in the beginning. When ancient Greeks found the polis overpopulated and incapable of sustaining a good life, they looked for rebirth in a new polis. At the beginning of the great imperialist rivalries of the nineteenth and twentieth centuries, Hegel decided that what Reason cannot affirm—

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[43] An informative interpretation of Hegel with reference to Polanyi is found in Shaun Gallagher's chapter, "Interdependence and Freedom in Hegel's Economics," in William Maker (ed.) *Hegel on Economics and Freedom*, Macon, Georgia: Mercer University Press, 1987.

namely, unemployment, technological dehumanization, and the poverty of the propertyless—must rationally be exported. Colonizing activity, moving from the commercial metropolis to the agricultural periphery, is "due . . . to the appearance of a number of people who cannot secure the satisfaction of their needs by their own labour once production rises above the requirements of consumers" (p. 278). Civil society is objectively driven to "colonizing activity . . . by which it supplies to a part of its population a return to life on the family basis in a new land and so also supplies itself with a new demand and field for its [own] industry" (pp. 151-152).

The obvious problem, in a globalized economy, is that there are no empty places to which redundant people may be exported. What Hegel evaded, we must face. A world of established states, it seems, must presuppose some normative order to govern relations between them. And what is true of states applies all the more emphatically to markets that, left to their own devices, are oblivious to ethical Reason. In Kant's philosophy, the way beyond the nation-state involved following the categorical imperative on a universal scale in pursuit of "international or cosmopolitan right" (Reiss 1977: 117). Moral politicians, acting on behalf of states that are already governed according to principles of right, would see in perpetual peace a state of affairs arising out of universal moral duty. The resulting "federation" of states would not be a coercive union, but one entailing a contract of "permanent and free association" for the single purpose of preserving "perpetual peace" (Reiss 1977: 127). Kant thought "a federative association of states whose sole intention is to eliminate war is the only *lawful* arrangement which can be reconciled with their *freedom*. Thus politics and morality can only be in agreement within a federal union, which is therefore necessary and given *a priori* through the principles of right" (p. 129).

Hegel responded that the Kantian ideal of a "League of Nations" simply replicated at a higher level the same formalism as morality, at the level of contract, between abstract persons. When states disagree, they can appeal only to their own inwardness of conscience, whereas the very idea of contract presupposes rightful enforcement by a universal power that stands above all parties to a dispute. The point of Hegel's argument against Kant was always that subjective morality must give way to objective ethicality; ethical life involves substantive ends—not merely formal rules—shared by a people through the lived history of its customs and institutionalized through its laws. For Hegel, "ethics" must always mean the ethics of "this" people at this time and in this place. Substantive ethics entails absolute sovereignty. States may enter into

treaties, but international law can never be more than an "ought-to-be" (Hegel 1967b: 212). States are always unavoidably "in a state of nature in relation to each other" (p. 213). Their disagreements "can be settled only by war" (p. 214). In the long run, each state and even entire civilizations will be judged by their cultural contribution to the march of historical Reason. The final verdict, Hegel believed, will fall to "the universal mind, the mind of the world. . . . [T]he 'history of the world . . . is the world's court of judgement'" (p. 216).

Conclusion

This final difference between Hegel and Kant confronts us with the fundamental issue posed by globalization. The purely self-interested march of technology and commerce, not philosophical Reason, is driving globalization, and the resulting universal market is "naturally" devoid of ethical content. Our dilemma is this: On the one hand philosophy tells us that the merely economic is answerable to the judgment of Reason; on the other hand, Hegel believed that ethical Reason—as distinct from art, religion, or universal logic—is necessarily expressed according to "the principles of the national minds [that] are wholly restricted on account of their particularity" (1967b: 215). Real people are neither Kantian noumenals nor the disembodied abstractions of positive economics. Real communities, in Hegelian terms, are structured as living organisms, and it is in the nature of a state, as a "self-dependent organism," that it cannot be universal (p. 160; see also pp. 163, 282). Only the mind of God can embrace totality.

However, it is also the case that organisms grow, and the "truth" of an organism, as Aristotle taught, is what it ultimately becomes. Hegel thought one of the primary purposes of sovereign states is to contain markets and the entire system of needs within the bounds of ethical life. Yet when the system of needs expands far beyond the frontiers of particular states, when it draws states and peoples into *an ever-widening material intercourse*, when it inflicts poverty on some and bestows riches on others, the result must be a correspondingly wider *ethical discourse* and new institutional arrangements both within and between states. If what is "good" in Moscow, Teheran, or Beijing happens not to be self-evidently good in New York, London, or Paris, questions of *what ought to be done* and *what may rightfully be done*—by whom, for whom, and to whom—are simply inescapable.

A comparison of Kant and Hegel helps to define the context in which today's debate over globalization is occurring and must occur. Kant's

idea of universal moral law encourages a spirit of cosmopolitanism and common humanity, manifested, for example, in the benevolent activities of non-governmental organizations that promote global citizenship regardless of languages, religions, cultures, or frontiers. In contrast, Hegel's account of ethical life emphasizes the centrality of state organization, without which markets can be neither institutionalized nor legitimated. In the absence of lawful rights and duties, which are the foundation for shared expectations, mutual trust, and enforceable obligations, a market can never extend beyond a bazaar, a flea market, or an auction.[44] The essence of any market transaction is transfer of property *rights*, and the very term underlines the fact that property is not a thing, but always a social relation of rights and duties.

To subscribe to Kantian ideals means to conceive the challenge of globalization in terms of protecting human dignity and human rights. The problem is that my right always depends upon recognition from the other; and as Hegel says, the institution through which such recognition is objectively established is the state. A state may be large or small; states may enter into covenants or institutional associations of one kind or another to extend the geographical reach of objective rights and duties, but to think of such relations in the absence of states, according to Hegel, is simply a fantasy.[45] The contours of the modern debate, therefore, must be determined within these two limits: universal *human* claims, and *institutionalized* political claims. *Any third set of claims*—those made on behalf of autonomously globalizing markets—will compel us, in the name of reason and humanity, to resume and continue the debate between Kant

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[44] Friedrich Hayek, a Nobel Prize winner and one of the most coherent of liberal economists, shares the view that normative traditions, mainly inherited rather than legislated, make the market primarily a moral order in which freedom becomes possible. Like Smith, Hayek says we are born with a *brain*, but our *mind* is the product of socialization (1989: 22), and it is socialization that ensures the compatibility of market expectations: "This matching of the intentions and expectations that determine the actions of different individuals is the form in which order manifests itself in social life" (1973: 36). See also the first chapter of Hayek's *Individualism and Economic Order*, Chicago: University of Chicago Press, 1948. There he distinguishes between "true" and "false" individualism, arguing that it is "the silliest of . . . misunderstandings" to believe that "individualism postulates . . . the existence of isolated or self-contained individuals, instead of starting from men whose whole nature and character is determined by their existence in society" (p. 6).

[45] Hegel remains skeptical, however, concerning the durability of such associations: "Several states may form an alliance to be a sort of court with jurisdiction over others, there may be a confederation of states, like the Holy Alliance for example, but these are always relative only and restricted, like [Kant's] 'perpetual peace'" (1967b: 279).

and Hegel. If we somehow succeed in reconciling Hegelian ethics with Kantian morality,[46] then we might yet strike a balance between the human need for justice and the economic need for efficiency.

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[46] This is, of course, exactly what Jürgen Habermas undertakes to do in his path-breaking work on the European Union (*The Postnational Constellation*. Cambridge, MA: MIT Press, 2001). My work in this chapter owes much to Habermas and to Dušan Pokorný's two volumes on *Efficiency and Justice in the Industrial World*. Armonk, NY: Sharpe, 1993 and 1997.

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Society and Market in the Era of Globalization

Dušan Pokorný[1]

Abstract

This chapter considers the meaning of the terms "society" and "market," and the need for markets to be institutionalized and legitimated. Obligatory norms and recommendatory guidelines today come from many sources: from states, from groupings of states, and from worldwide bodies such as the IMF, the WTO, and the World Bank. But when markets create profound inequalities both within and between societies, how do we determine what limits ought to be placed on markets? Since economic institutions are inseparable from culture, this is the "site" where the public will have to decide what is "society," what is the "market," and what will be the relation between them.

The Points of Departure[2]

Over the last three decades, capital-managed international networks of production, trade, and finance have attained an unprecedented level of expansion, complexity, and power. Directly or indirectly, the trend has affected a wide range of economic activities across the world and posed anew the ancient question of the relation between society and market. The response depends, in the first place, on what the two key terms are taken to mean. Therefore, I shall begin with a few words about words.[3]

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[1] Professor Emeritus, University of Toronto.

[2] Editors' Note: Professor Pokorný completed this paper in January 2002. Illness prevented him from making final revisions. We have, where necessary and possible, made minor alterations to the text. The fact that some data still refer to 2000-2001 has no bearing on the substance of the argument.

[3] The distinctions to follow are based in part on the work of Jürgen Habermas (1971: 90-94; 1987: 138-142,150-154,185). The counterpoising of "society" and "market" also relies on direct anthropological evidence. See, for instance, Ford and Douglas (1967: 23) and Bohannan and Dalton (1962: 8,13).

In the inquiry to follow, "society" will be understood in the narrow sense of a structure of legitimate interpersonal relations—"legitimate" meaning rooted in the group's historically developed way of life, or "life-world." Its norms provide orientation for decisions on *what* to do, in the given circumstances, and become the basis for the formation of just expectations about the other party's reciprocal response. In turn, "reciprocity" is understood "qualitatively," that is, as conformity with the socially accepted standards of responsible behavior. Such interactions are communicatively mediated and allow for coordination on an intersubjective basis.

"Market," in contrast, will stand for an institutionalized system of reciprocal exchanges performed in accordance with rules that define the *how* of the decision process. In this case, expectations about the other party's response to "my" action refer to the presumed outcome of "his" or "her" *how*-directed decision-making, which is, of course, constrained by law, but which is also free of the dues of morality. The reciprocity invoked is strictly "quantitative": the goods exchanged ought to be of equal value, whatever their shape and usefulness. In this environment, the multitude of transactions, motivated by the material or conventional utility of the commodities exchanged, can be integrated only "objectively," that is, behind the actors' backs by the impersonal system itself.

This conceptual distinction between society and market—both of which are components of "society" in a wider sense of the word—goes back to the market's historical origins.

In traditional, kinship-based communities, exchanges of products or labor typically took the form of gifts intended to build up social relationships or to contribute otherwise to the group's cohesion. The conventions of gift giving varied, but in many instances the tacit supposition was that a gift ought not to be refused and has to be reciprocated. The response—the counter-gift—was sometimes fixed, sometimes dependent on what the community was expected to consider proper or adequate.

The transition to barter, as the initial type of market transaction proper, was prompted by circumstances that varied from case to case, but in most instances buying and selling began as a transaction between strangers. Sometimes buying and selling were necessitated by a natural disaster— say, failure of a major crop—that befell the entire community or "all of us." More often, though, barter between two communities—originally acting as collectives rather than as individuals—was based on what one is tempted to call "natural monopoly." For instance, grain growers from the plains exchanged part of their harvest for dried pelts offered by hunters who lived in the wooded hills nearby. But the "others" might

have also been living right in "our" village: they might have been black-smiths from another tribe that specialized in that craft.

Finally, barter entered the community itself. The exchangers remained "at home" and continued to be related to one another by kinship. But when they met as buyers and sellers, they stepped out of their inborn social roles.

Naturally, the "stepping out" required assent by the community. As long as barter was an exceptional, impromptu affair, acquiescence might have been tacit or even inherent in the circumstances. When market transactions became more frequent and penetrated further into the community's or society's life, assent had to be explicit: market behavior was institutionalized. In other words, the market needed legitimation, but it could not legitimize itself. In rendering market transactions socially acceptable, however, the community also accepted a measure of responsibility for the consequences. The market, therefore, was subjected to regulations and limitations.

While a market, by its very nature, extends to any object whatsoever, social norms and laws properly imposed restrictions. For instance, buying and selling of land was excluded—and for centuries remained so—or was subject to special prescripts. The "pure" market determines prices strictly on its own, but institutionalized markets had to accept outside interference. Initially, "conventions of barter" might have had no relations to market prices proper; and exchange ratios had no effect on supply, for production decisions continued to be governed by tradition. A market knows no territorial boundaries, yet institutionalization was obviously limited to the area under the conferring authority's jurisdiction and was, in addition, typically accompanied by restrictions on trade with other jurisdictions. To begin with, cross-border trade was in some communities declared to be out of bounds for individuals and was entrusted to agencies of the emerging state.

All in all, the market was still an "outlander" to be handled with care and confined to a well-defined place in "our" life. Later, of course, it became a more familiar figure and also a more powerful one. Yet, even when trading of much more refined types came to be institutionalized, its "otherness" was still in evidence. Commercial law in England and in the rest of Europe was based neither on the regional customs that had become the foundation of English common law, nor on Roman civil law, which had served as the point of departure for the continental legal doctrine. Commercial law codified the practices of Italian merchants who plied their trade in the Eastern Mediterranean. In England, therefore, *Lex Mercatoria* was originally regarded as a body of law different from

the common law, which had its own provisions about the plainer types of buying and selling. Roman private law had no equivalent of commercial law: "the law of things" treated *res* simply as an item of the person's wealth (Keeton 1966: 189-194; Harding 1966: 309-310; League 1932: 133-135).[4]

In due course, to be sure, commercial law was incorporated into the modern private law as specification for the domain of business activities of the pertinent provisions of civil law. The inclusion was, as a rule, accompanied by regulations on the what, the how, and the wherefrom-whereto of market exchanges. But the content of such provisions depended on the relative political power of the social classes and groups that participated in the decision process, which need not have been all those affected by the result.

Data: Centuries and Regions

During the three centuries that elapsed between 1500 and 1820—that is, approximately from the discovery of America to the beginning of modern capitalist economic development—the estimated world gross domestic product increased by three times, and the world's population by about two and one-half times.[5] The per capita GDP grew by about one-seventh, or at an annual compound rate of .04 percent. Agriculture predominated, and technology was by and large stagnant. International trade was mostly limited to luxury or prestige goods and played only a marginal role in overall economic development.

Between 1820 and 1992—in the course of about 170 years, or during just about one-half the above time span—the world GDP went up by 40 times, the world population by 5 times. The per capita GDP increased by 8 times, or at an annual compound rate of 1.2 percent (a rate 30 times higher than between 1500 and 1820). The main causes are well known: technological progress and accumulation of physical capital; better education and overall improvement in human skills; and increased interaction among national economies through trade in goods and services, direct investments, and exchanges of ideas and expertise.

So far, so good—but the averages provide no more than a picture of the Earth as seen from another planet, and that is hardly enough for a travel guide.

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[4] For additional discussion, see Pokorný (1997: 50-53).

[5] Gross domestic product is defined as the total money value of all final products and services produced in an economy in the course of one year. The comparisons presented in sections 4 and 5 are based on data provided by Maddison (1995: 19-20).

There were marked differences between the paces of economic development in the world's main regions. Some delays were no doubt self-inflicted—consider, for instance, Russia's remaining a medieval empire until about the middle of the eighteenth century—but most of the obstacles resulted from intervention by outside forces. A case in point was the colonization of Africa, Latin America, and large parts of Asia by West-European maritime powers.

In 1820, the average annual GDP per head in Western Europe amounted to what, in 1990, would have been US$ 1,292. At that time, Western Europe was the richest part of the world. The "Western offshoots"—that is, the United States, Australia, and New Zealand, taken together—could claim only 93 percent of that amount. Then came the break: Southern Europe (mainly today's Greece, Portugal, Spain, and Turkey) and Eastern Europe (Bulgaria, Hungary, Poland, and Romania, as well as yesterday's USSR, Czechoslovakia and Yugoslavia) stood at 62 and 60 percent, respectively. Latin America was reduced to 53 percent; Asia and Oceania, including China and Japan, languished at 43 percent. At 35 percent, Africa was the poorest of all.

In 1992 the first place belonged to the "Western offshoots": the average per capita income in the region increased to US$ 20,850, or by 17 times. Western Europe was relegated to 83 percent of that amount, and the relative position of the remaining parts of the world declined dramatically. Southern Europe reached only 40 percent, Eastern Europe dropped to the level of Latin America, at 23 percent; and Asia with Oceania, despite the success of Japan and positive changes in China, attained just 16 percent. With 6 percent, Africa remained the poorest: in the course of 170 years, the annual per capita GDP in the region increased by just three times.

The Works

It was only when barter entered the community itself (with some of "us" remaining gardeners and some becoming fishermen) that the division of labor acquired a truly new dimension and became "social" in the proper sense of the word. Gradually the development of transportation facilities and of monetary transactions enlarged the scope of the social division of labor beyond natural boundaries such as rivers, mountains, and seas. Concurrently, politically imposed frontiers emerged, and local markets became parts of a national market, the predominant spatial market of the modern era. However, as long as the focus is exclusively on the internal logic of the division of labor, boundaries of nation-states, or their regional alliances, are no more than artificial barriers impeding a

"natural" process. From this point of view, globalization of markets is no more than the inevitable final step on the road that began with the first act of barter: it denotes social division of labor in a theater embracing the world as a whole.

Let us note, however, that in the course of time factor markets—the buying and selling of the inputs of labor, natural resources, and capital—were added to the product markets; retailers and wholesalers entered the scene; and the emergence of money engendered widespread lending and borrowing as well as trade in financial securities and currencies, with banks and brokers acting as intermediaries. In this way, the scenery changed. "Trade," which is, after all, just a variation on "tread," became too neutral a word: it could, and would, conceal differences in the bulk, the reach, and the thrust of various "treaders."

Moreover, as markets expanded in size—*from* a nation with its particular history and culture *to* a region still retaining a measure of similarity with respect to economic development and institutional structures, *to* the world infinitely more varied in all these respects—and as interactions between markets became more complex and correspondingly less transparent, differences between the participants in terms of their status and power stood out in ever-sharper relief. At the level of persons and households, adaptation to the new parameters of action and transaction may be both long and arduous; as a rule of thumb, the ability to adjust tends to be proportionate to the "stock" of possessions and skills at one's disposal. Those who are ill-equipped are likely to emerge as losers; if the market were the only provider, they might remain so for generations.

In sum, globalization is not a unidirectional, one-dimensional process. It results in gains for some and losses for others; and even if, numerically, the gainers outbalanced the losers, the society might still have become poorer in terms of quality of life and human development. There is a need, therefore, for an extra-market arbiter to decide what weight should be accorded to the respective benefits and privations, and what support is due to those who cannot rightly be expected to cope with the transition on their own. For quite some time to come, this need is likely to increase.

The "silk road" connecting China with the Mediterranean might have originated as early as the second century A.D.; the Hanseatic League,[6] based in Lübeck, Germany, is said to have operated as a multinational corporation already in the fourteenth century; and the beginnings of worldwide division of labor appear to go back to the sixteenth century

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[6] "Hanse" means "group."

(Grun 1982: 180; Hirst and Thompson 1996: 19; Kinder and Hilgemann 1974: 41,71,183; Wallerstein 1984: 13). To be sure, what we now call "globalization" has a prehistory, and a long one. But continuity is only one side of the story. The other is change. A brief overview will provide a few points of orientation.

The rapid growth of regional income inequalities since the beginning of industrialization had its counterpart in multiplication of inequalities between wages paid in the countries that benefited from the trend and in those that had, for one reason or another, fallen behind. In the middle 1990s, the hourly labor costs of manufacturing in the United States were nearly 70 times higher than in China and India, and 15 times higher in Germany than in neighboring Poland. At the end of the decade, labor costs per hour in the textile, clothing, and footwear sectors stood at US$ 10 in Europe and $7.64 in the United States, while in China (the world's largest exporter of clothing), Indonesia, Pakistan, and Vietnam the cost was US$ 0.45 (*World of Work*, April/May 2000:4).[7] Sooner or later, disparities in the cost of labor-intensive goods were bound to result in expansion of exports from the low-wage countries to the high-wage ones; the process gained additional momentum when large corporations from the West were allowed to make direct investments in the previously closed countries of the East.[8] Before long the trend began to exert downward pressure on wages in the importing countries and to cause layoffs in the sectors concerned.

But this is not to say that the low-wage countries are the uncontested winners. When more advanced technologies, employed in the industrial countries, outweigh the disadvantage of higher wages, the influx of cheaper goods into the developing economies forces producers there to reduce costs or to shut down. Foreign investments that increase efficiency of production also add to the downward pressure on wages in the less efficient domestic enterprises and, when worst comes to worst, cause them to lay off their workers.

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[7] *World of Work* is published by the International Labour Organisation (ILO). The multiples are based on the following figures in US$: US 17.20, China 0.25, Germany 31.88, Poland 2.09. For the textile industry see *World of Work*, December 2000, pp. 21-22. The ILO is a specialized agency of the United Nations.

[8] Exports from Chinese affiliates of U.S. companies increased from next to nothing in 1991 to about US$ 16 billion in 1997, and Chinese exports as a whole to the United States grew from less than US$ 20 billion to about 100 billion in the year 2000 (*Financial Times*, April 12, 2001). By 2004 total Chinese exports to the United States were US$ 196.682 billion (http://www.census.gov/foreign-trade/balance/c5700.html#2005).

True, expansion of export-oriented production in the "emerging" countries will in the long run push upward the wages of their workers—directly in the sectors concerned and indirectly in at least some of the others—and that will lessen the negative impact on the labor market in the importing industrial countries. In both cases, however, the long term will, for quite a few of the adversely affected workers, turn out to be too long. For a substantial part of them, the adjustment will be next to impossible without support from non-market sources.

The state, which had at one time added to the general provisions of the commercial law more specific rules intended to lessen the impact on the society of excessive market fluctuations, was, at another time and under a different constellation of political forces, in a position to withdraw internal regulations of this kind or to participate in international conventions pursuing the same end. Starting with the 1970s, in fact, deregulation became the prevalent trend, and financial markets were among the main beneficiaries. Following the breakdown of the Bretton Woods system of fixed exchange rates (1973), the abolition of controls on capital exports in the United States (1974), and the subsequent establishment of the regime of floating exchange rates (1976-1978), cross-border movements of capital became virtually free of restrictions, and new information technology provided the equipment for almost instantaneous switching of vast amounts of money all over the globe. The result was more flexibility in monetary transactions—and more instability in the world economy as a whole.

Between 1980 and 1996, the world GDP increased by about one and one-half times and world trade more than two times. Cross-border bank lending and foreign direct investments went up about four times. By contrast, trading in currencies, equities, and bonds increased about 40 times, and by the end of period the value of foreign-exchange trading itself was 70 times larger than that of world trade (*Economist*, August 26, 1995: 66; October 17, 1997: 80).[9] Under these conditions, "real" economies could too easily fall prey to trading on the "virtual" financial markets, which, in turn, often became a hotbed of unbridled speculation and arbitrage.[10] No wonder, then, that between 1975 and 1997 the world went through 96 currency crises, while the average loss per crisis amounted to 7 percent of the country's GDP. In addition, there were 44 banking

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[9] In the latter case, the annual growth rates of GDP and trading were read off a diagram; the multiples, therefore, are approximations.

[10] "Speculation" is an attempt to obtain financial gain by deliberate risk taking. "Arbitrage" exploits inconsistencies in the system but takes care to cover the risks involved in the transaction.

crises—with an average output loss of 14 percent—and 25 of them turned out to be currency-and-banking crises, with an average output loss of 18.5 percent (International Monetary Fund May, May, 1998: 77-79).[11] Even if, in several instances, the speculators exploited errors in government policies, the price exacted from the societies affected was much too often determined by the profits to be made, not by the nature or size of the correction needed.

From early times, movements in the international economic space needed a framework of obligatory norms and recommendatory guidelines. Typically, it was the dominant power of the era—"dominant" in the sense of having a sufficiently strong base in the three spheres of production, commerce, and finance—that instituted and maintained them. In the seventeenth century, this was the role of the Netherlands, whose main strength was commerce; in the nineteenth century the mantle fell on the United Kingdom, which had a larger production base and whose preeminence in international finance lasted the longest; since the middle of the twentieth century, the overarching power has been the United States, which attained predominance in all the three spheres.

Concurrently, the scenery also changed in several other respects. After World War II, negotiations about the "frameworks" started to be conducted on the floor of international organizations with a much wider membership and jurisdiction than ever before. The World Trade Organization (WTO), with 148 member states in 2005, and as heir to the General Agreement on Tariffs and Trade (GATT), founded in 1948, assumed the power to oversee trade agreements, to enforce trade rules, and to settle disputes. On the financial side, 1945 marked a similar turning point. The International Bank for Reconstruction and Development (IBRD), often called the "World Bank," with 184 member states in 2005, was charged with providing loans to developing countries along with policy advice on matters such as the overall size of the borrower's budget, where the money should be allocated, and how to improve public-sector management. The task of the International Monetary Fund (IMF), with 184 members, is to help members in balance-of-payments difficulties, to assist them in designing appropriate macroeconomic and structural policy reforms, and to ensure that the recipient countries are fully committed to implementing the recommendations put forward.[12]

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[11] The figures do not include crises that resulted in no loss of output. The output loss is the difference between growth trend and actual output during the recovery period, averaged for all crises that entailed output loss.

[12] Both the IBRD and the IMF are specialized agencies of the United Nations.

These organizations provide nearly all-embracing forums for discussions on coordination of a wide range of trade and financial policies. But they also provide a nearly all-embracing setting within which the dominant power, the United States—often in contest with the competing powers, now mainly the European Union and Japan—pursues its own economic interests and political agendas.

The Frameworks I

Following the failure of the WTO's member states, during the Seattle summit in December 1999, to agree on the agenda for the next round of worldwide trade negotiations, the organization proceeded with more routine activities such as resolving trade disputes.[13] Only after a decent pause did talks resume on the basics.

The subsequent preliminary talks on trade in agricultural products revealed multiple disagreements (*Financial Times*, February 9, 2001; *Globe and Mail*, July 7, 2000). The main exporters, led by Australia and Brazil, as well as a number of developing countries led by India, wanted more access to markets, especially in Europe; elimination of subsidies for domestic farmers, mainly in Europe and in the United States; and phasing out of support programs for agricultural exports (while the poor nations would be allowed to maintain theirs). But Europe and Japan, as well as the United States and Canada, intended to retain for some time the right to extend a measure of state support to their farmers (the "measure" to be determined in future negotiations). Clearly, the task before the WTO was daunting: in the beginning of 2001, there remained 1,371 tariff quotas on agricultural products. Moreover, once China starts to use its muscle and Russia becomes a member too, the negotiations are likely to become even tougher.[14]

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[13] But "routine" need not mean "insignificant." Within three months of the "disaster in Seattle," the WTO's trade tribunal rendered the most important verdict in its five-year history to that time. Responding to a complaint placed before it by the European Union, the organization found the United States guilty of providing, albeit indirectly, 3,000 to 7,000 of its companies—including such giants as General Motors, Microsoft, Monsanto, Ford, Exxon-Mobil, Boeing, Motorola, Proctor & Gamble—with illicit export subsidies. Trespassing on the country's obligations to the WTO and its member states, U.S. laws allowed the corporations to set up "letter-box companies" in the tax havens of the Virgin Islands, Barbados, Guam, and elsewhere. In this way, American exporters were able to reduce their tax bill by 15 to 30 percent, charge correspondingly lower prices for their products, and gain unfair advantage over their competitors (*Financial Times*, December 6, 1999; February 25, 2000).

[14] On September 15, 2001, the WTO agreed on the terms of China's entry, and on

Another contentious theme goes under the heading of "standards." On labor standards, the confrontation is squarely between the industrial countries and the developing ones. The former, mainly Europe and the United States, argue that the WTO should play its part in convincing the latter to grant their workers the right to bargain collectively and to be free of abuse in the workplace. The reference is mainly to forced labor and certain types of child labor. Quite a few of the developing states reply that this appeal to the WTO represents merely an attempt to diminish the comparative advantage accruing to them from lower wages, and that working conditions will improve with economic growth, which application of the standards would impair. In a number of cases, obviously, low wages for workers contribute to extra profits for the employers. However, the industrial nations' position is not quite safe and sound either. "Why"—it might be asked—"don't you lower or abolish import quotas or tariffs for the commodities concerned and help your own workers to cope with the ensuing situation?"

When it comes to health and safety standards, the dividing lines have cut across the industrial world itself. The United States and Canada lodged a complaint against the European Union's ban on imports of beef from cattle raised on growth hormones and won: the scientific evidence provided by the defendant failed to convince the WTO adjudicators. But were they the right court to deliver the judgment? Or, to put it more bluntly, is the signing of a *trade* agreement to be understood as surrender of the participating state's sovereignty in a matter that may affect the *health* of millions of its people? The WTO has usually replied that any member state is entitled to set standards as high as it considers necessary—provided they are not used as disguised protection of domestic producers.[15] But in matters of this importance, it is better to err on the side of caution, and unless the protectionist intent is blatant,

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November 10, at Doha in Qatar, the trade ministers' meeting confirmed China's accession. The next day China ratified its membership, and it became a full member on December 11, 2001 (*Economist*, September 22, 2001, p. 61; *Financial Times*, October 26, 2001). Negotiations with Russia are continuing.

[15] True, in the absence of sufficient scientific evidence, the WTO rules allow a government to take provisional measures on the basis of the information available. But the government must then seek further information and review the measures. So it is back to the question of who will decide, and on what grounds, whether the review mandated was conducted properly. For a background to the discussion of standards, see "Trade and labour standards; Subject of intense debate" (http://www.wto.org/english/thewto_e/minist_e/min99_e/english/about_e/18lab_e.htm). See also "Seattle: What's at Stake? Concerns and Responses (2)" (http://www.wto.org/english/thewto_e/minist_e/min99_e/english/book_e/stak_e_7.htm) and *Economist*, December 11, 1999, p. 19.

exactly how much caution is justified ought to be a matter of politically mediated moral judgment, not a commercial one.

The remaining piece of unfinished business was inherited from the Organization of Economic Cooperation and Development (OECD). This group of 29 industrial countries had attempted to put in place a Multinational Agreement on Investments (MAI). The main goal was to remove national boundaries with respect to investments in the service sectors: banking and insurance, health care, communications, education, and culture. In 1998, however, after France refused to let its culturally sensitive sectors slip into foreign hands and Canada declined to sign up for foreign access to magazine publishing, the project was abandoned. The WTO stepped in to pick up the pieces and started to prepare its own version of the package. The goal remained the same—progressive liberalization—but when presenting its project to the public, the WTO was at pains to stress that it opted for a "bottom-up" approach, meaning that "due respect" must be paid to "national policy objectives," and where "overriding" policy commitments are involved, "general exceptions" will be granted to the country concerned (*Economist*, March 14, 1998: 19-20).[16] An "exception," however, merely "proves the rule": it is a deviation from an accepted standard, a divergence that has to be justified time and again, and an anomaly that will not be allowed to last for long.

On November 14, 2001, ministers from the WTO member states, meeting in Doha, Qatar, approved a "work program" for the next round of trade talks. The developing countries won some mitigating reformulations, mainly on access to patented medicines, but most of the old disagreements remained.[17] Banks and insurance companies are seats of power, and the foreign owners need not use it in the host country's best

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[16] See also P. Wahl and M. Windfuhr, "Protection and Freedom for Foreign Investors: The Multilateral Agreement on Investments" (*D+C Development and Co-operation*, March-April 1998, pp. 19-20) at: (http://64.233.167.104/search?q=cache:gLgp1SqoHCsJ:acp-eu.euforic.org/civsoc/by_theme/171.htm+%E2%80%9CProtection+and+Freedom+for+Foreign+Investors:+The+Multilateral+Agreement+on+Investments,%E2%80%9D&hl=en). "General exceptions" were stressed in a letter from David Hartridge, Director, Trade in Services Division, WTO, addressed to the *Financial Times* on March 30, 2001.

[17] The ministerial meeting produced three documents. The first was the "main declaration" containing most of the "work program." The second declaration assured the developing countries that TRIPS (the WTO rules of trade-related aspects of intellectual property rights) would not result in patent laws being used to block their access to essential medical supplies. But it remained unclear whether this referred only to the country's own drug industry, or also to imports from other countries (*Financial Times*, November 16, 2001). The "decision on implementation" dealt with the developing countries' difficulties in implementing current WTO agreements.

interest. As for health care, profit-oriented providers would gain ground against those that are publicly funded and are hence more likely to be responsive to the nation's social values. Turning to communications, education, and culture, it needs to be said, and said again, that market *economy* is one thing, and market *society* is quite another (for the latter would have no *cultural identity* to speak of).

The modus operandi of the World Bank and the IMF goes by the name of "conditionality": "We shall help you with a loan, but—barring emergencies—only after you accept certain commitments." More specific requirements will also have to be satisfied before an installment of the loan is released.

It is, of course, to be expected that an international organization, using funds placed at its disposal by a number of countries, will want to make sure that the money, advanced to this or that of the needy ones, is used in an appropriate fashion. Once more, however, much depends on what "appropriate" is taken to mean, who makes the decision, and on what grounds.

The conditions are of two kinds. Some are formulated in terms of performance (say, reduction of the rate of inflation below a certain percentage), while others are structural: for instance, in order to reduce the rate of inflation, the borrowing state is asked to reduce taxes on high-income earners (a measure deemed to encourage more investment and thus to increase output). The IMF, which deals with both economically developed and developing countries, initially relied for the most part on the performance requirements. In the 1990s, however, attention turned—at the behest of the United States, or so it is sometimes said—to the structural conditions. As a consequence, their number per loan increased dramatically, from an average of 2 in 1987 to an average of 17 in 1997. And so did their "quality," that is, their penetration. The IMF took it upon itself to demand measures aimed at improvements in "the management of public resources through reforms covering public sector institutions (e.g., the treasury, central bank, public enterprises, civil service)" and at putting in place a "regulatory environment conducive to efficient private sector activities (price systems, exchange and trade regimes [and] banking systems)."[18]

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[18] For the development of conditionality, see, for instance, News Brief No. 97/15, "IMF Adopts Guidelines Regarding Governance Issues," August 4, 1997 (http://www.imf.org/external/np/sec/nb/1997/nb9715.htm); also "Conditionality in Fund-Supported Programs–Overview," February 20, 2001 (http://www.imf.org/external/np/pdr/cond/2001/eng/overview/).

As a result, a borrowing government (the Republic of Korea in this case) was asked, for instance, to agree to "eliminate trade-related subsidies [and] restrictive import licensing"; to "liberalize foreign investment in equity markets by increasing the ceiling on aggregate foreign ownership from 26 percent to . . . 55 percent"; to "provide additional encouragement for corporate mergers and acquisitions"; to arrange for "immediate privatization of 5 state-owned enterprises and their 21 subsidiaries"; and to enact "legislation to increase labor market flexibility" so that it would be easier for enterprises to dismiss their employees, while the state would limit the latter's unemployment benefits.[19]

In brief, while the performance conditions addressed specific macroeconomic imbalances, the structural conditions aimed at an overall adjustment of the borrowing country's *institutions* to meet the demands of "free markets" and economic globalization.

True, in the first half of 2001, the IMF's management announced plans to "focus and streamline" the application of conditionality—but the outcome is still uncertain.[20]

In the case of the World Bank, whose motto is "A World Free of Poverty," the conditions are aimed mainly at ensuring that economic development is governed by market rationality alone. But in drafting and applying the ensuing requirements, it is too often forgotten that there is a class of market distortions caused not by interference on the

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[19] The conditions are quoted according to the following documents: "Republic of Korea: IMF Stand-By Arrangement," December 5, 1997, p. 3 (http://www.imf.org/external/np/oth/korea.htm); Press Information Notice No. 98/39, "IMF Concludes Article IV Consultation with Korea," June 19, 1998, p. 2 (http://www.imf.org/external/np/sec/pn/1998/pn9839.htm); "Letter of Intent of the government of Korea," July 24, 1998, pp. 4 and 14 (http://www.imf.org/external/np/loi/072498.htm); "Letter of Intent of the government of Korea," March 10, 1999, p. 4. (http://www.imf.org/external/np/loi/1999/031099.htm).

[20] For the changes contemplated, see Public Information Notice No. 01/20, "Executive Board Reviews IMF's experience in Governance issues," March 8, 2001 (http://www.imf.org/external/np/sec/pn/2001/pn0120.htm); "The IMF in the Process of Change. Statement by Horst Köhler, Managing Director of the IMF," April 29, 2001 (http://www.imf.org/external/np/omd/2001/state.htm). At about the same time, however, Turkey was forced to devalue its currency—see section 11—and asked for a substantial loan from the IMF. During the negotiations, the Fund still insisted on detailed conditions with respect to reorganization of the bank system, liberalization of gas, electricity, and tobacco markets, and privatization of a state-owned television network (*Financial Times*, March 30, April 20 and April 27, 2001). Then, a few months later, the IMF announced a loan to Argentina—see section 12—and merely asked that the government continue with its existing programs (*Financial Times*, August 28, 2001).

part of the state but by the power that some market actors are able to exert over others. And it is precisely in the low-income countries that these differences often stand out in the sharpest relief. In a village, the local money lender forces his customers to pay interest at usurious rates. Thinking of a country or region, mobility of capital—a high priority on the Bank's part—increases the bargaining power of capital relative to (the less mobile) labor. When the Bank's "policy advice" on the size of the borrowing country's budget and on the allocation of expenditures requires that public services be curtailed, the winners, in terms of standing and power, are those who can afford to pay for education, health services, or transportation on their own, and the losers, in both respects, are those who cannot.

In sum, the Bank's loans may help to enhance, in the medium term, the developing countries' production capacities and to increase *average* income levels. But insistence on freeing the formal rules of the "market game" from all, or most, substantive, human-needs-oriented boundary lines contributes also to growing inequalities in income *distribution*. At some point, then, the "spread" becomes so wide that, at least in the short term, poverty befalls more people or hurts them even more deeply: "Short run survival trumps medium run benefits every time, if the family is actually on the edge of survival."[21]

One of the main statutory purposes of the International Monetary Fund has been "to promote exchange stability" by contributing to the establishment of "a monetary system that does not tend to produce erratic disruptions."[22] Looking back on the last 25 years, however, the Fund finds itself confronted with a long, unending sequence of currency crises or currency-related crises.

From 1975 to 1997 there were, as already noted, about 120 of them. Near the end of that period, in 1994-1995, the Mexican *peso* depreciated

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[21] For a more detailed discussion of theses issues, see Ravi Kanbur, "Economic Policy, Distribution and Poverty: The Nature of Disagreements" (http://www.ifad.org/poverty/lecture.pdf). He also warns against too much reliance on percentages. Even if the percentage of the poor declines, the population may have meanwhile increased to a point at which the absolute number of the poor—which is what ought to count—increases. Kanbur, who had been director of the WB's World Development Report on Poverty, resigned from his position in June 2000. In 1999 the Bank's chief economist, Joseph E. Stiglitz, also resigned because of disagreements over the Bank's policies. In 2001, Stiglitz became one of three economists who were awarded the Nobel Prize. For his critical assessment of the World Bank and its programs see Joseph E. Stiglitz, *Globalization and its Discontents*, New York: Norton, 2002.

[22] *Articles of Agreement of the IMF*; Articles I (iii) and IV, Section 1 (ii), available at (http://www.imf.org/external/pubs/ft/aa/).

by 50 percent. The losses amounted to 12-15 percent of gross domestic product, the annualized monthly inflation rate peaked at over 150 percent, and half of the population found itself below the poverty line (IMF 1998: George 1999).

A few years later, in 1997-1998, the Indonesian *rupiah* lost 80 percent of its value, the South Korean *won* 50 percent, and Thailand's *baht* 40 percent. As a result, the GDP of Indonesia declined by 15.3 percent; unemployment rose from 4.9 to 15.9 percent; and in the course of one year, the number of people living in poverty increased three times, to 38 percent. In South Korea, the GDP went down by 7 percent; unemployment went up from 2.3 to 8.4 percent; and 12 percent of the population was feared to fall below the poverty line. In Thailand, the GDP decreased by 8 percent, unemployment increased from 2.2 to 6 percent, and the percentage of the poor was estimated to increase from 11.5 to 28 (Berg and Patillo 2000: 7; *World of Work* February 1999: 28-31; *Economist* March 7 1998: 114; *Economist* June 6 1998: 38).

In the second half of 1998, the Russian *ruble* depreciated by more than 70 percent. The country's economic performance deteriorated sharply; the real GDP declined by 4.8 percent—in terms of US dollars, by 26 percent—and consumer prices went up by 84 percent. A bad situation became even worse. By the end of 1999, 80 million people—53 percent of the population—lived in poverty (IMF 1999: 31-34; *Le Nouvel Observateur* December 23 1999: 40).[23]

Early in 1999, Brazil's *real* lost 50 percent of its value (IMF 1999: 28-31). In February 2001, Turkey was forced to devalue its currency by 30 percent (*Economist* March 3 2001: 49).

A quarter of a century is a long time, and the chain of financial crises that occurred in its course poses a disconcerting question: What went wrong? Or rather: Does the IMF acknowledge that something did, indeed, go wrong? Not really.

Like the World Bank, the Fund is a kind of global cooperative. The size of a country's shareholding is proportionate to the size of its economy, and the share determines the member state's voting power. Taken together, the largest industrial countries (the Group of Seven) have about 46 percent of the votes, and the United States itself 17 percent, which

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[23] The decline of the Russian economy goes back to the beginning of 1992 and the hasty transition from plan to market, which involved "total liberalization of prices, hyperinflation, massive imports of goods from abroad, collapse of [domestic] production, and flight of capital" (Victor Ivanter, Director of the Institute of Economic Forecasting, Russian Academy of Sciences, interviewed by *Le Nouvel Observateur*, March 16, 2000, p. 56).

gives it the power of veto with respect to decisions on major policy issues.[24] Since the 1970s, the United States has been the major proponent of the deregulation of financial markets, and by and large the other members of the G-7 have followed suit—with various degrees of enthusiasm. The words "to promote exchange stability" came to be interpreted as a directive to repair the damage already done; that is, to restore to their proper shape the structures of the (impersonal) market system that is believed to be best equipped to take care of the well-being of (nameable) market actors, despite the manifest inequalities in their standing and power. "Prevention" is then limited to monitoring, analysis, oversight, and words of advice (*Articles of Agreement of the IMF*, Article IV(3)a).[25]

To be more concrete, it has been known since at least the early 1990s, when Britain's *sterling*, as well as Italy's *lira*, was forced to leave the European Monetary System and the Spanish *peseta* had to be devalued, that massive speculative buying and selling of currencies is capable of destabilizing even large, albeit still evolving, currency systems. But no action has been taken on proposals to constrain such transactions, even if only indirectly.[26]

More recently, large short-term capital flows into, and subsequent abrupt withdrawals from, South-East Asia became—along with lax lending practices on the part of domestic banks—the main cause of the currency crises in 1997-1998. Although this is, by now, the prevailing view of the matter, no controls over such transfers have been put in place—despite appeals, for instance, from the International Labour Organisation (Berg and Patillo 2000: 3-7).[27]

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[24] See "IMF Members' Quotas and Voting Power, and IMF Board of Governors" (http://www.imf.org/external/np/sec/memdir/members.htm).

[25] For the *Articles* see, (http://www.imf.org/external/pubs/ft/aa/). See also "Statement" by Horst Köhler, Managing Director of the IFM, April 29, 2001 (http://www.imf.org/external/np/omd/2001/state.htm) and Eduardo Aninat, Deputy Managing Director of the Fund, speaking during a press conference of its Development Committee, April 30, 2001 (http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20025769~pagePK:64257043~piPK:437376~theSitePK:4607,00.html).

[26] I have in mind an international tax on currency markets transactions, proposed by James Tobin (see, e.g., Jean-Marc Siroen, *Le désordre monétaire international*. Paris: Hatier, 1991, p. 323), and the arrangement suggested by Barry Eichengreen and Charles Wyplosz, according to which financial institutions, which maintain open foreign-exchange positions, would be required to place non-interest-bearing deposits with their central bank (*Economist*, August 21, 1993, pp. 16-17).

[27] See also the statement by Juan Somavia, Director-General of ILO, to the International Monetary and Finance Committee, April 29, 2000, p. 2 (http://www.imf.org/external/spring/2001/imfc/ilo.htm).

However, "to promote" can also mean to help forward—and that brings to mind another of IMF's Articles of Agreement; namely, the provision that the Fund "may determine . . . that international economic conditions permit the introduction of a widespread system [that is, *one* system] of exchange arrangements based on stable but adjustable par values" (*Articles of Agreement of the IMF*, Article IV, section 4). True, the present situation, taken as given, need not satisfy the "conditions" envisaged. But the response may be of two kinds. The Fund may just continue to sit on its hands and wait until the "permitting" circumstances develop on their own. If the past 25 years are any guide, however, that is a forlorn hope. Alternatively, the Fund might seize the initiative and help to create the conditions conducive to gradual institutionalization of a reasonably stable system of currency exchanges. But even if most of the member states tried to do so, there would still be one more hurdle to overcome. The determination that the "warranting" conditions are present requires 85 percent of all votes, meaning that here, too, the United States has the power of veto.

The Frameworks II

Regional economic integration ranges from free trade (elimination of tariffs, quotas, and similar impediments to intraregional trade) *to* a customs union (which includes agreement on a common external tariff) *to* a common market (which adds free movement of capital and labor) *to* an economic union (implying much closer coordination of economic policies) *to* economic and monetary union (adding either fixed exchange rates within the region, or a common currency for the whole of it).[28]

Some of the participating countries see and use their regional alignment as a major tool of economic globalization. Others regard their regional bloc as a means of attaining a measure of control over the process. Still others are pondering their options: What type of regional group, if any, is it in their interest to join?

The first is the prevailing attitude of the United States, which is the world's largest economy with about 4.7 percent of the globe's population but 31 percent of the world's gross income.[29]

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[28] The following brief review of this type of "framework" does not include the three African organizations—the Common Market for Eastern and Southern Africa (COMESA) with 21 member states, the Economic Community of West African States (ECOWAS) with 15 members, and Southern African Development Community (SADC) with 13 members—which have yet to make their mark on the world scene.

[29] "Gross national income" is defined as the total money value of all final goods and services produced in an economy in the course of a year (or the gross domestic prod-

As the first step, let us note that the United States succeeded in the late 1980s in negotiating a free trade agreement with Canada, and in 1994 Mexico signed up for the North American Free Trade Agreement. Geographically the three countries are a continuum, but socially they are very different. In the year 2000, the average annual per capita GNI in the United States amounted to $ 34,260, and at about the same time—in the second half of the 1990s—the richest 20 percent of households had at their disposal 9 times more income than the poorest 20 percent. Next came Canada with US$ 27,330 a year and a 20:20 ratio of just over 5. Finally, there was Mexico with US$ 8,810 (about one-quarter of the figure for the US), a 20:20 ratio of more than 14 (nearly 3 times as high as in Canada), and external public debt equal to 40 percent of its annual GNI.[30] In short, going north, income inequality declines; going south, it jumps upwards. A sky-high foreign debt raises its ugly head, and it does not look as if the money borrowed was used to reduce the gap between the rich and the poor.

For several years now, the United States has been trying to expand NAFTA into a Free Trade Area of the Americas (FTAA) that would embrace all the countries of the continent except Cuba. But this is not untrodden ground. The countries of the Caribbean, Central and South America—there are more than thirty of them—have already formed

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uct) *plus* net property income from abroad. The source is "Total GNI 2000, Atlas method." Amounts expressed in the individual country's currencies are converted into "current US dollars," and a three-year average of exchange rates is used to smooth the effects of transitory exchange fluctuations. The GNI data, as well as the population data ("Population 2000") used in the calculation of the GNI percentages, are included in *World Development Indicators database*.

[30] Unlike the total amounts of GNI, the per capita averages are expressed in US$ adjusted for "purchasing power parity," which is, of course, a better indicator of the true value of the monetary income than the latter's equivalent in "current US dollars." The data are for the year 2000. It should be noted that (a) the PPP-adjusted incomes are in many instances substantially different from (b) those expressed in "current US dollars" (see the Atlas method in the preceding note). For instance, Argentina comes up with US$ 12,090 under (a) and US$ 7,440 under (b), while for Sweden the figures are US$ 23,770 according to (a) and US$ 26,790 according to (b). The PPP-adjusted average per capita income figures for individual countries and data on their population (also for 2000) are then used for the purpose of calculating the subregional averages. For the 20:20 ratios, see *Human Development Report 2001*, New York: United Nations Development Programme, pp. 182-185. Most of the income distribution surveys, cited in the remainder of this section, were conducted during the second half of the 1990s, but the year may vary from one country to another. For the value of external public debt in 1999 see the *World Development Indicators* referred to above. The debt is then compared to the country's GNI (US$ at market prices) for the same year.

several subregional trading blocs. The most important of them is led by Brazil and Argentina: the Southern Common Market (Mercado Comun del Cono Sur, or MERCOSUR) with 3.8 percent of the world's population and about 3.1 percent of the global GNI. The Andean Community (Comunidad Andina de Naciones, or CAN), in which the dominant players are Venezuela, Colombia, and Peru, ranks second, with 1.9 percent of the world's population but only 0.9 percent of the world's GNI.[31]

Each of the two subregional groups pledged to establish a common market, but thus far neither has succeeded in doing so. For the time being, most of the trade within each of the two areas is free of restrictions, but even a uniform tariff with respect to outside parties is not yet in force. All in all, progress has been slower than expected or hoped for. Efforts to facilitate trade within the region inevitably brought out structural differences between the participating economies. The 1999 currency devaluation in Brazil, South America's largest economy, was followed by a severe energy crisis and indications of economic slowdown. In January 2002, after three years of recession, Argentina, the second largest economy of the region, defaulted on its external debt (amounting to half of its GNI), abandoned, after 11 years, the parity of the peso with the US dollar, and devalued its currency by 30 percent. It will help to recall that after a period of hyperinflation—3,079 percent in 1989 and 2,314 percent in 1990—Argentina agreed to a program of reforms put forward by the World Bank and the IMF. Apart from peso-dollar convertibility, the measures included 103,000 layoffs in public administration and massive privatization of state enterprises from the energy sector and oil production to communications, railroads, ports, defense industries, and a dozen banks. Even the World Bank, however, conceded that during the 1990s "certain social indicators have deteriorated—such as income equity and poverty." In due course, moreover, the currency peg had become a major impediment to the country's exports.

The idea of a free market embracing both MERCOSUR and the Andean Community, formally agreed to in 2004, was widely regarded

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[31] MERCOSUR, agreed upon in 1991, has, in addition to Brazil and Argentina, two other full members: Paraguay and Uruguay. The Andean Community, going back to 1993, also includes Ecuador and Bolivia. In October 2004, MERCOSUR and the Andean Community of Nations (CAN) entered a free trade agreement intended to reduce tariffs over a period of 15 years. For the purpose of this brief survey, I have set aside the Central American Common Market (Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua) as well as the Association of Caribbean States. The Central American Common Market may, however, become more significant if a Central American Free Trade Agreement (CAFTA) is concluded between member countries and the United States. (See *Economist*, May 14, 2005, p. 41.)

as part of Brazil's plan to transform South America, under its leadership, into a geopolitical unit that would become a counterweight to the North American bloc dominated by the United States.[32] Viewed from within, however, Brazil is far from a model to emulate. In the year 2000, its average annual per capita GNI (US$ 7,320) was 10 percent lower than the bloc's average (US$ 8,160), about 20 percent lower than in Uruguay and Chile, and 40 percent lower than in Argentina, which was, at least in terms of averages, the best performer of the region during the 1990s. In fact, only Paraguay, the smallest of MERCOSUR's economies, was poorer than the largest: Paraguay's average per capita GNI was only US$ 4,460 a year. Turning to income distribution, the picture is, for the most part, even worse than in Mexico. The most affluent 20 percent of Brazil's population acquired 24 times more income than the lowest paid 20 percent. In Chile the ratio was 18, in Argentina 14, in Uruguay 9—and in Paraguay, the poorest of all, it was 32. If this is—except for the happy few—a picture of poverty, the Andean Community is in even worse shape. At US$ 5,000, the subregion's average per capita GNI was about 40 percent lower than MERCOSUR's. For Venezuela and Colombia, the largest and second largest economies of the group, the figure was about one-sixth higher, and the 20:20 ratios stood at 16 and 20, respectively. Peru's per capita GNI was somewhat below, and its 20:20 ratio of 12 considerably below, the Andean Community's averages. For Ecuador and Bolivia, the data were even more dismal. In Ecuador, the per capita GDP amounted to less than 60 percent of the subregion's average, and the 20:20 ratio stood at about 9. In Bolivia, it was less than 50 percent, and the income-inequality index was as high as 32—recall poor Paraguay.

For a subcontinent of this description, a United States-sponsored "free trade for the Americas" no doubt offers new commercial opportunities. True, history has given Latin American countries plenty of reasons for considering Washington's overtures very carefully. As may be noted, Mexico's sale, in 1848, of the northern half of its territory to the United States for 15 million dollars had hardly been an instance of free trade. Still, there is the lure of more exports to, and more direct investments from, the North. During the Quebec City summit in April 2001, the heads of state and government of the Americas instructed their ministers

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[32] This appears to have been the message conveyed by Brazil to the summit meeting of South American presidents in the fall of 2000 (*Financial Times*, September 1, 2000). The emphasis was on South America as distinct from Latin America, which includes Mexico, Central America and the Caribbean.

to "ensure that negotiations of the FTAA Agreement are concluded no later than January 2005."[33]

This is not to suggest that the whole project, implying also closer political ties among the participating states, was accepted with enthusiasm or without qualifications. Venezuela reserved its position on the 2005 deadline. The presidents of the Andean Community issued a declaration confirming their "rejection of all actions . . . aimed at impairing the full exercise of the democratic mandate of their governments." Brazil served notice that the FTAA would be acceptable only if it included changes in the U.S. anti-dumping rules as well as reduction of its non-tariff barriers and farm subsidies. Mexico proposed a European style "social cohesion fund" to help those whom the pact would deprive of employment or otherwise impoverish—a fund to be paid for by a cut of 5 percent in defense spending. But that was just breaking stones: there was no chance that the United States would agree to such an outlandish idea.[34]

Nor was this the end of the story. As already noted, about half a year after the Quebec City Summit, Argentina plunged into a deep economic, social, and political crisis, involving unemployment at the level of 18 percent of the labor force, 2 in 5 Argentineans living in poverty, US$ 3.5 billion seized by the government from private pension plans, 33 dead in the course of mass protests against austerity measures, 3 presidents within two weeks, and currency devaluation. In the background, 90 percent of banks and 40 percent of industries were in the hands of international capital (*Financial Times*, December 7, 14, 21, 28, and 31, 2001; *Le Monde diplomatique*, January 2002, p. 3; *Globe and Mail*, January 5, 2002).

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[33] See the Declaration of Quebec City, dated April 22, 2001. As for the existing subregional free trade agreements, the Buenos Aires Declaration of Ministers of Trade of the Hemisphere, dated April 7, 2001, stated that "the FTAA can coexist with bilateral and subregional agreements, [but only] to the extent that the rights and obligations under these agreements are not covered or go beyond the rights and obligations of the FTAA" (http://www.sice.oas.org/ftaa/baires/minis/bamin_e.asp). As of June 2005, these negotiations have not been concluded, and they are not likely to be concluded in the near future.

[34] The Declaration does not make clear whether Venezuela objected to the deadline of January 2005 for completion of the *negotiations* of the FTAA Agreement, or to the deadline for its *entry into force* no later than in December 2005, or to both these deadlines. The Andean Comuniqué was apparently motivated by Venezuela's objection to the wording of the Declaration's "democracy clause." President Chavez said that "representative democracy" was a trap for Venezuela: he preferred "participatory democracy" (See *Economist*, April 28, 2001, p. 35). There is also significant opposition to the FTAA in the United States congress.

The consequences are difficult to foresee. But it is widely recognized that crises of this magnitude call into question the neoliberal orthodoxy that the United States intends—insofar as it is compatible with its own interests—to be the *terra firma* of the FTAA and of international economic integration in general. Indeed, since 2002 the FTAA project has been stalled, and in April 2005, the President of Brazil declared that it was "off the agenda." Luiz Inácio Lula da Silva commented: "How did we take it off the agenda? By strengthening MERCOSUR, creating the South American community of nations and trying to establish a new standard of relations between South American countries."[35]

The European Union does not see itself as an engine of economic globalization: it is more mindful than the United States of the social costs of the process and adopts a more cautious approach to it.

In the main, it is a matter of history. Integration of markets in Western Europe was a political response to the exigencies of the post-World War II period. It was imperative to avoid further devastating wars between Germany and France. Britain, France, the Netherlands, and Italy lost their colonies in Asia and Africa. Europe itself stood divided into the West and the East, the latter dominated by the Soviet Union. The rise of the United States on the global scene became a source of both assurance and concern. Western Europe had to reestablish its position in the world.

Half a century after the first step toward economic integration—after the formation of the European Coal and Steel Community in 1951—and more than a decade after the collapse of the Soviet Empire, the European Union was again confronted with the question of identity, and this time in two intertwined forms: it had to decide on its future frontiers and on the depth of political—not only economic—integration within them.

Prior to its enlargement in 2004, the EU had fifteen member states of which twelve participated in the Monetary Union (whose euro was launched, in notes and coins, in January 2002). In the year 2000, the EU15 was host to 6.2 percent of the world's population; in this respect, it was one-third larger than the United States and its share of the world's GNI was 27.1 percent, 3.9 percent less than that of the United States.[36] In May 2004, the Union admitted ten additional members, increasing its share in global GNI to 27.6 percent. EU25 has about 7 percent of the world's population, more than half as much again as the United States, but its GNI is 87 percent of that in the United States. In the

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[35] See (http://americas.org/item_19192).

[36] The comparisons are limited to the United States because NAFTA is, and the FTAA is intended to be, a free-trade zone, not a common market, let alone an economic union.

short term, this is just a way of saying that the average per capita GNI in EU25 is substantially lower than in the United States. In the long run, though, the number of member states and their combined population indicate the (potential) basis for concerted political action in the world's forums, particularly if some form of EU constitution is eventually ratified.

Taking another view of the scenery, the EU15 was home to five of the world's ten largest economies. Post-unification Germany—ranking first in Europe and third in the world after the United States and Japan—claimed 24 percent of the Union's GNI. France and the United Kingdom came next with about 17 percent. Italy followed with 14 percent, and Spain—coming, in the world as a whole, after China, Brazil, and Canada—contributed seven percent. For EU25, these figures are, of course, somewhat lower, yet the composition of the leading group will, for quite some time, remain the same. Poland, the largest country among the ten new members, has a population about equal to that of Spain, but its GNI is now just 2 percent of the expanded region's total—a share lower than that of much smaller countries such as Austria, Sweden, or Belgium. But this is not to suggest that the enlargement has left the Union's core intact. The EU's center has shifted eastwards—away from France—and not only geographically. Both proximity and history, however turbulent it was, make it likely that Germany has more to gain from the Union's expansion to Central and Eastern Europe than any other member of the EU's inner circle.

Put two and two together—in this case, population and outputs—and the result is per capita incomes. In EU15 Italy's per capita GNI of US$ 23,370 could serve as the group's average. The spread was between 17 percent above this benchmark and 28 percent below it. Three of the largest economies and most of the participating states were in the relatively narrow above-average bracket. Only Spain, Portugal, and Greece found themselves below the average—but to a more substantial extent. The corresponding figures for the new members (including Bulgaria and Romania, who are projected to join in 2007) are, for the most part, of a different order. Here the average is US$ 9,060—about two-fifths of that for the EU15—and the distance between the highest and the lowest national income level is much wider. Among the new and projected new members from Central and Eastern Europe, Slovenia and the Czech Republic occupy the top positions with per capita GNI's 90 percent and 50 percent above the group's average; Romania and Bulgaria find themselves 30 and 40 percent below the mean. To return to the two subregional averages, the wide gap between them will require a cautious approach to certain types of transborder movements. Some of the EU15 have been concerned about opening their labor markets and markets for

agricultural products to the acceding members.[37] Nor were the new members eager to allow their land to be purchased by wealthy parties from the former.[38]

Turning to the 20:20 ratios, what we learn is that there is no marked difference between income inequality in the EU15 and in Central and East European countries.[39] In the first case, the unweighed average 20:20 ratio is 4.7, equal to that for Germany, and in the second case, it is 4.4, somewhat higher than the ratio for Romania. Among the EU15, the below-average numbers stretched from 3.2 to 4.2—from Austria via Belgium, the Scandinavian countries to Italy—and the above-average ratios from Greece (5.3), via Spain, the Netherlands, France, Portugal, and Ireland to the United Kingdom (6.5). Among the new members and members to be, the better performers range from Slovakia (2.6), via the Czech Republic, Bulgaria, and Slovenia to Romania (4.2), and the worse from 5.1 to 6.5, from Poland via Lithuania and Latvia to Estonia. In other words, the collapse of the Soviet-type economic and political order in the outlying countries of the empire did not lead to the sharp division between the rich and the poor that became the fate of Russia itself.

But incorporation of the ten new countries into the EU in 2004 has amounted to another major transformation—even if of a different kind—and in the short and medium term, the outcome will depend to a large extent on the social policies they are going to adopt and on the support they will receive from the Union. That support will presumably come from the EU Structural Funds, and it is imperative to avoid a social "free fall" in the new countries. These words bring to mind the perennial European in waiting, Russia, with a population of nearly 144 million and Gross National Income, in 2003, of US$ 375 billion, smaller than that of the Netherlands with a population of 16 million. The present value of Russia's foreign debt is nearly 50 percent of GNI; the per

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[37] Conservative estimates put the "long-term migration potential" at about 1 percent of the EU15 population, while between 1 and 8 percent of the labor force would commute in the border regions. As for agriculture, in the middle 1990s "farm-gate prices" in the candidate countries were 20 to 60 percent lower than in the EU (*Enlargement Weekly*: March 12, 2001, pp. 4-5).

[38] In the course of preliminary negotiations, Poland asked the EU for a transitional period of 18 years, during which time sales of farm and building land would be prohibited, and for a 6-year ban on the sale of land for industrial purposes. Hungary requested a 10-year postponement for the first type of transactions and a 5-year exclusion for the second. The Czech Republic was reported to lean toward Poland's position on the issue (*Financial Times*, July 14, 1999).

[39] The ratios are not available for Cyprus and Malta.

capita GNI in 2000 was US$ 8,030 a year, about one-third of the average in the same year for EU15. In terms of income distribution, the 20:20 ratio is 12.2, which is more than twice as high as in EU25. Obviously, the cost to the EU of helping Russia to avoid a social "free fall" would be very, very high. And seeing that its population is larger than that of Germany and France taken together, the Russian Federation's presence would upset the delicate balance of power in the EU's governing bodies. In short, Russia will have to be patient for a very long time to come.

The Association of South East Asian Nations (ASEAN)[40] has a population larger than the NAFTA or EU—8.6 percent of the world's total—but in the second half of the 1990s its share of the world's GNI was in the neighborhood of 2 percent, or about one-seventeenth of the share of the North American bloc and one-fourteenth of the share of the EU15. The average per capita GNI in oil-rich Brunei and in financially, as well as technologically, astute Singapore, which are by far the wealthiest of the ten member states, was at the level of the EU15, but for the remaining countries the average—US$ 3,410—remained substantially lower than that of the Andean Community, the poorest subregion encountered thus far. However, income inequality was lower than in South America. For Thailand, the 20:20 ratio stood at 7.6, close to the group's average. In Malaysia and the Philippines the figures were higher (12 and 10); in Indonesia, the largest economy of the area, and in Vietnam, Laos, and Cambodia, they were lower (between 4 and 7).[41] All in all, one is reminded that the area has been subject to divergent influences, some emanating from the West, others from Japan and China.

The financial crisis of 1997-1998 hit the subregion hard. In 1996-1997 its share in the world's GNI had been 2.3 percent; in 1998-2000, it was about 1.9 percent, or nearly one-fifth less. The crisis also left ASEAN with a debt burden of 60 percent of the subregion's GNI, and in Indonesia it was 120 percent. In the wake of the upheaval, the South East started to move closer to the North East; the two areas formed an "umbrella group" informally called "ASEAN plus Three," the three being Japan, China, and South Korea. One item on its agenda was the U.S. veto of Japan's proposal to establish an Asian Monetary Fund that would

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[40] Another related organization, the Asia Pacific Economic Cooperation group (APEC), has 21 members, including the United States, Canada, Mexico, Russia, Australia, and New Zealand. It seeks to provide a forum for consultations on ways to increase cooperation among the participating economies. Culturally the Pacific Basin is, of course, a very differentiated area, and more concrete agreements have been difficult to attain.

[41] The 20:20 ratios for Brunei, Myanmar (Burma), and Singapore are not available.

be better equipped than the IMF to address the specific monetary and fiscal problems of the area. As a rejoinder, the Ten-and-Three pledged mutual support between central banks in case of another currency crisis. Later Japan agreed to provide, if need be, currency support to Thailand (US$ 3 billion), South Korea ($2 billion) and Malaysia ($1 billion) and offered similar arrangements to the Philippines and to China.[42] In addition, the Ten pledged to complete the negotiations on an ASEAN Free Trade Area, and the Thirteen were reported to be discussing the creation of an East Asian economic community that could eventually become a regional group on the lines of the European Union.[43]

The outcome will depend primarily on Japan and China, traditionally the two dominant powers of the region.

Japan's part of the present story begins in 1945. After the country's defeat in World War II, the U.S. authorities broke up the family-owned empires (*zaibatsu*) that had been the standard bearers of the Japanese brand of capitalism. Many entrepreneurial functions devolved on professional managers who negotiated with the banks the necessary loans, organized production, and put in place marketing arrangements. In the process, banks became both creditors and co-owners of nonfinancial enterprises: in the 1970s and 1980s, they held about a third of Japanese corporations' equity. Another third came to be held by companies connected with the issuer along the "upstream" flow (raw materials >

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[42] See *Economist*, November 7, 1998, p. 19. Also, *Financial Times*, May 5, 2000; July 21, 2000; October 10, 2000 (interview with Lee Kuan Yew, former Prime Minister of Singapore); May 11, 2001.

[43] For the ASEAN Free Trade Area (AFTA), see the Ha Noi Plan of Action for the period from 1999 to 2004 (http://www.aseansec.org/687.htm). Also relevant is the Joint Statement [of the Thirteen] on East Asia Cooperation, dated November 28, 1999 (http://www.aseansec.org/691.htm). For the eventual inclusion of China into the AFTA and further possible developments, see *Financial Times*, June 29, 2001. The ASEAN website reports that "Since the Asian Financial Crisis of 1997-98, the ten ASEAN countries have initiated a regular series of meetings at the cabinet and head-of-government levels with their counterparts from Japan, China, and Korea. These have included annual meetings of the ASEAN ministers of foreign affairs, trade and investment, and finance, with counterparts of the three northeast Asian countries. In addition, heads of government from the 13 countries meet during ASEAN's annual Summits, gatherings that also usually include meetings between the 13 countries' ministers of trade, finance, and foreign affairs. These meetings take place both on a "10 + 3" as well as a "10 + 1" basis. They are generally held during scheduled annual meetings of the various ASEAN forums, although ASEAN and the +3 countries also meet at other points during the year on an ad-hoc basis. These meetings have been useful in fostering increased cooperation and consultation among the 13 countries" (http://www.us-asean.org/ASEANOverview/asean+3.asp).

intermediary products > final products) or along the "downstream" flow (producer > wholesaler > retailer). The alliances—called *keiretsu*—were typically of long duration. As a result, executives were relatively independent of outside, "retail" shareholders; they were free to foster good relations with the labor force, on whose skills and discipline their success depended, and to arrive from time to time at a "mutual understanding" with agencies of the state about long-term strategic goals (Sakakibara 1993: 4-15, 136). This "alliance capitalism" produced both high economic growth and social stability—until the late 1980s, when self-serving optimism about the future caused the prices of shares and real estate to rise to aberrant levels and banks to become too generous with their loans. A crash followed[44]—the more deliberate capitalism in the "real" economy found itself undermined by the reckless capitalism of the financial markets—and since the beginning of the 1990s, Japan has found itself in a never-ending succession of low or outright negative rates of economic growth with frequent recessions, industrial output down, and the trade surplus significantly reduced.

The government has come up with a series of stimulating fiscal packages, including tax cuts, public works and housing loans; and public funds have been used to help banks saddled with a mountain of bad or "not so good" loans.[45] Nonetheless, between 1995 and 1999 alone, Japan's share in the world's GNI was reduced from 17.6 percent to 13.5, or by one-quarter. What remained was per capita GNI at about the level of Canada and one of the lowest income inequalities in the world: the 20:20 ratio was 3.4. In the summer of 2001, though, the prolonged crisis resulted in a government-proposed plan of structural changes that were to do away with many of the distinguishing features of Japan's postwar economic system.[46]

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[44] During the 1980s, the Nikkei 225 stock average rose by more than 5 times. In 1990-1992, stock prices dropped by 60 percent, and by 2000 the Nikkei was down by 75 percent. The figures are based on a diagram published in *Financial Times*, August 31, 2001.

[45] Although the equivalent of hundreds of billions of dollars worth of bad loans were written off, it was estimated that in 2001 "risky and bad" loans still amounted to about $ 1,200 billion, which would be around one-quarter of Japan's GDP. In 1999 alone, $ 61 billion of public funds were injected into the largest banks (*Financial Times*, May 4, August 27 and August 31, 2001).

[46] Following his election in the spring of 2001, the new prime minister, Junichiro Koizumi, set out to review long-term public works projects and to lower the public investment proportion of the GDP; to prepare privatization of public corporations, postal services and national universities; to introduce individual social security accounts; and to continue efforts to tackle the bad loans problem (*Financial Times*, June 22, 2001). Facing stiff resistance within his own party, in the summer of 2005 Koizumi called a

China started its economic reforms in 1978 and, unlike Russia, opted for a gradual, long-term approach to the great transition. The most distinctive feature of its strategy was the "dual track system." For commodity after commodity, there would be a planned target output to be sold at a state-set price, while the surplus output would be available for the market, where the price was usually higher. Since the planned output was fixed, expansion of production translated into increasing amounts of goods available for market transactions. At the same time, the originally protected industrial sectors were opened to new entrants (Naughton 1994: 52-55, 68-69; Shih 1995; chap. 10). On this basis, China was able to sustain, for about two decades, an average output growth rate of 9 percent a year.[47] Between 1995 and 2000 the country increased its share in the world's GNI from 2.2 to 3.4 percent, that is, by one-half.[48] By 2000 China's per capita GNI (US$ 3,940) was still low relative to Malaysia (US$ 8,360) or even to Thailand (US$ 6,330), but substantially higher than in Cambodia (US$ 1,410), Vietnam (US$ 2,030) or in Indonesia (US$ 2,840).

There was, however, a price to pay: income distribution in China (with a 20:20 ratio of 8) was more unequal than in South Korea (5), not to speak of Japan. By the end of the decade, 11.5 percent of the population—more than 100 million people, mostly living in rural areas—remained in poverty, and 150 million drifters from the countryside traveled from city to city in search of menial jobs (*Financial Times*, October 26, 2001).[49] Moreover, competition and credit restraints are now curtailing the earnings of state-owned companies, which are still overstaffed, and

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general election on the issue of privatizing the postal service, which is also the country's biggest bank.

[47] *Economist*, October 24, 1998, p. 23. "Output" is short for gross domestic product. For the year 2000, the rate of growth of the GDP was estimated at 7.5 percent. See "IMF Concludes Article IV Consultations with China" (http://www.imf.org/external/np/sec/pn/2001/pn0191.htm). See also (http://www.imf.org/external/np/sec/pn/2005/pn0525.htm). From 1978 to 2005 China's GDP grew by four times (http://www.cia.gov/cia/publications/factbook/geos/ch.html#Econ) and in 2004 annual growth reached 9.1 percent according to official Chinese data.

[48] While the world's GNI increased from US$ 28,250 billion to 31,170, that of China went up from 620 to 1,070 billion. By 2003 China's GDP reached 1,417 (http://www.worldbank.org/data/databytopic/GDP.pdf) or 4.1 percent of the world GDP.

[49] Although China is often described as a market with 1.2 billion people, European businessmen more familiar with the situation estimate that the proper figure is between 300 to 400 million; the rest remain "on the sidelines," being too poor to engage to a significant degree in market transactions on a regular basis (*Le nouvel Observateur*, July 5, 2001, p. 14).

the four biggest state-owned banks have on their balance sheets significant non-performing loans. From 1993 to 2000, more than 60 percent of all loans went to state-owned firms, and at the start of 2005, it was esti- mated that 40 percent of all outstanding loans ($650 billion) are still "bad."[50] The government cannot afford a sweep of enterprise bank- ruptcies, nor would it have the means to compensate households for the losses on their deposits. This means that for some time to come, con- cern about social stability will probably take precedence over pursuit of structural reforms.

In parting, let us also note that the region's present is still marred by conflicts of the past. Speaking of the Ten-and-Three, the tensions and mistrust go back to World War II and Japan's attacks on, and occupa- tion of, several of its neighbors. As late as 2005, there were riots in China over the account of past wars given in Japanese history texts. Then there is India—with 17.3 percent of the world's population but only 1.5 percent of the global GNI—a major power that until recently went its own way. During the Cold War India assumed leadership of the non-aligned nations; in 1971, it signed a 20-year friendship treaty with the Soviet Union; at different times it has been involved in border disputes not only with Pakistan but also with China. All in all, with Japan's grand postwar design in disarray, China still trying to finds its place in the modern world, and India belatedly adapting to the global economy, it may take a long time before Asia will draw upon its his- tory and culture to make economic progress truly serve social values.

Data: Capital Works and Social Works

By the end of the 1990s, 200 of the world's biggest corporations loomed large over the world economic and political scene. Of these, 74 had their headquarters in the United States and posted a combined turnover of US$ 2,776 billion. Another 70 had their seat in eight of the fifteen countries of the EU15 and came up with sales of US$ 2,541 billion. Here, the Union was meeting the United Sates on an equal footing. Japan ranked third with 41 and US$ 1,830 billion. For the 200 as a whole, the figure was US$ 7,592 billion.[51] These are large amounts–to be sure—but *how* large, really?

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[50] See Martin Wolf, "Why is China Growing so Slowly?" (http://www.carnegie- endowment.org/publications/index.cfm?fa=view&id=16543).

[51] F.F. Clairmont, "Ces deux cents sociétés qui contrôlent le monde," *Manière de voire 58*, Paris: Le Monde diplomatique, July-August 2001, p. 85. The data are for 1998. This is also the source of the corporations' sales revenues quoted below.

A firm receives money from the sale of its output of goods or services—its sales revenue—and the state uses taxation to obtain its revenue. The two "purses" are, of course, of very different origins and serve very different purposes, but the figures may still give some indication of the relative standing (the "might and main") of the largest private firms on the one hand and the public body on the other. In the United States, the 74 largest corporations had sales revenues amounting to 32 percent of the gross domestic product, while the central government obtained for its expenditures less than 21 percent. In the large states of continental Europe, the figures were, on both sides of the divide, different. In Germany, 23 giant firms posted sales equal to 45 percent of the GDP, while the state acquired 31 percent. In France, 19 companies booked sales at the level of 42 percent of the GDP, and the state obtained 41 percent. The UK followed, as it often does, its own path: 13 corporations had sales equal to 28 percent of the GDP (closer to the United States), while the Treasury's share was 37 percent (closer to continental Europe). In Japan, finally, 41 corporations attained a turnover as high as 48 percent of the GDP, and the state claimed just over 14 percent.[52] In this case the ratios reflected, in part, the prevalence of the *keiretsu*—and "alliance capitalism" as a whole—in the country's postwar reconstruction and development.

Turning to the individual members of the 200 club, a report of the United Nations Development Program found that in 1997 General Motors had higher total sales (US$ 164 billion) than the gross domestic product of Thailand (US$ 154 billion for about 60 million inhabitants). Ford, another US corporation, posted a turnover (US$ 147 billion) that was more than the GDP of Poland (US$ 136 billion; population 38 million). The Royal Dutch/Shell Group came up with sales (US$ 128 billion) higher than the GDP of Greece (US$ 123 billion, 10 million people).[53] Although such comparisons are meant to provide only a general view of the relative economic power of the corporations and states in question, they are objected to on the grounds that the GDP is a measure of value added, while the sales figures include, in addition, the cost of inputs bought from outside the company.[54]

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[52] The source for the percentages of government revenues relative to GDP is the World Bank's *World Development Indicators, 2001*, pp. 234-236. These data and the GDP data are for 1998.

[53] See the *Human Development Report 1999*, p. 32.

[54] See, for instance, Martin Wolf, "Countries Still Rule the World" (*Financial Times*, February 6, 2002). The article is online at (http://www.globalpolicy.org/socecon/tncs/2002/countriesrule.htm).

But even if we concentrate on value added and take the company's profit as a true representation—which amounts to taking on trust all the twists and turns of corporate accounting practices—the results still attract a lot of notice. Take Exxon (oil), Royal Dutch/Shell, City Group (banks), General Electric, Verizon (communications), and British Petroleum. In 1999-2000, the profits of these corporation ranged from US$ 27 billion to 17 billion. At the same time, the gross national income of Sri Lanka, with 19 million inhabitants, amounted to less than US$ 17 billion. For Uzbekistan with 24 million inhabitants, it was US$ 15 billion; for Kenya, with 30 million people, less than US$ 11 billion. Tanzania, with a population of 33 million, came up with US$ 9 billion.[55]

All in all, the figures are a cause of concern for several reasons. First, the composition of the 200 club does not depend only on the existing corporations' performance. Changes are also brought about by global mergers and acquisitions, the value of which increased from less than half a trillion US$ in 1991 to 3.3 trillion in 1999 and 3.5 trillion in 2000.[56] And bigger is not necessarily better. Economies of scale become, at some point, diseconomies of scale, which a dominant firm may be able to offset by raising prices.[57]

Second, the tidal wave of mergers has been one of the main causes of the large corporations' mounting debt. The drift is most noticeable in the United States. In the beginning of the 1990s, the debt of its corporations was about equal to the new net equity; by the year 2000, financing by issuing shares went down by US$ 250 billion, and financing by contracting debt increased by some 600 billion.[58] As a result, the corporations, and with them the U.S. economy as a whole, have become more vulnerable to a sudden "change of fortunes"—say, to a sharp decline in demand and hence in profits—and the effects of such a crisis would be felt worldwide.

Finally, as corporations get bigger, societies get smaller. Of course, even the most expanded multinationals are not rootless—their head offices

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[55] For pre-tax profits, see "FT 500: The World's Largest Corporations" (*Financial Times*, May 11, 2001). For the GNI figures, see "Total GNI 2000, Atlas method" (*World Development Indicators, 2001*). See also the UNCTAD report "Are Transnationals Bigger than Countries?" (http://r0.unctad.org/en/press/pr0247en.htm). Also see "Top 200: The Rise of Corporate Global Power" from the Institute for Policy Studies in December 2000 (http://www.ips-dc.org/reports/top200.htm).

[56] *Financial Times 500*, p. 10. Also *Economist*, January 27, 2001, p. 59.

[57] See, for instance, Henry Kaufman, "Big is bad for prosperity" (*Financial Times*, July 28, 2000).

[58] *Economist*, January 27, 2001, "Corporate Finance Survey," p. 11.

need a location, and so do their operations—and the location is always under this or that state's, and sometimes also a region's, jurisdiction. Therefore, the possibility of politically mediated action aimed at combining economic growth with social advancement is there. Even within an individual country, however, globalization produces both winners and losers, so that interests diverge and social tensions increase. On the international scene, countries compete with one another for more exports and foreign investments, and each may want to adjust the "rules of the game," or their interpretation, to its own advantage. At both levels, societies can reassert themselves only on the basis of consensus, but the search for consensus is likely to require more effort than ever before.

Thus far, (a) per capita gross domestic product or gross national income have been used as the most general indicators of the standard of living attained by one country relative to others. Even at the level of averages, however, human progress cannot be assessed in these terms alone. Other indices have to be added, and two of them have by now attained a wide degree of acceptance. One is (b) life expectancy, which reflects, apart from availability of nourishment and awareness of good nutritional practices, also quality and accessibility of health care. Another (c) is educational attainment, usually measured by the present adult literacy rate and by primary, secondary, and tertiary school enrolment. The data on (a), (b), and (c) may then be converted into (d), one indicator called the human development index (HDI).[59]

Obviously, a nation's standing in terms of (a) influences its status in terms of (d), but the two need not coincide.[60]

Some countries rank higher in human development than they do in terms of per capita income; consequently, they may be said to have been more successful than other comparable nations in making economic growth the basis for improving human well-being in a more comprehensive

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[59] In *Human Development Reports*, (a), (b) and (c) are given equal weight in the computations of (d), except that, for (a), the maximum value is fixed at US$ 40,000 per year (at purchasing power parity). For details see the "Technical note" that usually follows the human development indices.

[60] The comparisons are based on data from the following sources: for 1989-1990, *Human Development Report 1992*, pp. 127-128; for 1990, *HDR 1993*, pp. 135-136; for 1992, *HDR 1995*, pp. 155-56; for 1993, *HDR 1996*, pp. 135-137; for 1994, *HDR 1997*, pp. 145-147; for 1995, *HDR 1998*, pp. 128-129; for 1997, *HDR 1999*, pp. 134-135; for 1998, *HDR 2000*, pp. 158-159 (see also p. 148); for 1999, *HDR 2001*, pp. 141-142. For 1991 and 1996, the data are not available. The countries were divided into the two groups on the basis of their ranking in five or more of the nine years taken into account. The data for the extreme cases are for 1999.

sense of the word. From among the large economies in our three regions of choice, this applied, in the 1990s, to Canada and Argentina in the Americas; to France, the United Kingdom, and Spain (as well as Poland) in Europe; to Japan, China, and South Korea in Asia.

Other countries stand, on the contrary, higher in terms of per capita GDP than they do in terms of the more inclusive HDI index; in these instances, the income level appears to afford more progress in human development than is actually in evidence; at least to that extent, there is room for policies to improve the country's performance in this all-important regard. This group included the United States and Brazil—with Mexico remaining on the borderline between the two patterns—Germany and Italy (as well as Turkey), Indonesia, and Thailand.

Even in this group of large economies, the difference between the GDP standing and the HDI standing is smaller for high-income countries (up to -4 for the United States and -9 for Germany) than for the low-income ones (up to -13 for Indonesia, and -24 for Turkey), and this finding tends to be confirmed by the more extreme discrepancies to be found among smaller countries.

The Duchy of Luxembourg, a centre of commerce and finance, is the first, among the 162 countries under review, in terms of per capita GDP (US\$ 42,769), but only twelfth in the HDI standing. By contrast, Finland, one of the Scandinavian countries traditionally mindful of social issues, has an average per capita income of US\$ 23,096, which is only slightly more than one-half of Luxembourg's. But on the scoreboard of human achievement, it stands higher: it ranks tenth. At much lower income levels, the contrasts are even sharper.

In terms of per capita GDP, the Sultanate of Omar (US\$ 13,356), at one time the most powerful state in Arabia and now an important exporter of petroleum, stands thirty-eighth in the world. Its HDI rank is 71, the difference being -33. Armenia, ravished by Turkey during World War I, incorporated into the Soviet Union in 1920, and since 1988 intermittently at war with neighboring Azerbaijan over Nagorno Karabakh, survives on a per capita GDP of US\$ 2,215. This is about one-sixth of the income level of Oman and puts Armenia into the one hundred and sixteenth place in the world rankings. But in terms of human achievement, it is seventy-second, or 44 "postings" higher.

In short, a society may be induced—whether overtly or covertly—to do less for human advancement of its members than its stock of goods and skills permits. But it is also capable of doing more toward that end—more than other nations of comparable economic standing, or even those that are a lot richer.

Options and Volitions 1

In the Americas, in Europe, and in Asia, politically mediated economic integration has entered a new phase. If the present initiatives were to produce the intended results, three regional groups of unprecedented size and authority would appear on the world scene: the proposed FTAA, with one-eighth of the world population and almost two-fifths of the global gross income; the projected EU27, with 7.6 percent of the world population and 28 percent of total GNI; and the Ten-and-Three, with one-third of the globe's population but only about one-fifth of the gigantic pie.

In the process, Asia may want to explore—as Japan did for most of the preceding five decades—ways and means of arriving at a distinctly Asian brand of modern capitalism. But until more transpires concerning such Asian projects or tendencies, the choice is between the American way and the European way. Most of the distinguishing basics need only brief recapitulation.

In the year 2000, the average per capita GNI in the United States was US$ 34,260, and in EU15 it was 23,510, or about 30 percent less. But income distribution was quite another story: in the United States, the 20:20 ratio (9) was nearly twice as high as in the European Union (4.7). No wonder, then, that the United States had the highest incidence of poverty among 18 Western industrial nations for which comparable data are available: 17 percent of the population lived below the income poverty line, while in the EU the percentage ranged between 4 in Finland and 13 in Italy, with Germany recording 6 percent and France 8 percent.[61] To complete the picture, expenditures on social programs amounted in the United States to just 8 percent of the GNI. In the large continental states of the European Union, it was from 18 to 22 percent.[62]

This is, then, the proverbial bottom line: a summary, in a few figures, of two very different conceptions of the relation between market and

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[61] For all countries, the "poverty line" is defined as 50 percent of median income. The data are for 1987-1997, (*Human Development Report 2000*, p. 172). Since the average per capita income in the United States is higher than elsewhere, the poverty line, too, is proportionately higher. But poverty is not just material deprivation: it is also loss of social status.

[62] *National Accounts; Detailed Tables, Volume II, 1984-1996.* Paris: OECD, 1998. For the United States, see pp. 48, 58; France, 280, 289; Germany, 306, 316; Italy, 412, 421; Spain, 540, 541; the UK: 612, 622. In Britain, which listed only 7.1 percent, this was part of the period (1979-1997) during which the country was ruled by a conservative government.

society. And the lesson is plain. Mindful of both the power of the United States and the insistence with which it impresses on others its model of modernity, Europe sees itself, in the eyes of many, at a crossroads. Will it accept Americanization and allow money increasingly to be treated as the lord of all there is, including politics?[63] Or will Europe affirm its own identity as a "community of values" that is "dedicated to the task of orienting globalization toward what is right and just" because it "refuses to separate economic prosperity from social progress"?[64]

Although few of Europe's leading political personalities put it so bluntly in 2001, these alternatives were very much in the back of their minds as the Union began to put together its proposed new constitution.[65] True, the most pressing reasons for doing so were internal: monetary union requires close cooperation of economic policies, and expansion of the group's membership entails more differentiation in terms of cultures and expectations. Still, the wider scenery can hardly be ignored. It includes globalization, as a self-interested enterprise of increasingly consolidated (read: concentrated) capital, financial markets that are gaining more and more power over "real" economies, and an expanding role of the WTO,

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[63] In 2000, about US$ 3 billion was spent in the United States on presidential and congressional elections, and an additional $ 1 billion or more on state elections. This was nearly 50 percent more than in 1996. George W. Bush raised $ 100 million for his primary campaign. Democratic and Republican national party committees raised a record $ 293 million in "soft money"—contributions from companies, trade unions and "fat cats"—compared with $ 207 in 1966 (*Economist*, November 11, 2000, p. 43). Those who contribute to a candidate's or a party's campaign funds by more than $ 200, represent less than 0.3 percent of the population. In 1996, 28 of the 100 members of the U.S. senate were owners of assets worth at least one million dollars (*Manière de voir 53*. Paris: Le Monde diplomatique, p. 40).

[64] The quotations are from a speech of Lionel Jospin, then prime minister of France, on the future of Europe (*Le Monde*, May 29, 2001). Jospin also proposed an economic government for the EMU. See the discussion to follow.

[65] On December 15, 2001, the European Council, meeting in Laeken, Belgium, decided to convene a Convention on the future of Europe. Mr. V. Giscard d'Estaing, president of France from 1974 to 1981, was appointed Chairman of the Convention. In addition to him and two Vice-Chairmen, the Convention included 15 representatives of the Heads of State or Government of the Member States, 30 members of national parliaments (two from each Member State), 16 members of the European Parliament and two representatives of the EU Commission. In October 2004, the Heads of State or Government of 25 member countries and 3 candidates signed the Treaty for a European Constitution, which was to be ratified by all member states of the EU25. In the spring of 2005 French and Dutch voters rejected the Treaty. For the text of the Treaty, see (http://www.unizar.es/euroconstitucion/Treaties/Treaty_Const.htm).

IMF and the World Bank, with the United States on quite a few occasions in the driver's seat.

There is no escaping the conclusion that if the EU is to be in a position to "manage"—within its purview—the ongoing globalization, it will have to be able to speak on matters of crucial importance with one voice. What is "crucial," and how the "one voice" will be composed, is a question of the principles of governance. The new constitution was to put in place a new division of labor—and power—between the Union and the participating states. It was to determine, first, where national sovereignty is best served by empowering "Europe" to act on behalf of all, and second, where the nation-state will attend to its responsibilities directly, its autonomy contributing to the diversity without which unity is an empty shell. For the present, the proposed EU constitution is off the agenda, but Europe will return to these questions.

The world has changed unbelievably, but Aristotle is still alive and well: "there is a point at which a polis, by advancing in unity, will cease to be a polis" (Aristotle 1958: *Politics*, 1263b). To be a bit more concrete, one of the tasks before the Union is gradual unification of fiscal policies. The idea is to provide a framework of rules and criteria for concerted action on the part of the member states in several interrelated areas: in providing infrastructure to support economic growth in the long run and to stabilize economies in the short run, and in reducing income inequalities and financing social programs in accordance with a European Social Contract. Differentiated responses to drastically different circumstances—say, one country enjoying prosperity, while another languishes in recession—would be in order, but selective tax concessions as a means of one country gaining unfair competitive advantage over another would be ruled out. In brief, the call is for an eventual "economic government" of the region—or, for some time to come, at least of the European Monetary Union. Its members have already ceded most decisions on monetary policy to the European Central Bank, and for them "economic government" would become the latter's counterpart—and counterweight.

A policy decision that amounts to the surrender of a part, smaller or larger, of the national state's sovereignty ought to be, "by rights," grounded in an expression of that sovereignty. That is, it ought to be the result of the citizens' communicatively mediated, collective will formation. In a national state that is reasonably close to being governed by democratic principles, the question of accepting a major expansion of "free trade"—or going much further and opting for a (sub)regional economic government—becomes, then, the subject of discussion and argumentation in two interacting forums: in the public sphere (mass media, popularizing literature, town hall meetings, trade union gatherings, and

scientific conferences), where the discourse is for the most part non-institutionalized and extends only to an assessment of the "pros and cons" of hypothetical solutions; and in the legislature, where the final choices—in the form of laws or general directives—are made in accordance with binding procedural rules determined by, or put in place in conformity with, the state's constitution.[66]

To start with the simpler case, let us assume that a national state is offered participation in a regional free trade agreement. First on the agenda—logically, if not always sequentially—are questions about the *truth* of the matter. What, precisely, is going to be the meaning of "free trade?" What impact will the agreement have on government support programs for privately financed research and development and for on-the-job training of employees? What is the present composition of the labor force in terms of education and acquired skills? What is the structure of "our" exports to, and imports from, the potential partners in terms of goods on the one hand, and services on the other, or to be more concrete, in terms of (i) trade in different *products* as distinct from (ii) trade in different *brands* of the same product?

Next come questions about the effect of the free trade agreement on the existing state of affairs, or rather on the trends reflected in it. Here the responses can come only in terms of *probabilities*. At issue, in part, is the choice of the most effective strategy from a range of available ones, given a goal to be attained. In part, the discussion is also about the relative worth of this or that goal, given the society's shared values. At this point several distinctions that at first appear merely technical—like that between (i) and (ii)—may quickly acquire major social significance. In this case, empirical inquiries suggest that in the sectors concerned, (i') expansion of inter-industry trade increases the income of skilled workers and reduces the income of the unskilled, while (ii') growth of intra-industry trade augments the income of labor as a whole (Martins 1994: 132-51; Held et al. 1999: 185).[67] Simplifying to the utmost, we may then conclude that, depending on the probable limits of the expansion of either of the two strategies, it is possible to design a policy to support a combination of (i) and (ii) that will yield the "best" result, given the

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[66] Unless otherwise indicated, the discussion in this section goes back to the work of Jürgen Habermas. In addition to the sources already mentioned in note 1, the reference is to Habermas 1987, p. 365; Habermas 1990, pp. 56-67, 86-93, 178-180, 196-204; and Habermas 1994, pp. 191-207, 223-225, 390-395.

[67] For the purpose of this illustrative discussion, I have set aside the effects of the two strategies on the income of capital.

society's present value orientations. This is as far as the *pragmatic* discourses, which began with the question of what is truly the case, can go.

However, the set of social values is never a closed book. Considering the magnitude of the challenge confronting it, the society may want to take another look at the values inherited from the preceding generations. And when it does so, the formation of the society's "general will" turns to questions of political *ethics*. To return to our stylized case, there is, on the one hand (i"), the loss of social well-being caused by expansion of inter-sectoral trade and other strategies that increase the wages of the well-paid, while reducing those of the poorly paid, and on the other hand (ii"), the gain that results from the expansion of intra-sectoral trade and other strategies that also increase the incomes of the ill-provided and reduce, in this way, the gap between high wages and the low ones. The shift in the society's value orientation amounts then to altering the "weight" to be accorded to the gain and the loss under (i") and (ii"), respectively.

Whichever turns out to be the case, however, this part of the argumentation remains within the confines of "our" values, of the "good for us," and of "who we really want to be."

But the outcome of such discussions may also affect people whose history and culture are different from "ours" and whose social values are not the same. More concretely, "free trade" is, to begin with, a name for the mutually binding rules that will henceforth govern the exchanges of goods and service among the participating states. In turn, regional "economic government" designates a body that will exercise more of the sovereign powers previously vested in the member states. Its fiscal policy ought to be, in part, an expression of the social values shared by the nations concerned; the same applies, at the end of the day, to trade policies and industrial policies. On this much wider scene, the strategies (i) and (ii) may reappear in the form of two overall policy directions, each of which will be, for simplicity, attributed to one of two culturally distinct communities or nations. As an example, let it be the case that "we" place overall increase in income and wealth first, relegating equitable distribution to a subsidiary concern. But "they" take the opposite view, or require adequate state-mediated income redistribution. In this imaginary case, neither "the good for us" nor "the good for them" can in fairness be allowed to carry the day. The call is for "the just for all" those concerned.

In essence, the answer takes one of two forms. One is to superimpose a higher *substantive* principle of action on the lower ones. In Aristotle's *Nichomachean Ethics*, for instance, the "good as such" stands above both

"the good for us" and "the good for them." It represents "natural polit- ical justice," which has "the same validity everywhere, (as fire burns both here and in Persia)" (1134b; see also MacIntyre 1988: 120).

The other route is to propose a *formal* rule for the selection of those substantive principles of conduct that are truly of cross-cultural validity. The classical example of this approach to *universalist* ethics—or *morality*— is Kant's categorical imperative: "Act only on a maxim through which you can [without contradiction] will that it should become a universal law" (1965: 88).[68] The appeal is to a thought experiment performed in the privacy of one's mind—and that makes sense only as long as the test is, or presumed to be, carried out by a rational agent pure and sim- ple, an entity unburdened by the values and traditions of her or his community or nation.

Once the person is allowed to rejoin the fold—which is where Habermas departs from Kant—the inner monologue is replaced by public discourse, and its rules take over the role played by the categorical imperative: it is in them that the moral principle is now embedded. In order to indi- cate the nature of the rules invoked, let me cite three of them: Every subject with the competence to speak and act is allowed to participate; No participant must lie or mislead others; and None of the debaters is subject to coercion, whether overt or covert. With these specifications, it may then be said that "only those norms can claim to be valid that meet (or could meet) with the approval of all affected in their capacity as participants in a practical discourse."

The bold print, however, rarely tells the whole story. To start with, the proposals and the responses are likely to reflect a perception of the "good life"—today and tomorrow—on the part of each of the groups engaged in the argument. Cross-cultural exchanges provide an opportu- nity for "us" to learn more about "their" values and attitudes—for "us," in an exploratory manner, to step into "their" shoes—and for moving toward reconciliation of conflicting or dissimilar positions. Communication is, indeed, the only way of doing so—or at least of doing so justly—and any communication worth its name always presupposes, tacitly but inevitably, that nobody is arbitrarily made to "shut up," that the speak- ers mean what they say, and that everybody is permitted to express him- self or herself freely. In this sense, the rules of practical discourse merely bring out and "codify" what we intuitively feel to be the preconditions of all meaningful communications.

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[68] The formulation cited is one of several proposed by Kant, but he insists that they all express one, and only one, categorical imperative. In the Royal Prussian Academy edition, see p. 421.

But everybody also knows that in public discourses such conditions are rarely satisfied to the full and that, if they were insisted upon with all strictness and rigor, no debate on a complex and controversial issue would escape the kind of censure that makes its outcome invalid. At the same time, though, it is equally clear that if the conditions were totally absent, the discourse would come to naught. Between the two extremes is a space for which we need a guide, and this is where the rules of discourse come in. They are perhaps best understood as providing a charter of orientation, not an ideal to emulate or a hurdle to cross, but a model whose avowed counter-factuality serves to bring into sharp relief what might otherwise remain hidden or obscure.

But let us add that a map is not meant to lie idle. The rules may serve to assess the social context in which the debate is conducted, to draw attention to the need to institutionalize some of the discourses that have thus far remained informal and, finally, to look into the legitimacy of legality; that is, into the moral status of existing laws and fundamental policy directions.

Options and Volitions 2

This brief excursion into pragmatics, ethics, and morality allows us to look at globalization from yet another point of view.

The range of "those affected" by a major decision on the part of governments or regional blocs—and by the corporations' and their networks' response to it—expands dramatically. And so does the breadth and depth of the traditions and values, attitudes and interests that come into play when genuine consensus is to be attained on a divisive issue. Moreover, when we speak of "effects," we mean those that are at present foreseeable, so that "those affected" become "those likely to be affected." This is, of course, nothing new. But globalization makes estimation of the consequences of a national state's major (hypothetical) policy decision—say, on trade liberalization—substantially more difficult, and the predictions correspondingly more uncertain. In part, this is the cause and, in part, the result of growing uncertainties about the future that beset the lives of more and more people about future employment and income, about "my" or "our" prospects in general—uncertainties that exacerbate conflicts between generations and influence people's attitudes toward income redistribution. For these other reasons, reduction of market-produced uncertainty is becoming a distinct social value in its own right.

The wider, in terms of numbers and cultural backgrounds, is the range of those likely to be affected and hence entitled to be heard, the higher is the possibility that information flows will be, at one stage of the debate or another, inadvertently misdirected or impaired by lack of organization

or proper presentation. True, the width and depth of the interacting discourses would, in a sufficiently long term, eliminate the misunderstandings and biases thus caused. But the time available for the will-formation process is always limited and need not be long enough for an unprejudiced outcome to ensue. As a rule, this constraint is most keenly felt at the level of fully institutionalized practical discourses, such as deliberations of the legislative and executive bodies of a national state or a regional group. This is also one of the reasons why, at this, the final stage of the society's (or societies') choice making, it may become necessary to negotiate compromises that would at least be better than no decision at all. Even the second best, however, ought to be acceptable to the representatives of all those concerned, even if the grounds of assent might differ from one group of participants to another. But inadvertence is one thing, and contrivance quite another.

These days it is easier than ever before to put, in a variety of ways, the image first, and to relegate the word to a poor second. And the result is not always pleasing. To see why, let us recall that the Western state is "the son of the printed word. . . . The cult of knowledge and reason, subordination of the particular to the general form of law. . . .—all that presupposes domination of the image by [what is] written." But the new "videosphere," most visible in television, deposes this framework. "The direct [grasped immediately] takes precedence over the postponed [allowing for reflection]; the short term over the long; visible personalities over invisible policies."[69] (Indeed, why would you want to *know*, when you can *see*?) But the word itself is also subject to new twists and turns. Lifestyles are sought to be reduced to commodities, pure and simple. A case in point: to choose a particular brand of a product is to opt for a personal identity. "My crème, that's me." "Be different: think Pepsi!" And as a counterpart, aspiring executives are advised to style themselves as products: "Brand You!" (At the end of the road, then, there would be, for everybody, only a society of consumption—of oneself.)[70] In these ways and in a variety of others, the market is presented as a domain of choice and freedom, change and true self-formation, while the state is identified with confines and enclosures, immobility and enforced uniformity.

Finally, let us keep in mind that all this occurs in a world where lack of access to basic education on the part of hundreds of millions of the poor and needy reduces their ability to cope with the increasing com-

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[69] Régis Debray, *Le Courrier de l'UNESCO*, February 1995, p. 6.

[70] F. Brune, "De la soumission dans les têtes," *Manière de voir*, September-October 2001, p. 82. *Economist*, October 13, 2001, p. 72. *La Société de consomation de soi* is the title of a book by Dominique Quesada (Paris: Editions Verticales, 1999).

plexity of the situations encountered. Sometimes the prospect of "changing things" appears much too remote; reductionist ideologies, whether of the nationalist or the religious type, become a "natural" recourse; and participation in political life, in the proper sense of the word, declines. At the limit, while *all can* agree to a norm, only so *few* actually *do*, that the moral authority of the result of the public discourses is in doubt.

The time-honored relation between the nation and the world could be, in shorthand, represented as nation → world. But the decline, whether actual or threatened, of the national state is sometimes interpreted as requiring a redirection: world → nation.

The idea is not new. In the epoch of classical industrialization, Marx's "Proletarians of all countries, unite!" pointed in the same direction. For the new "post-industrial" epoch, one Marxist inquiry starts with the concept of worldwide "collective capital." This "world-capital" is now in the process of imposing on all nations a new global order that extends from economic relations to all human relations, that is, literally to all aspects of human life. But globalization is seen not as an offensive "action," but as a defensive "*re*action" to "the crisis of the old systems used to discipline the labor force," systems that include the national state itself. In order to retain the initiative, therefore, the workers' movement ought to exploit the weaknesses of the national state—rather than try to resurrect it—and intensify on the widest possible front a "civil war" against world capital. The expectation of ultimate success is based mainly on the progress already made in the commitment to "abolition of frontiers" and "universal citizenship," as well as in coming closer to "guaranteed wages" and "control of the political conditions of reproduction of human life."[71]

However, these are hardly sufficient grounds for the optimism expressed. In fact, many societies have by now changed to a much larger extent than the worldview presented and the strategy proposed. The working class is a less powerful force than it used to be. It is also much more differentiated, whether one has in mind skills or prospects, cognizance or interests. For these reasons and others, it needs allies, many of whom have more to lose than their shackles.

And this is where a more down-to-earth version of the top → bottom approach comes in. It centers on worldwide cooperation of nongovernmental organizations: trade unions; environmentalist groups; humanitarian

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[71] Toni Negri, "L'Empire, stade suprême de l'impérialisme," *Le Monde diplomatique*, January 2001, p. 3. Negri is the co-author, with Michael Hardt, of the book titled *Empire* (Harvard University Press, 2000), and the article was intended to convey the main message of the work.

associations, including the religious ones; women's organizations; human rights alliances; associations of scholars and scientists, journalists and writers, physicians and lawyers; groups concerned about the world's cultural heritage; and organizations formed to uphold the national state's sovereignty or the society's identity in the face of pressures emanating from various streams of globalization.

In the most general terms, the goal is to contribute to the formation of a worldwide public sphere—a "citizens' International"—that would foster solidarity at the transnational level.[72] One of the strategies employed is to draw the world's attention to the perils of globalization by acts of public disobedience—recall the public protests in Seattle, Washington, Prague, Melbourne, Quebec City, Genoa, and elsewhere. This may become part of efforts to obtain concessions from national governments when another major deregulation of international commerce and finance is being negotiated. Such actions played a major part in the defeat of the plans to put into force the Multilateral Agreement on Investment. Another part of the overall undertaking is to organize conferences and congresses so that the planet's public can actually see the NGOs at work as a new actor on the international scene. Note also the World Social Forum (WSF) met in January 2001 in Porto Alegre, Brazil, at the same time as the World Economic Forum (WEF)—beholden to international corporations—did in Davos, Switzerland. Since then the WSF has met every year, most recently in Porto Alegre in January 2005. By these means and others, worldwide alliances of the NGOs hope to attain the status and the authority that will enable them to become partners, on an institutionally secured footing, in the decision-making of the WTO, IMF, the World Bank, and other intergovernmental organizations engaged in laying down institutional frameworks for worldwide, regional, or subregional economic integration.[73]

Two hundred years ago, Kant rejected the top → bottom approach on the grounds that the superior political power would usurp the inherent rights of nations. Consequently, there should be no amalgamation of individual nations under an international state. The goal to aim for is a "federation of free states"; as long as the state is truly founded on "the principle of freedom for all members of the society," such a federation would be a "free . . . federation of peoples." In politics, too, the issue is "what ought to be done," which is ultimately a question of morality. But the members of a distinct society, who are entitled to protect

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[72] "L'internationale des citoyens" was the title of an article by J.-G. Fredet on the failure of the WTO summit in Seattle (*Le Nouvel Observateur*, December 30, 1999, p. 7).

[73] For information on the World Social Forum, see (http://www.forumsocialmundial. org.br/).

its, and thus their own, identity, cannot be presented as purely rational beings devoid of an historical and cultural background (Kant 1970: 99, 102-105, 113). Here, therefore, the stress is on what "*we* ought to do in *our* social and political context."[74]

In the background of the argument was Kant's distinction between two kinds of judgment, or "thinking of the particular as contained under the universal". In the first case (a), it is the universal—the rule, the principle, the law—that is given, and the particular is subsumed under it: such judgment is called determinant. To return to politics, the transnational "single power" would "overrule the rest"—that is, the legitimate rights and aspirations of the peoples concerned—and "create a universal monarchy." In the second case (b), the particular is given, for which the universal has to be found, and the judgment is reflective: the bottom → top process is mediated by the critical use of the "faculty of thinking" so that the judgment truly results in "a law from and to itself." This is the appropriate frame of reference for the creation of a "federation of peoples." This "universal," also, ought to be the outcome of a movement that starts at the level of a particular society and its culture, and proceeds beyond these "natural" limits only when there are good reasons for doing so (Kant 1951: 15-17; see also Ferry 1991: 187-198).

Against this background, it will be easier to see that in response to self-assertive globalization, politically mediated international economic integration may, in principle, assume one of two roles. One is (a') to accept the top → bottom sequence and further the capital-managed globalization with only minor reservations intended mainly to protect particular economic interests. The second is (b') to insist here, too, on the bottom → top approach: to submit the process, inherently driven by efficiency and profit, to a measure of politically imposed control aimed at preservation of each participating country's cultural identity and social cohesion. In this context, the development of a regional alignment is best seen as a gradualist movement. At the end of each stage of the process, the group is confronted with problems of a new kind, and another "generation" of rules and laws, policy directions, and institutional structures has to be put in place. Time and again, the "formation of transnational will" is going to require "interactions between political processes that persist at the national, international and global levels" (Habermas 2001: 110-111).[75]

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[74] The concluding quotation is from the "Introduction" to *Kant's Political Writings* by the editor, Hans Reiss, (p. 20). The emphasis is mine.

[75] Like Kant, Habermas is reluctant to accept the idea of a global state (see, for instance, p. 105), but he appears to go beyond Kant in speaking of a "future European federal state" (1994: 643).

In this more discerning picture of the development, the *uni*directional relation nation → world is replaced by (i) nation ↔ world *inter*actions, and the word "persist" stresses the autonomous nature of the decision processes taking place at each level. But the presentation also highlights the complexity of the resulting proceedings and draws attention to the institutional structures that underlie (or are to underlie) the deliberations. What I mean is that the national state acts in this sphere in two very different roles. Participation in international organizations with world-wide membership—consider the WTO—may involve, at least initially, only a relatively limited loss of sovereignty, and the countries concerned encounter each other, even if sometimes only nominally, as "states-citizens": one country, one vote.[76] Entry into a regional common market or an economic union amounts to a more significant limitation on the participating countries' sovereignty; in this case, they may be said to relate to each as "states-nationals." Proportional representation in the regional parliament automatically gives more power to the larger states. The smaller ones then have to seek refuge in "disproportionalities" in other parts of the overall decision process, for instance, in the composition of the executive body, in having more votes in routine deliberations than their size would warrant, or in qualified majority or unanimity in voting on matters of fundamental importance.[77]

As already noted, however, once the NGOs enter the giant scene, the nation-world framework is no longer sufficient. It is necessary to add (ii) interplays of the type world^1 ↔ world^2, that is, interplays of views of (one part or another of) the world scenery as obtained from the "observation post" of this or that advocacy. At this point, though, it is necessary to note that organizations representing business interests have by now also joined the ranks of the NGOs, and that some of the latter are presently, in part, run by professional managers; that is, by "entrepreneurs in humanism," whose attitudes are in many respects "far away from the militant idealism usually associated with these groups."[78] Even

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[76] Behind the scenes, of course, a large power or a coalition of states often exercises disproportionate influence on the outcome of the negotiations. Moreover, in the IMF and the World Bank, the voting power is proportionate to the size of the country's economy.

[77] The Treaty of Nice (agreed in 2,000) provided that Spain and Poland, each with a population of about 39 million, would have 27 votes each in the Council of Ministers, or only two votes less than Germany (82 million) or Britain and France (about 59 million each).

[78] The World Bank, for instance, orders a report from a NGO and pays a generous commission to it. Between 1988 and 1997, the share of the World Bank's projects involving the NGOs increased from 5 to 47 percent. See Nicolas Guilhot, "D'une vérité a l'autre . . ." (*Le Monde diplomatique*, September 2000, p. 21).

if most of the NGOs remain true to their social and humanitarian mission and genuinely aim at a reasonable degree of integration of the numerous and diverse positions put forward in their deliberations on a given theme (ii), they need not yield the same result as (i).

Depending on the degree of influence attained by the NGOs, rules (iii) may have to be defined and forums established for discussions aimed at reconciliation of the differences. Nor will this be the end of the story: the results of all the previous debates will have to be examined from the point of view of internal consistency of the legal orders affected, which will be quite a few.

The World Is a Long Journey

Economic globalization that is too often self-serving; commercialization, in some instances, indiscriminate of activities that have been traditionally beyond the market's purview; the rise of political parties and ideologies providing support for these developments—these traits taken together, which have been manifest especially during the preceding three decades, have confronted people all across the world with many challenges. Some have already been looked into in some detail; others deserve to be added or revisited, even if only in "shorthand mode."

First comes the contention that "there is no such thing as society": there are, or so it is said, only "individual men and women, and there are families."[79] Put another way, this means that to be human does not involve any sense of being related to other humans except for those related to "me" by blood or affinity. There is no community or nation, sharing a common history that generates a sense of belonging and owing. And then it goes without saying that no one owes anything to anybody who exists beyond the confines of (what used to be) one's community or nation.

If there is no society, there is also no place for culture as constituent of a community's, or a nation's, identity. Culture is reduced to entertainment, a kind of service that is entitled to be treated as merchandise. A newspaper article, a sonnet, a novel is now called "content"—"a marketer's code word for 'product.'"[80] Education is "business," whether in

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[79] This was the claim of Margaret Thatcher (later Baroness Thatcher), interviewed by *Woman's Own* (October 31, 1987). Quoted by Nigel Rees, *Cassel Companion to Quotations*. London: Cassel, 1997, p. 535.

[80] "When you call [a book of short stories] content you make it clear that you're not talking about art, you're talking about business." Russell Smith, *Globe and Mail*, April 8, 2000.

the public sector or (preferably) in private hands.[81] Theory demotes culture to a part of the "family capital"—while a "quantity of [the couple's] children" is turned into "a single homogeneous commodity" with an appropriate "shadow price"—and the family itself is then presented as the product of "an efficient [albeit only partially institutionalized] marriage market" that has its roots in the implicit marriage markets existing among "fireflies, locusts, grouse, antelopes, and mountain sheep" (Becker 1981: 39, 40, 133, 207).[82]

The characteristic mark of the world that we are thus left with is that all behavior in it is governed by either technical rules (consider a production process) or by "strategic rules," such as maximization of utility or profit. These conditional imperatives leave no room for the categorical imperative or for the moral principle embodied in the rules of practical discourse. We can no longer look at market rationality from a non-market point of view—from a position that would enable us to "see" its limitations relative to market-surpassing practical reason. It is impossible to challenge the validity of a law—or an international agreement or convention on commerce and finance—on moral grounds. All across the board, legality would divest itself of the oversight of legitimacy.

The word "culture" may be understood in various ways, but "the sum total of ways of living built up by a group of human beings and transmitted from one generation to another" is a fairly representative rendering (*Random House Webster's College Dictionary*, 1991, p. 330). A dictionary, is, of course, meant just to show the way, not to complete the journey. In this case, in fact, philosophers have time and again tried to come up with a better understanding of what the term "culture" stands for.

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[81] "Education in the US is a $ 360 billion business, with 90 percent of that in the public sector." In the private sector, there are now 40 companies running 250-300 schools. For instance, the school board in Inkster, Michigan, hired Edison Schools, a publicly traded, for-profit company to run all the schools in the district: "That means that this year's kindergarten children will graduate from high school with a complete Edison education, having studied the same books and conducted the same science experiments as children in Edison schools from California to Washington, DC" (*Financial Times*, December 28, 2000). The World Bank sponsors an international conference aimed at preparing the ground for an avowedly radical reform of universities, including privatization, deregulation, and market orientation ("The Financing and Management of Higher Education: A Status Report on Worldwide Reforms," prepared for a UNESCO conference held in Paris in October 1998.) On the floor of the WTO, proposals are made to extend "liberty of expression" to "liberty of *commercial* expression," and to have this liberty included among the fundamental human rights (*Le Courrier de l'UNESCO*, February 1995, pp. 12-13).

[82] In 1992, Becker was awarded the Nobel Prize in economic science. For a more detailed discussion of his theory, see Pokorný (1997: 101-110).

For Hegel, "culture" was the living "spirit of a nation," with "all the determinate characteristics of ethical life, constitution, religion, and knowledge."[83] In short, it was an *Is* that consisted, in part, of *Oughts*. To that extent, the *Oughts* were inborn, not imposed from outside. One is tempted to say that they resemble grammar, which *exists* in a language as a set of *rules*.

But other thinkers wanted to know more about this *Is/Ought*, and a century later Durkheim made *conscience collective* the centerpiece of this endeavor. Here, the French term itself embodied the duality just noted, for in English we need two words to translate it: "consciousness" (of what is) and "conscience" (a sense of what is right and wrong in one's conduct). As the term suggests, *conscience collective* was presented as "the work of the community" which became the permanent knower/learner/knower.[84] Reflection on the shared cognitive/normative framework thus became an integral part of the latter's development.

These days, Habermas uses "culture" as the name for the community's, or nation's, historically developed schemata of interpretation of the "out there." Along with language, these schemata are constitutive of "our" lifeworld; they are assigned the key role in the reproduction of its symbolic structures, including social norms. In addition, culture is also the "site" of the discourses, which, in response to major changes in the overall environment, make the relevant part of the lifeworld's tacit suppositions explicit and available for testing, critique, and revision. Therefore, it is culture that is also charged with "the task of supplying the reasons why an existing political order deserves [or does not deserve] to be recognized" (Habermas 1987: 188).

Now it is clearer why culture is today reduced, or why some seek to reduce it, to a tradable commodity or to a species of capital.

It is also clearer why culture, properly speaking, is a manifold "site" of encounters that will play a critical role in determining *what* is society and *what* is the market—and what are their respective prerogatives and jurisdictions.

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[83] I have in mind "culture" as *Volksgeist*, rather than merely as *Bildung*; that is, education or learning, which is for Hegel only "the form of our thinking" and "universality [that] renounced particularity." See Hegel's *Lectures on the Philosophy of History; Introduction; Reason in History*, trans. H.B. Nisbet. Cambridge University Press, 1987, mainly pp. 56-57, 65, 142-143.

[84] *The Elementary Forms of Religious Life*, trans. Joseph W. Swain. London: Allen and Unwin, 1915, mainly pp. 423, 432-437. See also Paul Bohannan, "*Conscience Collective* and Culture," in Kurt H. Wolff, ed., *Emile Durkheim et al.: Essays on Sociology and Philosophy*. New York: Harper, 1960, pp. 77-96.

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The Moral Politics of IMF Reforms: Universal Economics, Particular Ethics

Jacqueline Best[1]

Abstract

The IMF's response to recent financial crises has involved the development of an extensive series of international economic standards that it believes all states should adopt. Fund representatives have justified these reforms by using explicitly moral arguments. In this chapter, I take a closer look at this new turn in order to determine its implications for both financial governance and political ethics. I suggest that although ethical discourse has historically played a crucial role in sustaining financial regimes, the recent turn to moralize finance is novel, for it represents a new kind of economic and ethical liberalism.

Introduction[2]

While the final decades of the twentieth century were dominated by widespread optimism about the benefits of globalization, the first few years of the twenty-first century have been characterized by a greater measure of skepticism. The recurrence of financial crises, the growing gap between rich and poor, and the rising tide of criticism from non-governmental organizations, scholars, activists and policymakers alike have all raised questions about the costs of globalization. In response, some have begun to call for a "better globalization" with a new "global

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ethics" to guide it. What is surprising, perhaps, is that some of those calls have come not from the civil society sector or from the more vocal critics of globalization, but from that bastion of globalization itself, the International Monetary Fund (Köhler 2002). In this chapter, I shall take a closer look at this new turn to ethical language in the mainstream of international finance, focusing on both official and scholarly statements. In doing so, I hope both to provide some insight into the implications of this current turn to moral argument among the major participants in financial governance and to explore more broadly the potential role for ethics in economic globalization.

Economics and ethics have shared a long and storied history. The question of how the economy *does* work cannot be easily separated out from that of how it *ought* to work. Or, as Aristotle once suggested, we cannot begin to determine how to live without first asking "How should one live?" (Sen 1987: 4). There is a multitude of possible ways of organizing our economic life. Different choices will work to shape different ways of living and thus different conceptions of the good life. Moreover, many such choices will benefit some individuals or groups over others. Many of the greatest economic minds have sought to reconcile such economic and ethical dilemmas. Adam Smith wrote not only *The Wealth of Nations*, his famous treatise in defense of laissez-faire economics, but also *The Theory of Moral Sentiments*, which sought to uncover the cementing role of sympathy in society. Yet, by the 1930s, the economist Lionel Robbins spoke for many of his peers when he argued: "Economics is neutral between ends. . . . It is fundamentally distinct from Ethics" (Vickers 1997: 36).

As the classical economics of Smith, Ricardo, and Marx became the neoclassical economics of the twentieth century, the mathematization of the discipline seemed to promise the possibility of a truly value-free science.[3] Since then, the legitimacy of economic ideas and institutions has rested not on any claim to moral soundness, but rather on the claim of neutral expertise. The representatives of institutions like the International Monetary Fund (IMF) have gone to great lengths to present themselves in such terms. Theirs is not the task of judging among various possible ends, and thus conceptions of the good life, they suggest; this is the purview of politics. Rather, they seek to determine the best means of achieving any given end by giving a country's leaders the economic tools

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[3] For a more extensive discussion of this process, see Vickers (1997).

necessary to pursue their own goals.[4] The Fund's legitimacy has thus rested in part on the separation of economics from ethics. How then do we explain the recent turn to moral arguments by members of both academic and policymaking circles in international finance? Why would the Managing Director of the IMF have called on several occasions for a new "global ethics," and what does this new ethics look like? These are the questions that I shall be exploring in this chapter as I seek to uncover one more aspect of the role of ethics in globalization.

I will begin by taking a closer look at the question of ethics, outlining two different ways in which we might conceptualize ethics in international economics—a universalist cosmopolitan ethics that seeks to determine universal global norms of conduct, and a more contextualist communitarian ethics that sees norms as varying among communities. I will then turn to the question of economics and examine recent events in international finance, concentrating in particular on the debate over the appropriate response to the financial crises of the past decade. Focusing on the mainstream proposals for financial reform, I will bring ethics and economics into conversation with one another, exploring the recent use of moral arguments to justify particular policy directions. I will suggest that in their turn to explicitly moral language, Fund representatives have sought to combine cosmopolitan and communitarian arguments in a new hybrid that has very specific political consequences. In the process, two seemingly contradictory ethical frameworks are thus combined into a new form of communitarian economic liberalism. This new ethical hybrid plays a crucial role in legitimizing the Fund's reforms, embedding a universal vision of the global economy through a particularist ethics that places the responsibility for change on developing states.

Two Approaches to International Ethics

Although there are many different ways of categorizing ethical perspectives, the most central division in international ethics has traditionally been that between cosmopolitan and communitarian approaches.[5] These two ethical approaches conceptualize moral agency differently, with cosmopolitan perspectives focusing on the individual as the only genuine moral agent, while communitarian theory emphasizes the community— or often the nation-state—as central. They also define the source and

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[4] For a more thorough discussion of this attempt within economic theory to separate out positive means from normative ends, see Blaug (1980: 149-152).

[5] Chris Brown (1992) provides the classic discussion of the historical evolution of this debate. For other categorizations, see Terry Nardin and David Mapel (1992 and 1998).

scope of moral feeling differently, with the cosmopolitan perspectives emphasizing the universality of moral identity and responsibility, and the communitarian approaches focusing on the particular communal sources of moral attachment. From these divergent starting points, each approach provides a different account of the moral implications of international economic relations, with cosmopolitans emphasizing global responsibility for economic inequality, and communitarians focusing instead on the value of a community's economic autonomy and self-responsibility.

Cosmopolitan ethics can be traced back to classical times and to Diogenes' famous declaration, "I am a citizen of the world." As this statement suggests, cosmopolitans define themselves in opposition to those who define human moral identity in particularist terms by associating it with specific communities, cultures, peoples, or nations. While cosmopolitan theorists often accept the reality of the nation-state as a central form of political and social organization, they insist that this unit has no necessary moral relevance. Instead, it is as individual persons that we have moral value and agency. And given that we are all equally human, we are all guided by similar moral precepts. Morality is therefore universal. Beginning from this basic premise, liberal cosmopolitan theorists from Immanuel Kant (Reiss 1977: 41-53, 93-130; Kant 1956) through to Charles Beitz (1979) have sought to determine the abstract universal moral laws that ought to guide human action. These laws, moreover, have implications for international economic relations. Cosmopolitan theorists like Beitz (1979) and Thomas Pogge (2002) have argued that a global ethics necessarily implies a form of redistributive justice in which those living in affluent states bear significant moral responsibility for alleviating the poverty of those born in poor states. Development, finance, and trade—all of these international economic practices thus have an explicitly moral character for cosmopolitans.

Cosmopolitan ethics offers the possibility of developing universal guidelines that can apply regardless of the particular context. It holds out the promise of providing us with the moral tools necessary to challenge both political and economic injustice wherever it occurs. Yet this universalizing logic is double-edged. Cosmopolitan theory runs the risk of abstracting too far from the concrete context of social life and focusing too much on individuals in isolation, thus ignoring some of the historical and social conditions that have produced and reproduced global poverty.[6] At the same time, cosmopolitan theorists can sometimes find themselves

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[6] For a more thorough critique of the implications of cosmopolitan ethics for global economic justice, see Fiona Robinson (1999).

unconsciously universalizing a particular set of values—often Western ones—and imposing them in the name of universal morality. They can thus lose sight of the value of diversity and pluralism.

As an alternative to such abstract conceptions of morality, communitarians have proposed to ground ethics in particular communities. Such an approach to ethics pays attention to the concrete social and historical context within which particular ethical values and problems emerge. Rather than beginning with a conception of human nature that emphasizes abstract and autonomous individuality, they emphasize the relationships through which ethical ties are forged. Michael Sandel describes this conception of human nature as "encumbered" by "central aspirations and attachments" (1982: 172). Communitarians, such as Sandel and Michael Walzer (1994), focus on the primacy of the community, or nation, as the source of ethical attachments, and thus see the nation-state as itself having ethical significance. They argue that universalist moral frameworks, like those proposed by cosmopolitan theorists, run roughshod over these more particular community-based ethical values.

What are the economic implications of such a perspective on international ethics? Ironically, it is a renowned liberal theorist and neo-Kantian, John Rawls, who provides us with the best example of a communitarian-inflected approach to international economics. While Rawls, in *A Theory of Justice* (1971), advocated a form of national redistributive justice based on the difference principle, he has consistently denied that such a principle can hold at a global level.[7] In *The Law of Peoples* (1999), his most thorough elaboration of the international implications of his theory of justice, Rawls emphasizes the importance of creating a pluralist international order that respects differences among national cultures.[8] At the same time, he suggests that the flip side of a people's autonomy is responsibility for its own economic success or failure. "I would conjecture" he writes, "that there is no society anywhere in the world—except for the marginal cases—with resources so scarce that it could not, were it reasonably and rationally organized and governed, become well-ordered" (1999: 108). Rather than a cosmopolitan principle of redistributive justice, he therefore proposes a much more limited "duty of assistance." This duty is limited mainly because he believes that a society's economic underdevelopment is due to its domestic political, social, and cultural traditions. A communitarian approach

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[7] I provide a more thorough comparison of Rawlsian international ethics and the IMF's new global ethics in Best (2004).

[8] See also Rawls (1993).

to international ethics places considerable emphasis on the value of a state's economic autonomy while also emphasizing its ultimate responsibility for its own economic well-being.

Like cosmopolitan theory, communitarianism reveals both strengths and weaknesses when it is applied to international economic questions. The theory's strengths include its attention to the complexities of specific historical, social, and cultural contexts and its attunement to the importance of preserving political, cultural, and economic autonomy. But should this be at any cost? Because of their regard for the value of community and nation, communitarians run the risk of ignoring injustices that may occur *within* a given political community. Moreover, their concern with protecting autonomy can become a form of neglect if it means that states in dire straits are left without adequate support from their more fortunate neighbors. While the economic autonomy of states is a value worth preserving, it has already been greatly compromised by the force of globalization; a global ethical framework must be able to recognize and respond to the moral obligations posed by economic interdependence—obligations that may well exceed a limited duty of assistance.

We therefore have two very different conceptions of ethics—a cosmopolitan approach that seeks to develop universal moral codes to guide global action, and a communitarian approach that works instead to preserve the autonomy of ethical communities. What role might these two perspectives play in the context of international finance? While one could argue that ethics has always been relevant to international finance—after all, without international credit, few countries have sufficient resources to pursue any kind of good life at home—ethical questions have become particularly important in the context of globalization. Economic globalization and the process of financial liberalization that it has fostered have produced both great winners and losers, bringing with them both success and suffering. As the suffering has begun to outweigh the success in many countries over the past decade, the moral and political legitimacy of globalization has been increasingly challenged. As I shall discuss below, in their response to such challenges, IMF representatives and financial scholars alike have begun to draw on moral arguments to defend a particular kind of financial globalization. In so doing, they have relied on both cosmopolitan and communitarian arguments, developing a new hybrid—a kind of communitarian liberalism—that so far has demonstrated more of the weaknesses than the strengths of these two moral frameworks.

Globalization and the Debate over Financial Reform

In the realm of international finance, the process of globalization has generally taken the form of financial liberalization and the progressive dismantling of the national and international controls on capital flows that were established in the postwar period. After the experience of the Great Depression and World War II, economists and political leaders were determined to avoid a similar economic and political debacle. Believing that one of the central culprits in the financial collapse of the 1930s was the destabilizing impact of capital flight, they sought to reign in capital movements through a network of controls and fixed exchange rates supported by the Bretton Woods regime (Bloomfield 1946; Helleiner 1994). By the late 1970s, however, there had been a significant shift of opinion about the value of controlling capital movements following the collapse of the Bretton Woods regime. The United States and Britain were the first to begin liberalizing their financial markets in the late 1970s and early 1980s (Arrighi 1994; Strange 1990). They were soon followed by Europe and Japan in the 1980s and by emerging and developing economies in the early 1990s, a process that was encouraged by the IMF and World Bank (Williamson and Mahar 1998; Eatwell 1996). Mainstream economists and international policymakers alike were now united in their belief that capital flows were in fact a stabilizing—and a disciplining—force in the international system, as the threat of capital flight caused governments to pursue fiscally conservative economic policies.

Yet financial crises continued to occur. In fact, by the end of the 1990s they appeared to be endemic: crises in Europe and Mexico were followed by the Asian financial crisis in 1997-1998, which devastated economies in Thailand, Malaysia, South Korea, the Philippines, and Indonesia among others (Hunter, Kaufman, and Krueger 1999; Singh 1999). In the wake of so much economic devastation, scholars and policymakers alike undertook two common tasks: to understand the causes of the crises and to propose solutions for avoiding them in the future. This discussion concerning the future of financial governance ultimately came to be known as the debate around the reform of the international financial architecture, a term first coined in 1998 by Robert Rubin (1998), then US Secretary of the Treasury.

The principal interveners in this debate fall into three camps. First, there are those critics who argue that the process of financial liberalization undertaken since the late 1970s was itself the cause of much of the current financial instability. They suggest that we have forgotten many of the hard lessons of depression-era economics, and have moved

too quickly to eliminate many of the key international and domestic policy tools through which states once tamed the volatile flows of capital (Krugman 1999a; Michie and Smith 1999). These flows, moreover, have not proven to be as rational or as disciplining as the advocates of liberalization had hoped; instead, in the case of the Asian financial crisis, the deregulation of financial controls in fact allowed capital to move into increasingly irrational and risky speculative areas, effectively producing an unsustainable bubble (Stiglitz 1998; Singh 1999; Grabel 1999). In response, such critics have suggested that what is needed is more rather than less regulation, selective controls on capital, and a significant political reform of the International Monetary Fund (Kaplan and Rodrik 2001; Eatwell and Taylor 2000; Stiglitz 2002; Krugman 1999b).

Second, there are those who argue that the process of financial liberalization has not gone far enough. The fundamental cause of the crises, they suggest, was the persistence of "illiberal" economic practices among the affected states. In spite of their progress towards liberalization, they argue, these economies continued to follow the "Asian model" of capitalist development, retaining significant state involvement in the economy that ultimately encouraged lax risk management on the part of investors (Camdessus 2001; Calomiris 1998a; Greenspan 1998).[9] Once market participants discovered these problems, they responded rationally by withdrawing their capital, thus disciplining these errant states. Such analysts have argued that what is needed is more market discipline, to be achieved both through the reform of domestic financial governance practices and through the reduction in the funds provided by the IMF, which, they argue, have only encouraged reckless behavior on the part of governments and investors alike (Meltzer 2000; Calomiris 1998b).

The third and most influential intervention in this debate has come from those who suggest that while financial liberalization must continue, it should proceed more cautiously than before. This perspective has evolved in large measure out of the second, pro-liberalization, approach, in response to some of the challenges brought by their critics. Advocates of this position, including influential academics along with major IMF representatives, continue to place much of the responsibility for the recent financial crises on the affected countries themselves, citing significant concerns about their institutional infrastructure (IMF 2001a; IMF 2001b; Goldstein 1999; Eichengreen 1999). At the same time, they recognize that the pace of financial liberalization was in fact too rapid to be sus-

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[9] On the Asian model of state-led development, see Peter Evans (1989) and Singh (1999).

tainable. They thus recommend a more cautious continuation of financial liberalization combined with a process of domestic financial reform.

Given its dominant place in the current debate, it is on this perspective that I shall focus my attention for the remainder of this chapter. On the surface, this third approach to architectural reform appears to be relatively limited. Much of the focus is on technical improvements: increasing the flow of financial information, improving the Fund's surveillance of member economies, and creating early warning systems—in short, improving the "transparency" of the financial system in order to increase the market's access to economic information (IMF 2001b). Yet the proposed reforms also imply significant interventions in member states' economic affairs. Believing that the causes of international financial crises are primarily domestic, they seek to make changes at that level. Thus the economic analyst Barry Eichengreen (1999) suggests that the blurring between international and domestic economies "makes it impossible to 'fix' the *international* balance of payments without also 'fixing' the *domestic* financial system" (p. 20). How do they justify such significant interventions in a world in which state sovereignty remains such a powerful norm? They do so by framing these proposals in the terms of universal moral imperatives.

The Moral Logic of Financial Reform

When examining some of the recent proposals for international financial reform, one cannot help but be struck by the persistent reappearance of certain moral tropes. Terms like citizenship, self-responsibility, culpability, civility, ethics, punishment, and morality occur in official IMF statements and scholarly contributions alike. On closer attention, moreover, a pattern of sorts emerges in these texts: a moral logic, sometimes explicit, sometimes implicit, which works to legitimize a particular set of financial reforms. In the following pages, I shall elaborate this moral logic by focusing on certain key concepts: transparency, universal standards, ownership, self-responsibility, solidarity, culpability, and discipline.

Transparency
If there is a single phrase that dominates the current discourse around financial reform, it is "transparency." Michel Camdessus (1999a), when Managing Director of the IMF, suggested that "There is a strong consensus for making transparency the 'golden rule' of the new international financial system" (p. 16). In the aftermath of the turbulent 1990s, financial leaders were quick to identify lack of financial transparency as a central cause of both the Mexican and Asian financial crises, suggesting that

"markets were kept in the dark about important developments and became first uncertain and then unnerved as a host of interrelated problems came to light" (IMF 2001a: 7). As I noted above, the call for transparency appears at first to be a purely technical strategy for financial reform: What could be simpler—or more neutral—than providing more information to financial markets? Yet the appeal for transparency—what I have elsewhere called the "politics of transparency"—in fact has both moral and political implications (Best 2005, 2003a).

The word "transparency" brings with it a host of moral connotations: one IMF Survey pairs it with "candor" and "accountability," while a financial-sector commentator on the Asian crisis defines transparency as "easily understood or detected; obvious; guileless (free of deceit, cunning or craftiness); candid; open" (Fons 1999: 307). Other commentators, like Robin Cook (1998), then British foreign secretary, explicitly contrast transparency with corruption, another term that has complex and powerful moral overtones.[10] The call for financial transparency thus makes a powerful moral argument for the universal value of such a policy approach.

Yet policies designed to increase transparency have not only moral but also political implications. While one might imagine that achieving financial transparency is an essentially passive process—simply a matter of opening up existing economic practices to the gaze of international market participants—in fact, it is very interventionist. Yes, transparency does involve the publication of information about economic policies and practices. But it also involves transforming those practices so that they can be measured and communicated in a particular way. Simply publishing data is not enough for such communication to occur; everyone must be speaking the same language. And, as it turns out, that language has already been defined by the dominant players in the international financial markets. Thus Western financial practices and legal norms have become the *lingua franca* of a "transparent" international financial order. The moral discourse of transparency thus relies on a particularly uncritical variant of cosmopolitan ethics—one that appeals to the universality of its principles without recognizing their source in particular cultural norms. By appealing to the universal value of a particular model of transparency, financial leaders effectively treat all alternative financial norms, regardless of their merits, as inherently opaque or even corrupt. At the same time, advocates of financial transparency are able to diffuse

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[10] For an excellent discussion of the moral politics of the current international focus on corruption, see Mlada Bukovansky (2002).

disputes over the political costs and consequences of such policies by framing them in universal moral terms. Who, after all, could be against honesty, guilelessness, and candor?

Universal Standards
Once transparency has been accepted as the golden rule of financial governance, one further question remains: How is one to determine whether the necessary threshold of transparency has been achieved? This is where international standards come in. One of the central goals of the IMF, together with the World Bank, has been to elaborate voluntary "standards and codes for sound economic and financial policies and corporate governance" (Köhler 2001). Once again, these standards appear at first to be merely a technical expedient for standardizing financial practices internationally: while the codes now cover twelve different areas of economic practice, they address the dry and technical questions of accounting practices, data dissemination, and fiscal and monetary management (IMF 2003).

Yet the language that policymakers and scholars use to defend these standards reveals a much more normative emphasis—one that once again borrows from cosmopolitan ethics, with its emphasis on abstract universal principles. Horst Köhler (2002), the former Managing Director of the IMF, has described the purpose of these standards and codes as a means of defining "recognized rules of the game, or a level playing field, for participation in globalization." Köhler suggests that these universal standards of transparency will work to foster a "better globalization" by making the international system fairer to all participants. These standards are not only represented in consequentialist terms as having the normatively desirable outcome of greater economic stability and growth, but are also framed in deontological terms as defining a universal economic obligation. IMF documents refer to the value of "adhering to international standards of good economic citizenship," characterizing these standards not as a means to an end but rather as an expression of moral and political responsibility (IMF 2001a: 6).

It is difficult to fault the goal of achieving greater fairness in international economic relations. Yet in this case, the appeals to the creation of "a level playing field" conceal considerable political implications. In fact, these international standards work to realize a particular—Anglo-American—conception of good economic practice, and thus to transform those economies that have followed a different economic model. While many of the aspects of fiscal and monetary practice that the Fund's codes cover emphasize process over content, they do ultimately privilege certain forms of economic organization over others. Above all, they identify a

clear separation of public and private spheres as good practice, denigrating the kind of economic system in which the state plays a more extensive role in the economy.[11]

Comments by Fund representatives and scholars also suggest that, in practice, standards for good economic practice are defined in far greater detail than the formal codes suggest, at least in cases where conditionality is involved.[12] Thus IMF representative Flemming Larsen (2002) defines a whole range of "basic principles" of sound economic practice, including price stability, competitive exchange rates, open trade policy, and sustainable debt levels, which should serve as the basis for conditionality. In her study of the international effort to eliminate corruption, Mlada Bukovansky (2002) suggests that for many analysts, less corruption is equated with less government; a parallel assumption appears to underlie much of the commentary on transparency, making a reduction of the role of government a necessary component of reform.

The imposition of such universal standards and "best practices" will therefore have significant social and political effects on the countries concerned—particularly those that have traditionally allowed the state to play a greater role in the economy. My concern here is not to debate whether or not a more laissez-faire Anglo-American model is in fact preferable, but rather to point out that within the context of the present call for universal standards, such debates are not being acknowledged as legitimate in the first place. Ironically, the effect of these explicitly normative arguments of fairness, good citizenship, and good economic practice is to conceal the politics at stake. By suggesting that the adoption of international standards will create a "level playing field," Köhler abstracts from the current and historical context of international economic development. This abstract conception of procedural fairness effectively ignores the existence of structural inequalities that make even the adoption of those standards more onerous for poorer countries, and that will no doubt continue to shape their participation in the global economy once those practices are adopted.[13] The concept of "good eco-

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[11] This is particularly evident in the Fund's *Fiscal Transparency Questionnaire* (IMF 2001c), in which the multiple choice answers clearly establish the link between transparency and laissez-faire on the one hand, and state-led development and opacity on the other.

[12] The IMF imposes specific conditions on member states to which it provides financial assistance. Over the years, these conditions have grown more extensive. Currently, there are two trends in loan conditionality: one, which I will discuss further below, to make conditions more flexible, and a second to extend them further into the arena of domestic governance. On the latter trend, see Eichengreen (1999).

[13] For a discussion of some of the potentially asymmetrical costs of transparency policies in the area of trade, see Robert Wolfe (2003).

nomic citizen" similarly abstracts from the concrete conditions of radical economic inequality that make it very difficult for poorer countries to participate actively on the international stage, even in those rare instances in which they are granted an equal voice or vote. Finally, the particular conception of "good economic practice" that is contained in these international standards is in fact heavily influenced by Western economic traditions. Nevertheless, it is portrayed as a universal good that remains beyond political contestation.

Ownership, Self-responsibility, and Solidarity

In spite of such appeals to the universality of the proposed international standards, there has been some resistance by member states to their introduction (IMF 2001a: 21; Köhler 2003a). International Monetary Fund representatives have responded to these more recent concerns and to a much longer history of complaints about the "one-size-fits-all" nature of Fund standards and conditions by introducing more flexibility into their programs. Central to this process have been the concepts of "ownership" and "self-responsibility." The idea of "country ownership" has become ubiquitous in Fund and other official documents.[14] As one IMF representative put it, "We have learned that good policies are unlikely to succeed if they are simply imposed from outside—country ownership is essential if a country is to tackle its problems on a durable basis" (Larsen 2002). The idea of ownership points towards the possibility of involving individual states in determining their own paths towards reform and of finding economic solutions that meet their needs and desires. It thus draws on a more communitarian form of ethics in which state autonomy is valued and universal standards are made more responsive to the particular complexities of individual contexts.[15]

IMF Managing Director, Horst Köhler (2002), pairs the idea of ownership with a second powerful moral concept—that of self-responsibility. Countries must not only own the conditions that are the basis for IMF financing, he suggests, but must also take responsibility for creating "better governance, a secure legal foundation, and less corruption."[16] Köhler thus characterizes the various domestic financial reforms that are either encouraged by the IMF under the rubric of international standards, or

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[14] See, for example, *Proposal for an International Finance Facility* (London: HM Treasury, 2003). See also Camdessus (2001) and Köhler (2003b).

[15] In his proposals for financial reform, Peter Kenen (2001: chap 5) builds on this concept when he suggests a specific mechanism of negotiation and contracting through which states could agree with the Fund and World Bank on a particular path of reform.

[16] On self-responsibility, see also Köhler (2001).

required as conditions for financing, as a moral responsibility. In doing so, he suggests that the primary responsibility for reforming the international financial system rests with developing and emerging economies—not with affluent states or financial markets themselves.

Köhler (2002) goes on to argue that a global ethic is necessary: "This ethic must respect human rights, but should also remind us that we have duties as well as rights."[17] These duties include a duty of "solidarity," which is increasingly necessary in an interdependent economic realm in which one country's economic difficulties can precipitate a global crisis (Camdessus 1997; Köhler 2002). For developed states, the duty of solidarity involves providing a reasonable level of financial assistance to poorer states; the IMF supports the UN's target of .7% of GDP for international aid (Köhler 2002; Camdessus 1999b). The Fund's support for greater international aid does move in the direction of a more cosmopolitan conception of global responsibility; yet it falls far short of a genuine commitment to redistributive justice, resembling instead Rawls' far more limited conception of a duty of assistance. Moreover, since the Fund's mandate does not include encouraging states to provide financial assistance, it has focused instead primarily on encouraging a commitment to solidarity on the part of developing states. For developing and emerging economies, the duty of solidarity involves pursuing economically sound policies to minimize the risk of crisis.: Camdessus (1996) thus suggests that "a keener sense of responsibility in the conduct of internal affairs in every country is the first, and most essential, step toward solidarity in a world where the success or failure of one country has such a pronounced impact on its neighbors." We have therefore come full circle from a cosmopolitan to a communitarian conception of responsibility, in which a developing state's primary duty of solidarity is self-responsibility itself.

IMF leaders do not deny that the developed world has responsibilities towards those in need. Yet time and time again Köhler and Camdessus use the concepts of responsibility and self-responsibility to emphasize the duty of poor states to improve their own lot. The image of the international system that emerges from these statements is one in which states are largely islands unto themselves, detached from their historical or structural place in the global economy, and responsible for their own success or failure. Like Rawls in *The Law of Peoples*, Fund leaders downplay the complex international economic interdependencies that reduce

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[17] He makes similar points in Köhler (2001 and 2003a).

states' capacity to direct their own economic affairs. Ownership is a thus double-edged sword: it promises a measure of flexibility in return for the threat of blame in the case of failure.

Culpability and Discipline

The idea of blame, or culpability, has also begun to emerge in recent statements and scholarship on financial reform, particularly in discussions of crisis management. It is here that we can see the way in which Fund representatives and financial scholars have begun to combine cosmopolitan and communitarian ethics into a new hybrid that has specific political implications.

International standards are designed to prevent the occurrence of crises by encouraging "good" economic behavior. Yet crises cannot always be prevented. In such cases, how should the international community respond? Many mainstream analysts have argued that while there remains an important place for an institution like the IMF, which is capable of providing emergency funding in a crisis, the size and frequency of these "bail-outs" should be scaled back. They point to the problem of "moral hazard": if funding is too easy to come by, states and investors are both likely to be tempted to take irresponsible risks, knowing that they will not have to pay the full cost. The question of who is responsible for causing crises, and thus for resolving them, is framed in moral terms. This is particularly apparent in the Council on Foreign Affairs Report, *Safeguarding Prosperity in a Global Financial System*, which develops a series of proposals for reforming the financial architecture and argues for the need to "place the primary responsibility [emphasis added] for crisis avoidance and resolution back where it belongs: on emerging economies themselves and on their private creditors, which dominate today's international capital markets" (Goldstein 1999: vi).

The report's authors hope to identify responsibility for any given crisis and to ensure that the costs of the response are allocated accordingly. Essentially, they want to allocate blame. In classic communitarian terms, most of that blame is placed on emerging states themselves, as they are deemed to be primarily responsible for assuring their own economic health. Yet they cannot simply force states to fend entirely for themselves; while a crisis may begin in a single country, it can easily destabilize others and cause systemic damage. As a solution to this dilemma, the report's authors propose a two-tiered approach to IMF financing: "For systemic crises that threaten the international monetary system, the IMF should turn to its existing credit lines when problems are largely of the country's making and to special contagion funds when the country is an innocent

victim" (Goldstein 1999: vii).[18] The international community, the report suggests, should take upon itself the power to judge the innocence or guilt of a crisis-ridden state and to mete out the appropriate rewards—ample and condition-free financing—or punishments—limited and conditional assistance (Goldstein 1999: 17, 86). How are these judgments to be made? The answer is: by determining the extent to which a state has adopted universal standards and has thus practiced good economic behavior. It is here that a particular brand of cosmopolitan ethics comes in—establishing the universal moral standards that are to be used to measure a state's innocence or guilt.

While Fund representatives have avoided using the term "punishment" to describe the conditions that the institution applies—a fact that has not stopped others from understanding conditionality in those terms (Kenen 2001: 51-52)—it is clear from recent statements that they do view conditions for lending in moral terms. In a recent question-and-answer session with a group of parliamentarians, IMF Managing Director, Horst Köhler (2003a), justifies conditionality as a means of disciplining those "political classes who have not enough resolve, ability, and capacity to work," and yet "still ask for more support, more money from outside." In the face of such a lack of self-responsibility or a willingness to take ownership for their own problems, it is the IMF's role, he suggests, to impose responsible behavior. Thus, responsibility blurs into culpability and provides a justification for discipline. While a universalist cosmopolitan ethics justifies the standards of good economic behavior, a particularist communitarian ethics places responsibility for compliance or failure squarely on the shoulders of individual states.

Conclusion

The language of morality has begun to appear in the unlikeliest of places—the programs and proposals of financial leaders and scholars. The debate over a new financial architecture has taken on a moral tone, as its most influential interveners have begun to frame their arguments in the terms of fairness, duty, responsibility, and obligation. As this discussion has revealed, these statements also share a hybrid moral logic. The concepts of transparency and universal standards draw on an abstract, universalist vision of the economic world. At the same time, those of ownership and self-responsibility appeal to a particularist communitarian moral sensibility. Finally, the moral categories of culpability and dis-

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[18] For a far more extensive discussion of this report, see Best (2003b).

cipline combine a universalist conception of norms with a particularist approach to moral responsibility.

Within this moral framework, there is one clear set of economic values—one conception of the good economic life—to which all people and countries ought to subscribe. Yet this moral vision is a very narrow one, based largely on Anglo-American economic practices. While the concept of ownership appears to soften the rigidity of this vision, its potential is ultimately constrained by a very limited definition of the scope of possible alternatives. Thus, while diversity is recognized in name, in practice very little deviation from the singular model of good economic practice is allowed. Moreover, by linking ownership with self-responsibility, what might have been a dynamic negotiation between financial institutions and member states about the meaning of good economic practice is reduced to an obligation to "take responsibility" and reform their domestic institutions accordingly—with the threat of judgment and discipline hanging in the air as an incentive to moral scrupulousness.

Sadly, the Fund's global ethics appears to combine the worst rather than the best of cosmopolitan and communitarian approaches. Its representatives have adopted the cosmopolitan tendency to downplay morally significant differences, while drawing only limited inspiration from the cosmopolitan commitment to redistributive justice. They have similarly adopted the communitarian insistence on a community's self-responsibility, while neglecting its emphasis on the value of pluralism and autonomy. Although there are moments in which these more positive possibilities are acknowledged, they have yet to be pursued in any meaningful way.

What is lost in this moral vision is any real awareness of the political implications of financial reform. This conception of ethics as rules of the game, in which member states have specific rights and duties and, above all, a sense of self-responsibility, defines moral relations in ahistorical terms as a series of contractual obligations among equal, isolated states. By abstracting from complex, historically informed economic and political relationships, this moral vision conceals the power dynamics that characterize financial governance.

What then would a more critical ethics of globalization look like—one that combined the positive potential of universal aspirations and contextual possibilities? While any adequate answer to that question is beyond the scope of this short chapter, I will conclude by citing two suggestive contributions to that discussion, one theoretical and one practical. One of the more difficult questions facing those who seek to develop a more critical global ethics is how to conceptualize universality. In *Identity/Difference*, William Connolly (2002) provides one possible answer in his discussion of the paradoxical nature of ethics: "Without a set of

standards of identity and responsibility there is no possibility of ethical discrimination, but the application of any such set of historical constructions also does violence to those to whom it is applied. Such standards are indispensable constructions rather than either disposable fictions or natural kinds" (p. 12).

If financial commentators and representatives were to treat the idea of universal standards as "indispensable constructions" that will sometimes do violence to the way of life of those to whom they are applied, they might, at the very least, approach the task of negotiating them more humbly than they do now. Better yet, they might discover that there are ways of organizing financial practices that, like the Bretton Woods regime of old, seek to reconcile the universal goals of stability and growth with a diversity of particular conceptions of the economic good.[19]

They might also come to appreciate the fact that responsibility is a messy concept and should not be used lightly. It cuts back and forth between people, places, and times, enmeshing them in complex ethical interdependencies. In the same interchange between Köhler and the parliamentarians that I cited earlier, the moderator, a member of the European Union Steering Committee, posed a question that points towards a different kind of responsibility. She cited President Lula's election in Brazil and asked how the IMF could reconcile the basis upon which the leader was elected—a platform of reducing poverty—and the conditions that the IMF had imposed—a large budget surplus. "Are you taking any responsibility," she asked, for this "very big question of democracy?" (Köhler 2003a).

By pointing to the political implications of the Fund's actions—and the democratic costs of imposing a singular conception of sound economic practice—the moderator was emphasizing the IMF's own ethical responsibility for its actions. She was thus drawing on a more complex conception of responsibility—a conception that combines a cosmopolitan concern with global responsibility with a communitarian commitment to political autonomy. Her brief statement also suggests a kind of global ethics that is attuned to politics—in which tensions among our various obligations do occur and must be negotiated politically as well as ethically. Thus, Brazil's responsibility to the international community is qualified by its responsibility to its people, a responsibility that the IMF must also acknowledge and to which it must respond. In such difficult concrete situations, we come face to face with the inseparabil-

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[19] I discuss the positive possibilities—as well as the limits—of that earlier international financial system in Best (2005).

ity of ethics and politics and the complex ethical interconnections that they create. It is in such moments that we might begin to grasp the ethics of globalization.

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Global Trade and Technology Regimes: The South's Asymmetrical Struggle

Rubin Patterson[1]

Abstract

The trade and technology regimes of WTO and TRIPS embody the values, objectives, and operational dynamics that primarily satisfy Western powers. Southern states submit to these constraining regimes only to the extent of avoiding severe penalties. They feign compliance whenever possible through "stealthy noncompliance" in order to advance their development and security. This paper addresses three issues: the West-South asymmetrical struggle over technology and trade; the role of state-supported technological development in the South; and the prospective consequences for the South relating to the restricted labor-absorbing capacity of twenty-first century technology.

Introduction

Most nations of the global South feel trapped by the regimes of the World Trade Organization (WTO) and its Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS),[2] both of which frustrate their pursuit of fair trade and their acquisition of high technology for purposes of development. The TRIPS agreement requires WTO members to adopt U.S.-style patent and copyright laws. Although the agreement is formulated in the language of liberal economics, it really constitutes a massive protective device for Western companies and ensures that poor countries pay far more for drugs, software, and other such items than they would pay otherwise.

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[2] The agreement is at ⟨http://www.wto.org/english/docs_e/legal_e/27–trips.pdf⟩.

Martin Wolf (2004), chief economic commentator at the *Financial Times*, refers to the WTO as a "disarmament treaty for mercantilists" (p. 208). Measured by patents and R&D spending, the United States owns more than 40 percent of the world's new technical knowledge and seeks to maximize the resulting economic advantages. From the fifteenth to the twentieth century, the great mercantile and colonial powers seized whatever resources they needed from any corner of the globe. Today's poor nations have no such possibility of forcibly acquiring the scientific and technological resources that will be critical to production in the twenty-first century. Moreover, science and technology simply do not lend themselves to that kind of expropriation.

The WTO and TRIPS institutionalize the values of Western powers and the patterns of behavior they choose to reward and punish; they conform to Western preferences and reinforce the existing distribution of power (Krasner 1985). Writing of the "hypocrisy of the high-income countries," Martin Wolf describes the TRIPS regime in these terms:

> The Uruguay Round . . . saw the introduction of trade-related intellectual property into what subsequently became the WTO. While patent and similar forms of protection may be appropriate for some of the bigger or more economically advanced developing countries (such as Brazil, China and India), it is a rent-extraction device for the rest of them, with potentially devastating consequences for their ability to educate their people (because of copyright), adapt designs for their own use (ditto) and deal with severe challenges of public health. The World Bank estimates that transfers from developing countries in the form of licence payments to northern transnational companies, above all those of the US, will rise almost four-fold, from their current level of $15 billion. If so, the sum would fully offset all development assistance. (p. 217)

For many of the world's poorest countries, to work completely within these regimes is a prescription for continued poverty. It is a fact that all "international regimes limit the discretion of their constituent units to decide and act on issues that fall within the regime's domain" (Ruggie 1982: 380). It is also true, however, that unequal states are not equally constrained. Working within a system that is inherently prejudicial to their interests, the countries of the global South find themselves engaged in an asymmetrical struggle. Such struggles occur when one side mobilizes to avoid the opponent's strengths, while applying its own strength against the other side's weaknesses (Grange 2000).

Every state—"form the most modern to the most primitive—has both advantages and disadvantages in waging war [and non-hostile battles] with another state, regardless of the relative levels of advancement of the two" (Matthews 1998: 19). Seeing no possibility of altering the global economic regimes by defeating the Western states that sustain them,

Southern adversaries turn to asymmetrical strategies that may range from guerrilla warfare to insurgency to terrorism. In 2005 a fifteen-year projection by the CIA's National Intelligence Council all but predicted continued use of asymmetrical strategies by Southern groups against the United States (CIA 2005).

There is, however, another type of asymmetrical approach that weaker states and groups might adopt against entrenched powers, a non-hostile approach that we can think of as "stealthy noncompliance." This form of asymmetry involves the states of the South seeking to limit the West's trade and technology advantage by individually feigning compliance with the existing principles, norms, rules, and decisional calculus, and by collectively working to reconfigure the nature and objectives of the trade and technology regimes.

Southern nations avoid sanctions by signing global, multilateral, and bilateral treaties that dictate policies on everything from providing subsidies to enforcing intellectual property rights. But they simultaneously employ the tactics of the weak to undermine the entrenched powers of Western states and transnational corporations, who are using the existing trade and technology regimes to solidify their own hegemony (Strange 1983). This paper addresses three issues: 1) the constraints of the existing trade and technology regimes for the global South; 2) the strategic options in technology policy that Southern states are attempting to pursue in the context of asymmetrical power relations; and 3) the paradoxical possibility that the very technological advancement they are pursuing may well leave many Southern nations with no gainful space in the global production chain.

Asymmetrical Struggle from 1973 to 2003

Socioeconomic development involves moving from national assets based on primary products and unskilled labor to assets based on knowledge that is exploited by skilled labor (Amsden 2001). Overcoming limited human resources, poor infrastructure, traditional culture, inefficient bureaucracy, inexperience with state-of-the-art production technology, and crushing international debt is among the challenges facing Southern nations. History suggests that Southern nations, with few exceptions, are unlikely to get very far by pursuing a strategy of negotiating individually with Western-dominated international trading and financial regimes and with transnational corporations (TNCs). Nor will they make much headway through a confrontational strategy of working multilaterally with other Southern nations to seek fundamental change in the existing regimes or more favorable access to capital and technology.

From the early 1960s to the early 1980s, Third World nations utilized a coalition strategy. Seeking compensation for past colonialism, they worked for better technology, capital, and market access. UNCTAD (the UN Conference on Trade and Development) was created in 1964 by newly independent states that spoke with a "unified voice." UNCTAD became the General Assembly's principal permanent organ for dealing with trade, investment, and technology issues affecting development in Third World countries. UNCTAD was inspired by the South as a counterweight to the Western-dominated trade regime of GATT, the General Agreement on Tariffs and Trade (Krasner 1985). By 1973, with the help of the General Assembly, the Third World collectively called for a New International Economic Order (NIEO) that might reverse the effects of decades during which they had experienced declining terms of trade and inadequate access to state-of-the-art technology.[3]

But despite this non-hostile, asymmetrical struggle in the late 1970s and early 1980s, the global economic climate continued to erode. In August 1982, Mexico announced that it was defaulting on its $90 billion foreign debt; and during the following year, more than 40 other nations followed the same course (Shaeffer 2003). This was a watershed moment and a critical test for the Third World. The establishment of UNCTAD and the collectivist NIEO agenda could have resulted in up to 100 nations defaulting in the effort to effect fundamental change, but instead most reverted to individual deal-making through private and official financial institutions.

There are at least two possible responses to this experience. The first is to conclude that the strategy of coalescing into a political bloc in order

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[3] While the coalition was growing in strength and engaging the West to eliminate structural constraints that were thwarting development prospects for Third World countries, some of those states were busily addressing internal limitations that had also served to undermine development, such as institutionalizing compulsive primary education, developing government-sponsored research and development institutions, making improvements in telecommunications and other infrastructure—physical and regulatory—and establishing a high-performance bureaucracy. Taiwan was among those nations that were not party to the NIEO strategy. Instead, Taiwan was busy assuring political stability, establishing a sound macroeconomic framework, institutionalizing positive attitudes to foreign investment in targeted areas, enhancing technical skills, and reducing business transaction costs. Taiwan benefited directly from these internal improvements, and indirectly as a free rider by not appearing radical in the NIEO. Conversely, Mexico took a visibly active role in NIEO while giving decidedly less attention to building internal capacity. The common external context of Third World collaboration and dissimilar internal adjustments generated different outcomes among Third World nations.

to engage Western-dominated regimes does not work. Compared to their unified strength a few decades earlier, relations among Southern nations are today fractious. Many have concluded that if past efforts to cut off critical primary products and to default systematically on foreign debt could not force fundamental change, then no such change is likely ever to happen. But a second response is also possible. According to this view, the collective strategy of a Third World political bloc failed for specific reasons of time and place: the historical moment was simply not appropriate; in which case, a different outcome might be expected under more propitious circumstances.[4]

In the 1970s and 1980s, Western nations were far more successful in maintaining a unified approach than their Southern interlocutors were. Preexisting fault lines facilitated a Western strategy of "divide and conquer" (Rothstein 1977). Analysts such as Ruggie (1982) contend that the principles and norms of the existing liberal regime were never altered by the Southern challenge. Susan George notes that between 1982 and 1990, Third World nations paid out over $418 billion more than they received in fresh capital from the West—a sum more than six times greater, in real terms, than the United States spent on reconstructing Europe after World war II. All the more remarkable is the fact that despite these massive repayments, by 1990 Southern nations had over 60 percent more debt than in 1982 (Shaeffer 2003). There is no way of knowing how conditions might have changed had Southern nations succeeded with a collective strategy, but we can safely surmise that many would be more advanced in economic and technological terms than they are today.

Although the narrative of globalization is still being written, thus far its principal theme has been the rapid expansion of capitalism across the globe. Since the early 1990s, virtually all nations have altered their investment and trade policies to suit the requirements of global capitalism (UNCTAD 2003). As a result, capital, goods, and technology can move efficiently and with little risk, enjoying at least formal *de jure* protection of intellectual property by all governments. But this pattern of globalization is neither inevitable nor accidental. Power, by definition, is

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[4] A socialist bloc of nations and a worldwide communist movement were a critical part of that historical moment that witnessed Western nations' vulnerabilities. Western states were far more likely to negotiate and compromise when confronted with such a coordinated challenge. Today the West faces another global challenge from radical Islam. However, radical Islam does not offer a universal vision for humanity that is attractive to people across ethnic groups and religious faiths.

the ability to realize one's own objectives despite organized opposition. The West imposed its own accounting practices, investment policies, and commitment to privatization upon the rest of the world despite the attempt at organized opposition by the South. The consequence is clear: "International trade and investment have distributed gains in favor of those who control the capital and against those who contribute human labor, especially in developing countries" (Sethi 2003, ix).[5] As Jagdish Bhagwati (2004) stated, the South is withering under "the tyranny of the missing alternative."

At the same time that globalization has been spreading capitalism throughout the world, the role of states has also been curtailed through extension of markets. Unless states accede to TNC demands, corporations will shift their mobile assets (capital and technology) to find a better match with immobile assets (labor and resources) elsewhere, that is, in more compliant countries (Lall 2002). There are countless states (and even sub-states, such as America's Michigan or California) that are perfectly willing to satisfy corporate demands. The balance of power is clearly in favor of capital. As most nations compete to attract high-technology "greenfield" projects (new investments in modern production), they replace red tape with red carpet for foreign investors (UNCTAD 2003).

However, there is a limit to this process. Advanced technology means higher productivity, which in turn displaces previous forms of production. Technological displacement will ultimately mean that latecomers to the global production system will be condemned to grow poorer still. If all producers were to utilize the latest science and technology, multiplying potential output, there would necessarily be fewer of them. On the other hand, to abandon this race is also to guarantee a country's stagnation. The problem is that even those who participate in the effort to attract foreign investment ultimately find themselves in a "race to the bottom."

At the annual meeting of captains of industry and finance in Davos, Switzerland, in January 1999, UN Secretary-General Kofi Annan tried to position the UN as a broker to find common ground with Southern states. Annan argued that the present pattern of globalization is not sustainable over the long run and that it would better suit the interests of business to make the global system serve more of the world's people. Annan appealed directly to corporate economic self-interest. Specifically,

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[5] An exception is China, where the state retains significant control over macroeconomic development through the banking system, currency controls, and a still significant sector of state-owned industry. With its vast market and abundant low-cost labor, China has been better able than many developing countries to negotiate on its own terms with foreign investors.

he "challenged the top leadership of the global business community to enact a Global Compact between the United Nations and the private sector to promote human rights, improve labor conditions, and protect the environment" (Sethi 2003: 110). He sought to elicit commitment from companies to abide by nine principles from the Universal Declaration of Human Rights, the International Labor Organization's Fundamental Principles on Rights at Work, and the Rio Principles on Environment and Development. The Global Compact, launched in July 2000, was intended to establish minimum standards of conduct by both TNCs and Southern states for their mutual benefit.[6]

Despite Annan's noble intentions, he was immediately criticized by progressive intellectuals who saw two fundamental flaws in the Global Compact. First, critics rejected the assumption that wider and deeper economic liberalization, through the existing regimes, could be a viable force for development. Instead, they called for a greater role for the state, as had been the case in other countries at a similar stage of development—notably the United States and Germany in the nineteenth century, Japan in the late nineteenth and twentieth centuries, the former Soviet Union following the 1917 revolution, and East Asia in the latter half of the twentieth century. In all of these cases the state, to one degree or another, coordinated the assimilation of technology for purposes of development. The second concern of progressive critics was that the Global Compact lacked comprehensive monitoring and stringent enforcement provisions.

Within weeks, Annan's critics proposed the alternative of a "Citizens' Compact" to bring corporate behavior into line with the universal principles and values of the United Nations.[7] This alternative would replace corporate-led, neoliberal globalization with an approach emphasizing the participation of civil society and aiming at human solidarity. Its proponents have seen nothing democratic in a world governed by institutions that acquired their present status through their ability to hold down wages and expand market share in pursuit of profits. The Citizens' Compact provides a legal framework to hold both corporations and Southern states internationally accountable for their mutual benefit. It also expresses another form of collective, asymmetrical struggle against the neoliberal regimes that currently structure the world economy.

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[6] For details of the UN Global Compact see (http://www.unglobalcompact.org/Portal/Default.asp?) and (http://www.un.org/Depts/ptd/global.htm).

[7] For the citizens' compact, see (http://www.corpwatch.org/article.php?id=992) and (http://www.commondreams.org/news2000/0128–103.htm).

State-Sponsored Technological Advancement:
Compliance and Noncompliance

Orthodox Marxism deplored imperialism, but it also argued that colonialism was one way of exposing pre-industrialized peoples to industrial technology and a modernizing culture, without which they would remain bound to static traditions. As Joan Robinson remarked, for such peoples the only thing worse than being exploited by capitalists was not being exploited by capitalists (cited in Chang 2003). Continuing improvements in the quality of life require advancing technology, which is increasingly owned by the world's largest corporations. In terms of patent ownership, corporations possess over 80 percent of the world's high technology and industrial knowledge.[8] Development presupposes acquiring, assimilating, and adapting these technologies. But in many cases of industrialization, such acquisition has been mediated by state activity, which has significantly accelerated the process. The successful Asian experiences since World War II in some ways followed the model of Soviet industrialization decades earlier. Susan Sell (1998) has this to say of Soviet state-sponsored technology transfer:

> In the 1920s and 1930s the Soviets invited American engineering firms to build dams and industrial complexes in the Soviet Union. . . . For example, in 1929 the Ford Motor Company constructed a car and truck factory at Gorky. The Soviets sent their engineers to Detroit to observe Ford's production methods, while American engineers were sent to Russia to set up the plant and oversee its initial operation. As Kranzberg notes, "once the factory began producing Model A Fords under a Russian name, the connection with Ford ended and everybody went home."
>
> The Russians' acquisition of tractor technology from the United States was also a combination of material and design transfer. Between 1924 and 1934 the Soviets imported approximately one hundred thousand tractors from the United States. As in the case of automobiles, the Soviets achieved design transfer through arrangements with American tractor producers such as International Harvester and Fordson. . . . As a result of these exchanges and considerable American assistance, by the mid-1930s the Russians were successfully producing tractors copied from American designs. The Russians succeeded in material and design transfers in automobiles and tractors. (p. 49)

Many other nations that industrialized quickly also relied upon state-coordinated assimilation of foreign technology. This was the case in Japan after the Meiji Restoration in the late 1860s and also after World War II.

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[8] Of course, patent awards are only one means of measuring the ownership of new technological knowledge. New knowledge produced by Linux software contributions or by medicine men and women in the South, using plants to cure and prevent diseases, is not captured in the patent measurement.

In the latter instance, the Japanese government established MITI, the powerful Ministry of International Trade and Industry. In a dispassionate, bureaucratic manner, MITI determined the priority of industries to support, the technologies to purchase, and fair prices for such acquisitions. As many as 1,000 licensing agreements were entered into each year in the period following World War II (Sell 1998). Developmental activities on the part of the state have also been indispensable in several other newly industrializing countries in Asia, particularly China, as well as in Chile, Costa Rica, Mauritius, and Botswana (Johnson 1995; Amsden 2001; Patterson 2001).

Notwithstanding broad similarities, each of these states also adopted its own specific combination of policies: "Each country has its own mixture of incentives, factors and institutions, reflecting its history, policies and business practices. These form an innovation and learning system" (UNIDO 2002-03: 93). Taiwan's comprehensive industrial strategy included import protection, credit to indigenous firms, selective acceptance of foreign direct investment, extensive support for development of indigenous skill and technology, and aggressive export promotion (Lall 2002). South Korea subsidized interest rates by as much as 40-60 percent of the market rate to promote technological advancement within targeted industries (Chang 2003). Today, there is a clear need for similar developmental states in Africa to manage the particular exigencies of that region within the prevailing regimes of global trade and technology.

When the Southern oppositional bloc collapsed, the United States led the way to limit technological catch-up in view of America's shrinking technology lead over Japan, Taiwan, and South Korea. The Uruguay Round of trade negotiations began in 1986, ostensibly to expand free trade throughout the world—with the exception, of course, of Soviet-dominated regions. The West had three principal reasons for launching the Uruguay Round: 1) to enforce rights in intellectual property; 2) to superimpose trade in services on the merchandise-focused GATT; and 3) to open economies to the uninhibited movement of capital. During the previous two decades, Southern nations had fiercely resisted the enforcement of contractual obligations to protect the intellectual property embedded in new production processes and products. Southern states argued that embedded knowledge represents the intellectual heritage of humankind and must therefore not be withheld from common usage. It was only a period of severe economic and political weakness that compelled Southern states to capitulate.

Replacing the GATT in 1995, the new World Trade Organization promoted the ascendancy of global market forces and narrowed the possibility for Southern states to protect their domestic firms. In other words,

the WTO imposed constraints upon developing countries that had never been experienced either by Western nations or by the newly industrialized Asian countries at a similar stage of development. The implications may be seen in a brief example of how technology firms in developing countries emerged prior to the more stringent trade and technology regimes.

At the end of 2004, the Chinese computer company, Lenovo, purchased IBM's PC division. Until April 2003, Lenovo was known as Legend computers, which had been established by the Chinese Academy of Sciences in 1984 to help advance the nation technologically. The company started out as a distributor for giant firms such as Hewlett-Packard, IBM, and Toshiba. State-supported reverse engineering, a reverse brain drain, original equipment manufacturing (OEM),[9] and licensing from major computer companies enabled Legend to move from being a mere distributor to designing and manufacturing motherboards in 1989, and then to producing the Legend PC brand in 1991. With the purchase of IBM's PC division, Lenovo leaped from being the world's eighth largest computer maker to being the third largest.[10] No such opportunities will be available to Southern nations in the future if they adhere to current provisions of the trade and technology regimes. To do so would make it impossible for Southern nations to take state actions to duplicate the policy approaches that facilitated industrialization elsewhere.

Unable to replicate the experience of countries such as China, the South must today engage in stealthy noncompliance. Just as they previously found ways to navigate around GATT, so today Southern countries feign compliance with the WTO and TRIPS. Susan Sell documents various instances of Southern nations acquiescing on paper and then doing the barest minimum to avoid U.S. retaliation for violations of intellectual property rights. She notes, for instance, that the Business

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[9] OEM refers to an arrangement where a foreign owner of technology subcontracts with a local firm to utilize the blueprints and designs to produce according to specified characteristics for the owner, with the products being sold under the owner's brand name. Sichuan Changhong Electric Appliance, for example, has OEM contracts to build and distribute television sets to be sold under various labels by U.S. retailers such as Wal-Mart and Kmart.

[10] In 2005, Chinese companies also made bids to purchase Unocal (a U.S. oil company) and Maytag, the appliance manufacturer. Both bids failed, but Chinese purchases of U.S. assets are likely to increase in the future due to China's accumulation of foreign exchange reserves in recent years. Such purchases will enable Chinese firms to acquire experienced management teams, well-known brands, and efficient production facilities. Countries with no such accumulation of foreign exchange reserves will, of course, be excluded from such opportunities.

Software Alliance estimates that 80 percent of all the business software programs used in Mexico are unlicensed copies. As for China, which has world-class laws pertaining to Intellectual Property Rights (IPR), nearly all government ministries knowingly use pirated software.

Southern states regard embedded technology as a common heritage because they produce so little innovation themselves. As Krasner (1985) observed, "The countries of the South are not purveyors of some new and superior morality, nor are their policies any less reasonable than those of the industrialized world. They are behaving the way states have always behaved; they are trying to maximize their power—their ability to control their own destinies" (p. 12). One side seeks to enforce the existing regime from a position of strength; the other seeks to finesse established power in the role of "insurgent technologists." The IPR provisions of today's global trade and technology regimes would freeze the existing pattern of comparative advantage in the interests of the West,[11] with the consequence that Southern nations feel no moral obligation to respect and enforce IPR. In the absence of a sense of shared sacrifice for the collective good, both sides pursue power, wealth, and security through whatever instruments may be at their disposal.

China, the most dramatic current example of late industrialization, has never wavered from its strategy of state coordination of technology assimilation, despite withering criticism for contributing to wage reduction across the globe. Millions of Chinese work for as little as U.S. 25 cents an hour, but the country's leaders are betting that significant wage growth will eventually occur, as in other newly industrializing countries such as South Korea. In the early stages of mass production in South Korea, in the mid-1970s, the average hourly wage in the automobile industry was approximately 5 percent of wages paid in the United States (Sachwald 2001). By 2001 South Korean wages in manufacturing had risen to approximately 40 percent of the United States level (US Department of Labor 2004).

With counsel and support from the government, during the 1980s Korean firms shifted their focus from labor-intensive and mature technology

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[11] This is likely to be unfortunate for the South. The only reason why millions of Third World citizens have access to $140-a-year antiretroviral regimens, as opposed to the former $12,000-a-year variety, is due to generic knowledge of AIDS drugs on the part of Indian firms such as Cipla. When India signed the TRIPs accord in 1994, it received a ten-year reprieve from recognizing patents on products. As of January 1, 2005, Indian firms are now obliged to protect patents on both processes and products. Under these circumstances, it seems probable that new forms of stealthy noncompliance will emerge.

to knowledge-intensive, intermediate technology (Kim 2002). China expects that within a couple of decades domestic wages will similarly rise from their current level, one-fortieth of wages in the United states, to a level more closely resembling that in Korea today. In that case, China would have a similar opportunity to move up the value-added production chain at the same time as the country would find itself increasingly priced out of the lowest-cost forms of production. However, millions of Chinese workers are already shedding their passivity and demanding higher wages today (Cody 2004). Police statistics report nearly 60,000 labor protests in 2003 and over 70,000 in 2004, a tenfold increase in a decade (Kahn 2004). Unlike Korea, though, China still has hundreds of millions of citizens in rural areas who are willing and anxious to move to the coastal cities and accept low-paid positions. In order to experience the type of wage pressures that caused South Korean wage increases in the 1980s and 1990s, a tight labor market is required. With hundreds of millions of Chinese waiting to be absorbed more formally into the global production system, the country's prospects for duplicating the wage gains of Korea in a similar time period appear to be slim.

Clothes, shoes, and toys accounted for approximately one-half of American imports from China in 1993. A decade later, such products accounted for only a third of American imports. Today, the fastest growing imports from China are more sophisticated, capital-intensive goods such as computers and telecommunications equipment (Gresser 2004). China is also following South Korea in a complementary multistage approach to development, "undertaking duplicative imitation through reverse engineering, . . . creative imitation through formal tech transfer, the recruitment of higher caliber scientists and engineers, and intensified local R&D activities" (Kim 2002: 21).

China wants to avoid the situation that other NICs find themselves in today. While Korea and Taiwan are high-tech producers, they still sell approximately 70 percent of their output of consumer electronics to TNCs on an OEM basis (Lall 2002). Despite impressive scientific and technological development over the past couple of decades, they remain dependent on technology owned by Western firms. Nevertheless, South Korea is working to gain technological independence. In terms of the number of U.S. patents registered to foreigners, South Korea ranked sixth in 1999. In terms of single firms, Samsung ranked fourth. South Koreans also ranked sixteenth in the number of scientific publications in the science citation index (Kim 2002). These state-supported achievements suggest that despite the role of the global technology regime in protecting Western intellectual property, South Korea may be on the road to technological independence.

A Global Paradox:
The Technological Displacement of Labor

At the same time as newly industrializing countries aspire to achieve such independence, the paradoxical fact remains that the final outcome of their efforts may be a disaster. An undercurrent of seismic proportion is developing in the global economy that could fundamentally alter the paradigm of work and production. All economies are limited to the same three sectors: agriculture, industrial goods production, and services; only the ratios, relationships, and rates of advancement differ. Americans once worked mainly in agriculture, but the numbers employed in that sector have now been reduced from over 90 percent of the workforce to about 1 percent.

In the early twentieth century, the application of science to industry generated new opportunities for dislocated agricultural workers. In second half of the twentieth century, deindustrialization began in America and other advanced countries at the same time as the information revolution provided fresh opportunities for workers to move into the service sector. In the 1950s, production of industrial goods employed over one in every three workers in the United States. Today, approximately 10 percent of American workers are in manufacturing industries, with nearly 90 percent now in the service sector. Even in the service sector, research and development are occurring that may lead to extensive automation and thus replicate the experience of labor displacement in agriculture and industry.

There remains considerable disagreement over whether services can be automated to the same degree as manufacturing or agriculture. One major reason for doubting such a possibility is that some service jobs are of a highly personal nature and are so differentiated as to be beyond the most advanced artificial intelligence. Even if services do become more automated, some argue that other kinds of employment will emerge as in the past.[12] Whatever the pace of change, though, it does seems clear that a substantial number of jobs in the service sector will eventually be eliminated through automation. If this were to happen, millions of workers would be essentially locked out of social production in industrialized nations. Southern nations, many of which have yet to gain a toehold in the global economy, would become even more vulnerable. Early indicators

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[12] The conventional view among economists is that predictions of unemployment through labor displacement reflect the "lump of labor fallacy"—the belief that only a fixed number of jobs exist—which Wolf (2004) describes as "hysteria" (pp. 179-180).

already suggest that there may not be enough room in the global production system for all nations to pursue national development and markedly improve the quality of life.

Given the choice, all nations would prefer to produce high-technology goods. Such production is relatively lucrative, entails lower environmental costs, and is highly prestigious. But dramatic increases in productivity indicate the limits to this possibility. For example, a single company in Taiwan, Quanta, with only 5,000 employees, now produces over 40 percent of all the world's notebook computers. While some of the work is performed by mainland Chinese, Taiwanese companies collectively produce three-quarters of the world's notebook computers (Amsden and Chu 2003). If this pattern were reproduced on a global scale, the implications would be catastrophic for many of the three billion working-age persons in the world.

It is true that if many more of the world's citizens were earning higher wages, a much larger market would result with corresponding employment opportunities. Half the world's 1.4 billion workers today earn less than $2 per day (ILO 2004); if they earned higher wages, they could purchase more goods. But in the case of notebook computers, even a tenfold growth of the market would probably employ only an additional 70,000 or so employees—and this assumes no further increases in productivity. China alone already produces 70 percent of the world's toys; 60 percent of its bicycles; one-half of its shoes and microwave ovens; a third of its air conditioners, television sets, and luggage; a quarter of its washing machines; and a fifth of its refrigerators (Shenkar 2005). Where is there room for new competitors?

China (including Hong Kong), together with Malaysia, Singapore, Taiwan, Thailand, and the Philippines, accounted for 20 percent of world production in Information and Communication Technologies (ICT) in 1999, which was 91 percent of total production outside of the OECD countries. India, Indonesia, Brazil, Israel, and South Africa accounted for much of the remaining 9 percent (OECD 2002). Both of these groups of non-OECD nations are capable of producing much larger volumes and have the human and infrastructural capacity to do so. In addition to these 11 nations, there are some 150 Southern nations also seeking to increase their ICT production, although most lack the requisite human and infrastructural capacity. But even if there were no capacity limitations, the world ICT market could never expand sufficiently to incorporate 150 more countries producing at levels comparable to those who dominate the market today. Singapore, a city-state with only four million citizens, is already the United States' thirteenth largest trading partner. If a mere four million citizens can supply such a significant share

of the world market for high-tech goods, the prospects are slim for billions around the world who hope to enter the global production system at increasingly higher value-added levels.

The situation is just as problematic in other areas of activity. For instance, the West's subsidies to agriculture seriously undermine Third World markets for poor farmers. Martin Wolf (2004), of the *Financial Times*, summarizes these grotesque subsidies as follows:

> . . . perhaps the greatest of all scandals remains the treatment of agriculture. . . . What stops the developing countries is the staggering scale of rich-country subsidies. According to the Organization for Economic Co-Operation and Development, total assistance to rich-country farmers was $311 billion in 2001, six times as much as all development assistance, indeed more than the GDP of sub-Saharan Africans. In 2000, the EU provided $913 for each cow and $8 to each sub-Saharan African. The Japanese, more generous still, though only to cows, provided $2,700 for each one and just $1.47 to each African. Not to be outdone, the US spent $10.7 million a day on cotton and $3.1 million a day on all aid to sub-Saharan Africa. The priorities shown here are obscene. (p. 215)

Today's problem of agricultural subsidies is but a harbinger of a coming wide-scale redundancy of agricultural workers around the world due to twenty-first-century technology. In the future, only a fraction of the world's agricultural workers may be needed to meet market demands (which are, of course, not the same thing as human needs). Economists estimate that only 150,000 of America's 2.1 million farms produce approximately 70 percent of the major food crops (Egan 2004). Similar signs are apparent in textile and apparel production. For many Southern countries, textiles and apparel are the principal earners of foreign exchange, constituting more than 50 percent of exports for Cambodia, Bangladesh, Pakistan, El Salvador, Mauritius, Sri Lanka, and Dominican Republic— over 70 percent in the first three cases (Bradsher 2004). All of the countries are deeply worried about competition from China, which in 2005 will be supplying more than half of world output of these goods.

China already has over 80 percent of the Japanese apparel market, and with the expiration of the three decades-old quotas on textiles and apparels—the so-called multifiber agreement (MFA)—on December 31, 2004, China is expected to have over 80 percent of the apparel markets in the United States and the European Union within the next few years. According to the International Textile, Garment and Leather Workers' Federation, the labor of China's textile and apparel workers is so inexpensive that it threatens some 1.8 million jobs in this industry in Bangladesh, a million more in Indonesia, 300,000 in Sri Lanka, and many millions more in Turkey, Mexico, Lesotho, Central America, and elsewhere (ITGLWF 2004).

Lesotho's 55,000 garment workers (in a country with over 50 percent unemployment) are already feeling the effects of the apparel industry's practice of transferring more production to China. Between November 2004 and January 2005, approximately 10 percent of apparel workers were laid off (Iritani, Dickerson, and Marshall 2005). To try to protect the remaining jobs, workers have accepted significant cuts to their already low wages. Thousands of apparel workers earn only slightly more than half the country's minimum wage (Iritani and Dickerson 2005).

The Lesotho case is just one example of the effects of technological displacement and wage arbitraging even in low-wage countries. Many millions of jobs have been transferred from the United States to Mexico due to the draw of cheaper wages, and the process has accelerated since the signing of the NAFTA accord. The drive for lower wages through automation and globalization is incessant. Between 2000 and 2001, more than 220,000 jobs were lost, and nearly 530 factories in Mexico shut down in the maquiladoras at the same time as value-added contributions increased by 11.1 percent. This suggests that higher value-added activities are increasingly replacing labor-intensive ones. In 2003, 60 percent of the plants that relocated from Mexico moved to Asia—principally to China—and the remainder went to Central America (UNCTAD 2003). These examples raise serious doubts, notwithstanding the claims of conventional economists, as to how and whether new producers will ever survive in a global market characterized by accelerated technological change in the twenty-first century.

The point is that continued technological progress, while indispensable to the South, necessarily limits the volume of productive labor that can be absorbed into the global system. The limitations of the global environment will only intensify the constraints. To fail in the acquisition of new technology would inescapably mean the perpetuation of poverty in these countries. But even "success" in this endeavor may ultimately mean failure. This is the ultimate paradox resulting from labor displacement, and it will quite possibly be the ultimate barrier to raising world living standards.

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Russia and Globalization

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Abstract

Globalization dramatically changed Russia and prompted its return to the global market economy on terms largely dictated by the West. The post-communist transition transformed not only the country's economic and political systems but also the state-society articulation at large. Russia's complete abandonment of socialist ethics cost the country and its people dearly. While neoliberal economists regard globalization as a worldwide advance in terms of economic efficiency and human enlightenment, the Russian example shows that the process can also be catastrophic and intrinsically unethical.

Introduction

The question of whether globalization is just a continuation of a familiar trend or an expression of an entirely new state of world affairs is at the center of an ongoing multidisciplinary debate. Nobody doubts that the last 40 years or so saw "the steady advance of economic internationalization," including integration of practically everything from production to finance to lifestyles to communication and transportation networks. But the question remains as to whether "these essentially quantitative developments generate, individually or in combination, a qualitative change in world affairs" (Jones 1999: 365).

One way to suggest an answer is by looking at changes that affect the world system as a whole. Have the ways of international business changed beyond recognition? Have the property relations been cloned into "something completely different," as the Monty Python show would have it? Is the modern state "retreating" (Strange 1996), or is coming back with a vengeance—perhaps less as a state and more as an empire

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(Simes 2003)? Is the threat of global warming changing our relationship with the environment? Finally, are Western values and patterns of cultural consumption being followed worldwide, or is this just a myth that we have taught ourselves to believe?

Questions like these have to be answered in order to develop a systematic understanding of globalization as either a quantitative or a qualitative change in world affairs. But another way to ascertain the qualitative character of change is to look at critical case studies, analyzing the impact that globalization has had on certain states that, because of their economic, geopolitical, or systemic importance for the world, may either typify changes affecting a whole group of nations or exert disproportional influence on the rest of the world. The United States is obviously one such case. Russia, the subject of the present essay, is another.

Even in its present shape, Russia is huge in territory and rich in resources. As the world's second largest exporter of oil, it will be able to supply as much as 10 percent of US oil imports by 2010 (Mironov 2003). Russia is a key participant not only in the affairs of Eastern Europe and Central Eurasia, but also in the Middle East, South Asia, and the Asia-Pacific region. Under Vladimir Putin's leadership, it became one of the fastest growing economies in transition. As the world's second largest nuclear power and tenth largest economy, it appears well worth its permanent seat on the UN Security Council.[2]

It is immensely interesting to look at how globalization has changed Russia, producing a qualitative change in the nation's ethics and a complete about-face from socialism to capitalist individualism—the very ethical system that it had opposed for more than 70 years. One indicator of this change is the fact that the Communist Party's popularity in today's Russia is at an all-time low. According to a recent poll, only 3 percent of all Russians claim membership in the party, and only 7 percent admit that they could join it at an appropriate moment, while 84 percent categorically reject such an eventuality.[3]

This change did not come easily. While the celebrated collectivism of the Soviet way of life has largely proven to be a phantom, it still provided a sense of community and an identity shaped by society's uneasy truce

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[2] World Bank data show Russia as the world's tenth largest economy in 2003, with GDP measured in terms of purchasing power parity (http://www.worldbank.org/data/databytopic/GDP_PPP.pdf).

[3] The Foundation "Obshestvennoe mnenie." The All-Russian survey of urban and rural population, November 13, 2004. Retrieved March 25, 2005 (http://www.polit.ru/research/2004/11/19/fom45_542.html).

with an overbearing post-totalitarian state. The regime's collapse brought down not only the party and the state it operated, but also this identity and this community. The "liberal individualism" that the country embraced in the wake of the collapse was "liberated" from community bonds and from established societal values to no less extent than from the grip of the moribund communist ideology. Liberalism was taken to mean a free-for-all fight for power and riches, which neither law nor morality could legitimately restrain. Individualism became synonymous with unabashed egotism. The cutthroat competition among the Russian *nouveaux riches* bred crime and corruption, which could not but overflow the national borders. Meanwhile, the alleged beneficiaries of the increased openness of the state and the economy—the people at large—lost even those few limited channels of participation that had existed under Soviet rule.

Throughout much of the twentieth century, Russia hosted "the first and by far the most significant, if not the only, 'really existing' counter-model to capitalist modernization" (Job 2001: 935). Russia's turnaround signaled the end of the worldwide ideological opposition between socialism and capitalism. The "end of ideology," which Daniel Bell predicted in 1960, materialized as Fukuyama's (1992) "end of history." In both economics and public management, neoliberal dogmatism entrenched itself as sacrosanct truth. Was it the end of a socialist idea, or just of its bureaucratic-authoritarian implementation? Was it the triumph of individual freedom, or of free-for-all individualism? Was Russia's post-communist "marketization" a success story? Has Russia's "return" moved us a step closer to the international human rights regime that "could be used to balance global corporate power" (Gerle 2000: 163), or did it signify the country's capitulation before that very power? Are other alternatives to neoliberal capitalism possible or, indeed, desirable? Our understanding of globalization will vary depending on the answers to these questions.

The Fall

Following the collapse of the Soviet Union, Russia, its founder and formal heir, suffered a tremendous blow in international prestige and status. The USSR took pride in being the champion of the world socialist transformation and the principal backer of anti-capitalist revolutionary movements across the globe. It was a superpower that rivaled the United States in military strength, in size of GDP—up to 43 percent of that of the United States when adjusted by purchasing power standards (Maddison 2001: 261)—and in the rate of growth, which began to slow only in the seventies. It was also a leader in space exploration, cutting-edge sciences, mass education and, many would argue, welfare provision. Most if not

all of this ended when Russia abandoned its unique path of development to join with the rest of the market-driven world.

The Soviet Union was the first country in the world to guarantee employment and payment for work, rest and leisure, free universal education, and health protection as fundamental constitutional rights of its citizens. These were not just empty words. By 1930, the problem of chronic and cyclical unemployment in Russia was permanently resolved. In the 1980s, public expenditure on education, as a percentage of GNP, ran as high as 7.3-8.2 percent, versus a 5.1 percent average for the group of advanced industrial economies.[4] By 1990, the country had more physicians per capita than any other nation in the world and twice as many hospital beds as the United States.[5] Average lengths of a yearly vacation, pre-maternity and maternity leave in the former USSR were on a par with the most generous provisions of the West European nations.

Even the country's most bitter enemies agreed that its achievements were impressive. Most criticisms were consequently leveled at the human costs of these gains rather than the achievements as such. While the West raised the banner of human rights and freedoms against the Soviets, the USSR based its claim to superpower status on the presumed superiority of its collectivist ideology over the ideology of individualistic capitalism represented by its arch-rival, the United States. The struggle that the USSR waged against its capitalist competitors was indeed colossal both in aims and scope—not so much because of the sheer amount of material resources involved, but mainly because of its ultimate prize: the right to determine humankind's fate and ways of development.

When Russians lost this battle, in no small part thanks to the rise of individualism and consumerism inside the country's elite, they lost something more important than a political superstructure consisting of the discredited Communist Party and affiliated state institutions, including the short-lived office of the President of the Soviet Union. They lost the meaning of the country's existence. Whether accepted or challenged, ignored, debated, or defended, it was the meaning nonetheless. Following this loss of meaning, there was neither will nor stamina left to prevent the decline in the country's economy and standards of living:

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[4] National Center for Education Statistics, *1995 Digest of Education Statistics* (http://nces.ed.gov/pubsold/d95/dtab386.html).

[5] Association of American Physicians and Surgeons, "Soviets Lead in 'Right to Health,'" *AAPS News* 46(10) October 1990. Retrieved July 27, 2003 (http://www.aapsonline.org/newsletters/oct90.htm).

> Between 1992 and 1995, Russia's GDP fell 42 percent and industrial pro-
> duction fell 46 percent—far worse than the contraction of the US economy
> during the Great Depression. . . . Since 1989, the Russian economy has
> halved in size, and continues to drop. Real incomes have plummeted 40
> percent since 1991; 80 percent of Russians have no savings. The Russian
> government, bankrupted by the collapse of economic activity, stopped pay-
> ing the salaries of millions of employees and dependents. Unemployment
> soared, particularly among women. By the mid to late nineties, more than
> forty-four million of Russia's 148 million people were living in poverty
> (defined as living on less than thirty-two dollars a month); three quarters
> of the population live on less than one hundred dollars per month.
> (Holmstrom and Smith 2000: 5-6)

Economic decline and a precipitous drop in living standards brought the
loss of international prestige and status. While Russia found itself in the
limbo of the so-called "transition" (to what?) and "consolidation" (of
what?), more fortunate nations scrambled to squeeze extra dividends
from the globalization led by the West, that is, increased openness of
the world to the spread of Western money, brand names, values, lifestyles,
and opinions. While all these things came to Russia in droves, only a
few members of the country's newly emerged class of rich and super-
rich persons could fully partake of the benefits. Meanwhile, Russia's own
money, brand names, values, lifestyles, and opinions were driven to the
verge of extinction. Success in the "transition" was measured by the
country's eagerness to uproot whatever structures held its economy and
society together in favor of undiscerning importation of Western finances,
goods, and ideologies.

Political scientists have compared post-Soviet "transitions" to the "third
wave" of democratization in Latin America. More recently, they went
even further to draw parallels with post-colonial Africa. The former com-
munist East, now contemptuously designated as "Eurasia," has truly gone
South (Beissinger and Crawford 2002). Most of those—in Russia and
the West alike—who believed in the possibility of a big leap forward to
the radiant capitalist future, have by now found themselves bitterly dis-
appointed. Political scientists talk of "liberalization without democratiza-
tion," "peripheralization," "balkanization" and "thirdworldization" of
what used to be the Second World of more or less developed socialist
welfare states (Przeworski 1991).

It stands to reason that Russia could fare much better. First, it is still
located in Europe and does belong to the family of European nations.
Geopolitically, this translates into Moscow's repeated overtures to the
European Union and its individual members. Although no formal applica-
tion has been made to join the EU, Russia's claim to being a key part
of a "Europe of concentric circles" sounds confident enough, even if it
is more modest than Gorbachev's utopia of the Euro-Atlantic community

stretching "from Vancouver to Vladivostok." The eastward expansion of the European Union brings it straight to the Russian borders. Russia will also share borders with the new NATO members in the Baltics.

Second, Russia is a natural bridge between Europe and Asia, or between the European Union and China more specifically. In an era that may witness protracted decline of the American hegemony, Russia is uniquely positioned to connect these future powerhouses of the world to each other. Russia also possesses strategic energy reserves for the twenty-first century, which can only be tapped through its active involvement in the Central Asian-Caspian energy market.

Third, Russia has acquired new significance as a Western ally in the so-called "war on terror" and in the struggle to control the unstable world peripheries. It already facilitates NATO's operations in Afghanistan and the adjacent area.

Finally, whether looked upon as a "petro-state" or as a wide-open consumer market of 145 million people, Russia is, even now, a considerable force in world economic affairs. In 2003, Russia outperformed Saudi Arabia in oil production and came second in oil exports (Cox 2003). Russia's foreign trade turnover reached $148.5 billion in January-September 2003, and brought a foreign trade surplus of $43.9 billion.[6] Russia's total trade with the European Union was close to €78 billion in 2002.[7] US-Russian trade, at around $10 billion a year, although currently modest, demonstrates excellent growth potential. With the world price of oil hovering above $60 a barrel, Russia seems well poised to fulfill President Putin's ambitious plan of doubling the country's GDP in 2002-2012. These and similar facts have led some observers to regard Russia as a normal middle-income country and to argue that "the notion that the country has gone through an economic cataclysm and political relapse is wrong—more a comment on overblown expectations than on Russia's actual experience" (Shleifer and Treisman 2004).

However, growing budget surpluses do not automatically translate into the improvement of living conditions for society at large. Over the first ten years of transition, the consumer price index grew by 75.2 percent a year on average. In other words, the total cost of acquiring a basket of essential goods and services almost doubled every year following the end of the Soviet Union. Once a society that prided itself on achieving a high level of equality, Russia is now a country where the richest 10

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[6] Xinhua, November 20, 2003 (http://news.xinhuanet.com/english/2003-11/21/content_1190564.htm).

[7] The European Union, EU-Russia Trade (http://europa.eu.int/comm/external_relations/russia/intro/trade.htm).

percent of the population appropriate and consume more than 20 times the share of the poorest 10 percent. Judging by a measure such as the Gini index of inequality, Russia, at 45.6, finds itself in the company of the Philippines and *Côte d'Ivoire*. No other country in Europe has made it that far in terms of glaring disparity of income. Even the United States of America and Hong Kong, those beacons of capitalist free enterprise, are now more egalitarian in income distribution. In terms of the infant mortality rate, Russia has fallen below Mauritius and Sri Lanka. With a life expectancy of 66.7 years, and per capita health expenditure as low as $454, Russia's Human Development Index currently positions it below such countries as Uruguay, Qatar, or Cuba.[8]

The change from the socialist model of a comprehensive, cradle-to-grave welfare state, to the neoliberal "night watchman" state could not be more dramatic. The loss of productive capacity in Russia over the years of post-communist reform exceeded its industrial losses during World War II. The pain of transition has been felt by the vast major-ity of the Russian people, who practically overnight lost their lifetime savings, job security, guaranteed health care, free education, and many other benefits they took for granted under socialism. Living standards of a good nine-tenths of the population plummeted before recovering, rather slowly, for select professional and social groups that could successfully adjust to the political economy of the Yeltsinite absentee state. It is lit-tle wonder, then, that fifteen years into the transition, most people in the country still prefer an economic system based on state planning and distribution over the uncertain market economy. The 2004 survey showed that, in the opinions of respondents, the Soviet political system was pre-ferred over the Western democratic model by a 17 percent margin. Together, the Soviet regime and Putin's incarnation of "regulated democ-racy" took 60 percent of the vote, versus 24 percent given to the Western political model. Every second Russian agreed "it would be better if every-thing remained as it was before perestroika."[9]

What this says is that at least half of the Russian people feel deeply unhappy about what happened to their country. They do not consider the post-communist transition to be something "normal" in either design or outcome. The expectations of ordinary Russians obviously differ from

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[8] All data from UN Human Development Reports. Retrieved June 14, 2005 (http://hdr.undp.org/statistics/data/index_alpha_indicators.cfm).

[9] "A nostalgia for the past." Levada-tsentr. Press-release #30, March 19, 2004. Retrieved June 14 2005 (http://www.levada.ru/press/2004031901.html). This all-Russian survey by a reputable pollster is considered representative for the whole country, N = 1600, p<0.035.

those of Western analysts. Where the latter see "imperial nostalgia," the former find memories of relatively secure lifestyles sacrificed to the Moloch of the market. Where Western pundits decry sluggishness of adaptation and unyielding dependency on a patronizing state, Russians see life paths disrupted by exogenously generated shocks. They see a government reneging on the social contract forged in blood and cemented by the suffering of two post-revolutionary generations. More often than not, they see a great country reduced to shambles by the greed of its own elites and transformed into a hapless resource appendage of the global capitalist economy run from afar.

Russian "nostalgia" is rooted in the experience of a post-totalitarian socialist past that provided a reasonable and growing standard of living for everyone, not just for the country's elite and its small middle class of business people, senior bureaucrats, and professionals. Although the Soviet Union could not meet the standards of a functioning democracy, it did provide some outlets for meaningful participation in the affairs of the government that millions of people were familiar with and actively employed (DiFranceisco and Gitelman 1984). Although it demonstrably lacked a number of liberal freedoms, it did promote a fair degree of social equity and managed to instill a sense of national pride and dignity in the vast majority of its citizens. When party rule ended, neither liberal democracy nor a successful market economy emerged in its place. Instead, the unwritten social contract was gone, the familiar channels of participation were closed, the Soviet past was damned, and the sense of national pride and dignity was ridiculed and abandoned in favor of newly found global openness. The psychological shock and trauma that resulted from these "progressive" developments will be felt for generations to come. In Russia itself, the post-communist reflections on the country's past and present, even if they have barely begun, are acquiring an increasingly acerbic taste.

Russians keep pondering why the country has not fared better. Why has globalization failed to rescue Russia from its post-communist misery (Saunders 2001)? Why has transition to capitalism failed to create a stable liberal democracy in a country that measured close to the United States on a typical index of liberal-democratic values as recently as 1993 (Hahn 1993)? Why has China succeeded where Russia failed? These questions are also subject to intense academic debates. One possible answer lies in the Cold War mentality and attitude toward Russia that prevailed among its erstwhile foes. Misery, in the opinion of some influential policy makers in the West, is something that Russia has brought upon itself—a deserved affliction for the original communist state, the "empire of evil" in Reagan's memorable phrase, that had to be completely crushed before something useful could grow in its place.

Russia, a Pariah

As officially designated heir of the Soviet Union, Russia has struggled to find a new meaning to its existence in the world of nations. The original leaders of Soviet "perestroika" fondly and stubbornly clung to the view that Russia, no less than the United States, won the Cold War for the benefit of all humanity. Americans, of course, had quite a different opinion. "We win and they lose" was Ronald Reagan's summary of U.S. policy toward the Soviet Union; and only an extremely naïve man, such as Gorbachev undoubtedly was, could see things otherwise (Schweizer 2000).

To be fair, Gorbachev was not alone in his optimistic delusion. First-generation Yeltsinites shared his belief that Russia would automatically find its "rightful place" in the family of "civilized nations" once nuclear missiles no longer targeted U.S. cities and Western imports filled the shelves of Moscow supermarkets. Yeltsin's Minister of Foreign Affairs, Andrei Kozyrev, became a pioneer of the so-called "Atlanticist" course in Russian foreign policy. Atlanticists believed that Russia must ally itself with the West and seek admission into the international clubs run chiefly by Western nations. Although elected on a platform of pragmatic nationalism and a "multipolar" orientation in foreign policy, Vladimir Putin also spent his first term in office essentially re-creating Atlanticist thinking in foreign policy and adjusting it to the realities of a "new American century."

Meanwhile, Russia has received no invitation to take its "rightful place." The "market Bolshevism"[10] pioneered by Yeltsin and his cronies succeeded only in crippling Russia's national economic complex, leaving the tasks of reconstruction, retooling, and comprehensive market reorientation to the future generation of leaders (Reddaway and Glinski 2001). A decade and a half later, it is apparent that it was not so much the state-socialist regulation of the economy as the country's industrial capacity itself that was rolled back as a result of the "reform." The "shock therapy" recipe, encouraged by such Western advisors as Jeffrey Sachs and Anders Åslund, led to "the effective exclusion of the institutional and political elements of the transition" (Marangos 2002: 272), wide-ranging impoverishment of the population, loss of existing welfare services, and the concomitant growth of corruption and crime at all levels of power. There is little wonder that Russia's people increasingly suspect that the West was concerned only to remove a potentially powerful competitor from the geopolitical arena and did all in its power to pauperize Russia.

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[10] That is, "marketization" imposed from above with "Bolshevik" zeal.

Despite a conspicuous rapprochement with the United States in the wake of September 11, Russia is still looked upon suspiciously and is far from being embraced by America in matters of practical relevance. Procrastination in granting Russia permanent "normal trade relations" (PNTR) status is one case in point. PNTR would require removal of the Jackson-Vanik amendment, which makes trade conditional on the freedom of emigration, a matter that is no longer an issue in American-Russian relations. While Russians rightfully regard the 1974 amendment as an unwarranted relic of the Cold War, the United States has been using the restrictive conditionality as leverage to open Russian markets to American agricultural exports. The lukewarm support that Russia's bid to join the World Trade Organization (WTO) has found in America has also made many Russians question the sincerity of the newfound friendship.

Western reactions to President Putin's fight with the oligarchs (the handful of people principally responsible for plundering the country's assets), as exemplified by the arrest and trial of Russia's richest man, Mikhail Khodorkovsky, provide yet another illustration. Nobody claimed that Khodorkovsky was innocent. Yet international observers decried the arrest as a matter of executive fiat prompted exclusively by considerations of political expediency. George Soros observed that, "since practically everybody in Russia broke the law during the turbulent years following the collapse of the Soviet system, the Russian president can prosecute whoever [sic] he chooses." Sen. John McCain saw "a creeping coup against the forces of democracy and market capitalism in Russia."[11] Ariel Cohen (2005), of the Heritage Foundation, called the nine-year sentence a "setback for US-Russian relations." In a barrage of protests, almost no one attempted to address a key question: Should business tycoons with intimate connections to the government be expected to repay at least some of the misappropriated money, or should the state grant a blanket pardon to everyone involved in the free-for-all theft that was Russian privatization?[12] Precious few analysts were able to see the

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[11] *USA Today*, November 4, 2003.

[12] Mr. Khodorkovsky's career started with channeling a youth organization's money into a private bank he created and owned. After defrauding the investors, Khodorkovsky borrowed from the state and, rather than paying interest, lent the borrowed money back to the state for profit. A rigged "loans-for-shares" auction in 1995 saw the banker paying some $170 million for one of the nation's largest oil companies now worth $28 billion. The money brought in as payment was, as analysts noted, most probably taken from the state budget. The investment pledge has not been fulfilled in full up to the present day.

truth of the matter; namely, that the whole Khodorkovsky affair was in fact a genuine attempt to "revitalize Russia's democracy by asserting state control over the oligarchs" (Roberts 2003).

In international relations, a similar situation prevails. Although Russia sided with Germany and France over the war in Iraq, the country remains "Europe's Other." It has been regularly defined in terms almost antithetical to all things "European" (Neumann 1998; Casier and Malfliet 1998). Thus, Europe is democratic—Russia is not; Europeans espouse the social market economy—Russians were only able to introduce "bandit" capitalism; Europe is law-based—Russia is corrupt and lawless, and so on. Europe's international behavior is said to be predictable and motivated by humane considerations, while Russia's is egoistic, subject to unexpected and unannounced changes, and generally resembles that of a rogue state much more than that of a responsible member of the international community.

The perception that the West was ready to embrace the country in a unified global community of liberal nations, once Russia had shed the institutions of its communist past, was clearly exaggerated. It is noteworthy that European liberals even find it difficult to acknowledge that Russia may have a legitimate claim to membership in the Western community: "Consider the case of Russia: Who wants Russia to share the values (and benefits) of EU membership? Who believes that Russia can share the values of NATO" (Croft et al. 1999: 16)?

As the French and Dutch referenda on the EU Constitution have shown, the dread of value incongruity (in this case, between largely Christian and secular Europe and predominantly Muslim Turkey) can be a force potent enough even to bring European integration to a halt. Similar perceptions of Russia, as a culturally alien country, are prevalent throughout the transatlantic community. "The current thinking in the West," write Alexander Rahr and Nicolai Petro, "seems to be that a Russia with even the slightest reservations about the appropriateness of 'universal values' simply has no business in the new Europe—even though the same could be said of many other countries that have joined the EU since 1990" (Rahr and Petro 2005: 8).

Interestingly enough, the more Russia recovers from the shocks of the post-communist reform—which even sympathetic observers describe as the theft of national property, "thanks to rigged bids, bribes, violence, and dubious interpretations of the law" (Goldman 2004: 39)—the more criticism gets hurled Moscow's way. As the West gives little support to Putin's economic and state-building policies, of which most citizens approve, more and more Russians are coming to the conclusion that "the West cannot tolerate a strong Russia on the world stage. That is

the main reason why there is so much badmouthing of Russia's modernization efforts, so much undisguised sympathy for Chechen rebels, and why there have been so many efforts by Western politicians to thwart closer economic and political ties between Russia and Ukraine" (Rahr and Petro 2005: 6).

At the same time as transatlantic liberals bemoan an authoritarian backlash against corrupt tycoons and ethnic separatists, conservative commentators admit their "vague dread of Russia's vastness and inscrutability" and allege, in Henry Kissinger's words, that Russia's foreign policy is "historically" based on a desire "to dominate neighbors where they cannot be subjugated":

> . . . while America's idealism derives from the conception of liberty, Russia's developed from a sense of shared suffering and common submission to authority. Everyone is eligible to share in America's values; Russia's have been reserved for the Russian nation, excluding even the subject nationalities of the empire. American idealism tempts isolationism; Russian idealism has prompted expansionism and nationalism. (Kissinger 2001: 72, 75)

Although George W. Bush or Gerhard Schroeder may show signs of friendliness, including even an occasional suggestion that Russia might be allowed eventually to join NATO, more candid commentators (e.g., Zbigniew Brzezinski of the United States) prefer to see Russia permanently locked into the position of a subordinate and marginalized "regional third-world power." A focus on "the prevention of the reconstitution of a Eurasian empire," advocated by the likes of Brzezinski, leads to encouraging centrifugal tendencies in the post-Soviet space as if they were signs of "westernization."[13]

A policy of preventing the accession of countries such as Ukraine to a trade and economic union with the Russian Federation, a project that some of the post-Soviet states attempted to put forward, aims to weaken Russia and stall its modernization efforts. Thus, even the victory of a democratic candidate in Ukraine's presidential elections gets celebrated not as a chance for Ukraine to choose its own course of development and the partnerships that best suit its developmental goals, but as "a humiliating defeat for Putin and a setback for Russia's hegemonic inclinations" (Karatnycky 2005: 50). Such caricatures of Russia's foreign and economic policies can only serve the task of keeping Russia's economy bottled up in a permanently debilitated and locally confined state.

Those who are unable to part with a Cold War mentality are bent

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[13] Peter Baker, "Russia in NATO? For Now, Just Talk," *Washington Post*, August 12, 2001, A17; an interview with Brzezinski in *Komsomolskaya pravda*, January 6, 1998.

on diminishing Russia's chances to restore its former international status. Arguing for "geopolitical pluralism in the space of the former Soviet empire," these people do not hide their preference for a weakened, vulnerable, and dependent Russia. The Russia they would accept must be artificially separated from its traditional allies in Eastern Europe and Central Asia in order to assure "America's global primacy," which is "directly dependent on how long and how effectively its preponderance on the Eurasian continent is sustained" (Brzezinski 1997: 121, 30). Such a Russia would not only bow to ethnic separatism among the non-Russian subjects of the Federation, it would also let go of predominantly Russian areas east of the Urals—all for the sake of "democracy" and "market development" of the resource-rich areas that advocates of western imperialism would rather see "liberated" from Moscow's federal oversight and control.

The Russian government's reactions to these plans are best exemplified by President Putin's consistent policy of bringing *siloviki* (high-ranked military and security officers) into positions of power: if Russia can only be seen as "normal" when it shrinks two- or three-fold in territory, it is better not to take any chances with the unstable peripheries. The decision in 2004 to disallow direct elections of the governors of Russian provinces, in favor of their appointment by the president (subject to confirmation of candidates by the provincial legislatures), should also be seen against the background of federal disunity and externally encouraged separatism. In a country where the state has been largely dismantled through a decade of free-for-all "marketization" (read: asset stripping and privatization of the government), democracy may well appear as a luxury that should be managed from above and can be temporarily curtailed until state functions are restored to complete normalcy. To decry the reassertion of state authority in such a country as an alleged sign of authoritarianism is to betray either simplicity or duplicity on the part of the critic. If the issue is the status of Russian democracy, bemoaning the loss by oligarchs of their power to manipulate the government should be the last thing on the mind of a concerned observer.

With the fall of communism, Western policy advisors, steeped in the legacy of containment, saluted nationalist revolts in the former Soviet Union as democratizing movements of a Western liberal type. They criticized Clinton's foreign policy as allegedly too friendly toward Russia, and instead advocated return to the "cold peace" and policies of re-containment. Now it was "Russian imperialism," not communism, which America had to fear (Petro 1997). The US administration was advised to embrace and encourage Russophobic nationalism in Russia's immediate periphery as a sure sign of a pro-Western "democracy."

Praises were heaped on the Balts for their allegedly instrumental role in bringing down "the empire of evil." A closer analysis shows that it was not the Baltic republics that liberated Russia, but Russia that liberated the Baltic republics. Such "bastions of democracy" (Diuk and Karatnycky 1993) as Latvia and Estonia later distinguished themselves by conspicuously ethnocentric policies in education, public service, immigration, and citizenship. Those policies so obviously ran counter to Western values that the European human rights watchdogs had to establish special posts in both states to monitor their progress in implementing more humane measures. As late as 2002, according to the Russian side, about 700,000 members of national minorities living in these two countries, most of them Russians and other eastern Slavs, did not have citizenship and were "deprived of the possibility to enjoy some basic social, economic, political and cultural rights."[14] Nonetheless, systematic official discrimination against Russian-speaking minorities did not stop the West from offering both Latvia and Estonia membership in the European Union and in NATO. Both countries engaged in prosecution of Soviet World War II veterans, whom they represent as "occupiers," while celebrating their own Nazis, as in the annual SS veteran processions that still continue in Latvia.

Both Latvia and Estonia received much advice and financial aid from American co-ethnics and from the US government (Lieven 1993). Independence quests in the Baltic states took the form of unceremonious attacks on the Russian-speaking "occupiers," most of whom were born after World War II and have lived all their lives in the Baltics. Western sponsors of independence movements accepted Russophobia as a substitute for largely missing democratic credentials. Undeterred Russophobia mutated into xenophobia writ large, yet it was overlooked as long as it did not target the West. Petitions that Russian minorities brought to the attention of various European bodies produced, at best, mixed results. As late as 2005, one-fifth of the total population of Latvia, predominantly Russians and Russophones, were denied the right to vote and participate in local elections. A quarter of a million of Estonia's population of 1.3 million were officially designated as "resident aliens."

As Baltic supporters of "soft" ethnic cleansing made it into the European Union, pro-fascist nostalgia and anti-Semitism at home flourished.[15] At

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[14] "Russia to discuss with OSCE High Commissioner on National Minorities discrimination of Russians in Baltic states." *Pravda.RU*, June 15, 2002. Retrieved September 1, 2003 (http://english.pravda.ru/politics/2002/06/15/30419.html).

[15] Karlis Streips, "Extremism in Latvian Government." *The Baltic Times*, September 22, 2004. Retrieved June 20, 2005 (http://www.baltictimes.com/art.php?art_id=10974);

the same time as they prosecuted Soviet war veterans and refused to acknowledge the role that their own antecedent pro-Nazi regimes played in the Holocaust, the Baltic governments saw fit to lecture Moscow on human rights and democracy![16] History textbooks were rewritten to make the Baltic collaboration with the Nazis, and the very existence of concentration camps there, look almost normal, and certainly much less disturbing than the forty-something years of Baltic Soviet history. In view of these facts, the praise that George W. Bush heaped on democracy in the Baltics during his May 2005 visit was decried by both Russian and Jewish communities worldwide as implicitly condoning "Latvia's disturbingly tolerant view of its own Nazi past" (Ames 2005).

Throughout the first post-Soviet decade, pundits indiscriminately praised anti-Russianism as the best proof of democratic credentials and of the Western orientation of a newly independent state. The Baltic states, and Ukraine in particular, were represented as Europe's barrier against the illusory Russian "menace." The same pattern of inciting hatred against the former "imperial master" was repeated in other nations on the periphery of the former Soviet Union, including those, like Georgia or Kyrgyzstan, that were least prepared to depart from, and most dependent upon, Russia's continuing support. The West applauded their "independence" from Moscow even if that independence was brought upon them by no one else but Russia's new rulers themselves, who unceremoniously cut off the supply lines that fed former sister republics.

The double-headed myth of Russian "resurgent imperialism" and potential instability was used to justify neo-imperialist designs in the United States. The argument for US global primacy was specifically built on the idea that "for America, the chief geopolitical prize is Eurasia" (Brzezinski 1997: 30). Eurasia, the region rich in natural resources and central to geopolitical designs of the Cold War strategists, is Russia's homeland. The assault on Russia's alleged "neo-imperialism" was one of the motors behind America's unilateralist activism, which culminated in the National Security Strategy's proposition to "deter and defend against the threat before it is unleashed."[17]

"Wiesenthal Center Condemns Marches in Riga and Liepaja, Latvia of Latvian SS Veterans," Simon Wiesenthal Center, News Releases, March 16, 2005. Retrieved June 20, 2005 (http://www.wiesenthal.com/site/apps/nl/content2.asp?c=fwLYKnN8LzH&b= 245494&ct=543331).

[16] Ministry of Foreign Affairs of the Republic of Latvia, "On EU-Russia consultations on human rights issues," March 1, 2005. Retrieved June 20, 2005 (http://www.am.gov.lv/ en/news/press-releases/2005/march/01-4/).

[17] The White House, The National Security Strategy of the United States of America. Retrieved October 1, 2003 (http://www.whitehouse.gov/nsc/nss5.html).

An overarching idea behind lamentations of Russia's "neo-imperial-ism" has been to move all other ex-Soviet states as far away from Russia as possible, geopolitically, culturally, and economically. The planned result is to isolate and to lock up Russia in the eastern part of the Eurasian continent, where it will be doomed to political oblivion and economic exploitation by advanced industrial economies, the United States first and foremost.

In the opinion of Brzezinski and others, Russia must embrace vassalage and dependency as a sign of its final transformation into what these peo-ple would see as a "normal democratic" (read: internationally unambi-tious, docile, and externally influenced) state. Such an outcome would presumably benefit the world more than Russia's attempts to restore regional ties with its closest neighbors. This is what advocates of United States-led globalization have in mind when they argue that "America's primary interest is to help ensure that no single power comes to con-trol this geopolitical space and that the global community has unhin-dered financial and economic access to it" (Brzezinski 1997: 148). Little wonder that many in Russia learned to take American precepts with a grain of salt. Little wonder that suspicion arose toward the "global com-munity," whose claims of "financial and economic access" to other coun-tries must be defined in such stark and presumptuous language.

Globalization's Philosophy

For Russia, the advance of globalization has not brought ready access to world markets and resources, only economic contraction, political humil-iation, and geopolitical confinement. Yet globalization's most distinctive feature is said to be the integration of world capitalist markets. It sup-posedly means deepening and widening of the world market economy and its underlying infrastructure, and the corresponding integration of its political, cultural, and ideational "superstructure." Globalization has also been understood as a revolution of rising expectations prompted by "the unstoppable flow of information across national borders [that] is exposing a larger and larger share of the world's population to the West's prosperity" (Saunders 2001: 29). It leads populations of the poorer areas to demand a greater measure of prosperity for themselves, thus putting pressure on national leaders to initiate reforms that will eventually assist their country's economic growth, democratization, liberalization, and openness. A byproduct of this evolution, the worldwide spread of west-ern values, is commonly taken as a welcome and generally unproblem-atic development.

Globalization circumscribes national sovereignty in the spheres of credit and finance, taxation and labor mobility, security and defense (Strange

1996). It limits the freedom of maneuver for developing nations, which are increasingly sucked into the maelstrom of international trade and finance. Foreign goods, foreign money, and foreign ideas tend to travel together. While some states may resist the assault of global capitalism by falling back on familiar isolationist policies, the majority will have to acquiesce or face economic marginalization and eventually political oblivion.

Globalization is a triumph of instrumental rationality. It symbolically erases not only political, but also cultural borders and bonds. Through the creation of a universal market, globalization totalizes ethical discourses and privileges the one discourse that is most firmly rooted in the market's logic and imperatives, namely, classical liberalism. The end of ideology, which adepts of globalization preach, is really the victory of one particular ideology over all the rest. Fukuyama's "last man," a true liberal, appears as a person ignorant of alternatives, incapable of fundamental choices, and indifferent to ethically unsettling questions. A typical representative of mass society, the "last man" bears no clear markers of identity apart from the ones assigned by the consumerist culture that equally homogenizes tastes and values, fashions, and ethical aspirations.

While liberal ethics has much to offer to an individual escaping various forms of totality, it lacks self-criticism and inner motors of development beyond perpetuation of self-interested individualism. Russians find this aspect of globalization particularly worrying. Liberal ethics undermines community-specific values and identities. It spells the "end of history" in the form of an endless continuation of utility pursuits by egoistic actors who can relate to each other only via the medium of anonymous market forces; therefore, "in the context of market relations, each individual necessarily becomes a *means* to satisfaction of another's private needs and desires," while the society at large stands at risk of degenerating into a "spontaneous cosmos of exchange relations devoid of ethical content" (Day 2002: 10, 15). Ethical norms and values are marketized as mass media appropriate and disseminate them for mass consumption.

In these circumstances, it is obvious that globalization does not necessarily portend the triumph either of liberalism and democracy or of free trade and an open-market economy. If economic success is the only measure of value, then the value of liberal democracy itself is contingent on its market success. In an era when authoritarian China is ascending to the apex of the global economy, the link between democracy at home and the ability to capture important markets abroad seems, at best, to be very tenuous indeed. Textbook depictions of an open-market economy hardly apply to market-driven authoritarians or even to the realities of industrial policy in East Asia, continental Europe, and, increasingly,

North America itself. The failure of the 2003 Cancun WTO Ministerial meeting showed that rich countries can shirk both free trade and democracy when their trade interests seem to be affected.

An unambiguously positive correlation between economic development and democracy cannot be persuasively demonstrated. Various authoritarian and totalitarian regimes of the twentieth century frequently outperformed their democratic competitors in terms of economic growth rates. Although some of those achievements proved shallow, others endured and were inherited by successor regimes. In many parts of the world, the lure of authoritarian governance remains strong. Democracy is also threatened by the prospect of a world controlled "by self-interested, private agencies as the only feasible alternative to general anarchy" (Jones 1999: 366). If globalization is little more than complete integration of world capitalist markets, democracy cannot and should not be seen either as its necessary precondition or as its assured outcome.

Globalization's Costs

Globalization affects every country of the world, but in different ways. It has its own winners and losers. For many observers in the Third World, globalization appears in a recognizably American garb. The conclusion being drawn is that globalization benefits America at the expense of everyone else. People on the political left in Russia also resent globalization as an American plot aimed at destruction of the Soviet state and society. Russian nationalists argue that the West has used its "agents of influence," from Gorbachev and Yeltsin to Chubais and Berezovsky, to weaken and dismantle the country.

Many in Russia saw economic reforms and the hardships of transition not as a result of the country's belated response to the pressures of globalization but as a Western conspiracy aimed to bring Russia to its knees (Molchanov 1999). A 1995 survey showed that 55 percent of the Russian population thought "the West tries to drive Russia into impoverishment and disintegration." As late as 2000, 37 percent believed that a social system of the Western type is "at loggerheads with the Russian way of life," and a further 30 percent thought it did not "quite fit" Russia and would not survive in the country. Two-thirds of those polled in the VCIOM 2002 survey saw Western culture as a negative influence. Finally, as many as 68 percent of respondents characteristically admitted that "over the years of Soviet power, our people grew different from people in the West, and it is too late to change it now."[18]

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[18] VCIOM, *Obschestvennoe mnenie—2002*. (Moscow: VCIOM, 2002), pp. 180-182, Tables 13.13; 13.19.

The respondents might have found more similarities with their Western cousins had it not been for the abrupt fall in living standards that made such comparisons an exercise in wishful thinking. Russia's science is still world-class, Russia's high culture has always resonated well with the West, Russia's idols and models have never been found anywhere but in the West. However, Russians are generally poorer, and they have made this material deprivation, just as they did the lack of consumer goods two-three decades ago, into a sign of identity. Russia's very alienation testifies to the success of the western push to make Russians embrace the materialist and consumerist values characteristic of global capitalism.

For this, Russia has paid a dear price. Exactly how much will be for future generations to assess. For now, we can only say that globalization's costs for Russia continue to outweigh its benefits by a huge margin. The first decade of reform saw the nation losing 54 percent of its gross domestic product and 60 percent of its industrial capacity, more than twice the loss that the USSR suffered in World War II. After two years of growth, thanks to a hike in oil prices, Russia's GDP in 2000 was still less than two-thirds of what it was in the final years of Soviet rule. Commenting on these statistics, Joseph Stiglitz (2002) observed that a decade of mismanagement by the IMF, the World Bank, and the country's own reformers had brought far more than a crash in the economy. Mismanaged globalization has actually changed the country's identity: "Russia [was] quickly transformed from an industrial giant—a country that had . . . put the first satellite into orbit—into a natural resource exporter . . ." (pp. 143, 151-152).

Commodity sales constitute 80 percent of Russia's exports. Foreign investors shun the country's manufacturing sector. Close to 70 percent of all investment goes into oil and gas extraction or originates in budgetary outlays. In the words of the World Bank report, "notably absent" in Russia are "the export-oriented manufacturers and others involved in the new 'globalized' production system, which are so prominent in other transition economies" (World Bank 2002: 6-7). Russian economists estimate that, even with stable growth of 4.3 percent a year, the country's GDP will not return to its 1990 level until 2010. By that time, Russia's GDP per capita will still be 30-35 per cent lower than per capita figures for Portugal and Greece.[19]

However improbable it may sound, economic downfall by itself may well be the least of Russia's troubles. The country's social structure has

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[19] The Institute of the World Economy and International Relations (IMEMO), "Russia— Continued Growth against the Backdrop of Global Recession." Retrieved December 24, 2003 (http://www.imemo.ru/publ/2001/01005_1.htm).

also been radically transformed from one with relatively insignificant income differentials to one where a standard measure of income inequality, the Gini coefficient, has more than doubled in less than ten years and reached a level of disparity typical of an impoverished Latin American nation.[20] After sixty years of full employment, registered unemployment in Russia went up from 5.2 percent in 1992 to 13.3 percent in 1998 (with real figures about twice that size); 13 million jobs disappeared for good, and real wages were cut by 40 percent (World Bank 2002: 3).[21]

Following the financial meltdown of August 1998, real wages fell by another 36 percent in less than a year. While Yeltsin's cronies transferred billions of dollars from the national treasury into private offshore accounts, the working people and their families "took the brunt of the transition, as the adjustment to lower output was also shouldered in the form of a substantial growth in wage arrears. This, together with the need to stay close to work-based social support systems, led to the emergence of the working poor" (World Bank 2002: 6).

Sociologists estimate that one-half of the Russian population belongs to a social category that is characterized by an extremely low level of consumption. Two-thirds of the families belonging to this group have to save on food. Relatively well-to-do families constitute only 15 percent of the country's population. Overall, 53 percent of the population experienced a loss of social status during the transition decade of 1989-1998.[22]

Grim and overbearing inequality is a definitive feature of Russia's oligarchic capitalism. If, in the late 1980s, wage differentials in the USSR varied from 75 to 500 rubles per month, by 2003 incomes varied from roughly $60, a subsistence minimum for the poor, to tens of thousands of dollars per month for the rich.[23] The ratio between the incomes of the richest one-tenth of the population and the bottom one-tenth went up from 3.8 in 1989 to 13-14 in 2000. The richest 20 percent consumed 54 percent of the country's income, while the lowest quintile

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[20] In Soviet times, the Gini coefficent for Russia varied between 0.22 and 0.26. In 2002, it reached 0.396. By 2003, it rose to 0.50, thus positioning Russia between such countries as Jamaica and El Salvador (World Bank 2003, chap. 3).

[21] As even pro-reform theorists admit, in the first year of reform (1992), "real income fell by one-half compared to the previous year and by one-third compared with 1985. The corresponding falls in consumption were 57 and 51 percent" (Illarionov, Layard and Orzag 1994: 128). If in 1988 only 6 percent of Russians lived below the poverty level, by September 1992 this figure grew to 37 percent, including one-half of Russia's children (Diuk and Karatnycky 1993: 49; Illarionov et al. 1994: 136).

[22] VCIOM, *Obschestvennoe mnenie—2002*, chap. 4, Table 4. 1.

[23] "Russian Living Standards: Social Stratification Must Be Overcome," *Trud*, 229, December 2002, via *Johnson's Russia List* 7021 (January 17, 2003).

received 4.4 percent. Every third Russian lives at or below the official poverty line. The country that knew no homelessness now faces a 150,000-strong army of street children (World Bank 2002: 4, 43, and Annex B5).

Russia's Reactions

Although Russia's post-communist leaders did not draw a connection between the downfall of the economy and the external forces that they hoped would make Russia into a rich country, many influential writers have been quick to associate Russia's tribulations with foreign interests. These include Alexander Solzhenitsyn, who decries the moral decadence of the West. Igor Shafarevich (1996), a prominent critic of liberalism, attacked Westernized intellectuals as a culturally alien group and called for a sense of national allegiance as "the only force capable of . . . rescuing [Russia] in the moment of its seemingly inevitable death" (p. 105; see also Shafarevich 1989). Alexander Prokhanov, a prolific novelist and editor of the nationalist newspaper *Zavtra*, has bitterly satirized the Yeltsin years.[24] Sergei Kara-Murza (1997), a prominent left intellectual, journalist, and frequent contributor to *Zavtra*, condemned the siren call of "blind freedom" and self-serving individualism that he held responsible for the collapse of the Soviet Union (see also Kara-Murza 1998).

Another prominent critic was Gennady Zyuganov, leader of the Communist party in opposition to Yeltsin, who condemned the IMF-approved policies of "shock therapy" and saw instant price liberalization, tight monetary policies, and the state's promotion of privatization—even before creation of a functioning market infrastructure—as the "ruin of the national economic complex and reorientation of the flow of resources abroad" (1994: 103). Globalization, in his view, served no one but a transnational "cosmopolitan elite" bent on creation of a "new world order," described as a "unified global network of planetary management, a world superstate governed from a single center and wielding legal priority over the 'local laws'" (1994: 116).[25]

Boris Kagarlitsky, another critic from the left, sees globalization as implementation of a conscious policy design called forth by international finance capital. For him, the very concept of globalization is but a cover for neoliberal policy precepts aimed at squeezing extra profits from the working classes and from nations in the developing world. The overarching

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[24] See an outline of Prokhanov's *Mr. Hexogen* at (http://www.newsmax.com/archives/articles/2002/7/18/213136.shtml).

[25] See more on Zyuganov's antiglobalist rhetoric in Molchanov (1996).

goal of these polices is to prolong the existence of the decaying world capitalist system in its core centres, first and foremost in the United States. Subordination of the whole world to the *diktat* of a single super-power is a natural international political concomitant of policies that advance the interests of those whom Kagarlistky (2001a) calls "financial monsters":

> As a result of these policies, not only are Russian workers in most sectors now on the verge of starvation, but American workers are receiving smaller wages than twenty years ago after inflation is taken into account. These policies are not aimed against Russia, any more than against America. It is simply that international finance capital has been victorious over indus-trial capital.[26]

Most Russian commentators perceive their country as the victim of a globalization process that is being abused by Western political and busi-ness elites.[27] Sergei Kara-Murza includes the Western population at large, writing of "the golden billion" who live through exploitation of the world periphery. Sergei Karaganov, chairman of the Council on Foreign and Defense Policy, sees Russia's peripheralization as inevitable. Mikhail Delyagin, economist and director of the Institute for Problems of Global-ization, attributes development of a few nations to underdevelopment of the rest. Oleg Bogomolov and Alexander Nekipelov, in their book *Economic Globalization and the Crisis of the World Economic Order*, view globalization as a "battering ram" of Western neoliberalism, with the richest states being the main beneficiaries. Professor Yuri Krasin contemplates the pos-sibility of a crisis of democracy and a new phase of authoritarian devel-opment in the world at large. Professor Alexander Veber (2003) sees Russia as a victim of globalization's negative effects, "unable to defend its interests or to take advantage of new opportunities" (cited in Rozanova 2003: 661). Even Gorbachev warns against attempts to "privatize" glob-alization and base it on the military superiority of the West.

The reaction of the public at large is best described as one of fatigue and disorientation, accompanied by a growing apprehension of global-ization and a distinct feeling of national betrayal. In 2002, 32 percent of all Russians welcomed globalization while 11 percent rejected it. However, not many people understood what globalization means or entails.[28] Four out of 10 said they would rather live relatively isolated from the outside world in the Soviet Union of the Brezhnev era. Another

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[26] See also Kagarlitsky (2000 and 2001b).

[27] This paragraph is based on Julia Rozanova (2003).

[28] "Russia's Minister of Trade: Globalisation on Our Terms," Rosbalt News Agency, February 26, 2002 (http://www.rosbaltnews.com/2002/03/07/37548.html).

17 percent would like to live "in another country." Only 23 percent, mostly young people, were content to live in a "globalized" Russia.[29] According to a nationally representative survey taken in 2005, 70 percent of Russians believe that perestroika brought more harm than good to the country.[30] More than half see the country headed in a wrong direction and into a dead end.[31] As for relations with the West, 35 percent claim that Russia is not really a European, but a Eurasian country; almost every second person believes that European nations have no interest in Russia's economic growth; and close to 60 percent accuse Europe of focusing exclusively on exploitation of Russia's natural resources (Andreyev 2003). This squares well with the results of another recent poll that, *inter alia*, asked people's opinion on whether there is a worldwide conspiracy against Russia. Those who said "definitely yes" and "probably yes" took 45 percent of the vote, versus 39 percent of those who said "no" with various degrees of certainty.[32]

Members of the Russian political elite reveal the same schizophrenic split of opinion. It is not clear whether the Russian government embraces globalization or simply bows to its presumed inevitability. For Vladimir Putin (2003), globalization is "an objective phenomenon that influences economic growth mostly positively," yet it also presents certain "serious problems . . . with the poorest countries being pushed to the outskirts of global civilization." For Minister of Trade German Gref, "globalization is inevitable and goes on regardless of what we want or say," yet Russia's participation "must be as much as possible on our terms and taking into account all the problems of our domestic production of commodities."[33] Some politicians and bureaucrats seem to believe that globalization can be harnessed to benefit "all countries, regardless of the level of their development."[34] Others, like Minister of Culture Mikhail Shvydkoi, fear

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[29] VCIOM, *Obschestvennoe mnenie—2002*, graph 1.2.

[30] Levada-tsentr. Press-release "Perestroika: More Good or More Harm?" April 24, 2005. Retrieved June 21, 2005 (http://www.levada.ru/press/2005042205.html) 21 June 2005.

[31] Levada-tsentr nationwide survey, 13-17 May 2005, N = 1600. Retrieved June 21, 2005 (http://www.russiavotes.org/).

[32] Levada-tsentr nationwide survey, 24-27 September 2004, N = 1601. Retrieved June 21, 2005. (http://www.russiavotes.org/).

[33] Should Russia fail to jump on the wagon, as Gref noted, precious little can be done about well over 120 anti-dumping measures, to the tune of up to four billion dollars annually, which are currently in place against Russian exporters. See "Russia in WTO: Pluses and Minuses," *Pravda.RU*, February 13, 2002. (http://english.pravda.ru/economics/2002/02/13/26383.html).

[34] Deputy Head of the Presidential Administration Sergei Prikhodko, in *Pravda.RU*, October 18, 2003 (http://newsfromrussia.com/world/2003/10/18/50584.html).

that globalization threatens the very existence of non-Western cultures.[35] By and large, the Russian political class is prepared to take up the role of a junior partner of the West out of fear of the country's permanent marginalization. It is less obvious that the common folk are ready to follow suit or to accept the price that such a role will exact from the country.

Lessons from China

Can Russia enjoy the fruits of globalization without falling victim to its negative tendencies? While few would advocate isolationism and retreat into the fading communist past, the question of the best strategy of reform is looming large. An important trend of thought in the mass media and in academic discourse concerns lessons that Russia might draw from China, particularly from Chinese adaptation to the realities of the global age. Comparing China's success to the disaster of Yeltsin's years, people such as political analyst Andranik Migranian believe that the Chinese style of market authoritarianism would work better for Russia's modernization than the liberal democracy advocated by the West. A strong supporter of "managed democracy" (a term he himself coined in the early 1990s), Professor Migranian calls Russian liberals "idiots completely divorced from reality" (cited in Higgins 2004).[36] Since China and Russia share important elements of their past, it is instructive to compare these two countries as they now face the present uncertainties and future prospects of globalization.

The People's Republic of China (PRC) originally patterned its political and economic structures on those of the Soviet Union. The Soviet model of development, with its emphasis on the primacy of heavy industry, collectivized agriculture, and all-encompassing planning of both production and consumption, prevailed in general terms throughout the period from 1949 to 1978. But when China's revolutionary leader, Mao Zedong, periodically tried to outdo the Soviets in his emphasis on mass mobilization by purely ideological means, the results proved disastrous for the economy. Mao's ideological campaigns, including the notorious Great Leap Forward of the late 1950s, succeeded in enlisting millions

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[35] "Russia's Minister of Culture: Globalisation is a Threat to the Slavonic World," *Pravda.RU*, May 23, 2002. Retrieved December 29, 2003 (http://english.pravda.ru/culture/2002/05/23/29180.html).

[36] This is according to Andrew Higgins, "Reform in Russia: Free Market, Yes; Free Politics, Maybe. Washington's Civic Dreams for Old Foe Fade as People Focus on Making a Living," *The Wall Street Journal*, May 24, 2004, p. A1.

of peasants in a collective effort that produced mostly futile results, such as smelting pig iron in rural backyards. As agricultural output plummeted, the country was thrown into a three-year famine that took between 18-25 million lives (Yao 1999). The subsequent ideological split with the Soviet Union, and the so-called "anti-reactionary" campaign, cost further billions in lost Soviet assistance. The state of permanent revolution that Mao imposed on the country during the decade-long Cultural Revolution of 1966-1976 sent millions of intellectuals and professionals into low-skilled manual labor for the purpose of "re-education," an exercise that further damaged the economy and provoked widespread social unrest.

By the late 1970s, nobody would have bet his or her fortune on the prospect of a Chinese economic miracle. However, all this changed with the leadership succession that brought Deng Xiaoping, a twice-purged pragmatic reformer, back to the pinnacle of power by the early 1980s. Deng's famous quip, that a cat could be either black or white "as long as it catches mice," neatly summarized his views on the proper relationship between economy and ideology: as long as the national economy developed, ideological purity could be put on a back burner.

One of the paradoxes of the Chinese reforms is that Deng, rather than embracing markets directly in the way that Yeltsin did "shock therapy," instead began with what looked like a Chinese edition of the New Economic Policy (NEP) that was originally pioneered in the Soviet Union by Lenin. This strategy involved (1) keeping the "command heights" of the economy in state hands while simultaneously allowing market elements to develop in agriculture, retail distribution, food processing and light industries; (2) inviting foreign investors into the country; and (3) maintaining planning in major industries while allowing individual enterprises to sell in the market anything they produced beyond state-imposed targets. At the same time, Deng capitalized on the uniquely Chinese experience of multifunctional people's communes by introducing the "family responsibility system" that eliminated coercion and gave rural workers a certain freedom of choice in agricultural and industrial activities, which in turn were supported by cheap credits extended by the state.

The second stage of Chinese reform had a more direct effect on urban industries. From 1984 onwards, state planning by quotas was replaced by taxation, and industrial managers were granted operational control and decision-making powers over production and marketing choices. In Wenran Jiang's (2004) description,

> Privately owned enterprises were allowed to operate; the planning system of the command economy was decentralized gradually; supply and demand mechanisms were introduced to take over state-set prices for most commodities; foreign ownership, joint ventures, and foreign direct investment

were now allowed to enter Chinese economy; deregulation was carried out at different stages to open the market; controls over consumer goods and wages were lifted; and nonprofitable state-owned enterprises were allowed to go bankrupt, given a time frame to reform with reduced subsidies, or privatized. (P. 282)

Whereas Russia's embrace of IMF-sponsored "shock therapy" coincided with collapse of the Communist party and the Soviet state, in China the communist apparatus remained in control not only of industrial policy, but also of society and the economy at large. Deng's "four modernizations"—encompassing agriculture, industry, science and technology, and the military—generated spectacular results that have continued since his death in 1997. Over a period of 26 years, China has achieved an average GDP growth rate of 9.4 percent. GDP has increased during this time from $147.3 billion to $1.6494 trillion, while the volume of foreign trade has risen from $20.6 billion to $1.1548 trillion, resulting in an equally spectacular growth of foreign exchange reserves from $167 million to $609.9 billion. By the end of 2004, China had accumulated $562.1 billion in foreign direct investment (FDI) and achieved extraordinary progress in improving living standards nationwide while reducing the number of rural poor from 250 million to 26 million (Hu Jintao 2005).

China's progress appears all the more impressive when set alongside the "great contraction" (De Broeck and Koen 2000) of Russian industrial output during the 1990s. A systematic account of the differences between these two countries is beyond the scope of this paper, but many observers think that the starting point of any comparison lies in the fact that Russia attempted to leap from one system to another, while the Chinese approach was much more gradual. In Russia, Egor Gaidar and other "young reformers" freed prices virtually overnight and sold industrial giants for peanuts to anyone who had access to the right people in the government. This approach was propagated by Western "experts," financially supported by international institutions, and spurred by Yeltsin's fear of a communist backlash. "Shock therapy" entailed imposition of dramatic reform from above, whereas Chinese leaders stressed reform from below, emphasized rural industries, gave rein to local initiatives, supported small and medium-sized enterprises, and warmly encouraged foreign direct investment. Rather than crushing the state-socialist system completely, China's gradualism opened ways to develop a hybrid market economy. As Jiang (2004) notes, "none of these measures were implemented overnight. Many took months and years of debates, trials, experiments, and setbacks" (p. 282).

On the face of it, shock therapy seems to have done more harm than good to Russia. Nevertheless, there remain disagreements as to how

salient these policy differences really were. Those who challenge the idea that such distinctions were crucial for subsequent success or failure of the transition have pointed out, with some justification, that shock therapy, as advocated by Jeffrey Sachs and other monetarists, was never fully applied in Russia (Gaidar 1995). Where it was applied more consistently, as in Poland or Vietnam, the results, even if less impressive than in China, were generally positive. Another related line of criticism holds that gradual reform in a post-Soviet country would have backfired and led to an even more dramatic economic collapse, as in the case of Ukraine (Treisman 2000: 148). However, citing Ukraine in this context does little to clarify the issue, since the crux of the matter in Ukraine during 1991-1992 was not the slow pace of reform, but the absence of any meaningful reform attempt whatsoever at a time when the Ukrainian economy was being forcibly severed from what used to be a unified industrial complex of the former Soviet Union.

Those skeptical of the whole debate believe that pre-reform conditions, such as levels of institutional development, industrial and structural distortions, trade patterns, and pre-transition levels of GDP per capita are more important than the speed or depth of the reform process itself (Popov 2000). With or without rapid liberalization, some argue that what matters most are the starting point and the pre-reform shape of the economy. The more developed and the more set the system is in the old ways, the harder it is to reform. Thus, agricultural reforms in both China and Poland could rely on a tradition of private land use that was still alive in both countries. In contrast, economically significant private land ownership in Russia was unheard of since the early 1930s. All over Eastern Europe, privately operated small and medium-sized enterprises were the norm; however, in Russia and other ex-Soviet states, they were an exception. The spectacular rise of township and village enterprises in China was made possible by the relative autonomy of local leaders and the lived experiences of both family farming and multifunctional people's communes. In the Soviet Union, local governments were more dependent on the center, while family farming could not evolve beyond *babushkas'* (grandmothers') backyard gardening.

Subjective factors of reform are no less significant. Entrepreneurial skills in both China and Vietnam, still relatively young communist countries, were not yet extinguished when the reforms started. By contrast, three generations of Russians worked for the state and yielded to its overbearing presence in the economy. Even reform-minded Russians expected the state to reinvent itself on behalf of its citizens, not to dismantle itself on behalf of private entrepreneurs inspired by the naked profit motive. In Russia, the prevailing cultural "ethos" and the shared

moral convictions that developed over the previous seven decades contradicted the idea of an absentee state and its concomitant mentality of "everyone-for-himself." The neoliberal prescriptions, propounded by IMF advisors, succeeded in destroying the state-society link that was deemed responsible for economic rigidity of the Soviet system. However, the same link provided social cohesion and ensured stability. Economists who are not blinded by the instrumentalist orthodoxy of the Washington Consensus agree that "every economic system depends upon social capital, operating in the interstices of the system providing coordination, which can be destroyed by dislocations resulting from large changes in policy or system" (Murrell 1995: 172). The most important aspect of the "shock" treatment to which Russia was subjected lies more in this destruction of social capital inherited from Soviet times than in the relative pace or timing of the reforms themselves.

A related observation concerns the problem of the so-called sequencing of political and economic reforms. Gorbachev started with an attack on the party apparatus that was only exceeded in scope (although not in severity) by Stalin's purges; Deng, on the other hand, started by unleashing the creative potential of the masses. Gorbachev's reforms destroyed the party, crippled the state, and collapsed the Soviet federation even before the first steps of economic reform had a chance to run their course. Deng's approach preserved the party as the leading force in the Chinese political system and, hence, preserved the system itself. A stable political environment and the predictability of government policy encouraged foreign investors and provided the crucially significant initial inflow of capital that allowed for deeper structural reforms to take off. In the Russian case, the political process was liberalized before opening up the economy, a strategy that proved disastrous, while in China the political system remained intact and capable of implementing a series of carefully considered changes that proved extremely beneficial for the country.

It seems that the major contrast between Russia and China concerns not so much differences in economic strategies (or policies), or even initial, pre-reform conditions, as differences in articulation of the state's position vis-à-vis both domestic society and the economy, once the decision to launch the reforms was made. The Gorbachev-Yeltsin policies weakened the state, annulled the unwritten social contract, and betrayed long-held expectations on the part of citizens. The policies of the reformist wing of the Communist Party of China strengthened the state, built on the existing social contract between the state and society, maintained the promise of prosperity for everyone, and thus upheld the long-standing expectations of the Chinese population.

Equally important, the two states positioned themselves differently vis-

à-vis their external environment. While post-communist Russia adopted the position of a supplicant seeking material aid and advice from the West, China maintained full independence in the face of external pressure emanating from the IMF, the World Trade Organization, and the United States. Bowing to no one, China managed to avoid hectoring and scrutiny by proponents of the Washington Consensus and kept its political system intact. This policy enabled it to boost foreign trade, promote technological growth, and achieve productivity increases across the entire economy, while at the same time preserving the regime's legitimacy among broad sectors of the population. Russia's reforms precipitated a decline into confusion and poverty for most common people, whereas in China the national government was seen as continuing to work for the long-term well-being of its citizens.

Conclusion

Russia's response to globalization—its "return" to the West—has been a tale of disaster. Other countries have fared better in meeting the challenge of globalization, although some have done even worse. In Russia's case, the country would most surely have been destroyed had it not been blessed with unrivaled natural resources, specifically oil, gas, and metals. Even so, the policies of the Washington Consensus, or what Stiglitz (2002) calls "market fundamentalism" (p. 134)—and what Russian scholars refer to as market Bolshevism (Reddaway and Glinski 2001)—transformed Russia from a reasonably well-to-do country into an oligarchic dependency characterized by stark inequality, marked injustice, the loss of social capital, widespread poverty and a stunning demographic catastrophe.[37]

The social costs of Russia's uncritical embrace of globalization mythology were enormous. A relatively egalitarian social structure was broken, popular trust in the government evaporated to the point where people prefer to keep their money in mattresses rather than in the state-insured

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[37] Russia's population growth rate turned negative with the start of the reforms. In 1993-1999, population declined on average by 0.3 percent a year. In the mid-1990s, the death rate in Russia matched the one registered in Sub-Saharan Africa—15 deaths per 1,000 people—while the figures for developing countries were 9 per 1,000, and for developed countries 8 per 1,000. Male life expectancy at birth hit a record low of 56 years, down from 65 years in the Soviet period. It is expected that Russia's population, which stood at 148 million people in 1990, will decline to 127 million by 2040. See The World Bank (2002) Annex B5; The World Bank, *World Population Growth* (http://www.worldbank.org/depweb/beyond/wren/wnrbw_03.pdf); Julie DaVanzo and Clifford Grammich, *Dire Demographics: Population Trends in the Russian Federation* (Santa Monica, CA: Rand, 2001), p. 4.

banks, and the whole normative structure underlying routine social exchanges and daily life was badly damaged, if not perverted. What globalization brought to Russia was an American frontier mentality, a post-modern reincarnation of the lifestyles and mores typical of the Wild West and the mafia turf wars of the prohibition years.

While much has been written on the authoritarian style of Russia's economic liberalization, much more remains to be said concerning the role of United States policymakers and the Bretton Woods institutions in the whole sorry saga of badly mismanaged and ultimately failed reforms. "Even in the West," writes Joseph Stiglitz (2002), "the critical decisions about Russian policy, both at the international economic institutions and in the U.S. Treasury, went on largely behind closed doors. Neither the taxpayers in the West, to whom these institutions were supposed to be accountable, nor the Russian people, who paid the ultimate price, knew much about what was going on at the time" (p. 165).

It is small wonder that some typically Russian questions—"Who is to blame?" and "What is to be done?"—have reappeared in the post-communist context as a reflection on Russia's unfortunate experience of knocking on the Western world's doors. But this reflection should also lead to broader ethical questions about the limits of external intervention into the country's domestic affairs; the meaning of national identity and independence in an increasingly globalized world; and finally, the value of the presently dominant vision of globalization as an ultimate victory and unbridled dominion of capitalist market forces. At the very least, the experience of Russia dramatically contradicts the utopian fantasies of those proponents of globalization who see it as heralding universal enlightenment and prosperity in a world finally "healed" by the end of the Cold War.

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Regionalism and Globalization: The Case of the European Union

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Abstract

Regional groupings of states are often regarded as the appropriate response to economic and cultural strains generated by the globalization of market forces. The European Union, the most successful regional grouping in the world today, illustrates both the potential and the limitations of such organizations. In one sense, Europe has been in the vanguard of globalization, eliminating traditional barriers to the movement of labor, goods, and capital; but in another sense, the EU can be seen as a protective response to global exigencies and an attempt to safeguard Europe's cultural identity. This chapter assesses the EU in terms of these dynamic contradictions.

Europe "Leads the Pack"

No discussion of globalization or its effects on the nation-state would be complete without an assessment of the European Union (EU). A product of some sixty years of integration in post-World War II Europe, the EU has been a forerunner in manifesting several important tendencies that are now regarded as key features of globalization. The European Common Market, as it was called in the 1950s-1970s, was clearly a creature of economic liberalization that removed protectionist barriers and promoted free trade among member states. In terms of its emphasis on reduction and elimination of tariffs, and on the four essential freedoms of movement—of goods, services, capital, and labor—the whole European project can be thought of as an elaborate design for market integration on a regional basis.

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At the same time, the transborder movement of people within this newly established Common Market also initiated fundamental social changes that are commonly associated with globalization. Free movement of people inevitably increased their awareness of other nations' cultures, languages, customs, and preferences. More importantly, it encouraged a shared sensitivity to social issues and challenges. Communication across national boundaries changed mutual perceptions and facilitated a new social quality by instilling a sense of community in the European public. Originally envisioned as little more than a horizontally integrated complex of defense-related industries, today's European Community of nations aspires to comprehensive social unification on the basis of common values, visions, and increasingly, a common European identity.

While globalization generally entails acknowledgment of a common destiny among nations and peoples, Europe has led the world in transforming such awareness into concrete actions and institutions that, over time, have imparted a unique social dimension to the process of integration. The need to regulate cross-national employment has propelled development of structural supports that are now offered to economically weaker nations, to disadvantaged sub-national regions, and to more vulnerable social groups. The foundational treaties of the European Communities; their evolving institutional infrastructure; economic integration of industries and sectors; the corresponding emergence of cross-national business lobbies and international non-governmental organizations (INGOs); and the eventual establishment of European political parties—all have increased the frequency and scope of political, economic, civic, and educational exchanges among Western European nations.

Such educational programs as Socrates, Minerva, and Leonardo da Vinci support student and faculty exchanges, joint research initiatives, cooperation in the field of information and communication technologies, vocational training, and lifelong learning. A recent eLearning initiative further increases both the density and quality of communications in the sphere of higher education, envisioning the creation of European virtual campuses and encouraging virtual mobility in the form of Internet-based exchanges and cross-national sharing of knowledge and ideas.[2]

Finally, European integration has been at the forefront of the larger globalization process in creating specialized supranational institutions vested with an array of functional tasks. These include regulation of trade and industry; agricultural programs; transport and telecommuni-

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[2] The European Commission, *eLearning Programme*, Retrieved July 15, 2005 (http://europa.eu.int/comm/education/programmes/elearning/programme_en.html).

cations policies; justice and home affairs; employment and social pro-
grams; environmental management; health, cultural and regional policy;
and several other issue areas. Well before the World Trade Organization
(WTO) came into being, the European Commission and specialized bod-
ies of the Council of the European Union were already actively engaged
in promoting extensive and accelerating economic interaction between
EU member states.

Europe has also been in the forefront of globalization in another sense.
The experience of integration led to early formulation of many of the
fundamental thematic questions posed by the broader globalization debate
today: Why do states choose to delegate some of their sovereign pow-
ers to international institutions beyond their immediate control? What
are the regulatory tools available to political institutions—whether on a
nation-state or a regional basis—for dealing with business interests that
reach far beyond any particular jurisdiction? Perhaps more essential still,
how might a community of nations effectively implement joint policies
without, at the same time, incurring the risk of supranational institutions
becoming alienated from the citizens they are meant to serve?

The theme of a "democratic deficit," which has long persisted in
debates concerning European integration, applies all the more forcefully
when we turn to globalization in general. Notwithstanding the optimistic
projections of cosmopolitan enthusiasts, Europe's experience in the difficult
project of creating a continent-wide political entity unavoidably reminds
us of Immanuel Kant's famous warning. In his essay on Perpetual peace,
Kant cautioned that "the amalgamation of states under one superior
power . . . would end in one universal monarchy, and laws always lose
in vigor what government gains in extent; hence a soulless despotism
falls into anarchy after stifling the seeds of the good."[3]

Notwithstanding worries over the democratic implications of Europe's
moves toward political integration, to which I shall return later in this
paper, there is no doubt that the European Union exemplifies on a
regional scale all of the potential gains—and concerns—that proponents
and critics commonly associate with globalization at large. It is small
wonder, therefore, that some observers have conceived the process "as
an expression of turbo-charged globalization" (Christiansen 2005: 587),
in which Europe has moved much further, and with far greater success,
than any other part of the world. The arrival of the European Economic
and Monetary Union (EMU) and the introduction of a single currency,

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[3] See ⟨http://www.mtholyoke.edu/acad/intrel/kant/firstsup.htm⟩.

the *euro*, in 1999, have demonstrated a readiness and capacity to surpass all the usual limitations of other regional trade organizations, most of which have yet to progress beyond the initial stages of a free trade area or a customs union. From the perspective of regional integration, Europe evidently "leads the pack."

At the same time, it is equally evident that all such processes of regional integration, in whatever part of the world they occur, can be thought of as constituent elements of a larger global process: they draw participating nation-states together in pursuit of a common goal (or goals); they limit or circumscribe states' authority in agreed-upon areas; they institute certain frameworks for cross-national cooperation that reduce transaction costs in order to facilitate movement of goods and services; and they increase the speed and breadth of cultural interaction. All of these processes occur in response to the uneven development of international capitalist markets. Competition within and between the three centers of global capitalism—America, Europe, and the Asia-Pacific area—propels growing awareness of regional interests, and states cooperate to resist and manage pressures from their external environment. In that sense, all regional integration can be regarded as movement within the larger context of globalization.

The fact remains, however, that globalization is a contradictory process. From that perspective we can also say, with no less justification, that all of the new regionalisms are simultaneously examples of an old-fashioned strategy that refuses to fade away—that of protectionism. Modern protectionist impulses are inherent in the European project of an "ever closer union," and they are certainly not hard to find. They manifest themselves consistently in the EU Common Agricultural Policy (CAP), in Europe's anti-dumping regulations, in the spread of non-tariff barriers to trade, and in preferential treatment for exchanges generated within the single European market or authorized by a supranational European institution.

All of these protectionist elements generate continuous concerns over trade diversion and fear in other countries of an emerging "fortress Europe." These concerns may be exaggerated, but from the perspective of globalization theory they certainly underline the fundamental fact that European integration also serves as protection against globalization. At the same time as European integration may be conceived in terms of "turbo-charged globalization," it makes no less sense to regard the EU as "a mechanism through which states and societies regain a degree of control over markets and are able to address transborder issues such as environmental protection, health, migration, or international crime more effectively" (Christiansen 2005: 590). Karl Marx would have addressed

these issues as dialectical contradictions; Karl Polanyi (1957) would speak of a "double movement" that is inevitably part of every "great transformation."

Europe Adapts

It remains a subject of ongoing debate whether the European Union should be viewed primarily as a harbinger of globalization or as a safe haven in a globalizing storm. While some scholars argue that integration primarily manifests globalization's reach into Europe (Axtmann 1998), others take a contrary view and see the European project as a continental defense against globalization's unsettling and sometimes destructive pressures (Rosamund 1999; Wallace 2000). An emerging consensus in the field of European studies suggests that both interpretations are valid and appropriate—taken together they suggest that integration is best interpreted as Europe's particular *adaptive response* to changes in the global economy. An integrated Europe has the strength simultaneously to absorb some exogenous forces and to erect barriers to others.

But it is also true that European integration has contributed to intensification and further spread of globalization on the grand scale by pioneering the development of supranational institutions with few analogues elsewhere in the world. Europe's institutions are exemplars not only in the formation of economic and social policy, but also in other important areas. The Yugoslavia War Crimes Tribunal, the International Criminal Tribunal for Rwanda, and the International Criminal Court all reflect influences emanating from the European Court of Justice. Likewise, the UN Office for Human Rights pays close attention to work done by the Office for Democratic Institutions and Human Rights (ODIH), based in Warsaw, Poland; by the parent body of the ODIH, the Organization for Security and Co-operation in Europe (OSCE), headquartered in Vienna with 55 member states; and by the Council of Europe, one of the continent's oldest political organizations, based in France and including 46 countries in the promotion of human rights, parliamentary democracy, the rule of law, and common awareness of European identity. Canada, the United States, Japan, and Mexico have observer status at the Council of Europe; and Canada and the United states are both full members of the OSCE, the largest regional security organization in the world. With institutions such as these, Europe helps to extend the processes of globalization far beyond its own political frontiers.

The relationship between globalization and European integration is complex, multifaceted, and continuously changing. In many respects Europe leads the world in dismantling political, economic, and cultural

barriers, at least on a regional basis. Yet, at the same time, Europe is committed to social and economic policies that often contradict the pure logic of market forces, which have much freer rein elsewhere, especially in the United States. Similarly, European institutions, while promoting a European identity, also respect and accommodate distinct national identities and cultures. European integration, in other words, is a contradictory process rather than a settled state of affairs, and its diverse activities and attributes often defy final judgment of where the continent is heading or just how it will ultimately get there.

Europe Falters

Over a period of several decades, Europe has "led the pack" in terms of regional integration; in the process, it has adapted to globalization, often successfully on its own terms; but it has also occasionally faltered. Most recently, celebrations of Europe's unique contributions to building a safer and more prosperous world have subsided. In referenda held in the spring of 2005, voters in France and Holland rejected the proposed EU constitution. Among several reasons for this outcome was the fact that many voters considered the constitutional proposal to be not just a vehicle for deepening the integration process, but also one whose consequence would be the Union's indiscriminate widening.

In the wake of the French and Dutch referenda, throwing the doors of a common European home wide open to future new entrants and to migrants is no longer an option. The murder in November 2004 of a Dutch filmmaker, Theo Van Gogh, by a second-generation immigrant from Morocco, stirred public suspicion and heightened a sense of vulnerability resulting from the earlier slaying of a popular right-wing politician, Pim Fortuyn. Following these attacks, a wave of xenophobia hit previously tolerant Holland. Shortly afterwards, the London bombings in the summer of 2005 contributed to the rise of a security state in England, tightening of British immigration and refugee laws, and allegations of ethno-racial profiling of suspected terrorists. In France, efforts to keep public schools free from the "conspicuous display" of religious symbols—specifically, Muslim symbols—have also highlighted the continuing gulf separating religious minorities from mainstream society. All over Western Europe, concerns over social integration of Muslim immigrants have cast a shadow on the idea of common European identity.

Populist politicians of the right and the left, together with some more established opponents of French president Jacques Chirac, seized upon such issues to fuel Euroskepticism, which has long been associated with the critique of a democratic deficit widely attributed to supranationalism and a lack of representative accountability on the part of European

institutions. To this long-standing concern have recently been added new criticisms focusing on Europe's lack of economic competitiveness; on demographic worries associated with low birth rates and an aging population; on persistently high rates of unemployment and stagnating economic performance; and on the threat of environmental degradation. Neoliberal economists, many business associations, and most of the financial press have complained that Europe is now losing its global market positions to more dynamic economies in other parts of the world. The cumulative consequence of these recent worries appears to be adding a new dimension to the debate on the long-term viability of the European project. At the present historical juncture, regional introversion and a concern for social protection may well begin to take precedence over the element of "turbo-charged globalization" in the dialectical process that has provided European integration with its momentum.

The Ethos of the European Model

The so-called "social dimension" is one of the most distinctive features of the European project. While distributive justice was not a primary concern of the original European Communities, it has since become a major theme of European politics. Individual politico-economic evolution of continental European states, and the spectacular success of the Scandinavian model of development in the 1970s-1980s, raised general awareness of the possibilities that labor-sensitive policies might create. But the result today is that hourly costs of labor in Europe are among the highest in the world, provoking recurrent appeals from business interests to curtail social policies and reduce costs of production.

In the run-up to the 2005 election in Germany, business leaders were demanding an extension of working hours, more freedom to hire and fire workers, and a reduction of mandatory benefits such as paid maternity leave and long vacations. Throughout Europe the "tax wedge," or the difference between workers' take-home pay and what it costs to employ them—made up of income tax and social security contributions— is higher than anywhere else in the world. The OECD reports that in 2004 the tax wedge in Germany was a striking 50.7 percent; in France, 47.4 percent; in Italy, 45.7 percent. These figures compare with 31.2 percent in the United Kingdom, 29.6 percent in the United States, 26.6 percent in Japan, 16.6 percent in South Korea, 15.4 percent in Mexico, and an OECD average of 36.5 percent.[4] The OECD's index of employment protection laws likewise shows that such provisions are stricter in

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[4] See (http://www.oecd.org/dataoecd/33/59/34548231.pdf).

Europe than in many other parts of the world. The final result of such laws turns out to be lower rates of employment and a drift toward economic stagnation.[5]

Many a neoliberal critic has warned Europeans that social policies that promote labor rights (as in France) or encourage corporatist mediation of interests (as in Germany) are detrimental to long-term economic prospects. Nonetheless, even critics understand that dismantling employment protection runs counter to the social-democratic traditions of many European countries and even to one of the fundamental rationales of the EU, which is to protect Europe against contingencies in the global capitalist market. As the American economist Paul Samuelson writes, even if "one way to revive economic growth would be to reduce social benefits, taxes and regulations," the social costs of such an intrusion appear insurmountable; the result "would imperil Europe's 'social model,' which supposedly blends capitalism's efficiency and socialism's compassion" (Samuelson 2005: A25).

Labor protection and social security are integral parts of the modern European ethos. The social dimension of the European model also involves budgetary redistribution in support of less developed nation-states and declining industrial sectors through EU structural funds, cohesion funds to facilitate integration and development, the Common Agricultural Policy (CAP), and regional policy that reaches below the level of a nation-state to support individual regions in need. Over time, the realm of social policy has become subject to more or less "soft" supranational regulation, which has expanded to include educational and health-care policies, labor and gender rights, youth and family policies, and environmental and consumer protection.

With the Maastricht Treaty, however, which was ratified in 1993, supranational criteria have also limited the ability of European states to integrate social expenditures with counter-cyclical macroeconomic policy. Maastricht called for budget deficits not to exceed 3 percent of gross domestic product and for levels of national debt not to be more than 60 percent. While these provisions have recently been loosened somewhat in view of persistently excessive deficits in leading states such as France and Germany, the fact remains that European national governments have surrendered a great deal of macroeconomic policy to the European Central Bank (ECB). With the ECB in charge of economic governance for the EU as a whole, European states can no longer respond to cyclical phenomena with the same alacrity as the U.S. Federal Reserve, which

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[5] See (http://www.oecd.org/dataoecd/6/32/33736760.pdf).

seems much more committed to Keynesian ideas of enlightened discretion.

The ECB rigidly adheres to a commitment to restrain inflation, whereas in the United States both Washington and Alan Greenspan have responded to the recession that began in 2001 with expansionary measures. The U.S. government moved from a budgetary surplus to a deficit exceeding 5 percent of GDP, and the Federal Reserve supported this policy with historically low interest rates in the conviction that levels of output and employment are as important as price stability. The ECB, in contrast, appears to have absolved itself of any responsibility for unemployment, leaving national governments—which no longer have the wherewithal for effective action—to bear political responsibility for faltering economic performance. This fundamental asymmetry in European governance has one inevitable consequence: national governments blame the ECB and Brussels for whatever goes wrong, with the effect of undermining public confidence in EU institutions.

In the ECB's view, however, exactly the opposite is the case: national governments are to blame for their restrictive labor-market policies. Indeed, many analysts speculate that the bank's stubbornness over interest rates is intended to force national governments to reform labor markets and increase labor mobility, giving greater leeway to market forces. Among the six founding states of the European Community, free movement of labor has been historically championed by Italy, the Community's poorest country at the time but one that today also bridles at the ECB's monetary policy. In terms of labor movement across national frontiers, the Schengen agreements of 1990 brought the process to its logical conclusion, eliminating border posts and passport controls on all "internal" borders, thus making interstate boundaries within the EU no different, for all practical purposes, from boundaries separating provinces within the same state.[6]

But in this respect, Europe finds itself situated within another universal paradox of neoliberal globalization. Within the global economy, free movement of goods and capital is accompanied by tight restrictions on the movement of labor, imposed and maintained by national authorities. These gatekeepers base their judgments on considerations of national interest, not compassion. The natural result of this globalization paradox is expansion of opportunities for propertied classes in wealthy societies, and the contraction of opportunities for workers who might otherwise migrate from poorer countries. Europe's ethical commitment to labor protection, from this point of view, feeds not only into high unemployment

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[6] See ⟨http://www.auswaertiges-amt.de/www/en/willkommen/einreisebestimmungen/schengen_html⟩.

levels, but also into public apprehension over the perceived threat of immigration.

Pluralization of the ethno-cultural composition of European nations today poses several problems that are all related to the question of democratic deficit in the EU as a whole. First, provision of equal political rights to newcomers dilutes informed participation insofar as preservation of an immigrant community's cultural uniqueness can also lead to communal separation and even ghettoization. Second, pluralization of the ethno-cultural space triggers a backlash from the majority population—from people who are concerned not merely about jobs and social services, but also something much more fundamental: their core cultural identity. Third, budgetary transfers, which are designed to promote inclusion and equality of opportunity, add to existing tensions over taxation and redistribution in both the domestic and the international contexts (competitiveness and the struggle for markets).

Regional policy is subject to a similar dilemma: gains made on the side of inclusion are often neutralized by perceived losses on the side of legitimacy. As Jürgen Habermas (2001) notes, "the loss of solidarity touched off by issues of redistribution can lead to political fragmentation, as is shown by Northern League's efforts to separate the prosperous north of Italy from the rest of the country, or . . . in Germany by the calls for a revision of financial agreements aimed at eliminating the economic disparities between the different federal states, as well as the resolution passed at the national convention of the Free Democratic Party to dismantle the so-called 'solidarity supplement' " (p. 72). While some philosophers believe that the whole spectrum of European social policies presents a new "integrated" approach to questions of social justice and an early and promising move toward "cosmopolitan justice" for all (Cabrera 2005), the reality is that the European social model is under increasing strain.

The issue of inclusion or exclusion is also played out on a different plane of international relations, particularly in debates concerning EU enlargement. Here, eligibility for membership in the European Community appears still to be defined by notions of ancestral origin, shared ethno-cultural identity, genealogy, and historical memory. Acceptance of the historical-cultural "other" in interstate and supranational relations has proven an even more difficult task than integration of a culturally alien group into the mainstream of a typical European society. Germany was for a long time reluctant to extend full citizenship rights to naturalized Turkish guest workers and their descendants who have been born in the country. And the prospect of a populous—and Muslim—Turkey joining the European Union is terrifying to many Europeans, not least to French

and Dutch voters who chose to reject the proposed Constitution in the referenda of 2005.

Of course, Europe's constitutional debacle has more than one source, and Turkey's membership bid is but one reason. Since Turkey already enjoys practically unrestricted access to the European market, its formal membership would add little of substance but much in terms of political anxiety. Nonetheless, debates over Turkish accession reveal certain general and persisting dilemmas of European integration, including issues of inclusion and social cohesion; enlargement versus further institutionalization; and, finally, political versus predominantly economic integration.

Europe's humanitarian ethos is today counterbalanced by a good measure of cultural xenophobia and persisting fears of a continuing transfer of sovereignty to supranational institutions that might undermine democratic rights and national identities. Adoption of a European Constitution would have been a major step on the way toward expansion of regulatory activities by the European Commission, ministerial councils, and the European Court of Justice. It would have transformed the existing Economic and Monetary Union (EMU) by adding much stronger competencies to the EU level of governance in the areas of social policy, taxation, and distribution. According to Habermas (2001), "[t]his, in turn, would require that still more of nation-states' sovereign rights be transferred to a European government, while nation-states would essentially only maintain those regulatory competencies that would be unlikely to produce unwanted side-effects for the 'internal' affairs of other member states" (p. 100).

One of the principal reasons why Euroskeptics and sovereigntists prevailed over European constitutionalists at this historical juncture has much to do with what can be termed the "welfare nationalism" of participant states and their respective publics; that is, the perception that further development of supranational institutions in Brussels would jeopardize established social safety nets by stretching them beyond their historically and socially mandated nation-state limits. For Habermas (2001), this is part of the intrinsic logic of globalization as "the cultural substrate of civil solidarity that developed in the context of the nation-state" tends to be progressively diluted by the "postnational" logic of the market (p. 71).

It is ironic that continuing enlargement of the EU appears to threaten the coherence of European institutions and to contradict the intrinsically cosmopolitan features of the humanistic European ethos. Each step in enlargement has redefined the EU's key characteristics, pushing Europe's outer limits from the original 6 to the present 25 nations and simultaneously modifying the boundaries of European identity. Paradoxically, in the same process Europe has also become more liberal and at the same time

more sovereigntist; more Catholic and also more culturally diverse; more active globally, yet also more protectionist and inward looking.

European transgovernmentalism, emulated in various ways around the world, has established a promising model that some scholars suggest may be blazing the way for future global *governance* in the absence of an actual global *government* (Slaughter 2004). But it is also true that European identity, now largely decoupled from any single set of logically coherent cultural identifiers, has so far failed to provide a basis for a coherent European polity. The "big bang" enlargement of 2004 added further complications. As various EU institutions struggle to make sense of this new reality of economic, political, and cultural disunity between the established member-states and the newcomers, European cosmopolitanism appears to be fading into the background: the grand idea of Europe "whole and free" appears to be increasingly vulnerable to the welfare and cultural nationalism of individual members of the European club.

Eastern enlargement has now brought the EU straight to the borders of Ukraine and Russia. It has redefined European identity, long structured by the cold war and the opposition between Western Europe and the rest of the continent. East Central Europe has ceased to be the EU's existential Other, and the civilizational fault line between the Eastern and Western branches of Christianity, contrary to Samuel Huntington's view (1996), no longer appears so permanent and insurmountable. Both Orthodox Bulgaria and predominantly Orthodox Romania have been promised EU membership. Ukraine's approaching bid has been much facilitated by the country's recent democratic opening and can be thwarted only by the failure of domestic reforms—a sore issue both before and after the so-called "orange revolution"—or possibly by a continuing unwillingness on the part of many Ukrainians to part ways with Mother Russia (Molchanov 2004). Meanwhile, Russia itself, although regarded as Europe's perennial Other by Iver Neumann (1999) and some other observers, including nationalist polemicists on the Russian side (Mialo 1996), has joined the West in a common struggle against global terrorism.

In the continuing dialectic of European development, the EU is both expansionist and protectionist, outward looking and introverted. The recent series of terrorist acts in Amsterdam, Madrid, and London, and the ensuing arrests of terrorist suspects across the EU, have apparently resulted not only in the prospect of a European security state, but also in a new shift in defining the European identity. Once again, the negative definition of European-ness—a clear awareness of who "we" are not— seemingly trumps a more sanguine view of its substance in the European ethos of secular humanism and openness. Instead, opposition to a "barbaric" Other, now found in Islamist movements and Muslim funda-

mentalism, provides a new basis for the feeling of cultural closure across the continent. Cosmopolitanism is in retreat.

This is true in Europe and around the world at the same time as globalization and transnational regionalisms accelerate, hurling groups, nations, and cultures at each other with increased speed and fury. In this age of culture clashes and culture-inspired terrorism, the cosmopolitan ethic of sharing comes under severe strain everywhere, and the triumphal march of universal human rights suddenly pauses in some of the least conspicuous places, be it Guantanamo, Abu Ghraib, the Bagram military base in Afghanistan, an African village, or a European city. It is not at all clear whether regional consolidation and relative closure, development of transnational government networks (Slaughter 2004), or globalization writ large may provide better solutions to these emerging problems. One way or another, watching Europe may be the key.

Regionalist Solutions

European integration has succeeded in addressing a number of problems that globalization inevitably brings to the forefront of current public and academic debates. First, it has involved an effective regionalist response to the imperatives of the global market, thus imparting greater capacities to the collective of European states than they could ever exercise individually. Second, it has made some progress—although many would say not nearly enough—in closing the gap between the democratic aspirations of citizens and the technocratic detachment one would conventionally expect from a supranational bureaucracy. Creation of the European Parliament, and citizens' access to transnational litigation via the European Court of Justice, have expanded guarantees of individual rights and freedoms beyond the limits of a nation-state. Third, supporters of a renewed commitment to social justice point out that the European treaties "have opened spaces for the promotion of more cosmopolitan distributive outcomes, as well as for the securing of a narrow but robust package of individual rights recognized above the state" (Cabrera 2005: 190).

Social integration of European societies is demonstrated by a progressive reduction of previously substantial disparities in individual income, life chances, educational opportunities, and health protection. The European Union is at the forefront of global awareness of environmental issues, and probably also leads the world in its concern for labor protection. This has helped vulnerable groups and promoted social inclusion on both transnational and subnational levels. While certain sub-state regions, industrial sectors, and population groups are still lagging behind, their needs are much better addressed by joint efforts of the European community

than by any combination of instruments that an individual member state has at its disposal.

As I have attempted to demonstrate, however, progress in creation of a common European identity has been much less conspicuous. The Eurobarometer surveys periodically reveal substantial numbers of respondents who decline to identify themselves primarily as Europeans. Several member states of the European Union have tightened their immigration laws, slowed down or reversed cautious movement toward multiculturalism, and introduced measures more reminiscent of the American "melting pot" model. Immigration from countries beyond the EU—and even from some of the new members—is increasingly seen as a problem, not a solution to the demographic challenges of an aging society.

Conclusion

Europe's persisting problems should not necessarily be regarded as evidence of failure or of some inherent weakness in the European "idea." Nonetheless, they do indicate that the contradictory dynamic of European development has reached at least temporary limits. In the meantime, neoliberal globalization time and again demonstrates that issues of social justice, socioeconomic equity, inclusion of vulnerable groups, and expansion of life chances and opportunities for all members of society cannot be effectively addressed by the market alone. The European example of transnational governance—and governability—has set a standard that defies the conventional view of international relations as essentially an anarchical arena of hegemonic struggles, strategic self-interest, and zero-sum games. It is against this background that the experience and evolution of European regionalism should be judged. In those terms Europe is a success story and a proven and promising model of successful adaptation to the intensifying pressures of global market integration.

Europe has faltered with rejection of the constitutional treaty, but those who believe that the EU is in a tailspin have quite likely vastly exaggerated the significance of recent events. Even a quick review of the advances of transnational regionalism around the globe proves that economic integration on a regional basis is the way of the future. For the present, regionalism is the only working mechanism that nation-states have at their disposal for coping with the challenges posed by globalization and the resultant race to the bottom that remorselessly erodes social protection, labor and environmental standards, cultural uniqueness, and the historically formed ethical values of a community.

At the same time as the European Union creates new standards and forms of governance, however, European regionalism is also unique. It is unique in its commitment to an ideal of distributive justice that insists

on tangible foundations for the otherwise abstract principle of equality of opportunity. It is unique in its use of the Common Agricultural Policy, the structural and cohesion funds, regional supports, and other forms of equalization payments from the common budget, which only narrow-minded economists can decry as counterproductive "rents." Whatever else may be said of Europe's Common Agricultural Policy, it serves much more than the vested interests of the French or Polish farmers. It also helps to preserve rural communities in their unique way of life, sustaining traditions and values that would otherwise fall victim to the mechanistic rationality of the market.

By the same token, the EU's structural funds save more than declining industries, and EU regional programs address issues that go far beyond immediate economic needs of the regions. European integration advances "the view that the interests of broader sets of persons should be promoted and protected in common" (Cabrera 2005: 196). In doing so, European regionalism suggests a humane and viable alternative to neoliberal globalization and the strategic rationality that is contradictorily exemplified in uncontrolled market forces. The European Union cannot be understood exclusively as either globalization "writ small" or as mere protectionist resistance to it. Least of all is it an attempt to build a regional "fortress" of calm amidst the sea of globalizing change. Instead, transnationalization of Europe offers a way beyond the limits of a nation-state that helps protect European societies from the detrimental effects of the great—and often disastrous—transformations now underway in global markets. The European Union demonstrates both the possibilities and the limits of regionalism within the context of globalization.

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The Community of Europe and Globalization

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Abstract

The European Union is a creation of Europe's history and should be understood in that context. European integration is a multidimensional process, for it is an attempt to build a real community. It includes an ethical dimension that is based on the European welfare state and on the continent's long intellectual tradition of liberal democracy. It is successful precisely because it is not abstract.

Abstract Globalization and European Specificity

According to Joseph Stiglitz (2002), globalization is "the removal of barriers to free trade and the closer integration of national economies" (p. ix).[2] The notion of globalization is frequently associated with a single model of modernity that arises spontaneously with the triumph of market forces and universal free trade. Stephen Gill (2000) cites a 1992 Oxford lecture by John Fleming, at the time the chief economist of the European Bank for Reconstruction and Development (EBRD), who argued "that 'all countries are the same' for the purpose of [economic] policy (despite their different histories) and that the problem of economic reform was premised on two historical 'facts,' namely 'the uniformity of human nature' and the 'universality of technology'" (p. 53).

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[2] Paul Hirst and Grahame Thompson (1996) define globalization this way: "The international economic system becomes autonomized and socially disembedded, as markets and production become truly global" (p. 10). James H. Mittelman (1996) writes: "In short, globalization is a market-induced, not a policy-led, process" (p. 3). C. Bretherton and G. Ponton (1996) say globalization implies "a significant intensification of global connectedness and a consciousness of that intensification, with a corresponding diminution of territorial boundaries and state structures" (p. 3).

This kind of thinking became particularly evident following the collapse of the USSR. The Communist Party tried for decades to create an efficient planned economy and failed catastrophically. Accordingly, the political corollary of globalization, as Francis Fukuyama notes (1992), will be the end of nationalism, imperialism, authoritarianism, and warfare between peoples, all of whom will finally become essentially liberal in their basic convictions. Celebrating the victory of liberal democracy over fascism and communism, Fukuyama declared in *The End of History*, published in 1992: "there is a fundamental process at work that dictates a common evolutionary pattern for *all* human societies—in short, something like a Universal History of mankind in the direction of liberal democracy" (p. 48). Fukuyama added: "Economic forces encouraged nationalism by replacing class with national barriers. . . . Those same economic forces are now encouraging the breakdown of national barriers through the creation of a single, integrated world market" (p. 275).

Although Stiglitz and Fukuyama may not agree on many issues, they both believe that economics, and particularly global trade, play a fundamental role in shaping society. This same conviction has led many authors to the conclusion that states and national institutions will ultimately be subordinated to the requirements of global markets. Philip G. Cerny (1995), for example, has argued that the state, having been central to political enquiry since the time of Aristotle, is now ceasing to be the principal unit of collective action. In Cerny's view, "transnational and multinational" structures and processes are becoming more inclusive than the state; have a greater effect on key issues and, in that sense, may become more "sovereign" than states; and tend ultimately to challenge "the authority, legitimacy, policymaking capacity, and policy-implementing effectiveness of states."[3]

The experience of the European Union (EU) both confirms and refutes such projections. Originating in tentative steps towards economic integration, the reshaping of Europe has indeed transformed the continent from one of authoritarian rule, poverty, and wars into an area of democracy, prosperity, and stability. The scope and depth of change since 1945 has been breathtaking. Nevertheless, it would be much too simple (in fact, it would be mistaken) to attribute this achievement exclusively either to economic integration or to any irresistible evolutionary process. On the contrary, the European *community* is the result of a long and arduous process of institution building over a period of several decades.

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[3] See (http://www.mtholyoke.edu/acad/intrel/cerny.htm).

Economic forces did not exclusively create the new Europe; rather, the European Economic Community and today's European Union have gradually institutionalized the continent-wide market in order to build the community. Equally important, the institutionalization of various forms of integration was done in a specifically European way, with emphasis upon accommodating *national* differences and, inevitably, cultural diversity. Economic integration, for the Europeans, has been one of several tools that have been utilized for the purpose of community building. The Europeans did not integrate in order to have a single market; they have created the single market in order to integrate.

The literature on globalization abounds with references to the *marginalization* of nation-states and the increasing irrelevance of national governments. The European experience, on the contrary, has involved *reconciling* national histories and institutions in a common ethical project. The globalization literature *assumes* that universal markets will necessarily raise per capita GDP. The European project *requires* that markets raise the GDP to promote social well-being. The "nation" and the "welfare state" are the *bêtes noires* of globalists. In Europe, they have been integral components of a community-building process. Modern Europe fulfills the expectations of globalists in the sense that it transcends national divisions and the hatreds of past generations. But the European experience also confounds those expectations by demonstrating that community building, including liberalized markets, presupposes an institutional framework that takes account of national specificities while, at the same time, promoting continent-wide economic integration.

Thomas Christiansen (2005) captures this duality of the European Union when he comments that the EU can be regarded, on the one hand, as a form of "turbo-charged globalization," culminating in a legal order that is "based on the needs of economic integration." On the other hand, he notes that the opposite case can be made just as persuasively. The European Union can be interpreted as moving toward a "supranational polity," whose purpose is precisely to institutionalize social protection against the contingencies of globalized markets (pp. 587-590). The way Christiansen describes the duality is certainly instructive—if one begins with the conviction that globalization is the universal process against which Europe should be measured. It must be noted, however, that the origins of the European Union actually predate the whole globalization debate by several decades. In that sense, the European experience is best understood on its own terms as a specifically European response to the need to reshape the continent in a way that transcends the hostilities that have plagued Europe's past.

I will argue that the European Union results from a specifically European process of community building in a particular historical context. While this unique experience may amplify or ignore, refute or affirm, elaborate or obfuscate one or another aspect of globalization theory, the point is that the European Union is specifically *European*. Its institutions neither prove that "all countries are the same" (Fleming), nor do they support the thesis of "a common evolutionary pattern for *all* human societies" (Fukuyama). Even less do they confirm the projection that states are predestined to be marginalized by, and subordinated to, universal economic processes in some deterministic manner.

Today's European Union is the product of deliberate and purposeful action. The founders of modern Europe set out to create a new community with democratic norms and social values that all Europeans might share. Their purpose was not to eliminate national sovereignty, nor has this been the result of their efforts. The European Union presupposes inter-*national* cooperation as a condition of European integration. Each member state of the Union has a mission in Brussels to represent and, when necessary, to defend national interests. The Council of Ministers, one of the main institutions of the EU, is composed of representatives of national governments. To enhance its influence within the EU, the Council is assisted by permanent national representatives, usually at a level not lower than ambassadors, who collectively constitute a powerful body known as COREPER (*Co*mité des *re*présentants *pe*rmanents). One of its main tasks is to prepare the Council's meetings (de Zwaan 1995).

Clearly, building the Union has not involved "removing" the national elements of the European community. National governments have served as important institutions in the community-building process, and this inclusion of national institutions respects both the reality of national histories and the impossibility of conceiving integration as a purely technical-economic undertaking. National institutions express the *ethos* of particular communities; and promotion of *a European ethos* has necessarily involved national governments in defining the norms and rules to which all Europeans might subscribe. Whereas proponents of globalization often suppose that universal community lies beyond the nation-state, the European Union has been created precisely through a number of inter-*state* Treaties. The European community has not spontaneously *happened* in response to economic forces; it has been *built*. Integration has been the policy; community is the result.

Social and Economic Dimensions of European Integration

Article 2 of the original text of the Rome Treaty of 1957, which was the founding treaty of the European Community, made the following provision:

> The Community shall have as its task, by establishing a common market and progressively approximating the economic policies of the Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increase in stability, an accelerated raising of the standard of living and close relations between the States belonging to it. (Bainbridge 2002: 468)

The Preamble to the Treaty emphasized both economic and social progress in the context of an "ever closer union," whose "essential objective" was "constant improvement of the living and working conditions" of the populations of the member states. Social progress was given concrete meaning in terms of eliminating regional differences. The Preamble emphasized that "removal of existing obstacles calls for concerted action in order to guarantee steady expansion, balanced trade and fair competition," and announced that the Community's "desire" was to abolish "restrictions on international trade" by pursuing "a common commercial policy" (Wyatt 2002: 3-4).

Unionization is a term that I will use to describe this integration process as a combination of social and economic progress. The process was reaffirmed and expressed more concretely in the Preamble to the 1993 Maastricht Treaty. Here, member states said they were "DETERMINED to promote economic and social progress for their peoples, taking into account the principle of sustainable development and within the context of the accomplishment of the internal market and of reinforced cohesion and environmental protection, and to implement policies ensuring that advances in economic integration are accompanied by parallel progress in other fields" (Wyatt 2002: 100)

Maastricht amended the Rome treaty (Article 3a.2) by projecting a single currency within the context of Economic and Monetary Union (EMU). Article 4a established a European System of Central Banks and a European Central Bank (ECB). Along with the decision to establish the *euro*, the Maastricht Preamble also confirmed the member states' "attachment to fundamental social rights as defined in the European Social Charter signed at Turin on 18 October 1961 and in the 1989 Community Charter of the Fundamental Social Rights of Workers" (Wyatt 2002: 100).

The European Social Charter, adopted at Turin by the Council of Europe, deliberately connected social with economic progress. Its aims

included "the achievement of greater unity between . . . members for the purpose of safeguarding and realizing the ideals and principles which are their common heritage and . . . [facilitating] their economic and social progress, in particular by the maintenance and further realization of human rights and fundamental freedoms.[4]

The Charter referred to just employment: safe and healthy working conditions; fair wages; establishment of trade unions; collective bargaining; protection of the working conditions of young persons; equality between female and male employees; protection of maternity; and provision of vocational training, health care, social security, and welfare benefits as the rights of both domestic and migrant workers.

In neoliberal terms, all of these provisions appear to contradict the presumed universal requirements of economic efficiency. Neoliberals prescribe a minimal role for government in the interest of emancipating the spontaneous wisdom of the market. They typically formulate the issues in terms of a choice between the "absolute" efficiency of free markets—which seems always to entail curtailment of social welfare programs in the name of lowering labor costs—or else the "absolute" inefficiency of the welfare state. Those responsible for building the European community have never accepted the need to make such a choice. At a conference organized in Tokyo in 2001, Poul Nielson (2001), then European Commissioner for Development Co-operation and Humanitarian Aid, said that the European Union incorporates a "market economy," but not a "market society." The EU aims "to give globalisation a human face. It reflects our own values, our aspirations, and ambitions as to what direction development in this world should go."[5]

This awareness of the social nature of citizenship finds institutional expression in *EcoSoc*, the Economic and Social Committee. Established in 1957 by the Treaty of Rome (Articles 257-262 EC), EcoSoc was to advise the Council of Ministers on draft legislation regarding social and economic matters. Contrary to the economistic premises of globalization theory, Article 257 stated that EcoSoc "shall consist of the various economic and social components of organized civil society, and in particular representatives of producers, farmers, carriers, workers, dealers, craftsmen, professional occupations and representatives of the general

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[4] See *The Preamble to the Charter* (http://conventions.coe.int/treaty/en/treaties/html/035.htm).

[5] See (http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/01&format=HTML&aged=0&language=EN&guiLanguage=en).

interest" (Wyatt 2002: 82).[6] In European terms, individual and particular economic "interests" have been understood as legitimate when they affirm civil society with reference to the common interests of its separate and distinct elements, that is, when they contribute to the creation of community.

This deliberate orientation to building *an economic and social community*—not just a freer market—reappeared in the 1989 Community Charter of the Fundamental Social Rights of Workers, which "was adopted so that the social dimension would not be neglected in the work to establish a single market."[7] The idea of adopting the Charter emerged at the Hanover Summit of June 1988, which affirmed once more "the importance of the social aspects of the single market." This affirmation was followed by the Rhodes Summit in December 1988, which repeated that the "realization of the single market should not be regarded as a goal in itself."

In the interval between the two summits, the Commission invited EcoSoc to advise on the matter. In February 1989, EcoSoc issued its opinion, and in March the European Parliament (EP) passed a resolution on "the social dimension of the single market," followed in September by seven further resolutions on "economic and social cohesion." In the meantime, at the Madrid Summit of June 1989, "the Member States pointed out that, in the context of establishing the single European market, the same emphasis should be placed on the social aspects as on the economic aspects." Following consultations with labor and business, the Council published its final draft of the Charter in October 1989; in November the European Parliament passed its own resolution on the matter; and on December 9, 1989, the Council adopted the Charter, which was signed by all member states but the United Kingdom.[8]

The 1989 Charter specified no new fundamental rights. Most of its provisions had already been included in the Turin document in 1961. The main additions were the right to information; consultation and participation

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[6] Over the years, the Committee's position was strengthened. Maastricht associated *EcoSoc* with the Committee of the Regions, which seems steadily to increase its position and role within the EU. The 1997 Treaty of Amsterdam made it possible for the European Parliament formally to consult *EcoSoc*, which extended its advisory role. The Parliament requested this on November 21, 1991 (Westlake 1994: 50-51).

[7] See (http://europa.eu.int/scadplus/leg/en/cha/c10107.htm). For the full text, see Commission of the European Communities, *Charter of Fundamental Rights of Workers* (Luxembourg: Office for Official Publications of the European Communities, 1990) or Wyatt (2002: 393-399).

[8] See (http://europa.eu.int/scadplus/leg/en/cha/c10107.htm).

of workers; and the extension of Charter rights to elderly and disabled persons. The real importance of this new Charter lay in the fact that the Turin document had been adopted by the Council of Europe[9]—an organization that is not institutionally a part of the EU—whereas the 1989 Charter of the Fundamental Social Rights of Workers was debated and adopted by the Community. The result was to amplify the salience of the social rights of citizens in the context of accelerating the economic dimension of European integration.

The Institutionalization of Social Policy

The European Commission
The extent of economic integration in 1961 was hardly comparable to conditions that prevailed by 1989. In 1968 the customs union had been completed. In 1987 the Single European Act was already anticipating movement from a *common market* to a *single market*. Rather than minimizing the role of political institutions—as one might expect in terms of globalization theory—the advance of unionization has depended upon a corresponding development of political institutions, particularly the growing role of the European Commission. The European Community originated in treaties between member states, but the Commission has emerged as a powerful body that is supranational in its competences, including matters related to social issues and policies.

The Commission developed its own expertise in these areas through the Directorate for Employment and Social Affairs and various advisory bodies such as the European Foundation for the Improvement of Living and Working Conditions.[10] In 1992 the Commission issued its *First Report on the Application of the Community Charter of Fundamental Social Rights of Workers* (Szyszczak 1992: 149-152).[11] In 1995 it published another report, an assessment of *The Operation of the Treaty on European Union* (European

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[9] See Gomien, Harris and Zwaak (1996: 377-436, 444, and 446-453) for appendices that deal extensively with the European social charter.

[10] See (http://www.eurofound.eu.int). The Foundation was established in 1975 under Regulation (EEC) No 1365/75, OJ (1975) L 139. See (http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=31975R1365&model=guichett).

[11] For an overview of the Report, see Wyatt (2002: 351-393) and Szyszczak (1992). One also has to note that the Council continued to be involved in social policy after it accepted the 1989 Charter and after it empowered the Commission to look after implementation. For various directives of the Council on social policy, see Wyatt (2002: 351-393).

Commission 1995), that is, the Maastricht Treaty of 1993, which included the *Protocol on Social Policy* and an *Agreement on Social Policy Concluded Between the Member States with the Exception of the United Kingdom of Great Britain and Northern Ireland*.

Since the UK originally did not sign the 1898 Charter, it was not directly affected by the Commission's Directive 94/45, which dealt with the establishment of European Works Councils (European Commission 1994). This directive extended social policy commitments by granting employees of European multinational corporations (or Community-scale undertakings, to use the original terminology) the right to be informed and consulted by enterprise management. The Directive applies to undertakings that have at least 1000 employees working in the member states and at least 150 employees in each of two member states. The UK, under Margaret Thatcher, resisted such provisions, assuming they might complicate management at the cost of reducing economic efficiency. Nonetheless, many companies in the UK began to apply the directive voluntarily, suggesting that "the antagonism which was displayed by UK-based companies to the whole concept of works councils in the 1980s has been replaced by a cautious welcome" (Burrow and Mair 1996: 303). In 1998, the UK signed the Charter following election of the first Tony Blair government.

The "Human Face" of Unionization
In addition to the institutionalization of workers' rights, an equally important element of Europe's integration has been the use of Structural Funds (Bachtler and Turok 1997; Collins 1983). The poorer regions of all member states—including both those who are net contributors to the Community budget and those who are net recipients—are eligible to receive the Funds (European Commission 2003). One of the oldest of the Funds is the European Social Fund (ESF), which was introduced in 1957 by the Rome Treaty "to improve employment opportunities for workers in the internal market and to contribute thereby to raising the standard of living" (Wyatt 2002: 51).

Since 1957, the Funds have been steadily augmented by the addition of a European Regional Development Fund; the Guidance Section of the European Agricultural Guidance and Guarantee Fund; the Financial Instrument for Fisheries Guidance; and, for all practical purposes, the Cohesion Fund and loans from the European Investment Bank (European Commission 1999). The Cohesion Fund is to "provide a financial contribution to projects in the fields of environment and trans-European networks in the area of transport infrastructure" (Wyatt 2002: 57); the European Investment Bank is to finance capital investments.

To organize the spending of Structural Funds as part of a coherent plan of development, resources are divided into three categories: 1) those intended for underdeveloped regions with a GDP less than 75 percent of the Union average; 2) those for areas with structural problems; and 3) those supporting education and training in areas not covered by the first category. Structural Funds are probably the most concrete instrument of unionization because they have a direct and tangible impact on citizens' lives. These funds have also significantly changed the way in which national, and especially local, governments operate. The principle of *additionality* requires governments to finance a portion of project expenditures in order to be eligible for EU support, and since use of Structural Funds is subject to rigorous accounting practices, their distribution has also encouraged transparency and broad accountability on the part of recipients.

Apart from their contribution to economic equity, centrally distributed Funds have also been important in promoting *local* democratic institutions. Since Funds are allocated to *regions*, categorized in terms of need for *assistance*, states that previously had no formally defined regions, such as Greece or Portugal, have had to create them (Wagstaff 1999). In countries where regional governments already existed, as in the federal systems of Germany or Austria, the redistribution of resources has likewise encouraged greater autonomy and responsibility on the part of local authorities.[12] New electable bodies have appeared, for example, regional prefects in Greece, and growing numbers of citizens have become involved in regional initiatives co-financed by EU Funds.

A further element of community building and promotion of common social values has been proliferation of programs to expand educational opportunities and vocational training. Since 1975, the European Centre for the Development of Vocational Training (CEDEFOP) has advised the Commission on issues of quality, availability, and affordability.[13] In 1976, the Council of Ministers passed *Directive 76/207 on the Implementation of the Principle of Equal Treatment for Men and Women as Regards Access to Employment, Vocational Training and Promotion, and Working Conditions* (Council of the European Communities 1976). Studying outside one's own country became easier for EU citizens when the Union established a system

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[12] For a good study of the effects of Structural Funds, see Hall, Smith, and Tsoukalis (2001).

[13] See ⟨http://www.cedefop.eu.int/⟩ The Centre has been given the status of an agency of the EU. As such, it is a public authority, with its own legal personality, separate from the Union's institutions. An agency usually has an advisory role, which is technical or scientific in nature.

of mutual recognition of qualifications. In 1989 the Council issued *Directive 89/48 on a General System for the Recognition of Higher-Education Diplomas* (Council of the European Communities 1988), followed by a second directive issued in 1992 (Council of the European Communities 1992). The Leonardo da Vinci Program, with a budget of 1.15 billion euros for 2000-2006, encourages "transnational cooperation to enhance quality, promote innovation, and support the European dimension of vocational training systems and practices."[14]

Specific education programs also serve different age groups. For mature students, there is Grundtvig to support lifelong learning;[15] for school education there is Comenius; and for university students there is Socrates. Absorbing Erasmus, an earlier program, Socrates, with a budget of 1.85 billion euros for 2000-2006, aims "to promote the European dimension and to improve the quality of education by encouraging cooperation between the participating countries."[16] These include all member states as well as Iceland, Norway, and Liechtenstein, which together constitute the so-called European Economic Area. The focus of Socrates is the coordination and co-financing of student exchange programs. In 1972, the European University Institute (EUI) was founded to serve as a repository of the Commission's archives and as a graduate school specializing in history, economics, law, and political science.[17] In 1997, the Commission defined Europe's educational priorities in a document titled *Towards a Europe of Knowledge* (European Commission 1997), one of whose main elements is Socrates. There are also programs focusing on the learning and teaching of European languages (Lingua), and the role of information technology in education (Minerva).[18]

The Making of the European Community

Whereas Europe has been building integrative institutions for several decades with the aim of consolidating a social and economic community, proponents of neoliberal globalization see things from a quite different perspective: all that is needed to achieve global integration is to discipline states in their fiscal policy, privatize public assets and, of course,

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[14] See ⟨http://europa.eu.int/comm/education/programmes/leonardo/new/leonardo2_en.html⟩.

[15] See ⟨http://europa.eu.int/comm/education/programmes/socrates/grundtvig/home_en.html⟩.

[16] See ⟨http://europa.eu.int/comm/education/programmes/socrates/socrates_en.html⟩.

[17] See ⟨http://www.iue.it/⟩.

[18] See ⟨http://europa.eu.int/comm/education/programmes/programmes_en.html⟩. This site lists the various education programs of the Union.

tear down tariff barriers. The experience of Europe shows that building a real community is by no means so simple. In his *Declaration* of May 9, 1950, Robert Schuman, French foreign minister and one of the fathers of the Community, realistically observed that "Europe will not be made all at once, or according to a single plan. It will be built through concrete achievements which first create a *de facto* solidarity" (Nelsen and Stubb 2003: 14).[19]

Schuman knew perfectly well that the first task had to be elimination of the "age-old opposition of France and Germany." *De facto* solidarity, first institutionalized in the Coal and Steel community of 1951, brought together France, Germany, Italy and the Benelux countries in what Schuman called "solidarity in production." Through economic interdependence, he hoped that participating countries would realize that any future war between France and Germany would be "not merely unthinkable, but materially impossible" (Nelsen and Stubb 2003: 14). *De facto* economic solidarity was to be the first step, but only a first step, toward a community that would ultimately develop its own *consciousness of solidarity* in political-ethical terms.

Jean Monnet, another founder of the Community (and co-author of Schuman's *Declaration*), thought in similar terms, commenting that "The need was political as well as economic. The Europeans had to overcome the mistrust born of centuries of feuds and wars." Seeing that postwar reconstruction was a task "beyond the resources of a single nation," Monnet recognized that the new Europe would have to develop a shared sense of ethical commitment that would reach beyond economic integration to what he called "a silent revolution in men's minds" (Nelsen and Stubb 2003: 21-22). Monnet is further quoted:

> In the past, the nations felt no irrevocable commitment [to other nations]. Their responsibility was strictly to themselves, not to any common interest. They had to rely on themselves alone. Relations took the form either of domination if one country was much stronger than the others, or of the trading of advantages if there was a balance of powers between them. This balance was necessarily unstable and the concessions made in an agreement one year could always be retracted the next. (Nelsen and Stubb 2003: 23)

In the history of political philosophy, great European thinkers—Jean Jacques Rousseau, John Stuart Mill, Immanuel Kant, Baruch Spinoza, and Charles-Louis Montesquieu, to name but a few—have contributed much to the modern self-understanding, specifically to modern ideals of

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[19] The Declaration is also available at (http://europa.eu.int/abc/symbols/9-may/decl_en.htm).

liberty, constitutionalism, and community. But until 1945, Europeans never lived up to these ideals. Indeed, during the paroxysm of World War II, they committed just about every kind of barbarism known to humankind. The European Union, in contrast, aims to institutionalize a spirit of secular humanism with the aim of creating a social and economic community of civic republicanism. In political-economic terms, this means that, notwithstanding neoliberal ideas of globalization, Europe remains committed to the institutions of the welfare state as a practical dimension of social solidarity.

In the literature on globalization there is no more misleading prejudice than the view that free (or freer) international markets necessarily entail a diminishing role for states and political institutions. This prejudice reflects an ideology of market fundamentalism that assumes markets are inherently self-regulating and that political institutions and social policies must inevitably reduce "competitiveness." In the real world, member states of the European Union have remained committed to redistributive social policies and social security because of long-standing social-democratic traditions. European integration has not spelled the end either of European history or of social convictions. But maintenance of such traditions is not mere habit. The very act of removing barriers to the movement of goods, labor, and capital raises the risk of greater exposure to exogenous market forces, which in turn puts a renewed premium on policies of social protection. From this point of view, the European experience can offer important insight into the larger debate over globalization in general.

The fact is that empirical evidence clearly contradicts the claim that market forces are today rendering governments impotent. In 2004 the governmental expenditures of several European Union countries—including Germany, Portugal, Italy, the Netherlands, Belgium, Austria, and Greece—accounted for 45-50 percent of GDP, while in several others—including Denmark, France and Sweden—the figure was substantially higher than 50 percent. According to globalization theory, such countries should be dramatically "uncompetitive" in the new global economic system. The data, however, show exactly the opposite to be true. Looking at the average growth of GDP per capita over the years 1995-2004, Martin Wolf (2005) of the *Financial Times* shows that there was no discernible difference between countries with advanced welfare states and others more committed to liberalism and "free" markets. In the United States, for example, the average rate of per capita GDP growth was just over 2 percent, a rate exceeded by Greece, Luxembourg, and Sweden, and virtually identical to that in such high-tax countries as France or Belgium.

Wolf (2005) drew the obvious conclusions. First, the notion that higher government spending ruins a country's competitive posture in world markets is "nonsense," and "no link exists between the size of government spending and a lack of something one could reasonably define as 'international competitiveness.'" Second, it is pointless in light of this evidence to pursue a debate "that takes the form of 'private sector good, public sector bad'"; "Health and education do not suddenly become far less important than holidays in Ibiza merely because they are financed through taxation." Finally, what actually does matter is the way in which taxes are spent and the purposes they serve. If publicly financed health care is less costly than a private system, then surely the consequence must be to make a country in the first category more competitive than one in the second. Wolf summarized his findings as follows:

> What does indeed matter is the efficiency with which money is both raised and spent. But tax levels are only one of many determinants of economic performance. Far more important are the quality of institutions, particularly of public administration and the judiciary; the security of property; the probity and public-spiritedness of politicians; the soundness of money; the quality of education, health and infrastructure; and the extent of arbitrary regulation of economic activities. Monomania is usually a mistake. An exclusive focus on the tax burden is an example. (Wolf 2005)

The countries of the European Union have chosen a "market economy," but not a "market society." The persistence of the welfare state has quite probably been one of the foremost reasons why Europeans have been willing to integrate national economies. Social insurance is, after all, *insurance*, and with insurance any rational person may be more willing to accept the possible risks associated with major economic changes. In this context, it is worth recalling that it was the Great Depression in the 1930s that ended the last great experience of "globalization"—the gold standard that linked virtually all countries together in a single integrated system throughout the nineteenth century—and encouraged the institutionalization of social welfare following World War II.

Given the fact that the economic performance of European welfare states has not significantly differed from that of the United States over the past decade, it is appropriate to make some further brief comparisons between the two. A report of the US Department of Commerce in 2004 on poverty and health insurance concluded: "The official poverty rate in 2003 was 12.5 percent, up from 12.1 percent in 2002, [and] 35.9 million people were in poverty, up 1.3 million from 2002" (De Navas-Walt, Proctor, and Mills 2004: 9). A similar report on poverty in Europe, compiled in 2004 by Eurostat, the central statistical office of the EU, states that "9% of the EU population were persistently at risk-

of-poverty in 2001" (Dennis and Guio 2004: 3). Despite having a population that at the time was about 90 million larger than that of the United States (US: 288, the EU: 378 millions), the European Union actually had 2 million fewer citizens living in poverty (EU: 34; US: 36). It is true that several countries of the European Union have higher rates of unemployment than the US, but it is worth remembering in this context that approximately 5 percent of the U.S. workforce includes, according to the Commerce Department, the working poor, many of whom might be said to be "virtually" unemployed even if they are not counted as such (U.S. Department of Labor 2003). Proponents of globalization promise prosperity for the whole world if it becomes more like America, but at home prosperity eludes many Americans.

The report from the U.S. Commerce Department also states: "An estimated 15.6 percent of the population, or 45.0 million people, were without health insurance coverage in 2003, up from 15.2 percent and 43.6 million people in 2002" (De Navas-Walt et al. 2004: 14). In the EU virtually all citizens are covered by government-managed health care systems. Hourly labor costs are higher in many countries of the European Union than in the United States, but this is partly due to the fact that wage costs incorporate taxation to finance health care, which in Europe is regarded not merely as economically efficient—in terms of the proportion of GDP, European countries spend less on health care than does the United States—but also as a matter of right and social justice. A recent study of the European health care systems identifies health "not only as a key element of individual welfare and happiness, but also as a key element in a broader social context, that is, for social cohesion, productivity and economic sustainability. The protective and proactive nature of our work [in health care] are essential and have become a fundamental expectation of European citizens (Byrne and Telička 2004: 4).[20]

The welfare state is woven into the fabric of the European Union and plays an integral part in helping to equalize living standards and to protect against market uncertainties. The economic integration of Europe has always presupposed a significant role for government, and there is no reason to think that globalization will in any way change that historic pattern. The EU has freed trade between member states, but this very process has also involved a degree of re-regulation through a multitude of community-level bodies with the aim of establishing community-wide economic coherence and social cohesion. In terms of globalization

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[20] David Byrne was the EU Health and Consumer Protection Commissioner. Pavel Telička was a "commissioner in-training."

theory, all of these facts should imply that Europe is receding into economic stagnation. In reality, the European Union is the single largest trading bloc in the world, and Germany alone exports more goods than America. The lesson of the European experience has to be that "regulated" welfare-state economies can perform just as respectably as "market societies" while simultaneously institutionalizing a commitment to equity and social justice in a democratic community.

The European Commission summarized these ideals in the 1995 *Report on the Operation of the Treaty on European Union* (European Commission 1995). According to the Commission, the first challenge was to sustain a vital democratic discourse that would "make Europe the business of every citizen. Europe is no longer deciding its future behind closed doors." Such a discourse requires "a Community based on law" in which all member states "enjoy equal rights and dignity. The Union which brings them together *respects their different identities* and cultures." One of the Treaty's basic innovations in terms of democracy is the concept of *European* citizenship: "The object . . . is not to replace national citizenship, but to give to Europe's citizens an added benefit and strengthen their sense of belonging to the Union." Emphasizing democracy and effectiveness, the report also spoke of legitimacy and solidarity: "This Community is . . . *a Community based on solidarity*: solidarity between Member States, solidarity between regions, solidarity between different parts of society, and solidarity with future generations. The European model forges a fundamental link between the social dimension, human rights and civic rights" (European Commission 1995).

In the final analysis, the European Union is as much an ethical as an economic and political project, and this is surely a principal factor in accounting for its success. The origins of the EU predated today's debate over globalization and were a response, instead, to Europe's own history and culture. Europe's experience is historically and culturally specific. If it proves anything, it must be that there is and can be no universal template appropriate for all economies and all societies simultaneously. In that sense, the European Union is a standing refutation of market fundamentalism and a resounding rebuke to naïve theories of market-driven globalization.

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Humanitarian Intervention and the Question of Sovereignty: The Case of ASEAN

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Abstract

The Association of Southeast Asian Nations (ASEAN) has thrived as a regional institution that defends the traditional understanding of Westphalian sovereignty. In the post-Cold War era, however, pressure from within the international community to redefine sovereignty to accommodate humanitarian intervention has placed ASEAN in a difficult position. Historically, ASEAN has actively opposed the idea of humanitarian intervention. However, the ASEAN states have had to acknowledge that such a norm is emerging within the international society. Moreover, ASEAN's inconsistent defense of its professed values, particularly its reaction to the US invasion of Iraq, has undermined ASEAN's ability to defend the traditional definition of sovereignty.

Introduction

Until recently, the consensus within the international community was that the foundations of the international system were built upon Westphalian state sovereignty. This meant that sovereign governments were the final authority within their own states. States expected each other to practice non-intervention in the internal affairs of other sovereign states. This formulation of sovereignty is now under attack from many different quarters. Some critics of traditional state sovereignty argue that many states hide behind Westphalian principles when perpetrating heinous human

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rights abuses against their own citizens. These critics argue that all states should meet certain basic standards of human rights. States failing to meet these standards should be subject to international sanctions, up to and including humanitarian intervention.

There are still many states willing to defend the traditional understanding of sovereignty. Most of the states of the developing world fear that "humanitarian intervention" can easily become a convenient excuse for more powerful states to justify their interventions in the affairs of weaker states. Moreover, there are strong ethical arguments to be made in favor of traditional sovereignty. Nonetheless, it seems clear that a new norm of humanitarian intervention is gradually emerging within the international system. While states continue to debate the circumstances under which such interventions should take place, there is a growing international consensus that the global community must act in situations involving the extreme abuse of human rights anywhere in the international system. "Sovereignty" must be redefined to encompass this new imperative.

This chapter evaluates the issues raised by the redefinition of sovereignty in the context of the states of Southeast Asia. The states of the Association of Southeast Asian Nations (ASEAN) have long championed traditional Westphalian sovereignty. Indeed, as we shall see, ASEAN's fundamental principles are committed to a vision of the international system that presents non-intervention and state autonomy as the core values of regional interaction. This chapter critically evaluates how the changing international ethics of sovereignty may affect the operation of these principles. As the rules of sovereignty change, how will ASEAN respond, and what are the implications of this normative shift for the state-building process within Southeast Asia?

The following discussion focuses upon humanitarian intervention as an ethical shift in the international understanding of sovereignty. This concern with humanitarian intervention is part of the influence that *political* globalization is having on the international system. This chapter does not address the challenge to sovereignty from *economic* globalization. Nonetheless, the discussion of ASEAN necessarily includes an implicit consideration of the economic effects of globalization. ASEAN's struggle with the changing definition of sovereignty includes an effort to defend sovereign authority from the encroachments of international economic forces. This is part of ASEAN's larger struggle to come to terms with the principle of non-intervention.

Setting the Context: An Understanding of Sovereignty

"Sovereignty" is a difficult and contested concept. According to Krasner (2001),

> The term sovereignty has been commonly used in at least four different ways: domestic sovereignty, referring to the organization of public authority within a state and to the level of effective control exercised by those holding authority; interdependence sovereignty, referring to the ability of public authorities to control transborder movements; international legal sovereignty, referring to the mutual recognition of states; and Westphalian sovereignty, referring to the exclusion of external actors from domestic authority configurations. These four meanings of sovereignty are not logically coupled, nor have they covaried in practice. (Pp. 6-7)

Jackson (1999) defines "sovereignty" as "a legal institution that authenticates a political order based on independent states whose governments are the principal authorities both domestically and internationally" (p. 10). The essence of sovereignty is that the state exercises final and absolute political authority in the political community, with "authority" understood as the right to rule (Jackson 1999: 11). In recognizing this authority, states agree to not intervene in each other's internal affairs (Krasner 1999: 20-21). There is a distinction between authority and autonomy, however. A state can be sovereign while possessing little practical autonomy. A state's decision to enter agreements that limit its autonomy is not a loss of sovereign power, but rather an exercise of sovereignty. What is important is that the state's right to make such decisions is accepted both domestically and internationally, and that it is not coerced by outside forces (Krasner 2001: 5-6).

In practice, this understanding of sovereignty is not widely shared in the developing world. Developing states want to have their authority widely accepted both within and without the state, but authority without the ability to make meaningful decisions does not constitute "true" sovereignty. Neuman (1998) cites the most common definition of sovereignty as "freedom from external control," and it is this understanding of sovereignty that informs the aspirations of most developing-world states (p. 7). At the same time, however, the idea of sovereignty as control has never actually been true. State autonomy exists across a continuum, and every state has more or less autonomy based on its relative power within the issue area involved. Arguably, the relative autonomy of states in the international system is declining due to the influence of globalization. International economic and political forces are eroding states' abilities to make decisions and influence events. The authority of the state may be under threat as important new actors fill different and necessary functions in the global system (Krasner 1999; Krasner 2001a; Krasner 2001b; Beeson 2003).

No state enjoys full autonomy, but most states in the developing world enjoy far less autonomy than the states of the industrialized world. This situation in the developing world is greatly complicated and made potentially dangerous by the reality that most Third World states are still engaged in the process of statebuilding.

Ayoob and Subaltern Realism

Mohammed Ayoob's theory of "subaltern realism" addresses the realism of the subalterns—the weak, overlooked majority states of the international system. It is a theoretical approach that puts the problems of greatest concern to the Third World at the forefront of intellectual analysis. It is a deliberate response to "mainstream" international relations theories that pay no attention to the circumstances and interests of the developing world (Ayoob 1998).

According to Ayoob, the most fundamental problem facing the developing world is in the domestic politics of most developing states. These states are struggling to create themselves as viable, legitimate political entities. They are striving to do this in a political environment characterized by serious divisions between many different elements within the country's society—divisions based on ethnicity, language, and religion. This concern with state building defines how developing-world states approach all of the major political issues facing them at both the domestic and international levels. How these states react to international problems is determined not by abstract structural forces, but by the direct demands of domestic political development (Ayoob 1995, 2002).

Subaltern realism draws on three traditions: the classical realism of Machiavelli, Hobbes, and other theorists who were originally concerned with explaining how to create stable domestic political structures; historical sociology, particularly the literature pertaining to state formation in Europe "when states were at a similar stage of state making that most Third World states find themselves [at] today"; and the normative insights of the English School of international relations, especially Hedley Bull's analysis of the expansion of international society (Ayoob 2002: 39). Ayoob argues that most states in the developing world are preoccupied with their own insecurity. In contrast to traditional interpretations of international security, however, the insecurity of the developing world emanates from conflicts that are *internal* to the states. Confronting divisive forces requires states to exercise as full a range of sovereignty as possible. "Sovereignty" is understood in terms of the state exercising control over its internal affairs (Ayoob 1998).

Ayoob's focus on the realism of Hobbes and Machiavelli underlines the point that the leaders of the developing world may need to engage

in political actions that are less than exemplary in order to maintain the state. In keeping with the logic of Hobbes' *Leviathan*, it is only within the confines of a functioning state that human beings can pursue civilized life and enjoy order and its associated benefits. The fact that the states of the developing world are—in Ayoob's assessment—at a level of development comparable to Europe of the fourteenth and fifteenth centuries has profound implications on how functional developing-world states can be and the obstacles that they will need to overcome before they can be effective.

Since the end of World War II, most global conflict has resulted from intrastate disputes. The few interstate conflicts that have occurred have usually originated as conflicts within the domestic realm of the warring parties. Moreover, almost every conflict in the post-World War II era has occurred within the developing world. Most of these internal disputes have involved contests over the nature and authority of the state. Different groups have fought for independence from, or special consideration within, the state. In other cases, differences over the organization of the political and economic systems of the state have led to violence. Within the Western world, the process of state building occurred over centuries, involved frequent wars and civil conflicts, the crushing of dissidence, and often entailed the genocide and/or subjugation of indigenous peoples. The end result has been strong states that are politically stable and economically prosperous. Industrialized states enjoy the support of the great majority of their populations, who accept the legitimacy of the governing institutions. This acceptance means that orderly transfers of power are a regular feature of popular democracies. The legitimacy of the state lies in the institutions of the state itself. Industrialized states continue to redefine themselves and their relationships with their citizens as new issues emerge. However, the fundamental legitimacy of the state means that these issues can be addressed and negotiated within the structures of state power (Doty 1996: 121-147).

By contrast, in most of the states of the developing world institutional legitimacy is either contested or fragile. The experience of the industrialized world indicates that creating legitimate, stable states, based upon societal consensus about shared values and political ideals, is a long and difficult process. For the developing world of today, this process is greatly complicated by the interconnectedness of the modern world.

The Argument Between Sovereignty and Humanitarian Intervention

Within the international community, there has been a clear and growing debate over the meaning of sovereignty and the conditions and

circumstances under which the international community should interfere in the internal affairs of sovereign states. In September 2000, Secretary General of the United Nations Kofi Annan asked the Millennium Summit of the UN the following question: "If humanitarian intervention is, indeed, an unacceptable assault on sovereignty, how should we respond to a Rwanda, to a Srebrenica—to gross and systematic violations of human rights that affect every precept of our common humanity?" (Williams 2002: 103). This question was inspired by the fact that throughout the 1990s the world had witnessed a series of humanitarian crises, often committed by sovereign states within their own borders. In some cases— notably Kosovo—these events eventually provoked intervention from external actors who were willing to use force to halt state activities. In other cases—notably Rwanda—the world did not act and genocide was the result. In the eyes of many observers, a norm has developed that requires the international community to intervene in the affairs of a sovereign state when it is committing grievous crimes against humanity. There is a concerted movement among certain factions in the international community to set strict and enforceable limits on state sovereignty. What remain unclear are the rules and conditions under which such intervention should take place. Moreover, even if such a norm does exist, incidences of intervention remain far more the exception than the rule.

In recent years, various countries have initiated efforts to study the question of humanitarian intervention, its effect on sovereignty, and the conditions needed to manage such intervention without destroying the notion of the sovereign state that is the foundation of international order.[2] Foremost among these efforts was the International Commission on Intervention and State Sovereignty (ICISS) and its final report, *The Responsibility to Protect* (Evans and Sahnoun 2001; Williams 2002). Organized and partly sponsored by the government of Canada, the ICISS argues that states have a responsibility to protect their citizens from harm, and asserts "the need for the . . . international community to exercise that responsibility if states are unwilling or unable to do so themselves" (ICISS 2001: 69). The report argues that a "modern" understanding of state sovereignty has evolved that is moving away from territorially based sovereignty, where sovereignty is controlled by those in power, to popular sovereignty that lies with the people. Thus:

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[2] Other states/actors producing reports on this issue include the Netherlands (*Humanitarian Intervention*); Denmark (*Humanitarian Intervention: Legal and Political Aspects*); and *The Report of the Independent International Commission* on Kosovo. For a synopsis and review of these reports see Newman (2002).

> Sovereignty implies a dual responsibility: externally—to respect the sovereignty of other states, and internally, to respect the dignity and basic rights of all the people within a state. In international human rights covenants, in UN practice, and in state practice itself, sovereignty is now understood as embracing this dual responsibility. Sovereignty as responsibility has become the minimum content of good international citizenship. (P. 8)

The report emphasizes the responsibilities of the international community to failing states. Foremost is the responsibility to prevent crises by addressing the causes of internal conflicts that could give rise to humanitarian disasters. The responsibility to react requires that the global community respond to such disasters appropriately; the responsibility to rebuild requires the world to provide full assistance in helping a failed state reconstruct itself, particularly after a military intervention. The ICISS emphasizes that military intervention in the affairs of a sovereign state should occur only when harm is imminent or is being done on a massive scale to civilian populations through state action or inaction or involves large-scale "ethnic cleansing." Military intervention must adhere to "precautionary principles": first is "right intention"—the primary reason for the intervention must be to halt human suffering, whatever other motives the intervening states might have. This situation is best assured within multilateral operations. Second, military intervention must be a last resort, used only when all other options have failed. Third, the means used must be proportional, and the minimum necessary to achieve the required objectives. Finally, there must be reasonable prospects that the intervention will successfully avert or end the situation at issue and will not make the situation worse (Newman 2002: 106-108).

A fundamental question is that of who, or what body, makes the decision to intervene in the affairs of sovereign states? The ICISS argues that the UN Security Council (SC) is the best body to make this decision. However, if the SC fails to act quickly or appropriately, the report cites alternatives. One is to consider the intervention in an Emergency Session of the UN General Assembly under the "Uniting for Peace" procedure. Another possibility is regional organizations, which could intervene under Chapter VII of the UN Charter and later seek authorization from the Security Council (ICISS 2001: 47-56).

The international community is developing new norms that are placing limits on the concept of sovereignty. Nonetheless, there is no clear consensus within the global community on whether and how sovereignty should be redefined. Many states, particularly in the Third World, still regard traditional notions of sovereignty as sacrosanct even in the face of gross human rights violations; most of the actors pushing for reform are from the Western world. Even here, however, the lines are not clearly

drawn. Many Muslim countries, for example, supported Western intervention in Kosovo to protect fellow Muslims—particularly after criticizing the West for doing nothing about earlier Serbian and Croatian attacks on Muslims in Bosnia. Still, the prospect of making humanitarian intervention an accepted part of international practice continues to worry the states of the Third World.

The new interventionism is being undertaken by some states on behalf of the entire international community, but there are no clear mechanisms to indicate truly the will of the international community. Moreover, as Ayoob (2002) points out, the "sovereignty as responsibility" approach is very similar in tone and assumptions to the "standard of civilization" argument used by Europeans in the late nineteenth and early twentieth centuries (p. 84). At that time, European powers decided that other peoples would only be granted full legal and political protection by the international system if they could meet a "standard of civilization" defined by those same powers. In the post-cold war era, a sovereignty that is contingent on meeting conditions and qualifications set—in effect—by the dominant Western powers, looks and feels to many states like a return "to colonial habits and practices on the part of major Western powers" (Ayoob 2002: 85). The fact that Western liberal powers are inclined to measure the legitimacy of other states on the basis of how closely they align with Western liberal values and practices furthers this suspicion. An additional concern of the developing world is that the dominant powers will use "humanitarian intervention" to justify military actions that are really undertaken for strategic and economic reasons. Adding fuel to these suspicions is the obvious selectivity that is applied by Western countries when assessing which human rights violations merit international intervention. The abuse of Kurds in Iraq merits Western action, but not the abuse of Kurds by Turkey; the West protects Albanians in Kosovo, but it allows Israel to continue a grinding oppression of the Palestinians (Wheeler 2002: 136). The reality is that interventions do or do not occur on the basis of how they accord with the political interests of the major Western states. While this may be a practical political reality that does not negate the need for humanitarian intervention, it is a consideration that lends considerable weight to the fear of many observers that "humanitarian intervention" will be easily abused by the most powerful states of the system and could soon result in the military domination of the weak by the strong without even the fig leaf of sovereignty to offer any legal or normative protection to the developing world states.

Ayoob (2002) acknowledges the development of an international norm of humanitarian intervention. He tries to develop a system that can

authorize humanitarian intervention while alleviating the suspicions of the developing world. He argues that "it is essential that the authority for undertaking humanitarian intervention be removed from the Security Council and vested in a larger and more representative body in order to provide the much needed legitimacy and credibility to such intervention" (p. 96). He proposes that such a body (the "Humanitarian Council") consist of at least 50 UN states. A three-quarters majority would be necessary to authorize any case of intervention, and no state would have a veto. Ayoob recognizes that trying to cut the SC out of this decision-making process may not conform with *realpolitik*, but considerations of *realpolitik* should not affect decisions about humanitarian intervention in the first place.

Wheeler (2002) strongly criticizes Ayoob's proposals, pointing out that many Third World states have questionable human rights records and would be acting out of their own self-interest by paralyzing the operations of a Humanitarian Council (pp. 130-135). One simply cannot assume—as Ayoob often seems to do—that state governments actually represent the wishes of their people (Barnett 2002: 56-61). Ayoob is actually very conscious of this fact. However, returning to the primary principles of subaltern realism, this reality may be part of the state-building process. What Ayoob is saying is that state building often requires elite domination, the use of force against recalcitrant parties, and other practices that would certainly qualify as abuses of human rights. All of these practices were employed during the course of state building in the liberal-democratic West. Ayoob acknowledges that sensitivities about international human rights have changed, and he does not argue that state sovereignty should be a shield for extreme human rights abuses, such as genocide, but "even in this changed normative context, one cannot neglect totally the imperatives of the state-making process, especially since states continue to be the only providers of domestic order" (p. 94). In practice, this means that the international community must set the bar for intervention very high and must make allowances for limited human rights abuse as part of the state-making process.

Jackson (200) argues that sovereignty allows the creation and maintenance of a pluralist international society: "Pluralism embraces the principle of common humanity while fully respecting the dignity of different cultures and civilizations" (p. 408). An argument for pluralism is not an argument for human rights abuse, but it does underline the fact that sovereignty and the principles of self-determination that it encompasses cannot be easily dismissed from the operation of international society. Sovereignty remains the cornerstone of international law and international order. However, as some commentators have argued, humanitarian

intervention is also an extension of international law, albeit international human rights law (Newman 2002: 109). This observation underlines the tension between state-centered international law and human rights doctrine.

The changes in the international approach to sovereignty raise serious questions about the sustainability of the traditional Westphalian state in the developing world. The abandonment of traditional sovereignty—however well intentioned—may imply that states are unable to develop into viable entities. At the very least, the process that they will have to follow is becoming greatly complicated. Perhaps this is appropriate; the brutality of state building in the past does not need to be duplicated in the present. However, to avoid this situation, states from the industrialized world—those with the political and economic resources—must make a commitment to the development of the Third World. They must appreciate the complex problems of development facing the South and, if necessary, be prepared to alter aspects of the international system in order to accommodate the political, social, and economic realities of states still engaged in state building. In the era of globalization, states are best able to manage global forces if they are strong, viable states with considerable capacity. The states that emerge from a more humane approach to state building, however, may not have this capacity. Accommodating disparate ethnic, religious, and other groups within the state may well mean that the state will need to be inherently weak, or at least seriously limited in its ability to impose itself on its disparate parts. If developing-world states are to follow a different path to statehood from that of their industrialized counterparts, then the international system must be prepared to accommodate states that are—by international standards—divided and weak. Unfortunately, there is little indication that the developed states of the world understand the need to reform the international system in this way (Narine 2002b).

One final consideration: the recent American intervention in Iraq may significantly set back the cause of humanitarian intervention. The United States invasion is widely perceived internationally as a self-interested act that was justified, after the fact, as a humanitarian intervention when the original justification for the invasion (Iraq's alleged possession of weapons of mass destruction) was found to be without merit. Human Rights Watch has argued that the American invasion cannot be considered a humanitarian intervention because there was no evidence of any imminent human rights catastrophe in Iraq. It is open to debate as to whether this observation saves humanitarian intervention as a viable strategy or simply underlines how it can be abused (Roth 2004).

The preceding discussion provides enough background to understand the fundamental arguments over humanitarian intervention and sover-

eignty. We shall now consider how Southeast Asia's approach to these questions has evolved since the creation of ASEAN.

ASEAN and Sovereignty in Southeast Asia

When the founding states of ASEAN created the institution in 1967, it was clear that ASEAN was not meant to challenge the sovereignty of its members.[3] ASEAN was created when its members were still experiencing the aftermath of *Konfrontasi*[4] between Indonesia and Malaysia (a struggle which also drew in Singapore and, to a lesser extent, the Philippines). Thus, ASEAN was a non-aggression pact between its member states. Moreover, by agreeing not to fight among themselves, the ASEAN states freed political, economic, and military resources to fight communist insurgency. Implicit in these agreements was an ASEAN commitment to the ideal of state sovereignty. The principle of non-intervention became the foundation for the organization (Narine 2002: 9-16).

Sovereignty was the cornerstone of ASEAN from the outset. Its members saw the organization as enhancing, not challenging, their individual sovereignty. ASEAN's collective actions were meant to make its individual members stronger, more viable states. Any actions that could challenge state authority were not acceptable. These basic ideas were encoded and reinforced in the "ASEAN way," the ASEAN mode of interaction that developed over 30 years. Under the ASEAN way, ASEAN's decisions were made by consensus; if a consensus could not be reached, member states agreed to go their separate ways, and ASEAN took no position on the issue in contention. In later years, ASEAN adopted the formula of "ASEAN minus x"—essentially, a measure that allowed dissenting states to opt out of ASEAN's collective decisions without prejudice or sanction. This measure indicated that the ASEAN states recognized the need for the organization not to be held back by intransigent members, while maintaining ASEAN's need to avoid pressuring its members. A further indication of the extent to which ASEAN's members kept the organization weak is the ASEAN Secretariat. This body has been perennially understaffed and given responsibilities that prevent it from exercising any independent influence. Every ASEAN state has an ASEAN ministry that helps to formulate organizational policy, keeping ASEAN tightly controlled by its members (Narine 2002: 16-33).

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[3] ASEAN's founding members were Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Today, ASEAN includes Brunei, Cambodia, Laos, Myanmar, and Vietnam.

[4] *Konfrontasi* is the Indonesian word for "confrontation."

Even as ASEAN made considerable effort to enhance and protect the sovereignty of its members, it proved enormously flexible in situations where organizational goals and principles came into conflict with the sovereign interests of its members. In such situations, state sovereignty always trumped organizational interests. ASEAN's institutional initiatives were adapted to fit—or not conflict with—its members' self-interests (Narine 2002: 12-24; Narine 2004).

Perhaps the most important example of ASEAN's institutional commitment to the principle of sovereignty is, paradoxically, its most important and effective organizational initiative. In 1978, Vietnam invaded Cambodia. Vietnam defended its invasion as necessary to protect the Vietnamese minority in Cambodia from the genocidal Khmer Rouge regime, but Cambodia and Vietnam had been fighting border skirmishes since the end of the Vietnam War. The invasion resolved that conflict. Thailand, Cambodia's eastern neighbor, was anxious about a Vietnam-controlled Cambodia. Thailand felt threatened by the loss of Cambodia as a buffer between itself and Vietnam, but it was also motivated by its traditional competition with Vietnam for influence in mainland Southeast Asia. Nonetheless, Thailand may well have accepted the Vietnamese action had it not been for conflict between Vietnam and China over Vietnam's policies. China's efforts to punish Vietnam militarily for its regional assertiveness had not gone well for China, and the communist giant was now prepared to undermine Vietnam (and its supporter, the Soviet Union) indirectly. Thailand allowed China to transport weapons across its territory and assisted the Cambodian resistance to Vietnam's occupation (Narine 2002: 39-66).

Thailand turned for political support to its fellow ASEAN states. Some of these states—notably Indonesia and Malaysia—were quite sympathetic to Vietnam, even if they did not approve of its actions, and regarded China as a greater long-term regional threat. However, Thailand argued that Vietnam's invasion clearly violated ASEAN's principles of regional conduct, enunciated in the Treaty of Amity and Cooperation (1976), which required regional states to renounce violence as a means of settling disputes. The TAC was a statement of respect for the principles of state sovereignty. Even though Vietnam and Cambodia were not members of ASEAN and had not signed the TAC, ASEAN still had an obligation to defend its primary principles. According to Thailand, ASEAN's credibility was at stake if it did not. On the basis of this principled argument, ASEAN organized international opposition to Vietnam's occupation and managed to maintain a united front on the Cambodia question for a decade, despite significant differences in strategic perspective between member states. The fact that Vietnam's actions halted

a genocide did not influence ASEAN's calculations at all and only affected the political calculations of the rest of the global community much later.

The ASEAN united front cracked when a new government came to power in Thailand in 1988 and reversed Thailand's policy towards Vietnam. The new government decided that the Cambodia issue—particularly in the context of the changing international context and the decline of communism—was preventing business opportunities in the mainland, and it moved to correct this concern. Thailand changed its policies without consulting its ASEAN allies.

The experience of the Vietnam conflict demonstrated a number of points. First, it showed the real political significance of ASEAN and its stated principles. For the sake of ideals emanating from a fundamental concern with protecting state sovereignty, ASEAN opposed Vietnam's actions for more than a decade. ASEAN's principled stand was always under stress from the different strategic perspectives of its member states. In the end, a new government in Thailand pursued its conception of Thailand's national interest without regard for the regional principles supposedly at stake. Nonetheless, ASEAN itself took a clear position on the importance of upholding state sovereignty and prohibiting violence between states, even in the face of humanitarian disaster.

Interestingly, in the vote in the Security Council on whether or not to approve UN intervention in Kosovo in 1999, the Ambassador from the Netherlands made the following claim:

> Today, we regard it as a generally accepted rule of international law that no sovereign State has the right to terrorize its own citizens. . . . Times have changed, and they will not change back. One simply cannot imagine a replay in the twenty-first century of the shameful episode of the 1980s, when the United Nations was apparently more indignant at a Vietnamese military intervention in Cambodia, which almost all Cambodians had experienced as a liberation, than at three years of Khmer Rouge genocide. (Cited in Wheeler 2002: 131)

The Ambassador's assertions are probably overstated; there is no international consensus on these questions. Nonetheless, his characterization of the world's reaction to the Vietnamese invasion of Cambodia is intriguing. It means the primary principles that ASEAN was upholding during the course of the Vietnam's occupation of Cambodia—an event that shaped ASEAN's international profile—would today meet far more opposition within the international community.

In the post-cold war period, ASEAN added four new members (Vietnam, Cambodia, Laos, and Myanmar) and increased the scope of its organizational activities. Part of ASEAN's appeal to its new members was the promise that the organization could improve their international standing

while guaranteeing, as a matter of principle, that it would not interfere in their internal affairs. These promises were challenged by a series of events in the late nineteen nineties. The Asian economic crisis made it clear that ASEAN's ability to deal with regional economic upheaval was contingent on its capacity to address the domestic policies of its members. ASEAN's refusal to reconsider the principle of non-intervention, however, effectively paralyzed the organization (Wesley 1999; Sharma 1998).

The story of East Timor underlines the historical importance of state sovereignty and practical politics in shaping ASEAN's actions, but it also demonstrates how emerging humanitarian norms are complicating ASEAN's activities in the modern era. East Timor was invaded by Indonesia in 1974. It was the victim of a brutal military campaign and massive human rights violations. Almost one-third of East Timor's population—around 200,000 people—died under Indonesian occupation before the territory gained its independence in 1999 (East Timor 2000; Taylor 1999). During this period, the ASEAN countries generally supported Indonesia's claims to East Timor, treating the issue—in accordance with ASEAN norms—as an internal Indonesian matter and disregarding humanitarian considerations.[5] ASEAN's silence also reflected its members' unwillingness to antagonize Indonesia.

In 1997, the East Asian Economic Crisis led to the overthrow of Indonesian President Suharto. President B.J. Habibie replaced Suharto and put the issue of East Timor's independence to a vote within the territory. A UN-supervised referendum on this issue was held on August 30, 1999. Despite massive intimidation from Indonesian-backed militias and the military, East Timorese voted overwhelmingly in favor of independence. This result sparked an orgy of killing by the militias, who also forced refugees into West Timor. The situation attracted international condemnation and eventually led the Indonesian government to accept the intervention of a UN peacekeeping force.

ASEAN's basic norms and general inclinations argued against its involvement in East Timor. A number of factors—normative, practical, and political—explain this reluctance. ASEAN feared that independence for East Timor could hasten the disintegration of Indonesia by encouraging other dissatisfied groups to push for independence, and might encourage separatism in other ASEAN states. Moreover, upheaval in

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[5] Initially, Singapore was uneasy about Indonesia's invasion of East Timor in 1974. It did not support Indonesia in the first UN vote on the invasion, in order to register its discomfort. Singapore feared the image of a large state invading a smaller neighbor was too close to its own situation. Subsequently, however, it fell into line with the other ASEAN states.

Indonesia could cause refugee outflows to neighboring states and spark regional instability (Dupont 2000: 163-170).

ASEAN countries also suspected that Western states were using human rights issues as a pretext for unilateral armed intervention in the affairs of developing countries. NATO had already intervened in Yugoslavia, setting the precedent that regimes could be held responsible for gross human rights violations. ASEAN questioned *who* would determine when the use of force against a sovereign state was justified. Malaysian Prime Minister Mahathir was most vocal in expressing these concerns and in castigating the West for its "hypocritical" application of its principles. His views were widely accepted in the region and in much of the developing world:

> Southeast Asians generally believe that humanitarian intervention could subvert the region's dominant non-intervention norm, weakening political and social cohesion and allowing the West to call into question the legitimacy of governments and regimes not of their liking (cited in Dupont 2000: 165).

The Indonesian government encouraged ASEAN participation in the International Force for East Timor (INTERFET), thereby removing some of the political barriers to ASEAN's involvement in the peacekeeping force, because it wanted to minimize Australian influence. In the end, of the 9900 troops deployed in East Timor, around 2500 were from ASEAN, and the deputy commander was from Thailand. Malaysia wanted to have a Malaysian appointed as the force commander of the UN Transitional Authority in East Timor (UNTAET), but the East Timorese regarded Malaysia as too sympathetic to Indonesia and opposed the appointment (Dupont 2000: 168).

ASEAN was divided over East Timor. Myanmar opposed any external intervention in East Timor, and Vietnam was unenthusiastic about the UN's regional role. ASEAN debated the interpretation of "non-interference" in the East Timor context. Thailand and the Philippines, the ASEAN states most willing to modify the principle of non-intervention, also made the largest contributions to the UN operations in East Timor. However, the Philippines also voted against a UN Human Rights Commission resolution to launch an international inquiry into the East Timor situation (the resolution still passed), justifying its vote by claiming to follow the ASEAN policy of non-interference (Suh 1999). In Thailand, the Deputy Foreign Minister, Sukhumband Paribatra, defended Thailand's active role, arguing that "it is not necessary to be under the ASEAN banner to help restore peace in East Timor. We are a good UN member and a good neighbor of Indonesia" (East Timor 2000).

Even before the East Timor crisis, the East Asian Economic Crisis and the problem of Indonesian forest fires had led various ASEAN leaders and academics to challenge ASEAN's practice of non-intervention. Domestic events in individual states were having regional effects that the region needed to address. In the weeks preceding the July 1998 ASEAN Ministerial Meeting (AMM), Thailand's Foreign Minister, Dr. Surin Pitsuwan, advanced the concept of "flexible engagement" (Ramcharan 2000: 74-76). As Haacke (1999) explains, "Flexible engagement involves publicly commenting on and collectively discussing fellow members' domestic policies when these have either regional implications or adversely affect the disposition of other ASEAN members" (p. 583). When Surin raised the concept at the July 1998 AMM, however, all of the other ASEAN governments, with the exception of the Philippines, rejected the idea. Opponents feared that making intra-ASEAN criticism acceptable would promote mistrust and resentment, foster instability within states, and renew the tensions that had divided the region before ASEAN was formed. To most of ASEAN's members, any true relaxation of the non-intervention principle would more likely lead to ASEAN's disintegration than to its renewal. To placate Thailand, the ASEAN foreign ministers decided to allow "enhanced interaction," a practice that allowed individual ASEAN states to comment on their neighbor's domestic activities if those activities affected regional concerns. However, ASEAN, the organization, would not depart from the non-intervention principle (Haacke 1999: 592-598).

In September 1998, the arrest and imprisonment of former Deputy Prime Minister Anwar Ibrahim in Malaysia evoked powerful reactions across the region. Presidents Estrada of the Philippines and B.J. Habibie of Indonesia, personal friends of Anwar, criticized Malaysia's actions. The Malaysian government indicated that it would not tolerate public condemnation of its actions and struck back. It questioned the legitimacy of the Habibie government and raised the possibility of blocking Filipino and Indonesian workers from employment in Malaysia. It cancelled security exercises with the Philippines' military, and even suggested it might support Muslim insurgency in the Philippines. The fears of the statesmen opposed to relaxing the non-intervention principle were realized.

ASEAN originally admitted Myanmar with the argument that "constructive engagement" with the Myanmarese government would be more effective in moderating its behavior than the punitive approach supported in the West. Myanmar's adamant refusal to alter its conduct significantly has proven both embarrassing and politically damaging to ASEAN. In response, ASEAN has started to make virtually unprecedented statements and suggestions regarding Myanmar's domestic affairs. More interestingly, Myanmar has accepted these comments as legitimate. These devel-

opments may indicate that ASEAN's position on non-interference is beginning to evolve, influenced by political realities and the changing international consensus on the limits of sovereignty. However, it is probably too early to say this with certainty. It remains apparent that ASEAN can only criticize its members to a certain point before the organization risks disintegration.

ASEAN, Sovereignty, and the American Invasion of Iraq

Southeast Asia's insistence that the principle of non-intervention be respected both within and without the region is largely attributable to the factors emphasized by subaltern realism. Almost every state in Southeast Asia is concerned with building and maintaining its political legitimacy. Ethnic, religious, and linguistic conflicts are sources of serious political tension in every Southeast Asian state (Ling 2001: 288-317). In Singapore, concerns with integrating diverse ethnic communities as well as maintaining security against its regional Malay neighbors remain the state's major concerns (Leifer 2000b; Lawson 1998: 114-134). In Malaysia, the state is founded on ethnic bargains between its Malay and Chinese populations—bargains that have recently begun to fray under the influence of political Islam (Weiss 1999; Nathan, 1998). Indonesia is a state that contains hundreds of different ethnic groups and has been contending with serious separatist movements in a number of its provinces for decades. Radical Islam is also challenging the moderate Islam of the mainstream (Leifer 2000a; Crouch 1998; Anwar 2001). Thailand has powerful symbols of the state in the royal family and has fairly successfully integrated its Chinese minority. However, recent violent incidents in the majority Muslim provinces bordering Malaysia have underlined the presence of ethnic and religious issues in Thailand itself. The Philippines, a predominantly Catholic country, remains locked in conflict with Muslim separatists in Mindanao (Morada and Collier 1998). Myanmar is riven by ethnic conflict that its military government has tried to resolve through brute force. Ethnic tensions are less significant issues in Cambodia, Vietnam, and Laos (though these do exist), but for all of these states the popular legitimacy of the governments in power is fragile.

ASEAN states have explicitly rejected the norms of humanitarian intervention, largely because they recognize their vulnerability to such norms during the state-building process. They have deliberately limited the institutional power of ASEAN to prevent it from infringing on their sovereignty. However, the world is changing and so is ASEAN. Humanitarian norms now have a power that cannot be ignored, however inconsistently the major powers may invoke these norms. The forces of economic globalization are also undermining the autonomy of states, forcing them

to make difficult compromises of some aspects of their sovereignty in order to protect others. Within ASEAN, tension has grown between members over whether to accommodate or oppose the forces of change.

The conflict between practical politics and ASEAN's principles is embodied in the ASEAN states' reactions to the American war against Iraq. The response of the major ASEAN states has varied considerably, depending in part on their domestic political situations (Lee 2003). Malaysia and Indonesia are both wary of Islamic radicalism and share a common interest with the United States in controlling it. However, Malaysia and Indonesia were highly critical of the United States attack on a sovereign Muslim state, in part because they believed this action would encourage further terrorism (Liow 2003; Kampmark 2003). Singapore and the Philippines have been strong supporters of the United States war, and Thailand has contributed troops to the United States occupation, ostensibly on humanitarian grounds. Vietnam has strongly opposed the United States action.

What is telling is the lack of principled debate within ASEAN over how to respond to the American war on Iraq. The American decision to attack Iraq was done without the approval of the United Nations and against the opposition of most of the world community. It was initiated on the basis of extremely flimsy evidence that Iraq possessed weapons of mass destruction, and on the incredible assertion that the Iraqi regime posed an "imminent threat" to the United States. The war was almost certainly illegal, highly questionable in its justifications, and a clear violation of the fundamental principles of Westphalian sovereignty. When it later became apparent that Iraq did not possess any weapons of mass destruction, the United States began changing its justification for the war from that of imminent threat to humanitarian intervention (Roth 2004). Deposing Saddam Hussein because he was "evil" became the primary reason for the conflict. This reasoning clearly violates the fundamental principles around which ASEAN is organized and, in theory, could easily justify—or have justified—humanitarian intervention in the affairs of a number of ASEAN states. Despite these clear contradictions, ASEAN did not come out against the war as a collective. Compare this response to the events surrounding Vietnam's invasion of Cambodia. Vietnam justified its intervention on humanitarian grounds and, though its intervention was primarily for strategic reasons, it did stop a genocide. Vietnam's case, that Cambodia presented an imminent threat to its security, was more credible than the United States' case about Iraq.

The principles defended by ASEAN so effectively and for so long in the Cambodian situation were violated again in the case of the United States in Iraq. Yet the ASEAN response was far different and far less unified. Obviously, much of this has to do with the fact that the pre-

miere world power is too important to alienate in any serious way. Thus, ASEAN's principles were sacrificed for the sake of political expediency. Nonetheless, by acquiescing to this situation, ASEAN has certainly compromised its principles. After all, many states in the world did not accede to the American agenda. The fact that many ASEAN states did so underlines the disarray within ASEAN over its approach to fundamental principles. The considerable majority of ASEAN states still favor a traditional approach to sovereignty; they have not been swayed by arguments about humanitarian intervention from outside. However, even these states have had to recognize changes in the international system. After failing to defend their principles in the context of Iraq, it will be much more difficult for ASEAN to adopt any principled opposition to external infringements on national sovereignty in the future.

Conclusion

Most ASEAN states remain committed to traditional Westphalian sovereignty. Even so, some recognize that the international system is changing and that the international community may be establishing a humanitarian limitation on the exercise of sovereignty as an international norm. Traditionally, ASEAN has resisted recognizing any humanitarian basis for intervention in the affairs of sovereign states, but it now has to adapt to a changing normative environment. The ASEAN states are much more durable now than they were in the recent past, but most still contend with problems associated with state building. It is certainly possible to question the legitimacy of many Southeast Asian governments. Nonetheless, this does not invalidate the point that the creation of viable states is a difficult and historically violent process. If the Western world is altering the norms of sovereignty, then it must also recognize greater obligations and responsibilities to the developing world. There is little indication that this is happening. The norm of humanitarian intervention, even if well intentioned, has enormous potential to be abused.

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Genocide and State-Induced Famine: Global Ethics and Western Responsibility for Mass Atrocities in Africa[1]

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Abstract

This article considers Western responsibility for genocide and state-induced famine in Africa. It discusses colonial genocide in South-West Africa and Congo; post-colonial genocide in Rwanda and Darfur; and state-induced famine in Ethiopia and Zimbabwe. The article differentiates core, contributory, and circumstantial responsibility for genocide and famine, arguing that except for the two colonial genocides, African political actors bear core responsibility. Nevertheless, the West is responsible for protecting the human rights of all Africans, regardless of which political actors caused their suffering. The article concludes by discussing empathy and interest as means to persuade Western actors to devote more attention to Africa.

Global Ethics and Western Responsibility

It appears in the early twenty-first century that economic globalization is accompanied by an increasing sense of ethical globalization. Individuals

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are ever more aware of the global causes of human suffering, and more insistent on global responsibility for it. A social movement to ameliorate suffering everywhere has swept the globe since the Universal Declaration of Human Rights was proclaimed by the United Nations in 1948. This social movement insists that governments, social organizations, and individuals are responsible for the policies of their real or institutional ancestors, and must make amends. Increasingly, concerned Western citizens believe that even the most faraway instances of genocide and famine are, at least in part, their own responsibility. The world social movement for human rights stretches its responsibilities to encompass the entire globe.

I address these citizens' concerns in this article with reference to Africa. I consider two examples of colonial genocide, in then South-West Africa (Namibia) and the Congo; two examples of post-colonial genocide, in Rwanda and Darfur; and two examples of state-induced famine, in Ethiopia and Zimbabwe. The discussion below does not refer to any events that occurred after May 31, 2005. In this discussion, I refer generally to "the West," by which I mean North American and Western European states, institutions, and citizens, differentiated where appropriate. I am a Western scholar concerned with international obligation, and I address a primarily Western audience. This does not mean that I excuse any other international or national actors from their own responsibilities. In particular, as the discussion below will show, the actors who bear core responsibility for post-colonial genocides and state-induced famines in Africa are members of the African political class.

My discussion is based upon a set of assumptions about the nature of responsibility. Thomas Pogge (2002) asserts that citizens ought to bear universal responsibility to protect each other's human rights. He rejects communitarian arguments that individuals have greater responsibility to their families, communities and nations than to strangers with whom they have no, or very tenuous, connections; in effect, the "concentric-circle" theory of obligation. I agree in principle with Pogge that all states, institutions, and individuals have a responsibility to protect everyone's human rights. This is how I interpret Article 28 of the Universal Declaration of Human Rights, which states that "Everyone is entitled to a social and international order in which the rights and freedoms set forth in this Declaration can be fully realized." This is an early instance of global ethics.

Nevertheless, common-sense morality—the intuitive morality that guides citizens making decisions about their own responsibilities—often accepts the concentric-circle theory of obligation (Howard-Hassmann 2003: 200-

214). Common-sense morality also suggests that we have greatest responsibility to ameliorate those harms that we have ourselves caused. Thus, according to Henry Shue (1980), the first duty is to avoid depriving people of their rights; in effect, to do no harm. States and social institutions have special responsibilities to ameliorate harms that they, or their formal and legal ancestors, caused. This is the basis, I believe, of the social practice of apology as a form of amelioration, which is now making its way into international relations. Moreover, states and social institutions bear responsibility not only for sins of commission, but also for sins of omission. Shue argues that we have the responsibility to protect others from harm and to aid the deprived (1980: 75). To avoid these duties is to commit a sin of omission.

Many participants in the world debate about human rights now accept that to protect against harm and to aid the deprived are strong universal duties, as strong as avoidance of intentional harm. But many other states, organizations, and individuals deny responsibility to eschew, prevent, or ameliorate harm; in the real world of practice, rather than of philosophical principle, the question is how to motivate them to accept these duties. In the conclusion to this article, I briefly discuss two motivating techniques: promotion of empathy, and appeal to personal, political, or economic interest.

Genocide and famine in Africa compound the suffering caused by poverty, malnutrition, illiteracy, HIV/AIDS, and poor governance. Pogge (2002), playing on the title of a book by Goldhagen (1997), suggests that the West's willingness to ignore its moral responsibility to help the poorest countries renders political authorities and managers of the international economy "hunger's willing executioners" (p. 24). Recognizing the West's moral obligation, Prime Minister Tony Blair of the United Kingdom began an initiative, early in 2005, to encourage the international community to accept its responsibility for the African tragedy. Said Blair:

> There can be no excuse, no defence, no justification for the plight of millions of our fellow beings in Africa today. . . . It is obscenity that should haunt our daily thoughts that four million children will die in Africa this year before their fifth birthday. . . . I fear my own conscience on Africa. I fear the judgement of future generations, where history properly calculates the gravity of the suffering. (2005)

The West bears much of the universal responsibility to provide, promote, and protect human rights. Western states are collectively responsible for much of the current world social and international order, as well as for the political and economic situation of Africa today. This does not mean

that African states, elites, and citizens do not have the same ethical responsibility as the West. They do. Causes of genocide and famine are often indigenous to Africa. Even if colonialism and neo-colonialism set the stage for the emergence of vicious political leaders in post-1960 Africa, those African leaders bear primary responsibility for their own viciousness. To urge more ethical responsibility upon the West is not to suggest a lesser responsibility for others, whether they be Africans or others with interests in Africa, such as Russia, the Arab world, or China.

Thus, if we are to sort out global ethics, it is necessary to sort out what responsibilities global actors bear. It can do no good for the West to assume historical or contemporary responsibilities for genocide or famine that it does not actually bear, thus absolving African or other actors of responsibility for their own actions. Douglas Anglin (2000-2001) provides us with a useful way of sorting out these matters. In a review of two reports on the origins of the Rwandan genocide, he distinguishes core, contributory, and circumstantial causes (p. 152). Drawing on Anglin's distinction, I consider core causes of genocide and state-induced famine to be decisions that are not inevitable, that are caused by human agency, and that further the interests of the persons making them. For example, the panel of Eminent Persons appointed by the Organisation for African Unity (OAU) to explain the genocide in Rwanda said, "There was nothing inexorable about this process [that led to the genocide]. At its heart was the deliberate choice of successive elites to deepen the cleavages between Rwanda's two main ethnic groups, to dehumanize the group out of power, and to legitimate the use of violence against that group" (Organisation for African Unity 2000: Executive Summary, par. E.S.3.). Human agents in Rwanda made decisions that were not inevitable and that furthered their own interests. In contrast to these core factors, contributory factors are short-term prior events that inadvertently cause or promote the famine or genocide. Circumstantial factors are those that are part of the underlying economic or political scene and that often reflect historical events. Responsibility can be attributed to human actors for contributory and circumstantial causes, but it does not bear the same weight as responsibility for core causes. Contributory and circumstantial factors in genocide and state-induced famine are often the unintentional consequences of decisions taken without any foreknowledge of what might be the result: nevertheless, many social actors assume responsibility for the consequences of these actions.

The West often bears contributory or circumstantial responsibility for genocide or famine in Africa, but it does not bear core responsibility. In what follows I illustrate this proposition. I cannot offer complete explanations of any of the tragic cases I analyze. Rather, I attempt to

offer clues as to levels of responsibility. My assumption in offering such clues is that moral actors should at least take responsibility for what they have caused. In the case of Western-African relations, however, such responsibility may not be morally sufficient. Westerners may be obliged to take responsibility to remedy harms even if they did not cause them.

Colonial Genocide: The Herero and the Congo

From 1904 to 1908 the colonial German military in then South-West Africa (now Namibia) exterminated 65,000 of approximately 80,000 members of the Herero people. German settlers wanted Herero land, and the Herero resisted giving it up. In January 1904 the Herero rebelled. While the Herero made a conscious decision to spare German women and children, German commanders gave explicit orders to exterminate all Herero men, women, and children (Gewald 2004: 61). This was to be accomplished either by outright execution; dehydration after deportation to the desert; or confinement, forced labor, sexual slavery, and starvation in concentration camps (Cocker 1998: 267-357; Swan 1991). Fighting against Germany during World War I, the British found it expedient for propaganda purposes to publish a report on the genocide in 1915: the purpose of the report was not to defend the Herero, but to justify Britain's claim to take over Germany's colonies (Gewald 2004).

Germany bore core responsibility for the genocide of the Herero. It also bore contributory and circumstantial responsibility. Germany conquered South-West Africa and encouraged settlement by German immigrants. The Germans mistreated the Herero, stole from them, and raped Herero women. Only they are responsible. Recognizing this fact, in August 2004 Heidemarie Wieczorek-Zeul, the German Minister for Economic Cooperation and Development, attended a commemoration of the hundredth anniversary of the genocide and apologized on behalf of Germans (Hamata 2004; Weidlich 2004).

A second case of colonial abuse was not intended to be genocide, but might well be considered to have been genocide in effect. In the late nineteenth and early twentieth centuries, the Congo was the personal property of King Leopold II of Belgium. He wanted to extract from the Congo as much rubber as possible, to supply the growing industrial market. To do so, his employees turned the Congolese into slaves. Those who did not bring in enough rubber were subject to amputation, flogging, torture, and murder. Adam Hochschild (1999), the American journalist who in 1999 brought the history of this terrible regime to the world's attention, estimated that 10 million Congolese died "during the Leopold period and its immediate aftermath" (p. 233). Technically speaking, this was not genocide even in a legally retroactive sense. The Congolese

were not systematically murdered because of their race, ethnicity, religion, or nationality, the four categories set out in Article II of the 1948 United Nations Convention on the Crime of Genocide. (United Nations General Assembly 1948, entered into force January 12, 1951.) But Leopold II's reign over the Congo was a man-made and preventable catastrophe of enormous proportions. Perhaps as many black Congolese died in the first decade of the twentieth century as did Jews four decades later, if not more. Yet this awful event has been barely noticed by the West, perhaps because Jews after World War II finally became objects of concern to the Western Christian community, while there was still little concern for Africans.

The Belgian government in 2002 apologized for the complicity of some Belgian officers in the murder of the first President of independent Congo, Patrice Lumumba (Ames 2002; for discussion of this incident, see Turner 2004, Kerstens 2007; for the original Belgian Parliamentary report in French, see Belgian Parliament 2002). The Belgians also apologized for their neglect of the Rwandan genocide of 1994 (BBC News 2000). But as of early 2005, they had not apologized for the criminal colonial regime in early twentieth-century Congo. Perhaps their view was that the crimes occurred when the colony was Leopold II's private property. The core responsibility was that of Leopold and his employees. Yet, even if the Belgian state at the time did not control Leopold, perhaps its successor bears some responsibility for the contributory role of a sovereign state that permitted such brutal latitude to its own King. Circumstantial responsibility perhaps adheres to the entire Western colonial enterprise for granting Leopold such a colony.

Post-Colonial Genocides: Rwanda and Darfur

The most well-known genocide in Africa, and one that has induced much Western soul-searching, occurred in Rwanda in 1994. Estimates suggest that between half a million and over a million people died when Hutu politicians encouraged and ordered Hutu soldiers and militias to commit genocide.[3] Tutsi were murdered solely on account of their alleged ethnicity, while from 10,000 to 50,000 Hutu who opposed the genocidaires and tried to protect Tutsi were also killed. Many commentators noted that the genocidaires identified their victims by the cards each

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[3] For the lower number, see Human Rights Watch (1999), pp. 15-16. On the basis of a March 2001 census of the dead from the genocide, the government of Rwanda states that 1,074,017 people died (Gahima 2003: 2).

Rwandan had to carry, identifying him or her as Hutu or Tutsi; this identification drew on patrilineal descent. However, "Tutsi" and "Hutu" were politically created categories. Almost everyone in Rwanda spoke the same language, Kinyarwanda; the vast majority adhered to Roman Catholicism; and in some regions there was much intermarriage. The terms "Tutsi" and "Hutu" originally referred to malleable categories describing individuals' places in the Rwandan social structure. It was possible for a lower status Hutu to become a higher status Tutsi through marriage or through success in business or farming.[4]

The Rwandan identity cards were originally introduced by Belgian colonists. This fact causes some observers to attribute core responsibility for the genocide to the Belgians, as if without these cards the genocidaires would not have been able to identify Tutsis and would, in consequence, have given up their genocidal enterprise. This is not so. Certainly, identity cards made choice of victims easier, but there were other ways to determine who was Tutsi, such as reliance on local informants. The core responsibility for the Rwandan genocide lies squarely with the elite ruling clique, known as *Akazu*, a group of Northern, clan-based political rulers. This group did not want to share power with the rebel Rwandan Patriotic Front, as had been negotiated in the Arusha Peace Accords of 1993. These Accords were an attempt by the international community to broker a compromise between the extant government of Rwanda and the rebels (Jones 1999). The *Akazu* made a conscious decision to commit genocide (Longman 2004: 67).

Ethnic conflict and refugee movements in and from Burundi in 1993 were contributory factors in the genocide: Hutu, fleeing from massacres by Tutsi in Burundi, joined the militias killing Tutsi in Rwanda (Human Rights Watch/Africa 1994: 7). Another contributory factor was economic. In the late 1980s and early 1990s, the price of coffee, Rwanda's chief export, fell drastically, inflation skyrocketed, and by 1994 famine threatened (Uvin 1998: 58-59; Ohlsson 1999: 80-144). This general decline in the standard of living occurred after the government agreed to adopt a structural adjustment program but then seriously mismanaged it, in part by using aid monies to buy arms (Melvern 2000: 66-67). Increased poverty induced "frustration, anger, ignorance, despair and cynicism," making membership of the armed militias being trained to commit genocide an attractive option for many men (Adelman 2000: 435). These contributory factors built on a colonial history of divide and rule and early favoring of the Tutsi over the Hutu, followed by a last-minute policy

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[4] For a short and thorough explanation of the Rwandan genocide, see Hintjens, 1999.

switch by Belgium just before independence to give the Hutu control of the country. The colonial policies of the Belgians were a circumstantial cause of the genocide, and as such, Belgium bears part of the responsibility for it. As is well known, though, Belgium withdrew its peacekeeping forces from Rwanda after ten of its own peace-keepers were killed, abandoning to be murdered 2,000 Tutsi whom Belgian soldiers had been protecting (Organisation for African Unity 2000: par. E.S.42).

Belgium was not the only European power to fail Rwanda. The French had long been allies of the Rwandan government. Fearing a takeover of its French-speaking client nation by English-speaking rebels who had been raised in refugee camps in Uganda, France opposed in the Security Council any attempts to send more United Nations troops to Rwanda. Yet it intervened directly to protect Hutu refugees—including genocidaires—when it realized the Rwandan Patriotic Front would win the civil war (Dallaire 2003: 421-60).

Romeo Dallaire was the Canadian General in charge of UNAMIR, the United Nations Assistance Mission for Rwanda, which had originally been intended to supervise peaceful democratic elections and the creation of a new government. Dallaire was in despair as he begged for more troops and a mandate that would allow him to use force. The cynicism of the United States in this matter is well known: its representative referred to "acts of genocide" because of fear that the term "genocide" would oblige the United States to take some action (Power 2002: 362).[5] Other members of the United Nations were equally cynical. Members of the Security Council took weekend breaks while Dallaire awaited an answer to his requests, condemning tens of thousands to die every Saturday and Sunday (Dallaire 2003: 301). Throughout the whole affair, a representative of the Rwandan genocidal group, still the legal government of Rwanda, sat on the Security Council and was thus privy to all of Dallaire's secret coded cables (Dallaire 2003: 219). The Security Council also persisted in viewing the problem as a civil war, to be solved by peace-keeping mechanisms, rather than as a genocide demanding intervention (Melvern 2004: 261).

Rwanda thus obliges global ethical actors to consider sins of omission. Core responsibility for the genocide lies with the Akazu. Contributory causes have to do in part with reliance of the Rwandan economy on coffee exports, as well as with politics in Burundi. Circumstantial causes include colonial divide-and-rule policies and the maintenance of colonialism by all international institutions and laws as a legitimate system

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[5] In fact, no action is mandatory, even if genocide is identified (Stanton 2004).

of conquest and governance until after World War II.[6] Rwanda also fits the definition of genocide in the United Nations Convention against Genocide, implying a moral, if not a legal, case for armed intervention. Yet no country had a legal obligation to protect the Rwandans, and the United Nations abdicated its responsibility so completely that in 1999 Secretary-General Kofi Annan felt obliged to express his remorse (United Nations 1999). President Bill Clinton delivered a half-hearted "apology" to Rwandans in 1998 (Clinton 1998). The United Nations also established the International Criminal Tribunal for Rwanda, perhaps partly as a way to assuage its guilt by putting on trial those very individuals whose actions the United Nations openly tolerated during the genocide itself. The French did not apologize.

The consequences of the Rwandan genocide were far-reaching. They contributed to the war fought in the Congo in the late 1990s and early twenty-first century, involving the troops of several countries, including Rwanda, Uganda, and Zimbabwe. Two immediate factors precipitated this war. One was withdrawal of American support, after the end of the Cold War, from Mobutu Sese Seko, the dictator of the Congo (then Zaire), whom the United States had supported for many years. The other factor was the defeat of the Hutu genocidaires in Rwanda. This was not a straightforward defeat. Instead—and partly with the protection of the French—hundreds of thousands of Hutu, including many who had perpetrated the genocide, fled to refugee camps in the Congo. The genocidaires dominated the camps and conducted many cross-border raids into Rwanda (Rieff 1996). Rwanda was allied with Uganda, in part because the RPF had originally been formed by ethnic Tutsi members of the National Resistance Movement, the army that put an end to Uganda's series of vicious regimes, installing its leader, Yoweri Museveni, as President of Uganda in 1986. Troops from Rwanda, Uganda, and Burundi (ruled, like Rwanda after 1994, by a minority Tutsi government) invaded Eastern Congo to defeat the genocidaires. At the same time, a rebellion against Mobutu, led by Laurent Kabila, was gathering strength.

At first, Rwanda, Uganda, and Burundi were allied with Kabila against Mobutu, but later Kabila turned against his foreign allies. At that point, Zimbabwe sent in troops ostensibly to defend Kabila against the invaders,

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[6] Colonialism was not outlawed until the 1960 "Declaration on the Granting of Independence to Colonial Countries and Peoples" by the General Assembly of the United Nations (United Nations General Assembly 1960). For discussion, see du Plessis (2003: 657).

but also to have access to Congolese riches such as diamonds. Individual Zimbabweans, especially members of the military, also profited from defense contracts (Meredith 2002: 148; Power 2003: 8; Dashwood 2004: 237). This was a means to keep the Zimbabwean military content, since the Zimbabwean President, Mugabe, feared a coup d'etat. It appears Mugabe himself also personally profited from the looting of Eastern Zaire (Lessing 2003: 8; *Economist*, January 18, 2003: 49).

Rwandan and Burundian Tutsi had ethnic kin in the Banyamulenge, the Kinyarwanda-speaking minority in the Congo. Within Eastern Congo, local conflicts over land had generated resentment both of ethnic Tutsi, who had lived in the region for decades, and of Tutsi who were more recent refugees. Both Congolese and escaped Hutu genocidaires began to kill Congolese Tutsi (de Waal 2002: 206). Moreover, once the Congo became a democracy in name, disputes arose as to whether the Banyamulenge should be considered Congolese citizens (Ali Baldo 2001). Eventually, their insecurity in the Congo led many young Tutsi men to perceive Rwanda as their ethnic homeland. These young men joined Rwandan troops invading Eastern Congo to protect Rwanda against real or imagined threats from Hutu, whether refugees from Rwanda or Congolese citizens (Mamdani 2001: 235-263). All this, however, was complicated by personal, group, and national interests in the Congo's immense natural resources. By 2005, it was estimated that 3.8 million people had died in Eastern Congo in the previous six years (International Rescue Committee 2004: 3). Jan Egelund (2005), United Nations Emergency Relief Coordinator, described the Congo as the worst human-itarian catastrophe in the world, yet one barely noticed in international discussion.

Core responsibility for the conflict in the Congo lies with those involved in the war.[7] The many actors in the Congolese war can confuse even observers who are very familiar with the region. Aside from the states involved and the ethnic conflicts over resources and citizenship rights, the actors have included armed local militias called "Mai-Mai," whose motive appears merely to be plunder (Ali Baldo 2001). The Congo conflict was caused by political alliances, conflict over resources, and a history of ethnically based slaughter. This slaughter occurred not only in Rwanda, but also in Burundi. In 1972, Tutsi rulers slaughtered 200,000 Hutu, setting off several rounds of genocidal massacres of tens of thou-sands of people in both Burundi and Rwanda that preceded the 1994

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[7] On the various actors in the Congolese war, see Organisation for African Unity 2000: pars. E.S. 56-59.

genocide (Lemarchand 1998: 3-7; Kuper 1981: passim). Nor did these massacres end in 1994. Unverifiable estimates suggested that the victorious Tutsi army killed between 25,000 and 60,000 people in Rwanda between April 1994 and August 1995, and Tutsi reprisals against Hutu continued over the next ten years (1994-5 figures from Human Rights Watch 1999: 16; Lemarchand 1998: 16 fn. 6). Tens of thousands of refugees were killed in Congolese camps in 1998, and thousands more people were killed in the Congo in 2000 (Uvin 2001: 183).

Thus the chief contributory cause of the regional war was the Rwandan genocide. But underlying this contributory factor were colonial divisions, both territorial and ethnic, and the support that dictators enjoyed during the Cold War. The West bears circumstantial responsibility for colonialism, and contributory responsibility for support of Mobutu. The explicit protection that the French offered to Hutu refugees is a particularly egregious interference in African affairs. The French bear core responsibility for protecting the Hutu genocidaires in the Security Council and for allowing them to continue their activities from their base in the Congo.

The dawning recognition that there is a global ethical responsibility to protect populations from genocide may have some small effect on the outcome of the most recent genocide in Africa. As I wrote this article during the first five months of 2005, the world's attention was focused on the western Darfur region of Sudan. There, a conflict between "Arabs" and "Africans" masked the attempt by the central government to suppress a rebellion motivated by a demand for basic human rights and regional autonomy (Justice and Equality Movement 2003; Sudan Liberation Movement/Sudan Liberation Army ([SLM/SLA] 2003), such as had earlier been offered the South of the country after a civil war that had lasted several decades. It was clear to Western policymakers by late 2004 that the treatment of the people of Darfur constituted genocide in effect if not intent. "Arab" troops on horseback, yet carrying advanced weaponry, marauded through the "African" areas of Darfur, killing, raping, and expelling its inhabitants. Arabs tended to be nomads allied with the central government, while Africans were more likely to be settled agriculturalists (Ryle 2004: 56). All were Muslim, and there was little racial distinction, though they used the terms Arab and African themselves as markers of culture and identity (Judah 2005: 14). Formerly in some conflicts over land and water, by 2003 nomads and settled populations had become mortal enemies. Arab militias burned villages, killed animals, and poisoned wells, thus inflicting "conditions of life calculated to bring about [a group's] physical destruction," considered a form of genocide under Article II (c) of the 1948 convention against genocide.

Core responsibility for the Darfur genocide adhered to the Sudanese government and its marauding allies. No Western power had any reason to promote this genocide, nor did any do so. Contributory factors might partially implicate the West, which was hesitant to offend the central Sudanese government because it wanted to purchase Sudanese oil. The Sudanese government had also positioned itself as a Western ally in the war against terrorism (Silverstein 2005). Another contributory factor was the peace agreement between Northern and Southern Sudan after a decades-long civil war. The peace agreement included regional autonomy for the South, a new governmental structure incorporating leaders of both sides of the civil war, and a referendum in 2011 on Southern secession (Sudan Comprehensive Peace Agreement (CPA) 2005). This agreement inspired rebels in Darfur to seek the same concessions. Circumstantial factors include Sudan's colonial history and the original decision by British colonizers to create one country from such a vast territory.

In Rwanda, the international community was most reluctant to use the word "genocide." By contrast, Darfur appeared to reflect a changed international susceptibility. Indeed, on September 9, 2004, Colin Powell (2004), the U.S. Secretary of State during the first Administration of President George W. Bush, used the word "genocide" to describe the situation in Darfur. On September 21, 2004, at the United Nations, George W. Bush (2004) himself also used the term. Yet by early 2005, the United States had taken little concrete action to protect Darfur's Africans. On March 2, 2005, nine Senators introduced a Bill "To impose sanctions against perpetrators of crimes against humanity in Darfur, Sudan, and for other purposes." The proposed measures included, *inter alia*, freezing assets of and denying visas to suspected Sudanese perpetrators of genocide; imposing sanctions on the government of Sudan; and establishing a military no-fly zone over Darfur (United States Congress 2005). As of June 1, 2005, this bill had not been passed by both Houses of Congress.

Nor was the United States government the only entity guilty of sins of omission. Despite the evidence of mass murder, rape, and torture in Darfur, and despite the likelihood of famine, by 2005 only token gestures had been made to assist the victims. These token gestures included a United Nations arms ban on all belligerents (United Nations Security Council 2004, Art. 7 and 8), a travel ban and asset freeze on some Sudanese (United Nations Security Council 2005a, Art. 3, d and e), and a decision by the United Nations Security Council to refer suspected Sudanese war criminals to the International Criminal Court (United

Nations Security council 2005b). Some African Union monitors were sent to Darfur in late 2004, to be logistically assisted by the West, but they were inadequately supplied: the United Nations hoped that by August 2005, 7,447 African Union personnel would be in place in Darfur, and that by 2006 there would be 12,000 (United Nations Security Council 2005c). But some African leaders seemed to consider genocide in Darfur secondary to assertions of regional independence. In May 2004, with the support of African states, Sudan was elected to sit on the United Nations Human Rights Commission (*Economist* May 15, 2004: 10; United Nations 2004). At a summit with Sudan in October 2004, the leaders of Libya, Chad, Egypt, and Nigeria rejected "all forms of foreign intervention in this purely African question," implying that African regional autonomy was more important to them than saving the lives of the people of Darfur (Salem 2004).

Other world powers also failed Darfur. The Chinese own 40 per cent of a large oil project in Sudan and have also built a 1,600 km. pipeline there (*Economist*, November 27, 2004: 87). In exchange for access to Sudanese oil, China provided the Sudanese government with three arms factories (Ryle 2004: 58). China is not a democracy: its citizens are probably unaware that it is supporting a genocidal regime, and if they were aware, they would not be permitted to criticize their government. China's interests are one reason why the Security Council did not take stronger measures against Sudan. Russia also invests in Sudanese oil and sells arms to Sudan (Peterson 2004).

Whatever the West and the international community do to ameliorate the conditions in Darfur in 2005 and beyond will not be sufficient to protect Darfur's Africans. Although Western states in 2005 did intend to provide some logistical support to African Union monitors, such support would not be enough. Humanitarian relief was the chief method used in Darfur to remedy the effects of genocide until mid-2005. But genocide is a political and military matter. It requires political and military solutions. Anything less than this suggests that in Darfur, "the world is indicating an acceptance of the genocidal status quo" (Reeves 2004: 2).

State-Induced Famine

State-induced famine is a rarely recognized form of genocide. If a government starves its people to death rather than actually murdering them outright, it can pretend that the deliberate deaths were accidental. David Marcus (2003) makes a compelling case that state-induced famine is genocide. Some deliberate state policies are "faminogenic." There are four degrees of faminogenic behavior. First-degree faminogenic behavior is

intentional: "Governments deliberately use hunger as a tool of extermination." Second-degree faminogenic behavior is characterized by recklessness: "Governments implement policies that themselves engender famine, then recklessly continue to pursue these policies despite learning that they are causing mass starvation." Third degree faminogenic behavior is "marked by indifference. Authoritarian governments . . . turn blind eyes to mass hunger." In the fourth degree, "incompetent or hopelessly corrupt governments, faced with food crises . . . are unable to respond effectively" (pp. 246-247).

One of the cases Marcus discusses is the Ethiopian famine of the 1980s (Marcus 2003: 255-259). Ethiopia at the time was ruled by a Marxist regime under the leadership of Mengistu Haile Mariam. Mengistu had overthrown the corrupt Emperor Haile Selassie in 1974. Part of the Marxist goal was to drag Ethiopia out of the feudal society that Selassie had sustained. But part was also to suppress rebellions, rooted in desires for regional ethnic autonomy, especially in the Tigray and Wollo regions.

The public perception of the 1980s Ethiopian famine was that it was a natural disaster. After much television publicity, the rock star Bob Geldof led the "BandAid" campaign to raise funds to feed the starving (de Waal 2002: 122-123). But all famines have political roots, and Ethiopia was no exception. There were natural conditions resulting in declining food production. But these were exacerbated by state grain quotas and taxes levied on farmers, which were so great that they destroyed incentives and resulted in declining agricultural productivity (Marcus 2003: 255-256). One might consider the government's continued pursuit of these policies in the face of food shortages to have been reckless endangerment, the second level of faminogenic policy. But the government also undertook actions that showed it was guilty of the highest level of faminogenesis, or deliberate use of hunger as a tool of extermination. The government targeted rebel areas for military attack and destroyed livestock and markets, rendering farmers incapable of work (Marcus 2003: 257). Moreover, it introduced a "resettlement" program, supposedly to permit peasants from the north to occupy better land in the south: not coincidentally, the peasants to be resettled came from rebellious areas. Many were forcibly moved and packed into large helicopters in conditions so horrendous that dead bodies were heaved out as the helicopters landed in the new "resettlement" areas in the South (Doble: no date). Those who remained alive found themselves without shelter, water, or food, abandoned to make their way on land that was often inhospitable, unfamiliar, and ridden by mosquitoes. It is believed that about 1.5 million people were resettled from the north to the south, and that 50,000

to 100,000 died either during the resettlement or in the resettlement camps.[8]

The core responsibility for the Ethiopian state-induced famine lies squarely with the Mengistu dictatorship. Mengistu used famine as an instrument of deliberate public policy. As de Waal states, "One of the most tragic famines of modern times—that of 1983-5 in Tigray and north Wollo—must be considered a major policy success for the then government of Ethiopia. . . ." (2002: 132). Indeed, many officials of his regime, including Mengistu himself, were charged with genocide by the successor Ethiopian government that overthrew Mengistu in 1991; these trials were still being held in 2003 (Prevent Genocide International 2003). Contributory responsibility for the famine lies with the Soviet Union, which supported Mengistu. The West must, nevertheless, take some circumstantial responsibility. Although Ethiopia was never colonized except for a brief period under Italian rule, the West sustained and supported Haile Selassie. More attention to his abuses, and to the need to democratize, might have prevented a Marxist coup d'etat.

Robert Mugabe, the President of Zimbabwe since 1980, gave shelter to Mengistu after 1991, enabling him to escape his trial for genocide. Like Mengistu, Mugabe also pursued first-degree faminogenic policies. In the early twenty-first century Mugabe encouraged "land invasions" of white-owned farms by persons alleged to be veterans of the 1965-1980 war of independence. His purpose in so doing was to buy political support.[9] While some of the whites owned land taken from Africans during the colonial period, according to Samantha Power (2003) nearly two-thirds of the approximately 4,000 large-scale white farmers in Zimbabwe in 2003 had bought their land after independence (p. 3). Moreover, according to Doris Lessing (2003), about 40 percent of farms in Zimbabwe changed hands after independence, and "under the law they had to be offered first to the government, which refused them" (p. 8). These large-scale farms produced much of the food surplus that had made Zimbabwe the bread-basket of Eastern Africa.

The land invasions rendered unemployed about 150,000 to 200,000 farm workers, who with their families constituted about a million and a half to two million people. Many of these people were immigrants from

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[8] For the lower estimate of deaths, see de Waal (2002: 120); for the higher estimate, see Prevent Genocide International 2003: 132.

[9] For a detailed explanation of Mugabe's tactics, see Power (2003). For a defense of his policies, see Thomas (2003).

other African countries and were thus not eligible for the land that was ostensibly to be redistributed (Human Rights Watch 2003a: 18). By October 2003, half of Zimbabwe's population of nearly 14 million was considered "food insecure, living in a household that is unable to obtain enough food to meet basic needs" (Human Rights Watch 2003a: 1). In 2002, white farm owners were ordered to vacate their farms immediately and were even forbidden to finish cultivating their crops (Meldrum 2002). The new occupants often had no idea how to farm, or were subsistence peasants not able to produce for the market. Mugabe distributed state-owned food only to his political supporters and withheld it from those who he thought might vote against him in the farcical periodic elections still held in Zimbabwe (Human Rights Watch 2003b; Oborne 2003). Mugabe also refused to permit international agencies to bring food into the country to feed the starving. He intimidated, threatened, and imprisoned all opposition, although in March 2005 some members of the opposition political party, the Movement for Democratic Change, were elected to parliament. Nevertheless, observers, including the British Foreign Secretary and the U.S. Embassy in Zimbabwe, declared these elections unfair (*International Herald Tribune*, April 2-3, 2005: 5); United States Department of State 2005).

The core cause of the food deficit situation in Zimbabwe in the early years of the twenty-first century was clearly the interest and ambitions of Mugabe and his henchmen. A contributory factor might be thought to be the agreement that settled the war of independence, known as the Lancaster House Agreement. At Lancaster House, the British, Zimbabwe's former rulers, agreed to provide funds to buy out large farmers on a willing-seller, willing-buyer basis, but not enough funds were supplied (Thomas 2003: 696-697). To blame the British for this, however, is to forget that most of the large farms were purchased after, not before, independence. Moreover, of the large farms that were taken over by the independence government, many were distributed to single black owners rather than divided among peasant farmers (Dashwood 2004: 228). Many members of this new class of black owners were members of Mugabe's family or were his cronies.

Circumstantial factors causing the state-induced famine include the original British takeover of Zimbabwe (then Southern Rhodesia) and its establishment as a settler colony where whites were encouraged to farm, thus setting the seeds for racialized conflict after independence. A contributory cause of the famine might well be the tolerance that the international community showed for Mugabe's past violent actions, well before the land war of the twenty-first century. In the early 1980s, forces loyal to Mugabe tortured, killed, and starved to death thousands of minority

Ndebele in Matabeleland, with not a word of criticism from the international community. The exact numbers killed are not known, as the Zimbawbe government refuses to release a report it commissioned (Phiri 2004; Dashwood and Pratt 1999).[10] According to other reports, however, "The crimes included mass murder of whole villages, mass rape, and widespread torture. The victims were often forced to sing Shona [the majority ethnic group] songs before being beaten and killed" (Genocide Watch 2002). When the land invasions started, one recipient of a large farm was the ex-commander of the North Korean-trained troops, the Fifth Brigade, responsible for the Matebeleland massacres (Windrich 2002: 1187). Many Western liberals had celebrated Zimbabwe's independence in 1980.[11] Yet relaxation of vigilance against human rights atrocities because one had originally supported the perpetrator's coming to power can encourage more atrocities later. Freedom fighters can become abusers of human rights in their turn. This is one of the dangers of the international community's willingness to look the other way when the Tutsi-dominated post-genocide government in Rwanda committed atrocities.[12]

In April 2005, the United Nations Security Council presented the names of 51 suspected criminals in the Sudan to the International Criminal Court for possible prosecution (International Criminal Court 2005). By contrast, the international community was much gentler with Mugabe, who was not accused of genocide, or of crimes against humanity, despite his deliberate starvation of his own people. The Commonwealth Organization suspended Zimbabwe in 2002 and extended that suspension in late 2003 (*Guardian Unlimited*, March 20, 2002; *The Independent*, December 8, 2003: 2). As a result, Mugabe withdrew Zimbabwe from the Commonwealth. As of March 2004, the European Union had also imposed a travel ban and asset freeze on 95 individuals from Zimbabwe, including Mugabe (Parliament of the United Kingdom 2004). But Thabo Mbeki, President of South Africa, protected Mugabe from further punishment (Phimister and Raftopoulos 2004). In 2002, Mbeki claimed that attempts in the Commonwealth to ostracize Mugabe were "inspired by

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[10] For some estimates of numbers killed, see Catholic Commission for Justice and Peace in Zimbabwe/Legal Resources Foundation 1997. For background, see Dashwood (2004) and Dashwood and Pratt (1999).

[11] Indeed, I remember attending an event at the University of Toronto at which Africanist scholars praised Mugabe, and the audience cheered him.

[12] On post-1994 atrocities both by government and insurgent (ex-genocidaires) forces in Rwanda, see Amnesty International (1998).

notions of white supremacy" (Taylor and Williams 2002: 558). Mbeki claimed before the 2005 elections that "Nobody in Zimbabwe is likely to act in a way that will prevent free and fair elections being held" (O'Malley 2005). This reflected a general unwillingness by many Presidents of African countries to acknowledge the reality of Mugabe's violence.

The Global Responsibility Stretch:
Universal Responsibility for Universal Crimes

In this essay, I have reviewed four cases of genocide or near genocide in Africa: the massacre of the Herero; the vicious maltreatment and murder of millions of Congolese; the Rwandan genocide and its aftermath; and the genocide in Darfur. Of these four cases, colonialists bear direct core responsibility for the first two. The international community as a whole bears circumstantial responsibility for the last two, in so far as it did not sufficiently intervene to stop genocide. France also bears contributory responsibility for the Rwandan genocide.

I have also reviewed two cases of state-induced famine. In both cases, the famine is the core responsibility of those political leaders who chose to use hunger as a weapon. In neither case does the West bear central circumstantial responsibility. In Ethiopia, the faminogenic regime enjoyed the active support of the Soviet Union. In Zimbabwe, the political actor most helpful to Mugabe was Thabo Mbeki, President of South Africa. No Western power supported Mugabe's policies, although one can argue that the West and the international community, as of early 2005, were not doing enough to protect the people of Zimbabwe.

These various bearers of core, contributory, and circumstantial responsibility show that the West is not the only international actor relevant to genocide or famine in Africa. The United Nations as an organization, and particular individuals within that organization, also bear special responsibility. So do great powers other than the United States. The ex-Soviet Union was heavily involved in Ethiopia. China and Russia both had interests in Sudan. Regional actors also affect African affairs, whether through outright warfare in the Congo or through support of Mugabe. Finally, the African political class is often the key bearer of core responsibility in inciting post-colonial famine or genocide.

The movement to global ethical responsibility is often accompanied by a fair degree of Western guilt. Living in democracies with access to a free press, a competitive party system, and critical scholarship, Westerners are more likely to understand their own responsibilities for historic and contemporary wrongs than are people living in less free societies. Westerners are also rich; presumably, they can do something concrete to help Africans, whereas Russians have far fewer if any resources to share even

if they were to adopt the historic burdens of their predecessor Soviet Union. Moreover, the more historic depth one ascribes to genocide and famine in Africa, the more difficult it becomes for the West to avoid a sense of responsibility. While a standard approach to personal guilt is to argue that an individual should feel guilty only for actions he or she has directly taken, a generalized sense of personal responsibility permeates many members of the liberal elites and activist communities in the West. "Some are guilty: all are responsible," said the twentieth-century Polish Rabbi, Abraham Joshua Heschel. There seems to be a global stretching of responsibility, a feeling that distant effects are not so distant and that one's reach should be longer.

Educated members of the Western public know that local events can have global, historic causes. Many historic decisions harmful to Africa were made by Western agents, acting in their own interests. In this sense, the West bears some circumstantial responsibility for genocide and state-induced famine in Africa. In certain concrete cases, the West also bears contributory responsibility, for example, in French support for the geno-cidaires in Rwanda. The West does not bear core responsibility for the post-independence atrocities reviewed in this essay, though it does bear core and complete responsibility for the genocide of the Herero and for the massacres in Leopold II's Congo.

But it is not only the West that disregards Africa. The cynical members of the Security Council who abandoned Rwanda in its hour of need included Russia and China. Russia will take no action that might permit other countries to criticize its actions in Chechnya, nor will China allow an opening for criticism of its occupation of Tibet. Both countries could be accused of genocide. Nor are the less wealthy, less powerful nations exempt from accusations of irresponsibility. Brazil, Djibouti, Oman, Pakistan, Nigeria, and Argentina were members of the Security Council in 1994, as was, shamefully, Rwanda itself.

In popular morality, attribution of blame draws demands for recompense of some kind. Thus, as the history of Western-African relations becomes better known, some advocate reparation from the West to Africa. This approach was manifested at the 2001 World Conference against Racism, Racial Discrimination, Xenophobia, and Related Intolerance, in Durban, South Africa. The reparations discourse, however, is not useful in discussion of international responsibility for genocide and famine in Africa. It confuses the responsibilities of Africans themselves with the responsibilities of outsiders, frequently attributing core responsibility to the wrong actors, as in the case of Belgian introduction of ethnic identity cards into Rwanda. The human rights discourse is a better approach to international responsibility. The international law

of human rights posits a universal moral standard below which no individual ought to fall. No individual ought to starve to death or endure torture, rape, or massacre. The level of responsibility for an individual's suffering that is attributable to his or her government, to former colonialists, or to the international community does not determine that individual's human rights. To be human is enough to be entitled to protection of one's life.

Moreover, in the last two decades human rights law has increasingly merged with humanitarian law. Humanitarian law was originally designed to protect both civilians and combatants in warfare. It now increasingly imputes legal responsibility to individuals who violate its basic precepts. The International Criminal Court can try individuals for war crimes, crimes against humanity, and genocide. In 2004, for example, the Congolese government referred crimes committed within its territory to the Court (International Criminal Court 2004).

This developing international law is supplemented by a growing sense of universal responsibility to protect victims of genocide and famine. One of the most important aspects of the developing global ethic of the late twentieth and early twenty-first century is its emphasis on the responsibilities of bystanders. To intervene to protect victims of gross human rights violations is no longer an ethical choice. It is a moral obligation, however weakly acted upon. Tens of millions of private citizens, and millions of human rights activists, believe this. So increasingly do politicians. Since 2001, politicians, philosophers, and academics have made efforts to devise a philosophical and legal framework for an international responsibility to protect (International Commission on Intervention and State Sovereignty 2001). Nevertheless, this emerging principle is still weak. There is no likelihood of massive military intervention to stop genocide, as the situations in Darfur, Zimbabwe, and Eastern Congo in early 2005 showed. What, then, is most likely to be the best means to motivate more action?

It appears that in the last two decades there has been a genuine change in international worldviews in the direction of empathy for "Others," strangers with whom, it would seem at first glance, an individual would have nothing in common. In large part this is the result of global communications. The famine in Ethiopia came to world attention as a result of television reports and fund-raising by rock stars, especially Bob Geldof; in mid-2005, Geldof attempted to draw the world's attention to Africa's external debt. Human beings are more susceptible to pictures of human suffering than to descriptions of them. Perhaps psychological literature, or even biological research on the functioning of the brain, will help to understand why a "normal" empathetic human

will wish to comfort an individual in distress even if that individual is only seen on the screen. The Internet promotes the rapid spread of pictures: it also allows people to communicate directly with each other even in situations of warfare. More frequent global travel also permits more empathetic relationships. Young people from North America and Europe do not simply watch pictures of what is going on in the rest of the world: more and more, they travel there themselves.

This increase in empathy is not in itself sufficient to promote a political responsibility to protect, however. As noted above, the rock star intervention in Ethiopia in the mid-1980s allowed the Mengistu regime to promote as a natural disaster what was in fact a state-induced famine. As Michael Watts (1991) notes, photographs present "event[s] without context." These powerful images "have a dispelling effect, blaming everyone and no-one, they have no history" (p. 11). Thus, the Mengistu regime avoided international condemnation. Moreover, empathetic reactions appear to be fickle. On December 26, 2004, South-East Asia was hit by a horrific tsunami wave that is estimated to have killed 177,000 people, with another 50,000 missing (Associated Press 2005). There was an unprecedented outpouring of aid for the tsunami victims, whose suffering was widely reported on television. In Canada alone, private citizens donated about $CDN 150 million by January 10, 2005, a sum rapidly matched by the Canadian government (Government of Canada 2005). In part, these donations reflected immigration patterns to Canada, which has, for example, many citizens of Sri Lankan origin; Sri Lanka was one of the places hardest hit by the tsunami. Yet it also seems to have reflected a general Canadian sense that the tsunami victims were "like us": they were fathers, mothers, grandparents, and children going about their business; in short, an unthreatening, entirely innocent group of victims.

This empathetic perception of victimhood does not appear to apply to the Congolese, Darfurians, or Zimbabweans, who early in 2005 were suffering massive violations of their human rights. Perhaps these Africans are not perceived as innocent victims. Genocide is not a tsunami; it is a product of human agency. Ordinary Western citizens are not easily able to sort out who is responsible for what in a genocide on a strange continent. They are also used to the idea that Africans massacre each other. When Ethiopia was presented as a natural disaster, it drew much the same response that the tsunami victims drew almost 20 years later. Had it been correctly presented as a political disaster, there might have been much less sympathy.

Or perhaps, the West simply does not value black lives as it values white lives. Toward the end of the Rwandan genocide, General Dallaire

was horrified to receive a telephone call from an "American staffer," as Dallaire recalled him. This staffer told Dallaire that "his estimates indicated that it would take the deaths of 85,000 Rwandans to justify the risking of the life of one American soldier" (Dallaire 2003: 499). The Eminent Persons responsible for the OAU report on Rwanda noted the double standard applied by the United Nations; Dallaire was ordered to assist European soldiers who landed in Rwanda to evacuate their own nationals, yet he was explicitly prohibited from taking the same actions to protect Rwandans themselves. The OAU Report asked, "Is there a conclusion . . . other than that expatriate lives were considered more valuable than African lives?" (Organisation for African Unity 2000: art. 10 par. 15). The Western world reacted in horror at the genocide in Srebrnica in 1995, when Dutch United Nations troops were ordered not to shoot as Serbian soldiers separated 7,000 Muslim men and boys from their families, later murdering them. Yet multiple Srebrnicas took place in the Congo. In two cities in the Congo in 2002 and 2003, "UN soldiers watched as hundreds of civilians were murdered outside their bases" (*Economist*, December 4, 2004: 45). Perhaps the reason for the world's neglect of the Congo is that there are simply too many actors there. It is very difficult even for experts to understand what is going on, and to devise a solution seems impossible. As one Western diplomat said of Congo, "If you're going to put your money somewhere, you want it to be somewhere that works" (Nolen 2004). But Rwanda was clear-cut, and the genocide could have been stopped earlier than it was, if not prevented.

If empathy fails to engender action to protect African victims of genocide and famine, perhaps it is better to focus on interest, and to convince political actors who command resources that it is in their interest to protect African lives. Early in this article I suggested that core causation of genocide and famine should be attributed to decisions that are not inevitable, that are caused by human agency, and that further the interests of people making them. If these are characteristics of core responsibility for evil deeds, then perhaps they are also characteristics of core responsibility for good deeds. In 2004, the Sudanese government negotiated with Southern rebels an end to Sudan's civil war. The successful negotiation was in part a response to pressure from the United States. In turn, U.S. pressure was partly a consequence of the interest of the domestic Christian lobby in protecting black Christians in southern Sudan. In Darfur, all parties are predominantly Muslim. Yet Christian pressure continues in the United States because activists formerly interested in the South have developed an empathetic connection to all Sudanese. As the evangelist Franklin Graham stated, "Killing is wrong,

whether you're killing a Jew, a Christian, or a Muslim. . . . God made the people there in Darfur. For us to ignore them would be a sin" (cited in Power 2004: 19).

A more material interest can be identified in the case of Zimbabwe. Expulsion of white commercial farmers from their land is not new in Africa. In the 1960s and 70s white and Indian farmers were deprived of their properties in Tanzania and Uganda. The result was a severe reduction in the marketable food surplus (Howard 1986: 70, 101-104). The Zimbabwean expulsions have potential consequences for other countries in southern Africa where whites owned significant portions of the agricultural land, as in South Africa and Namibia. Southern African leaders therefore ought to have an interest in ensuring that land is fairly distributed, while at the same time a sufficient marketable surplus is available. Unfortunately, in 2005 Thabo Mbeki seemed more interested in protecting Mugabe, perhaps playing to populist anti-white crowds, than in taking into account the potential repercussions of Mugabe's actions on the economic well-being of South Africa. In the case of white farmers, it is difficult to rely on the transformation of black interest into empathy. While it might be in the interests of blacks in southern Africa to encourage efficient production of marketable food, they are unlikely to have any empathetic feelings for whites who organize production of that food. Whites are perceived as wealthy outsiders. Running as it does through the interests of white Zimbabweans, the line of empathy to black Zimbabweans seems too crooked a path for Mbeki to follow.

Genocide and famine might also be ameliorated by direct attack upon the interests of perpetrators. This is the idea behind the International Criminal Court, as well as behind measures less drastic than threats of conviction and imprisonment. As of 2004, 95 Zimbabweans, including Robert Mugabe, were named in a European Union travel ban. Oborne (2003) suggests a further type of ban: refusal to permit the children of named perpetrators to attend private Western schools (p. 31). Freezing of assets in Western banks is also a substantial threat. Finally, shaming can be an effective attack on some cruel leaders' interests. The hypocrisy exercised in the United Nations Human Rights Commission, where extreme violators of human rights are routinely exempted from censure, shows how much states values their reputations. Recognizing this, Kofi Annan in April 2005 called for reform of this body so that "those [states] elected . . . have a solid record of commitment to the highest human rights standards" (United Nations 2005). Meantime, the Commission managed to condemn the atrocities in Darfur without mentioning the Sudanese government's responsibilities for them (*International Herald Tribune*, April 22, 2005: A12).

"If not now, when? If not us, who?"

At the same time as Prime Minister Tony Blair spoke of the world's moral obligation to Africa, his Chancellor, Gordon Brown, asked the question above, first posed by the Jewish teacher, Hillel, around the time of Christ (Blair 2005; Pirkei Avot: art. 1, mishnah par. 14).[13] In one sense, it does not matter who causes Africa's problems; everyone is responsible for solving them. As General Romeo Dallaire (2005) wrote, our governments are ourselves, at least in the West (p. 7). Citizens are capable of action in democracies, and of expressing their views to their elected representatives. Particular Western states may well have obligations to particular African countries for damaging them in the past or for not assisting them in the present. But this does not absolve other states of the responsibility to help Africans now.

Early in this third millennium, sins of omission seem to be rhetorically regarded as just as heinous as sins of commission. Yet no expiation of sin can be offered that discounts the responsibilities of African actors themselves. In 2000, the Organisation for African Unity asked for reparations to Rwanda from Western countries that had failed to intervene to stop the genocide (Organisation for African Unity 2000: 266 par. IV art. 12). Yet some of the aid money going to post-genocide Rwanda enabled its government to divert funds to the war in the Congo (Anglin 2000-2001: 164-165). Global ethics require global responsibility. All who are responsible for genocide and famine must take responsibility. The "when" is now, and the "who" is everyone. The global responsibility encompasses all actors, and it allows no government, no institution, and no individual to deny responsibility. The West may have a special responsibility to remedy past harms and prevent present ones, but it is not the only region of the world to be responsible. Western—and international—responsibility includes the need to understand who is causing what harms in Africa today and to hold all actors accountable for their actions.

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[13] I am grateful to Adele Reinhartz for reference to Pirkei Avot.

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The United Nations and International Security in the New Millennium

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Abstract

The end of the Cold War opened a window of opportunity for the United Nations to play a greater role in international security than it was allowed to play in the midst of the ideological conflict between the United States and the former Soviet Union. However, the expected "peace dividend" never materialized in the post-Cold War period. Instead, a number of civil conflicts erupted and new threats to security, particularly to human security, emerged. This chapter critically examines the evolution of the UN's role in addressing international security problems since 1945, including global terrorism. It also outlines recent attempts by the world body, through extension of its reach beyond the territorial constraints of sovereignty, to build sustained peace through preventive measures and protect human security globally.

Introduction

The collapse of the Soviet Union in 1991 appeared to create a "unipolar moment" in international relations (Krauthammer 1990-1991). The United States remained as the sole superpower, and the threat of nuclear war abated. However, the end of the Cold War also created a need and an opportunity for the United Nations to play a more significant role in international security. During the previous four decades, the global standoff between the Soviet Union and the United States had effectively "frozen" numerous local conflicts, many of which now erupted in violent

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civil wars once rivalry between the superpowers ended. Anticipating this outcome, John Mearsheimer astutely predicted in 1990 that "We will soon miss the Cold War" (Mearsheimer 1990a and 1990b).

The peace that was expected to result from the end of the Cold War never really materialized. There were approximately 93 conflicts around the world in the first half of the 1990s—most of them occurring *within* rather than *between* states—in which 5.5 million people were killed, 75 percent of them being civilians (Keating and Knight 2004: 1-4). Many of these conflicts were in the Middle East, Central Asia, Eastern Europe, and the former Soviet Union, but most occurred in the poorest corners of the globe, particularly on the African continent.

The calamity in Somalia; the Rwandan genocide; the slaughters in the Congo, Ethiopia, Eritrea, Sierra Leone, Liberia, and Mozambique; protracted violence between Palestinians and Israelis; and the continuing struggle between Russian nationalists and Chechen secessionists—all testified to a continuing culture of violence associated with nationalism and long-suppressed ethnic conflicts. Human tragedies and gross violations of human rights also occurred in so-called "failed states" and in "states at risk"—in Africa, the Balkans, the Caucasus and Central Asia—where the rivalries of warlords and guerillas exposed civilians to endless violence (Ottaway and Mair 2004). Hundreds of thousands of children were caught up in these struggles, both as perpetrators and as victims, and millions of innocent people became refugees.

This new dimension of human insecurity added to long-standing problems: unchecked population growth, crushing debt burdens, barriers to trade, trafficking in drugs as well as in women and children, and a growing disparity between rich and poor. Poverty, disease, famine, oppression, and despair, resulting from both natural and man-made disasters, led to security threats being "broadened and deepened" (Krause and Williams 1996). These threats signaled the need either for a global policeman or for a more assertive United Nations. To some extent, both emerged in the immediate post-Cold War world (Knight 2001). As John Ruggie commented, "the problems and opportunities we face today are increasingly connected, if not integrated, while the means by which we organize our political lives remain partial and fragmented" (Ruggie 2000: 3).

This chapter will examine the role of the UN in addressing international security problems. The first part will survey the UN's evolving contribution from 1945 to the present. The Cold War prevented the UN from performing as expected because superpower animosities were played out both in the Security Council and in other organs. Excessive

use of vetoes limited the UN's ability to maintain the peace. The post-Cold War era initially offered the promise of a more assertive UN, but expansion of the security concept, and changes in global conditions, have revealed the need for a major transformation in the way the UN functions.

This need has become increasingly evident with the growth of transnational crime and terrorism, which will be addressed in the second part of this chapter. While the United States responded directly to the al-Qaeda attack of September 11, 2001, the UN has also undertaken a dual response by building upon legal foundations it has been developing since the 1970s, and by attempting to address conditions that give rise to terrorists and terrorism. "Preventive" approaches to international security problems have been central to the UN since its establishment, but prevention is receiving greater emphasis today in the belief that addressing the root causes of conflict may be less costly in the long run than perpetually treating the symptoms.

The third section of this chapter will survey the emerging peace-building functions of the UN. In a rapidly globalizing world, it seems obvious that the most effective way to deal with international conflicts is through constructing a global culture of peace with the aim of preventing conflicts before they threaten the security both of states and of peoples.

The Evolution of UN Contributions to International Security

The UN was created in 1945, in the city of San Francisco, by 51 nation-states. Its primary mission was to "save succeeding generations from the scourge of war." According to Article 1 of its Charter, the new world body was expected to "maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace."

Its founders expected the UN to adopt two distinct strategies. When peace was threatened, certain reactive instruments would be available to manage a conflict by suppressing it through collective security arrangements, by separating the warring parties through mediation efforts, or by using peaceful means of diplomacy, peacemaking, and arbitration. The second strategy was to be proactive, searching for the underlying causes of conflict and attempting to address them before an actual conflict

broke out. The instruments for the latter purpose would include international law, disarmament, and peace building.

Article 33 of the Charter states that "the parties to any dispute, the continuance of which is likely to endanger the maintenance of international peace and security, shall, first of all, seek a solution by negotiation, enquiry, mediation, conciliation, arbitration, judicial settlement, resort to regional agencies or arrangements, or other peaceful means of their own choice." In other words, peaceful and diplomatic means are to be tried first. During the tenure of Secretary-General Dag Hammarskjöld, who served from April 10, 1953 until September 18, 1961, the UN experimented with many of these instruments in conflicts in the Suez (1956-1967), in Gaza and the West Bank (during the 1950s), in Lebanon and Jordan (1958), and in Laos and the Congo (1961) (Schechter 2005: 53).

Thomas Boudreau (1984: 1-4) has emphasized the importance of the Secretary-General in identifying incipient conflicts and in using the good offices of that position to resolve them. Although the absence of a reliable early warning system has meant that the organization continues to react to conflicts rather than anticipate them (Knight and Yamashita 1993), there have been several important successes in UN diplomacy (Franck and Nolte 1993).[2] For instance, the UN played a significant mediating role in the almost decade-long conflict between Iran and Iraq, and Secretary-General Javier Pérez de Cuéllar is credited with brokering a ceasefire in 1988. Similarly, the Secretary-General's good offices helped to achieve withdrawal of Soviet forces from Afghanistan in the late 1980s, to facilitate the 1991 Paris agreement on the Cambodian question, ending almost 15 years of conflict in that country, and to promote the Central American peace process that led to the Esquipulas II-Agreement in 1989 (UNSG Report 1987).[3]

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[2] While the UN has made important contributions to international security through the Secretary-General's good offices, success has depended on the personal qualities and characteristics of the Secretary-General and that individual's willingness to use the full weight of the office to end disputes (Péerez de Cuéllar 1993). The lack of an effective early warning system and fact-finding body within the Secretary-General's office has meant that threats to international security too often erupt and spread before preventive diplomacy can be effectively utilized.

[3] In some cases, the Secretary-General has appointed a Special Representative of his office to oversee mediation efforts. For instance, the general peace agreement that was signed in 1992 in Mozambique by RENAMO (Resistëncia Nacional Moçambicana) and FRELIMO (Frente de Libertação de Moçambique) was implemented with the assistance of the UN Secretary-General's Special Representative, Aldo Ajello (Ajello 1999).

Once a conflict erupts, the Secretary-General can bring the matter to the Security Council. Article 34 of the Charter states that the Council can independently investigate any dispute, or any situation that may lead to international friction, in order to preserve international peace and security.[4] The Security Council is the apex of the UN system and is mandated by the Charter to take primary responsibility for maintaining international peace and security.[5] Its decisions are binding on all UN member states. Once the Council becomes aware of a threat to peace, Chapter VI of the Charter prescribes that it will first try to recommend terms of settlement through peaceful means. If the disputing parties are not disposed to accept the Council's recommendation, then the Council will pursue other measures, some of which former Secretary-General Boutros-Ghali detailed in his *Agenda for Peace* (Boutros-Ghali 1992).

From the beginning, the UN Charter also provided, in Article 7, for establishment of an International Court of Justice (ICJ) so that states might resolve their disputes by recourse to law. Although the Court has become an important element in peacemaking, not all UN member states accept its jurisdiction, and those that do can hold out reservations on any of its judgments. Also, this judicial body was created to address disputes *between states*. With the increasing frequency of civil conflicts, many parties are not able to bring their disputes to the ICJ for resolution or arbitration.

The creation in the early 1990s of Ad Hoc International Criminal Tribunals (for the former Yugoslavia and for Rwanda) represents a major innovation. Unlike the ICJ, these tribunals were established specifically to hold individuals accountable for atrocities (war crimes, genocide and crimes against humanity) and to deter such crimes. Although numerous offenders remain at large, the fact that the tribunal for Yugoslavia has been able to indict former state leaders, such as Slobodan Milosevic, attests to their effectiveness. The *ad hoc* tribunals have also provided the impetus for establishment of a Permanent International Criminal Court (ICC) in 1998. While this body is now separate and distinct from the UN, it was established by a UN conference of plenipotentiaries. Once it becomes fully functional, the ICC should help to strengthen the UN's ability to address security threats and to improve international criminal law enforcement (Chopra 2001).

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[4] The General Assembly or any member of the Council can also bring to the Council matters pertaining to conflicts that threaten international peace and security.

[5] The Council consists of 15 states: 5 permanent members (China, France, Russia, the UK and the US) and 10 non-permanent members elected by the Assembly on a rotational basis for two-year terms.

One major innovation within the UN system was the unique function of peacekeeping, a measure that lies between the provisions of Chapters VI and VII of the Charter.[6] Lester B. Pearson of Canada, one of the originators of the concept, described it as an intermediary technique between "merely passing resolutions and actually fighting" (Pearson 1957: 401). In effect, UN peacekeeping became the employment, under UN auspices, of military, paramilitary, or non-military personnel or forces in a theatre of political conflict. Its immediate purpose is to separate warring factions long enough to allow negotiations. UN peacekeeping "was thus conceptually distinguished from the diplomatic enterprises of peace-making and the coercive activity of peace-enforcement and, since there is no mention of this mechanism in the Charter, the expression 'a chapter six and a half operation' was first coined by the UN SG Dag Hammarskjöld to describe it" (Knight 2000: 88).

During the Cold War, UN peacekeeping operations fell into two broad categories: 1) military observer missions involving relatively small numbers of unarmed officers and charged with monitoring ceasefires, verifying troop withdrawals, or patrolling borders or demilitarized zones; and 2) peacekeeping forces composed of lightly armed national troop contingents, deployed to carry out tasks similar to those of military observers and often to act as a buffer between hostile parties. The first UN observer mission was the United Nations Truce Supervision Organization that has operated in Palestine since 1948. The first peacekeeping operation was deployed during the Suez conflict in 1956, when a multinational emergency force was established by the Security Council to separate combatants, reduce tensions, and ultimately facilitate a settlement.

The experiences gained by UN peacekeepers during the Cold War have served as the basis for the evolution of peacekeeping in the post-Cold War period. Today's peacekeepers are usually engaged in preventive deployment (Williams 2001), temporary administration of countries coming out of conflict (Chopra 2002; Sorpong 2001), election monitoring (Morphet 1993), protecting delivery of humanitarian assistance, and helping to create stable and secure environments in which to consolidate peace in the wake of conflict (Annan 2001a). The evolution of peacekeeping has meant that a growing number of operations now involve a combination of military and civilian personnel. The mandate of these

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[6] Chapter VI deals with "pacific settlement of disputes," while Chapter VII provides for use of force.

second-generation missions can include helping to create political institutions and to broaden their base; working alongside governments, non-governmental organizations and local citizens' groups to provide emergency relief; demobilizing former combatants and reintegrating them into society; clearing landmines; organizing and conducting elections; and promoting sustainable development practices.

Recently the Security Council, relying on its member governments, has been equipping peacekeeping operations with credible military capacity. In 1996 a "robust" force—the UN Transitional Administration in Eastern Slavonia, Baranja and Western Sirmium—was outfitted with heavy weapons as a deterrent. The Council also authorized member states to provide close air support in support of the mission. In Sierra Leone, the UN peace operation combined political pressure with a strong military posture to dissuade one of the parties from resuming the military option. In July 2000, the peacekeeping force undertook a "military" operation to free more than 230 UN peacekeepers who had been trapped for more than two months by rebel forces (UN, DPKO, 2003). To facilitate enforcement peacekeeping, the Security Council has been incorporating Chapter VII of the UN Charter into some resolutions as a means of securing peace or bringing an end to intractable conflicts.[7]

There are times, however, when even "robust" peacekeeping will not suffice, and coercive diplomatic measures are required. Sanctions are used to force deviant states or groups to comply with international legal norms or to end threats to international peace and security. Essentially, sanctions are used to persuade the defecting party to reconsider its behavior and change its actions and policies. Sanctions are therefore tools of coercion (Hufbauer et al. 1990). They are part of "coercive diplomacy" in that they employ "threats or limited force to persuade an opponent to call off or undo an encroachment" (Craig and George 1995: 196).

The range of UN sanctions includes arms embargoes (Knight 1998), financial and trade restrictions, interruption of relations by sea and air, and diplomatic isolation. When diplomacy fails and use of military force may be too risky, the Security Council may turn to economic sanctions in dealing with a state that has defected from specific international norms. During the Cold War, UN economic sanctions were imposed on South

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[7] The Council has invoked Chapter VII in seventeen sanctions cases so far: Afghanistan, Angola, Cote d'Ivoire, the Democratic Republic of the Congo, Ethiopia and Eritrea, Haiti, Iraq, Liberia, Libya, Rwanda, Sierra Leone, Somalia, South Africa, Southern Rhodesia, Sudan, the former Yugoslavia, and most recently against al-Qaeda terrorists. On the latter, see UN Security Council resolution 1617 (29 July 2005).

Africa to end apartheid and on Rhodesia to force an end to a racist and illegitimate regime (Doxey 1990). Since the end of the Cold War, we have witnessed an exponential increase in the number of UN-imposed sanctions.[8] Secretary-General Kofi Annan, in his opening address to the International Peace Academy Seminar on "Sanctions," held in New York on April 17, 2001, referred to their use as "one of the defining characteristics of the post-cold war era" (Kofi Annan 2001b).

One test of this peacemaking instrument occurred in August of 1990, when the Security Council imposed economic sanctions on Iraq for invading and occupying Kuwait. The result is a reminder that even harsh and comprehensive economic sanctions may not be effective. Iraq's initial refusal to withdraw its forces set in motion the events leading to the 1991 Gulf War—a shift from coercive diplomacy to military sanction. The UN also approved military sanction against the Taliban and al-Qaeda in Afghanistan after the 9-11 terrorist attack on the United States. However, when George W. Bush sought similar sanctions to address Saddam Hussein's alleged link to global terrorism and suspected possession of weapons of mass destruction, the UN Security Council was divided. As a result, in 2003 the Bush administration assembled a coalition of willing states to invade Iraq without UN endorsement.

We have learned from use of UN sanctions that they can be rather blunt instruments. They are punitive in intent (Clawson 1993), and one recurrent problem has been unintended collateral damage to innocent individuals or groups within the target state, to those in neighboring states, and to people in proximate states that are locked into an interdependent relationship with the target state (Damrosch 1993; Christiansen and Powers 1993).[9] As a result, attention has focused on "targeted" or

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[8] Since 1990, economic sanctions were imposed on the following state and non-state actors: Afghanistan/Taliban, Albania, Algeria, Angola/UNITA, Azerbaijan, Burundi, Cambodia/Khmer Rouge, Cameroon, China, Colombia, Ecuador, El Salvador, Equatorial Guinea, Estonia, France, Guatemala, Haiti, India, Indonesia, Iraq, Italy, Jordan, Kazakhstan, Kenya, Latvia, Liberia, Libya, Lithuania, Macedonia, Malawi, Nicaragua, Niger, Nigeria, North Korea, Paraguay, Peru, Rwanda, Sierra Leone, Sudan, Swiss Banks, Thailand, The Gambia, Togo, Turkey, Turkmenistan, Ukraine, USSR, Yemen, Yugoslavia, Zaire, and Zambia.

[9] Such unintended consequences forced the UN to develop ways of alleviating the suffering that Iraqi children and much of that country's population endured as a result of the harsh economic sanctions levied against Iraq. In that case, $46 billion of Iraqi oil export earnings were taken from the Iraqi government over a seven-year period and used to buy food and medical supplies for the Iraqi people (http://www.un.org/Depts/oip/Independent.html). The oil-for-food program was marred by allegations of fraud and corruption on the part of UN officials, personnel and agents, as well as contractors,

"smart" sanctions aimed at specific individuals or governing elites. Targeted sanctions have been the object of intense international scrutiny in the effort to ensure their effectiveness.[10]

There are times when general and comprehensive UN economic sanctions have to be supported by more specific forms such as curtailing financial transactions, freezing bank accounts, limiting travel and aviation, and imposing arms embargoes. UN arms embargoes were one of the earliest forms of "smart sanctions," targeting the instruments of death: "By denying aggressors and human rights abusers the implements of war and repression, arms embargoes contribute directly to preventing and reducing the level of armed conflict" (Cortright and Lopez 2000). The UN has utilized arms embargoes in theaters of conflict since 1948 (Knight 1998: 3), and since the end of the Cold War such embargoes have been imposed on Iraq, the Former Yugoslavia, the Federal Republic of Yugoslavia (including Kosovo), Libyan Arab Jamahiriya, Haiti, Afghanistan under Taliban control, Somalia, Liberia, UNITA in Angola, Rwanda, Sierra Leone and the RUF, and Ethiopia/Eritrea (Knight 2003).

Several lessons have been learned. First, the UN and its member states have found arms embargoes to be a desirable alternative in many cases to use of military force when faced with "threats to the peace." Second, the UN is still concerned about the effectiveness of arms embargoes for preserving international security. As a result, the organization has been looking for ways to make arms embargoes even smarter and to refine their implementation. Third, the tasks involved in monitoring, verifying

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including entities that entered into contracts with the UN or with Iraq under this program. This scandal led to an independent inquiry under the chairmanship of Paul Volcker (http://www.un.org/Depts/oip/Independent.html).

[10] One such effort, labeled the *Interlaken process*, was initiated by Switzerland and primarily concerned the imposition of financial sanctions. This was followed by another initiative, this time by Germany, resulting in the *Bonn-Berlin process* that focused on other forms of targeted sanctions, notably arms embargoes, and aviation and travel sanctions. These two processes brought together experts, academic researchers, diplomats, practitioners, and non-governmental organizations and produced two manual-styled volumes that were presented to the UN Security Council in October 2001 (Brzoska 2001a and 2001b). Around the same time, Sweden announced the initiation of a third process—the *Stockholm Process*—drawing on a similar combination of expertise. This time the focus was on the best ways of implementing the suggested measures. The results of this analysis were presented to the UN Secretary-General and the Security Council early in 2003 (see www.smartsanctions.se, www.smartsanctions.ch and www.smartsanctions.de). A parallel but separate project on the legal safeguards for individuals placed on target lists has also been undertaken in Sweden (Cameron 2002).

compliance with, and implementing arms embargoes are many and varied. These tasks are being undertaken, in some cases poorly, by a variety of agencies and bodies.

It would seem that the best way to improve effectiveness would be for the UN to create a designated body to ensure that states and other actors comply with Security Council resolutions that impose arms embargoes. This designated body would be responsible for drafting codes of conduct on arms transfers, on the establishment of transparency mechanisms, and on the methods used by states, international and regional organizations in enforcing arms embargoes. It will be important to provide secure funding and appropriate expertise to this body so that it might properly carry out its functions, including developing a data base and maintaining a ready inventory of experts who could be called on at a moment's notice to verify the application of arms embargoes or to search out violators.

Fourth, the UN should develop a more systematic plan for assisting member states in adopting legislative, administrative, and technical apparatuses to facilitate compliance. National legislation ought to be put in place in every UN member country to ensure that governments properly criminalize violations of a UN arms embargo. Governments should then be in a position to prosecute violators who supply, or aid in supplying, embargoed weapons to targeted states and non-state actors. Such legislation should also give governments the ability to prosecute their nationals who violate a UN arms embargo even if the offenders have committed the deed on foreign soil. Each UN member government should also specify a particular department to oversee its own compliance with UN Security Council resolutions imposing arms embargoes.

Finally, the UN needs to find a better method of dealing with non-state actors, particularly with illicit arms brokers and traffickers. Some governments, such as the UK, are beginning to adopt new export controls that require registration and licensing of arms brokers. It would be a significant first step in the attempt to control the flow of weapons if all states were to follow suit or, better yet, if this were done at the international level. If arms dealers who violate UN embargoes were subject to major fines, this could significantly increase the cost of violations. Perhaps another way of deterring violators would be to treat them as international criminals and bring them before the International Criminal Court (ICC) to face the charge of crimes against humanity. After all, such individuals are vendors of instruments of death that have decimated large populations, particularly on the African continent, and their actions clearly violate international human rights and humanitarian law.

If sanctions and arms embargoes fail to end threats to international security, then the Security Council, as a last resort, may invoke Chapter VII of the UN Charter and approve military action. Article 42 of Chapter VII states that the Council "may take such action by air, sea, or land forces as may be necessary to maintain or restore international peace and security. Such action may include demonstrations, blockades, and other operations by air, sea, or land forces of Members of the United Nations."

The UN and Terrorism

Since the late 1960s, international terrorism has occupied the UN's agenda. In this connection, the UN faces two choices: 1) to react to every incident by condemning it and mobilizing member states to use force in combating it; or 2) to address terrorism's underlying causes. In 1972 the UN General Assembly explicitly addressed this issue as an international security problem. Secretary-General Kurt Waldheim brought the issue to the attention of the Assembly in the wake of several major acts of terror, most notably the attack on Lod Airport in Israel and the 1972 slaughter of Israeli athletes at the Summer Olympics in Munich. Expressing deep concern with acts of international terrorism and the toll it was taking in terms of innocent human life, the General Assembly urged states to search for the "underlying causes which give rise to such acts of violence" (UN General Assembly 1972). At the same time, however, the Assembly reaffirmed the inalienable right of peoples to self-determination and upheld the violent struggle of national-liberation movements as a legitimate form of resistance against colonial and racist regimes.

This ambivalent response reflected the views of several "radical" states that had obtained independence from colonial and imperial powers during the 1960s and early 1970s, some through violent struggle, and were now members of the UN system. An ad hoc Committee was formed to find ways to end terrorism. During the Cold War, the Soviet Union and several of the more radical leftist countries of the Third World frequently pointed to the fact that the US, Israel, and South Africa were involved in what they called "state terrorism" against leftist and Marxist movements, Palestinians, and anti-Apartheid activists. In the mid-1980s, the Reagan administration waged state terrorism in its fight against leftists in Central America (Chomsky 2001: 23-59). The result was disagreement within the UN over the definition of terrorism: "one man's terrorist is another's freedom fighter." The dispute has centered on what constitutes a terrorist act and, in particular, how one should classify

Palestinian suicide bombings and Israeli military actions in the West Bank and Gaza.

Consideration of terrorism as a problem both of international security and of human rights remained on the General Assembly's agenda throughout the 1970s and 1980s, when a number of Conventions were adopted to deal with various aspects of the problem (see Table 1).[11] In

Table 1

International Conventions established to address the problem of terrorism

Convention for the Suppression of Unlawful Seizure of Aircraft, signed at The Hague on December 16, 1970.

Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on September 23, 1971.

Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, adopted by the General Assembly of the United Nations on December 14, 1973.

International Convention against the Taking of Hostages, adopted by the General Assembly of the United Nations on December 17, 1979.

Convention on the Physical Protection of Nuclear Material, signed at Vienna on March 3, 1980.

Protocol on the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, signed at Montreal on February 24, 1988.

Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, done at Rome on March 10, 1988.

Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf, done at Rome on March 10, 1988.

International Convention for the Suppression of Terrorist Bombings, adopted by the General Assembly of the United Nations on December 15, 1997.

Source: http://www.cunr.org/priorities/Treaties_Terrorism.htm

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[11] Terrorism as an item became the concern of the Sixth Committee.

1989, the end of the Cold War opened a window of opportunity for the UN membership to reach some consensus. In 1991, the first resolution to be passed unanimously by the Assembly on "measures to eliminate international terrorism" shifted from concern with distinguishing between legitimate armed struggle and terrorism to concern with the means employed by terrorists (UN General Assembly 1991). A link was also made between the international security problem of terrorism and that of drug trafficking (narco-terrorism) and the proliferation of "paramilitary gangs" (Combs 2003: 108-110). This resolution called not only on states but also on specialized agencies of the UN and other intergovernmental organizations to do all in their power to combat this growing transnational threat to state and human security (UN General Assembly 1991).

Despite the normative framework laid down by the Assembly, acts of terrorism continued to threaten individual states, innocent citizens, and the international community at large. Terrorist attacks such as those against Pan Am Flight 103 over Lockerbie Scotland (December 1988) and against Union des Transport Aeriens Flight 772 over Niger (September 1989), prompted some permanent members of the Security Council (namely, France, Britain, and the United States) to involve the Council in the fight against this transnational security threat. The subject became a serious issue in 1992 when, at the Council's first ever meeting of Heads of State and Government, Council members expressed deep concern over acts of international terrorism and stressed the importance of addressing this problem (UN Document 1992).

By March of the same year, the Council took action against a known terrorist state, Libya, by imposing mandatory sanctions on that country for involvement in the terrorist bombing of a discotheque in Germany. It was determined as well that Libya was involved in downing Pan Am Flight 103. In addition, the British had evidence that Libya was providing support to the Irish Republican Army, whose brand of terrorism had crossed the line from armed resistance against an occupying power to indiscriminate acts of violence that targeted innocent people. The Council's resolution declared Libya's actions a "threat to international peace and security" and invoked Chapter VII of the Charter. Apart from earlier economic sanctions, an arms embargo was imposed on Libya (Knight 2003) together with restrictions on flights into and leaving that country (UN Security Council 1992a and 1992b). Member states were also asked to freeze specified Libyan government assets (UN Security Council 1993). Eventually Libya succumbed to Council demands and handed over two Libyan-born suspects to be tried under Scottish law

in a court in the Netherlands.[12] The norm criminalizing terrorism was upheld and made more robust by Libya's eventual, albeit reluctant, compliance with Security Council resolutions.

In 1996, the Council again backed rhetoric with action, this time imposing economic sanctions against Sudan for serving as a refuge, nexus, and training hub for a number of international terrorist organizations primarily of Middle East origin. The Sudanese government had refused to extradite three individuals who were suspected of carrying out a failed assassination attempt on the life of Egyptian President Hosni Mubarak while he was visiting Addis Ababa in Ethiopia on June 26, 1995 (UN Security Council 1996a and 1996b). Sudan failed to comply with the Security Council's demand that it cease to support terrorists and turn over the three Egyptian Al-Gama'a al-Islamiyyah fugitives who had been linked to the assassination attempt. The Libyan government denied any foreknowledge of the planning behind the Mubarak assassination attempt and claimed that it did not know the whereabouts of the assailants. It was only after passage of three critical UN Security Council resolutions and the bombing of a pharmaceutical plant in Khartoum (suspected of being a dual-use facility for the al-Qaeda network) that the Sudanese government ordered Osama bin Laden to uproot his terrorist organization from Sudan.[13] In return for Sudan's cooperation, the Security Council lifted the sanctions placed on that country (UN Security Council 2001a). One must conclude that it was the impact of UN sanctions, backed by U.S. military might, that forced the Sudanese government finally to comply with its international legal obligation.

After leaving Sudan, Osama bin Laden and his al-Qaeda terrorist organization moved to Afghanistan, receiving the support of the Taliban regime. Al-Qaeda was linked to several terrorist attacks, including the 1998 bombings of the US Embassies in Nairobi, Kenya, and Dar es Salaam that killed at least 301 individuals and injured more than 5,000 others. These acts prompted the Security Council to condemn the Taliban for allowing Afghanistan to be used as a base for terrorist training and for exporting terrorism via the Al-Qaeda network. The Council demanded that the Taliban turn over Osama bin Laden without delay "to appropriate authorities in a country where he has been indicted, or to appropriate authorities in a country where he will be returned to such a country, or to appropriate authorities in a country where he will be arrested and effectively brought to justice" (UN Security Council 1999).

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[12] See (http://www.arabicnews.com/ansub/Daily/Day/990405/1999040555.html).
[13] Al-Qaeda means "the base" in Arabic.

The Council also imposed financial and travel sanctions on the Taliban regime. Resolution 1333, adopted on December 19, 2000, tightened the earlier sanctions and demanded that the Taliban act swiftly to close all terrorist training camps in the territory under its control. These resolutions seemed to have little effect on the Taliban regime or on the al-Qaeda network, which was now operating as a global terrorist and criminal organization with approximate 4,000 to 5,000 well-trained fighters in about 50 countries around the world (Hoffman 1999: 10). In December 2000, the Council strengthened sanctions on the Taliban by imposing an arms embargo (UN Security Council 2000). Nevertheless, sanctions proved futile against an already illegitimate regime and non-state criminal actors who were operating covertly outside the confines of international law and norms.

On September 11, 2001, when the US sustained the al-Qaeda terrorist assault on New York, tackling terrorism with more coercive instruments became a top priority for the UN Security Council. Within hours of the attack, a draft resolution was circulated among Council members strongly condemning the attack on American soil and paving the way for a US-led military response on Afghanistan (UN Security Council 2001b). A couple of weeks later the Council adopted resolution 1373, which obliged all 191 UN member governments to use domestic legislation and executive action in an effort to combat future terrorist acts. The resolution called for freezing terrorists' assets; prohibition of fundraising for terrorist activities; denial of safe haven, passage, arms, or other material assistance to terrorists; and the sharing of information between states about terrorists operations. UN member states were obligated under this resolution to report to the Counter-Terrorism Committee concerning the legislative and administrative steps they were taking to fulfill these requirements (Knight 2004).

One important element of the UN Security Council's response to the 9-11 attack was that it lent legitimacy to unilateral military action by states that are subject to terrorist attack and the threat of attack. This action, in some respects, helped to weaken the norm prohibiting the use of force that has been a central element of the UN Charter. It also presents another problem for the international community. Some states will have difficulty carrying out the anti-terrorist measures prescribed by the Council. Many of these measures require institutional and material resources that several developing countries, and even some industrial ones, may not have at their disposal. If a majority of member states are unable or unwilling to comply with the Council's demands on this issue, the result could undermine or weaken the authority and legitimacy not only of the Security Council but also of the UN system itself.

One positive outcome of the Council's response to 9-11 was creation of the Counter-Terrorism Committee (CTC) to help states develop the necessary legislative and executive measures to combat terrorism. All UN member states were expected to provide the CTC with reports by the end of 2001 indicating the steps they had taken to deal with international terrorism. From the 176 reports received, it was clear that most states are not yet in a position, legislatively or administratively, to tackle this problem successfully. The CTC is also not in a position to help bridge these gaps of administrative and legal capacity. The CTC has a staff of only twelve, and it has no independent budget. Furthermore, UN member states remain at odds over the definition of terrorism.

Nevertheless, both the General Assembly and the Security Council have determined that terrorism is a global and transnational concern that cannot be dealt with by single states. It is the kind of threat that calls for a multilateral response, which is best provided through the United Nations and the norms that criminalize terrorist acts. Even the Bush administration seems to have come to the view that broad cooperation is necessary for combating international terrorism. In addition, the UN collectively possesses the requisite socio-political and legal framework for addressing terrorism's root causes.

The UN already has 13 treaties designed to counter various aspects of terrorism, but it has yet to reach agreement among member governments on a comprehensive convention. The draft of a "comprehensive convention on international terrorism" has been stalled in the UN's legal committee since 1996, where negotiations have repeatedly been bogged down over the definition of terrorism. However, recent suicide bombings in Madrid, London, and Egypt have once again spurred member governments to make an effort to reach consensus on just what constitutes terrorism. At the time of writing, the Secretary-General has indicated that the organization will attempt once again to break the impasse over a comprehensive, global treaty that will necessarily include an agreed definition of terrorism.

Kofi Annan has asked the 191 member governments to use the world summit in New York, scheduled for September 2005, to put differences on this subject behind them. He has also challenged the world's political, religious, and civic leaders to state unequivocally that "terrorism is unacceptable under any circumstances and in any culture." One can read into this that the Secretary-General may have come to the conclusion that even "freedom-fighting" can no longer be used as an excuse for killing innocent people. Indeed, Annan has outlined a five-pillar strategy to counter terrorism, the goals of which are to dissuade people from resorting to terrorism or supporting it; to deny terrorists access to funds

and materials that can be used to carry out acts of terror; to deter states from sponsoring terrorism; to develop states' capacity to defeat terrorism; and to defend human rights in the counter-response to terrorism and thus lay the foundation for a culture of peace (United Nations General Assembly 2005: 26).

Building Peace Through Prevention of Violent Conflict

At the heart of the UN's and Annan's counter-terrorism strategy is the notion of prevention through trying to understand why people become terrorists. This strategy is directly linked to peace building, which involves addressing the structural causes of conflict. It emphasizes bottom-up approaches and calls for a radical transformation of society away from coercion and violence to an embedded culture of peace.

Peace building became part of the official discourse in the 1990s, when former UN Secretary-General Boutros Boutros-Ghali used the term in *An Agenda for Peace*.[14] Initially the concept was linked specifically with post-conflict societies. Boutros-Ghali (1992) defined post-conflict peace building as "action to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into conflict" (p. 11). He saw peace building as an integral part of the UN's work to provide a seamless and comprehensive strategy for dealing with violent conflicts.

The precise elements of peace building, as envisioned by the former Secretary-General, included disarming warring parties, restoring order, decommissioning and destroying weapons, repatriating refugees, providing advice and training for security personnel, monitoring elections, demining and other forms of demilitarization, providing technical assistance, advancing efforts to protect human rights, and reforming and strengthening institutions of governance—including assistance in monitoring and

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[14] It should be noted, however, that Javier Pérez de Cuéllar, from the time when he represented the UN on the Cyprus issue in the late 1970s to his work as Secretary-General after succeeding Kurt Waldheim in 1982, laid the foundation for the concept of peace building. Certainly his strong advocacy of assertive peacekeeping and his involvement in negotiating the cease-fire in the Iran-Iraq war, in facilitating the Soviet withdrawal from Afghanistan, in negotiating a peace pact between the El Salvadorian government and rebels, and in brokering the 1991 Cambodian peace accord, served this purpose. The actual document, which under Boutros-Ghali's name, advocated peace building, was written largely by a Finnish acolyte of de Cuéllar—Tapio Kanninen—when he was Chief of the Policy Planning Unit in the Department of Political Affairs at the United Nations.

supervising electoral processes and promoting formal and informal participation in the political process. Other projects include educational exchanges and curriculum reform designed to reduce hostile perceptions of the "other" and to forestall the renewal of hostilities between factions. In essence, peace building is conceived as the construction of a new environment—in terms of politics, culture, economics, and security—and can be viewed as a direct counterpart to preventive diplomacy, "which seeks to avoid the breakdown of peaceful conditions" (Boutros-Ghali 1992: 33).

This view is premised on the notion that the UN and other would-be peace builders have an obligation to provide proactive support for the transformation of deficient national structures and capabilities and to work for the strengthening of democratic institutions. Boutros-Ghali argued that social peace is as important as strategic or political peace (Boutros-Ghali 1992: 34). Most discussions of peace building regard it as a multidimensional approach, involving participants from many sectors with a view to reconstructing deficient practices and institutions: "In the broadest terms, peacebuilding refers to those initiatives which foster and support sustainable structures and processes, which strengthen the prospects for peaceful coexistence and decrease the likelihood of the outbreak, reoccurrence, or continuation, of violent conflict. The process entails both short- and long-term objectives, for example, short-term humanitarian operations, and longer-term developmental, political, economic, and social objectives" (Bush 1996: 76).

Although Boutros-Ghali conceived of peace building as a post-conflict activity, UN peace building can also be practiced at a "pre-conflict" stage to forestall the outbreak of violence. The Carnegie Commission on the Prevention of Deadly Conflict viewed peace building as "structural prevention"—strategies designed to address the root causes of deadly conflict—or "operational prevention"—strategies and tactics adopted in the midst of a crisis or immediately thereafter to reconstruct the peace and thereby prevent a recurrence of violent conflict (Carnegie Commission 1997). Structural and operational peace building is closely tied to preventive diplomacy and other Chapter VI measures in the UN Charter.

In Cambodia (1993), East Timor (1999), and Kosovo (2000), the UN was given full responsibility for peace-building operations. The UN has also developed specialized instruments for this purpose such as use of the Secretary General's Special representatives or of the more permanent UN Office for the High Commissioner for Human Rights. The UN has also created new "peace-building" roles for special rapporteurs, district administrators, or representatives for children or displaced persons in societies moving away from violent conflicts. People who play

these roles generally come from countries in the South. They have developed a capacity to conduct early warning and have become important sources of on-the-ground information in post-conflict theaters.

International and regional financial institutions are also becoming involved in peace-building efforts. The World Bank, for instance, has been directly engaged in East Timor. The International Development Association of the World Bank was designated trustee of the reconstruction Trust Fund for East Timor and played a major role in community empowerment and local governance. Disarmament at all levels, including nuclear weapons, small arms, landmines, and others, is another part of this international effort. Nevertheless, there remain many concerns about the capacity to support UN peace-building endeavors (de Soto and del Castillo 1994). There have also been very significant concerns expressed regarding coordination of the activities of the many organizations involved in UN operations. Several authors have noted that one set of international institutions may be supporting a peace-building process at the same time as another is enforcing policies that directly or indirectly undermine such efforts. Most often cited in this regard are the strict conditionalities imposed by international financial institutions, which may impede reconstruction efforts in post-conflict situations (Park 2002).

UN peace building emerged as a significant international practice alongside a growing concern about human security in general. Beginning in the 1990s, with the reports of the UN Development Programme, a number of governments, including Canada, Chile, Norway, and South Africa, have identified human security as a foreign-policy priority. Seeing the need for a more profound understanding of what is required for personal security, these governments have warned that both conflict and post-conflict conditions disrupt security for people who lack protection under international law. The commitment to peace building entails guarantees that touch the lives of individuals and also recognize the differing security needs of men, women, and children.

Simply ending the fighting does not necessarily increase security for all citizens. For example, many post-conflict societies experience a significant increase in violent crime, which can be just as pervasive a source of insecurity as civil war. Moreover, securing a safe environment for men or for one ethnic group does not necessarily reduce the security threats to other segments of the population. This is a primary reason for the recent emphasis on putting the needs of individuals, not just sovereign states, at the center of international relations (Axworthy 2001). Civil conflicts, since the end of the Cold War, have been devastating for individuals within war-torn societies. Such wars frequently entail extensive

crimes against innocent and vulnerable populations and require an ele-
ment of retributive justice as part of the process of reconciliation.

Dealing with the past is an unavoidable issue that UN peace build-
ing must confront (Mani 2002). A society coming out of conflict must
find ways to address the fact that gross violations of human rights—
genocide, ethnic cleansing, forced displacement, torture, rape, and assas-
sinations—may have occurred. One mechanism for dealing with these
horrors is the truth commission. Sometimes accompanied by amnesty
for some perpetrators, truth commissions aim to achieve reconciliation
through justice. By inadvertently keeping alive the memory of atrocities,
they may accentuate the cleavages in society, but they also serve as a
constant reminder of atrocities that must never be repeated.

Truth Commissions have differed widely in terms of mandate, com-
position, objectives, legitimacy, and results.[15] The Truth and Reconciliation
Commission in South Africa has made an important contribution to
peace building in that country. Composed entirely of South Africans, it
was mandated to conduct an exhaustive analysis of the weaknesses of
truth commissions elsewhere, particularly in Latin America. It tried to
examine each case of human rights abuse and to identify the perpetra-
tors in order to bring justice and promote forgiveness through direct
confrontation between victims and perpetrators.

There is no denying that UN intervention in the post-conflict search
for justice has also caused certain resentments. For some, it interferes
with local efforts and undermines the development of domestic judicial
capacities. This has been a concern in Rwanda, where a government
that harbors considerable resentment toward the international commu-
nity and its formal tribunals has sought to develop its own indigenous
methods, known as *gacaca*, for distributing justice in the aftermath of the
genocide of 1994. Here the hope has been that traditional methods will
expedite reconciliation and also secure a greater degree of legitimacy,
thus contributing more directly to a sustainable peace-building process
(Uvin and Mironko 2003).[16]

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[15] Note the differences in Argentina (1983-1984), Chile (1991), El Salvador (1993),
Haiti (1995), South Africa (1995), and Guatemala (1996).

[16] Despite the problems sometimes encountered, UN ad hoc tribunals are increasingly
recognized as important instruments for peace building and reconciliation. In the long
term, Kosovo might prove to be the most useful case in demonstrating both the efficacy
and the limits of international criminal tribunals. One of the most noteworthy limits was
the fact that the Tribunal no longer had jurisdiction once the war was over, yet while
the war was in progress, the Tribunal actually had a much clearer mandate than it did

In the most general terms, peace building may be conceived as a two-fold process that involves both *deconstructing* violence and *constructing*, or *reconstructing*, peace (Keating and Knight 2004).[17] According to Kenneth Bush, these activities are interrelated but separate, and they must be undertaken simultaneously. The instruments required for constructing peace (building confidence between formerly warring factions) are different from those required for deconstructing violence (disarmament, demobilization, and the demilitarization of society, economy, and polity). UN peace building aims to remove institutions, norms and practices that nurture conflict while simultaneously helping to build or rebuild those required in a society that supports tolerance, stability, socio-economic development, and enduring peace.

Conclusion

The UN's expansion into new regions and fields of action is not sustainable indefinitely, given its funding constraints, its lack of military and police forces, and the limits of its management capacities. In the twenty-first century, the UN must make fundamental choices concerning which combination of its many modes of action most effectively meet the challenges to international security in a globalizing world. As it decides on how it will operate in the new century, the UN should—and probably will—continue the transition it has been making over the past two decades. It will remain a unique forum for peaceful prevention or resolution of conflicts between states, and it will continue to field peacemaking or peacekeeping operations as required, learning new and more effective techniques in the process. It will also have to coordinate various coalitions in addressing security problems that it cannot manage on its own.

But the UN's most useful long-term contribution to world peace and stability may well be in promoting conditions within countries that enhance progress while minimizing the social disparities conducive to violent conflict. In this context, the list of objectives is long and familiar: encouraging democracy, improving health, reducing poverty, promoting human

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during the undeclared war in Bosnia. As an experiment in the application of international justice, war crimes tribunals provide a valuable lesson for the international community in responding to crimes against humanity, and several post-conflict scholars have recognized this.

 [17] Admittedly, the influence of a structural constructivist perspective, built on universalist rationalist instrumentalism, is evident in my work. However, this paper can be seen as an attempt to straddle the fence separating universalist and varied local positions.

rights and equality for women, making education available to all, combating HIV/AIDS, promoting youth employment, improving the quality of life for people with disabilities, combating illicit drugs and transnational crime, providing access to technology, protecting culture and the environment, and pursuing sustainable development. The UN's mandate involves both promotion of good governance and maintenance of international peace and security, two interdependent objectives that may be conceptually distinguished but are inseparable in practice. Secretary-General Kofi Annan recently articulated this dual purpose by saying that "non-violent management of conflict is the very essence of democracy" (Annan 2003: 3). Committing itself to building democracy and promoting the social conditions conducive to peace, the UN is extending its reach beyond interstate relations to promote human security in a truly global context.

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Terrorism and Globalization

Barry Cooper[1]

Abstract

   This chapter relates the material circumstances of globalization to cultural trauma and the spiritual disorder of pneumopathology. Eric Voegelin asserts that the pneumopathological terrorist suffers from a disease in which evil assumes the form of spirituality. Terrorist organizations, such as Aum Shinrikyo in Japan or Osama bin Laden's al-Qaeda, construct an imaginative "second reality" in which the murder of innocents is seen as contributing to a magical transformation of the world. This kind of terrorism replaces pragmatically rational pursuits with pathological spiritual aspirations in which Weapons of Mass Destruction and suicide bombings are both seen as appropriate instruments in an apocalyptic struggle between Good and Evil.

Introduction

"Terrorism shows the dark side of globalization"—the American Secretary of State Colin L. Powell made this observation on April 30, 2001, some sixteen weeks prior to the attacks on the World Trade Centre and the Pentagon. He was commenting on a report issued annually by his department that indicated, among other things, an 8 percent increase in international terrorist attacks during the previous year.[2] Two hundred of the 423 attacks recorded in the State Department inventory were directed against the United States. Other observers of international terrorism have made similar remarks.

   In this chapter I focus on three points. The first is that, to understand contemporary terrorism, one must begin by examining its context: the modern world, both in its material and in its spiritual dimensions.

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[2] (http://www.nytimes.com/2001/05/01/world/).

Second, I analyze recent trends in terrorism that might answer the question: What, if anything, is new about early twenty-first century terrorism? Third, I consider briefly the significance of terrorism for the contemporary historical process of globalization.

Context

The great political confrontations of the twentieth century involved democratic regimes against totalitarian ones. One need simply to recall the obvious: the general war of 1939-1945 was followed by a generation-long cold war. In contrast, "the defining issue of the early twenty-first century will be whether the democratic community can control dangerously chaotic strategic affairs in the vast, troubled regions outside its borders, which are not being made permanently peaceful by globalization."[3] The bimodal structure of twentieth-century international affairs seems, therefore, to have been perpetuated into the twenty-first century. There are, however, some significant social and political differences to which we must attend, beginning with material considerations.

In 1991, Thomas Homer-Dixon argued that war and civil violence are likely in the future to result from conflict over environmental resource scarcities such as water, arable land, forests, and fish, not commodity scarcities. The social indices for his prognostication are also well known. Global population over the next half-century has been projected to grow from about five and a half billion to around nine billion, and most of that growth will be in countries that have a low probability of future prosperity. Most do not have "information-age" economies; many are agrarian and are characterized by dysfunctional governments and poorly educated workforces. These places may not be able to provide minimal government services—defense of the realm and the administration of justice, to use Western medieval categories; they are almost certain not to be friendly to the West. Internally, environmentally stressed regimes can range from the frankly totalitarian, as in Iraq during the time of Saddam Hussein, to the loose kind of warlord balances of Somalia. Such countries are not eagerly awaiting the beneficial effects of a globalizing world. Indeed, with or without globalization the existing situation seems pregnant with a future of chaotic turbulence and trouble in many places, not ecumenic tranquility.

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[3] Institute for National Strategic Studies, National Defence University, Washington, D.C., "Globalization Study" (http://www.ndu.edu/inss/spa/global.html).

Often novelists are better at capturing the kinds of lives that people lead in such countries than are prosaic political observers. For example, even though V.S. Naipaul ([1977] 1997) was writing of India, usually seen as a triumph of political development, he subtitled his famous book, *A Wounded Civilization*. This is what he said of "modernizing" Indians: "They saw themselves at the beginning of things: unaccommodated men making a claim on their land for the first time, and out of chaos evolving their own philosophy of community and self-help. For them the past was dead; they had left it behind in the villages" (Naipaul 1977).

The past was dead. For urbanized peasants, the entire world is new, but unaccommodating. Possibly the least pleasant aspect of this newness is the unstable poverty of urban life, a poverty spiked with resentment and much different from the poverty of the villages. In the villages poverty was traditional, but tradition had died as well.

If these new-day men or women could imagine life in a pseudo-modern city, they would experience the beginning of things and would have no tradition to guide them into the future. Basic services such as electricity and running water would be scarce, interrupted, or simply not available. There is clear evidence of what Homer-Dixon (1991) called human-induced environmental pressure. In plain language, these people would find that the air stinks, and the water is dangerous to drink. The order, to say nothing of the comfort, of Western urban life is unknown to their experience, but may be available as a kind of utopian TV-mediated image. Under such circumstances, material discomfort can easily be spiritualized. As Ranstorp (1996) observed, economic change and disruption combined with "political repression, economic inequality and social upheaval common among desperate religious extremist movements, have all led to an increased sense of fragility, instability, and unpredictability for the present and the future" (p. 46). For people whose tradition is in tatters and who are exposed to contextless images of a materially comfortable west, force has an obvious appeal.

In Chapter 13 of Hobbes' *Leviathan*, devoted to "the natural condition of mankind," one finds his account of a potential for disorder into which common life may at any time relapse. Hobbes attributed the cause of such a relapse to pride and vanity, but saw as well that the absence of "a common power to fear" was needed. In any event, in such a condition, Hobbes said in his most oft-quoted phrase, there is "continual fear and danger of violent death; and the life of man, solitary, poor, nasty, brutish, and short." It is a state of war without law and without justice, filled only with force and fraud, the "two cardinal virtues" of war.

There is one other feature of Hobbes' account that we should also recall. His analysis of competition and the race to "out-do" is far more than a vulgar desire for consumer goods. True joy for a man, which is open to all human beings, "consisteth in comparing himself with other men" and is limited only by a kind of madness where people, believing themselves to have a special grace, begin to compare themselves to God. When groups of such people come together, their collective madness constitutes, in Hobbes' words, "the seditious roaring of a troubled nation."

It should perhaps be pointed out that the madness Hobbes had in mind was not so much the clinical disorders listed in the handbooks of psychiatry, but a *nosos*, a spiritual disorder, as Plato called it. Or, to use a more recent distinction apparently first made by Schelling but more extensively used by Eric Voegelin, it is a disease of the spirit, a pneumatopathology or a pneumo-pathology—not a mental disease, or a psychopathology—that afflicted human beings who saw themselves as specially chosen by God—or even as gods themselves.[4] As we discuss below, current pneumopathologies among terrorists are similar to those considered by Hobbes and lead people to claim divine inspiration or inspiration from other sources, some of them no doubt occult, and all of them hidden to the world of common sense. The plainly disturbed see themselves as political saviors; the mildly disordered may be content to profess the one and only truth. All of them, however, can flourish in the context of a past and a tradition that is dead. All can see themselves at the beginning of new and unaccommodating things, where the temptation of violence has perhaps its greatest appeal.

In this context, violence is to be understood not as a pragmatic mode of human activity (Arendt 1969) so much as a magic instrument to transfigure reality. Normal people living in a shared, commonsensical world do not believe in magic, whether violent or not; typically, therefore, an aspect of pneumopathological consciousness involves the construction of an imaginative "second reality" where terrorism can have its intended and magical effects.[5] When individuals who of necessity exist

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[4] See the several discussions in Voegelin's *Collected Works* published by The University of Missouri Press, starting in 1990. The texts can be found in *The Collected Works* (*CW*), vol. V, pp. 225-7, 239, 269, 280, 306. See also *CW*, XII, 55-6, 232-3; *CW*, XV, 310, 334; *CW*, XVI, 28, 318; *CW*, XVII, 300; *CW*, XVIII, 18, 48, 60; *CW*, XIX, 35, 81, 107, 128; *CW*, XXIV, 164, 183-4; *CW*, XXV, 152; *CW*, XXVI, 138, 278, 306, 325, 343; *CW*, XXVIII, 157, 202; *CW*, XXXI, 101-2, 108-9, 150-2, 155.

[5] The term "second reality" has been used chiefly by the great Austrian novelists, Robert Musil and Heimito von Doderer but was appropriated as well by Voegelin. See Cooper (2001).

within commonsensical or "first" reality nevertheless attempt to live within the imaginative or fantasy-based second reality, characteristic frictions between the two typically arise. As we shall see with respect to modern terrorism, the chief conflicts are, broadly speaking, "religious," which is to say, concerned with the structure of spiritual realities and their symbolization. We find, for example, the terrorists in Aum Shinrikyo poisoning their fellow citizens and perceiving their activity as a means of initiating a worldly apocalypse of history. Because, in fact or in reality, human beings do not have the ability to initiate a worldly apocalypse of history—because, in reality, the language of historical apocalypse is properly part of a speculation of divine rather than human activity— eventually friction between the activities of Aum Shinrikyo and the Japanese police would arise.

The attractiveness of violence to increasingly large but pneumopathologically afflicted populations, both in the West and in the rest of the globe, indicates a novel political context for the conduct of war. To repeat, war and violence are pragmatic elements of human culture, not inexplicable aberrations or breakdowns. Indeed, the fascinating studies of chimpanzees by Jane Goodall (1940: ch. 10) or Michael Ghiglieri (1999: ch. 6) have shown that war is part of primate life. As some military historians have argued, what has changed over the past few decades is not war or the human proclivity for war but the forms of war. What might be termed the orthodox account of modern war was given theoretical precision by Karl von Clausewitz (1984). According to him, war could be waged only by the state, for the state, and against another state; the instrument used in the conduct of war was the army, which was distinguished from the civilian population by customs such as the salute, separate laws, and distinct costumes. The third element postulated by Clausewitz is the people, the civilians, whose sole task was to remain quiet and pay their taxes. All of this practice was codified in the second half of the nineteenth century, say, from the battle of Solferino in 1859 to the Second Hague Conference in 1907. One of Clausewitz' contemporary critics has called this account of a *state* using an *army* to fight on behalf of a *people* "trinitarian war" (van Creveld 1991: 35-42; see also Keegan 1994: 18-24, 386-92).

Two things were implied by Clausewitzian orthodoxy. First, only states waged war; second, the practice of violence by peoples who knew nothing of the state or of the divisions between the state, the army, and the people were by definition *hors de loi*. On the one hand, this meant that Europeans operating in uniform outside of Europe were licensed to kill; on the other, it meant that the lesson was not lost upon non-Europeans. When war in the form of headhunting or "counting coup" was made

impossible by Europeans, and when such practices of war were central to non-European culture, an end to war was understood as an end to culture or as "cultural genocide."

To put it another way, societies not organized as states do not *have* armies; rather, they *are* armies. In principle, therefore, where armed force is directed by organizations that are not states against organizations that are not armies by people who are not soldiers, modern Clausewitzian categories are gone—as are distinctions between officers and "non-coms", military personnel and civilians, combatants and non-combatants—even the "wounded" as a category depends on the modern law of the state.

The absence of distinctions between armies and peoples or between armies and cultures is what makes the circle of trust among such military organizations so restricted, on the one hand, and on the other makes the circle of their targets so wide. Indeed, it is hard to think of a wider circle of targets than is provided by culture. For example, we were given a preview of the Taliban destruction of 1500-year-old monumental statues of the Buddha in Afghanistan when the Serbs obliterated medieval monuments in Croatian Dubrovnik.[6] Tightly based military organizations engaged in cultural conflicts have no use for another aspect of Clausewitzian war, respect for state borders. In addition, at least with respect to modern terrorism, the distinction between war and crime is also obliterated for the obvious reason that it depended on the integrity of the state and its legal monopoly of armed force.

"Traditional" Terrorism

According to the U.S. State Department, terrorism is the "premeditated, politically motivated violence perpetuated against non-combatant targets by sub-national groups or clandestine agents, usually intended to influence an audience" (United States Department of State 1998: vi; see also Kauppi 1998: 20; Stern 1999: 11). Christopher Harmon (2000) is even more specific. "Terrorism," he said, "has always one nature. Capable of different expressions, such as hot rage, cold contempt, and even 'humane' indulgences of certain victims, terrorism never loses its essential nature, which is the abuse of the innocent in the service of political power" (p. xv). It is, he continued, "the deliberate and systematic murder, maiming, and menacing of the innocent to inspire fear for political ends" (p. 1).

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[6] The Serbs did not, however, order hecatombs of cows to be sacrificed and the bloody chunks of beef to be distributed to the poor, as did Mullah Mohammed Omar (*Globe & Mail*, March 20, 2001, A9).

Terrorism has been the subject of a large number of presidential and prime ministerial statements over the years and is almost invariably included on the agenda of G-8 meetings. The purpose identified by the State Department, namely, "to influence an audience," led Brian Jenkins to remark as long ago as 1975 that "terrorists want a lot of people watching and a lot of people listening and not a lot of people dead" (1975: 15; see also Jenkins 1985a: 511; Jenkins 1985b: 6). Moreover, because conventional terrorists were more or less rational calculators, there were few demands that terrorists could make by threatening to inflict large-scale casualties (Hoffman 1999: 12). As a result, the weapons and the killing tended to be relatively limited. For many domestic terrorists or "nuisance" terrorists, as Laqueur (1999: 4) called them, the amount of damage they could inflict has also been limited.[7]

An examination of the history of terrorism, however, as well as the logic of its use, indicates that whatever limitations have been observed to terrorist violence have been almost entirely accidental and contingent. Thus, prior to the nineteenth century, the only acceptable justification for terrorism was religious. It is significant that the English words "thug," "assassin," and "zealot" are all connected to systematic religiously inspired killing (Rapoport 1984: 658-677). Like liberalism and conservativism, the word "terrorism" came into use during the French revolution. The *régime de la terreur* of 1793-1794 was established to bring stability by consolidating the power of the new revolutionary government. Shortly after, Burke denounced the "thousands of those Hell hounds called Terrorists . . . let loose on the people" (1854: V, 262). By the mid-nineteenth century, however, terrorism and terrorists had gained the familiar attributes of an anti-state conspiracy,[8] along with the purposes indicated by Jenkins and summarized by Carlo Pisacane about 1857 as "propaganda by deed."[9] Modern secular terrorists such as Pisacane and his successors tend to be intellectuals who offer reasons for using violence. Indeed, it is precisely in such texts that evidence for the pneumopathological character of the consciousness of terrorists is to be found.

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[7] See Egan (1999), Foxwell (2001), Whitsel (2000), and Monoghan (2000) for details regarding contemporary "nuisance" terrorism.

[8] This is not to imply that terror as a form of government ceased to be an option. On the contrary, it was essential to the operation of twentieth-century totalitarian governments. See Arendt (1966: ch. 13). This chapter was originally published in *The Review of Politics*, 15 (1953), 303-27.

[9] The words of the Italian terrorist were popularized, however, by his younger contemporary Paul Brousse in the pages of *L'Avant-Garde*. See Stafford (1971: 76-88, 123-124).

There is nothing specifically terrorist in the pragmatic use of violence, even with such typical measures as bomb-throwing or murder. Underlying the use of violence is a specific kind of revolutionary consciousness with something like the following profile: an active intellect experiences guilt at the misery and evil in a society or perhaps in the world at large; such a consciousness desires reform, but legitimate channels of constructive activity for one reason or another are closed; the way beyond this impasse may lie in a desire for self-sacrifice, particularly if the individual is gifted with great moral sensitivity—and as Hoffman (1998) observed, "the terrorist is fundamentally an *altruist*: he believes that he is serving a 'good' cause designed to achieve a greater good for a wider constituency—whether real or imagined—which the terrorist and his organization purport to represent" (p. 43). Or in the words of Walter Laqueur (1996), "traditional terrorism rests on the heroic gesture, on the willingness to sacrifice one's own life as proof of one's idealism" (p. 31). The *refusal* to distinguish what is real from what is imagined (or first from second reality) may be taken as typical of pneumopathology; the *inability* to do so is typical of psychopathology or ordinary insanity. This is why, for example, the Victorians spoke of "moral insanity" (Laqueur 1999: 231ff).

More to the point, most commonsensical individuals would reject out of hand the notion that terrorists' murder could ever be connected to altruism, self-sacrifice, and heroic gestures. "The essence of terrorism," Harmon (2000) said, "includes immoral kinds of calculations: singling out victims who are innocent; and bloodying that innocence to shock a . . . wider audience." The reality that terrorists carefully avoid facing "is that killing the innocent is inherently illegitimate. It can be as self-destroying for an organization as it is soul-destroying for an individual" (pp. 190, 195). The friction between first and second reality is expressed in the pneumopathological consciousness and the perverse logic that interprets murder as self-sacrifice. It is important, therefore, to explore these phenomena in some detail.

The crucial element within this form of consciousness is not that a terrorist might get caught and be punished, say, by execution for murder. Rather, by killing, "the terrorist sacrifices his moral personality" and this self-inflicted act of moral annihilation is both the supreme sacrifice and "his ultimate justification." It is also the clearest possible indication of pneumopathological consciousness:

> for a sacrifice of moral personality can neither be brought into a spirit of love nor is [it] acceptable to other men. It is not an act of love but rather an act of self-assertion by which the man who makes the sacrifice claims for himself an exceptional status in comparison with other men; the men

to whom he brings the sacrifice are misused as the audience for his own justification. Moreover, the sacrifice is spiritually vain because the sacrificial act, if understood as a model of conduct, would implicitly deny moral personality to the men for whom it is committed. The act would insinuate to them eventually to follow the example as well as to accept the sacrifice. Neither, however, is possible in a healthy spiritual relationship. For neither has man a right to place them in a position where his own sacrifice of moral personality would appear as requested by them for their benefit. The terroristic act as moralistic model is a symptom of the disease in which evil assumes the form of spirituality. (Voegelin 1999: 278)[10]

As we will see in the following section, the language changes when religious sentiments are invoked, but the identical pneumopathology is expressed through it.

Terrorists occasionally compare themselves to soldiers, and their victims usually consider them criminals. Leaving aside the issue of criminality, it seems obvious enough that terrorists are not soldiers. Not only is the formal relationship to a state (discussed above) typically absent, but terrorists also do not observe the limitations or rules for the conduct of war that armies usually do. A series of international agreements beginning in the 1860s established a number of conventions and restrictions on the conduct of war. Chief among them are the distinctions between combatants and non-combatants, a prohibition against hostage-taking, regulations governing the treatment of prisoners, recognition of the neutrality of certain states, the immunity of diplomats, and so on. On the other hand, "one of the fundamental *raisons d'être* of international terrorism is a refusal to be bound by such rules of warfare and codes of conduct. International terrorism disdains any concept of delimited areas of combat or demarcated battlefields, much less respect of neutral territory" (Hoffman 1998: 35-36). Fundamental to the conduct of war is the element of risk. War is not just killing. It begins not when A kills B, but when A risks his life to kill B. Accordingly, "killing people who do not or cannot resist does not count as war" (van Creveld 1991: 159).[11] Moreover, war is not simply concerned with advancing interests—in fact the notion of dying for the interests of somebody else (or indeed for oneself) is absurd since the dead are characterized precisely

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[10] The reference is to Vol. XXVI of Voegelin's *Collected Works* (which is Vol. 8 of his *History of Political Ideas*, edited by David Walsh).

[11] Michael Ignatieff discussed this question (though, thanks to a moralizing haze, with far less clarity) in *Virtual War: Kosovo and Beyond* (2000: 150-151, 160-161). For a discussion of the Hegelian analysis that lies behind all modern theories of war, see Cooper (1984: ch. 3).

by the absence of interest. War is not, therefore, the continuation of policy but of sport. Terrorists, to use a distinction of Jan Huizinga, are thus "spoil sports" rather than cheats (Huizinga 1955: 11 and ch. 5).

Traditional terrorism is associated with nineteenth-century bomb-throwing revolutionaries and ethno-nationalists operating within the moribund Russian, Ottoman, and Hapsburg empires. Terrorism intensified and became a global phenomenon, however, in the years following 1945. The Irgun in Palestine, the EOKA movement in Cyprus, and the FLN in Algeria can all be classified as the first wave of postwar anticolonial terrorism. They were important for the most obvious reason one can imagine: they were understood as having led to the successful foundation of new states. Thus, by the 1960s, terrorism was seen as an instrument to be used by other aggrieved individuals as if by imitation.

Modern Terrorism

The massive terrorist attacks of the 1990s and early years of the new millennium were preceded by a transition from traditional terrorism. The beginning of the new era is often identified precisely: July 22, 1968. On that date an El Al commercial airliner was hijacked with the purpose not of diverting the plane to an unscheduled destination, but to barter the passengers for imprisoned colleagues of the hijackers—in this instance, Palestinian terrorists held by Israel. During the 1970s most terrorist acts were "events of duration," that is, hijackings or hostage taking completed by nationalist separatists and social revolutionaries, usually Marxists of some sort, using the traditional weapons of bombs and guns. By the 1980s, new methods led to "conclusive events," that is, acts that took place too quickly to permit any counter-terrorist response—semtex plastic bombs, suicide bombing of airlines, and so on. Some of these acts were undertaken by Marxist revolutionaries, but religious and narco-terrorists introduced new motivations as well (Medd and Goldstein 1997: 282-283).

During the 1980s the first chemical attacks took place, motivated chiefly by economic blackmail: Chilean grapes and Israeli oranges were contaminated by opponents of the governments of those two countries; Mars Bars were contaminated by members of the Animal Liberation Front. The 1990s saw new alliances between traditional political terrorists and organized crime: the Cali cartel joined forces with the Revolutionary Armed Forces of Colombia, FARC, and other groups established working relationships with Chinese triads, Russian and Italian mafias, former KGB agents, and so on (Rapoport 1999: 55; Stern 1993). The most significant change in terrorist activity during the past quarter-century, however, concerns the search for weapons of mass destruction

(WMD) and the increased prominence of apocalyptic pneumopathological religious groups for whom terrorist violence is a magic act intended to bring about a transfiguration of reality.

We will consider first the technical aspects of contemporary terrorism and then the motivations for it.

In its annual public report for 2000, The Canadian Security and Intelligence Service (CSIS) made the following observation: "Advanced communications techniques, combined with the ease of international travel, have broadened terrorism's scope of operations, while greatly compressing the time frames available to security forces to detect and neutralize terrorist threats." Moreover, matters are likely to get worse in the years ahead: "The use of advanced explosive materials, in combination with highly sophisticated timers and detonators, will produce increasingly higher numbers of casualties. There will likely be terrorist attacks whose sole aim would be to incite terror itself. . . . Computers, modems, and the internet are enhancing the operational capabilities of terrorist organizations. . . . Terrorists also have augmented their security through the use of sophisticated encryption software to protect sensitive communications."[12] By "operational capabilities" CSIS referred to such things as commercially available instruction manuals and guides to assassination, poison, bomb making, and so on that can be downloaded from the internet. In addition, of course, the internet is a splendid means of communication (Hoffman 1998: 203; Hoffman 1999: 50; Reeve 1999: 262). The CSIS appraisal was essentially that of the United States.[13] Likewise the consensus among academic observers of terrorism was that advanced technology would increase the potential for damage and so enhance *vulnerability*, but that the probability of actual damage, or *threat*, was considerably lower.[14]

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[12] See (www.csis-scrs.gc.ca/eng/publicrp/pub2000-e.html). Internet bulletin boards carrying pornographic and sports information are the most popular hosts for hiding terrorist messages, according to Reuters (http://www.techtv.com/print/story/0,23102, 3310112,00.html).

[13] In a speech to the United Nations general assembly, President Clinton said, "terrorism has a new face in the 1990s. . . . The new technologies of terror and their increasing availability, along with the increasing mobility of terrorists raise chilling prospects of vulnerability to chemical, biological, and other kinds of attacks, bringing each of us into the category of possible victim" (www.pub.whitehouse.gov/uri-res/1ZR?unr:pdf).

[14] Compare, however, Hoffman (1998: 203-204) for cogent arguments concerning the convergence of vulnerability and threat as a result of technical changes rather than changes to motivation, which are discussed below.

In part, the divergence between "alarmists" and "minimalists" reflected the difference between physical and social science. Worst-case options seemed possible to the former because they were more aware of the potential of chemical and biological agents and the ability of science to increase the toxicity of those agents; their concern was with what *could* happen. Historians and political scientists, however, were more likely to be skeptical "for the simple reason that we know there have always been enormous gaps between the potentiality of a weapon and the abilities and/or will to employ it" (Rapoport 1999: 51). Their concern was not with what could happen but with what *has happened* (Dishman 2001: 304; Roberts 2000).

There were good reasons for such skepticism. Traditionally terrorists did not use WMD because such weapons were sufficiently destructive to make sense only within the logic of deterrence. Accordingly, states that have access to WMD are unlikely to supply weapons to those who might want to use them precisely because they are used for deterrence. And if a group of unconventional terrorists ever were supplied with such weapons, the state that supplied them would also be at risk, either directly from the probably unreliable terrorists, or indirectly through retaliation by other states. Moreover, as was indicated above, mass casualties were not seen by traditional terrorists as advancing their political, and so limited, objectives. Because of the limited nature of politics, even when connected to terrorism, there are moral constraints involved as well. Ordinary terrorists kill the innocent, but WMD kill an excessive number even for ordinary terrorists to stomach. In addition, acquiring WMD is both risky and expensive, as is using them, and most terrorists prefer simple, cheap, and reliable weapons—guns and bombs.

At the same time as political analysts had good reason to be skeptical about WMD ever being successfully employed by terrorists, there was a large piece of statistical evidence that suggested the opposite. Both the State Department data and the data compiled by St. Andrews University and the RAND Corporation indicated an ominous trend: from the 1970s to the 1990s, terrorist attacks declined in number but increased in lethality (Stern 1999: 6-9; Hoffman 1997: 21; Hoffman 1999: 19-21). As CSIS reported, "of particular concern is the emergence of groups . . . whose aim is not to bargain with governments nor to win over public opinion to their point of view, but rather to cause the maximum possible amount of damage and disruption to a people or a system that they consider especially abhorrent."[15] Several terrorist groups

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[15] See (www.csis-scrs.gc.ca/eng/miscdocs/20002_e.html).

who began operations during the 1990s "did not necessarily espouse political causes or aim to take power." Instead, many of them "were intent on harming a maximum number of people" (Smithson and Levy 2000: 15). They have grown increasingly indifferent to the downside risk of high casualties because their mission is to attack or punish a culture or perhaps to attempt a large-scale transformation of political reality.

For such grandiose objectives, and for pneumopathological consciousness existing within an imaginative second reality, WMD are an attractive option. There have in fact been a couple of dozen terrorist attacks to date that used chemical and biological weapons, but none that used radiological or nuclear weapons. Most of these efforts have attempted to contaminate food and water, and few have been successful. The chief exception was the March 20, 1995 poison gas attack on the Tokyo subway system by Aum Shinrikyo, a terrorist group directed by a self-described guru named Shoko Asahara.[16]

Following the attack, Senator Sam Nunn said "the world has entered a new era" (Falkenrath, Newman, and Thayer 1998: 167). The reasons for this assessment were clear: "Terrorists packing guns and bombs are frightening enough, but chills go down the spine at the thought of indiscriminate killers employing weapons that at times cannot be seen, heard, smelled or tasted: arbitrary death from an imperceptible cause is a nightmare if ever there was one" (Smithson and Levy 2000: 1). Aum had succeeded in deploying just such a weapon, the nerve gas sarin, which had first been created by the Nazis. In using sarin, Aum crossed a moral threshold similar to those crossed in the 1960s, when terrorists began launching random attacks (as in Northern Ireland), the 1970s when hostage-taking increased, or the early 1980s when embassies came under attack. The norm of sparing women and children began to decline about the same time and in 1985 Sikh terrorists blew up an Air India passenger

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[16] In 1984, Asahara founded a religious group called *Aum Shinsen no Kai. Aum* (= Om in English), which is Sanskrit for the fundamental powers of cosmic stability and change and often is chanted as part of a personal or community mantra. *Shinsen no Kai* means circle of divine wizards. The implication of the name of Asahara's first group, therefore, was that they might command the basic cosmic forces. A year later, Asahara had a vision, which he later identified as being of the Hindu god, Shiva (who is associated with salvation through destruction of the world), and two years later renamed his group Aum Shinrikyo: Shinrikyo means teaching of supreme truth. Taken together, Asahara was claiming to be a wizard with knowledge of the supreme truth, that salvation demands the destruction of the world. Between 1988 and the early 1990s, the implications were gradually worked out in practice.

plane, killing 363 people (Stern 2000: 203-205). In this analysis of the Aum attack, we consider first what took place; second, how Aum was able to undertake the operation; and third, the motives for the attack.

Several accounts of the attack have been published, including extensive hearings by the U.S. Senate.[17] At approximately 8:15 a.m. on Monday, March 20, 1995, five trains in the Tokyo subway system were scheduled to arrive at Kasumigaseki station in downtown Tokyo, the most convenient stop for workers in the major bureaucracies that govern Japan. Five individuals, having swallowed an antidote to sarin, pierced vinyl bags containing the nerve gas and exited the trains about 8:00 a.m. A dozen people died and between five and six thousand were injured. Had Aum been able to keep to its original schedule and manufacture gas of greater purity, the casualties would have been enormously higher. Indeed, the March 20 attack had been preceded by at least nine less successful efforts using botulinum toxin and anthrax as well as sarin.[18] Aum was simply unable to manufacture an effective botulinum toxin and their technicians were unable to turn the anthrax slurry into an aerosol; in a kind of dress rehearsal for the Tokyo attack, the group succeeded in releasing sarin in June 1994 in the resort town of Matsumoto, killing seven people, a large number of dogs and fish, and sending over 15 others to the hospital. The deaths and injuries were blamed on an accidental release of a home-made pesticide.

There has also been considerable analysis of how Aum was able to muster the resources to conduct these attacks and to do so without attracting attention from either the Japanese police or any intelligence service. Probably the most significant element in the organizational success of Aum is that it was considered a religious organization under Japanese law.

Article 20 of the postwar Japanese constitution was designed to separate the Japanese government from the Shinto religion and make it more difficult to forge the political and religious alliance that proved so effective in motivating Japanese military activities during the 1930s and 1940s. This article guarantees freedom of religion and prohibits any state involvement in "religious activity." The Japanese courts and police have interpreted Article 20 to mean that they cannot examine the religious

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[17] See U.S. Congress (1996); Lifton (1999); Kaplan and Marshall (1996); Kaplan (2000); Sale (1996); Brachett (1996); Reader (1996); Reader (2000).

[18] Aum seems to have acquired the sarin recipe from the former Soviet Union since they followed a recipe for its manufacture that only the Soviets employed (Cameron 1999: 294).

practices of any organization covered by the Religious Corporation Law nor enter any religious building without solid evidence of illegalities. This meant that police surveillance of a "religious corporation" was unlikely. Moreover, in Japan there is no national police force such as Canada's RCMP or the American FBI to coordinate information from local police— who in turn are often ill-equipped to deal with major and sophisticated criminal activity outside the traditional underworld, the *yakuza*.

In 1982, Asahara was fined 200,000 yen, sent to jail for 20 days, and had his herbalist license revoked for selling a worthless infusion of orange peel as a herbal cure. He had joined one of Japan's "new religions" the year before and began his study and interpretation of esoteric Buddhism, the prophesies of Nostrodamus, and a mixture of North American new-age materials. He apparently confided to one of his assistants that religion was the way of the future and in 1984 founded his own group. The associated company began to operate a chain of yoga schools, and Asahara himself claimed to have received several visions that indicated to him that he was a prophet and that apocalyptic events lay just over the horizon. It was at this point that he changed his name from Chizuo Matsumoto to the more spiritually heroic Shoko Asahara.

Using the yoga centers as recruiting bases, Asahara's "new religion" grew rapidly. He was able to take advantage of a general spiritual void in Japanese society that by the early 1990s had been filled by over 200,000 registered cults with a membership of some 200 million, 70 million more than the population of the country. At the same time, the requirement that members turn over large sums to the organization enabled Aum to grow and to grow wealthy. Many converts were *otaku*, individuals with a deep involvement in science and technology, limited interpersonal skills, and a strong taste for the peculiar genre of book-length, ultra-violent, graphic and dramatic Japanese comics called *gekiga*. Internal discipline was maintained by a strenuous regime involving sleep deprivation, drugs, and rigorous indoctrination, along with violence (including murder) directed against anyone wishing to leave or criticize Aum or Asahara. Many of the converts were technically skilled, notwithstanding their *gekiga* view of the world, and a significant number were members of the police and Self Defense Forces.

By the time of the subway attack, Aum had over 10,000 members in Japan and 50,000 across the world in half a dozen countries, including the former Soviet Union, where 30,000 Aum supporters lived, many of them, as in Japan, technically adept.[19] In short, as a result of these

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[19] Moreover, the former Soviet Union was the scene of several attempts by Aum to

organizational factors, Aum had become an NGO with assets of a billion and a half US dollars and control over a number of front companies engaged in purchasing raw materials, state-of-the-art equipment, and modern facilities. They were organized in a strict hierarchy and staffed by dedicated scientists. Because U.S. intelligence focused on left-wing Japanese groups and Japanese authorities ignored them, they attracted next to no interest in what they did or what they believed.

And what they believed, we noted above, was derived from a wide selection of esoteric sources. The actual contents consisted of an apocalyptic cocktail: Asahara was the prophet of a coming cataclysm, and he singled out 1995 as the year because Pluto entered the sign of Sagittarius on January eighteenth. The next day a major earthquake struck Kobe, and Asahara used the occasion to explain the higher significance of the event: "The mysterious Great Power had set off the earthquake either with a small, distant nuclear explosion or by 'radiating high voltage microwaves' into the ground near the fault line" (Sale 1996: 69). As a consequence of this "prediction," the profile of Aum, at least in the Japanese media, increased enormously. Perhaps more ominously, Asahara's sermons mentioned more frequently the danger of gas attacks from the United States Air Force, which in fact telegraphed his next move.

Initially, therefore, Asahara saw himself as a prophet who might use his power to prevent the cataclysm or use it to transform the world; he gradually gained the insight that mass destruction was a necessary prelude to the advent of a saving remnant, Aum Shinrikyo itself. Moreover, Asahara determined that his new task was to initiate the final apocalyptic struggle for the good of a corrupt world in order that Aum might then save it. It became the task of his followers to ensure the prophecies of Asahara came true. That is, Aum would initiate the final events and in this way prove the truth of his apocalyptic vision. His logic is akin to that of the National Socialists or Bolsheviks. For example, the former declared that Poles were without well-developed intellects because they had no intellectuals; they had no intellectuals because the Nazis had murdered them. Similarly, the Bolshevik doctrine that the kulaks were a "dying class" was proved by the extermination of kulaks. And likewise Asahara sought to bring about what he predicted.

A crucial event that led Asahara down the road to terrorism was the result of the February 1990 election for the Japanese parliament. Aum

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acquire nuclear weapons or uranium that might be used in radiological warfare and what Asahara called a "radioactive sunrise."

ran 25 candidates under the banner of the Truth Party; they received 1,783 votes and the prophet was humiliated. He predicted a disaster for Japan, which meant in commonsense language that he was about to cause one. He then enlisted Shiva, Nostrodamus, and esoteric Tantric texts and practices in his cause and started the search for sarin, ebola, and other WMD, including "surplus" nuclear weapons from the former Soviet Union. In terms of the second reality of Asahara's prophetic vision, the 1990 election was the last chance for the world. The world would not listen; too bad for the world—"all who remained outside the movement were unworthy while those inside were transformed into sacred warriors who believed that they could kill with impunity and that in so doing, they could save in the spiritual sense those they killed" (Reader 2000: 248-249). On another occasion, when reflecting upon the inevitability of World War III, which he identified with the Biblical Armageddon and which he (and not God, as in the Bible) was charged with bringing about, Asahara remarked: "I stake my religious future on this prediction." Lifton (1999) commented on this passage: "We may assume that he was unaware of the irony of that statement. (Who, after all, would be around to affirm his 'religious future'?) But in his own theological terms the statement had a certain logic" (p. 44).

The pneumopathological substance of Asahara's remarks is self-evident when summarized in the commonsense language of a Reader or a Lifton. Only within the context of Asahara's second reality did the "logic" of his "theological terms" make sense. The doctrine that explained how killing would save the person killed is called *poa*—or rather, is derived from a sect of Tibetan Buddhism called Vajrayana, or "Diamond Vehicle," combined with Tantric Buddhism. According to the Vajrayana tradition, *poa* is a disciplined meditative exercise that transfers consciousness from the mundane world of existence to a transfigured world of post-existence. This meditation is undertaken on one's deathbed with the intention of attaining a higher state of consciousness in the next rebirth. Asahara's version changed the meaning completely. Instead of an individual intentionally undertaking a *poa*-meditation as a step towards Nirvana, Aum would impose the benefit whether the individual sought it or not. *Poa* was no longer a meditative exercise but, within the second reality lived by Aum, an active, transitive verb. Thus, when Asahara ordered specific individuals to be *poa*-ed, their time on earth was up; they would benefit in their next birth and the world would benefit now.

The first murders began during the winter of 1988-1989 and were suffered initially by members of Aum, who perished during "training" or felt remorse for those who did. In November 1989, a lawyer, Tsutsumi Sakamoto, and his family were *poa*-ed for criticizing Aum in the media.

Within the second reality of Aum, opposition was *prima facie* evidence of bad karma. Hence, removing bad karma was a benefit both to the world and to the individual who bore or embodied it (Watanabe 1988: 88). Killing altruistically meant that the murdered person would be prevented from accumulating more bad karma and even worse retribution in the next life. Asahara said that to *poa* meant "to transform a person doing bad things." In commonsense language, to *poa* meant to end the possibility of transformation; to *poa* meant to murder. But for Aum, *poa*-ing enhanced the immortality of both the killer and his victim. As Lifton (1999) observed, Aum took a step beyond even the Nazi killers: the Nazis "claimed no spiritual benefits for the Jews from being murdered. In Aum, the 'healing' embraced both the perpetrators and their victims: they merged into an all-encompassing immortalization" (p. 67). The fact is, however, that in commonsense reality only the murderer was transformed: his victim was, in reality, dead, and nothing could be known or said about the consequences for the soul of the victim.

Poa, therefore, was more than a convenient rationalization of murder as a defensive tactic or a means of socializing individuals to the ordinariness of large-scale killing. Within the second reality created by the pneumopathological consciousness of Asahara and of Aum members, it was also a means to purify the world so that it might be filled with the "supreme truth," the "sacred carefree mind" that Asahara instilled in his followers through "training." This "sacred carefree mind" enabled the members of Aum to *poa* anyone Asahara marked for death. In commonsense language, killing "others," namely, everyone outside Aum who necessarily had not attained a "sacred carefree mind" would enhance the sentiment of immortality within Aum, would enhance their purity and, most of all, would enhance their power as the only arbiters of life and death, truth and lie. Asahara's doctrine of *poa* became a recipe for altruistic genocide.

In the description of pneumopathological consciousness provided by Voegelin, emphasis was drawn to the self-assertive and aggressive aspects of an individual who claims an exceptional status, exempt from the ethical or political constraints of ordinary people. The claims of Asahara and Aum are almost a caricature of the ordinary terrorist. Aum was the first group in history to combine an ultimate exceptionalism with a quest for ultimate weapons that might destroy the world but that somehow would not destroy them.

In one respect, Aum followed a trajectory common to other terrorist groups that combined extreme exceptionalism with a search for extreme weapons. As Gurr and Cole (2000) said, the appeal of WMD increases with the transition toward "unlimited goals" (p. 251) or, as Cameron

(1999) put it, "on the assumption that terrorist demands and tactics have to be proportionate to one another, just as the scale of the group's objectives has increased, so too must the strategies employed to achieve them" (p. 297). In both these statements, one sees the limits of commonsense language: no goal can be "unlimited" and still remain a goal in any pragmatic sense. "Unlimited goals" can make sense only within the pneumopathological second reality of the imagination.

When, nevertheless, someone acts in the common world as if all things were possible, the aforementioned friction between first and second reality arises. For example, many commentators have noted the inability of Aum to mount a serious lethal attack, notwithstanding the fact that it was a "terrorist nightmare," namely, "a cult flush with money and technical skills led by a con-man guru with an apocalyptic vision, an obsession with chemical and biological weaponry and no qualms about killing" (Smithson and Levy 2000: 103). Despite these assets, Aum failed to produce sarin sufficiently pure to accomplish what Asahara intended.

It has been suggested that one of the reasons for the failure of the biological weapons program was not that the scientists and technicians within Aum were incompetent but that they "seemed hampered by the cult's fickle and irrational leadership and by poor scientific judgment and a lack of experience in working with agents such as *B. antracis* and botulinum toxin" (Rosenau 2001: 296). That Asahara was "fickle" and that his scientists had limited experience is undoubtedly true. It is also true that the sarin program "was rife with life-threatening production and dissemination accidents" (Smithson and Levy 2000: 280). It does not follow, however, that if only the leadership of Aum had been more reasonable, or more careful, or less paranoid, the group then would have been able to carry out a more lethal attack on the Tokyo subways. The argument that Aum *could not* have been more prudent and so *could not* have been anything other than a "fickle," not to say paranoid, organization is as old as political science and rests upon an equally antique philosophical insight: the realm of action, power, and pragmatic rationality—what used to be called the *vita activia*—is not autonomous. It is an integral part of human existence that, in its entirety, includes the rationality of the moral and spiritual order.

Precisely because of their pneumopathology, their commitment to the second reality of Asahara's vision, the members of Aum were incapable of undertaking pragmatically rational pursuits. In reality, human beings are not capable of bringing about a spiritual Armageddon; they cannot "force the end." When spiritual rationality is replaced by a pathology such as that of Asahara, then the pursuit of pragmatic goals will be controlled by irrational or pathological spiritual aspirations. To put it bluntly:

the coordination of end and means was possible in the sense that Aum could murder people, but the action of murdering them was senseless because the goal for which the killing was undertaken had no connection to the reality of spiritual order. The spiritual irrationality of Aum, and hence the friction between Aum and Japanese society, was expressed with great clarity in the doctrine of *poa*.

In one sense, Aum Shinrikyo kept one foot on the ground of common sense. They were very concerned with the pragmatic safety of the terrorists who carried out the attacks. Aum members were provided with anti-sarin pills as well as quick-reacting antidotes. That is, they were not so completely absorbed in the second reality that they were taken in by their own apocalyptic fantasies: the Tokyo killers wished to survive and kill again. The last step in the logic of pneumopathology was taken not by Aum and the esoteric and syncretistic theology of omnicidal *poa*, but by spiritually disordered individuals acting within an entirely different religious world, Islam.

In terms of the argument developed in this chapter, the traditional distinction between sect, cult, and larger religious organization is secondary. Moreover, in the literature on "religious" terrorism, such distinctions are seldom emphasized (Laqueur 1999: 80). For Smithson and Levy (2000), "a common thread through much of the late twentieth century terrorist activity was religion" (p. 17); for Hoffman (1999), religion was the "connecting thread" in the new terrorism (p. 47). The metaphor of a "thread" applies to a wide range of religious groups with their own idiosyncratic traditions and motivations. In all of them are found elements of purity and catharsis not unlike the imaginary goals of Aum.

During the 1990s, for example, Sikh terrorists killed upwards of 20,000 people in their quest for Khalistan, the Land of the Pure (Hoffman 1995: 279). White supremacists in the United States and associated "militias" have their own sacred texts such as the *Turner Diaries* that advocate a "racially pure" America in the context of a cosmic renewal—a doctrine that apparently motivated Timothy McVeigh to blow up the Alfred P. Murrah federal building in Oklahoma City.[20] In 1994, Baruch Goldstein, a member of the Kach movement, emptied three thirty-shot magazines into the crowd in the Ibrahim mosque in Hebron, killing 29 and wounding 150. He was then beaten to death, but claimed he was enacting the role of Mordechai the revenger in the Purim story (Ranstorp 1996: 41). Other Jewish terrorists had even more grandiose notions: enacting the magical dictum of Rabbi Meir Kahane, that "miracles are

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[20] See Barkun (1997a: 190); Barkun (1997b); Campbell (1972); Whitsel (2001).

made," by blowing up the Dome of the Rock, the third holiest shrine in Islam, some of his followers expected to ignite a holy war between Jews and Moslems and compel the intervention of the Jewish Messiah (Hoffman 1995: 175; Juergensmeyer 1996: 12). There are religious over-tones to purifying terrorism in Ireland and in the Balkans, which after all gave the world the euphemism "ethnic cleansing." Among Islamic terrorists the names *Hizb'allah*, Party of God, or *Jund al-Haqq*, Soldiers of truth, indicate clearly enough their own religiously purifying purposes.

During the 1970s and 1980s, terrorists such as those operating in Northern Ireland used "religion" as a screen behind which they pursued their own political agendas. "Today, however," as Dishman (1999) observed, "more terrorist groups are using religion itself as the primary motivation behind their attacks" (p. 357). In light of the pneumopathologies brought to light by an analysis of the "religious" doctrine of *poa*, as understood within the second reality developed by Asahara, it is only prudent to attempt to give the term "religion" a precise meaning in any analysis of terrorism.

This is easier said than done. Except perhaps in a specifically Roman context or else as an abstract term of art, "religion" is usually too vague to be used in political analysis (Arendt 1968: 126ff). Of course "reli-gion" opens up a very wide spatial and temporal field for terrorist activ-ity. But that is just the problem. For example, "ethnic-religious" terrorism is often directed at "ethnic-secular" leaders of the same "religious" group. President Sadat, for example, was murdered by an Egyptian Islamist, and Prime Minister Rabin was murdered by an equivalent type of Israeli. The terrorist group Hamas was as opposed to Yasser Arafat as it still is to Israel. On occasion, this division between terrorists has led to some grotesque contrasts, as when Arafat responded to the attempt of Abu Nadal to assassinate him with the words "he's a real terrorist!"[21] This kind of ambiguity is not confined to the Middle East, but applies equally to the Balkans and South Asia (Juergensmeyer 1996: 4-7).

It is also sometimes argued that "religious" terrorists are inherently more unpredictable than secular ones because, unlike the latter, the objectives of "religious" terrorists are often unintelligible to those who do not share their religious outlook (Hoffman 1998: 129). In fact, how-ever, the goals of "traditional" and even of modern "secular" terrorists

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[21] At the time, Harmon (2000) commented appropriately on this farce: "The new ter-rorists use the old terrorists' arguments. There may be an international interest in pre-serving Arafat's life, but others must make the moral argument for him; Arafat has no credibility to make it himself" (p. 191).

can be analyzed in terms of pneumopathology, and there does not seem to be any good reason to abandon a more precise conceptual vocabulary for a less precise one. The language of Islamist terrorists, like that of Aum, may be "religious" in some general sense (and we have used the term "religion" in a general way). Although the rhetorical piety of terroristically inclined Muslims hides the murderous and pneumopathological agenda rather better than the highly eccentric doctrines of Asahara, the spiritual disorders of Islamist terrorism can nevertheless be shown with considerable clarity.

As we noted at the beginning of this chapter, there has been considerable disruption associated with modernization and globalization. Economic inequalities may have been reduced, but political repression is as strong as ever; more important, when cultures are changed, challenged, transformed, mocked, and perhaps suppressed, especially if this happens at the hands of outsiders, the secularization that has unavoidably accompanied global modernity is experienced by religious communities as an assault and the most important source of damage. In this way, political difficulties are taken to have a religious solution, and the goals of a religious community are understood to be capable of being gained by political action.

Terrorism, in short, can begin as a defensive activity, though it seldom remains that way. "Not only do the terrorists feel the need to preserve their religious identity," said Ranstorp (1996), "they also see this time as an opportunity to fundamentally shape their future" (p. 46). Like the Bolsheviks or Nazis who thought "history" would justify them, so too do terrorists typically evoke the wave of the future. For example, Leila Khaled (1973), a Palestinian terrorist who masterminded a couple of successful hijackings during the late 1960s wrote, "We shall win because we represent the wave of the future . . . because mankind is on our side, and above all because we are determined to achieve victory" (p. 209). It may be a short step, therefore, from political resistance to resistance to secularization, from a call to "shape" the future to the evocation of an inevitable historical course. When things do not go according to the way a particular individual knows they must, when the political struggle to ensure the existence of the religious community runs into resistance, as political struggles tend to do, then it is easy enough to see another religious force as being responsible. Thus, does a political struggle become a battle between good and evil or, to use the symbolism often favored by Islamists as well as Christian and Jewish fundamentalists, a resistance to secularization, or a struggle against "Satanic forces" (Laqueur 1999: 81).

A number of implications follow from recasting a political problem into religious language. To begin with, "For the religious terrorist, violence is first and foremost a sacramental act or divine duty executed in response to some theological demand or imperative. Terrorism thus assumes a transcendental dimension, and its perpetrators are consequently unconstrained by the political, moral or practical constrains that may affect other terrorists" (Hoffman 1998: 94; see also Hoffman 1997: 48). To be precise, religious terrorism assumes this transcendental dimension and becomes this sacramental duty within the context of a second reality created by the terrorist. Without question, however, such motivations reduce the effects of pragmatic constraints. Accordingly, Jenkins' (1975) dictum, that terrorists want a lot of people watching not a lot of people dead, is simply invalidated. As with Aum, the objective has become to harm the maximum number of people.

No matter how pragmatically destructive these acts of political violence may be in commonsense terms, for the pneumopathological consciousness of those existing imaginatively within a second reality, they "are sanitized by virtue of the fact that they are religiously symbolic. They are stripped of their horror by being invested with religious meaning" (Juergensmeyer 1996: 16). Notwithstanding the fact that these attributes can be discovered among all varieties of religious terrorists for obvious pragmatic reasons, most of the detailed analysis has been directed at Islamist groups, so it is to this question that we now turn.

If Aum is noteworthy in the development of modern terrorism for being the first to introduce nonconventional weapons, Islamists were the first to use suicide attacks, notably the truck bombing of the American embassy in Beirut in April 1983. This was followed by the attack on the U.S. Marine barracks and other attacks against French, American, and Israeli targets. The early suicide attacks were carried out by Shiites inspired by the Islamist revolution of the Ayatollah Khomeni in Iran. It was not until somewhat later that Sunni terrorists emulated their Shiite brothers. From the beginning, however, both collections of terrorists were characterized by similar apocalyptic expectations, so that internal differences between Sunnis and Shiites are, for our purposes, secondary.

Article Seven of the (Sunni) Hamas Covenant, for example, states: "The time [of Redemption] will not come until the Jews hide behind rocks and trees when the call is raised: 'Oh Muslim, here is a Jew hiding! Come and kill him'" (Hoffman 1998: 98-99). Likewise, as Hussein Mussawi, founder of the Shiite Hizballah stated, "we are not fighting so that the enemy recognizes us and offers us something. We are fighting to wipe out the enemy" (quoted in Taheri 1987: 7-8). The purpose of

this large-scale extermination is akin to Aum's purpose of large-scale *poa-ing*: to bring about a peaceful world when righteousness triumphs (see Rapoport 1988: 197ff). As with Aum, common sense has difficulty grasping how an apocalyptic war of extermination can achieve an endless peace of righteousness. Thus, as Juergensmeyer (1996) said, with some perplexity, there are no "simple answers" that terrorists alive to apocalyptic expectations can give when they are asked "simple questions," such as: What kind of a state do you want? How do you plan to get it? How do you think you will get along with the rest of the world?" (p. 17).

No doubt the symbols used by any number of "religious nationalists" have a Biblical aura about them. With Islamist terrorism, however, the connection to the Bible is much more direct insofar as it originates in the Mosaic foundation of Israel as a theopolity, as the Kingdom of God institutionalized in a specific people. The process by which the experience of the revelation of a world-transcendent God is yanked into history to do the bidding of a self-proclaimed prophet has been given the name *metastasis* by Eric Voegelin.[22] In the example of Hizballah and Hamas, apocalyptic war will issue in metastatic peace because the structure of reality, as envisaged by the likes of Mussawi, will undergo transfiguration by means, precisely, of terrorist violence.

As with other kinds of second realities constituted by one or another variety of pneumopathologically deformed consciousnesses, the great problem with metastatic faith is the nonapocalyptic structure of history that, in turn, produces the various frictions, examples of which have already been introduced.

To see this problem in detail, we may begin with consideration of the notion of a martyr, *shahid*, one who bears witness to truth, a common enough religious sentiment. In 1990, a study of Shiite terrorists indicated that none of the sample interviewed had the slightest interest in including any constituency or changing anyone's mind. They were acting without reference to the pragmatic commonsensical realities of politics and were concerned only to serve God by killing and dying (Schbley 1990: 240). Likewise, Article 8 of the Sunni Hamas Covenant states that "death for the sake of Allah is its most sublime belief" (Ranstorp 1996: 52). Such sentiments are common to Judaism and Christianity as well as Islam, and although they may be unusual or even disagreeable, there does not seem to be anything particularly unorthodox, metastatic, or pneumopathological in them.

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[22] The concept is developed chiefly in Voegelin (1956: 452ff) and *CW* XII, pp. 76-78.

By Islamic tradition a martyr is particularly fortunate if he dies in battle against the infidel:

> The Messenger of God said, "A martyr has six privileges with God. He is forgiven his sins on the shedding of the first drop of his blood; he is shown his place in paradise; he is redeemed from the torments of the grave; he is made secure from the fear of hell and a crown of glory is placed on his head of which one ruby is worth more than the world and all that is in it; he will marry seventy-two of the huris with black eyes; and his intercession will be accepted for seventy of his kinsmen." (Rapoport 1990: 117-118)

For some, the specifics of posthumous repose are no doubt appealing on their own; for others, the angelic promise may be a source of strength.

At the same time, however, the consolations of martyrdom can be transformed into the appeals of martyrdom. That is, if one is importuned by seventy kinsmen and find the prospect of seventy-two black-eyed huris appealing, it is a short step to turn the angelic message into a piece of sympathetic magic: in order to gain access to the black-eyed huris, one must be killed in action. Thus, did one of the commanders of the 1983 bombing of the Marine barracks say: "none of us is afraid. God is with us and gives us strength. We are making a race like horses to see who goes to God first. I want to die before my friends. They want to die before me. We want to see our God. We welcome the bombs of Reagan" (Wright 1986: 54).

There are two distinct aspects of the new attitude that need to be mentioned. One of the pragmatic consequences of undertaking terrorist acts with a high probability of getting killed is that anti-terrorist measures would have to change in response. In the words of Lord Chalfont:

> The whole time that I have been involved in terrorist operations, which now goes back to 30 years, my enemy has always been a man who is very worried about his own skin. You can no longer count on that, because the terrorist [today] is not just "prepared" to get killed, he "wants" to get killed. Therefore, the whole planning, tactical doctrine, [and] thinking [behind anti-terrorism measures] is fundamentally undermined.[23]

Besides these pragmatic changes, there is the necessary theoretical or theological step that expands the notion of martyrdom to include suicide. One of the leaders of Hizballah, Sheik Muhammed Hussein Fadlallah, denied that his organization was terrorist at all. "We don't believe in terrorism," he said. "We don't see resisting the occupier as a terrorist

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[23] Quoted in R. Kidder, "The Terrorist Mentality," *Christian Science Monitor*, May 15, 1986.

action. We see ourselves as *mujihadeen* (holy warriors) who fight a *jihad* (holy war) for the people."[24] Moreover, he explained elsewhere, the commonsensical difference between suicide and martyrdom is spurious: "There is no difference between dying with a gun in your hand or exploding yourself. In a situation of struggle or holy war, you have to find the best means to achieve your goals" (Ranstorp 1996: 55).

Fadlallah's words are in obvious conflict with a number of Islamic traditions and with common sense. The traditional meaning of a *jihad* that might or might not entail becoming a martyr, *shahid*, was risk of one's life in the service of religious truth. There is no risk in blowing oneself up, only certain death. By any commonsensical understanding, such an act is suicidal, and suicide (*intihar*) is usually identified as a grievous sin. After a thorough examination of the relevant passages in the Koran, Rosenthal (1946) stated:

> In conclusion it may be said that there is no absolutely certain evidence to indicate that Muhammad ever discussed the problem of suicide by means of a divine revelation, although the possibility remains that *Qur'ân* 4.29 (33) contains a prohibition of suicide. It is, however, certain that from the early days of Islam on this and some other passages of the *Qur'ân* were considered by many Muslims as relevant to the subject. (p. 243)

When, moreover, one examines the *Hadith* rather than the Koran, the Prophet many times is recorded as having said that a person who commits suicide will never enter Paradise but, on the contrary, will repeat his suicidal agony in the flames of Hell. Moreover, the canonical literature containing the *fatwas* of judges also indicates that suicide in unlawful. According to Rapoport, the Shiite teaching that suicide bombers go to paradise with the six privileges of a martyr is simply "a perversion" (Rapoport 1988: 195).

It is reasonable to conclude, at the very least, that there is an unresolved and ambiguous issue here. Rapoport has provided an interesting analysis of one attempt to explain why suicide is acceptable when combined with murder (1990: 103-130). The specific occasion was the 1983-1985 suicide bombing campaign carried out in Beirut by Islamic Jihad.

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[24] Quoted in Jamieson (1991: 33). Most Islamic scholarship takes the position that *jihad* is a spiritual not an armed struggle against those who would impede the call to Islam. During World War I, however, the British and the Central Powers encouraged their Muslim allies to declare a *jihad*, in the sense of armed warfare against their enemies, namely, the Central Powers and the British respectively. See the remarks of Roy Mottadeh, "Islam and the Opposition to Terrorism," *New York Times*, September 30, 2001.

Fadlallah, whom we quoted above, was the Shiite cleric who provided the most extensive analysis of the problem. Initially he was concerned only with the effectiveness of the attacks, fearing they would not work and so should be abandoned on prudential and pragmatic grounds. But the attacks in fact proved highly effective, so he had to confront and deal with the basic theological question. He resisted efforts to get him to provide a decisive ruling or explicit judgment, a *fatwa*, and instead reflected on the plight of Muslims and the need to fight, even using "unconventional" methods. This was, of course, fair enough as a political complaint, but it did not address the issue of suicide. As Martin Kramer (1990) said, "one could not simply argue extenuating circumstances to a constituency devoted to the implementation of Islamic law" (p. 145).

In this context, Fadlallah made the remark quoted above likening death in battle to death by suicide. On another occasion he asked, rhetorically: "What is the difference between setting out for battle knowing you will die *after* killing ten [of the enemy], and setting out to the field to kill ten and knowing you will die *while* killing them?" (Kramer 1990: 145-146). The question deserves an answer, and it is not difficult to find: a commander does not know *who* will be killed in battle, though he knows some will die; the commander of a suicide bomber knows both that his "soldier" will die and precisely who it will be. The commander and the "soldier" cannot absolve himself of personal responsibility for the bomber's death by appealing to the will of God, or fate, or statistics, or luck. The reason, to repeat an observation made earlier, is that there is no risk in suicide bombing; there is certainty.

In any event, clerics less subtle or evasive than Fadlallah simply said that "self-martyrdom" (*istishad*) was not suicide (*intihar*) and so was acceptable. Perhaps more to the point, such tortuous theology ceased to be necessary once suicide bombing (whether described as self-martyrdom or not) became a more or less normal practice. In 1988 the suicide-bombing campaign in Lebanon was abandoned for tactical not theological reasons—the opportunity for success ended with the withdrawal of the troops of the Multilateral Force. It has, however, quite clearly been revived in the attacks on Washington, New York, London, and elsewhere, so a few words about the motives of the terrorists and their leader, Osama bin Laden, may be in order.

According to an unclassified CIA biography, Osama bin Laden, one of the heirs to a large Saudi construction fortune, left his homeland to fight the Soviet army in Afghanistan. By the mid-1980s, he was running an operation to funnel money through Pakistan to assist the CIA in its covert war against the Soviet Union. In 1988, he left this conventional operation and established al-Qaeda, his current network. By

the 1990s, bin Laden had changed his mind about the United States and saw the "atheist Russians" had made a common cause with the Americans. He turned his attention initially to politics in Saudi Arabia and found the United States guilty of corrupting and desecrating the country. He was then expelled by the Saudi government and responded in August 1996 with a "Declaration of War Against the Americans Who Occupy the Land of The Two Holy Mosques."[25]

On February 22, 1998, in *al-Quds al-Arabi*, an Arabic newspaper published in London, bin Laden promulgated his famous edict and *fatwa*, the "Declaration of the World Islamic Front for Jihad Against the Jews and the Crusaders."[26] It begins with a declaration of praise to God, a quotation from the Koran exhorting the faithful to slay pagans, and a passage from the *Hadith* where Mohammed said he had been sent with a sword to ensure that no one but God is worshipped. The edict goes on:

> The Arabian Peninsula has never—since God made it flat, created its desert, and encircled it with seas—been stormed by any forces like the crusader armies spreading in it like locusts, eating its riches and wiping out its plantations.

As a result of this desecration of Arabia, "we should all agree on how to settle the matter."

Before indicating how things are to be settled, however, the edict makes three points. First, the United States "has been occupying the lands of Islam in the holiest of places, the Arabian Peninsula" and second, using Arabian wealth to fight Muslims, especially Iraqis. Third, this "crusader-Zionist alliance" aims "to serve the Jews' petty state" by destroying Islamic states in order "to guarantee Israel's survival and the continuation of the brutal crusade occupation of the peninsula." All these crimes, the edict says "are a clear declaration of war on God, his messenger, and his Muslims," for which an armed *jihad* is the only acceptable response. The text of the *fatwa* then follows:

> The ruling to kill the Americans and their allies—civilians and military— is an individual duty for every Muslim who can do it *in any country in which it is possible to do it* [emphasis added], in order to liberate the al-Aqsa Mosque and the holy mosque (Mecca) from their grip, and in order for their armies to move out of all the lands of Islam, defeated and unable to threaten any Muslim.

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[25] See ⟨http://www.pbs.org/wgbh/pages/frontline/shows/binladen/who/edicts.html//⟩.

[26] See ⟨http://www.fas.org/irp/world/para/docs/980223-fatwa.html//⟩.

The edict then quotes again from the Koran and returns to the theme of war:

> We—with God's help—call on every Muslim who believes in God and wishes to be rewarded to comply with God's order to kill the Americans and plunder their money wherever and whenever they find it. We also call on Muslim ulema, leaders, youths, and soldiers to launch the raid on Satan's U.S. troops and the devil's supporters allying with them, and to displace those who are behind them so that they may learn a lesson.

In May 1998, a couple of months prior to the bombings of the American Embassies in Kenya and Tanzania, bin Laden was interviewed by ABC reporter John Miller.[27] The terrorism practiced by his group, bin Laden said, is "commendable" because "it is directed at the tyrants and the aggressors and the enemies of Allah," including Muslim traitors. "We do not have to differentiate between military and civilian. As far as we are concerned, they are all targets and this is what the *fatwa* says. The *fatwa* is comprehensive." On the positive side, bin Laden said, he was simply reiterating the call to all mankind that was revealed to Mohammed, the call of Islam, the invitation to all nations "to embrace Islam, the religion that calls for justice, mercy and fraternity among all nations." So far as the Jews are concerned, "the enmity between us . . . goes far back in time and is deep rooted. There is no question that war between the two of us is inevitable." And, as for the Americans, or the "American Crusaders," as he calls them, it matters not what they say: God determines how long bin Laden will live and the Americans can do nothing about that. His first task, he said, is to liberate Mecca from the Crusaders and Jerusalem from the Jews. In an interview with *Time* on December 23, 1998, bin Laden acknowledged he was trying to acquire WMD, a statement he repeated for *Newsweek* on January 11, 1999. Other information suggested that bin Laden tried to obtain atomic demolition munitions or "suitcase bombs" from Kazakhstan (Cameron 1999: 288).

Following the attacks of September 11, 2001, bin Laden issued a press release that reiterated the same litany of complaint. Since World War I and the disintegration of the Ottoman Empire, Muslims have been humiliated, their homelands debauched by hypocritical leaders and so on. The result of these attacks from the West has been to divide "the whole world into two sides, the side of the believers and the side of the infidels."[28] A *London Times* report indicated that, in fact, the objective of

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[27] See (http://www.pbs.org/wgbh/pages/frontline/shows/binladen/who/interview.html//).

[28] AP release reported in the *Calgary Herald*, October 8, 2001.

the 9/11 attack was, indeed, to provoke the Americans and their allies to engage in a ground war in Afghanistan, which would polarized "the world" along the lines indicated. Such a war, furthermore, would radicalize Pakistan in particular and eventually would provide bin Laden with access to Pakistan's nuclear arsenal.

It is clear from subsequent events that the estimation of American resilience on the part of bin Laden and al-Qaeda was in error. It is also clear that this terrorist NGO has been denied access to the most destructive of weapons of mass murder. The search for them, however, confirms the deep ambivalence that is attached to the process of globalization. Once it may have been impossible for the pious Muslim to ignore what appeared to him or her as the temptation of evil beyond the house of Islam, but no longer. Once it might have been possible for the West to ignore the austere and inhospitable religious codes of others, but no longer. The current search for a means of coexistence, which necessarily includes war, expresses our current dilemma.

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The "Relative Universality" of Human Rights: An Assessment

STEVE ON[1]

ABSTRACT

This essay makes an assessment of Jack Donnelly's model of overlapping consensus on the Universal Declaration of Human Rights. It raises key questions, such as: How to adjudicate competing rights; what is to become of "unreasonable" views; whence come reasonable views; and, beyond the obvious cases of slavery and genocide, how is the overlapping consensus obtained? While an alternative theory is not developed, a critical perspective is provided that might facilitate further inquiries.

Introduction

For twenty-five years and counting, Jack Donnelly has contributed to the human rights literature.[2] This field of study, pursued as an area of research combining political theory and international relations, is, for the most part, considered to have taken off in 1948 with the adoption of the *Universal Declaration of Human Rights*.[3] Making an intervention that

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[2] Since the 1980 article in *Western Political Quarterly*, Donnelly's research has continued apace. His website, (http://www.du.edu/~jdonnell/), lists forthcoming chapters in *Oxford Handbook of Political Theory* (Oxford: Oxford University Press, 2006) and *Legalization and Human Rights* (London: Routledge, 2005).

[3] My claim is not about the origins and evolution of human rights, which certainly invite debate. I am referring to the specialized topic of human rights in its current form as academic study. For an account of *The History of Human Rights: From Ancient Times to the Globalization Era*, see Ishay (2004), who thinks that the Universal Declaration of Human Rights is "the preeminent document of international rights summarizing secular and religious notions of rights that had evolved throughout the centuries" (p. 18).

dates from 1980 to the present, a period that covers roughly half of contemporary human rights scholarship, Donnelly's sustained contributions to this genre of literature are praiseworthy. With that in mind, let us take a look at Donnelly's work and make an assessment. That is the enterprise being attempted here. The hope is that by reaping the fruits of his labor[4] we stand to gain from Donnelly's insights into human rights. But where it seems appropriate, we also make suggestions for further inquires that may in due course work out some of the difficulties with Donnelly's thesis concerning the relative universality of human rights.

In the section that follows, I lay out the two components of Donnelly's account of *Universal Human Rights*. These are (1) universality in theory and (2) relativism in the practice of human rights. I show the subtle shift in logic from a structural explanation for conceptual agreement on human rights, as universal rights, to an empirical explanation for the variations in interpretation and implementation of human rights.

In the next section I argue that Donnelly's insights into human rights do not go far enough. His effort is noble but limited. Donnelly's guidelines for human rights claims deal with obvious cases only. Cases where rights clash with one another, as I illustrate through real-life examples, lead to questions about how Donnelly's overlapping consensus model actually works, such that further considerations are called for. The point of my critical engagement with Donnelly is to go beyond his idea of human rights as a set of social and political practices that enable individuals to live equal and autonomous lives.

Donnelly's Thesis

As "a distinctive set of social practices tied to particular notions of human dignity," what human rights envision, as Donnelly shows, is that "equal citizens [are] endowed with inalienable rights that entitle them to equal concern and respect from the state" (2003: 71). The central argument these ideas serve to make, at its most succinct, is that "the historical contingency and particularity of human rights is compatible with a conception of human rights as universal rights" (p. 1). In defending this

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[4] My engagement draws mainly on the second edition of Donnelly's *Universal Human Rights: In Theory and Practice* (2003), which builds on the "accumulation of essays" of the first edition—in view of how "the political context has now changed"—but maintains the key feature that made the first edition attractive, namely, "that although primarily theoretical it directly engaged issues of immediate political significance" (preface to the Second Edition, ix).

thesis, Donnelly is careful to point out that "most good things are not the objects of human rights" (p. 11). Abstract values, say liberty, equality, and security, are not human rights. Human rights are particular social practices aimed at realizing those values. The aspirations underlying a human right, and the enjoyment of the object of that right, are not human rights. For example, the right to marry and found a family is an internationally recognized human right.[5] That one's spouse come from the right socioeconomic class, appropriately ranked and distinguished, and endowed with good looks, is not a human right—it is a matter of desire or aspiration, belonging to the individual. The same applies to the actual deed and enjoyment of marrying and raising a family.

Because the Universal Declaration of Human Rights is *the* document around which the consensus on internationally recognized human rights is today organized, "human rights" mean generally "what is in the Universal Declaration of Human Rights" (p. 22). By putting things in these terms, Donnelly specifies what he means by human rights and also sets down the parameters of discussion. As he indicates, the Universal Declaration has four structural features:

(1) as entitlements, universal rights are the mechanism for implementing such values as nondiscrimination and an adequate standard of living;
(2) all rights in the Universal Declaration and the subsequent Covenants, with the exception of self-determination of peoples, are rights of individuals, not of corporate entities;
(3) universal rights are treated as an interdependent and indivisible whole, rather than as a menu from which one may freely select or choose not to select;
(4) although universal rights are held equally by all human beings everywhere, it is states that have near exclusive responsibility to implement them for their nationals (p. 23).

This brings us to the heart of the matter, the universality of human rights understood as the overlapping consensus[6] on the Universal

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[5] As referenced by Donnelly (2003), the right to marry and found a family is in article 16 of the Universal Declaration of Human Rights and article 23 of the International Covenant on Civil and Political Rights (p. 24). Whether or not this is an officially recognized human right, people all over the world get married and have a family. Why I single out this right as an example will become clear in the discussion below where I pit it against the right to life.

[6] The term "overlapping consensus" is taken from the late John Rawls (1996: 133-172, 385-396), who is duly credited by Donnelly. In my essay, I focus on Donnelly's

Declaration: "the claim is that most leading elements in almost all contemporary societies endorse the idea that every human being has certain equal and inalienable rights and is thus entitled to equal concern and respect from the state—and that what holds this otherwise disparate group together is a fundamental commitment to human equality and autonomy" (p. 51).[7]

What explains such general consensus on human rights is structure. Donnelly says:

> Social structure, not "culture," does the explanatory work. When the West was filled with "traditional societies," it had social and political ideas and practices strikingly similar to those of traditional Asia, Africa, and the Near East. Conversely, as those regions and civilizations have been similarly penetrated by modern markets and states, the social conditions that demand human rights have been created. This is the foundation of the overlapping consensus on and the contemporary moral universality of human rights. (p. 78)

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idea of "an overlapping consensus on international human rights"; the phrase is the title heading of section 2 of Chapter 3, "Equal Concern and Respect." Donnelly says, "Although formulated initially for domestic societies, this idea [Rawls's idea of overlapping consensus] has an obvious extension to international society, particularly a culturally and politically diverse pluralist international society" (p. 40). In specifying how and why this consensus is "overlapping but bounded," Donnelly touches upon a wide range of ideas, including those of Aristotle, Locke, Kant, Paine, Rousseau, Bentham, Ronald Dworkin, Habermas, Amy Gutmann, and Bhikhu Parekh. There is clearly no way that I can treat all these ideas in the manner that Donnelly does. But if I focus on Rawls only, to the exclusion of the other political thinkers, it is because in his latest paper, "Human Rights and the Dialogue among Civilizations," Donnelly does likewise.

[7] This idea of "a fundamental commitment to human equality and autonomy" has been defended previously in Donnelly's thesis of the "Social Construction of International Human Rights," where he notes, "the only answers that today receive widespread international endorsement—in fairly stark contrast to just twenty years ago—are those that leave a considerable space for the equal and autonomous individual" (1999b: 98). But neither in that paper nor in his book (2003) does Donnelly seem to be aware that, save for the city of San Francisco, the United States Senate has not ratified the international convention on eliminating sexual discrimination. As Mark Sappenfield (2003) reports, "When San Francisco adopted the Convention on the Elimination of All Forms of Discrimination Against Women in 1998, it put a unique twist on the issue of women's rights in America. Twenty-three years after President Carter signed CEDAW, the US Senate has not passed it. Indeed, San Francisco remains the only city or state that has codified the treaty into law" (p. A1). Donnelly's failure to acknowledge this fact is a serious scholarly lapse. If he knows it and does not footnote his statement about "a fundamental commitment to human equality and autonomy" with appropriate reference to the US Senate's failure to pass CEDAW, then he has committed an omission that betrays his own dearly held values.

The key lies in "modern markets and states," which have brought forth "the social conditions" that demand the creation of human rights. If markets and states are doing the work of explaining the need for human rights, then it makes sense that, in response to the "same threats from modern markets and states," the "same protections of human rights" that are available to individuals in the West must also be made available to individuals outside the West. Indeed, this is Donnelly's view: "the thrust of my argument will be that contemporary Asian individuals, families, and societies face the same threats from modern markets and states that Western societies do, and therefore need the same protections of human rights" (1999a: 69).

But the logic of universality does not extend to the levels of implementation and interpretation of human rights. Donnelly recognizes that "there are numerous variations in interpretations and modes of implementing internationally recognized human rights" (2003: 89). In this regard, at least on the surface, there is something odd about Donnelly's reasoning. On the one hand, he does not see "plausible conceptions of human rights" being put forth by the principal Asian alternatives of "soft" authoritarianism, party-state dictatorship, and paternalism, which in practice do not involve morally defensible political regimes (1999a: 69). At the risk of oversimplification, the point would seem to be that in Asia there is not the same protection of human rights as in the West. On the other hand, Donnelly makes the observation that "the essential insight of human rights is that the worlds we make for ourselves, intentionally and unintentionally, must conform to relatively universal requirements that (1) rest on our humanity and (2) seek to guarantee each person equal concern and respect from the state" (2003: 123).

Translated into concrete terms, this means that the "same protections of human rights" available to individuals in the West must be made available to individuals in Asia, Africa, South America, and the Middle East. Yet that is not Donnelly's argument. The social structure, namely, markets and states, which does the work of explaining the foundation of the overlapping consensus on the moral universality of human rights, recedes into the background. What explains "the space for local variations in an Asian context" (p. 107), Donnelly says, is not structure but rather "the particularities of national action" (p. 181)—an empirical explanation.[8]

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[8] Donnelly (nd) makes the same point in "Human Rights and the Dialogue among Civilizations." He says, "the ways in which these rights are implemented, so long as they fall within the range of variation consistent with the overarching concept, are matters of legitimate variation, country by country" (p. 13). The question is who or what

Now the reason why Donnelly's argument is not consistent, at least on first reading, is that given how his structural explanation accounts for the moral universality of human rights, one expects, logically, the same structural explanation would account for the *relative* universality of human rights, which is, after all, Donnelly's thesis. But that is not so. To figure out why not, let us examine the two basic components that make up Donnelly's thesis: (1) universalism in theory and (2) relativism in practice.

Theoretical Universalism

Arguing for "a fundamentally universalistic approach to internationally recognized human rights," the "strong universalist" position defended by Donnelly permits deviations from international human rights norms (2003: 89-90). But how is it possible to call such an approach "fundamentally universalistic" and such a position a "strong universalist" one when, in fact, it allows for deviations? At first sight, it seems to be rather non-sensical. Yet Donnelly's claim about the universality of human rights does make sense insofar as it is a claim at the theoretical level that he describes as "concept" (p. 94): "*Only* at this level do[es] [he] claim that there is a consensus on the rights of the Universal Declaration" (p. 94). This means that at the levels of interpretation and of implementation or form, there can be and, indeed, are differences. Donnelly's construct is a "three-level scheme" involving:

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agent can tell a country how to implement human rights, in a way that "they [should] fall within the range of variation consistent with the overarching concept"? States are sovereign units unto themselves. They regularly sign treaties that have no teeth: for example, the recent Kyoto Protocol is signed and ratified by virtually all states except the world's two biggest polluters, the United States and China. As far as environmental treaties are concerned, who or what agent can tell the US and China how they should behave? Of course, people *do* tell the US and China how to behave, but "the ways in which these rights are implemented" by the US and China can hardly be said to fall "within the range of variation consistent with the overarching concept" when the US and China can easily ignore the rest of the world. In fact, all states do as they please. Donnelly (nd) admits this much when he says that "international human rights law gives states near total discretion to implement internationally recognized human rights within their own territories" (p. 27). Further on this, see Donnelly's Chapter, "Priority of National Action" (2003: 173-181).

(1) concept, "an abstract, general statement of an orienting value," an example of which is, say, the right to marry and found a family over which, according to Donnelly, "there is little international dispute" (p. 96);

(2) interpretations of rights, over which Donnelly thinks "legitimate controversy is possible," so that "the right of free and full consent of intending spouses," for example, is considered as an interpretation of the *conceptual* right to marry and found a family (p. 96);

(3) implementation or form, which refers, in Donnelly's formulation, to the ways in which the interpretations of human rights norms are implemented in law and political practice, so that—so long as these ways in which human rights are implemented "fall within the range of variation consistent with the overarching concept"—they are matters of legitimate variation (p. 97).

In light of this three-level analysis, Donnelly goes on to say—although not without controversy—that "variations at the level of concepts are infrequent" with the result that "we need to recognize both the universality of human rights and their particularity and thus accept a certain *limited* relativity, especially with respect to forms of implementation" (p. 98).

The point of all this, according to Donnelly, is that "we must take seriously the initially paradoxical idea of the relative universality of internationally recognized human rights" (p. 98). Now it is unlikely that, without specifying the practical implications of the idea of "relative universality," one would find adequate the discussion of Donnelly's thesis so far. Let us turn next, therefore, to the practical aspect of universality and sort out why it is relative.

Practical Relativism

There are a number of ways to lay out Donnelly's idea of relativism in human rights practice. But to maintain the focus on local variations in Asia, I will stay with "the East Asian challenge for human rights."[9] This

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[9] *The East Asian Challenge for Human Rights* is the title of a volume edited by Bauer and Bell (1999), to which Donnelly (199) contributes the chapter, "Human Rights and Asian Values: A Defense of 'Western' Universalism." In addition to Bauer and Bell, journalists, business people, lawyers, activists, consumers, government officials, artists, and scholars across the academy have contributed to the human rights literature, which is, in its current state, so extensive that I plainly cannot aspire here to a complete account of it. Some major statements that appeared in recent times are these: on Asia, see Barry (1998), Hashimoto (2004), Montgomery (1998); on Africa, see Zeleza and McConnaughay (2004);

appears to be the best way to illustrate the "more contentious" claim that Donnelly makes about human rights practice, namely, "that the range of diversity in standard interpretations is modest and poses relatively few serious international political disputes," with the implication that human rights are *relatively* universal (2003: 98).

Against the Asian-values argument that surfaced in the 1990s—the thrust of which is that legitimate, culturally based differences justify substantial deviations from standard international interpretations of human rights norms—Donnelly puts forth a counterargument that says "if the differences between East and West truly are as claimed, Asians can be trusted to exercise internationally recognized human rights in responsible ways that make the proper allowances for their cultural values" (2003: 119). The examples Donnelly provides in support of this claim are the following:

(1) permanent employment is a distinctively Asian style of implementing economic and social rights;
(2) Asian families bear social welfare obligations that in the West fall more on the state;
(3) informal social sanction rather than government policy enforces deference to seniority and hierarchy, i.e., paternalism, which is often presented as a characteristic of Asian societies;
(4) Asians have a preference for consensual decision-making;
(5) rural Thai children might be expected to give greater weight to the views and interests of their families in decisions to marry than do urban Norwegian children—the implication being that confrontational political tactics will be less common and less effective;

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on Europe, see Alston (1999), Williams (2004); on the United States, see Liang-Fenton (2004), Mertus (2004), Weiss, Crahan, and Goering (2004); on Russia, see Weiler (2004); on Third World countries, see Arat (2003), Paul and Nizami (1994); on societies in transition, see Horowitz and Schnabel (2004); on development, see Uvin (2004); on diversity, see Forsythe and McMahon (2003); on global diversity, see Caney and Jones (2001); on pluralism, see Berting, Baehr, Burgers, et al. (1990); on globalization, see Brysk and Shafir (2004), Coicaud, Doyle, and Gardner (2003), Dunne and Wheeler (1999), Gibney (2003), Gould (2004); on human rights as economic, social, and cultural rights, see Merali and Oosterveld (2001); on human rights of women, see Cook (1994). For criticisms of human rights, see Evans (1998), Sachar (2004), Sajo (2004), Symonides (1998). For commentaries, see Carey and Poe (2004), Gewirth (1982), Henkin (1990), Nickel (1987), Orend (2002), Shue (1996), Shute and Hurley (1993), Steiner and Alston (2000). For discussions of how human rights have actually changed the world for the better, see Keck and Sikkink (1998), Risse, Ropp, and Sikkink (1999).

(6) if Asians truly do value family over self, they will exercise their personal rights with the consequences of their family in mind; and

(7) if Asians value harmony and order, they will exercise their civil liberties in a harmonious and orderly fashion. (2003: 119-122)

What, then, is the conclusion based on these examples? It is a simple one: "Internationally recognized human rights concepts may be interpreted and implemented in significantly divergent ways," as Donnelly makes clear (p. 119). The key is, of course, in specifying the concepts, interpretations, and implementations of human rights, which Donnelly does. But he is quick to add that "legitimate variations [in the interpretations and implementation of human rights] are limited to the (relatively narrow) range specified by the core concept of the right in question. And countries cannot legitimately just pick and choose among internationally recognized human rights" (p. 119).

An Assessment

Having put some flesh on the abstract bones of Donnelly's thesis concerning the relative universality of human rights, let us now ask what we are to make of it. The first point that comes to mind is that human rights are dignity- and autonomy-enabling rights for the purpose of realizing "the central commitment to the equal worth and dignity of each and every person" (p. 44). For example, if a woman in her twenties wants to marry and found a family, she has the right to do so. Similarly, when the elderly go into retirement, they have a right, an entitlement, to have their social and financial obligations taken care of in order that they may lead a life of dignity and autonomy compatible with their individual situations.

Now Donnelly allows for variations in interpretation and implementation of the concept such that we may, by sticking with the Asian example, say the following. As Donnelly's example (5) above states, children in Asia, for example, in rural Thailand, when intending to marry, are expected to give more weight to the preference of their families than, say, city children in Norway would do. So far, so good. The variations in interpretation and implementation of the concept of marrying and founding a family are within the limits Donnelly has established. In the same vein, Asian children are expected to bear the social and financial costs of their parents' retirement, which in the West, for the most part, fall on the state, as shown in Donnelly's example (2) above. These differences are due to cultural views, which Donnelly considers legitimate because Asians are typically more consensual, family-oriented, and harmony-driven than their counterparts in the West. There is nothing

controversial about that, although one might protest that it is quite tedious. Nevertheless, bear with me for at least a moment.

Let us suppose that a girl and her parents from rural Thailand emigrate to the West and settle in the United States. She has all the rights to marry and found a family of her own. Her parents, not wanting to hold back their daughter, consent to her doing so. In their retirement, the elderly parents would, in accordance with cultural practices prevalent in their homeland, expect the daughter to provide aid and comfort by bearing a good deal of the financial and social costs. But as Donnelly observes in example (2) above, in the West such burden falls on the state. The question is then: Should the daughter make sacrifices and take care of her parents who, after all, sacrificed for her? Such a dilemma is not unheard of, especially among first- or even second-generation Americans. But for Donnelly the real question, as I hope this thought experiment illustrates, is: How do we know which right prevails over which right? Even without cultural variations, when one right enters into conflict with another right, do we know which one takes priority? Surely the right to marry and found a family is as fundamental as any. But when it clashes with, say, the right to life,[10] which is exactly the entitlement claim of the parents in our case, Donnelly has no answer to give. In fact, his tripartite scheme says nothing about how to resolve competing rights. It divides human rights into three parts, but it says nothing about which rights are sorted out into which part. Nor does it explain why it orders human rights in the way it does and not otherwise, say, in a two- or four-level analysis? How does the tripartite scheme work? How does one decide which right is

(1) conceptual, where assent to it is, supposedly, undisputed;
(2) interpretive, where there is room for differences of interpretations; or
(3) formal, where variations in implementation of human rights are considered "not merely justifiable but desirable" (p. 121)?

On the face of it, Donnelly has more work to do if he is to offer some substantive bite to his argument. This conclusion seems all the more evident when similar issues reappear in the clash between human rights

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[10] It might be argued that the right to life, which is Article 3 of the Universal Declaration and Article 6 of the Covenant on Civil and Political Rights, as listed on a table by Donnelly (2003: 24), does not mean the elderly have a right to be cared for by adult children. The rejoinder to that objection is that the Universal Declaration has articles on family rights and responsibilities; see articles 16, 25.2, and 26.3.

and foreign policy. Donnelly observes that "human rights have a greater prominence in contemporary foreign policy of more states than at any other time" (p. 172). But the idea of "balancing" human rights against national interests is particularly relevant to our effort of theorizing a way to resolve conflicting rights. In that regard, while Donnelly discusses the balance "among the competing demands of democratic participation, market efficiency, and internationally recognized human rights" (p. 202), and the balance "between society (and the state) and the individual" (p. 224), it is his insight into human rights trade-offs that has the most to offer for our inquiry concerning irreconcilable rights that clash with one another.

What should be noted from the outset is that Donnelly provides no principle upon which to base the trade-offs between human rights and national security or economic interests. What he does offer is an observation that amounts to very little. He says that "when human rights concerns coordinate rather than compete with other foreign policy interests—for example, in India's opposition to genocidal massacres in East Pakistan (Bangladesh) or U.S. policy toward post-Tiananmen China—relatively forceful responses become possible" (p. 166). It is hard to tell what is meant by "relatively forceful responses." With regard to the Tiananmen massacre, which has been extensively discussed in both scholarly and journalistic literature, Donnelly thinks the United States "responded with sufficient vigor that economic sanctions were the central issue in U.S.-Chinese relations until 1994 and a major irritant into 1997" (p. 163). But we also learn that, according to Donnelly, Tiananmen "illustrates both the characteristic subordination of human rights to national security and the occasional willingness of states to subordinate economic interests to human rights" (p. 163). The reason, we are told, is that "the United States never consistently applied the military and political sanctions it announced."

"Inconsistent" might be too kind a term to use in describing U.S. human rights policy. In her study of "human rights and U.S. foreign policy"—the subtitle of her book *Bait and Switch*—Julie Mertus (2004) uses the term "erratic" (p. 23). On the one hand, Bush senior showed more attention to human rights than Reagan did in El Salvador or in the case of the Occupied Territories in Israel. On the other hand, in 1990 Bush strongly opposed the trade sanctions on Saddam Hussein that were being considered by Congress, and he privately sent assurances to the Chinese government after Tiananmen that relations would continue with Beijing. In fact, Mertus reports that Bush "renewed its [China's] most-favored-nation trade status following the Tiananmen Square massacre" (p. 34).

Mertus also finds that the Clinton administration, for all its talk about human rights and linkage with trade, "generally refused to permit human rights abuses to stand in the way of advantageous trade" (p. 43). Although U.S. economic and political power is used to isolate countries like Myanmar (Burma) and Cuba out of concern for human rights, a different standard is applied to China. In adopting "engagement" with China, the Clinton administration "delink[ed] the most-favored-nation status from the human rights record" (p. 43). Regarding the human rights policy of Bush junior, one can certainly say that in view of the abuses of prisoners and deaths of detainees in Iraq, it has been wanting.

In light of a hypothetical experiment imagined by Donnelly, in which he abstractly reduces foreign policy issues to just four factors—security, economic concerns, human rights, and other considerations—he confesses that he "can think of no prominent example of a state sacrificing a major perceived national security interest for human rights" (p. 163). So much for the trade-offs and the balancing between human rights and national interests: we know what comes out of this bargain.

But at this point we may be getting ahead of ourselves. Donnelly does not deal with rights that clash with one another; much less does he specify which right would prevail over which right. His argument is not about adjudicating conflicting rights. As he says, his argument might be put in terms of "a plea for a focus on the creation of rights-protective regimes, as defined by the Universal Declaration of Human Rights" (p. 203). To spell it out in no uncertain terms, his plea is "to keep human rights, and thus this particular understanding of the substantive commitment to human dignity, explicitly central in our political language" (p. 203). At the heart of Donnelly's plea is the relative universality of human rights, understood as the overlapping consensus on the Universal Declaration. And at the conceptual level there is said to be an overlap, in spite of the particularities of national action, that realizes the consensus. If the objection is over how states subordinate human rights to national interests, then it is not related to the conceptual overlap. It concerns the application of human rights for which, at the concrete level, Donnelly readily accepts variations that are "not merely justifiable but desirable" (p. 121).

If we now attempt to clarify some of these issues, specifically the problem of conflicting rights on the one hand, and conflicts between rights and foreign policy on the other, our assessment will have to accomplish at least three things. It must:

(1) show what the overlapping consensus on the Universal Declaration requires in terms of "foundational" or conceptual commitments that make possible the core commitment to equality and autonomy;

(2) demonstrate how the overlapping consensus on the Universal Declaration is limited and where it runs into difficulties; and finally,

(3) propose an alternative approach to Donnelly's relative universality thesis.

I should point out, however, that for any account of the overlapping consensus a discussion of John Rawls is indispensable.[11] What has to be elaborated is the content of the overlapping consensus. Most importantly, we must consider whether it makes sense for Donnelly to appropriate the Rawlsian idea of the overlapping consensus for a statement on human rights.

What the overlapping consensus requires is a range of views that accept *ab initio* the proposition that human beings are autonomous moral agents. Donnelly says that "participation in the overlapping consensus on the Universal Declaration model is (only) possible for those who see 'human being' as a fundamental moral category and who see human beings as in some important sense autonomous actors" (pp. 51-52). Proponents of racial domination, for example, and advocates of the corresponding institutions of domination and subordination, "fall outside the international consensus on human rights and may be—must be—resisted with all vigor" (p. 53). Those who hold such views are considered "unreasonable" and are legitimately treated as such.

Hence, for the consensus to work, the range of substantive positions within the overlap must be "strictly bounded by a shared commitment to equal autonomy for all" (p. 52). But where the argument breaks down, and where Donnelly's appropriation of Rawls' idea of the overlapping consensus is limited, is in explaining how "reasonable" views are grounded. It is one thing to cite the reasonable view that slavery is a patently bankrupted institution that deserves no consideration whatsoever, but it is quite another matter to spell out what a "reasonable" view is and where it comes from. To explain this problem further, let us turn directly to Rawls.

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[11] My discussion deals with the later Rawls (of the 1990s) who abandoned most of the ideas worked out in *A Theory of Justice* (1971). Since 1975, in his subsequent interpretations and revisions of *Theory*, culminating in *Political Liberalism* (1996), Rawls has argued for a "political" conception of liberalism that does not endorse comprehensive moral doctrines, such as egalitarian liberalism, of which *Theory* stands as the finest statement. For appreciation of and critical engagement with Rawls, see, for example, Barry (1973), Freeman (2003), Hampton (1989), Klosko (1993), and Waldron (2002). *PL* in italic refers to *Political Liberalism* (1996).

For Rawls, reasonable values are those "congruent with, or support-ive of, or else not in conflict with" the values of a political conception of justice (1996: 169). In a pluralist democratic society, not all doctrines are reasonable. Rawls is well aware of this fact: he conjures away unrea-sonable doctrines so that the overlapping consensus involves reasonable doctrines only. In describing the political conception of justice, Rawls specifies that he is not talking about unreasonable views. He says, "the political conception is a module, an essential constituent part, that fits into and can be supported by various *reasonable* comprehensive doctrines" (p. 12; emphasis added).

A reasonable doctrine has three main features. First, it is an exercise of theoretical reason that deals with the major religious, philosophical, and moral issues. Second, it is an exercise of practical reason: it singles out which values are significant and how they are to be balanced. Third, evolving slowly and not being subject to sudden changes, it is part of a tradition of thought (p. 59).

Rawls's discussion of reasonable doctrines is susceptible to criticism. If a fundamental fact about democratic societies is the presence of many doctrines (p. 135), not all of which may be reasonable, then what hap-pens to the unreasonable views? Does Rawls take for granted that all doctrines can be made "reasonable" somehow? Rawls plainly does not think so. His goal of proposing a political conception of justice is to come up with principles of cooperation for the basic structure of soci-ety that all reasonable doctrines can accept and support without coer-cion. This goal hinges upon reasonable doctrines whose terms of cooperation overlap and form a consensus (p. 140).

But what is to become of those who are unable or unwilling to find fair political terms of cooperation? They would pose a problem to soci-ety. The challenge, Rawls argues, is to "contain them so that they do not undermine the unity and justice of society" (p. xix). Here we can detect the germ of Donnelly's idea of resisting with all vigor those ideas that "fall outside the international consensus on human rights" (2003: 53).

Whether a doctrine is reasonable or unreasonable depends on the cit-izen's judgment; and the citizen's judgment depends *a fortiori* on whether the citizens themselves are reasonable or unreasonable (Rawls 1996: 59).

Rawls says that "persons are reasonable in one basic aspect when, among equals say, they are *ready to propose principles and standards as fair terms of cooperation* and to abide by them willingly, given the assurance that others will likewise do so" (p. 49; emphasis added). Reasonable per-sons are those "ready to propose principles and standards as fair terms of cooperation," a description that bears striking resemblance to rea-

sonable doctrines. In both instances Rawls presupposes reasonableness as either a virtue of the citizens or a quality of the doctrines, which means that those citizens or doctrines are already committed to looking for fair political terms of cooperation.[12]

Working out the implication of Rawls's presupposition of reasonable citizens, it seems that citizens who are not committed to seeking fair political terms of cooperation would pose a problem and, as in the case of unreasonable views, society should somehow quarantine and "contain" them.

In this discussion, we find that Rawls says nothing about unreasonable views influencing the citizens. He seems oddly optimistic that the publicity of the political conception will educate citizens into the conception of themselves that he thinks is implicit in the public culture. But if the public culture is constituted by different and conflicting views, as Rawls says it is (p. 135), then it is possible that some citizens will fall prey to unreasonable views and become unreasonable themselves. As a matter of fact, all views in democratic societies would have to be reasonable in order for there to be certainty that citizens would not be adversely influenced. Rawls explicitly says that in democratic societies pluralism is reasonable,[13] and this is something that he takes for granted (p. xviii).

This brief examination of Rawls's overlapping consensus puts us in a better position to assess Donnelly's model. On the face of things, it seems that just as Rawls takes for granted that democratic pluralism is reasonable, so Donnelly stipulates, by definitional fiat, that the overlap in his Universal Declaration model is "strictly bounded by a shared commitment to equal autonomy for all" (2003: 52). What happens to those views that do not share this commitment is by now apparent: Donnelly

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[12] For Rawls, such cooperation entails the formation of constitutional democratic states. Rawls is talking to those who already accept the necessity of living in some kind of state. The only real question for Rawls's political conception of justice is: What kind of state? In his article comparing Lockean legitimacy with Kantian justification, Simmons (1999) criticizes the blurring of the distinction between legitimacy and justification in contemporary philosophy literature, especially Rawls's justification of the state. Simmons explains that Rawls's justification of the state is "offered to those who already agree that some kind of state must be justified, and it is justification relative to the moral positions of those who will make up the society in question" (p. 759).

[13] Rawls discounts the contrast between simple pluralism and reasonable pluralism; the distinction has no effect on the content of justice as fairness (p. 65). The contrast plays a role only in regard to stability.

says, "some local traditions—both Western and non-Western—are anti-thetical to human rights and must be approached as such," meaning that they must be excluded from the overlap and resisted with all vigor (p. 70). Yet how that exclusion is achieved in concrete terms is un-explained.

Other than the obvious case of condemning slavery—to which almost everyone surely assents—we have no way of knowing just what Donnelly means by excluding local traditions that are antithetical to human rights. Does he mean containing them, as Rawls wants to do with unreason-able views? And what about those people who uphold such traditions? Are we to treat them, say, in a "clinic," as if they had some contagious disease? To answer these questions, it would serve Donnelly well to spec-ify in some detail what he means by exclusion of, and resistance to, "unreasonable" views.

Against the wind of these stormy issues, Donnelly's model of the over-lapping consensus on the Universal Declaration does not appear to be sailing quite so smoothly as when it first hit water. In these circum-stances, we might well ask ourselves whether we would be justified in abandoning ship and working out an alternative to Donnelly's argument concerning the relative universality of human rights. But before rushing to judgment, we should examine with some care just how Donnelly arrives at his position, and then we might see whether some other course of action is warranted.

The two extreme limits within which Donnelly defines his position are (1) radical cultural relativism, which takes culture as "the sole source of the validity of a moral right or rule," and (2) radical universalism, which presumes "culture is irrelevant to the (universal) validity of moral rights and rules" (pp. 89-90).

Given the spectrum formed by these two diametrically opposite views of culture, Donnelly focuses on "what we can call strong and weak cul-tural relativism." Specifically, strong cultural relativism refers to "a wide range of variation that two entirely justifiable sets of rights might over-lap only slightly"; and weak cultural relativism, or a strong universalist position, "recognizes a comprehensive set of prima facie universal human rights but allows limited local variations" (p. 90).

As we have seen, Donnelly defends the strong universalist position through a three-level analysis, which involves a host of other issues that must be addressed before any substantive bite is obtained.[14] The prob-

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[14] In all this, something else of importance should be highlighted, namely, the lack of scholars who champion either radical cultural relativism or radical universalism. To

lem is that within the limits Donnelly has set up, it is impossible to find the depository of reasonable views to form the overlapping consensus. Without the consensual overlap, Donnelly's Universal Declaration model is impaired if not hollowed out from within. Let me explain.

Donnelly uses culture to explain local variations of human rights. But if culture explains *the divergence* in interpretations and implementation, it does not explain *the foundation or the overlap*. It is *structure*, as we have seen, that does that. But if culture plays no role in the overlap, whence come the reasonable views? The Universal Declaration model, which Donnelly is championing, requires an overlapping consensus. But when he excludes culture from forming that consensus, Donnelly seems also to exclude reasonable views. Does that mean the overlap in Donnelly's model is free-standing, as it is in Rawls's theory (1996: 12)? Who knows? No clear answer is spelled out. The implication is that Donnelly's appropriation of Rawls' overlapping consensus raises three serious problems:

(1) explaining how "unreasonable" views are excluded in concrete terms;
(2) disclosing the origin of the reasonable views that form the overlapping consensus, once culture is ruled out; and
(3) figuring out the basis of the overlap if it is no longer possible to ground it in reasonable views.

Nevertheless, Donnelly's argument might yet withstand our criticism. The reason is that while "the apparent conceptual consensus" may not be as apparent as first thought, Donnelly can retort that we have not yet presented "a pattern of contradictory evidence" that undermines the overlap (2003: 95, 96). This is an important consideration and has to be addressed. One way to respond, presumably, would be to gather the evidence and show it to Donnelly. That should be enough. Another response might be to argue that beyond the obvious cases of genocide and slavery, what overlap there is does not live up to its name. Again, let us consider Tiananmen. Was there a consensus? Yes, obviously. But the American government's reactions to it, to use Donnelly's own terms, were inconsistent: "the United States never consistently applied the military and political sanctions it announced" (p. 163). Now if the consensus

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my knowledge, theorists who come closest to taking such archetypical positions are Chandran Kukathas (2003) and Brian Barry (2001), respectively. But the terrain on which Kukathas and Barry carry out their debate is multiculturalism, not human rights. I should mention that in *Dissent*, winter 1995, David Bromwich considered "Culturalism, the Euthanasia of Liberalism." Charles Taylor (1995) and Michael Walzer (1995) took issue with that argument.

reached on the Chinese government's massacre of innocents was never consistently applied, then what is left? There are other examples that could be cited. For instance, what consensus has the international community reached concerning Imperial Japan's devastation of Nanking,[15] or the massacre of Armenians by Ottoman Turks, or the victims of genocidal policies in Darfur? Many other past and current examples might be cited, but that is not the point. The real issue is that if we have no consensus on atrocities, then we also have no consensus on human rights.

The point is that Donnelly has not specified the resource(s) required to do the work of the overlapping consensus because it seems to be the gap between theory and practice that is doing the heavy lifting in Donnelly's argument. Donnelly constructs his thesis of the relative universality of human rights around the split between the primary issue at the level of "concept" and secondary issues at the levels of interpretation and implementation. Once theory and practice are delineated, Donnelly then goes on to explain the primary *and* secondary issues with one cause. Let us explore this issue further.

In examining the differences among civilizations, Donnelly (nd) thinks that these "differences are largely limited and mostly concern relatively secondary issues," and "it is crucial that we not confuse overlapping consensus with homogeneity" (p. 26). By putting things in this way, that is, by stating that the overlapping consensus is not homogeneous, what Donnelly is doing is, on the face of it, implying that the overlap is formed by heterogeneous worldviews, or views of different world civilizations. This is important because, in effect, Donnelly is implying that different worldviews somehow converge and overlap with each other and form the resulting consensus: the Universal Declaration of Human Rights. But as we have seen, it is at the theoretical level only, at what Donnelly calls the "concept," that different worldviews converge on, say, the basic norms dealing with individual autonomy and dignity. If it is at the primary level that "different worldviews" converge and form the overlap, then how is it that now, at the secondary level, it is the same "different worldviews" that cause the differences among civilizations? That is to say, how is it logically possible to have the same "differences" among civilizations doing the work of forming the overlap, the primary issue, *and* of causing variation in interpretations and implementation of human

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[15] For discussions of the Nanking massacre, see, among others, Brook (1999), Chang (1997), Li, Sabella, and Liu (2002), and Zhang (2001).

rights, the secondary issues. One cause cannot produce an effect that does one thing—converges and forms an overlap—and also does the opposite thing—diverges and makes for variation in interpretations and implementation.

In response, Donnelly might argue that an overlapping consensus on human rights involves the need to accommodate cultural differences, and the best way to bring about an overlap on human rights is through dialogues among civilizations. It is, I think, an argument of this sort, though not in those precise terms, that underlies Donnelly's discussion of "Human Rights and the Dialogue among Civilizations." But in that case, if it is dialogue over real differences, then a dialogue focusing on difference adds no value. As Donnelly (nd) says,

> There are at least two areas where dialogue focusing on difference can be illuminating and productive. **First**, there are multiple routes taken to the overlapping consensus on the Universal Declaration. Whether these routes are more diverse within or between civilizations, the **differences in foundations** underlying the idea of "dialogue between civilizations" are worth pursuing for reasons that include (1) their inherent interest, (2) for the purposes of deeper understanding of others, and (3) for the insights they may offer about avenues for change.
>
> Those conversations, however, are greatly facilitated if we have **a common point of reference**, as I think we do in the case of the Universal Declaration. . . . In other words, even the discussion of true diversity is facilitated by **stable points of agreement**, such as the Universal Declaration.
>
> **Second**, the fact that differences are *relatively* minor and restricted to a relatively small range of issues does not mean that those differences are unimportant, especially at the level of day to day politics. Questions such as capital and corporal punishment, the limits of religious liberty, and the dimensions of gender equality are *vital* issues that merit intensive discussions within and between states and civilizations. If those discussions are to be constructive, however, **we often will be required to walk a difficult line between respect for the other and respect for one's own values** (emphasis added). (P. 26)[16]

Where dialogue matters, the first area concerns "the differences in foundations"; the second area concerns "relatively minor" differences such as capital and corporal punishment, freedom of religion, and gender equality.

But given that, for Donnelly, the dialogue is structured, we have to ask: What does the work of actual dialogue do? What is left for dialogue if we know before the dialogue even starts how the conversation is to be conducted and anchored, namely, by "stable points of agreement,"

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[16] To distinguish my italics from the italics in the original text, I have put the former in bold print.

that is, the Universal Declaration? Why have a dialogue if "a common point of reference" is already obtained? Finally, dialogue adds no value to working out differences among civilizations because, at the end of all the hard work of "discussions within and between states and civilizations," we will end up at the same point where we started, namely, "we often will be required to walk a difficult line between respect for the other and respect for one's own values."

In the end, we find ourselves in a dilemma: we cannot help but believe in human rights and share Donnelly's conviction that "the historical contingency and particularity of human rights is compatible with a conception of human rights as universal rights" (2003: 1); but to the extent that Donnelly's thesis seems to fall short, perhaps we should be considering some other course of action.

With that in mind, let us sketch out, at least in broad strokes, some suggestions for developing an alternative to Donnelly's approach. In this connection, we should consider four points. First, we cannot dismiss what has been gained so far with respect to how human rights are received by countries throughout the world. It is impossible to calculate the time and energy required to start afresh. This means that any alternative approach to Donnelly's has to start from the same point, namely, the Universal Declaration.

Second, since it is states that interpret and implement human rights, what matters most is not the overlap among states that claim compliance with human rights. All states comply somehow, if only by watering down international norms to make them fall into line with existing domestic laws through loopholes such as reservations, understandings, and declarations. The most blatant example is, of course, the United States' deviations[17] from the International Covenant on Civil and Political Rights, which the United Nations Human Rights Commission has found to be "incompatible" with the aims of the covenant (Mertus 2004: 36).

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[17] In spite of the important roles played by American diplomats and politicians in drafting the Universal Declaration, what the American government has done under different administrations since Harry Truman has led most independent scholars to consider the United States the black sheep of human rights norms, a matter widely discussed in this genre of literature. This is not the place to bring that up. But it should be noted that United States' deviations from the spirit and letters of human rights are but one side of the coin. Daniel A. Bell (1999) has pointed out that "the UDHR [Universal Declaration of Human Rights] also runs counter to the mainstream ideas about fundamental human rights in the United States, meaning those expressed in the U.S. Constitution" (p. 849).

What needs to be addressed, ultimately, is how these loopholes are to be closed. Talk of an overlap is self-deceptive as long as compliance can be manipulated, and states certainly do manipulate their compliance with human rights. As noted by Donnelly (2003) himself, "States control, and thus can manipulate for the purpose of their human rights policies, access to market, resources, and foreign aid" (p. 177).

Third—and this is the most problematic conclusion—the possibility of living in a world with one standard for human dignity and human autonomy is remote at best. To have human rights respected in full is a noble aspiration to which everyone ought to contribute. But as Bertrand Russell ([1945] 1972) observes in his account of *The History of Western Philosophy*, "the conception of one human family, one Catholic religion, one universal culture, and one worldwide State, has haunted men's thoughts ever since its approximate realization by Rome" (p. 282).

In the absence of some universal empire, it is impossible to enforce a common human rights standard. This means that whatever alternative one develops to Donnelly's argument—"that internationally recognized human rights have been (or are at least are being) and ought to be adopted, with modest adaptations, by . . . cultures and peoples across the world" (2003: 63-64)—it has to answer this question: Just how should people across the world expect human rights to be enforced? If by the state, then the question concerns loopholes, as shown above. If by a super entity, for example, a world empire, then there is the question of how human rights relate to the risk of totalitarianism. Either way, serious thought is required.

Fourth, and adding up the three points mentioned so far, it seems that one would be wise to approach human rights with great care and consider the details of just what a "fundamentally universalistic" approach actually involves (Donnelly 2003: 89). If we say with Donnelly that "Social structure, not 'culture,' does the explanatory work," then it would appear that human rights are necessitated by "social conditions" that are today universal; that is, the universality of markets and of the state system. The problem is that human rights, and particularly conflicting claims to rights, always have to be consciously interpreted and reinterpreted by those directly affected.

It necessarily follows that an overlapping consensus on human rights will be *a continuing project* rather than a *final state of affairs*. And since reasonable people can never step out of their particular history and culture, the need to accommodate cultural differences, rather than referring us merely to issues of interpretation and implementation, will always be central in determining exactly what rights are truly fundamental or universal. Indeed, the two sets of issues are impossible to separate. This

means that a theoretical argument for human rights is inescapably a political argument, and it cannot be persuasively made by *presupposing* a consensus that needs to be *continuously affirmed and reaffirmed* in the practice of political life.[18]

Conclusion

What we find, at the end of our assessment of Donnelly's thesis of the relative universality of human rights, is that the model of overlapping consensus on the Universal Declaration of Human Rights appears insufficient. Insightful as it is, Donnelly's account does not address such difficult issues as how to adjudicate competing rights, how to address "unreasonable" views, how to explain the origin of reasonable views or, beyond such obvious cases as slavery and genocide, how to obtain the overlapping consensus.

I have tried to suggest a few ideas for working out an alternative to Donnelly's approach, but I have offered only an "assessment," not another theory for the purpose of toppling Donnelly's. The reason should now be clear. Short of mounting a fundamental challenge to contemporary human rights theories, no alternative theory can suffice. But a critical assessment of Donnelly's thesis of the relative universality of human rights does provide a useful perspective on certain key issues. First, it lays out the theoretical universality and practical relativism of human rights, and in so doing questions the shift in logic from structural explanation to empirical explanation. Second, using the example of the East Asian challenge for human rights, it shows the dilemma that inevitably arises when rights enter into conflict. Finally, by focusing on the overlapping consensus, it brings to light several other issues, most notably the problematic basis for the overlap and the unfortunate fact that even dialogue over differences does not do the work that Donnelly claims.

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[18] Richard B. Day suggested this idea to me. I am indebted to him for formulating this line of argument.

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Morality, Ethics, and Globalization: Lessons from Kant, Hegel, Rawls, and Habermas[1]

Erick Lachapelle[2]

Abstract

This chapter critically examines the separation of political theory from international theory and argues that a return to the former is essential if IR scholars are to help provide answers to the urgent moral and ethical questions facing world politics in an era of globalization. An examination of the political philosophies of Kant and Hegel demonstrates the importance of political theory for the analysis and practice of global politics today, while the tension between the universal and particular, emerging from Kantian morality and Hegelian ethics, is traced in the recent work of John Rawls and Jürgen Habermas.

Introduction

In an important yet underappreciated book, Mervyn Frost (1966) has written that "although normative questions regularly arise in the day-to-day practice of international politics the discipline of international relations [IR] has not accorded ethical theory a central place within it" (p. 1). Some of the more significant reasons for this marginalization include pervasive moral skepticism associated with the characterization of international politics as a Hobbesian state of nature (Beitz 1979); the positivist bias characteristic of what Hoffman (1977) has called "An

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[1] This paper has benefited from helpful comments by Vincent Pouliot, Amal Karaman, Joe Masciulli and especially Richard B. Day.

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American Social Science"; a general devaluation of ethical analysis within moral philosophy (Brown 1992); and the strict separation of international theory from political theory (Brown 1992; Jackson 1990). Despite decades of self-criticism—and reflecting the hegemonic power of *la bureaucratie du savoir*[3] in attributing greater value to certain kinds of inquiry—mainstream IR theory is still dominated by a technical interest (Habermas 1971) in explaining and controlling state behavior, which is evidenced in the dominance of explanatory-analytical theory and, to some extent, the continuing search for regularities and law-like (deductive-nomological) generalizations.[4]

To be sure, a relative lack of normative theorizing in the field of IR is not due to a deficiency of pertinent issues. Normative questions permeate the very fabric of contemporary international and global politics, and it is curious why, in the name of "Science," leading IR scholarship self-consciously sweeps away their centrality.[5] As Frost (1996) points out, each day shareholders, voting citizens, military personnel, members of the bureaucracy, and statesmen are faced with important normative questions such as: When is war justified? When is intervention in the domestic affairs of another sovereign state justified? How are we to deal with different groups' competing claims to the same territory? Have we any moral obligations to those suffering from famine in other states? How are we to treat refugees seeking asylum in our own country? Should multinational corporations have a right to exploit the different moral and legal standards that exist in other parts of the world? What duties

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[3] By this term I refer to the institutionalized hierarchy of legitimate claims to knowledge and truth dictated by an academic community's most reputable journals, whose editorial policies shape the work of scholarship by privileging—either implicitly or explicitly—certain types of inquiry over others.

[4] To be sure, a handful of works bridging the concerns of international and political theory have followed the seminal works of Walzer (1977) and Beitz (1979). For a review of work in this tradition, see Schmidt (2002). While such developments are welcome, scholarly interest in this work is confined to specialized journals and continues to be marginalized in mainstream (read: American) IR. This chapter contributes to this literature by emphasizing what political theorists have to say on issues pertinent to normative IR.

[5] While most questions that are motivating research in IR are fundamentally normative in nature, scholars diligently keep such normative commitments in the background for the sake of appearing as "objective" and "scientific" as possible (Frost 1998). This practice is reinforced by the editorial policy of the field's leading journals, which emphasize scientific analysis over prescription. The subject matter of "ethics" in IR is thus left to political theorists or else remains at the margins of the discipline.

do we have to address global inequalities in wealth? What is our moral responsibility to future generations regarding sustainable stewardship of the Earth's ecosystems?

These questions take on even greater significance in a context of "globalization."[6] Indeed, as economic, technological and social trends bring the peoples of the world into direct interaction, significant differences in their particular conceptions of "right," "justice," and "the good" become ever more strikingly apparent. On the moral-philosophic plane, globalization raises a fundamental contradiction between claims to a universal morality (human rights and cosmopolitan law) and the particular ethical claims of political communities (including state claims to the right of non-intervention under Westphalian international law). From a political-economy perspective, globalization is marked by a tension between the systemic imperatives of global markets (the requirements of efficiency) and the cultural pre-understandings of different groups (in terms, for instance, of justice).

On the one side of this multilayered contradiction, liberalism's norms—deregulation, privatization, democratization, secularization, and individual human rights—claim transborder applicability. On the other hand, political resistance, backlash, and fragmentation—witnessed in civil protest, terrorism,[7] xenophobia, and movements for political independence—reaffirm the significance of a people's history, territory, and culture. In this context, the very foundation of world politics—the organizing principle that is the sovereign nation-state—faces enormous challenges.

In order to provide answers to the moral and ethical questions that abound in the day-to-day practice of world politics, and to meet the challenges of globalization more generally, scholars must stake a position in either the cosmopolitan or communitarian camp. Yet developing coherent answers to these dilemmas also requires (at a minimum) that one pay attention to, or (at a maximum) that one attempt to reconcile, cosmopolitan morality and community ethics. This challenge is too often overlooked in a scientifically oriented discipline of International Relations.

In light of this intellectual and practical disarray, I will argue that a return to "political theory" in IR is both necessary and desirable. I begin

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[6] Although I take "globalization" to be a normatively contested social construct, this chapter deals primarily with the *effects* of globalization, emphasizing those that raise significant moral and ethical dilemmas.

[7] I use the term "terrorism" here to connote the unlawful use of violence, force, and/or intimidation, undertaken against civilians and/or property by state or non-state actors for political purposes.

with a brief examination of the reasons for the marginalization of normative theory. Next, I attempt to overcome the most prominent obstacle to normative theorizing in IR by demonstrating, through an analysis of Kant and Hegel, that "political" theory and "international" theory are two inextricably linked discourses. Apart from providing normative justifications for implicitly held assumptions in IR theory, my analysis also highlights in Kant and Hegel two diametrically opposed philosophical foundations that can help to organize our thinking around the normative questions that regularly arise in world politics. In this era of globalization we see that Kantian (cosmopolitan) morality and Hegelian (communitarian) ethics exist in a dialectical tension. This theoretical dilemma, the legacy of Kant and Hegel, leads me to consider two contemporary political philosophers—John Rawls and Jürgen Habermas—who grapple with the tension between claims to a universal cosmopolitan morality and the particular ethical claims of historically and culturally situated political communities.[8] After critically reviewing the work of Rawls and Habermas, I conclude with some brief reflections on the implications of my analysis for the discipline of International Relations.

Moral Skepticism and False Dichotomies

Among several reasons for the marginalization of normative theory in IR, few are as fundamental as the sharp dichotomy commonly drawn between political and international theory. In the past, it could be argued that IR's eschewing of normative theory was part of the broader devaluation of ethical analysis within moral philosophy, epitomized in analytic moral philosophy and logical positivism (Brown 1992). However, more recent engagement by philosophers with questions of political membership in general (Benhabib 2002), and with international relations in particular (Rawls 1999; Habermas 2001), provides strong evidence that this trend has been reversed.[9] With political philosophy returning to

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[8] To focus on these authors in general, and on the Kant-Hegel problematic in particular, is not to deny that serious alternatives to normative theorizing in the domain of international politics exist. To be sure, Singer's (1971, 1981, 2001) "consequentialism," Beitz's (1979) endorsement of a "global difference principle," and Walzer's (1977) "just war" tradition are important alternatives. But given the centrality of the cosmopolitan-communitarian debate, in which Singer, Beitz, and Walzer (among others) can be situated, and in light of the relatively more sophisticated attempts to reconcile universality with particularity found in Rawls and Habermas, whose works have only begun to receive adequate attention in IR, I deal primarily with the latter here.

[9] Similarly, though positivism is still the dominant orientation in IR, philosophers of science have long debated the potentially erroneous assumptions of positivist ontology

more concrete questions, theoretical undercurrents are now also more favorable for normative theorizing in IR. Why, then, does normative theory continue to be marginalized?

When contrasted with domestic politics, international relations are commonly said to be anarchical, resembling a Hobbesian state of nature or a war of all against all (Waltz 1959; 1979). Unlike politics within states, where the organizing principle is hierarchically imposed order, international relations lack a higher moral power to adjudicate disputes and distinguish right from wrong. In this context, state leaders have been urged since medieval times to act prudently on the international stage—for *raison d'état*—in ways that fundamentally contradict the requirements of private morality (Machiavelli [1513] 1979).[10] Indeed, the view that morality lies outside the sphere of interstate relations altogether is today barely contested.[11] Proponents of "realism," the dominant paradigm in IR, contend that there is no place for morality or ethics in international relations theory: to introduce ethical theory would defeat the scientific nature of the theoretical enterprise itself (Waltz 1979).[12]

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and epistemology when applied to the social world (Habermas 1971; Quine 1961; Winch 1958). Unfortunately, debates in IR regarding "post-positivist" approaches rarely seek to vindicate normative theory (for an important exception, see Linklater 1996).

[10] "Realists" in IR theory share this amoral view of politics with Machiavelli. Since states have never, as a matter of fact, allowed their behavior to be constrained by moral considerations, realists argue that there is no point in trying to formulate or propagate such moral obligations. This perspective is clearly expressed in one of the discipline's canonical texts in which Hans J. Morgenthau (1942: 11) outlines six principles of political realism, two of which draw a sharp distinction between politics and morality: prudence is the "supreme virtue" in politics, so the actions of states should be judged by their political (rather than moral) consequences; and "Political realism refuses to identify the moral aspirations of a particular nation with the moral laws that govern the universe."

[11] The view that morality lies outside of international relations is held for a number of reasons, including the view that morality is a matter of personal relations, with the implication that it is a confusion to think that it could govern the behavior of states and their representatives; that morality is a matter of feeling, whereas politics and international politics are a matter of rational calculation; and that morality is of its nature opposed to self-interest and that the behavior of states should be governed by self-interest alone (Ellis 1986). It is interesting to note that Hegel would put international relations within—as opposed to outside of—the sphere of morality, which he took to be abstract and without content. This view is discussed below.

[12] Waltz's positivist view of IR theory and the positivist fact/value distinction in general have been harshly criticized and largely discredited by "critical theorists" who argue that, despite claims to objectivity, all theories necessarily harbor their own unspoken and often unjustified normative assumptions. Scientific "facts" do not speak for themselves. For a review of the contribution made to IR theory by critical theorists, see Linklater (1996).

But is this really the case? Does the existence of bounded political communities necessarily negate the possibility of ethical considerations and moral responsibilities among individuals and between states? A small contingent of scholars associated with the so-called "English School" argues that the answer is clearly "No." Frost (1996), for instance, has convincingly argued that when taken to its logical extreme, the amoral view of international politics is ultimately contradictory and untenable. Hedley Bull (1977), the eminent scholar on "international society," was the first among his contemporaries to point out that *international norms* of appropriate conduct exist insofar as states feel the need to justify their actions to the international community if and when they act in defiance of an established norm.[13] Echoing Bull, Frost writes that states share a common "domain of discourse" composed of "settled norms," and "it is generally recognized that any argument denying the norm (or which appears to override the norm) requires special justification" (1996: 105).[14] But views of this sort are the exception rather than the rule, which is why I propose to turn to political philosophy for assistance in sorting through the moral and ethical dilemmas of world politics.

Moreover, relatively recent works in "international political theory" have, with few exceptions, endorsed uniquely cosmopolitan solutions to global dilemmas (Rengger 2005). For these reasons, I propose to turn to political philosophy, a field of inquiry that is much better versed in the cosmopolitan-communitarian dilemma, for assistance in sorting through the moral and ethical dilemmas of world politics.

Although pervasive moral skepticism in IR is contradicted by its own logic and by empirical counterfactuals, the fact remains that strict boundaries *continue* to be drawn between domestic and international political theory.[15] This distinction is clearly captured in a celebrated essay, "Why is There No International Theory?" in which Martin Wight (1966) argues

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[13] To be sure, this point goes back to Kant's essay on Perpetual Peace where he argues that the mere use of moral language by states (of rights and duties) demonstrates mankind's capacity to contemplate the moral beyond one's own borders (Reiss 1970: 103).

[14] We shall see below how two contemporary political philosophers ground the norms identified by English School theorists in an "overlapping" (Rawls) and "rational" (Habermas) consensus among "peoples." Apart from this theoretical justification for thinking normatively about international politics, one can discern, at the empirical level, an emergent network of transnational Non-Governmental Organizations (NGOs), that have emerged as global actors in their own right (Wapner 1995).

[15] In a recent commentary on the work of Beitz, for instance, Rengger (2005: 361) seems to suggest that despite some overlap, the field of "international political theory" is a distinct field of inquiry, separate from both political theory and IR theory.

that attempts to develop "international theory" are "marked not only by paucity but also by intellectual and moral poverty" (p. 20). For Wight, political theory refers to "speculation about the *state*, which is its traditional meaning *from Plato onwards*," and is primarily concerned with "the theory of the *good life*." International theory, on the other hand, involves "speculation about relations *between* states" and is concerned primarily with "the theory of *survival*" (pp. 17, 33 emphasis added). In this way Wight reduces international theory to a mere technical activity—a question of the most effective means (amenable to "scientific" analysis)—rather than a theory of the good life, including rival ends or values, which is the traditional province of political theory (Brown 1992). In support of this distinction, he denies the existence of any "classic" text of international theory and adds that, of the few theorists who even bothered to write about international relations, none are famous for their work (p. 18).

While "there is no denying Wight's observation that the works of the greatest political [philosophers] pay [only] limited attention to international relations" (Jackson 1996), I will argue, following Brown (1992) and Jackson (1990, 1996), that international and political theory are best conceptualized as two inextricably linked branches of a broader moral discourse that is ultimately concerned with the theory of "right," "justice," or "the good."[16] This connection is dramatically evident in the writings of Kant and Hegel, whose work can both provide us with normative justifications for many of the assumptions held by contemporary theories of international relations[17] and also help to organize our thinking with regard to the deeply disturbing questions that regularly arise in world politics today.

Overcoming Dichotomies Part I: The International and Political Theory of Kant and Hegel

Both Kant's and Hegel's philosophical writings simultaneously embrace moral, political, and international theory. Although Kant's fundamental

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[16] This perspective, which emphasizes that "there can no longer be a valid theory of the state without a theory of the global system, nor a theory of the global system without a theory of the state" (Held 1991, quoted in Schmidt 2002: 119) is shared by other scholars, including Booth and Smith (1995). See Schmidt's (2002: 119-120) review article.

[17] Theories advance their own values. Liberals, for instance, assume that individual freedom is a good in itself. Socialists treat equality likewise, and realists assume that international order through the maintenance of a system of sovereign states is a good (Frost 1996: 70). Normative justifications for these implicitly held assumptions can generally be found in political theory and in that of Kant and Hegel in particular.

project was to put the Enlightenment on a sound philosophical footing (by refuting Humean empiricism, for example),[18] his interests went well beyond the phenomenal world of science into the realm of moral philosophy. Just as we "need necessary principles logically prior to and independent of experience," such as the notion of "causation," to understand how the world works, so too, Kant thought, we can discern moral action "only if we discover rules or principles which are logically independent of experience and which are capable of contradiction" (Reiss 1970: 17-18). Kant called these rules "practical synthetic *a priori* judgements." He believed these rules "underlie all moral decisions and are inherent in all arguments about moral issues" (Reiss 1970: 18).

The *categorical imperative*, for instance, allows individuals to distinguish between "duty" and "desire" through the insight that only those actions (and maxims) that at the same time can be willed as universal law are moral (Reiss 1970: 18).[19] If all men were to obey the categorical imperative all of the time—if, in other words, all would will mutual respect and dignity, and do so universally and consistently—then we would live in a "Kingdom of Ends," an ethical totality in which all ends cohere. A Kantian Kingdom of Ends is, however, an unattainable ideal toward which reason—expressed in the categorical imperative—demands that men strive. Since men are *rarely* good natured, and since they do not follow the categorical imperative all of the time, "a public legal order is required [in order] to enforce the observation of moral ends that would be voluntarily observed if the Kingdom of Ends [were] realized" (Brown 1992: 31).

Out of Kant's moral philosophy—based on abstract principles of appropriate conduct in conformity with the categorical imperative—grows his political philosophy.[20] As with Hobbes, Kant's philosophical problem

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[18] Against Hume, Kant wanted to show that there could be utterances that are meaningful yet neither logically necessary nor based on experience. To explain how the world works requires more than mere observation. In his *Critique of Pure Reason*, Kant made the central point that it is the mind that gives order to nature rather than nature that reveals patterns to the mind. It is precisely because of the mind's capacity to come up with notions like causation, "which are neither logically necessary nor based on experience, that knowledge, at least of the phenomenal world, is possible" (Brown 1992: 30).

[19] In contrast to hypothetical, consequentialist, or *instrumental* logic ("do this, if you want that"), the categorical imperative *categorically* imposes an absolute injunction to act in a particular (i.e., moral) way (Brown 1992: 30).

[20] For Kant, "a theory of politics . . . is inevitably a part of a metaphysics of morality. This is so because politics deals with the question of what we ought to do in our social and political context, . . . it is concerned with establishing criteria by which we can settle public conflicts of interests" (Reiss 1970: 20).

concerns the transition from a state of war to a state of peace, and he adopts, following the tradition of his age, a contractual view of the state. Individuals in a state of nature have "natural rights" to *possessions*— including "right to communal possession of the earth's surface" (Reiss 1970: 106)—but they are impelled to enter into a lawful state in order that possessions may become rightful *property*. The Kantian lawful state is republican (i.e., based on the separation of executive and legislative powers) and is built on three *a priori* principles—freedom, equality, and independence (Reiss 1970: 99). For Kant, as for Hobbes, the role of the state is "essentially negative; a state exists to allow free, equal, and independent individuals to find security for themselves and their property" (Brown 1992: 32). The state does not, indeed cannot, make people moral, since moral action is based on autonomous choices according to principles that cannot be imposed or coerced. Hence, for Kant, the state is a secondary institution whose legitimacy rests on its ability to provide a context within which lawful "rights" may facilitate "the rule of reason" (understood as following the categorical imperative) in each person's individual life.

The rational aim of Kant's political philosophy leads him directly to international relations, which he believed to be a "lawless state of savagery" (Reiss 1970: 47). Within this context, the same moral imperative that impels creation of the lawful state also requires the abolition of war. Man has a rational duty to work toward establishment of a cosmopolitan society: the alternative to a condition of "Perpetual Peace" is the "graveyard" (pp. 33-34). Kant explicitly rejects the creation of a world state for fear of universal despotism,[21] arguing instead for what he calls a *foedus pacificum* (pacific federation) as distinct from a *pactum pacis* (peace treaty). Defining peace in deeper terms than simply the absence of conflict, Kant argues that in order to realize cosmopolitan right, peace must be formally instituted in a pacific federation of republican states. As "the ultimate problem of politics" (p. 33), war is a menace both to individual freedom and to universal right.

Once the organic relationship between moral, political, and international issues is recognized in Kant's intellectual edifice, we may begin to see the relevance of his *philosophy* for the study and practice of contemporary world politics. In Kant's essay on "Perpetual Peace," we find a number of liberal principles (Reiss 1970: 93-106) that are, as Brown

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[21] Kant offers several reasons for rejecting a world state as a means of institutionalizing a condition of perpetual peace. A world state would be contradictory, unrealistic, and potentially despotic (Reiss 1970: 102, 105, 113).

(1992: 35) points out, "strikingly modern." Empirically, Kant's six "preliminary principles"—open diplomacy, non-aggression, self-determination, non-intervention, the delineation of lawful means of making war (*jus in bello*), and disarmament—constitute many of what Frost (1996: 112) calls the "settled norms" of the international system and can be found today in the UN Charter.[22]

Theoretically, the key assumptions presupposed by liberal interdependence and functionalist theories in IR can be normatively grounded in Kant's speculation that international commerce breeds mutual trust (and shared interests) sufficient to make international cooperation the norm for a "universal community" in which war would become irrational and counterproductive (pp. 106-108, 111, 114). We also find in Kant's three "definitive articles" of federation an original example of "second-image" theorizing (Waltz 1959), that is, speculation concerning the impact of domestic institutions on the nature of international relations. In fact, Kant's first definitive article, that "the civil constitution of every state shall be republican" (Reiss 1970: 99), constitutes the germ of the "democratic peace thesis."[23] This thesis, based on a normative principle, (ironically) lies behind one of the *very* few cherished "laws" claimed by IR, namely, the finding that liberal democracies do not go to war with each other. It is not surprising to find Kant's name recounted in textbooks as an intellectual forerunner of the liberal tradition in IR.

If Kant's entire project was to put the Enlightenment on a sound intellectual footing, Hegel's can be seen as both an implicit and an explicit critique of Kant.[24] As in Kant's case, Hegel's thoughts on politics and international relations are embedded in his total system of ethical thought and can also serve to ground several key normative assumptions of international relations theory in the appropriate philosophical foundations. Hegel's understanding of international relations represents a dialectical growth from his theory of the modern state, which is an

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[22] Later it will be shown that Rawls provides a normative justification for these principles.

[23] For a discussion of the democratic peace thesis and its links to Kant, see Brown et al. (1996) and Doyle (1983).

[24] In what follows, we deal only with Hegel's critique of Kant's moral philosophy rather than his critique of Kant's entire critical and theoretical philosophy as a whole. Hegel rejected two central components of Kant's theoretical philosophy, namely, the transcendental deduction of the categories and the doctrine of transcendental idealism. See Ameriks (2000); J. Smith (1973); S.B. Smith (1986); Guyer (1993); and, Wood (1990), especially chapter 9.

ethical theory that attempts to reconcile individual autonomy with community life in a grand theory of Absolute Knowledge. Unlike Kant, Hegel believed that principles of "right" conduct could not be deduced *a priori*; such principles could only be derived from the laws, customs and norms—a particular conception of the good—embedded in the ethical framework of an actual political community.

Hegel's theory of the modern state, recounted in his *Philosophy of Right*, is concerned with reconciling the moral autonomy of the individual will, an essential aspect of modern consciousness (as identified by Kant), with the customs and social practices of the community, which Hegel regarded as the content of ethical life. Hegel denies Kant's view that it is possible to think of individuals in isolation from the community that has shaped them and constituted them. By tracing the dialectical movement of the "will," as it progresses toward attainment of "freedom" in ethical life, Hegel wants to show that "Abstract Right" and "Morality" *presuppose* the objective institutions of "Ethical Life"—the family, civil society, and the state. In other words, the universal, if it is to have any content, presupposes the particular.

While Hegel praises Kant for highlighting one's ability to legislate normative laws for himself, he also says that this is an "empty formalism," an insufficient abstraction and mere "duty for duty's sake" (Hegel 1952: 90).[25] As we saw above, Kant thought the principles of morality rest on the universal moral law, the categorical imperative, which allows individuals to test the rationality of any action by asking whether the maxim upon which it is based can be universally and consistently willed. For Hegel, this test is void of all content: it offers no criterion of moral right and wrong and no distinction between what are deemed to be "moral" maxims. It is both too *empty* to prescribe the (particular) content of what is to count as universal and necessary (i.e., moral) action, and also *contradictory*, in that it may provide a means by which "any wrong or immoral line of conduct may be justified" (Hegel 1952: 90). The charge of emptiness, combined with Kant's sharp distinction between duty and desire, reduces Kant's science of morals to "the preaching of duty for duty's sake" (Hegel 1952: 90). The very motivation of moral activity is inexplicable (Ameriks 2000: 310), and we are left with an "empty principle of moral subjectivity" (Hegel 1952: 106). In response, Hegel argues that without concrete principles of right and wrong it is impossible to make

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[25] All references to Hegel's *Philosophy of Right* are taken from T.M. Knox's 1952 translation.

the transition from purely formal morality to the specification of particular duties that are objectively valid. Individual moral consciousness has no meaning outside of social practice and custom; and truly universal forms of consciousness are impossible because the process of universalization is implicit in the historical development of *particular* cultures.

In the context of this debate, Hegel proposes his ethical state as "the actuality of concrete freedom,"[26] the synthesis of universal and particular made possible by rational civil and political institutions, which together constitute a dialectical unity that recalls Kant's "Kingdom of Ends." In sharp contrast to Kant, however, the ethical state for Hegel plays a much greater role than the simple protection of security and property. The state plays a fundamentally *positive* role in the constitution of individuality and in the realization of freedom. Individuals come to identify themselves with the objective ethical order through the educative function of the institutions of ethical life (the family, civil society and the state), and hence they see the state not as an arbitrary will or external "blind necessity," but rather as the embodiment of their own freedom (Hegel 1952: 365). Conceptualized in this way, the state becomes *the* primary institution, *the* source of moral value in social life—it actually *makes men moral* (something Kant rejected). Indeed, Hegel quotes with approval the story of a father who, when asked about the best method of educating his son in ethical conduct, replied, "make him a citizen of a state with good laws," and he criticizes Rousseau for thinking that education in isolation would make better citizens" (Hegel 1952: 109, 261).

As was the case with Kant, Hegel's theory of the modern state is firmly rooted in his moral philosophy and leads him, necessarily, to consider international relations. For Hegel, the very existence of a sovereign state (over which there is no higher legal authority) implies the existence of others: "Individuality is awareness of one's existence as a unit in sharp distinction from others" (Hegel 1952: 208). The domestic politics of states, and their external relations with others, are *essentially* linked. The element of instability inherent in civil society,[27] and the con-

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[26] In contrast to the sphere of civil society, where man is only free in an abstract sense, we experience "concrete freedom" when we come to identify ourselves with the (hitherto external) laws of the ethical community. Adherence to *our* laws and *our* will, in *our* absolute unity with the ethical community, makes us *absolutely* free (Hegel 1952: 160-161).

[27] This instability (i.e., fluctuations in consumer demand and trade) is rooted in the "differing interests of producers and consumers" (¶ 236) and in the unequal distribution of wealth inherent in a market system (¶ 244).

tradicion of poverty,[28] to take two related examples, lead Hegel to conclude that "This inner dialectic of civil society thus drives it [. . .] to push beyond its own limits and seek markets, and so its necessary means of subsistence, in other lands which are either deficient in the goods it has over-produced, or else generally backward in industry" (Hegel 1952: 151).

Although Hegel is rarely considered for what he had to say about international politics, his remarks on the ethical state's "colonizing activity" (Hegel 1952: 151) point to one of the domestic causes of international conflict and war, to which Lenin later applied the term "imperialism." Moreover, what Hegel had to say concerning international relations more generally resonates with much of the current mainstream (i.e., "realist") IR theory. For both, states are the main, autonomous actors in international politics; anarchy is the rule, with order, justice and morality the exceptions; and the essence of social reality is the group.[29] Indeed, two key assumptions made in Kenneth Waltz's (1979) canonical realist text—regarding the ontological primacy of the state and the state's positive role in human affairs—can be grounded in Hegel's *Philosophy of Right*. If we combine Hegel's substantive account of international relations with the view that the modern state is the *only* form of political community in which human freedom can be realized (i.e., the so-called "finality thesis" or "end of history" view),[30] then we are left with a philosophical justification for realism's account of international politics and its state-centric bias.

In sum, the political philosophies of Kant and Hegel are at once works of moral, political, and international theory: to conceive of these as separate discourses, as Wight's definition of international theory suggests, is fundamentally to miss this point. In Kant and Hegel we can trace a line of thought that stems from moral philosophy into political philosophy, and ultimately into international relations, with potential

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[28] Poverty, for Hegel, is a contradiction of ethical life because property in the Hegelian system is given ethical content. Property is an expression of individual freedom. Poverty, therefore, is a wrong that must be negated.

[29] Brown (1992), for instance, compares Hegel (1952: ¶ 321, 322, 330, 333) with Gilpin (1984).

[30] This term has been coined by Vincent (1983). It refers to the view that the state is the final unit of analysis for any theory of international politics, and that it is impossible to move beyond the state. But can the state really be *the* end of history? Is it the *only* ethical community in which a synthesis—of universal and particular, morality and ethics, subjectivity and objectivity—becomes possible? Substantively, Hegel would say yes. His dialectical ontology, however, would suggest otherwise.

conceptual consequences for a scientifically oriented IR. In demonstrating that international theory is inextricably linked to deeper questions of political and moral philosophy, we may offer a redefinition of international theory that recognizes its relationship to a broader search for "justice," "right," and "the good."[31] Such a redefinition of international theory dissolves the false distinction between international and political theory—which, as we saw, remains a fundamental obstacle to normative theorizing in IR—and also holds the promise of grounding several key assumptions of mainstream IR theory in their appropriate background theories (Brown 1992).[32]

Overcoming Dichotomies Part II:
Cosmopolitan Morality Versus Communitarian Ethics

A historical perspective on the nature of international theory reveals that it shares an interest in the deeper questions characteristic of moral philosophy. One such deeper philosophical question concerns the ultimate source of moral value in social life—whether it is to be found in the individual or the group (Brown 1992: 75). To put things more precisely, answers to all the normative questions outlined in the introduction to this paper require an answer to a logically prior question; namely, what moral value are we to attribute to particular political communities as against "humanity as a whole or the claims of individual human beings?" (p. 12). Who should be taken into account, and who can be left out of an individual's moral accounting? Before attempting to provide solutions

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[31] What is being called for is no less than a redefinition of international theory that overcomes the false dichotomy between it and political theory writ large. As Brown (1992) points out, such a redefinition of international theory might be possible via a renewed focus on the perennial question of justice rather than a focus on the state: "On this definition [i.e., political theory as the search for justice] there would be no need to specify in advance a distinction between international and domestic political theory; whether such a distinction was required, and of what kind, would depend on the ways in which different thinkers in different times set up the question of justice. Most of the classical Greeks seem to have seen justice as a feature of the *polis* rather than of relations 'outside the walls,' but the Stoics looked to the universal city of all men" (p. 7).

[32] Even as political theorists writing centuries ago, Kant and Hegel have much to say about international relations that resonates with contemporary theory in IR. Indeed, while the international cooperation stressed by "neo-liberal institutionalism" and the school of "interdependence" has much in common with Kant's liberalism, the reasons offered to explain recurring conflict in international politics by "realists" are at home with traditional readings of Hegel. Even the "social constructivists," who emphasize the social construction of reality, owe much to Kant's critique of Humean empiricism.

to such normative dilemmas—indeed, before we can even theorize about "international relations" more generally—we must begin by drawing lines in the conceptual sand and by taking stock of what the boundaries of political community ought to be in the first place.

The positions put forth in response to these questions over the past two millennia can be traced back to the great thinkers of classical Greece.[33] These positions are commonly presented in terms of two competing frameworks that are directly opposed to one another—cosmopolitanism and communitarianism (Rasmussen 1990; Brown 1992).[34] By cosmopolitanism we refer to the view that moral principles have a universal basis grounded in individual responsibility, and that existing social arrangements have no special status as a source of moral value (Boucher 2003: 196). On the other hand, communitarians identify the source of moral value as deriving from membership in a particular community, whose cultural-historical context defines the individual's rights and obligations toward others. In contrast to the cosmopolitan approach, communitarians view communities as ethically significant in and of themselves insofar as individuals derive meaning in life and are constituted by the political communities in which they are socialized (p. 197).

In modern times, Kant and Hegel have emerged as the two philosophers most commonly regarded as the leading proponents of cosmopolitan and communitarian approaches to morality and ethics respectively. As Rasmussen (1990: 56) points out, the two offer divergent approaches to an issue high on the agenda of the German Enlightenment—how to establish a basis for ethics that fully acknowledged the disappearance of the traditional world. Attempting to build his moral theory on the basis of rationality alone, Kant avoids recourse to any historically situated cultural tradition for ethical grounding. For Kant, ethics are agent-

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[33] The cosmopolitan view, for instance, is rooted in the Stoic philosophy of human nature as being part of cosmic nature and governed by the divine law of nature. For the Stoic, "There is one divine universe, one rational human nature, and therefore one appropriate attitude to all men. The Stoic is a citizen of the *cosmos* not of the *polis*" (Brown 1992: 23). On the other hand, Aristotle was first to elaborate an alternative, communitarian perspective.

[34] Though Brown (1992: 12) seems to recognize the ambiguity in drawing a sharp, dichotomous, "either-or" distinction between the two, his critique of Beitz (p. 177) suggests that he adopts this dualist position. Boucher (2003: 197), on the other hand, places the two orientations on a continuum or scale with the implication that different theorists can incorporate elements of both. I argue below that the dualist conception is contradictory and untenable. Cosmopolitanism and communitarianism exist in a dialectical tension.

centered; they are based on an abstract, universal law of practical reason—the categorical imperative—which is immediately accessible to *all* individuals. The ultimate source of morality thus becomes the individual, while the ethical is self-imposed, internal legislation. Universal morality, or "right" (i.e., the obligation of an individual to make a moral decision on an *a priori* basis) is prior to "the good." *Kant is a cosmopolitan.*

In stark contrast, Hegel attempts to resurrect a modern form of *Sittlichkeit* (concrete ethical life) to ground his view of ethics as derived from the customs and norms of the community. Hegel does not deny that subjective freedom, expressed as moral autonomy, is a moment in ethical life; in fact, he sees the moment of subjective freedom as necessary for the actualization of concrete freedom. But Hegel inverts Kant's conception of morality and ethics. Concrete freedom, the universal, is only possible within an ethical community and is logically prior to the individual and his rational autonomy. Morality, on the other hand, is merely abstract, individual subjectivity. For Hegel, the ultimate, universal source of morality is ethics, whose content lies in the concrete normative principles—the laws, social practices, and customs—of a particular ethical community. The ethical is equated with the universal; "the good" (i.e., the objective grounding of community norms in the historical-cultural development of a people) is prior to the "right." *Hegel is a communitarian.*

As Brown (1992: 75-6) interestingly points out, contemporary IR theory can be situated in this same cosmopolitan-communitarian framework associated with Kant and Hegel.[35] When examined in light of the current state of international theory, the political philosophies of Kant and Hegel thus present the academic discipline of IR with potentially fruitful promises.[36] But they also pose a profound dilemma. Within the contradictory processes of globalization, universalism rubs against particularism on many levels and in many issue areas, disrupting the conventional view that "right," "justice," and "the good" can only be realized within (Hegel) or among (Kant) sovereign nation-states. The problem is that globalization forces us to think beyond the state for realizing "right," "justice" and "the good," but it does not tell us *how* to get beyond Kant and Hegel.

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[35] On the one hand, realists, emphasizing the group origin of values, can be characterized as communitarian. On the other hand, liberals of the functionalist and transnational interdependence varieties, and traditional Marxists (before the "anomaly" of nationalism) can be categorized as cosmopolitan (pp. 26-27).

[36] If, for instance, we are to provide an answer to the question, "When is intervention in the affairs of another sovereign state justified?" we must first stake a position in either one of these two camps (at a minimum), or attempt to reconcile the two.

In a context of globalization, it is difficult to think about *either* cosmopolitan morality *or* communitarian ethics on their own, and it is even more difficult, yet equally urgent, to reconcile the two. The problems thrown up by globalization—for instance (unlawful) intervention and ethnic conflict, social and economic polarization, regional integration and secession, as well as pending environmental catastrophe—demonstrate that contemporary processes of globalization are both contradictory and potentially transformational.[37] Globalization thus presents enormous challenges to cosmopolitans and communitarians alike. Just as universalizing norms (e.g., respect for human rights in the social sphere, and non-discrimination in economic policy) challenge the traditional autonomy of states, so the simultaneous resistance to these norms (witnessed in the fragmentation and pluralization of political communities and conceptions of the good) equally challenges any claim to a universal moral order. With globalization, the tension between cosmopolitan and communitarian (universal and particular) approaches to world order is brought sharply into focus.

Disconcertingly, however, the normative framework identified above is insufficient for helping scholars sort through this empirical complexity. At least two key shortcomings are evident. The first is that the cosmopolitan-communitarian framework is too often presented as a dichotomous "either-or" dualism. As we saw above, Kant and Hegel use the terms "morality and ethics," "universal and particular" in exactly the opposite sense. On the one hand, Kantian morality claims to be universal, providing a basis for treating moral questions at the global level, but as Hegel points out, such orientation lacks content and incorrectly abstracts the pre-social individual from the social whole. It is, moreover, difficult to argue that there exists a single, universal morality at the international level, and this fact is evident in competing conceptions of "right" and "the good" between sovereign nations, peoples, and cultures, and in disagreements over the use (and misuse) of, and conflict between, various kinds of human rights. What are we to do if we simply do not agree?

Emphasizing the constitutive effects of society on the individual, Hegelian ethics is more concretely grounded than Kantian morality: the particular

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[37] Transnational threats—including the spread of biohazards, disease, crime, and terrorist activity, for instance—can be interpreted as globalization's antithesis. As Flynn (2002) points out, precisely the same means responsible for bringing wealth and prosperity to much of the developed world—open borders, transportation and communication systems—can also be used to undermine its present accomplishments and its future development.

is, and gives content to, the universal, but Hegel's particularistic and norm-oriented ethics are also relativistic, in a global context, and cannot provide the principles for international justice that are required today. Moreover, societal norms are by no means necessarily benign; once institutionalized, a community's norms can easily degenerate into injustice for others.[38] If we rely solely on forms of life embedded in particular cultures, then we are also left without standards to criticize them when they are corrupted (Rasmusson 1990: 58). The problem is that neither approach, on its own, can provide a sufficiently rational ground to serve as a basis for moral-ethical claims at the transnational level. How can we resolve this dialectical tension between universalism and particularism in order to realize international justice?

The problem of realizing international justice leads to a second and related shortcoming that is inherent in the cosmopolitan-communitarian framework; namely, the fact that it is static. Significantly, there is a sense in which both Kant and Hegel endorse the *status quo*. Although nothing in the cosmopolitan approach weds it to the sovereign state as the ultimate form of political community, Kant, in his endorsement of a *foedus pacificum*, did not find it necessary to transcend the existing state system. Existing republican states (much like individuals in a state of nature) would find it rational, for the sake of their security, to enter into a federal constitution in which the rights of all—individuals *and* states—would be secured (Reiss 1970: 102). But Kant explicitly rejected the idea of a world state. Cosmopolitan right was to be established within a system of sovereign states (pp. 102, 105, 113). Hegel was even more explicit, arguing that the ethical state was, in fact, the reason and purpose of history (Hegel 1952: 155 ¶ 257). Thus, for both Kant and Hegel the state system remains unproblematic.

Under conditions of globalization, however, this state-centric view of ethics and morality, combined with the cosmopolitan-communitarian dualism, *is* problematic—it presents us with an "either- or," "all-or-nothing" view of international morality and global justice. International relations constitute either a state of nature where moral considerations simply do not apply, or an embryonic community in which moral duties exist without legal rights and obligations. This tension between moral universalism and particularistic ethics is a fundamental contradiction that dialectically points beyond itself. How are we to reconcile competing claims between a universal, cosmopolitan morality, and the particularistic

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[38] An obvious example was Apartheid in South Africa.

conceptions of individual political communities, and how are we to transcend, if necessary, the confines of the sovereign nation-state?

Overcoming Dichotomies Part III: The Political Philosophies of John Rawls and Jürgen Habermas

In response to these moral and ethical challenges of globalization, two of the world's most distinguished political philosophers have turned their attention to the international scene. Though most of their earlier work concentrated on the internal dynamics of Western liberal democracies, recently Rawls (1999) and Habermas (1995; 2001) have wrestled with the issues outlined above. Both authors, with varying degrees of success and many points of contention between them, grapple with the apparent and very real problem of how to reconcile moral universalism with diverse ethical frameworks. In his *Law of Peoples* (1999), Rawls uses a fictitious Muslim community, Kazanistan, to show how universal principles of foreign policy can be adopted by "decent," "well-ordered" societies while fully respecting their cultural particularities. Similarly, Habermas' later work (1998; 2001) struggles with the question of how to reconcile constitutionally regulated processes of national politics with the moral authority of supranational institutions and norms. In this section, I will examine how the dilemma that originates with Kant and Hegel plays itself out in the work of these two thinkers.

In *A Theory of Justice* (1971; henceforth *TOJ*), Rawls takes issue with what he sees as the moral arbitrariness of utilitarianism and argues that "each person possesses an inviolability founded on justice that even the welfare of society as a whole cannot override" (Rawls [1971] 1999: 3). His project consists of identifying universal principles of justice to which all individuals belonging to a political community ought to agree. The starting point for Rawls is his definition of society as a "co-operative venture for mutual advantage" (Rawls [1971] 1999: 4); individuals are logically prior to society and join together in cooperation because it is in their mutual advantage to do so. The social product is greater once the gains from cooperation are realized, and each individual, as Aristotle said, fulfills his inner potential through cooperation with others. The need for justice emerges out of this cooperation. Since the social product is unevenly distributed, how can the outcome be justified? For Rawls, the answer lies in the distributive consequences of societal institutions: in themselves, inequalities are neither just nor unjust; only the basic institutions of society which "define the appropriate distribution of the benefits and burdens of social cooperation" can be properly understood as the subject of justice (Rawls [1971] 1999: 3-4, 6-7).

The central problem for Rawls is to identify the principles by which the basic institutions of a largely self-sufficient society can be accepted as "just" by *all* members of the political collectivity. Rawls proposes two such principles:

1. Each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of liberty for all.
2. Social and economic inequalities are to be arranged so that they are both (a) to the greatest benefit of the least advantaged [*the difference principle*] consistent with the just savings principle, and (b) attached to offices and positions open to all under conditions of fair equality of opportunity.[39]

Rawls arrives at these principles by abstracting "rational" individuals from their social contexts and employing the familiar idea of a social contract (Rawls [1971] 1999: 10-11). If rational persons were to meet in an "original position" behind a "veil of ignorance"—if they had knowledge only of certain primary goods that all desire (e.g., such *means* as liberty, wealth and self-respect) but no idea of their personal characteristics (such as age, sex, class, level of intelligence and so on)—then all would accept the two principles listed above as the most reasonable criteria of justice for their social institutions. The veil of ignorance is used by Rawls to nullify the contingencies of fortuitous social circumstances and to ensure a fair and reasonable agreement among self-interested, rational participants (Rawls [1971] 1999: 11). By forcing participants to subordinate their *rational* self-interest ("desire," for Kant) to a more *reasonable* logic of reciprocity and mutuality (or "duty") under the veil of ignorance, Rawls comes close to the Kantian idea that principles of "right" (or in Rawls' case, "justice") are *a priori*, that is, we would accept them prior to any experience. On this reading, Rawls, like Kant, might appear to pose the question of justice in an ahistorical, acontextual manner (Mouffe 1990: 219).

In response to this kind of universalistic interpretation, and reflecting the problem of reconciling universal principles with particular contexts, Rawls' later writings exhibit a significant shift. The initial movement began with his specification in a 1980 article that his intention in *TOJ* was not to elaborate the principles of justice suitable for *all* types of peoples, regardless of historical-cultural context, but merely to "settle a

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[39] Rawls [1971] 1999: 266.

fundamental disagreement over the just form of social institutions *within a democratic society under modern conditions*" (quoted in Mouffe p. 219 emphasis added). In other words, Rawls now *assumes* a liberal-democratic society and a liberal conception of the citizen. But how does this assumption square with Rawls' theoretical abstraction of *pre-social* individuals meeting in an "original position" to decide on principles of justice?

Responding to this apparent tension, Rawls specifies in a later article that his conception of "justice as fairness" is "political, not metaphysical" (Rawls 1985). Since a universally acceptable, comprehensive ideal of justice is not possible within a pluralistic constitutional democracy,[40] justice as fairness seeks to identify an "overlapping consensus" among the different conceptions of the good that exist. Crucially, Rawls believes that "reasonable" (i.e., conflicting but tolerant) comprehensive moral, religious, and philosophical doctrines, which are privately held by individuals, will "overlap" in support of a liberal-democratic constitution in the public sphere. Moreover, individuals will consent to this political conception of justice "for the right reasons"—reasons of deep moral principle—even if they do not share the same reasons for lending their allegiance. Social unity, then, is *not* founded on one common conception of the good, or in a rational consensus (cf. Habermas, below), but rather in the public's acceptance of a "freestanding" political conception of justice that regulates the basic structure of society.

Rawls' solution to the problem of reconciling unity with diversity in a self-sufficient political community is to develop an overlapping consensus—emerging from a social contract—centered on an intuitively derived political conception of justice that is *independent* of any comprehensive moral, religious, or philosophical doctrines. Eschewing Kantian transcendental idealism, Rawls grounds his consensus intuitively—working from the "ground up," as it were—in order to identify the "basic intuitive ideas that are embedded in the political institutions of a constitutional democratic regime" (Rawls 1985: 225), including liberty, equality, cooperation, and mutual toleration.[41]

However, this reasoning is circular, and the solution offered by Rawls seems untenable. On the one hand, by aligning himself with the Kantian idea that principles of right are *a priori,* and by prioritizing right over

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[40] Rawls calls this the "fact of pluralism."

[41] In an interesting footnote on page 236 of his 1985 article, Rawls insists, contrary to Dworkin, that his approach to justice in not a "rights based" approach but an intuitive one.

the good,[42] Rawls appears to harbor universalistic aspirations for his theory. Indeed, Rawls' statement that his principles of justice are those to which all rational persons would agree leaves open this kind of interpretation. On the other hand, Rawls later admits that he is theorizing from "within a certain political tradition" (Rawls 1985: 225), that of liberal democracy, and he distances himself from the liberalism of Kant and Mill, which depend on philosophical claims to universal truths (Rawls 1985; see also 1999: 87). A tension is apparent here insofar as Rawls assumes liberal-democratic political institutions and the fundamental values and interests of liberal peoples (i.e., liberty and equality) in the derivation of his principles of justice. We are left with a tautology: while Rawls' political conception of justice prioritizes (universal) right over a (particular) conception of the good, the very same universal principles *presuppose* the values embedded in a liberal democracy. The good is thus logically prior to the right. As Mouffe (1990), following Galston (1982), points out, this tension places Rawls in an awkward position between Kant and Hegel—a problem that resurfaces in his *Law of Peoples* (1999).

John Rawls' Law of Peoples

The problem of reconciling unity with diversity—and the related tension between cosmopolitan morality and communitarian ethics—becomes ever more apparent in Rawls' *Law of Peoples* (*henceforth LP*). In this work, Rawls wants to extend his *TOJ* to what he calls the Society of Peoples, but the difficulties that he encounters are telling. Following Kant, he rejects world government (Rawls 1999: 36) and begins to formulate his Law of Peoples "from the political conception of a reasonably just constitutional democracy" already set out in *TOJ* (Rawls 1999: 22-3). It is here that the tension identified above resurfaces: unlike in domestic society, where collective awareness of liberal-democratic institutions was taken as given, significant differences in the political institutions and cultures characteristic of the Society of Peoples make any simple universalization of a Law of Peoples problematic. With the explicit aim of showing that "liberal principles of foreign policy are also reasonable from a decent

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[42] Mouffe (1990: 221) explains that "Such a priority indicates that individual rights cannot be sacrificed for the sake of the general welfare, as is the case with utilitarianism, and that the principles of justice impose restrictions on what are the permissible conceptions of their good that individuals are allowed to pursue. This is of course why the *principles of justice must be derived independently of any particular conception of the good* since they need to respect the existence of a plurality of competing conceptions . . . in order to be accepted by all citizens."

nonliberal point of view" (Rawls 1999: 58), Rawls accepts the diversity among political regimes that exist in a world of sovereign nation-states and attempts to construct a "realistic utopia" (Rawls 1999: 4).

In taking men as they are (i.e., in being realistic) and laws as they might be (being utopian), Rawls makes arguments similar to those put forth in *TOJ*. Using the devices of an original position and a veil of ignorance at the international level, he argues that contracting "peoples" (as opposed to states)[43] would agree to the "familiar principles" of international relations—for example, sovereign rights to independence, non-intervention, a right of self-defense, restrictions on the conduct of war, and respect for human rights—but with two important exceptions, including the right of intervention on humanitarian grounds and a "duty of assistance" (Rawls 1999: 37). As in his *TOJ*, Rawls deduces these principles from the choice that different peoples—holding allegiance to different faiths and conceptions (political and metaphysical) of the good—would make if assembled together in a second original position under a veil of ignorance.

Significantly, in attempting to ground his principles of justice in an overlapping consensus at the international level, Rawls concedes ground to communitarian claims regarding the constitutive effects of political communities. Viewing "forms of culture and ways of life" as "good in themselves" (Rawls 1999: 111), he argues that illiberal states deserve to be respected and tolerated by liberal ones so long as they are peaceful and non-expansionist, respect human rights, are guided by a common conception of justice that takes into account the interests of all members of that society, and abide by the Law of Peoples (Rawls 1999: 63-7). Rawls goes so far as to say that even peoples that do not institutionalize equal civil and political liberties, and whose legal institutions privilege a particular conception of the good over others (e.g., Islam), satisfy a minimum threshold of decency that makes them immune to the imposition of "sanctions on, or forcible intervention with . . . their institutions and culture" by liberal states (Rawls 1999: 83). Rawls is thus able to universalize his Law of Peoples—including the requirement that human rights be respected by all—only by limiting its content to what all

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[43] The Law of Peoples "conceives of liberal democratic peoples (and decent peoples) as the actors in the Society of Peoples, just as citizens are the actors in domestic society" (p. 23). The reasons for treating peoples, as opposed to states, as actors in the second original position are given on pp. 27-29. Rawls emphasizes that "peoples are fully prepared to grant the very same proper respect and recognition to other peoples as equals" (p. 35), whereas "states" are motivated by rational self-interest.

"reasonable" peoples ought to agree upon. For instance, by narrowing universal human rights to something less than the full range of rights traditionally associated with liberal democracies—including only such "urgent rights" as freedom from slavery and serfdom, liberty (though not equal liberty) of conscience and security from genocide (p. 79)—Rawls believes that even illiberal societies would accept them.

The implications of Rawls' more communitarian stance distance his *LP* from more radical cosmopolitan approaches. Indeed, he rejects out of hand a cosmopolitan approach that views *all* human beings as bearers of basic (read: liberal-democratic) rights and liberties, which assumes that "only liberal democracies are acceptable" (Rawls 1999: 82-3). Though he expects that "the circle of mutually caring peoples may expand over time" (Rawls 1999: 94, 113) when illiberal peoples are exposed to liberal civilization and work with liberal peoples in cooperative institutions, he still rejects the idea of offering incentives to liberalize illiberal regimes. Instead, he argues that "decent societies should have the opportunity to decide their future for themselves" (Rawls 1999: 85).

Once again privileging the community over individual moral claims, Rawls argues, contrary to theorists like Cairns (1987) and in a manner consistent with Kant's Third Definitive Article on the limitation of cosmopolitan right to universal hospitality (Reiss 1970: 105-6), that peoples have a right to control immigration and to turn others away (Rawls 1999: 39).[44] Similarly, he argues against Beitz (1979) and Pogge (1990) that peoples are *not* obliged to recognize a global difference principle (e.g., redistributive taxation at the international level) but have only a "duty of assistance," which, as a "principle of transition," sets both a target (to raise the world's poor to free and equal citizenship in a just society) and a cutoff point (once reached, the duty ceases to exist) (Rawls 1999: 118-9). Against Beitz (1979), Rawls rejects the arbitrariness of borders and the fortuitous endowment of natural resources as significant for international justice, arguing instead that it is political culture—"its members' political and civic virtues"—that determines a given society's level of sociopolitical and economic development (Rawls 1999: 117).[45]

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[44] Rawls believes that his realistic utopia, if realized, would eliminate the need for immigration altogether (1999: 9).

[45] In his recent critique of Rawls, Habermas, and Bobbio, Perry Anderson (2005) makes the interesting point that this logic—highlighting the cause of poverty in the inability to make responsible use of one's land and resources—is similar to that used to justify European occupation of a "savage" America.

Reflecting the problem of reconciling universalism with particular conceptions of the good, Rawls thus appears to deviate from his earlier defense of a liberal-democratic conception of justice in order to incorporate illiberal peoples in his Society of Peoples. But despite this apparent, self-conscious break with cosmopolitanism (Rawls 1999: 119-20), a closer look at the aims and underlying assumptions of his *Law of Peoples* reveals a further tension between Rawls' apparently communitarian reply to an enduring cosmopolitan problem. Despite being more sensitive to the moral validity of particular ethical communities and conceptions of the good, Rawls' *LP* is, at its origin, unabashedly universalistic in its aims. Indeed, Rawls' entire conception of realizing a "realistic utopia" rests on his idea of "a liberal people [trying] to assure reasonable justice . . . *for all peoples*"; it aims to be "*universal in reach*" (pp. 29, 86, emphasis added). In order to realize justice on a world scale, Rawls is forced to idealize the "decent" Muslim society that he calls "Kazanistan" (pp. 75-78), which, despite some resemblance to the Ottoman Empire (see Rawls 1999: note 17 on p. 76), seems strikingly *liberal*. Indeed, the three main criteria for decent peoples—an associationist consultative hierarchy, peaceful external relations, and respect for human rights—are all rooted in centuries of Western liberal-democratic thought.[46] Again, the problem here is that, theorizing *from within political liberalism*, Rawls simply assumes that liberal principles of foreign policy are the correct ones without providing any normative justification.[47]

Of the three criteria, Rawls' treatment of human rights is especially problematic. If human rights are "universal" and "binding on all peoples" (p. 80), how can they simultaneously be independent of any

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[46] While Rawls' associationist form of governance has much in common with Hegel's ([1821] 1952) theory of the ethical state, and peaceful relations with Kant's (1785) notion of Perpetual Peace, the idea of humans possessing inalienable rights prior to membership in any form of political community goes back to Hobbes' *Leviathan* ([1651] 1985).

[47] This is precisely the same problem we identified with Rawls' *TOJ*. Recall that in order to reconcile different conceptions of the good in the domestic arena, a *political* conception of justice was used to prioritize right over the good, but these same universal principles of justice *presupposed* liberal-democratic values embedded in particular (seemingly unchanging) political institutions. Similarly, the *LP* denies allegiance to any comprehensive moral doctrine but at the same time presupposes that the principles of a liberal foreign policy—for example, respect for human rights—are the correct ones, but *without justification*. The problem Rawls seems to overlook is that he is enumerating "universal" principles (of what are to constitute the norms governing the external relations of states, for example) from within a particular cultural-historical context: political liberalism.

comprehensive moral doctrine or philosophical doctrine of human nature (p. 67)? In other words, where is their source of moral validity? Rawls answers by grounding universal human rights in an overlapping consensus among the world's diverse cultural and religious traditions, which accept the legitimacy of human rights out of deep moral principle but not necessarily for the same reasons. The underlying assumption here is that all world religions would accept, at a minimum, Rawls' watered-down version of human rights, but this is obviously questionable. Indeed, the very idea of abstract individuals having rights prior to the larger community is a modern, Western liberal idea that is by no means shared across cultures or world religions.

In a context of starkly opposed values, such as those embedded in Eastern mysticism and Western Enlightenment, or between liberal individualism and Confucianism, is an overlapping consensus on a political conception of justice in world politics really possible? Rawls seems to think so, but only after the content of human rights is considerably diluted. In conceding that a "thin" consensus on human rights is the best we can hope for, Rawls is forced to admit that illiberal societies are free to interpret the specific content of these rights in accordance with their own cultural-historical contexts. If this is the case, which it must be in a world of cultural pluralism, then what are we to do in a case of disagreement between liberal and illiberal states over the content or meaning of rights? The problem is that, faced with the dilemma of reconciling unity with diversity, Rawls errs on the side of establishing a weak consensus that allows the maximal amount of difference in the Society of Peoples, but at the cost of leaving the content of justice, for instance human rights, under-specified. While asserting that decent societies need *not* treat members equally in order to be regarded as "decent" (p. 69 and p. 83), Rawls leaves liberal states with a discretionary right of intervention (p. 81). Without clearly established and agreed thresholds, Rawls' theory leaves human rights exposed to capture by strategic interests[48] and suggests that human rights are, in Hegel's terms, empty formalisms. Lacking an ethical grounding in a shared conception of the good, how are we to establish which rights have priority in case of a conflict?

This problem leads to another concerning Rawls' conception of international "reasonableness" upon which the *LP* depends. According to

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[48] Rawls (1999: 53) alludes to this possibility; however, if liberal states were truly as just as his postulated ideal, they would not misuse human rights as a pretext for strategic purposes in this way.

Rawls, all decent, reasonable peoples—regardless of faith—can achieve a reasonable consensus on principles of international justice insofar as they can agree for the "right reasons"—that is, out of deep moral principle—even if their particular reasons differ. Hence, as Jürgen Habermas points out, "the overlapping consensus is not based on shared reasons: citizens simply *observe* that their fellows accept the political conception for their own reasons but cannot judge whether this acceptance has a genuine rational basis" (Habermas 1998: xix). This problem is significant. Unless there exists consensus at a deeper level on "substantive core norms, moral duties, and ideals of justice, there will be no way of knowing whether the agreement in question was not entered into for irrational or strategic reasons" (Ingram 2003: 9). We thus appear to have come full circle: cultural diversity—manifested in different reasons for consenting to international principles of justice based on particular conceptions of the good—leaves us with a shaky foundation at best upon which to ground universal principles of right. Here again, Rawls fails to see that the universal principles of right he deduces presuppose a particular conception of the good.

This apparent oversight on Rawls' part seems to result from his initial abstract model, which begins with the assumption of rational self-interested individuals who would choose principles of justice that are acceptable for all. As Mouffe (1990: 226-7) points out, there are two problems with this model. First, how can an individual choose universally acceptable principles without already having a socially constituted idea in mind—an idea shared by others in their particular historically and culturally situated community—of what is good? Second, the monological process of calculation implied in Rawls' original position is "supererogatory": rational individuals with imperfect information are assumed to make identical calculations leading to universal principles of justice (Mouffe 227). This conception effectively leaves no room for deliberation, criticism, self-criticism, and normative change.

Overcoming Rawls in the Work of Jürgen Habermas

Many, though not all, of the problems encountered in Rawls are overcome, or at least dealt with, in the work of Jürgen Habermas. To be sure, both Habermas and Rawls are "constructivists" with regard to their approach to practical reason; that is, both believe that principles of justice are those that citizens can agree upon after appropriate reflection (for Rawls) or joint deliberation (for Habermas 1998: xviii). But while Rawls believes that despite different and incompatible comprehensive doctrines, citizens (and peoples) can reach an overlapping consensus that is justified within the context of their own particular worldviews, Habermas

believes there is a more universal basis for agreement to be found in our ability to communicate and reach a mutual understanding or "rational consensus."

Habermas criticizes Rawls, among other things, for his rigid separation between the public and private identities of citizens. Recall that Rawls, wanting to separate the political from the metaphysical, argues that a political conception of justice is neutral with respect to worldviews. A political conception of justice must be "freestanding"; while citizens in civil society are free to practice and hold allegiance to their own comprehensive moral doctrines, the truth claims embodied in the latter cannot be summoned in the pluralistic and tolerant public sphere. Rawls thus differentiates between *what* citizens can agree to and *the reasons* for individually doing so (Habermas 1998: 83). Leaving it to the individual's own interpretive framework, Rawls' overlapping consensus is, as Habermas points out, merely a "lucky convergence" of non-public reasons (p. 84).

Though Habermas praises Rawls for salvaging a valuable insight offered in Hegel's critique of Kant, that "moral commands must be *internally* related to the life-plans and lifestyles of affected persons in a way they can grasp for themselves" (Habermas 1998: 100), he also criticizes Rawls for offering shaky foundations for his principles of justice. While the metaphysical remains the ultimate ground of validity, the political sphere "is deprived of any source of validity of its own" (p. 85). The problem is that Rawls' overlapping consensus is not grounded in *shared reasons*: "citizens simply observe that their fellows accept the political conception for their own reasons but cannot judge whether this acceptance has a genuine *rational basis*" (p. xix). To ground a public conception of justice in nonpublic, non-universal reasons is, as Habermas points out, "counterintuitive" (p. 86). "Anything valid should also be capable of public justification. Valid statements deserve the acceptance of everyone for the same reasons" (p. 86). Indeed, short of a rational consensus on the principles of justice, how are we to know that participants are in agreement for the "right reasons," to use Rawls' own terms, as opposed to irrational or strategic interests (Ingram 2003: 9)? What happens to the public conception of justice if some participants should fundamentally disagree over a particularly contentious issue such as abortion (Habermas 1998: 91-2)? Contrary to Rawls, Habermas argues that reasonable citizens cannot develop an overlapping consensus unless they jointly adopt a moral point of view that is *independent* of their comprehensive doctrines (p. 77). The task for Habermas, therefore, is to find a source of legitimacy for principles of justice that is grounded in something more concrete than a fortuitous overlapping of personal interpretations while at

the same time being more flexible to allow for ongoing critical reflection.

Given his earlier work on universal pragmatics, communicative rationality, and discourse ethics, Habermas is well equipped for this task. Indeed, in his discourse ethics, and in his theory of communicative rationality, which the former presupposes, Habermas is able to ground principles of justice in a universal agreement that takes nothing as given except for the language-mediated, cultural pre-understandings (or "lifeworlds")[49] of peoples. From this starting point, he is able to incorporate *and* transcend particularity in a comprehensive framework. The key insight is that "universality is embedded in the most basic capacities that we possess as persons capable of speaking, hearing, giving and accepting reasons for our actions and conducting our lives correspondingly" (Habermas 2001: ix).

In contrast to purposive "means-ends" rationality, communicative rationality consists of a more fundamental form of social action in which participants try to reach a shared understanding of the situation "in order to coordinate their actions by way of agreement" (Habermas 1984: 17). This form of action helps to transmit cultural knowledge, reproduce societal integration, and form and sustain personal identities, and is thus essential to the three structural components of the lifeworld—culture, society, and personality (Habermas 1987: 137-8). Thus conceived, the aim of all communicative action, or discourse, is to seek a rational consensus, which is arrived at in a free and equal discussion that "excludes all force . . . except the force of the better argument" (Habermas 1984: 25).[50] Since we can procedurally establish justifications for validity claims, "truth" becomes communally determined (Habermas 1987: 94).

In identifying the universal presuppositions of communication,[51] Habermas is able to demonstrate that the inner logic of moral argumentation involves, at bottom, a cognitive task. Given that argumentation and a capacity for reason within particular lifeworlds are characteristic of every society, Habermas finds a *universal basis* for grounding validity claims in a rational consensus. According to his discourse theory, "just those norms are valid to which all possibly affected persons could agree

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[49] Habermas (1987) defines the "lifeworld" as a "reservoir of taken for granteds" constituted by language and culture (pp. 124-125).

[50] Habermas (1984: 25) calls this an "ideal speech situation."

[51] Apart from the aim of reaching mutual understanding or rational consensus in an "ideal speech situation," Habermas proposes that implicit in any act of communication are validity claims concerning the truth, appropriateness, and sincerity of utterances (1984: 99).

as participants in rational discourses" (Habermas 1998: x). This principle of discourse "points to an ideal procedure of discursive validation which functions as a normative standard against which existing conditions of discourse can be criticized" (pp. x-xi).

There are several advantages to Habermas' grounding principles of justice in a rational consensus arrived at through public deliberation. First, like Kant and unlike Rawls, Habermas' approach is "formal," that is, procedural. Though no substantive ethical orientations are given, a rational consensus ensures that all agree for the same reasons—the force of the better argument. Like Rawls' overlapping consensus, Habermas' rational consensus is independent of any comprehensive moral doctrines, but unlike Rawls, the agreement is based on the *same reasons* and is consequently *more stable*.

A second advantage is that a procedural conception of justice takes nothing as given except cultural and language-mediated understandings.[52] Citizens thus retain the crucial capacity to make claims and criticize those of others. Everything, including the potentially unethical claims of particular conceptions of the good (e.g., apartheid in South Africa, or persecution of minorities in Nazi Germany), is subject to rational criticism aimed at establishing a universal basis of validity. Particularity is thus incorporated *and* transcended through an ongoing, critically minded, communally determined conception of what is valid. This position, therefore, allows for *normative change*.

Out of this critical reflexivity also emerges a third advantage; namely, that the democratic *act* becomes an on-going *process*. "[A]ll political decision making, from constitutional amendments to the drafting and enactment of legislation, is bound to discursive processes. . . ." (Habermas 1998: xvi). This approach thus empowers citizens with the crucial capacity to modify their political institutions as required. Unlike Rawls, Habermas takes no political institution as given, not even the self-sufficient (for Rawls) nation-state. In fact, Habermas' position loosens the conceptual bonds between democracy and the nation-state (Habermas 2001: 111), making it possible to consider expanded conceptions of political community. This extension raises a number of important questions and

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[52] Against the potential criticism that a "consensus" is arrived at through the exercise of "symbolic power" (as opposed to deliberation), it is important to recognize that for Habermas, a "rational consensus," reached in the "ideal speech situation," is an *ideal* against which all deliberative processes should be assessed. There are no assumptions here except for those implicitly held in any act of communication.

theoretical dilemmas regarding the future of the nation-state and possibly even its transcendence.

Jürgen Habermas' Postnational Constellation

As was the case with Rawls, attempting to overcome the tension between universal and particular is a recurring theme in the work of Jürgen Habermas. To be sure, Habermas' universalistic conception of deliberative democracy is developed out of his consideration of political legitimacy within a particular form of political community, that is, the liberal-democratic nation-state. According to Habermas, the sovereign nation-state emerged in Western Europe as a response to the dual crisis of legitimacy and integration in the context of a collapsing feudal order (Habermas 1998: 111). In this context, constitutional republicanism (embodying universalistic principles of voluntary association and human rights) *converged* with nationalism (artificially held ties to a particular language, ethnicity and history) to solve the dual crisis.

However, Habermas suggests that the link between republicanism and nationalism is historically contingent. The nation-state is "janus faced," he writes, embodying a tension "between the universalism of an egalitarian legal community and the particularism of a community united by historical destiny" (1998: p. 115). In the past, allegiance to abstract universal principles was "filled" by the modern idea of the nation, which interprets these principles according to its unique history and culture thereby making them "our" own (Habermas 1998: 113, 118). With the mobilizing force of nationalism, which provided the particular content for abstract principles of citizenship, the nation-state succeeded in achieving both democratic legitimacy and social integration.

With "globalization," however, Habermas warns that the very achievements of the nation-state are now coming undone. Indeed, what moves him to consider international politics is explicit recognition that, in the face of globalization, states can no longer (if they ever could) be assumed to be self-sufficient (cf. Rawls [1971] 1999: 4) and that immigration is a reality with which the world community must live (cf. Rawls 1999: 8-9). According to Habermas, the internationalization of trade and production, combined with the structural power of disembodied, transnational capital, forces states into a "zero-sum" game where public policy is oriented toward making the domestic environment more attractive to foreign investors at the expense of other social and political objectives (Habermas 2001: 51). This loss of regulatory control over the national economy and the corresponding increase in social polarization threaten the legitimating and integrative achievements of the nation-state (pp. 50 and 66).

Revolutions in telecommunications and transportation technologies facilitate the cross-border movement of peoples and culture, resulting in cultural backlash and hybridization (pp. 73-5). The future of nation-states is thus threatened by the systemic imperatives of global capital, which break open lifeworlds "from without," and by the pluralization of life forms "from within," which may provoke cultural friction and fragmentation (Habermas 1998: 117). In response to these challenges, Habermas suggests that it is time for a "remedial closure"—"of course, with *expanded* horizons"—of lifeworlds now threatened by the systemic imperatives of globalization (Habermas 2001: 80-8).

If globalized markets represent a new, objectively forced "opening" of lifeworlds, and if Polanyi's (1945) "double movement" can serve as a model, then, argues Habermas, "we may once again be standing on the brink of a 'great transformation'" (Habermas 2001: 85). The "transformation" he has in mind is nothing less than a fundamental transformation in the organizing principle of world politics from sovereign nation-states to a form of cosmopolitanism within larger political communities that are more capable of regulating their relation to a globalized economy and of redistributing the rewards and risks involved (Habermas 2001: 52, 98-9).

Drawing on the European Union (EU) for inspiration, and concerned with the concept of legitimation in much of his work, Habermas is acutely aware that the requisite transfer of sovereignty that such a scheme demands is impossible without a corresponding expansion of the democratic basis of legitimacy. He thus advocates formal (i.e., institutional) and informal (i.e., deliberative) means of democratic-will formation to be achieved via a European party system (to articulate transborder interests, Habermas 2001: 102-103) and a pan-European political sphere, in which to stimulate and incorporate European civil society in deliberative processes (pp. 102-103; see also pp. 110-111). Crucially, these institutions and procedures of democratic will-formation also require a basis of social solidarity that is rooted in recognition of a common political existence and a willingness to endure personal sacrifice: "The form of civil solidarity that has been limited to the nation-state until now [i.e., constitutional patriotism] has to expand to include all citizens of the union, so that, for example, Swedes and Portuguese are willing to take responsibility for one another" (Habermas 2001: 99).

Habermas suggests that we are currently facing a transitional stage in human history, a movement from the nation-state to a "postnational" constellation. In this context, he argues that institutional imagination, extending beyond the simple extrapolation of institutions developed for

nation-states, is required. But his proposals fall short of advocating universal government. His reasons for rejecting a "cosmopolitan democracy" along the lines of Held (1995) are indicative of the tension between universalistic principles and the particular ethical frameworks in which such principles *must* be embedded.

Unlike Kant, as well as Rawls, who closely follows Kant's reasoning on this issue, Habermas argues that the fear of universal government degenerating into "despotic rule" is "groundless" (Habermas 2001: 106). Universal government is to be rejected not for its potential despotism, but for its fundamental lack of a basis of legitimacy. Reaching back to Hegel, Habermas argues that "the ethical-political self-understanding of citizens of a particular democratic life [i.e., a self-referential, collective sense of identity] is missing in the inclusive community of world citizens" (p. 107). In other words, the principle of inclusiveness, upon which the idea of universal government rests, violates the self-referential nature at the heart of any political community. At this point, Habermas distinguishes between civic *identity* (a certain "we-ness" developed out of our legal obligations to others) and cosmopolitan *solidarity* (a less demanding sense of solidarity resting on moral duties alone). Accordingly, "The political culture of a world society lacks the common ethical-political dimension that would be necessary for a corresponding global community—and its identity formation" (Habermas 2001: 109).

Rather than world government, Habermas is forced to settle for a "world domestic policy," to be coordinated through international agreements among larger political units that embody their own distinctive political cultures, value orientations, and shared conceptions of justice (Habermas 2001: 109-110). With the benefit of Hegel's critique of Kant, Habermas universalizes constitutional principles within larger political communities better suited to a globalized economy. While these larger political entities will still be in the business of negotiating, compromising, imposing sanctions, and compelling others to consider their respective interests (Habermas 2001: 109), Habermas argues that a change in the global public's consciousness—toward a "consciousness of compulsory solidarity"—will force governments (through citizens' movements and political parties) to "broaden their perspectives on what counts as the 'national interest' into a viewpoint of 'global governance'" (Habermas 2001: 111-112), thus making a "world domestic policy" both rational and possible.

With this solution, Habermas' version of cosmopolitanism appears more ambitious than Kant's, if equally as ambiguous as Kant's. On the one hand, he goes beyond Kant's proposal for a mere *foedus pacificum*

(i.e., pacific federation) among republican governments by suggesting the need to *unite* them under a supranational republican federation. Pointing to an inconsistency in Kant's view of wanting to preserve sovereignty while maintaining a permanent peace that respects human rights (an inconsistency replicated in the United Nations Charter), Habermas argues that "[c]osmopolitan law must be institutionalized in such a way that it is binding on the individual governments" (1998: 179). Thus, unlike Rawls, whose *Law of Peoples* merely provides a normative justification for the existing norms of post-World War II international law, and in contrast to Kant, who wanted to preserve state sovereignty, Habermas advocates a form of cosmopolitan law that, in superseding international law, would "confer actionable legal rights directly on individuals, and mandate the creation of supranational political agencies and institutions to ensure the implementation of human rights on a global scale" (1998: xxi; see also p. 181).

On the other hand, Habermas' cosmopolitanism is at times just as ambiguous as Kant's. Speaking of the atrocities undertaken in the name of the "nation," Habermas at one point argues that the nation-state must "renounce" the force that once "propelled" it (1998: 116), and he suggests that identification with constitutional principles and democratic procedures "can take the place originally occupied by nationalism" (p. 118). This malleable reading of constitutional patriotism involves the decoupling of political culture from the majority culture (Habermas 2001: 74) and its identification with constitutional law and democratic practice.

At other points, however, Habermas' description of constitutional patriotism shifts to the more rigid language of locating universal principles within particular ethical frameworks. Emphasizing the continued importance of the nation, he argues that "[e]ach *national culture* develops a distinctive interpretation of those constitutional principles that are equally embodied in other republican constitutions . . . in light of its own *national history*" (Habermas 1998: 118 emphasis added) and that "[o]nly a *national consciousness*, crystallized around the notion of a common ancestry, language, and history . . . makes subjects into citizens of a single political community—into members who can feel responsible for one another" (Habermas 1998: 113 emphasis added). These quotations are suggestive not of the need to *replace* nationalism with a form of cosmopolitan solidarity, but rather, to *reconcile* a particular, more rigid interpretation of constitutional principles with cosmopolitan ideals (Fine and Smith 2003). While a weak allegiance to constitutional principles seems easily universalizable, it is unclear whether strong allegiance to particular interpretations can be reconciled with a cosmopolitan solidarity. Naturally, a strong constitutional patriotism is more difficult to square at the inter-

national level, where different interpretations of the same constitutional principles are likely to exist.[53]

Notwithstanding this ambiguity, Habermas' application of constitutional patriotism and of deliberative democracy to the contemporary world scene is coherent and instructive. The ambiguity highlighted above demonstrates the difficulty in reconciling universal principles with particular ethical contexts. Habermas struggles with this dilemma by playing the moral and ethical off one another. In ideal terms, he follows Kant in his attempt to universalize constitutional principles and democratic deliberative procedures. In real terms, however, he is forced to admit, following Hegel, that universal (abstract) principles can only be actualized in particular (concrete) ethical frameworks. To be sure, this struggle is the very reason why he is forced to settle for a "cosmopolitan democracy" based on regionalism—for example, the European Union—as opposed to the more ideal outcome of realizing Kant's Kingdom of Ends (Habermas 2001: 108-109). Particularity is thus never entirely transcended in Habermas; rather, it is incorporated into a formula for universality that can transcend the confines of the particular nation-state. Rejecting universal government for communitarian reasons, Habermas thus incorporates Hegelian insight into his solution.

But Habermas also transcends Hegel by expanding democratic will-formation and the consequent basis of social solidarity *beyond* the single nation-state. By limiting the scope of political expansion to include groups of countries that share a common political culture, he believes it possible to subordinate the bond (and yoke) of nationalism to a supranational constitutional patriotism. It is precisely because the European nations do share a "common historical horizon," rooted in their common history of conflict and shared normative understandings (Habermas 2001: 103), that an approach to the Kingdom of Ends becomes possible among them. In playing off the insights offered in Kant and Hegel, Habermas does an impressive job of incorporating and transcending the two.

Rawls and Habermas: A Critical Appraisal

In assessing the relative success of these two theorists in reconciling universality with particularity, it is precisely their similarities and differences

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[53] Here, Habermas appears to sidestep the problem Rawls faces head on, namely, how to deal with difference at the international level. While Rawls suggests that liberal states must be tolerant of illiberal ones—to do otherwise would be illiberal!—Habermas, like Kant, appears to think that liberal-democratic regimes are *the only* ones to consider. Those that are not currently liberal ought to reform.

that are of interest. To be sure, John Rawls and Jürgen Habermas have much in common. Kant inspires both, although the communitarian influence of Hegel is never completely abandoned. Both posit a consensus on human rights, grounded in the transformation of traditional worldviews into "reasonable comprehensive doctrines under the reflexive pressure generated by modern circumstances" (Habermas 2001: 128; see also Rawls 1999). Both also recognize that different peoples will interpret human rights in light of their own history and culture, and believe that human rights must limit the powers of sovereignty (Habermas 1998: 181-182; Rawls 1999: 26-27, 37-38). The extent to which human rights are truly shared in world politics today, however, is at least debatable. Even Habermas, a staunch supporter of their institutionalization, at times laments the fact that human rights remain "as contested as ever" (Habermas 2001: 108, 119).

This uncertainty necessarily leads us to pose a fundamental question in the context of globalization: *In light of the controversies they provoke, and the importance of local interpretations, does it really make any sense to argue, as Habermas and Rawls do, that human rights have or should have universal validity?* An affirmative answer to this question entails at least two difficulties. First, proponents of human rights often underestimate the profound cultural and religious differences that exist among the world's peoples. It took the West centuries of political struggle to develop and institutionalize human rights, and to think that such rights are immediately evident to cultures that have yet to experience post-conventional enlightenment (or a modernizing revolution) is to misconstrue fundamentally the ideological, political, and juridical nature of human rights. Second, even if there were a valid cross-cultural consensus on human rights, controversies over their interpretation inevitably leave the door wide open for their abuse by great powers for strategic purposes.

This shortcoming aside, it should also be apparent that important descriptive, methodological, and normative differences separate Rawls from Habermas. Descriptively, Habermas appears to offer a more accurate and coherent picture of the contemporary international scene. In contrast to Rawls, he deals explicitly with the contemporary forces of globalization and regionalism,[54] which challenge state sovereignty and point to a potential solution to the problem of regulation and redistri-

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[54] Habermas takes globalization to be a manifestation of "systemic" economic imperatives whose functionalist logic is inherently indifferent to lifeworld expectations and thus necessarily precipitates crises of "legitimation."

bution. But while Habermas' diagnosis of globalization is insightful, his emphasis on regionalism as the solution is at times problematic. For instance, his solution to the democratic deficit that his proposals would involve is to emphasize the procedural aspects of democracy, which, by institutionalizing NGO participation in international forums, "would strengthen the legitimacy of [international negotiation systems] insofar as mid-level transnational decision-making processes could . . . be rendered transparent for national public spheres, and thus be reconnected with decision-making procedures at the grassroots level" (Habermas 2001: 111).

The difficulty with this proposal is that it does nothing for the institutional representation of citizens at regional and global levels, which is where the problem lies. In fact, as Fine and Smith (2003) point out, developing European civil society in isolation from the more formal representative institutions of continental governance might actually enhance, rather than diminish, the feeling of citizens' detachment from the EU. Moreover, as the recent rejections of a European Constitution in France and Holland demonstrate, Habermas may actually overstate the EU's cosmopolitan character. In attaching the cosmopolitan project to the EU, Habermas risks attaching the success or failure of his cosmopolitan ideal to the fate of a particular political project (Fine and Smith 2003).

Rawls and Habermas also part ways on normative grounds. As we have seen, Rawls provides a normative justification for the contemporary, if ambiguous, status of international law and, in taking pluralism among regime types in international politics as given, denies that liberal regimes ought to promote democratization abroad in their foreign policy (Rawls 1999: 84-85). Habermas, in contrast, argues for the transformation of international law into an institutionalized form of cosmopolitan law (Habermas 1998: 179) and endorses various strategies of intervention to promote processes of democratization (Habermas 1998: 185). Moreover, his communicative, as opposed to individualistic, understanding of reason, his eclectic approach to theory, and his dialectical thinking allow Habermas to avoid the tautology we found in Rawls and to deal with the problem of reconciling universality (Kant) with particularity (Hegel) more nimbly. Indeed, a great strength of Habermas' approach is his attempt to form a middle ground between foundationalism and anti-foundationalism, using the same procedural logic of rational argumentation at different levels of analysis. His emphasis on the legal-procedural dimensions of identity formation are particularly insightful when thinking about expanded horizons of political community, although his emphasis on a changed cosmopolitan consciousness seems at odds with his own admission that the bases of social solidarity, even within the

nation-state, are diminishing under conditions of globalization (Habermas 2001: 72).

Conclusion

This paper began with an intriguing paradox highlighted by Frost nearly two decades ago, namely, that for a discipline in which normative questions regularly arise, surprisingly little normative theorizing is carried out. After reviewing the reasons for the marginalization of normative theory in IR, we found all to be wanting. But in spite of recent interest in applied ethics, a sustained attack on positivism, and convincing arguments made to discredit moral skepticism, normative theorizing continues to be marginalized by *la bureaucratie du savoir* in IR.[55] In an effort to deal with the moral and ethical challenges of globalization, and given the relative paucity of normative work in IR, I suggested that we must look elsewhere for theoretical insight, specifically, to moral and political philosophy.

This suggestion took us back to Kant and Hegel, two thinkers who confront IR with both promise and a dilemma. They offer promise because their theories demonstrate the extent to which international and political theory are linked, because they provide normative foundations for the implicitly held assumptions of contemporary IR theory, and because they can help orient thinking around the difficult moral and ethical dilemmas facing world politics today. On the other hand, Kant and Hegel also present us with a significant dilemma, namely, that of overcoming or at least reconciling the dichotomous relationship they set up between universal morality and particular ethics.

This dilemma lies at the very core of the current issues and controversies surrounding contemporary globalization. Globalization forcibly "opens up" lifeworlds to the systemic imperatives of global capital; it also brings different lifeworlds, each with its own cultural and language-mediated pre-understandings, into closer contact with one another. Liberal norms, claiming universal validity, are simultaneously reinterpreted within

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[55] To be sure, this pessimistic view, echoed in Frost (1996), is challenged by optimists who speak of a growth in efforts to reunite political with international theory Schmidt (2002) and of an emerging subfield of "international political theory" (Rengger 2005). While increasingly more normative IR theorizing has followed the pioneering works of Singer (1971), Walzer (1977) and Beitz (1979), this recent "flowering" (Frost 1996) of normative IR continues to be marginalized, as witnessed in the exclusion of such work from the field's leading American journals.

particular ethical frameworks, creating unavoidable friction. The dialectical tensions between universal morality and community ethics, and between efficiency and justice, throw up heroic challenges for global actors and create significant transformational potential, yet the academic discipline of International Relations, in which normative theorizing is relatively scarce, remains ill-equipped to deal with these historic developments.

It is precisely because the difficulty of reconciling universalism with particularity figures prominently in the more recent work of John Rawls and Jürgen Habermas that these two authors offer the best philosophical insights into, and interpretations of, contemporary processes of globalization. In Rawls we find a political philosopher who struggles with the problem of how liberal states are to treat nonliberal ones. His *Law of Peoples* ends up providing a normative justification for the existing (if contradictory) norms of international politics. In Habermas, we find a philosopher capable of drawing on important sociological insights to deal with the problems and challenges posed by globalization. Habermas' *Inclusion of the Other* and his *Postnational Constellation* end up arguing for fundamental change in world politics, including the transfer of sovereignty to supranational institutions and the institutionalization of an enforceable regime for human rights. Both works reflect globalization's fundamental contradiction, and are suggestive of the need to deal with the questions outlined in our introduction by expanding our conception of political community through "overlapping" (Rawls) or "rational" (Habermas) consensus. In light of their diverging approaches, the core insights they provide, and their achievements and shortcomings, Rawls and Habermas are two political philosophers from whom normative IR theory can learn a great deal.

Future work that attempts to bridge the boundaries between political theory and International Relations should pay closer attention to works in political theory that engage with the globalization problematic head on. In future, IR scholars should continue their attempts to bring political theory "back into" IR, while also entering into a sustained dialogue with political theorists interested in areas of mutual interest (cf. Beitz 1979).

This sort of cross-fertilization should be encouraged, beginning with a focus on international justice, which is the link between political theory and normative IR and which holds the potential of restoring normative theory to its appropriate position in the academic study of IR. Reconceptualizing political theory as the search for justice allows one to think about the expansion of political community and to overcome the limitations imposed by reification of the state as the only possible

organizing principle of human relations.[56] The pioneering works of John Rawls and Jürgen Habermas reintroduce the problem of applied ethics and encourage us to rethink the relation between *our particular community* and *our universal human obligations*. In a world where economic relations are becoming globalized far more rapidly than political consciousness, the need to address such issues philosophically will become increasingly urgent.

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[56] It also encourages us to think of justice as an ever-widening dialectic that confounds any notions of the "end of history."

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Globalization and the Requirements of "Good" Environmental Governance

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Abstract

A growing number of regulations and agencies dealing with the global environment directly affect citizens' lives. In these conditions, a conventional division between international and domestic issues, and between normative and explanatory theory, becomes less tenable, raising corresponding issues of legitimacy, community, and ethics. This chapter assesses liberal environmentalism in terms of a normative theory that considers requirements of authority, epistemic validity, good practices, and practical reason. Despite improvements in terms of efficiency and legitimacy, serious concerns remain concerning the foundations of "good" environmental governance.

Introduction

This chapter works from two premises. First, globalization has undermined the presumption in classical International Relations (IR) literature that a sharp demarcation divides international from domestic ethics, with questions of justice only applicable to the domestic level. Second, understanding the nature of and prospects for governance of pressing global problems such as the environment—the focus of this chapter—requires attention to the ethical dimension of global governance. Building on these premises, I put forward a preliminary theory of "good" global governance originally developed in Adler and Bernstein (2004) and use it to assess the current condition of and prospects for sustainable and

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effective governance to address environmental problems under globalization.

Both of the above assumptions challenge conventional thinking in the IR field, which largely ignores the normative dimension of international institutions and maintains a strict divide between normative and explanatory theory. For example, the "realist" and "liberal" paradigms view "governance" primarily as a problem of international cooperation among sovereign states and explain cooperation by reference to the interplay of power and interests.[2] Recent innovations in the international organization literature—including the application of principal-agent theory (Nielson and Tierney 2003), rationalist research on institutional design (Koremenos et al. 2001), and even explanations for new trends such as legalization, which might appear to have a normative dimension given its legal underpinnings (Goldstein et al. 2000)—similarly ignore the ethical dimensions of politics. Although they draw attention to important trends with ethical implications, including accountability of international organizations (agents) to states (principals), or potential transformations of authority owing to the institutionalization of international legal constraints on governments and the empowerment of international bureaucracies, their research goal is to explain outcomes such as institutional variation or conditions under which state interests or given policy preferences are realized.

Even the newer "constructivist" IR literature, which draws attention to the role and effects of international norms, organizations, and transnational actors on state behavior and domestic policies, has seldom directly engaged ethical debates that underpin the promotion of norms.[3] The goodness, rightness or progressive nature of international norms, on which much of this work focuses—especially in the areas of human rights, arms control, labor, and the environment—are often taken for granted. Constructivist writings instead focus on how norms affect behavior or on explanations for the adoption, selection, or institutionalization of norms.

Perhaps the one body of IR scholarship explicitly driven by an ethical critique is neo-Gramscian and related work in the radical tradition that draws from critical theory broadly construed. Still, ethical critiques are often more implied than explicit, especially in empirical work, which tends to focus on explanations rooted in class analysis and hegemony,

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[2] For example, see the debate among neorealists and neoliberal institutionalists (Baldwin 1994).

[3] One exception is Barnett and Finnemore (2004), which, though primarily focused on the behavior of international organizations, also addresses normative implications.

or related understandings of power relations rather than analyses of their interplay with ethics.[4]

Meanwhile, works on international or global ethics, best classified as political theory of international relations, have largely existed in a parallel intellectual universe to mainstream IR, with each largely ignoring the other. In a famous article that purportedly explains this divide, Martin Wight (1966) argued that international relations theory focuses on "survival" and leaves little room for consideration of the "good life," the focus of classical political theory (p. 33). Despite criticisms (e.g., Jackson 1990), only when globalization shook many of the assumptions in the field did the divide start to erode, although even now dialogue across normative and empirical research has not broken through into many of the most prominent journals of the field (e.g., *International Organization, International Security*, and *World Politics*).[5]

One reason might be that, while intellectually sophisticated, recent normative work, even among the new breed of globalization theorists, remains focused on prescriptive principles rather than on assessing the basis on which governance actually rests or evolves. It especially suffers from a truncated view of political power and its importance for attempts to address the nexus of governance and ethics. Its normative agenda, to diffuse power, leaves largely unaddressed the relationship between the exercise of power and ethical requirements of governance (e.g., Held 2005: 242-243).

This chapter is a modest attempt to bridge this divide by focusing on the interplay of normative and explanatory theory in global environmental governance. It is self-consciously not intended as an ethical analysis of rights, obligations, or duties demanded by an ethical or moral theory in regard to environmental behavior (which I am not qualified to undertake in any case). Rather, it argues that globalization has shifted the understanding of the role ethics plays in global environmental governance, and it aims to uncover what governance demands under globalization, including normative, material and ideational factors. In so doing, it reveals new challenges faced by institutions engaged in addressing global environmental problems.

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[4] A notable exception is Murphy (2000).

[5] British scholarship is an exception, where the International Society tradition has created room for normative theory (Brown 2000).

Globalization and the Transformation of International Ethics

The re-assertion of security concerns and borders following the terrorist attacks in Washington and New York in September 2001 has done surprisingly little to roll back the fundamental features of globalization (Foreign Policy 2005). Most remarkably, it did not fundamentally disturb the general deepening and expansionary trend in global governance or commitments to international institutions—even if it has prompted a myriad of reform efforts. Even in the case of the United States—despite pressures from an influential group of "new sovereigntists"[6] and tendencies toward unilateralism—the commitment to international institutions remains steady, albeit inadequate to the tasks at hand.[7]

Neither has 9-11 slowed the proliferation of new forms of global governance underway since the early 1990s. These include powerful forms of public authority such as the European Union (EU) and World Trade Organization (WTO), private market-based and civil society authorities as well as networks that bring corporate and civil society actors together, and an array of combinations in between. While states may still be willing and able to re-assert their authority when private and hybrid governance systems stray too far from the goals of powerful governments, these new forms of governance currently engage in standard setting and regulation, policy coordination, knowledge generation and dissemination, and service provision.

Nowhere is this truer than in the environmental issue area. Here state-dominated international organizations—such as the United Nations Environment Program (UNEP), Commission on Sustainable Development (CSD) and environmental treaty bodies—operate in policy arenas populated by public-private partnerships and by civil society-led standard setting bodies (for certification and labeling systems in sustainable forestry, fisheries or tourism, corporate-led codes of conduct and self-regulation) and by hybrid standard setting bodies such as the International Organization for Standardization (ISO). To the degree that these new sites of authority under globalization make international or global governance look more like domestic governance, owing to their scope and reach into policy areas formerly considered domestic preserves, legitimacy demands will follow that begin to look similar to domestic legitimacy demands.

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[6] For example, see Rabkin (1998, 2005). For a critical discussion, see Ruggie (2005).

[7] Even the recess appointment of John R. Bolton as U.S. Ambassador to the United Nations, who is clearly identified with the new sovereigntist movement, came during behind-the-scenes support for reform efforts rather than a plan to gut the institution (Weisman 2005).

Following Max Weber, most authors have understood political authority within the nation-state as the legitimate exercise of political power, with legitimacy defined generally as the justification and acceptance of shared rule. Ethical discussions in IR that specifically addressed the institutional dimensions of global governance and world order have focused on legitimacy,[8] but shared rule was understood to be rule by sovereign states, shared only in the sense of establishing a consensus among the great powers (Kissinger 1964; Claude 1966). Institutions served to legitimize the interests of the major powers. Thus, legitimacy and justice were not equated in such arguments.

For example, in his landmark study of the "power" of legitimacy in the international system, Thomas Franck (1990) argued that domestic models of legitimacy, which tend to conflate legitimacy and justice, do not apply internationally for two reasons. First, on operational grounds, justice applies to persons, not aggregates such as states. Second, on theoretical grounds, legitimacy and justice are related but conceptually distinct. Rules may be legitimate but unjust. Similarly, just rules may be deemed illegitimate (Franck 1990: 208-209). Thus, while legitimacy may apply internationally, justice does not.

Franck's (1990) operational concern contains two components: (1) justice only applies to persons and (2) an empirical claim that, "At its present stage of development, most systemic rules command not persons but states, allocating duties and benefits on an aggregate basis" (p. 209). Fifteen years after Franck wrote these lines, most international rules, with few exceptions in areas of human rights or war crimes, still do not *address* people, but they do increasingly *affect* people and public policies, not just relations among states. Policies concerning the international environment, economic development, or health and safety agreements may not create any specific rights or obligations for individuals—they usually target governments or corporate actors—but they nonetheless increasingly affect people's life chances, identities, and prospects of pursuing the "good" life. Thus, they fall into the operational realm of justice.[9] Some political theorists go further, arguing that the material conditions of "our

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[8] Other foci have included the ethics of the use of force, questions of distributive justice, and human rights discourse. However, empirical and analytic scholarship on global order and governance has, until recently, largely used the lens of legitimacy rather than engaging arguments concerning justice or human rights.

[9] Franck later (1995) moved in the direction of acknowledging such a shift, arguing that an emerging global community means that the value of fairness, which for him comprises distributive justice and legitimacy, applies in international law and institutions.

newly interdependent global society, with its remarkable possibilities for linking people around the planet," give us "the material basis for a new ethic" (Singer 2004: 12).

This is nowhere truer than in the environmental arena. Thus, in 1999, Daniel Bodansky (1999) predicted that the question of legitimacy would "emerge from the shadows and become a central issue in international environmental law" (p. 596). Specifically, Bodansky worried that as authority over environmental policy moved increasingly from domestic to international settings, perceptions that decision-making processes are "insufficiently democratic" would increase, though he was reluctant to take the domestic analogy too far. Like a number of political scientists concerned about a "democratic deficit" in the European Union and also in other emerging sites of authority in global governance (e.g., Greven and Pauly 2000, Coicaud and Heiskanen 2001; Cederman 2001), Bodansky struggled with the issue of what aspects of democracy could be reproduced beyond the state. Most writers see directly elected global legislatures as unrealistic, not only because states would not relinquish authority to such bodies, but also because such bodies themselves would in all likelihood be seen as illegitimate without a corresponding *demos*—a "popular unit that exercises political rights," which usually is thought to require a relatively strong sense of community or shared identity (Cederman 2001: 144). National identities and limits to communication across societies, among other possible factors, have prevented the emergence of *demos* even in the European Union, let alone at the global level. Partial elements of democracy, such as transparency, accountability, and participation by those directly affected by decisions, have been the focus of legitimacy demands in the absence of any move towards directly elected legislative bodies.

The core problem is one of political community. Even if theorists such as Singer (2004) are correct in thinking that a new ethic may be demanded by globalization, that does not address the problem of what is required as a basis of global governance. Essentially, global governance requires a material, ideational and communitarian basis, as well as an ethical underpinning. To argue for moral or ethical requirements in the absence of attention to the basis of governance is not simply unrealistic: it is indefensible even from a moral position since "ought" should imply "can." Otherwise, moral approbations or criticisms are not compelling.

The question of whether domestic notions of legitimacy should apply to global governance therefore becomes an empirical matter conditional upon the reach of rules and whether a sufficient sense of community exists for notions of justice or democratic legitimacy to apply. If, as some have argued, "[t]here are no settled social bonds [of community] in an

age of globalization," and therefore "the Westphalian "givens" of justice no longer pertain" (Devetak and Higgott 1999, 484), then moving in the direction of meeting such conditions is possible, though not automatic.

The environment has long been held up as a realm in which such an expanded understanding of community is most likely to take hold. As Dan Deudney (1993) has argued, "green culture" provides some of "the major ingredients lacking in previous cosmopolitan alternatives to nationalism" (p. 301). Similarly, Singer (2004) uses the impact of human activity on the atmosphere as his leading example of the need for a new global ethic (ahead of the global economy and intervention to protect human rights) because "there can be no clearer illustration of the need for human beings to act globally" (p. 14). Still, whereas few would deny that knowledge and publicity about global environmental degradation has created "a global audience," it remains less clear whether that automatically translates into an extended political community in which justifications for rule can be deliberated. The conundrum for global governance is whether the same forces of global ecological interdependence that increase the demand for governance will simultaneously raise the strength and cohesion of political community needed to allow institutions to become sufficiently authoritative and effective to address global problems.

There are two possible responses, with different implications for evaluations of global governance. Either international institutions must become more democratic, or state governments must be protected from usurpation. The former view is expressed in various forms primarily by cosmopolitans (notably, Held 1995, 1997). The latter position rests on a philosophical claim that global governance can only be of peoples, that is, governance of a community of states whose representatives can engage in rule-making, but the legitimacy of those rules ultimately must rest on domestic constitutional order (Rawls 1999). Both prescriptions rest their claims on essentially liberal-democratic principles.[10] From a normative perspective, this is not surprising since, as Held has argued, democracy is the central principle in contemporary politics that legitimates authority: "laws, rules, and policies appear justified when they are democratic" (Held 1995: 1).

However, in both cases, the emphasis on *procedural* legitimacy presents a truncated position from an ethical perspective. Notably, it departs from

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[10] Although I cite Rawls (1999) above because he provides the clearest philosophical defense of this position, the theory is more nuanced than a simple defense of liberalism or democracy since it also encompasses "non-liberal" but "well ordered" societies. Still, Rawls and others who argue from this position prefer liberalism and democracy.

long-standing demands for global justice focused on *substantive* principles such as distributive justice, autonomy, or equality. Such demands challenge the legitimacy of a global order that entrenches unequal distributional consequences and power relations (Murphy 2000). Critical scholarship thus attacks the tendency in the cosmopolitan democracy literature to obfuscate a history of domination by Western states and dominant economic classes, acting at times through international institutions to further legitimize their interests (Cox 1983). It thereby challenges an underlying assumption of much global governance literature that procedural and substantive legitimacy will be mutually reinforcing. A full theory of global governance therefore needs to consider fairness as well as legitimacy, and not assume the two always coincide. In the following section, I present a partial outline of key elements of such a theory, drawing on my previous work with Emanuel Adler (Adler and Bernstein 2004).

A Normative Theory of Global Governance

Adler and Bernstein (2004) identify the conditions or building blocks of "good" global governance. These building blocks will serve as a template by which to evaluate the state of global environmental governance and its adequacy or inadequacy given legitimate demands being made upon it in this period of globalization. The building blocks of global governance include both material and ideational conditions that explain and enable the global governance we get, as well as normative requirements for governance, which define whether it is "good" or "moral." According to Adler and Bernstein (2004), global governance rests, on the one hand, on material capability and knowledge and, on the other hand, on legitimacy and fairness (Table 1). Governance, at any time and in any place, is the sum of collective understandings and discourse about *material capabilities, knowledge* (normative, ideological, technical and scientific), *legitimacy* (the acceptance and justification of the right to rule by relevant communities), and *fairness* (which, in our account, may include notions of accountability, representation, and responsibility, as well as distributive justice).[11]

Plotting these four constitutive elements of order in a 2×2 table outlines the requirements of global governance, that is, "what material capabilities

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[11] For a defense of why representation, accountability, and responsibility are included under the rubric of fairness, see Adler and Bernstein (2004: 300). We place these values together in an attempt to capture a bundle of concepts associated with the principled demands communities make on those empowered to take and implement decisions on their behalf.

or science alone cannot explain, what, by themselves, legitimacy and fairness do not produce, and what in their absence leaves no order of things" (Adler and Bernstein 2004: 300-301). The interaction of these constitutive elements produces a descriptive taxonomy of the four building blocks of global governance: authority, epistemic validity, a conception of good practices, and the institution of rationality.[12]

Table 1

The Requirements of Global Governance (Adler and Bernstein 2004: 300)

	Material Capability	Knowledge
Legitimacy	Authority	Epistemic Validity
Fairness	Good Practices	Practical Reason

Authority
In the classic Weberian conception of political authority, coercive *power* or material capability is tightly coupled with *legitimacy*. It is this combination of a monopoly of force and legitimacy that provides the reasons why a community obeys that form of rule and particular rules. Westphalian norms, which root political authority and political community in exclusive territorial spaces, and the gradual consolidation of the means of violence in the hands of state rulers, meant both coercive force and legitimacy have largely resided in the territorial state in modern times. Since coercive power still largely resides in the state, global, regional or transnational governance, in all its myriad forms, if they are meaningful at all, rests to some degree on a reconfiguration of the relationship between power, legitimacy, and political community. Whereas new "sites of authority" (Rosenau 2003) are sometimes backed up by the coercive powers of leading states, the de-coupling of coercive force and legitimate rule is the most striking feature of contemporary global governance. This observation highlights more than ever the fact that authority must rest on legitimacy, which has both sociological, or empirical, and normative dimensions.

The definition of legitimacy proposed earlier purposely combines an empirical measure of legitimacy (acceptance of a rule or institution as authoritative) and a normative argument concerning whether the authority possesses legitimacy (providing reasons that justify it). As a practical matter in global governance, this conceptual distinction is untenable.

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[12] This table is a descriptive taxonomy, not an explanation for global governance.

Arguments about why actors *should* accept a decision or rule as author-
itative (as opposed to being coerced) necessarily include possible reasons
why the decision *is* accepted, and vice-versa. What counts as good rea-
sons under conditions of globalization depends on the historically con-
tingent values, goals, and practices of the relevant society, since legitimacy,
at its most basic level, depends on acceptance of rule or rules as appro-
priate by a community with shared values, norms, and beliefs (Suchman
1995). Different audiences of state, global civil society, or marketplace
actors may share different criteria or weightings of "input" (procedural),
"output" (performance, efficiency), or more traditional notions of sub-
stantive (values of justice and fairness) legitimacy.[13] Since, under global-
ization, there is no presumption that authority emanates solely from
states, the argument that different configurations of actors make up the
community in which authority operates is important. Legitimacy dynam-
ics under such conditions are not fixed, but vary accordingly.

Epistemic Validity
Epistemic validity refers to "legitimate" knowledge, that is, knowledge
that is regarded as valid by a collectivity of subjects. It can mean widely
accepted norms, consensual scientific knowledge, ideological beliefs deeply
accepted by the collective, and so on. As used here, epistemic validity
is rooted in a pragmatist philosophical perspective according to which
validity rests on deliberation, judgment, and experience of communities
that engage in rational persuasion. A useful way to think about epis-
temic validity is Habermas' (1984) argument that valid knowledge claims
are based on comprehensibility, truthfulness, and rightness, which are
arrived at pragmatically by communities of the like minded. Habermas,
however, refers to such validity claims as being part of an "ideal-speech
situation," to which democratic societies must aspire if discussion, debate,
and social communication in the public sphere are to lead to social
progress. Applying this idea to international politics, Thomas Risse (2005)
points to the requirement of a "mutually accepted external authority to
validate empirical or normative assertions" for negotiations or delibera-
tions to approach a situation where rational persuasion can occur and,
thus, where outcomes will be perceived as legitimate by participants
(p. 174). In international relations, such external sources of authority
may include previously negotiated treaties or scientific findings (Risse
2005).

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[13] The input/output distinction comes from Scharpf (1997), but it tends to ignore
other substantive values that may produce legitimacy.

If, however, due to culture, history, and social context, people inter-pret and "classify" reality differently, how can they then trust their knowl-edge to be true? How can epistemic consensus be achieved across cultures, societies, and polities? These are important questions for global gover-nance because political actors often consciously use the power of lan-guage deliberately to subvert the ontological assumptions of social reality. When all intersubjective agreement about reality is lost, claims lose their validity and it is hard to find a source of authority that can rule about what is real and unreal. Epistemic chaos is not sustainable as a form of governance, because authority is not possible without a shared social reality and standards of validity.

Epistemic validity can sometimes play a very direct role as a source of power in global governance. Under globalization, the combination of a lack of formal political processes beyond inter-state bargaining and the highly technical nature of problems that demand international gover-nance can lead to authority appearing to move by default to technical experts or private authorities as demands[14] for global governance increase (Coleman and Porter 2000: 380-382). For example, dispute resolution panels in trade agreements may rely on trade lawyers and economists rather than judges to interpret rules, or experts may develop standards in technical areas, which then may become authoritative either directly or indirectly through recognition of those standards by other institutions (e.g., the WTO recognizing standards from the ISO). Experts may also gain authority through specialized cause-effect knowledge where their prescriptions gain legitimacy as focal points for cooperation or as the bases of new rules, a situation highly relevant to the environmental issue area where some have noted the influence of "epistemic communities" of scientists (Haas 1992).

However, when functional authority is granted to experts, purposely or by effect, it can be a source of legitimacy problems in the absence of agreement on good practices or practical reason. This problem can be especially acute when governments simply leave technical decisions on complex issues to the private sector to design their own rules, espe-cially if those rules are seen to have broader effects on public policy. Governance may thus be achieved, but without the required moral basis

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[14] This demand stems primarily from a desire to maintain free global markets—which economic actors view as threatened in the absence of regulation beyond the state. At the same time, mainly noneconomic actors are increasing demands for social regulation in areas such as the environment, labor and human rights, and the global economy more generally.

for sustaining authority, especially if it is removed from the state or from some other mechanism of direct accountability to affected parties. Expertise can also be a source of epistemic power, which can empower some while disempowering others, thus leading to demands for increased accountability and democracy.

Good Practices

Normative issues cannot be easily escaped if global governance is to be viewed as good and moral; thus, Adler and Bernstein (2004) emphasize the bundle of notions associated with fairness. At issue here are not only the differing views around the world regarding what stands as good governance, but also the limits in applying domestic governance procedures, such as democratic accountability and transparency, to the global level.

Although a notion of good (global) practices—which link building governance capacity or capability with elements of fairness—has developed most notably within international financial institutions (IFIs) (Woods 1999), it is not without controversy since the epistemic material it makes use of can have empowering and disempowering effects as well as implications for the distribution of resources. The mainstream IR literature, however, has largely ignored these implications, instead responding with work that attempts to define good practices in terms of democratic procedures and to introduce notions of accountability, responsibility, transparency, and representation to the study of international institutions (e.g., Grande and Pauly 2005; Payne and Samhat 2004; Held and Koenig-Archibugi 2005).

Actual institutional practices to promote "good governance" highlight the need to pay attention to both procedural and distributional/empowering implications. For example, the current emphasis on the rule of law and anti-corruption measures by the World Bank is understood primarily in the context of protecting private property rights and the sanctity of contracts (Upham 2002). While the Bank also supports democratic and administrative reforms, including greater participation and transparency in governance, there remain disagreements on the specific meaning of good practices, even among IFIs. Compare, for example, IMF policies and practices, which are highly dependent on confidentiality and expert knowledge in policy making, with governments. This makes the IMF more resistant to wide-ranging democratic reform in terms of openness and participation, despite the significant effects of its policies in many countries. Similar language of good governance and transparency is used, but the meaning of these terms refers only in part to its corporate practices and relationships with governments. Instead, good governance in IMF parlance refers primarily to promotion of its own version of good

domestic governance in target states "by helping countries ensure the rule of law, improve the efficiency and accountability of their public sectors, and tackle corruption" (IMF 2002).

At the same time, developing world voices, reinforced by the self-defined transnational "global justice movement," have been asking how it is possible that if global governance is so "good," their lives have become so much more miserable. Until a concept of fairness and right process (Franck 1990, 1995) emerges that can be understood and accepted by both developed and developing countries, governance will not be sustainable.

Practical Reason
Closely related to the issue of good practices is practical reason, which, like epistemic validity, relies on a pragmatist reading of rationality that is sensitive to contingent historical and cultural contexts. Practical reason builds on the notion that reasons derive from interpretive and dialogical processes (e.g., legal processes) in which intersubjectively validated knowledge, and normative understandings of fairness, play a major role. Practical reason, for example, concerns the epistemic requirements for democratic practice, which, according to Habermas, requires "discursive validation" and must therefore rest on "good arguments" made under "ideal speech" conditions where validity claims can be assessed (Habermas 1984, 1987). Under such conditions, free and equal autonomous actors can challenge validity claims, seek a reasoned communicative consensus about their understandings of the situation and justifications for norms guiding their action, and are open to being persuaded. Governance is viewed as a truth-seeking process, and institutions should be designed to approximate such conditions. The link between epistemic validity and practical reason is obvious in this regard, as the former is not possible without agreement on the latter. Like Habermas, IR scholars who apply this understanding of practical reason (e.g., Risse 2005) point out that conditions for ideal speech are counterfactually valid, but insist that approximations of such a situation can obtain. Whether or not one accepts this version of deliberative theory, it serves a purpose here in laying out one idealized version of practical reason against which current practices can be assessed.

Assessing Global Environmental Governance

On the surface, many of the building blocks of good global governance appear present in the environmental case. Major states from the North and South have repeatedly expressed a commitment to address global environmental problems. They agree on broad principles to do so (most

notably, those found in the Rio Declaration on Environment and Development); and the range and scope of international environmental agreements have steadily increased over the last 30 years. Moreover, a great deal of knowledge exists about many of the world's most pressing global environmental problems even if that knowledge is incomplete and, in some cases, contested. Environmental institutions, organizations, and negotiations are also among the most transparent and participatory, especially compared to international economic institutions. International environmental organizations and meetings are generally not sites of protest. When they are, it is because protesters usually want them to do *more* or to *increase* their authority, not because they question their legitimacy. In the case of international economic institutions and meetings associated with economic globalization, "anti-globalization" or "global justice" protests send a very different message, and the contrast could not be stronger.

However, a closer look, using the template developed above, reveals serious concerns over the effectiveness and sustainability of global environmental governance. Before evaluating environmental governance along the four "building blocks" identified above, I first describe the broader intersubjective understandings that inform contemporary environmental governance in order to set the normative and historical context for how environmentalism has evolved under globalization.

The Big Picture: Liberal Environmentalism

The globalization of environmental governance has, in broad terms, evolved to take the form of what elsewhere I have called "liberal environmentalism" (Bernstein 2001). Liberal environmentalism predicates global environmental protection on the promotion and maintenance of a liberal economic order. This concept, I argue, captures the fundamental content and purposes of actual policies and programs to address environmental problems in the name of sustainable development—a ubiquitous and ambiguous term in global governance. Liberal environmentalism legitimates the primacy of the global marketplace—either by putting it to work instrumentally in the form of market mechanisms or by favoring it when trade-offs are required between economic and environmental goals—rather than adapting the marketplace to operate in sympathy with requirements of ecological integrity and sustainability.

Although liberal environmentalism reflects important elements of North-South compromise, it is not, strictly speaking, either an inter-state bargain or simply a reflection of the triumph of neoliberal economic policies. Rather, it arose through a conscious effort on the part of international policy elites to develop a set of ideas that changed the issue from one of preserving the environment to one of promoting economic growth,

but of a sustainable kind given natural support systems required for the economy. These elites, from the North and South, beginning in the late 1960s and early 1970s, worked through institutions such as the Organization of Economic Cooperation and Development (OECD) and United Nations environment and development organizations, and their efforts culminated in the 1987 World Commission on Environment and Development led by Gro Harlem Brundtland (WCED 1987).[15] The Brundtland Commission's formulation of sustainable development—by resonating with broader trends in the international economy, appealing to the core concern in the developing world with economic growth, and mobilizing public and political support with the backing of the UN General Assembly—legitimated the environmental protection-economic growth connection.

But it was the 1992 United Nations Conference on Environment and Development in Rio de Janeiro, or the Earth Summit, that went even further down the path of economic liberalism, mirroring a similar shift in economic policy in many domestic economies in the 1980s. Rio institutionalized the view that trade and financial liberalization, and corporate freedom, are consistent with, even necessary for, international environmental protection and sustained economic growth. Thus, the Earth Summit embraced the new economic orthodoxy then sweeping through the developing world and the even broader trend of supporting the retreat of the state from the economy, which involved open financial markets, free trade, and market forces as the main engine of economic growth. It also symbolized the globalization of environmental governance, though the process of globalizing environmental policy had been gradually moving forward since the 1972 UN Conference on the Human Environment in Stockholm.

The immediate effects of these developments on environmental governance were to promote market mechanisms, policies on privatizing global commons and the creation of private property rights over resources rather than central management, and to promote the idea, most notably stated in Principle 12 of the Rio Declaration on Environment and Development—the consensual statement of norms agreed to in Rio—that free trade and environmental protection were perfectly compatible. That principle specifies, in part, that "States should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation" (UN 1992).

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[15] The history of these efforts is detailed in Bernstein 2001.

The 2002 World Summit on Sustainable Development (WSSD) in Johannesburg—referred to by some as Rio + 10—further reinforced liberal trends. For example, a number of Northern delegations went to great lengths to ensure that the Johannesburg Declaration and Plan of Implementation—the two negotiated texts produced by the conference—did not contradict or undermine existing trade agreements (Wapner 2003: 6; Speth 2003: 27). These texts reinforced Rio Principle 12, as did trade agreements negotiated following Rio that refer to Principle 12 for legitimation. For example, trade ministers negotiating the WTO agreed, citing Principle 12, "that there should not be, nor need be, any policy contradiction between upholding and safeguarding an open, non-discriminatory and equitable multilateral trading system on the one hand, and acting for the protection of the environment, and the promotion of sustainable development on the other."[16]

The WSSD also heralded the legitimation of another trend consistent with the pattern of working with the market and private sector: public-private partnerships for sustainable development. The engagement of the corporate sector at WSSD is part of the larger response to globalization within the UN system, especially in development policy. The Global Compact, in which the corporate sector is directly enlisted to sign onto an abridged version of environmental principles derived from the Rio Declaration (along with labor, human rights, and anti-corruption principles derived from other international agreements), is another example of this trend.[17]

Some nongovernmental groups have opted to target directly firms in the global marketplace through the creation of non-state governance schemes. The most common are "certification" or "non-state market driven" (Cashore 2002) governance systems, where products, processes or services get "certified" as meeting specific standards of sustainability established by the system, and sometimes get a label so that buyers can identify products or services that meet those standards. Such governance systems arose partly in response to the lack of progress in multilateral negotiations, but also because NGOs worried about the limitations of voluntary codes of conduct, self-regulation, or learning networks, even when backed by the United Nations. These governance systems have proliferated over the last 15 years and currently cover aspects of forestry,

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[16] "Decision on Trade and Environment," adopted by ministers at the meeting of the Uruguay Round Trade Negotiations Committee in Marrakesh on April 14, 1994. The preamble to the Agreement Establishing the WTO includes a similar understanding of the trade/environment relationship.

[17] (www.globalcompact.org).

food security and production, labor standards, tourism, fisheries, and human rights (Bernstein and Cashore 2005).

The discussion below is, in effect, an assessment of governance under the liberal environmentalism paradigm.

Authority

Authority in global environmental governance is weak and fragmented, with some small signs of strengthening within particular environmental regimes, most notably the Kyoto protocol (Conca 2000; UN University 2002; Esty and Ivanova 2002). This fragmentation is especially notable relative to other international issues such as trade, health, or labor, which have fairly coherent governance structures centered in an international organization (the WTO, World Health Organization, and International Labor Organization, respectively). In contrast, UNEP, which has the relatively lowly status of a UN "program," shares the environmental portfolio with more than a dozen other UN bodies over which it possesses little authority, including the Commission on Sustainable Development (CSD), the World Meteorological Organization (WMO), the UN Educational, Scientific and Cultural Organization (UNESCO), and the Food and Agriculture Organization (FAO). The result is that multiple agencies vie for political attention and financial resources, establish norms and rules, and attempt to catalyze action or carry out implementation. In addition, there are over 200 multilateral environmental treaties, many with their own independent secretariats (UNEP 2001), and more than 20 regional organizations address environmental issues.[18]

Whereas centralized authority is not always a virtue, fragmentation in this case has been detrimental to the establishment of sufficient authority to create stable and effective governance. In favor of decentralization, environmentalists have frequently argued that the causes and consequences of global problems frequently occur locally; thus governance requires tailored responses. Moreover, redundancy can be desirable "as it provides insurance against the decline of any individual international institution and fits better with an ecological institutional design vision of requisite diversity" (Haas 2004: 3).

However, the practical consequences in the environmental arena have been a series of jurisdictional overlaps, gaps, and "treaty congestion" (Brown Weiss 1995: 697-701) leading to operational and implementation inefficiencies, inconsistencies, and overburdening of national

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[18] For a fuller discussion of institutional fragmentation, see Bernstein and Ivanova forthcoming. The following three paragraphs also draw from that discussion.

administrations. Even the United Nations has openly recognized the need for greater integration of the work of numerous environmental agencies since "the flourishing of new international institutions poses problems of coordination, eroding responsibilities and resulting in duplication of work as well as increased demand upon ministries and government" (UN 1998). The result is confusion of responsibility and authority, poor use of existing information and resources, and inconsistency of policies across and between governance levels.

Superimposed upon this organizational fragmentation are potentially competing mandates, especially when liberalizing trends since Rio have had the effect of empowering economic institutions in environmental governance. In such instances, rules are written and policies are formulated in a context where institutions designed for other purposes limit and direct the types of practices deemed appropriate or acceptable for the environment. For example, ostensibly economic organizations, including the World Bank, United Nations Development Program, OECD, United Nations Conference on Trade and Development, and WTO have become important policy nodes that directly or indirectly address global environmental issues. Moreover, the goals of environmental agreements and organizations increasingly intermingle with economic goals. While this has the potential to contribute to global equity and development, the practical effect is often to weaken environmental priorities either owing to the institutional power and dominance of economic concerns within these institutions or because existing rules in the international political economy more broadly favor corporate and investor rights and freedoms.

There have been various proposals to increase authority in global environmental governance, the most prominent resulting from the debate over the desirability, form, and function of a World Environment Organization (Biermann and Bauer 2005). One of the central arguments put forward by supporters is that a UNEO with universal membership would increase legitimacy compared to UNEP's 58-state-member Governing Council, elected by the UN General Assembly. Universal membership would in turn help marshal greater resources and authority in the issue area. According to German Environment Minister Jürgen Tritten, "the legitimacy of decision-making processes is a key point and therefore all UN Member States should effectively be given the same rights."[19] However,

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[19] Press Statement. "Trittin Calls for a UN Environment Organization" (German Federal Ministry for the Environment, Nature conservation and Nuclear Safety), March 15 2004 (http://www.bmu.de/english/press/pm/5669.php).

signs of such an organization materializing are not encouraging. For example, discussions around a 2003 French proposal to the UN General Assembly for a new UN Environment Organization (UNEO)—the only initiative for a global environmental organization actually tabled—have gradually shifted toward simply turning UNEP into a UN specialized agency rather than undertaking radical democratic reform, centralization, or legal reform along the lines, of, say, the WTO. Even this modest proposal has generated limited political momentum, is strongly opposed by the United States, and received no mention in the High-level Panel report on UN reform released in December 2004 (IISD 2004; UN 2004). States could not even agree at the 2005 UNEP Governing Council meeting on whether the Council should be expanded to include universal membership, with the EU strongly in favor and the United States and developing country governments opposed (IISD 2005).

The debate over the broad architecture of global environmental governance reflects the dilemma of authority playing out in a number of specific environmental treaties and regimes as well. The issue is how to strengthen the legitimacy and effectiveness of environmental governance without losing the support of states with material capability to address environmental problems and with political jurisdiction over important local sources of the problem in question. The withdrawal of the United States from the Kyoto Protocol, under the George W. Bush administration, is the starkest example of how this dilemma is playing out. It is also instructive. The withdrawal highlights a struggle not only over power (who decides, what interests prevail, what policy levers should be available to induce compliance, and how autonomous they should be in relation to particular member governments) and knowledge (what is the human contribution to climate change, what are its likely effects, on what basis should risk be evaluated, and what counts as valid knowledge about climate change), but also over normative questions.

For example, one of the main arguments put forward by U.S. leaders is that even the largest and most economically advanced developing countries, including China, India, and Brazil, currently lack an obligation to reduce emissions. The counter-argument is based on principles of equity, noting that per capita emissions in developing countries are already well below those in industrialized states, or that broader agreements about redressing historical inequities should be reached first. In sum, developing countries should enjoy the same opportunity as the wealthy countries to develop, and this necessitates differential obligations for planetary stewardship relative to their level of development and historical circumstances. Below, in the discussion of good governance and practical reason, I return to these dilemmas.

Epistemic Validity

Scientific knowledge has long been an important component of global environmental governance, owing in large part to the highly complex and technical nature of ecological problems. They exhibit high levels of uncertainty not only in terms of causes and effects on the environment and human health, but also in terms of the consequences of different courses of action. As Peter Haas (2004) recently put it, "Under such circumstances, decision-makers need information about the nature of threats, how each actor will be affected, and the types of arrangements that can be collectively developed to address such transboundary and global risks" (p. 115). Behind this observation is an assumption that epistemic validity rests primarily on the acceptance of the validity of scientific knowledge and methodology to sort out truth claims.

The practice of environmental governance has long reflected this assumption. Constructing institutions designed specifically to support research and to channel policy-relevant scientific and technical knowledge has been an integral part of international environmental governance based on the understanding that they can serve as relatively autonomous sources of authority for decision-makers under conditions of uncertainty. To give just a few examples, international treaties on climate change and biodiversity have subsidiary bodies that meet regularly to provide timely scientific and technical advice to "conferences of the parties" (meetings of the parties to the treaty for ongoing discussions and decision-making), while the Intergovernmental Panel on Climate Change (IPCC) provides an additional arms-length set of assessments for the climate change regime (although IPCC members are selected by governments, their reports are based on peer-reviewed science). The ozone regime includes three expert assessment panels (scientific, technology and economics, and environmental effects), and the Antarctic and Whaling regimes have scientific committees that receive inputs from experts. As noted earlier, scientific knowledge can thus serve as an important basis of authority on which to validate assertions made in negotiations or to justify behaviors under governing regimes.

Much of the research on science and global environmental policy has thus been focused on designing institutions to integrate science better into the policy process, to improve scientific communication and access to knowledge, and to generate and disseminate usable knowledge (for a good discussion of these themes, see Haas 2004). Whereas this research recognizes the politicization of science, or the influence of values on the choice of research questions, a prevailing view among social scientists is that insofar as scientific work can be conducted independently of political processes or sponsors of research, its legitimacy and ability to influence

policy will be protected. As a result, environmental governance will be more effective (Haas 2004; Botcheva 2001; Andresen et al. 2000). These findings draw critical attention to current practices that undermine the autonomy and legitimacy of science, such as staffing many technical, assessment, and monitoring bodies with experts selected by governments. Epistemic validity is thus understood as primarily a problem of institutional design and scientific resources.

While research on the role and importance of scientific expertise in building consensual technical knowledge has produced important findings, less attention has been paid to two other equally important aspects of epistemic validity: the need for agreed understandings of what constitutes valid knowledge, and the importance of broader mutual understandings of the environmental *problematique* in order to avoid epistemic chaos. These two problems are related: what constitutes valid knowledge interacts with the broader norms of liberal environmentalism in ways that at times may undermine epistemic validity.

Two controversies in environmental governance provide examples of contestation over what constitutes valid knowledge. The first concerns the precautionary principle, which states essentially that under conditions of risk of serious environmental harm, a precautionary stance is warranted under conditions of uncertainty. The principle is stated generally in Rio Declaration Principle 15 and is referenced in a number of international agreements, including the 2000 Biosafety Protocol of the UN Convention on Biodiversity, which concerns the treatment and trade of "living modified [including genetically modified] organisms" (LMOs), on which I focus below.

The principle is generally heralded by environmentalists and by sympathetic scientists who recognize the limits of scientific certainty. They argue that if political action waited for scientific certainty, environmental damage could either be irreversible or so extraordinarily advanced that harm would be unavoidable and it might be prohibitively expensive to address the problem. However, others have argued that the principle has no clear scientific basis and could create unnecessary costs of its own if it calls for action that turns out not to be justified. A closer look at the scientific basis of the principle reveals that epistemic validity, even within scientific communities, is not always easily achieved.

The problem is that precaution rests on a scientific basis only if one believes that traditional statistical standards of significance, the litmus test for laboratory science, are inadequate to capture cumulative or anomalous, though potentially harmful, effects in the field. This is a minority position in the scientific community (Hull 1999). Supporters, however, defend precaution under a "holistic" approach to science because, as

explained by Lemons and Brown (1995: 20-21), it is sensitive to complexity, uncertainty, and interaction with other ecosystems and human activity and focuses on avoiding type II statistical errors (false negatives). Predictive science, in contrast, focuses on minimizing type I statistical errors (false positives).

The practical implication of this disagreement has been to take the debate out of strictly scientific circles and to allow existing powerful political and economic institutions, such as the WTO, to influence what counts as valid scientific knowledge. When there are competing understandings of how to handle a problem in global governance, the power to decide may flow to the institution with greater legal authority or institutionalization, not necessarily because it is more equipped to facilitate a determination of its validity. The WTO, because of its central place in institutionalizing the liberal global economy and its highly institutionalized and legalized status, has a particularly prominent role in this regard. Currently, WTO rules put the onus on governments, under a high burden of scientific proof understood as laboratory science, to override liberal trade norms. The precautionary principle would reverse, or at least modify, the burden of proof, moving it from governments who want precaution to guide decisions on allowing products with potentially harmful effects into their markets, to exporters or producers who would have to show that their products are safe for human health and the environment.

The 2000 Biosafety Protocol is a prime example of how this tension has become manifest in practice. On the one hand, it endorses a precautionary approach, stating that a lack of scientific certainty, due to insufficient information on the potential adverse effects on biodiversity, shall not prevent a Party from taking a decision on LMOs under the Protocol. On the other hand, the protocol is to be mutually supportive of international trade agreements, and it recognizes WTO norms such as non-discrimination. Meanwhile, the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS agreement) of the WTO requires "sufficient scientific evidence" to restrict trade for health reasons. If past rulings are any indication, the precautionary principle will have a rough ride in any trade dispute.

In the case of hormone-modified beef, for example, the lack of a proper (i.e., scientific) risk assessment led a WTO Panel and the Appellate Body to rule against an EU ban on hormone-fed beef. Such assessments have to bear a "rational" and "objective" relationship to the ban under the SPS agreement. However, in a sign that the precautionary principle could make some headway, the Appellate Body also ruled that under the SPS, risk assessments need not be based exclusively on laboratory

science under controlled conditions, but may also be based on assessments of risks in human societies, as they actually exist. This ruling occurred in the context of ongoing political disagreements on the application of the precautionary principle.[20]

Skepticism is warranted, nonetheless, as to whether the Biosafety Protocol can tip the balance toward precaution. Given the reality that the WTO dispute panel process can impose binding decisions on parties, while a similar process has yet to be put in place under any existing environmental agreement, rulings are more likely to be made when a trade issue is at stake. Despite some signs that WTO panel rulings are giving more serious consideration to environmental arguments, the general pattern of decisions and structure of rules continues to put the burden of proof on those who want to show that environmental regulations are justified as a limit to trade and not vice-versa.

A second example of contestation over epistemic validity concerns the recognition of "indigenous" knowledge in the 1992 Convention on Biological Diversity (CBD) and the 2001 International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA). Parties to the CBD, under article 8(j) must "respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities . . . relevant for the conservation and sustainable use of biological diversity. . . ." A related concept, "Farmer's Rights," was a major source of contention in negotiations over the ITPGRFA but had much less success in getting entrenched (Langlois 2005). While there are multiple dimensions to the debate over these concepts, the commonality I focus on here is that both concepts were meant to validate knowledge that had been practiced, in some cases for centuries, concerning conservation, farming techniques, and the use and development of seeds. As in the case above, however, when it came time to operationalize these concepts in the ITPGRFA, a similar dynamic, driven by powerful liberal institutions, played a major role in defining what counted as valid knowledge.

In this case, the WTO again had disproportionate influence, specifically through the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS). Negotiators on the ITPGRFA understood that TRIPS, though not directly related to plant genetic resources or environmental governance, defines rules for patents on genetic material and ended up having a greater influence on negotiations than the CBD (Langlois 2005:

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[20] On possible implications of conflict between WTO agreements and Biosafety Protocol on this issue, see Winham (2003).

13; Thomas 2002: 191). This outcome resulted despite a primary original purpose of opening negotiations, namely, to harmonize an earlier agreement on plant genetic resources[21] with the CBD. Thus, what counts as knowledge that can be protected owes more to legal property and patent rules that favor large biotechnology corporations than to the nature of biodiversity. Rules on Intellectual property rights are, at a basic level, incompatible with Farmers' Rights and recognition of traditional knowledge, because the latter are not easily established as being held by individuals, specified in ways easily recognizable under law, or easy to define as private property (Langlois 2005: 25). As Borowiak (2004) writes, "Shared knowledge, diffuse communities, traditional practices, and the contributions of past generations, all provide the groundwork for farmers' rights[,] yet all of these things are in various ways at odds with the liberal framework that defines conventional property" (p. 528).

These examples highlight an important connection to the normative dimensions of global governance. If principles such as the precautionary principle or recognition of traditional knowledge claims gain greater legitimacy and acceptance as appropriate guides to political action, the legitimacy of institutions that do not support them will be challenged. This normative concern highlights the importance of the next two "building blocks" of global governance and the inadequacy of deciding on the merits of even "scientific" principles outside of considerations of what constitutes "good" practices and how to achieve pragmatic reason.

Good Practices

As in global governance more broadly, notions of good practices in the environmental case have tended towards an uneasy blend of modes of governance rooted in the rule of law and compatible with the global marketplace (understood to be necessary for economic growth and development), with the need to promote greater participation, transparency, accountability, and fairness. The latter qualities not only respond to a general normative shift toward democratic governance, but are also linked to the argument that transparency, participation, accountability, and adequate resources to enable participation produce a sense of "ownership." A growing body of scholarship makes the case that ownership links decision-making and outcomes of governance to the communities that authorize it, and is thus essential for legitimacy (Woods 1999; Raines 2003;

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[21] See The International Undertaking on Plant Genetic Resources for Food and Agriculture, initially adopted at the Food and Agricultural Organization Conference in 1983, and interpretive resolutions agreed to at subsequent FAO conferences.

Bäckstrand and Saward 2004). To take one example, a study of perceptions of legitimacy of the ISO 14000 series of environmental standards found a strong direct correlation among developing country delegates between involvement in the creation of the standards and their perceived legitimacy (Raines 2003).

The prevailing view in many environmental governance institutions is that all of these practices can co-exist comfortably, perhaps even reinforcing one another. To evaluate the veracity of this understanding, I proceed by way of example, utilizing the major new trend in global environmental governance to promote public-private partnerships for sustainable development. Partnerships work under the assumption that combining the resources, skills, and commitment of non-state actors with the authority of states will succeed where state action has not. Their ultimate aim is to embed the marketplace in broader social and environmental goals. The 2002 WSSD identified almost 300 such partnerships as its showcase achievement (Doran 2002).

Proponents view public-private partnerships as a model of good practices and the pinnacle of sustainable development—combining economic, environmental, and social goals and usually involving community stakeholders and NGO input. Ideally, they also ought to improve corporate responsibility and accountability. Skeptics, however, worry that their success depends on the goodwill and voluntary participation of the private sector. They point to the lack of progress in creating internationally binding rules for corporate responsibility at the WSSD as a troubling sign that governments, who are more easily held accountable than corporations, are simply shirking responsibility. As Paul Wapner (2003) has pointed out, "so far the number and magnitude of the partnerships proposed seem minuscule to the tasks at hand. . . . Indeed, the WSSD's embrace of the private sector to spearhead partnerships has led many critics to refer to the Summit as 'Rio-minus-10'" (p. 4). Partnerships also faced opposition by a coalition of Southern states who worried they would lead to less aid and technology transfer for sustainable development (Steiner 2003; Witte et al. 2003: 60).

Underlying these claims and counter-claims, however, is contestation over what constitutes, and how to achieve, good practices. Thus partnerships should be seen in the context of a second innovation at WSSD, multi-stakeholder deliberations. This practice is underpinned by the notion that stakeholders ought to be engaged not only by informing inter-governmental decisions, but also through collaborative ventures (Bäckstrand and Saward 2004). In the case of WSSD, in addition to the hope that partnerships would foster such processes internally, stakeholder dialogues played an integral part in the preparatory process and the summit itself.

These dialogues reflected deliberations among the nine "major groups" identified by Agenda 21 (the detailed action plan negotiated 10 years earlier at Rio). Although states never relinquished their sole authority to make decisions at WSSD, these innovations can be read as an attempt to move toward stakeholder democracy, beyond mere participation to "collaboration" and truer "deliberation" among states, business, and civil society (Bäckstrand and Saward 2004: 5, 13). Read in this way, such innovations in environmental governance respond well to legitimacy deficits and should shore up governing authority by improving its moral foundation. Yet the challenges of fulfilling these ambitions are great.

First, the assumption that participation leads to influence or meaningful deliberation can be questioned. If innovations such as stakeholder dialogues provide little influence on inter-governmental negotiations, do they really increase legitimacy? Many participants at WSSD, for example, saw their limited impact as a "disappointment" and as "more monologues than dialogues" because of limited participation by high-level officials (Bäckstrand and Saward 2004: 17). Non-state market-driven governance (NSMD) systems fare slightly better because they go a step further in their autonomy from governments and create strong systems of compliance (through third-party auditing, for example). They thus take advantage not only of globalizing markets to create pressures on companies to participate (through boycotts or through helping to create markets and price signals for sustainable goods), but also of the spread and influence of global consciousness and civil society organizations. In practice, they attempt to combine elements of stakeholder democracy and accountability with the power of the marketplace to create legitimate authority independent of international agreements among states.

However, the problem of political community creates a second challenge that plagues international state-led governance, partnerships, and non-state forms of global governance alike in their attempts to generate good practices. The "demand" that governing authority and decision-making be opened to wider groups of actors continues to bump up against entrenched norms of sovereignty, including the view that only states can be accountable in a meaningful way to their citizens. Even under conditions where the reach of global governance extends directly to affected local or transnational groups so that they have a basis on which to claim a right to participation and accountability, the practical question remains of whether states can adequately and legitimately represent such groups. If not, who else could? Moreover, should involvement in policy processes or deliberation translate into actual decision-making authority? While there is no simple response to this dilemma, to the degree that inter-state processes appear not to reflect the values of rel-

evant communities, alternative forms of governance such as NSMD are emerging.

Still, even NSMD systems and partnerships face significant challenges of political community. Most significantly, relevant audiences of NSMD systems differ in terms of identities (producers, consumers, environmentalists), geographic location, and interests, making consensus on norms that define good practices and even goals of governance difficult to reach. If they are to succeed, institutionalized learning processes and community building are necessary.

A final consideration for any notion of good practices is the question of fairness, including questions of distributive justice. In global environmental governance, the norm of "common but differentiated responsibilities" for developed and developing countries in addressing global environmental problems has been well institutionalized as a general principle to address fairness, most notably in Rio Declaration Principle 7, but it has proven difficult to operationalize. A number of treaties incorporate the idea through, for example, phase-in periods for developing countries in achieving targets on limiting pollution, or funds to help poorer countries implement an agreement (the ozone regime being a prominent example). However, without further refinement, operationalization creates a conundrum. On the one hand, too much leeway would allow rapidly developing countries such as China, who are increasingly major polluters, to avoid stricter regulation, therefore causing unacceptable damage to the environment. This position has the added effect of limiting the willingness of developed countries to take stronger action. On the other hand, the risk of unfair burdens is also high given historical disadvantages, inadequate levels of aid and mechanisms for technology transfer, and relatively low pollution levels per capita in most developing countries. The U.S. reaction to Kyoto highlights the dilemma. A primary complaint of the Bush administration is that the absence of commitments by major developing countries to reductions of greenhouse gases in the first commitment period potentially gives their firms an unfair competitive advantage over U.S.-based companies.

Resolving the issue of which principle of fairness should guide policy is beyond my scope here. Still, it seems clear that more attention needs to be paid to the question of how to integrate deliberations better around the operationalization of fairness in global governance while avoiding entrenched, and often rhetorical, positions. Further refinement of ethical principles by itself is unlikely to make much of a difference to governance practice—the debate over distributive justice, arguably, has been long and relatively unsuccessful in repeated rounds of international negotiations—but it is necessary to develop mechanisms that empower

those, especially developing countries, who feel most unfairly treated. As Donald Brown (2003) has pointed out, "it has been demonstrated that in order to achieve multilateral agreements on environmental issues it is necessary for nations to believe that they have been treated fairly and that their core demands have been addressed" (p. 233).

The fragmentation of authority noted above exacerbates a sense of disenfranchisement, especially among developing countries, which undermines perceptions of fairness. The conflicts among international agencies, overlaps of activities, and overload of domestic authorities responsible for implementation, put strain on the resources of smaller environmental bureaucracies. Moreover, the scattering of environmental activities across many international organizations creates high costs for attending intergovernmental sessions in order to negotiate environmental agreements, in terms of both expenses and days away from already understaffed environmental ministries (Kelly 1997).

In the end, good practices that bring in notions of fairness must be linked to serious efforts at capacity and knowledge building—not simply, or even mainly, in terms of implementing international agreements (though that is important), but also in terms of empowering actors to participate and be heard in the development and implementation of global environmental policy.

Practical Reason

Although closely related to good practices, an assessment of practical reason zeroes in on decision-making and whether enough common knowledge, shared sense of community, and capability among relevant actors exist to meet conditions where legitimate decisions can be made. As this description of practical reason suggests, the current focus in global governance on democratic and deliberative reform presents a truncated view of whether conditions of practical reason are being met.

Indeed, on this more limited view, global environmental governance performs quite well, especially relative to governance in other issue areas. For example, strong norms of participation are articulated in Rio Declaration Principle 10, which promotes access to information, participation in decision-making at the relevant level, and access to domestic judicial and administrative proceedings by all affected parties. Similarly, the 1998 Aarhus Convention on Access to Information, Public Participation in Decision-making and Access to Justice in Environmental Matters operationalizes these norms in the European Union, is being implemented through EU directives, and has become a point of reference in other jurisdictions. Moreover, multilateral environmental negotiations are among the most open, transparent, and well reported on in international relations.

International organizations with an explicitly environmental or sustainable development mandate also exhibit relatively equitable decision-making in terms of voting weight of Northern and Southern states; access for NGOs, including innovations such as stakeholder forums; and transparent processes. For example, a comparative study that assessed democratization in global governance according to a model of deliberative democracy identified the Global Environmental Facility—the main source of international sustainable development lending, which is a joint venture of the World Bank, UNEP, and United Nations Development Program— as "perhaps the most inclusive and open international organization" (Payne and Samhut 2004: 7).

However, even with the move towards increased democratic procedures, access, and openness, practical reason also requires the ability to participate in a meaningful way. Here the picture is far more mixed. Recall that one key requirement of practical reason is enough common understandings and shared knowledge to discover decision-making processes that will be acceptable to the various parties involved. Two problems related to knowledge arise in this regard. One is the lack of a common lifeworld or enough common understandings of the problem at hand, experience of the problem, or one's own identity in relation to it to generate meaningful deliberation. Here the danger is particularly large if processes are seen as removed from those engaged, as the discussion on ownership and problems of expertise suggest. A second problem is capability to participate. Often the two are related in that differences in experiences of the world and understandings of one's relationship to the environment (and, therefore, of environmental problems) often coincide with North-South and rich-poor cleavages, both among states and among civil society actors at transnational and local levels.

A good example of how this problem can become manifest is an attempt by the World Bank to improve accountability to loan recipients through its innovative Inspection Panel, which allows requests from affected private citizens to investigate and review bank programs. While critics have noted a number of limitations to the panel's oversight function and "limited leverage" to overturn decisions or change lending behavior, most germane here are the impediments that limit civil society actors from filing claims. Research has shown that ignorance of the filing process or even of the existence of the panel and legal requirements, given a lack of familiarity with "western-style legal culture," have been the major hurdles (Fox 2002; Gutner 2005: 779). The latter problems point again to the link between knowledge and power in governance, where institutional structures that support particular understandings of the rule of law (i.e., Western legal culture) can be disempowering of

groups without technical expertise or access to knowledge, and may also bias which arguments are seen as valid.

An important conclusion in a variety of contexts is that practical reason in environmental governance requires meaningful processes of learning. This cannot involve simply the delivery of technical knowledge from experts or treaty secretariats, which is frequently the way learning is viewed in other realms of global governance, such as the WTO's model of technical assistance. Technical capacity must include the ability to develop an understanding of one's own interests, to engage in meaningful negotiations, and to gain understanding of the knowledge at stake and implications for local conditions. The physical challenges of participation that face all but the wealthiest developing countries are exacerbated by limited capacity and a knowledge divide on many levels, which limits the effectiveness of developing countries in negotiations and implementation (Karlsson 2002).

Conclusions

The criteria of good global governance established in this paper set a high standard. Actual systems of governance, of course, rarely reach ideals of democracy, deliberation, fairness, or legitimacy, or for that matter, efficiency or effectiveness, even in the most democratic nation-states. Each building block should not, therefore, be read as setting a strict standard by which environmental governance ought to be judged. Rather, the assessments are indicators for whether the current performance and structure of global environmental governance show signs of relatively good performance or signs of weakness or crisis. This does not mean that we should not aspire to more moral governance at every turn, but rather that evaluations concern not only our aspirations but also what governance requires.

In the case of environmental governance, the evaluations showed overall weakness and strain in this current era of globalization, despite innovations in governance at the margins that aim to respond to legitimacy and effectiveness problems in the current system. Without a serious strengthening of the fragmented authority of global environmental governance institutions and a more serious effort to modify the overarching liberal environmental policy paradigm, conditions militate against progress in establishing the necessary authority and "buy-in" from major states and corporate actors targeted by governance systems. This pessimistic conclusion should not underplay enormous strides in engaging civil society and the corporate sector, but it does suggest that the moral underpinnings for greater buy-in on the part of the developing world

and local actors, combined with the lack of consensus on the moral underpinnings of the current range of authorities in global environmental governance, is a potentially toxic combination. The hope is that greater attention to how material, institutional, *and* ethical considerations interact in global environmental governance will reveal important avenues for future improvements.

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Governing a Global Community of Shared Risks

Joseph Masciulli and Richard B. Day[1]

Abstract

This chapter considers interpretations of the globalization process along a continuum ranging from "realist" emphasis upon sovereignty in the inter-state system to "idealist" projections of cosmopolitan citizenship and even global government. The work of Jürgen Habermas is taken to be the most comprehensive *via media* between the "extreme" positions. In *The Postnational Constellation*, Habermas relates morality to ethics in explaining the potential for, but also the current limitations upon, cosmopolitan projects. The example of the European Union demonstrates the possibility for politics to "catch up" with globalizing markets.

Introduction: Globalization and Political Ethics in General

In a discussion of "globalization and political ethics," it seems appropriate to begin with "globalization," which is the easier term to define. Globalization involves "the increasing scope and intensity of commercial, communicative, and exchange relations beyond national borders" (Habermas 2001: 65-66; cf. Diez and Steans 2005; Held et al. 1999: 1-7).[2] But it must be emphasized that the globalization we are experiencing is a process, not an end state. In the case of a perfectly globalized world, goods and people would flow freely across former borders, production

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[2] As a variation on the same definitional theme, Keohane and Nye (2001) prefer to speak of "globalism" as "a phenomenon with ancient roots," referring "to a state of the world involving networks of interdependence at multicontinental distances, linked through

would be integrated on a global basis, and the free movement of ideas and fashions would homogenize cultures and perhaps language itself (Wolf 2001: 178-179; Keohane and Nye 2001: 232). We might hypothesize the eventuality of perfect globalization, but we would still face the practical problem of not knowing what crises will be precipitated en route or what temporary reversals of the process might occur.

In terms of its most general characteristics, the process of globalization is intimately connected with *technological creativity*, which serves as a necessary and facilitating—though not a sufficient and determining— cause of increasing interdependence at long distances. Globalization has been initiated and continues to be strengthened by synergistic technologies: by the telephone, radio, television and the computer; by advanced forms of air travel and of ground and water transportation; and by the capacity of these technologies to deliver not merely information and enlightenment, but also nuclear devastation, financial and economic crises, or horrifying diseases anywhere around the globe—and to do so almost instantaneously. As James Rosenau (1998) comments, "It is highly doubtful whether world politics would have been overtaken by turbulence without the explosion of innumerable technologies" (p. 28).

Advanced technologies foster new human powers, needs, and wants, but they also bring new global problems and human deprivations (Clark 1997). Although technologically facilitated globalization might conceivably be slowed—possibly by the very crises it creates, as in the case of the Great Depression of the 1930s—there are few today who think it might be replaced by any constructive alternative. *Deglobalization*—or the "localization" advocated by some romantic critics of the process (Cavanagh and Mander 2002; Hines 2000)—would mean a return to the international conditions of the 1930s with twenty-first-century problems, caused

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flows and influences of capital and goods, information and ideas, people and force, as well as environmentally and biologically relevant substances (such as acid rain or pathogens)." Globalization, then, is "the process of increasing globalism, now or in the past." Globalization and deglobalization refer to the increase or decline of globalism, and the issue is not how old globalism is, but rather how "thin" or "thick" it is at any given time. In essence, globalization is "*the process by which globalism becomes increasingly thick*." "Thick" relations "involve many relationships that are intensive as well as extensive: long-distance flows that are large and continuous, affecting the lives of many people [e.g., global financial markets today]" (Keohane and Nye 2001: 229, 233-234). What is new in kind, not only in degree, in contemporary globalization is the thickening that results in increased density of networks, institutional velocity, and transnational participation (2001: 240).

in large part by late twentieth-century technologies. Whether we like it or not, we are embarked upon a process of change that increasingly binds people together in a single global fate (Held et al. 1999; Held and McGrew 2002; Held 2003; Giddens 2000), or as Jürgen Habermas (1998) calls it, "an involuntary community of shared risks" (p. 186).

A second fundamental element of globalization, as Zbigniew Brzezinski (2000) has emphasized, is that our *present* situation is "shaped by . . . the primacy of American global power, the global appeal of democracy, and the seeming success of the free-market economic system's triumph over its statist competitors. These factors are interrelated and interdependent" (p. 149). Nonetheless, in considering the process of globalization, we must begin by taking nothing to be permanent. Elements of anarchy remain today alongside American global dominance, and already there are indications that the distribution of political, economic, and military power is once more tending in multipolar directions. A little more than a decade after the end of the Cold War, there are again several contenders for influence and power—both failed superpowers and future superpowers, including Europe, China, Japan, Russia, India, and Brazil, all of whom exercise significant influence in various aspects of world politics and economic affairs (Kissinger 1994, 2001).

Third, and perhaps most worrisome, globalization causes several major cultures or civilizations to interact multidirectionally, as distinct from the unidirectional interaction characteristic of past eras of colonialism. Whether these new cultural dynamics will result in "a clash of civilizations," as Samuel Huntington (1996) expects, or a greater appreciation of human commonalities, as predicted by Francis Fukuyama (1992, 2003), the most we can say for the moment is that both hypotheses are plausible, if properly qualified, and neither has been empirically confirmed or falsified to date.

The problematic relations between culture and civilizations bring us to the second part of our topic, "political ethics." If Habermas (1998) is correct in conceiving globalization in terms of an "involuntary community of shared risks" (p. 186), then it would also appear that "we should be developing the ethical foundations of the coming era of a single world community" (Singer 2002: 198). The problem in this regard is that there are no uncontested definitions of morality and ethics.[3] For

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[3] Mary Robinson (2002), UN High Commissioner for Human Rights (1997-2002), differentiates between ethics and morality as follows: "In general, as well as in academic discourse, the terms ethics and morality operate at times interchangeably and at

Habermas, the fundamental distinction is that ethics refers to "conceptions of the good life" that prevail in *particular* communities with historically formed values and cultural identities, whereas moral reasoning makes *universal* claims concerning what is "equally good for everyone" as a human being (Habermas 1998: 215). The moral point of view enables us to specify universal basic conditions "for civilized life," but our problem is that "every legal community and every democratic process for actualizing basic rights is inevitably permeated by ethics." To that extent, legislative interpretations of human rights always depend upon contingent circumstances of time and place (Habermas 1998: 218).

The distinction between morality and ethics refers us back to Kant and Hegel—to Kant's formulation of the categorical imperative as universal moral law, and to Hegel's reply that only ethical life in a historically formed community is concrete. The Kantian approach continues to sustain cosmopolitan visions of global community; the Hegelian approach emphasizes cultural specificity and corresponding respect for national sovereignty. From this fundamental difference arise some of the most intractable issues of our time. Should sovereignty stand in the way of a human obligation to prevent genocide and crimes against humanity? How might we recognize different interpretations of human rights as "reasonable" or "unreasonable?" What do we owe to fellow human beings, as distinct from fellow citizens? And how do we act upon dis-

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other times distinctively. For our purposes it will be convenient to use ethics in the more concrete sense of ethical decision and action, with morality and its cognates used in a more fundamental and abstract sense. . . . Ethics is . . . often the product of particular traditions of a community, either a particular society, or portion of a society, or more widely, it is the product of the particular history of large numbers of societies, allowing us to speak of the ethics of the human community. At this most basic level, ethics, human rights and the developing global interactions of the whole human race are also intimately intertwined. Ethics must be connected to morality. Ethics without morality is empty. Unless this link is there people inside certain communities fall into the delusion of thinking that their own ethical codes exhaust all there is to morality in general. They allow their ethics to masquerade as true morality. One flagrant example of this was the South African Immorality Act under apartheid. That law enshrined a racist ethical code of the dominant white community that proclaimed interracial marriages as immoral. The collapsing of ethics into morality is also a source of the complaint of cultural imperialism behind some interpretations of international human rights instruments. . . . It can amount to a covert effort to smuggle a particular ethics into a universal order, and to call the result universal morality. The starting position must be that of the Universal Declaration of Human Rights which proclaimed the entitlement of all human beings everywhere to all rights. That essentially moral position was reaffirmed . . . in the Vienna Declaration of 1993" (p. 3).

agreements that may be so fundamental as to exceed the limits of our own rational tolerance? In a political-ethical community, we turn to authoritative institutions to mediate our differences. But the problem in a global context is that we disagree widely over whether such institutions do, or even should, exist. If, nevertheless, the most probable alternative is varying degrees of global disorder ultimately constrained by force, then there are compelling reasons for reflecting upon the issues commonly associated with ideas of global "governance" and possibly even global "government."

Global Governance versus Global Government

Let us first distinguish "governance" from "government." "Governance" refers to "processes and institutions, both formal and informal, that guide and restrain the collective activities of a group. Government is the subset that acts with authority and creates formal obligations" (Rosenau and Cziempel 1992: 12, 5-29; cf. Keohane and Nye 2001: 258-263; Rosenau 1997). The global system today consists of interacting individuals and groups, with national states as the predominant group actors. The nation-state is a politically autonomous group that has historically succeeded other such groups, for example, tribes, city-states, empires, and leagues (Ruggie 1998).

Max Weber's (1978) classical definition of the state (1978) also refers to an organization that has a monopoly on the legitimate use of organized violence. We can further specify, therefore, that a stable modern state must possess (1) sufficient "hard" (police, military, and taxation) power to defeat in the public sphere every other group desiring to have such a monopoly, and (2) sufficient reserves of "soft" power (Nye 2004) or political legitimacy—that is, recognition by the population of the government's rightful authority to make, apply, and enforce rules—to minimize the need for it to rely exclusively upon its monopoly of force. In militarist regimes, soft power merely supplements hard military-police power and is the result of manipulative communication. However, (3) an appropriate combination of hard and soft power gives a government legitimacy and effective legal sovereignty over its population inhabiting a certain territory. Lastly, (4) the modern state has gone beyond the dynastic state by adding a "national," or "patriotic" identity (Ruggie 1998).

Whether democratic or authoritarian, all states today attempt to be nation-states, though only a minority of the 192 currently in existence (including Taiwan) have a homogeneous national political culture as a foundation. Most have a mixture of political and other cultures. Nonetheless, to some extent or other, the concept of the state implies a collective identity, or the "We-ness" of a *demos* (a people), as a condition

in which a sufficient number of citizens are willing to subordinate their private judgments to public decisions (Wendt 2003: 505).

In contrast to the governments of states, the wider concept of "governance" refers to "spheres of authority . . . at all levels of human activity—from the household to the demanding public to the international organization—that amount to systems of rule in which goals [security, prosperity, coherence, order, and continuity of the system] are pursued through the exercise of control" (Rosenau 1997: 145). From this perspective, the United Nations governance system and national governments are both central actors, but also important are regional, provincial, and local governments, together with governance provided by educational and military institutions, private firms, and even families. Our current society of states (Bull 1977) lacks a world government—whether a global empire, a global unitary state, or a global federation (democratic or non-democratic)—that could act with authority, claim legitimacy, create formal obligations for global citizens to obey, and enforce its judgments with a monopoly of organized force (Walzer 2004; Wendt 2003). There is, however, a good deal of global governance that contextualizes all governments at all levels, even if there remain serious differences of opinion concerning relative efficacies or proper roles (Rosenau 2003).

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The Central Issue:
Mastering Globalization Politically and Ethically

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Though the desirability of global government continues to be contested, there is no denying that the process of globalization brings with it a "complex interrelatedness" of issues and "cumulative, often unforeseen, consequences" (Ruggie 2003: 301). Ruggie, Keohane, and Nye rightly insist that the integrated challenges of globalization can only be met by greater policy coherence at the national and international levels. Together with them, we would argue that "one cannot be complacent about the effects of globalization without some coherent means of governance" (Nye 2002: 168), and we would add that perhaps even global government would be appropriate under some circumstances and at some future time.

The historical experience of the Great Depression, not to mention the countless financial and economic crises that have occurred since World War II, should remind us of Karl Polanyi's (1944) dictum in *The Great Transformation*, which says, "to allow the market mechanism to be sole director of the fate of human beings and their natural environment . . . would result in the demolition of society" (p. 73). Indeed, the failure of states in the late nineteenth and early twentieth century to protect people from the disruptive effects of an earlier round of globali-

zation contributed directly to the greatest political disturbances of the twentieth century—communism, fascism, and worldwide warfare (Nye 2002: 168). Avoiding both uncritical acceptance and uncritical demonization of "globalization," we should instead respond to it in a complex dialectical way—being "realistic" and "idealistic" at the same time, and hoping that the resulting tension might generate political-ethical insights.

Some initial clarification is also needed concerning "realism." The term is ambiguous because it refers, on the one hand, to a way of thinking and judging that seeks to discover "reality" and the real facts of the matter, no matter how tasteful or distasteful they turn out to be, while on the other hand it is also the name of the still dominant school of thought in the academic discipline of International Relations. In this latter sense, one can be an adherent of the realist school, or one might take the critical view that "realism" should only be "a starting point for or a single dimension of international theory," in which case "'realist' insights [should be kept] in dialectical tension with higher human aspirations and possibilities" (Donnelly 2000: 193). In the tradition of Kant's "Kingdom of Ends" and "Perpetual Peace," for example, John Rawls (1999) conceives of *The Law of Peoples* from the perspective of a "realistic utopia" (p. 4), and Jürgen Habermas holds that all rational political discourse logically presupposes the utopian ideal of a "speech situation" in which no force prevails except the unforced force of the better argument (p. 25). In the case of globalization, higher human aspirations might well include the conviction that the process *should* be "governed" so that it would be more just in its distributive effects and less crisis-prone, and that it should be more clearly supportive of cultural diversity, workers' rights, children's rights, individual freedoms, and human rights in general (Walzer 2004).

Our approach here will be to explore the dialectical tension between the realities of post-Cold War globalization and the (more or less) idealistic proposals that have been conceived for its transformation. We will argue, following Donnelly (2000), that realists do not identify timeless laws of international relations, but rather recurring patterns of self-interest and "hard" military and economic power that are constraints but not unbreakable barriers (p. 193). Realist insights are valuable because their "principal purpose is to warn against [unreflective and dogmatic] moralism, progressivism, and similar 'optimistic' orientations." But the realist approach is also limited by the fact that it "emphasizes what is unlikely or difficult in international relations, rather than what is worth striving for" (p. 194). We need to think, then, both as realists and as idealists. In assessing the real circumstances, we need also to respect the

Kantian insight that all rational thought is ultimately oriented upon utopia, even though utopian energies seem to be exhausted by the positivistic and postmodernist onslaughts on enlightenment ideals of reason, emancipation, and progress (Habermas 2001: 54).

The current process of globalization has both positive and negative consequences for all, whether state or nonstate actors, with the result that state actors are joined by a wide variety of others, including influential individuals (George Soros or Klaus Schwab, for example) and a wide array of nonstate groups—multinational corporations (MNCs), nongovernmental organizations (NGOs), intergovernmental organizations (IGOs), and an array of social movements. Habermas (1998) summarized the motive for such wide involvement, saying:

> [Global] . . . dangers are manifest: ecological imbalances, asymmetries in standards of living and economic power, large-scale technologies, the arms trade (in particular, the spread of atomic, biological, and chemical weapons), terrorism, drug-related criminality, and so forth. Those who do not completely despair of the learning capacity of the international system have to rest their hopes on the fact that the globalization of these dangers has in fact long since united the world into an involuntary community of shared risks. (p. 186)

Walzer (2004) summarizes global problems and dangers in similar terms:

> All in all, we cannot be happy with the current state of the world; indeed, the combination of (many) weak states with weak global organizations brings disadvantages from both directions: the protection of ethnic and religious difference is inadequate and so is the protection of individual rights and the promotion of equality. (p. 179)

Because current demands upon, and expectations of, international order are greater today than in the past, diplomacy in the classical sense increasingly overlaps with cultural, foreign-trade, and human-rights policies. In the past, most interests were satisfied if we could collectively minimize threats emerging from the international order, but today our civic well-being is inextricably linked to processes and events occurring elsewhere and generating domestic social goods and evils (Clark 2005: 729). Capital movements increasingly erase the lines of demarcation between the domestic and international economies; terrorism is indifferent to national borders; and global environmental concerns contribute to poverty-inspired migrations that bring cultural identities into conflict. As Habermas remarks, the "fundamental distinction between foreign and domestic policy is growing increasingly blurry for nation-states" at the same time as new "legitimation gaps" appear and globalization weakens the cultural bonds of "civil solidarity" that developed in the nation-state (2001: 71).

What are the best ways to respond? How do we ensure that globalization might "work better or at least less badly?" The global market today is distinguished "by the absence of any global authority to set minimal standards on issues like child labor, worker safety, the right to form a union, and environmental and animal welfare" (Singer 2002: 92). If globalization is not soon given "a human face"—a commitment to compassion and fairness—will not the rich as well as the poor be losers from the ensuing instability (Falk 2000: 1)? The current neoliberal orthodoxy assumes that markets will regulate themselves, but according to Soros (2004), "it is dangerous . . . to place excessive reliance on the market mechanism. Markets are designed to facilitate the free exchange of goods and services among willing participants, but they are not capable, on their own, of taking care of collective need" (p. 91). Political intervention is needed to maintain stability, protect the social sphere, and reduce inequality. Markets cannot take care of social needs. For that purpose we require the spread of democracy and a regulation of financial markets through a new global financial architecture that would soften some of capitalism's hard edges. Keynesianism in one country is no longer a viable option (Habermas 2001: 51).

Realistic Anarchy

Realists, as well as "neorealists" such as Kenneth Waltz and John Mearsheimer, think international anarchy continues to be the basic fact of international politics and, with minor modifications, the preferred global regime is absence-of-regime (with balance of power strategies as the governance mechanism). To be sure, realists would be out of business if a global empire or a world federated constitutional democracy were to be established (Mearsheimer 2001; Gilpin 2002). Then anarchy would end, and a system of enforced cosmopolitan law would govern the planet. For realists, it is the lack of a central and legitimate global authority that makes power analysis of sovereign states the best philosophical or intellectual perspective on international and global politics (Gilpin 2002: 237). Given the continuity of this anarchic state system for over three hundred years since the Treaties of Westphalia in 1648, realists are skeptical that recent developments will amount to any new "global transformations."

Realists are careful to qualify the international "anarchy" that conditions all state behavior: there is no constant competition and war, they say, for states do cooperate to create international institutions when their national interests coincide. But they do not cooperate because a higher authority is compelling them to do so (enforcing legal norms of cooperation), nor do they have any illusion about securing redress from international

institutions in times of severe challenges to national security or to their specific economic and cultural interests (consider the U.S. invasion of Iraq to overthrow Saddam Hussein). Realists take the view that the most efficacious and appropriate national policy is one of "self-help" (Waltz 1979). In the neorealist thinking of Kenneth Waltz (1999), "Globalization is the fad of the 1990s and globalization is made in America" (p. 694). Not only, according to Waltz, has most of the world been uninvolved in globalization, but very few markets, apart from money markets, are truly global. In these circumstances, "Many globalists underestimate the extent to which the new looks like the old" (p. 695). What is clear to Waltz is that states, at least the Great Powers, are still "in control" economically and politically, and are adapting to their new globalizing environment and learning how to protect themselves (p. 696; cf. Krasner 2000).

For Robert Gilpin (2004), a realist political economist, some piecemeal changes may succeed in regulating a more interdependent global economy, but he denies that there are any plausible alternatives to a condition in which states are the central actors and behave according to traditional rules of power maximization. He maintains that even new, idealistic actors such as "good" Nongovernmental Organizations (NGOs)—Amnesty International, Human Rights Watch, Greenpeace, Oxfam, Médecins sans Frontières, etc.—have had their successful tactics imitated by purely "self-interested" NGOs—labor unions and protectionist lobbies of all sorts—in promoting particular, self-centered interests. As Gilpin notes, "It is in the nature of politics—and politics is what we are talking about—for power to beget countervailing power and for the tactics of the politically successful to be imitated by others" (pp. 244-245). Indeed, "international governance cannot work in the absence of [national-state] power and a willingness to use that [enforcement] power"; any proposed alternative "policy networks lack the power required to achieve compliance with their decisions." In other words, the capacity to enforce decisions still trumps all other resources in international politics (pp. 244, 246). Gilpin concludes, "it is doubtful that government and the functions of governance can be separated from one another even at the level of the European Union, and if governance cannot supplant government among these highly integrated nations, it is doubly doubtful that it can be achieved at the much more fragmented global level" (p. 241).

Gilpin confesses that as one ethically committed to liberal and humane values, he does not find this situation personally pleasing: "Although the nation-state ensures domestic peace and, in democratic societies, an element of justice, at the international level the rivalries and jealousies of

states too frequently result in war and in many injustices" (p. 246).[4] However, his is not an entirely tragic vision. He says, that if some "international governance is to be achieved, it will come first in the realm of economic affairs," for the powerful and rich states especially, but all to some extent, have a common interest in stability and common rules for trade, investment, and commercial activities. While such agreements and binding obligations would benefit all—the WTO comes to mind—the prospects for greater order in the area of international politics and security are much less promising. In general terms, there are and will remain severe limits to the extension of regulatory governance frameworks to states whose motivation and behavior is conventionally self-centered, self-seeking, and self-helping (Gilpin 2002: 239-240).

Gilpin concludes, like Waltz, that it is not possible to go very far beyond great-power and state-centric interests. New paths for cooperative global governance have been suggested, including (1) transgovernmentalism (disaggregated government institutions cooperating with each other formally or informally); (2) "the new medievalism" (overlapping loyalties to the state, the UN, and NGOs); and (3) neoliberal institutionalism (regime cooperation for mutual benefit). But these approaches point only to marginal changes that do not fundamentally alter global anarchy. Ultimately, Gilpin denies any cogency to the distinction between "government" and "governance"; governance always needs government, with its taxation and enforcement powers, and even international organizations and multinational corporations always rely on their sponsoring states, however visible or invisible the connections may be.

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[4] Henry Kissinger (1994), another realist, has no doubt that the international system will experience long-term crises. He expects the international system of the twenty-first century will be marked "by a seeming contradiction: on the one hand, fragmentation [into a multi-polar system of a minimum of six great powers—the United States, China, Germany, Russia, Japan, and likely India]; on the other, growing globalization." (p. 24). Kissinger asserts that international relations have become truly global for the first time, enhanced by instantaneous communications and a worldwide economy. Further, according to Kissinger, "A whole set of issues has surfaced that can only be dealt with on a worldwide basis, such as nuclear proliferation, the environment, the population explosion, and economic interdependence" (p. 24). Kissinger is also aware of the challenges that multipolarity, globalization, and multiculturalism present to realist leaders who try to achieve a balanced global order that serves their national interest as defined by power. He rejects the doctrine of universal jurisdiction, and the hope that courts and legal proceedings might resolve issues of power, as detrimental to political strategy, diplomacy, and leaders' creativity. By legalizing international politics, one prevents it from being a forum for balance-of-power or concert-type creativity (2001).

A Cosmopolitan World State

If the realism of Waltz and Gilpin represents one end of the spectrum regarding what we can expect, or actively bring about, in the area of global governance or government, Alexander Wendt (2003) stands at the other end with an intriguing hybrid theory, the central conclusion of which is that a world state is desirable, feasible, and even inevitable. Wendt argues that "a global monopoly on the legitimate use of organized violence—a world state" will result from "the struggle of individuals and groups for recognition of their subjectivity [and from] . . . the logic of anarchy, which generates a tendency for military technology and war to become increasingly destructive" (Wendt 2003: 493-494; cf. Kant 1957).

Wendt concentrates on methodological issues in an attempt to defend teleological causality, but he also sketches a substantive structure-agency argument about the inevitability of a world state. This state, he asserts, would be Hegelian in inspiration (all individuals and groups would receive equal "thin" recognition) and Weberian in structure (the world state would have a monopoly on the legitimate exercise of organized violence). Although Hegel would have regarded any thought of a world state as nonsense—every lawful state is the institutional form of a *particular* history and culture—for Wendt such a state will come about even if it takes the next hundred years or more.[5] Though it will not meet all the demands of justice, it will, he contends, be the minimum condition for "a just world order" in which "recognition is equal and violence is collectivized," whereas we now live in "a world in which recognition is unequal and the right to engage in organized violence is privatized" (Wendt 2003: 58).

If such a world state did exist, all wars, including wars against terrorism, would end, and all violence would be dealt with by police action, criminal prosecutions, court trials, and acts of legitimate punishment or rehabilitation (Wendt 2003: 505; cf. Walzer 2004: xiv). Wendt's world state will require a unified hard-power center to institute universal security through

> universal supranational authority—a procedure for making binding and legitimate decisions about the exercise of this common power. This would require territorial states to surrender sovereignty to a global subjectivity in the security domain, and as such goes beyond collective security and Kant's pacific federation, in which states retain their sovereignty. As in territorial

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[5] Wendt borrows elements of Hegel's and Kant's philosophy but declines to engage in any exegesis and critique of the texts (2003: 493).

> states today, cooperation with a world state would be mandatory and enforceable. . . . [T]his would in effect mean that the elements of a world state would no longer be 'states' in a strict sense, but local realizations of a larger state. (2003: 505)

Wendt responds to three arguments conventionally adduced by skeptics and first articulated by Immanuel Kant: 1) it is not feasible to organize and enforce governmental authority at the planetary level; 2) existing states, especially the Great Powers, will not give up their sovereignty and independence; and 3) such a state must inevitably be a tyranny (2003: 48). To the first two arguments, Wendt replies that advanced technology makes global enforcement of laws and decisions practicable, although he grants that the conventional perspective of Great Powers presents a problem:

> Recognition that is not enforceable by a common power is in the end not really recognition at all, since it depends on the goodwill and choice of the recognizer. Genuine recognition means that the recognized has a right to recognition, and the Self therefore has a *duty* to the Other. Genuine recognition is about obligation, not charity. . . . This point becomes particularly salient for the Great Powers, who are arguably the greatest hurdle to world state formation. The struggle of individuals and Small Powers for enforceable recognition is not particularly puzzling, since their weakness makes them vulnerable to the strong. . . . But the Great Powers. . . . are not as vulnerable as other actors, they can enjoy unprecedented wealth as a result of their sovereign right to restrict immigration, and they have the ability to treat other states as they see fit. In effect, by virtue of their 'go it alone power' (Gruber 2000) they already have the material benefits of recognition without the costs. (2003: 50)

Wendt is confident, however, that "rational Great Powers" will eventually see that technological threats make their own survival dependent on equal recognition even of minor powers. At the very least, small states might ally on the basis of shared resentments and create instability until they are reciprocally recognized. He furthermore believes that the prospect of universal tyranny is a mere chimera. How could a state, whose essential characteristic is mutual recognition, be anything but benevolent toward all its elements? Indeed, Wendt thinks a world state will solve any problem of "a democratic deficit" by exploiting advanced communications technology to promote universal discourse. In any event, the only alternative to a world state is the current situation in which "territorial states retain their sovereignty over violence" and deploy such means "against non-members without accountability. Is not *that* despotism?" (p. 526).[6]

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[6] Moreover, nationalism does not constitute a likely source of tyranny because the

Cosmopolitan Global Democracy

With the polar "extremes" of the globalization debate defined, we can now turn to intermediate positions, beginning with cosmopolitan global democracy. Proponents of this view (Held 1995; Archibugi 2004) make it perfectly clear that their goal is not a world state or a hierarchically ordered federation, but rather a network of governance centers that would assure the operation of robust cosmopolitan law. Such a project is more modest that Wendt's but also more "ambitious" than Kant's pacific federation, whose sole purpose was prevention of war (Archibugi 2004). David Held (1995), the leading theorist of global cosmopolitan democracy, advocates a model that would protect seven clusters of rights (health, social, cultural-civic, economic, pacific, and political rights) thereby implementing individual autonomy concretely (pp. 192-194) and countering the current trend toward "nautonomy," which Held understands as "the asymmetrical production and distribution of life chances which limit and erode the possibilities of political participation" (p. 171).

For Held, globalization is generating not only a more stressful sense of ethnic, religious, cultural, and civilizational difference, but also a stronger sense of "shared destiny"—or "fate"—among diverse peoples of the world, one indicator of which is the spread of human rights regimes as a dimension of globalization. In this context "democracy can only be fully sustained in and through agencies and organizations which form an element of and yet cut across the territorial boundaries of the nation state. . . . [T]he cosmopolitan model of democracy . . . [means] a system of governance which arises from and is adapted to the diverse conditions and interconnections of different people and nations" (Archibugi and Held 1995: 106).

In essence, Held (1996) wants the world to become the existing European Union writ large through creative adaptation to global conditions (pp. 272, 274, 276). The citizen of any particular state will have to become a cosmopolitan citizen as well, "that is, a person capable of mediating between national traditions, communities of fate and alternative forms of life" (Held et al. 1999: 449). The cosmopolitan project "contends that, if many contemporary forms of power are to become accountable, . . .

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spread of self-determining nationalism (out of colonialism) indicates a spread of the desire for equality of recognition, and increasing expressions of nationalism will only accentuate the further recognition of difference, which is itself the foundation for "a larger identity [that] can be stable. . . . [F]ar from suppressing nationalism, a world state will only be possible if it embraces it" (Wendt 2003: 526-527).

people will have to have access to, and membership in, *diverse* political communities. Put differently, a democratic political community for the new millennium necessarily describes a world where citizens enjoy multiple citizenships." Further,

> The core of this project involves reconceiving legitimate political authority in a manner which disconnects it from its traditional anchor in fixed borders and delimited territories and, instead, articulates it as an attribute of basic democratic arrangements or basic democratic law which can, in principle, be entrenched and drawn on in diverse self-regulating associations—from cities and subnational regions, to nation-states, regions and wider global networks. It is clear that the process of disconnection has already begun as political authority and legitimate forms of governance are diffused 'below', 'above' and 'alongside' the nation-state. (Held et al. 1999: 450)

In practical terms, Held believes that certain issues might remain in the purview of local governments and nation-states while others, such as environmental concerns and global security, will have to be addressed by broader institutions. He advocates, first of all, a series of institutional steps centered on fulfilling and extending the United Nations system. These include enforcing the collective security envisaged in the Charter, establishing compulsory jurisdiction for the World Court, creating a new international human rights court (the International Criminal Court dealing with massive human rights violations is a start), making near-consensus resolutions of the General Assembly into international law, modifying the veto power on the UN Security Council and allowing for regional representation on that body, founding a new coordinating economic agency at regional and global levels, and establishing an effective, accountable, and international military force (Held 1995: 279).[7]

While this first set of reforms would make the UN into a more independent decision-making center, the overall governance system would at this point still remain one of state- and sovereignty-centered international politics, allowing non-democratic states to participate as well as democratic ones. Ultimately, the project of cosmopolitan global democracy will require much more, including a new international democratic legislature that will operate through democratic debate and voting procedures, either replacing the UN General Assembly or supplementing it for the purpose of legislating, implementing, and extending the range of cosmopolitan law (Held 1995: 274-275).

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[7] Cf the UN-supported reports: *Our Global Neighborhood* (1995); *Preventing Deadly Conflict* (1997).

Above all, Held would keep his model of world government—an arrangement that he locates midway between confederation and federation (1995: 230)—malleable, adaptive, and capable of flexible response to changing circumstances. His unique prescription for global democracy explicitly incorporates what he calls "the dialectic between the ideal and the real," in which "degrees of contingent outcome . . . will always be the stuff of everyday, practical democratic politics at diverse levels" (1995: 277; cf. Barber 2003). A cosmopolitan democracy "does not call for a diminution of state power and capacity across the globe," but rather serves as a complement to it (Held 2003: 179). Mindful of the experience of twentieth-century fascism, however, Held also advocates a global authority capable of imposing compliance on anti-democratic forces (1995: 277). The implication is that this version of world government, while it may not begin as such, might very well gravitate towards a full-fledged global federation with independent military power capable of crushing violent opposition, at least in those instances when cosmopolitan democracy itself might be challenged (1995: 276, 231).

Cosmopolitan Law and Constitutional Patriotism

In the most general terms, we might think of arguments for cosmopolitan global democracy as ultimately *moral*: they presuppose the universal moral equality of all people and a corresponding moral duty to recognize each and all as free and equal world citizens. One might argue that no rational person could object to such a proposal, which would point towards an "ethical commonwealth" and a Kantian "Kingdom of Ends." Kant himself, however, thought only God could be the lawgiver in such a perfect commonwealth, for mere mortals are "naturally" incapable of universally complying with the categorical imperative. In the terms we have been using, we might say that Kant was an idealist in projecting a utopian goal and corresponding moral duties, but he was equally a realist in assessing our ability to accomplish what reason says we ought to do.

Kant thought reason called for a federation of nation-states, all of which would submit to universal law backed by power, but real considerations indicated that the ideal was, at least in present and foreseeable circumstances, unattainable. On these grounds he retreated from his own rational commitment to "a universal state"—which he feared would degenerate into universal despotism—in favor of a more practicable "federation of nations" that would commit to ending war but would also leave sovereignties intact (Habermas 1998: 168). Kant's conclusion derived not only from his mistrust of the morally imperfect rulers of a global state, but also from his sensitivity to cultural differences between

peoples and his conviction that cultural diversity is itself a source of historical progress (McCarthy 1998).

In a perfectly globalized world, of course, cultural differences would disappear. Today the intermingling of peoples and cultures exceeds anything Kant might have imagined. Yet Jürgen Habermas (2001), himself ideally committed to cosmopolitanism, raises exactly these same issues in discussing the prospects for what he calls a "postnational constellation." Habermas believes, like Kant, that "an actually legalized cosmopolitan legal order lies in the distant future" (p. 118); for the present, the best we can say is that we are in a "transitional stage between international and cosmopolitan law" (p. 22).

Our current challenge, as Habermas sees it, is to put global issues on the domestic political agenda in the form of what he calls a "world domestic politics" (2001: 111; 1998: 188). One of the principal ways to do this is through "a mobilized civil society" (1998: 126) and the proliferating activities of NGOs, whose educational activities with respect to global concerns make both the issues and transnational decision-making processes more transparent to national publics. The leaders of national states will incorporate global concerns into the domestic political agenda when suitably educated publics reward them with political support for doing so (2001: 55-56).

Global issues must continue to be addressed through domestic politics because states themselves are in part *ethically* defined. The *moral* universe includes all persons everywhere, but a legal community includes bearers of specific rights in a specific time and place. Ethics refers to how we understand ourselves—not as citizens of the world, but as members of our particular community. Moral questions "admit in principle of universally valid answers" (Habermas 1998: 99), but when we cite ethical reasons in political debate, our arguments are always context-dependent.

A world state, in contrast, would be an abstraction. The sole normative framework of a universal cosmopolitan community would be "'human rights,' i.e., legal norms with an exclusively moral content" (Habermas 2001: 108). The solidarity of "world citizens" would have a purely "reactive character," taking the form of indignation in face of human-rights violations but contributing little to civic solidarity within our own ethical-political community. Human rights have "a moral content," but they also "belong structurally to a positive and coercive legal order" without which they cannot be actionable. This means that "in spite of their claim to universal validity, human rights have thus far managed to achieve an unambiguous positive form only within the national legal orders of democratic states" (Habermas 1998: 192).

The normative cohesion of any society is bound to history and culture, which form particular collective identities. The political culture of a world society would lack "the common ethical-political dimension that would be necessary for a corresponding global community" (2001: 108). Habermas believes that any law may claim legitimacy—that is, be accepted by all its addressees as reasonable—only when it results from processes of democratic will-formation. It follows that legitimate law must also presuppose "our" legitimate democratic institutions:

> Any political community that wants to understand itself as a democracy must at least distinguish between members and non-members. The self-referential concept of collective self-determination demarcates a logical space for democratically united citizens who are members of a particular political community. Even if such a community is grounded in the universalist principles of a democratic constitutional state, it still forms a collective identity, in the sense that it interprets and realizes these principles in light of its own history and in the context of its own particular forms of life. (2001: 107)

We are who we are. At the same time, however, we are also becoming. This is true in terms of our own identity and in terms of the ethical community within which identity is formed. It is also true with reference to the challenges and the risks that we collectively face. Globalizing markets impose new political and economic imperatives with at least the same urgency as respect for human rights: as markets expand beyond the frontiers of states, states themselves must respond with increasing recourse to supranational institutions, a process that helps to sustain the transition towards cosmopolitan law.

In institutional terms, the midway point in this transition is formation of supranational—but not yet global—associations, through which states pool elements of sovereignty in the manner of the European Union. For Habermas, such regional groupings represent an effort to strengthen "the regulatory power of politics" in order that states might "catch up with global markets" (2001: 49). The international institutions created after World War II, including the IMF, the World Bank, and GATT, were essential in restoring world order, but these institutions also created "legitimation gaps" by virtue of their administrative character and lack of democratic procedures.

From the standpoint of national publics, the most urgent threat posed by globalization is the prospect of dismantling the welfare state as countries compete in a "race to the bottom" in order to attract investment and employment. The competitive reduction of social welfare policies, however, also curtails the ability of governments to redistribute opportunities in the interest of maintaining social cohesion (1998: 121-

122).[8] Welfare-state functions are essential if formally equal rights are not to be negated by factual inequality. Habermas believes these functions "can be maintained at their previous level only if they are transferred from the nation-state to larger political entities that could manage to keep pace with a transnational economy" (2001: 52).

The very project of pooling sovereignty, however, also re-creates at the regional level the problematic relation between ethics and morality. If regional interstate and supranational institutions are to command legitimacy, the horizons of public consciousness must correspondingly expand: the ethically formed community of citizens, which traditionally sustained national patriotism and excluded cultural "strangers," must develop in the direction of a more "abstract, legally constructed solidarity that reproduces itself through political participation" (2001: 76).

Regional institutions will command legitimacy when they are formed and sustained through vital democratic procedures. In these circumstances, the democratic process itself will command loyalty in the form of a "constitutional patriotism" that will transcend historic communities of birth and descent (2001: 74; 1998: 118). Democratic supranationalism at the regional level, exemplified most successfully in the multidimensional politics of the European Union, will promote and be grounded in "cosmopolitan identities" (2001: 76).

Habermas' "postnational constellation" reconciles cosmopolitan ideals with the realities of political practice: it is *a process* in which institutions change along with the self-understanding of citizens and the development of political culture. In philosophical terms, Habermas remains committed to Kantian universalism while sharing Hegel's awareness of historical ethicality. He hopes that the broadest possible democratic procedures will result in a new European *demos* replacing *ethnos*, so that French and German, Belgian and Italian, may all recognize each other as fellow citizens in a common project (cf. Eriksen 2005).

If David Held thinks of cosmopolitan global governance as the European system writ large, we might say that Habermas' view of the European

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[8] Habermas (1998) writes that in OECD countries, sources of social solidarity are weakening and "social conditions of the former Third World are becoming commonplace. . . . in the phenomenon of the new 'underclass'. . . . pauperized groups who are left to fend for themselves. . . . with the result that the construction of prisons . . . becomes a growth industry. . . . This finally leads to a moral erosion of the society. . . . In this way the great achievement of the nation-state in integrating society through the political participation of its citizens is squandered" (p. 122).

Union represents cosmopolitanism writ small—small enough, that is, to avoid the reification of abstract global institutions that would have no effective claim upon the loyalty of those they administer. Reified bureaucracies, on a global scale would be the antithesis of discourse ethics and communicative action. Habermas believes, like Aristotle, that active engagement in political life is a vital pedagogical experience through which citizens learn fundamental political values and a corresponding respect for the "other," even for those who were previously "strangers" but will ideally reemerge as fellow "Europeans."

A Middle Way to Realistic Idealism

In terms of the framework set out in this paper, Jürgen Habermas' postnational constellation represents a *via media*, a middle way that combines realistic practice with ideals of moral universalism. The middle way, however, is not necessarily an easy way, as French and Dutch voters showed by rejecting the proposed European constitution. After decades of European movement towards supranational integration, *ethnos* can still trump *demos* when questions of employment and social security are at stake. The cosmopolitanism of many European voters clearly does not extend so far as to embrace "Polish plumbers" or Turkish "Europeans." In other words, we may wish to be citizens of the world, we may even work to that end in every conceivable manner, but the paramount obstacle in our way is so fundamental as to be self-evident: we are who we are, and we can only begin to work our way towards an ideal future in the circumstances we are given.

Joseph Nye (2002) responds to globalization from this sort of perspective. He is skeptical of a Habermasian "world domestic politics" and doubts that the European Union can serve as a model for global institutions: "In the absence of an overwhelming global threat that could only be dealt with in a unified way. . . . it seems highly unlikely that peoples in some two hundred states will be willing to act on 'the domestic analogy' for well into the [twenty-first] century" (Nye 2002). Nye sees no global sense of political identity and community, and states are still radically unequal in power. In these circumstances, majoritarian voting and world referenda could never claim the same legitimacy as democratic institutions within bordered democracies.

As a result, Nye proposes his own variant of "an intermediate" solution—a system of transgovernmentalism that he refers to as "networked democracies" (pp. 168-169), supplemented by vigorous professional associations that would create and maintain transnational norms to which intergovernmental organizations, nongovernmental organizations, and

government officials might be held accountable (2002: 170-171). In Nye's judgment, a liberal internationalist model of global governance is the most promising *via media* between global government and the anarchy of states in a "state of nature."

Michael Walzer (2004) likewise looks for a middle way between anarchy and global government. Walzer's criterion for judging international regimes is "their capacity to promote peace, distributive justice, cultural pluralism, and individual freedom" (p. 171). In an anarchic regime, composed exclusively of individual sovereign states, there would be no international agencies to enforce common law nor "any stable organizations of states to generate common policies with regard, say, to environmental questions, arms control, labor standards, the movement of capital, or any other issue of general concern" (pp. 172-173). To curtail conflict, violence, war, economic inequality, and violations of cultural autonomy and individual rights, Walzer proposes strengthening our current system of global "pluralism" by promoting independent organizations of civil society in their work of human rights advocacy and protection of minorities.

Ideally, Walzer anticipates an advance in global pluralism that would realistically incorporate a threefold set of non-state agents: international civil society, regional unions like the EU, and more autonomous and strengthened organizations like the United Nations. In its fully developed (ideal) form, global pluralism offers the greatest opportunities for political action on behalf of peace, justice, cultural difference, and human rights, while posing the least risk of global tyranny: "Of course, opportunities for action are no more than that; they bring no guarantees; and conflicts are sure to arise among men and women pursuing . . . different values. I imagine this . . . regime as providing a context for politics in its fullest sense and for the widest engagement of ordinary citizens" (p. 186).

A Global Context of Realistic Idealism

Within the literature of International Relations, the *prudential* case for finding a middle way between realism and utopian idealism seems overwhelming. In his *Nicomachean Ethics*, Aristotle also tells us that *virtue* lies in the middle, although he adds, "in everything it is no easy task to find the middle." We have attempted to do this, and now the time has come to offer some brief assessment of where we are and where we might aspire to be.

A state-centric system, focused on individual sovereignties and presumably self-regulating markets, has been a major cause of current global problems. Some parts of the world live in wealth beyond the dreams of

avarice, while others struggle to stand still or are even declining in terms of human well-being. Despite this gross differentiation, however, we all share the "community of risk." If Chinese peasants contract a mutation of bird flu, a pandemic will embrace the entire world within weeks. Economic crises and the disease of terrorism are just as indifferent to national borders. These are the elementary facts of globalization.

At the same time, the movement of political history in the twentieth century has been in the same direction as globalizing markets: from individual sovereignty through collective action to today's combination of sovereignty, pooled sovereignty, weak global governance, and institutions for collective security such as the United Nations. Regional organizations of states are also multiplying not merely to promote trade, but to claim recognition and the right to be respected. The twenty-first century will see progressively less room for sovereign states behaving nobly or despotically in a "state of nature."

"Realism" today demands "idealism," but idealism is not utopianism. Today's proposals for world government are unique in many respects, but the idea is not. Caesars, warlords, tsars, and secular messiahs have all promised universal peace through universal power. As Michael Walzer (2004) observes, however, after the dismal experience of the twentieth century we must surely know better: "the dream of a single agent—the enlightened despot, the civilizing imperium, the communist vanguard, the global state—is a delusion. We need many agents, many arenas of activity and decision. Political values have to be defended in different places so that failure here can be a spur to action there, and success there a model for imitation here" (pp. 188-189).

A community of risk must not become one of universally enforced compliance in the name either of power or of reason. Walzer is eloquent in discussing the limitations of reason in global politics: the view that "reason [could be] in power in a global state—[is] as great a mistake (and a mistake of the same kind) as to imagine the future world order as a millennial kingdom where God is the king" (p. 190). "The rulers required by regimes of this kind do not exist or, at least, do not manifest themselves politically. By contrast, the move toward pluralism suits people like us, all-too-real and no more than intermittently reasonable, for whom politics [as Aristotle taught] is a 'natural' activity" (p. 190).

In dialectical terms, our challenge today is to make politics real and, as Habermas (2001) says, to enable political institutions to "catch up with global markets" (p. 49). On the one hand, this means reforming and strengthening the United Nations, an organization founded on the tension between realism and idealism. Ideally, the UN aspires to peace

and security by outlawing aggressive warfare and affirming human rights and freedoms. Realistically, it also affirms national sovereignty, independence, and non-intervention.

With its commitment to human rights, the United Nations aims to create an inclusive community of world citizens. Yet, as Habermas (2001) makes clear, the UN commands no resources of ethical solidarity or constitutional patriotism, and it is defined by the fact that it can exclude no one. As an organization abstractly conceived, it is currently able to deal only with "reactive" security and human rights policies (pp. 106-107). It has no resources with which to affect the world distribution of income. And in pathetic testimony to its realism, its Commission on Human Rights includes states that have sponsored terrorism, at least one that is presently committing genocide against its own population (Sudan), and at least three others (China, Russia, and Zimbabwe) accused of human rights violations.[9] The UN has a legal-moral self-understanding, but no substantive agreement on what human rights really mean or how to enforce them. UN reform will be imperative for the twenty-first century, including reform of the Security Council, whose permanent membership reflects a balance of power that prevailed at the end of World War II but has little connection with current realities.

To universalize real politics, however, there is one further imperative that we have omitted from this assessment of international relations but which remains of crucial importance. We have spoken throughout as if the salient issues were sovereignty on the one hand, cosmopolitanism on the other. We have focused on finding a middle way between these two poles, but the reality is that in many parts of the world there are still no real states in any modern sense—only defenseless populations preyed upon by warlords, guerilla bands, criminals, tyrants, and traffickers in weapons, drugs and human beings (cf. Fukuyama 2004). "Stateless" territories are the institutional vacuums of the international system that are blights on our common humanity. Before we contemplate transforming

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[9] In April 2005, *Human Rights Watch* reported: "Within the first week of the commission's six-week meeting, several governments, including the European Union, United States, and Canada, announced their intention to not introduce resolutions critical of some of the world's key human rights violators, such as China, Iran, the Russian Federation in Chechnya, Turkmenistan, Uzbekistan, and Zimbabwe." According to Joanna Weschler, UN advocacy director for Human rights Watch, "This year's commission was hugely disappointing from its outset," and "This session has been a powerful demonstration of the need to scrap the commission and replace it with something new and better" (http://hrw.org/english/docs/2005/04/22/global10534.htm).

the global system in a more cosmopolitan direction, we should first take up our moral duty to build new democratic institutions and make existing ones more transparent, in global solidarity with all civil society movements dedicated to democratization. Human rights will never be secure in global terms until political rights are assured to all peoples. We would do well to complete the work of the twentieth century before we redesign the twenty-first.

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