

Coming to Terms with Globalisation: Non State Actors and Agenda for Justice and Governance in the Next Century

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

Globalisation is now a near ubiquitous phenomenon.¹ Indeed, it is the most over used and under specified term in the international policy sciences since the passing of the Cold War. However, as most actors in the international policy domain recognise, it is a term that is not going to go away. Policy responses--of state and non state actors alike--are increasingly coming to terms with globalisation, however defined.

More recently, globalisation has been associated with financial collapse and economic turmoil. Consequently, our ability to satisfy Keynes' three requirements under conditions of globalisation are as remote now as at the time he wrote. Neither markets nor the extant structures of governance are, individually and collectively, capable of providing for all three conditions at the same time.

Globalisation has undoubtedly improved economic efficiency and it has provided enhanced individual liberty for many; but in its failure to ensure social justice on a global scale, it also inhibits individual liberty for many more. At best we can issue only one and a half cheers for globalisation at century's end.

Even leading globalisers, that is, proponents of the continued liberalisation of the global economic order, occupying positions of influence on these matters in either the public or private domain, now concede that in this failure to deliver a more just global economic order, globalisation may hold within it the seeds of its own demise. As James Wolfenson, President of the World Bank, noted in an address to the Board of Governors of the Bank (October 1998) '...[i]f we do not have greater equity and social justice, there will be no political stability and without political stability no amount of money put together in financial packages will give us financial stability'.

This paper aims to come to terms with globalisation in just two areas--those of governance and justice. In so doing, it does not offer a full-blown agenda for coping with the relationship between global governance and

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justice in the coming century. Such an exercise would be immodest and foolhardy. Moreover, it would withstand no reality check in the face of our current under-developed understandings of this relationship. Rather, the paper more modestly suggests the manner in which we need to think about this relationship. Even this task is less straightforward than it appears.

What seem like 'policy questions' are in fact questions that inhabit the realm of seriously contested modern social and political theory. On the one hand, the question of 'justice'--a central question of academic political philosophy as practiced within the context of the bounded sovereignty of the nation state--is massively underdeveloped as a subject of study under conditions of globalisation. On the other hand the study of globalisation--especially when understood as economic liberalisation and integration on a global scale--has been equally blind to 'justice' questions.

This bifurcation should come as no real surprise. The struggle to separate normative and analytical enterprises has long been common practice in the social sciences. Indeed, it has been for a long time the hallmark of 'appropriate' scholarly endeavour. But, it will be argued, such is the impact of globalisation on both theory and practice that we need to consider how we might develop new sets of principles that traverse this artificial divide and which might direct international practice. Nowhere is this more important than at the interface of the processes of globalisation and our understanding of what constitutes justice at the end of the second millennium.

Moreover, neither the philosopher nor the economist would, as yet, appear to have given much thought to the kinds of governance structures at the global level that would need to be installed if the relationship between justice and globalisation were to be given serious infrastructural nourishment. While this may be changing, especially in the corridors of the major financial institutions struggling to come to terms with recent economic crises and the concomitant 'globalisation backlash', we are a long way from systematic thinking about these questions.

In short, the key policy questions of globalisation are yet to be recognised or formulated as 'justice' questions; rather they are seen as managerial or 'coping' questions, such as (a) how to cope with the domestic social dislocation and growing opposition that economic globalisation generates among disadvantaged social actors and (b) how to build better institutions that can deal with the international social and political dislocation that economic globalisation generates. Yet (a) is clearly a 'justice question' and (b) is a better governance question. Moreover, both are now global questions that will not only occur within developed and developing world but also between them.

This paper is in four sections. Section one offers some insight into how we need to think of 'globalisation' as a workable concept. Section two looks at the changing role of the state under conditions of globalisation. It explains how assumptions made about the social bond--almost exclusively conceived in terms of sovereignty--are changing under globalisation, and considers the specific challenges to the embedded liberal compromise that dominated so much of the post WWII era. Section three charts the rise of some new global (non-state) actors, that are now contesting with states over the policy agendas emanating from globalisation. It is an argument of this section that limited and flawed as the activities of NGOs may be in many domains, they represent an important alternative voice in the discourse of globalisation and a voice that aspires, rhetorically at least, to the development of a justice-based dialogue beyond the level of the sovereign state.

Section four tries to draw some of these strands together. It suggests that we still have a serious analytical deficit because of the failure of economic liberalism to assess the degree of danger to its continuance emanating from its theoretical and practical myopia towards the political and cultural dynamics at work under globalisation, especially as these are the key components present in the forces generating resistance to economic globalisation. The dogma of neo-liberalism, and especially the romanticised individualism and the urge to depoliticise the state that dominated from the late 1970s through to the present day, still poses a major problem for the requisite transnational collective problem solving that economic globalisation calls for.

Section four argues that what Fukayama called the End of History (1992) is rather a process of political commodification that has accompanied the economic liberalisation--in both its material and ideological guises--that has rendered trivial even the most profound of politico-philosophical thinking that has made many modern democratic societies what they are. Global commercialisation has had the effect of causing us to forget why societal and governmental structures were developed within countries over the centuries. In prescriptive manner, section four thus exhorts us to remember that states have assets; they are not mere passive actors in the face of globalisation. Justice, difficult as it would be even if we could conceive of structures of global governance that might deliver it, will prove even more elusive in the absence of such political structures under conditions of economic globalisation. A deficit in the normative international political philosophy of justice must be addressed.

(1) Globalisation: The Problem of Definition

'Globalisation' is an essentially contested concept. Its contested nature as an object of study means that policy responses will also be contested. Globalisation needs to be understood as a multi-faceted process

that is both material (real) across several domains (economic, political, social and cultural) and ideational (offering competing normative discourses of knowledge of how global economic and political order might function.) We are in the 'third stage' of the debate over the nature and impact of globalisation.

Phase one saw globalisation as pervasive, with the traditional actor in international economic and political orders, the nation-state, reduced to the status of a diminished residual actor in the face of global imperatives.

Phase two saw a backlash. Globalisation came to be seen as hyperbole. Little had changed after all, it was argued. Realist beliefs in the primacy of states in international economic and political affairs were reasserted.

Phase three is more nuanced. There is something 'new' that distinguishes the contemporary era from previous eras. Globalisation is a contingent, and also potentially reversible, process in which many actors--states, international institutions, non-state actors, such as MNCs, Social Movements and NGOs--play significant but evolving roles. 'Progress' (economic liberalisation) and 'backlash' (resistance to liberalisation, as seen in the wake of the growing economic crisis of 1997-8) will be the order of the day in the next century.

Definitions of globalisation are multiple, in a continual process of evolution and at times likely to be contradictory. This means unfortunately--for the prospects of both theoretical parsimony and unambiguous policy advocacy--that we need more, not less, complex definitions. Globalisation should be seen as a systematically interactive set of processes in which the direction of causality is two way and contingent. 'Globalisation' should be thought of as a 'field of inquiry and practice' in need of disaggregation and context-specific definition.

It is not appropriate to assume that most countries are integrated into global markets in a uniform manner. The difference in the degree and speed with which integration takes place are massive. Such variance does not lend itself to generalisation. Globalisation is not the simple phenomenon of populist discourse. Indeed, part of the problem of comprehension is precisely the populist nature of the globalisation discourse. This is to be found not only in the media but also in a range of so-called scholarly texts some of which reduce 'globalisation' to a set of slogans to be either exhorted or demonised.

While there is empirical evidence to demonstrate major changes in the international economy over the last several decades, especially in the deregulation of global capital markets, the three key aspects of the Strong Globalisation Thesis--(i) a high degree of economic globalisation (or cross border economic activity); (ii)

the loss of state sovereignty (or policy autonomy); (iii) the convergence of macroeconomic policy around a neo-liberal model--are all overstated. This 'convergence hypothesis' needs resisting. Production for developed country domestic markets is still principally undertaken by 'national' rather than multinational companies (Doremus et al, 1998) and states still have substantial national regulatory assets and capacity (see Berger and Dore 1996; Keohane and Milner, 1996).

Globalisation is rather a set of complex and contingent processes that lack uniformity; that may be moving in a secular direction over time, but not without generating the seeds and sites of their own resistance. Teleological expectations of the continued advance of globalisation as rational and rationalist activity--especially defined as economic liberalisation--should not be assumed. Indeed, other definitions, emanating from various critiques of rationalist method, now focus more on globalisation as a 'normalising discourse' of power conditioning the policy responses of governments to the perception, if not always the reality, of global market integration. As a consequence Higgott and Reich (1998) have identified four broad styles of definition of globalisation:

(a) globalisation as but a specific historical epoch--the popular dismissive 'we have been here before argument' in which the post-1970s global economy is argued to be little different to pre-1914 international economy (see Hirst and Thompson, 1996 and for a critique see Perraton, et al, 1997).

(b) globalisation as a confluence of economic phenomena--especially the liberalisation and deregulation of markets, privatisation of assets, retreat of state functions (welfare ones especially), diffusion of technology, cross-national distribution of production and foreign direct investment, and the integration of capital markets (see Ruigrok and Van Tulder, 1996).

(c) globalisation as the hegemony of American values--epitomised in 'triumphalist' arguments about the end of history in the ideological domain (Fukayama, 1992) and the triumph of an Anglo-American style organisation of market activity in the economic domain (Zuckerman, 1998).

(d) globalisation as technological and social revolution--being a new form of activity in which a decisive shift from industrial capitalism to a post-industrial conception of economic relations is taking place, driven by a revolution among techno-industrial elites that will eventually consolidate a single global market (Carnoy, et al, 1993; Schwartz and Leyden, 1997). This last style represents most neatly the hyper-globalisation thesis.

Movement along a continuum from definition (a) to (d) presents an increasingly revolutionary understanding of the effects of globalisation on economic and social relations. Definition (a) remains an historical argument in the realist tradition in international relations. State authority rests largely untrammelled. Definition (b) is an approach very much in the genre of modern liberal interdependence theorising in international political economy. Definition (c) reflects a belief in the triumph of the liberal ideology in the dominant ideas battle of the twentieth century. Depending on normative preference it can also be seen through Marxist lenses (Gill, 1995). Definition (d) is the most radical. It envisages an irreversible paradigmatic shift in political, economic and social relations.

Definition (d) is most influential amongst representatives of the 'networked economy' of international managerial policy elites (Davos Man) vertically linked into the global economy, leading to dramatic improvements in their own influence and standards of living. It finds voice amongst McKinseyesque auteurs of the borderless world (Ohmae, 1990). But it is a technologically determinist definition that is bereft of any sense of serious social and political theory that might throw light on the problematic nature of the teleology espoused. It has little or no appreciation of the countervailing pressures that globalisation calls forth--be they at regional or local levels.

Three features may be identified as common to all four styles of definitions. These are: (i) The multinationalisation of production and exchange; (ii) the dramatic, if not yet complete, integration of global financial markets; and (iii) contingent on (i) and (ii), the more problematic view, advanced most strongly in definition (d), that we are seeing a declining autonomy and policy capacity of the state, especially in capital taxing capability and the subsequent provision of welfare, thus securing a conformity of behaviour on the part of many governments in the face of globalisation. But, this strong globalisation thesis minimises the fact that there is considerable debate over the capacity of the state, and the efficacy of politics.

(2) Globalisation, the State and the Embedded Liberal Compromise

It is now well understood how globalisation has altered employment relationships. The substitution of work forces in one part of the world for those in other parts in an era of increasing mobility of capital and technology is now easier than it was. Globalisation privileges the skilled and the mobile at the expense of the semi-skilled and unskilled. In addition, the practice of international economic liberalisation has been accompanied in many countries (especially the USA and the UK) by a strong ideological preference--rhetorically if not always in practice for reducing the domestic role of the state in welfare provision.

An accompanying urge for free markets and small government has created asymmetries in the relationship between the global economy and the national state that has undermined John Ruggie's much vaunted post-WWII Keynesian 'embedded liberal compromise' (see Ruggie, 1995, 1996 and 1998). One of the important implications of Ruggie's analysis of embedded liberalism is that it focuses attention on a reconfiguration of the social bond as a result of changes emanating from both the internal and external realms and, in the process, adjusting the division of political space between the domestic and international. Both domestic and international politics are embedded in the same global system. They are not separate, distinct political fields; they are folded into each other in the post-WWII liberal order (see also Latham, 1997).

As Ruggie outlines, the liberal international order was predicated on measures taken concurrently to ensure domestic order and to domesticate the international economy. Consequently, we must understand the modern welfare state of the twentieth century as an effect of both domestic and international forces. States do not simply reflect internal constituencies and interests, nor are they simply determined by external demands. Instead, they simultaneously bear the marks of both; they are not reducible to either the domestic or international, but are to be seen as the site where domestic and international pressures are mediated and negotiated.

States remain the site of the trade-offs between domestic and international politics where they are charged with cushioning domestic society against external pressures and transnational forces. States are thus crucial in shaping the social bonds which exist at any given time and in any given space, where they alter the relationship not just between insiders and outsiders, but between citizens and the state. However, as domestic and foreign economic policy issues increasingly blur into one another, as the domestic economy becomes increasingly detached from the sovereign nation-state, and as economic de-regulation and de-nationalisation continue, it has become, and continues to become, more difficult for states to manage the domestic-international trade-off in a way that satisfies the competing demands made on it.

Specifically, it becomes more difficult for states to sustain the kind of trade-offs they managed in the Bretton Woods era. Globalisation makes it harder for governments to provide the compensatory mechanisms that could underwrite social cohesion in the face of change in employment structures. As it has become more difficult to tax capital, the burden has shifted onto labour (Rodrik, 1996) making it more difficult to run welfare states. Policy makers may be wising up to this problem but whether they are doing so quickly enough--either domestically or internationally--is a key political question for the immediate future. An increasingly felt need to avoid socially disintegrative activities has not been joined by a clear policy understanding of how to minimise dislocation in the face of the tensions inherent in the structural imperatives of economic liberalisation. Economic compensation of its own may not be sufficient.

In short, resistance to globalisation--defined as greater international economic liberalisation and integration--by the dispossessed or disadvantaged will not go away. As we are seeing in the closing days of the twentieth century, the internationalisation of trade and finance ceases to be simply sound economic theory. It is also contentious political practice. When pursued in combination, free markets and the reduction of or failure to introduce compensatory domestic welfare elements is a potent cocktail leading to radical responses from the dispossessed (Cable, 1994).

The standard economic response to this dilemma--that liberalisation enhances aggregate welfare--might well be correct. But it does not solve the political problem. It might be good economic theory but it is poor political theory. Whiles some objections to liberalisation clearly are just protectionism by another name, not all objections can be categorised in this manner. Moreover, even where material compensatory mechanisms might be adequate, the destruction of domestic social arrangements can have deleterious outcomes of their own. If knee jerk protectionist or other nationalist responses are to be avoided then public policy must distinguish between protectionism and legitimate concerns. Securing domestic political support for the continued liberalisation of the global economy requires more than just the assertion of its economic virtue. It also requires political legitimation.

Thus the crucial question facing both the political theorists and the policy analyst alike at the dawn of the next century is 'can the embedded liberal compromise (maximising the positive and mitigating the negative effects of international liberalisation) be maintained or, for some analysts, be repaired now that it is in tatters'? But this is now a much wider question than it was when first formulated by Ruggie, or even earlier by Polanyi (1944). Under conditions of globalisation, the question has to be addressed beyond the boundaries of the state. Governance is now a global question. Sovereignty as the organising principle of international relations is undergoing a more dramatic rethink than at any time since the inception of the Treaty of Westphalia (Zacher, 1992).

Justice and Governance as Global Questions

The sovereign state is the primary subject of modern international relations. Indeed, to date, it has been the exclusive legitimate subject of international relations in the Westphalian system; the highest point of decision and authority. Since the middle of the seventeenth century the sovereign form of state has become hegemonic by a process of eliminating alternative forms of political organisation (Spruyt, 1994). Importantly for this paper, the modern state achieved a particular resolution of the social bond hinged on the idea that political life is, or ought to be, governed according to the principle of sovereignty. It is around

the point of the sovereign that modern political life is then delimited. The concept of sovereignty thus functions to focus and concentrate social, economic and political life around a single centre.

This conception of politics dates back to the late sixteenth and early seventeenth centuries. In the Hobbesian case the political purpose of the sovereign state was to establish order on the basis of mutual relations of protection and obedience (Hobbes, 1968). In more general terms, sovereign authority acted to provide security while in return the citizen agreed to offer exclusive allegiance and obedience. There is therefore in this account an emphasis on sovereignty as the centre of authority, the origin of law and the source of security. Citizens were thus bound together, whether for reasons of liberty or security, by their subjection to a common ruler and a common law. States and their citizens were held in a mutual embrace.²

It is in the context of relations between citizens and states that justice was conceived. Justice, however it was defined, generally entailed an arrangement or distribution of rights and duties. This was as true for a nominalist like Hobbes as it was for a natural law thinker like Grotius. But the prevalent understanding of justice as it emerged in early modern Europe was circumscribed by the territorial limits of the sovereign state. As a corollary, the social bond also expressed a similar statist spatial resolution.

The spatial resolution achieved by the sovereign state gave rise to a sharp distinction between the domesticated interior and the anarchical exterior of the sovereign state. Inside and outside came to stand for a series of binary oppositions which defined the limits of political possibility (Walker, 1993). The inside came to embody the possibility of peace, order, security and justice, the outside to represent the absence of what is achieved internally: war, anarchy, insecurity, injustice. Where sovereignty is present, conventional political values and objectives are possible. Where sovereignty is absent, such values and objectives are precluded.

In recent interpretations sovereignty has been understood as a constitutive political practice, one which has the effect of defining the social bond in terms of unity, exclusivity and boundedness. Modern political life is defined by the state's monopolisation of authority, territory and community (Linklater, 1998). State sovereignty is predicated on an exclusionary political space ruled by a single, supreme centre of decision-making claiming to represent and govern a political community. One other increasingly important aspect of the sovereign state's functions during the state-building period of the seventeenth century was to govern the economy; conversely, the economy was to serve the state in which it operated. Of course, economic

² I am grateful to my colleague Richard Devetak for insight into the history of the concept of sovereignty. This section draws on our paper: Devetak and Higgott (1999).

relations have always spilled over state boundaries, but this does not change the fact that the economy has been generally conceived and governed in terms of its function within a particular political society.

In short, the modern state drew together several key functions under the principle and institution of sovereignty. Modern political life came to be defined in terms of a direct correspondence between authority, territory, community and economy. The important point here for our purposes is that the sovereign state, qua modern resolution of the social bond, was also thought to be a precondition of justice. Justice, no matter how defined, depended on a settled, stable social bond.

But that was then. Trends associated with globalisation have begun to unravel the distinctive resolution of the social bond achieved by the sovereign state. The sovereign state is an historical product which emerged at a particular point in time, resolving particular social, economic and political problems. But with the passage of time, and the changed milieu in which states exist, it is no longer axiomatic that the sovereign state is practical or adequate as a means of comprehensively organising modern political life. Increasingly, the sovereign state is seen as out-of-kilter with the times. Globalisation has radically transformed time-space relations and altered the traditional coordinates of social and political life (Lash and Urry, 1994).

Even if we reject the more extreme arguments of a post modern reading of sovereignty under globalisation (see Devetak, 1995 for a discussion) this transformation raises several normative questions. As the coordinates of modern social and political life alter, states, the traditional Westphalian sites of power and authority, are being supplemented, outflanked and sometimes overrun by new flows of power and competing centres of authority. In this context, globalisation has in some instances exacerbated and in other instances given rise to new forms of injustice. In this context the meaning and scope of justice are no longer self-evident, nor are the means by which it is to be achieved--if ever they were. We are thus forced to consider again the nature of justice. But it must be a conception of justice which relinquishes the Westphalian coordinates. If the territorial boundaries of politics are coming unbundled, then it is inevitable that our conceptual images of politics will become similarly unbundled.

Conventional accounts of justice have failed to address the changing nature of the social bond. Rather they suppose the presence of a stable political society, community or state as the site where justice can be instituted or realised. Indeed, it is often assumed that a stable political order is a condition of justice; that justice requires a clear site of authority and a clearly demarcated society. In short, conventional accounts of justice, whether domestic or global, have tended to assume a Westphalian cartography of clear lines and stable identities; they have assumed a settled, stable social bond as a necessary condition of justice. In so doing conventional theories of justice--essentially liberal individualist theory (and indeed liberal

democratic democracy more generally)--have to date limited our ability to think about political action beyond the territorial state.

But what about when a stable bond no longer exists? Under conditions of globalisation the very fabric of the social bond is constantly being rewoven. There are no settled social bonds in an age of globalisation; the givens of justice no longer pertain. The forces and pressures of modernity and globalisation, as time and space compress, render the idea of a stable social bond improbable. If this is the case, how are we to think about justice? What happens to justice when social, economic and political conditions destabilise the social bond? When the social bond is undergoing change or modification as a consequence of globalising pressures how can justice be conceptualised, let alone realised? Can there be justice in a world where that bond is constantly being disrupted, renegotiated and transformed by globalisation? What are the distributive responsibilities under conditions of globalisation, if any, of states? What should be the role, again if any, of international institutions in influencing the redistribution of wealth and resources on a global scale?

These are serious normative questions which the modern political philosopher--with few exceptions--has yet to address meaningfully in a global, as opposed to bounded sovereign, context. They are also governance questions. In the absence of institutions of governance capable of addressing these questions, justice (no matter how loosely defined) is unlikely to prevail. We lack a basic structure at the global level that can make provision for some kind of elemental distributive justice. But the institutions of governance that do exist at the global level are not driven by normative questions of justice. Invariably they are driven by efficiency questions. In an era of globalisation--accompanied by assumptions about the reduced effectiveness of states--policy makers and analysts set greater store by the need to enhance the problem solving capabilities of various international regimes in the resolution of conflict and the institutionalisation of cooperation. Effectiveness and efficiency become the leitmotif of successful regime building.

But there is a 'Catch 22' at work here. The language of globalisation, especially in its neo-liberal guise, is all about the managerialist capacity of the modern capitalist state. It has failed to recognise the manner in which the successful internationalisation of governance can also at the same time have the adverse effect of exacerbating the 'democratic deficit.' It is all too often forgotten that states are not only problem solvers, their policy elites are also strategic actors with interests of, and for, themselves. Much collective action problem solving in international relations is couched in terms of effective governance. It is rarely posed as a question of justice, responsible or accountable government, or democracy. While this is the stuff of political theory, it is the political theory of the bounded sovereign state.

Questions of redistributive justice, accountability and democracy--the big normative questions--receive scant attention within a global context from within the mainstream of political philosophy; although as Beitz (1999) rightly notes, this is changing. But then equally rare in the past have been the occasions when scholars and practitioners of international institutions have considered the normative distributional effects of what is seen as efficiency enhancing regime development. This situation too is changing as the strong normative objections raised in opposition to TRIPS agreement (see Oddi, 1996) and the Multilateral Agreement on Investment (see Smythe, 2000) demonstrate.

But, the political theory of global governance is in its infancy. Extant political theories of justice and accountable and representative governance assume the presence of sovereignty. In an era of a fraying social bond at the state level and the absence of alternative focuses of identity at the global level, the prospects of securing systems of efficiency, let alone accountability seem slim indeed. For realists, this is hardly unsurprising. They assume the absence of altruism and a democratic dialogue in international relations. For realists, force and power, not global dialogue--pace the work of the cosmopolitan political theorists such as Held, (1995) and Linklater (1998)--are the driving forces of international relations.

But these two normative theoretical positions--realism and cosmopolitanism--represent the ends of the spectrum of thought on the prospects for modern international relations. Both positions in many ways assume more about the way the world is going under globalisation than it is prudent to vouchsafe. We are not as sufficiently conceptually equipped to deal with normative questions of justice, accountability and democracy in a global context as we are to understand the transformational impact of the forces of globalisation. Indeed, all these concepts currently remain as under specified as globalisation itself. For example, democracy--and its diffusion in a global context--is seen primarily in western scholarly and policy contexts, as an 'instrument' of further economic liberalisation. Its relationship to globalisation in the 1990s is little different to its relationship to 'modernisation' in the 1960s (see Higgott and Reich, 1998). The very concept of 'globalisation' privileges the market and subordinates other activities--such as the spread of democracy--to its enhancement.

Paradoxically, the language of democracy and justice takes on a more important rhetorical role in a global context at the same time as globalisation attenuates the hold of democratic communities within the confines of the territorial state. Indeed, as the role of the nation state as a vehicle for democratic engagement becomes more problematic, the clamour for democratic engagement at the global level becomes stronger. But these are not stable processes. Understanding of, and attention to, the importance of normative questions of governance and state practice as exercises in accountability, democratic enhancement and what we might call justice-generation, must catch up with our understanding of governance as exercises in effectiveness and efficiency.

There are a number of ways to do this. One route is to extend the public policy discourse on the nature of market-state relations to include the role of actors from the wider reaches of civil society. Along with the state and the market, civil society is very much a third leg of an analytical triangle without which our ability to reconstruct, or create, social solidarity, trust and political legitimacy will be limited. As yet, there is still a reluctance in the economic policy community to recognise the manner in which markets are socio-political constructions whose functioning (and legitimacy) depends on their possessing wide and deep support within civil society. Rather, liberalisation has become an end in itself with little or no consideration given to its effect on prevailing social norms and values within societies and polities; nor indeed to anything other than the need for a limited role for the existing structures of the state. The role of the state for the hyper-globalist is simply to evacuate the ground it has held for much of the post WWII embedded liberal era.

This is a naive reading of politics. The power of markets does not determine outcomes in all situations. Political institutions still have assets capable of mediating the effect of global economic activity in their own territorial space. There is still no substitute for the state as the repository of sovereignty and rule-making and provider of national security. It is the socialiser of risk of last resort and the orchestrator of co-ordinated policy responses to some of the challenges thrown up by globalisation. Politics as an activity is not disappearing, it is changing; although the capacity of the state and the success of politics is more effective in some cases than others. Partisan politics in OECD countries is not 'converging' as much as a strong globalisation thesis suggest. Proponents of a hyper-globalisation thesis would respond that it is too early to tell; markets are still not yet fully globalised. But if this thesis was demonstrably proven, then the activity of politicians and public officials would cease to be meaningful.

This is not the case. An effective welfare state remains essential to the stability of the open international economy (Garrett, 1998). The major issue is the dynamics of the shifting relationship between market power and state authority. Successful politics can build state capability in the face of the need for change. The task is to analyse the nation state in a 'process of adaptation', not decline. This will become more complex over time. Once we have moved beyond the assumptions of the convergence hypothesis it will become apparent that national differences in response to globalisation, and the ability of state policy making elites to make that difference, will proliferate, and do so in a telling (positive or negative) manner.

The next section identifies the three principal sets of actors in global governance at the end of the twentieth century--states, inter-governmental organisations and non state actors, especially NGOS. In so doing, the argument advanced is that they are now engaged in a triangular and increasingly interwoven process of interaction. The threads of this interaction will not necessarily weave themselves into a 'new international

architecture of governance' but, given the transformation of the social bond under conditions of globalisation, how the weave takes place represents the most important act in attempts to secure some form of rational and equitable system of global management for the twenty-first century

(3) Non State Actors and the Transformation of the Global Public Sphere

If the evolution of state sovereignty bestowed a form of organisation premised on notions of boundedness, exclusion and totalisation upon modern political life then globalisation is unpacking this form of organisation. The modern social bond was conceived in terms of the concentration of authority, territory and community around the notion of sovereignty. Moreover, this political cocktail was intimately tied to a notion of a corresponding economic space. Just as political space was clearly demarcated according to the state-territorial boundaries, so too was economic space and, as a result, the sovereign state's resolution of the social bond was coming under increasing pressure. The first two parts of this paper demonstrated the different ways in which this process was occurring--via liberalisation, privatisation, deregulation, integration, the evolution of a new global division of labour and the 'renegotiation' of the embedded liberal compromise.

This section examines the transformations in the public sphere brought about by the increasing role of NGOs, the rise of multilateralism and an emerging emphasis on civil society in an increasingly interwoven triangular relationship with the state and the market. Non-state actors are increasingly seen as influential agents of change in a number of key policy areas of international relations under conditions of globalisation (see Higgott, Underhill and Beiler, 2000). We are less sure, however, whether this increased influence is but an anarchic process or whether it represents part of a rational and, to some extent, controlled process of expanded international diplomacy 'appropriate' to conditions of globalisation.

Intuition and empirical observation might suggest that while the influence of non-state actors may have commenced in an anarchic fashion, it is rapidly (indeed too rapidly for some) becoming an acceptable part of the wider policy process. But any definitive judgements about their ability to bring about policy learning (that is, be efficiency enhancing) and/or encourage politico-ideological transformation (that is, be democracy and accountability enhancing) rests on detailed research across the range of the international policy domain. The specific question implicit in this section of the paper is the degree to which non state actors can, or indeed should, strive to bring about a new form of embedded liberal compromise under conditions of globalisation already testing the limits of the Westphalian cartography. For many global liberalisers--the beneficiaries of globalisation and the evolving 'networked economy' (pace Schwartz and Leyden, 1997)--the questions are irrelevant. A happy confluence exists between technological

development, economic efficiency and liberal democratic politics. But, not so for those disadvantaged and dispossessed by globalisation.

Transforming the Global Public Sphere? Civil Society, Multilateralism and the Rise of the NGO

Non state actors, and the policy space in which they operate--increasingly known as 'global civil society'--will become more important to the interests of both public and private sector practitioners in the twenty-first century. There is, however, often a confusion over terms. Exactly what is meant by global civil society and what are non-state actors? Do these categories have any conceptual, analytical or policy utility? To the extent that it is becoming increasingly difficult to discuss processes of globalisation without recourse to their use the answer is most assuredly yes. To the extent that they are contested terms that can at times confuse more than they clarify, they remain problematic for the scholar and practitioner alike.

If civil society once referred to that domain of private activity which sustained the position of the bourgeoisie, it now is better seen as a site of 'emancipatory counter hegemony'. Global civil society has come to represent a similar domain that traverses the boundaries of the sovereign state. But what does this mean? Is it legitimate to develop the concept of civil society beyond its origins in eighteenth and nineteenth century European political thought?³ Is it permissible to extrapolate from civil to global civil society? Assuredly 'yes' says Cox (1998) and if so, then it can be interpreted in a number of ways. For some, global civil society can be the source from which a more just society might develop in an era when disillusionment with the efficacy of traditional forms of politics in the developed world has never been higher. For others, it is a substitute for revolution forgone. In contrast to its earlier top down correspondence with the bourgeoisie under the development of capitalism, central to a contemporary understanding of civil society is a bottom up construction

'[C]ivil society has become the comprehensive term for various ways in which people express collective wills independently of (and often in opposition to) established power, both economic and political. ... [It] is not just an assemblage of actors, ie. autonomous social groups. It is the realm of contesting ideas in which the intersubjective meanings upon which people's sense of reality are based ... [and] ... can become transformed. ... In a 'bottom up' sense, civil society is the realm in which those who are disadvantaged by globalisation of the world economy can mount their protests and seek alternatives. ... More ambitious still is the vision of a 'global civil society' in

³ When this paper was first delivered as a public lecture at McMaster University, (February 23 1999) Kim Nossal questioned the appropriateness of 'global civil society' as an appropriate concept in the lexicon of modern social science. The affirmative answer I should have given him then is set out here.

which these social movements together constitute a basis for an alternative world order. In a 'top down' sense ... states and corporate interests ... [would make it] ... an agency for stabilizing the social and political status quo ... and thus enhance the legitimacy of the prevailing order' (Cox, 1999: 10-11).

In such a formulation, global civil society in general (especially in the literature on cosmopolitan governance [see Held, 1995]) and NGOs, Global Social Movements (GSMs) and other kinds of transnational associations in particular, become the principal actors for the reconstruction of political authority at the global level. At the very least, transnational association brings together culturally, politically and territorially diverse organisations and individuals to advance a common agenda on one or another issue of global import.

In empirical terms, the growth of NGOs has been dramatic. The number of international NGOs (defined as operating in more than three countries) was estimated to be in excess of 20, 000 by 1994; national NGOs are to be found in even larger numbers (Union of International Associations, 1994); in the discourse of contemporary policy science, NGOs do facilitate 'cross national policy transfer' (Stone, 1996 and 1998); NGOs can be sites of both resistance to, and strategies for, the mitigation and modification of the policy process; trans-national networks of NGOs are indeed vehicles to empower domestic NGOs in a range of issue areas at the global level. But increasingly prominent as they may be, to see NGOs and GSMs as agents for building a post Westphalian global civil society and reconstructing a new social bond at the end of the twentieth century remains a significant exercise in wish fulfillment.

The behaviour of NGOs is invariably normative, prescriptive, increasingly internationalised, highly politicised and at times very effective. (Keck and Sikkink, 1997). Societally sponsored NGOs try to universalise a given value and their growing influence is revolutionising the relationship between 'old' and 'new' forms of multilateralism. The old multilateralism is constituted by the top down activities of the existing structures of international institutional governance (IMF, World Bank and WTO). The new multilateralism represents the attempt by social movements to '... reconstitute civil societies and political authorities on a global scale, building a system of global governance from the bottom up' (Cox, 1998: xxxvii).

Continuing Cox's top-bottom metaphor, the preferred strategy of the old multilateralism of the international institutions is to incrementally extend their remit geographically (extended membership of the WTO), functionally (greater coverage of issues) and inclusively (by the cooption of recalcitrant actors--securing their socialisation into the dominant neo-liberal market mode). The new multilateralism of the GSMs (especially NGOs in developing countries) tries to change the prevailing organising assumptions of the

contemporary global order and thus alter the policy outcomes. While multilateralism is not imperialism as an organisational form, a working assumption of many NGOs is that many existing multilateral institutions are instruments if not of US hegemony, then at least of an OECD dominance of the existing world economic order.

An interest in globalisation--defined as inexorable liberalisation of trade and financial markets--while a relatively recent activity for NGOs and social movements, is now an issue on which they feel they must have a position. For many social movements this is a position viewed through the lenses of 'losers' rather than 'winners' in a globalisation process delivering heightened economic stratification both within and between countries at the same time as it delivers heightened economic welfare to the winners. Globalisation, or more specifically its effects on the losers, has become perhaps the major problem to be addressed by GSMs.

Whatever their agendas, the ability of social movements to affect decision making in international fora runs up against the processes of globalisation. This is certainly the case with the environmental movement, whose demands for sustainable development imply a form of 'fettered development', which runs counter to the deregulating and liberalising tendencies of globalisation. It is also the case in the domain of human rights, where NGOs attempt to strengthen labour rights generally and women's and children's rights in particular, in the face of MNCs location decisions based on factors such as cheap labour costs. Much current NGO activity can be captured under a broad, if ill-defined agenda to secure 'justice' for those disadvantaged by globalisation. Throughout the 1980s and especially the first half of the 1990s, the articulation of social movement resistance to 'free trade' related issues has invariably been characterised as protectionist or, more recently, 'globophobic' (see Burtless, et al, 1998).

This is a stylised view of the contest between demands for justice and the pressures for unfettered globalisation. Moreover, it is an increasingly recognisable view since the end of the Cold War. Social movements and NGOs now articulate a view of globalisation--the ultimate stage of capitalist accumulation with its emphasis on privatisation, deregulation, corporate power, and market conforming adjustment--as antithetical to their variously perceived aims of human rights and environmental protection. As Lynch (1998) demonstrates, opposition to globalisation has become an integrating feature of much of the literature of NGOs (especially bodies such as the International Forum on Globalisation, Friends of the Earth and the Sierra Club, (see Mander and Goldsmith, 1996) operating in the trans-national economic context. Nowhere is this better illustrated than in the opposition to NAFTA in the late 1980s and early 1990s and in resistance to the agendas of the WTO and the OECD initiative on a Multilateral Agreement on Investment in the second half of the 1990s.

The relationship between global economic institutions and global social movements will determine how the theory and practice of international relations develops over the coming decade. A greater role for non-state actors is essential if the international institutions are to avoid the charge of being agents for a 'new imperialism'. The internationalisation of NGOs allows them to challenge governmental policy from outside, as well as from within, the state. The activities of NGOs and other similar, mission-driven, agents are increasingly important aspects of contemporary international politics. This interest in how to alter (resist) globalisation represents an interesting shift in the modus operandi of NGOs--a shift from the field to the corridors of power.

But what is the significance of this kind of activity? Is it that it might offset a trend towards political apathy in other contexts? This is not an insignificant question. Governments are learning that securing support for policy from, or at the very least the neutralisation of opposition from, transnational associations is becoming as important in the development of policy (in areas such as trade and finance) as the implementation of policy within state borders. The new economic diplomacy requires traditional actors to secure a balance between wider consultation and accountability on the one hand and an ability to resist the pressures of lobby groups on the other.

Traditional agents--such as the established policy communities holding office in the major industrial countries and the inter-governmental financial institutions--are only just beginning to recognise the significance of GSMs. At times, established actors appear to lack the skills to deal in anything other than a resistive or combative fashion with these groups. Nowhere is this better illustrated than in the ambiguity that emanates from the international economic institutions towards interaction with bodies purporting to be acting on behalf of one or another group within 'civil society'. This is certainly the case at the IMF, WTO and, albeit to a lesser extent, at the World Bank. While there is now quite a long history of engaging NGOs on the ground in developing countries at the World Bank, extending the decision-making processes in Washington to include agents of non-state actors is resisted.

In short, the elite driven nature of the neo-liberal globalisation project is under challenge. We are not going to have a global information economy without a global civil society. They are Janus faced. Unless governments respond quickly and positively to the opening up of international economic diplomacy it will become an adversarial process rather than a cooperative one. The internationalisation of NGOs, enhanced by new technologies, allows them to challenge governmental policy from outside, as well as from inside the state. They are vehicles for the advancement of strong normative ideas. These multiple activities of NGOs and other similar, mission-driven, agents are an increasingly important political phenomenon in contemporary international politics. Securing a peaceful and constructive modus operandi with these increasingly important actors in international relations will be a major exercise for the global policy community in the twenty-first

century. Success or failure will be a determinant factor in whether policy making in the international financial institutions is likely to be cooperative or conflictual.

The Rise and Rise of the NGO: Keeping a Sense of Perspective

NGOs must now be seen as global actors, They are agents or players of some influence as the 1997 award of the Nobel Peace Prize for the campaign to ban landmines to a coalition of over 300 NGOs from twenty or more countries (and in the face of US opposition) attests; and as indeed does the role of NGOs in the defeat of the MAI (see Kobrin, 1998). NGOs are clearly capable of setting agendas and changing international policy on important issues. But the age of innocence is over. Longer standing actors in international relations--state and intergovernmental organisation policy-making elites--now pay many NGOs the respect of treating them seriously. NGOs are in many ways the victims of their own success. A result of such success is that NGOs are now coming under much closer scrutiny in their own right. Notwithstanding that an aim of NGOs is invariably to secure greater access for, and involvement in, the decision making processes of a given issue area for some body or another, this does not axiomatically mean that NGOs are themselves constituted as democratic organisations.

Many NGOs do not function with even the basic elements of representative democracy that are (for all their imperfections) often a characteristic of many developed country governments of which they are often critical. Senior office holders in NGOs can, and do, advance their own agendas at the expense of the wishes of the constituents they purport to represent. Civil society, we should not forget, is a domain in which power struggles take place every bit as much as they do within the structures of the state or the market place. NGOs are key players in these struggles. As systems of government change under the influences of globalisation then civil society becomes a more important venue within which the citizenry tries to influence the direction of public life.

As yet there is a discrepancy between the demands of NGOs for rights--to be heard and to influence policy--on the one hand and an acceptance of certain obligations or duties that may be attendant on these rights--especially the duty to truthfully reflect the position of one's antagonists--on the other. While a balance may come with time, at this stage only minimal efforts to inculcate a 'rights-duties' balance within the larger NGO families have been made (Gordenker and Weiss, 1995). If NGOs and other non state actors are to become important and legitimate agents of attempts to secure acceptable structures of global governance in an era of globalisation, then they too will have to accept the need for transparent, accountable and participatory systems of management and control, of the kind they wish to impose on national governments, multinational corporations and international organisations.

So what do NGOs, and GSMs more generally, do most effectively in contemporary international politics? They represent alternative discourses to those that are reflected in the voices and positions of those who gain most from the advance of globalisation. They are effectively, for better or worse, the discursive opposition. They are intellectual vehicles in normative contests. Invariably, speaking the language of 'opposition', their discourse reflects a greater commitment to questions of justice, accountability and democracy. But there are limits to the degree of support and acceptance their agendas are likely to secure. The 'globalisation of the world market' is not a concept easily capable of uniting a disparate range of interests within a given community in a manner similar to that in which, say, the 'peace movement', was able to unite a disparate range of actors from across the socio-economic and ideological spectrum. Disparities of economic wealth are not as unifying a factor as the prospect of species annihilation.

Despite the economic crisis that began in East Asia, the power of the free market ideal remains strong (see Higgott, 1998) and notions of interference in the interests of redistributive justice are unlikely to replace the market ideal in the corridors of public power and private wealth. Not all opponents of the worst effects of globalisation are necessarily protectionists or opponents of economic liberalisation. There is evidence to say that the philosophy (if not all avenues of practice) of economic liberalisation remains strongly supported (Economist, January 2 1999). Educated populations are capable of disaggregating the various elements of liberalisation. They are more supportive of trade liberalisation than they are of financial deregulation. Much social movement interest in the 'new protectionism'--a return to 'localisation' pace--is an over simplified rhetorical position that lacks the intellectual power to counter the logic of liberalisation underwritten by much sound economic theory and supported by the policy elites of many developing as well as developed countries.

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

Moreover, the democratic leveling power of the new information technologies can be overstated. The facts of the technological revolution have not and do not axiomatically undermine the assets and institutions at the disposal of corporate and state policy-making elites. The power of corporations and states will remain significant and the power of the most powerful states--especially the 'soft power' of ideas, culture or the ability to set the agenda through standards and institutions that shape the preferences of others--will remain dominant in most, if not all issue areas and instances. The big players retain crucial advantages in the

ability to produce and disseminate information. They occupy established positions as the creators and architecture of information systems.

Cyber space will require governance (whether public or private); governance requires law, and states or inter-state institutions are still the principal sources of law-making authority. Thus there will be limits to the impact of non-state actors on various aspects of the policy process under conditions of globalisation. While access to information and the ability to transmit it does allow for a wider range of players in international relations--and especially those not traditionally thought of as foreign policy 'players'--the leveling effect of this process should not be over-estimated. Even if internet users reach one billion by 2005, most of the world's population will not enjoy this facility.

(4) Globalisation, Justice, Governance and the State:

Polarisation, social disintegration and the re-emergence of primordial identities are one outcome of the visible inequalities between the winners and losers that globalisation creates. This raises at least four questions that will become increasingly important if we are to create a more just world order in the next century. Will we have: (i) enough food for growing populations? (ii) enough energy for growing economies? (iii) a sustainable physical environment to inhabit? (iv) global institutions to manage these issues and thus prevent burgeoning civic unrest and political-military dislocation within the developing world, and between the developed and the developing worlds?

Economists tell us that the two key elements of globalisation--the greater economic integration of the international economy and the revolution in communications and technology--are, of themselves, essentially neutral and have the potential to solve these problems. In theory maybe, but it is not axiomatic that the tension between economic growth and environmental sustainability will be contained. As recent reports from financial institutions and other bodies tell us (World Bank, 1993; Commission on Global Governance, 1995; World Development Report, 1997) whether we make the world's population more secure depends on how we manage this tension. This is the governance question. Governance--the means by which societies deliver collective goods and minimise collective bads--is as important today as it ever was. But, there is a deficit in the relationship between the de facto processes of economic liberalisation and integration (the essence of globalisation) and the de jure mechanisms that would provide the necessary international fora for the delivery of collective goods.

Thus the efficacy of the major international institutions remains a key normative and policy question for the twenty-first century. Will they remain vehicles for the pursuit of state interests, as traditionally defined in a

realist understanding of international organisation? Or, can they evolve into sites at which to accommodate multiple demands and interests of public and private and state and non-state actors throughout the reaches of the widening policy communities and civil societies of states? These are normative and analytical questions, yet they cast massive policy shadows. The contest between the traditional 'multilateralism from above' and the evolving 'multilateralism from below' is at the beginning, not the end, of its journey.

State policy elites may be conscious of their own diminished sovereignty but also of the accompanying need to control the 'public bads' (as opposed to public goods) that have emanated from the effects of technology on the international order; especially the spread of drugs, crime, terrorism, disease and the pollution that threatens cultures and eco-systems. For the erosion of some sovereignty to be acceptable, it must transpire via collective action in an issue-specific, rather than generalised, manner. Any sovereignty pooling will have to be volunteered out of a recognition that, in some contexts, self-interest is advanced collectively, not individually. How likely is this when, as Helen Milner (1997) persuasively demonstrates, the major factors in explaining inter-state cooperation are still domestic actor preferences?

Despite impeccable normative arguments in favour of collective action problem solving, prospects for regular successful international cooperation amongst states must not be exaggerated. The desired basic collective goods for a 'just' global era--economic regulation, environmental security, the containment of organised crime and terrorism, and the enhancement of welfare, via equitable redistribution if necessary--will not be provided on a state by state basis. Thus we have a paradox. Notwithstanding declining state sovereignty, it is likely that we will have to rely more on inter-state cooperation, especially where, as they are in many parts of the developing world, sovereignty issues are jealously guarded, and single issue diplomacy is of an ad hoc nature.

If the limitations of inter-state cooperation are to be overcome, greater use will have to be made of innovative approaches to governance arising from the information revolution. Technology can strengthen the governance capacities of both state and civil society. Information technologies must offer opportunities for private sector supplementation of the governance functions of states. Public/private provision of collective goods must not be seen as an either/or policy option. Private sector actors, from both the corporate world and civil society, are becoming more significant in inter-governmental negotiation processes. Issue-linked coalitions operate across borders in specific policy areas to set agendas and enforce compliance (Higgott, 1997).

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

in a global context, I have tried to suggest, is an underdeveloped, but emerging issue. The normative agenda for international relations will not go away. But for justice to have any meaning in an era of globalisation, control will have to be asserted at the international level. As yet, however, the institutions of world government are not up to this. For reasons that are well understood under realism (Krasner 1985) individualist neo-liberal agendas are always likely to be easier to articulate than global Keynesian ones.

Moreover, we now live in a culture of moral hazard in which the speculative operation of the international capital markets are effectively underwritten by the sacrifices of ordinary members of a society. The era of instant global capital mobility is seen by many of the world's population, and not just in the developing world, as a time of heightened and permanent insecurity. The signs (pace the reflections of James Wolfenson expressed earlier in this paper) suggest that there may be movement in the international financial institutions. But unless something is done to mitigate the prospects of events such as those which happened in East Asia re-occurring, the general lesson that the vast majority of the world's population will draw from the crisis is that even a reformed system, let alone the system as it is currently constituted, will be unable to deliver anything approaching an acceptably just or equitable world order, rather than one in which the poor, in the interests of continued liberalisation, bear the costs of the actions of irresponsible lenders. In this respect, economic liberalisation holds within it the seeds of its own downfall for which, as the next section suggests, it has itself largely to blame.

The Limits of Economics and the Myth of the Powerless State

Far from being the 'dismal science' when it examines globalisation, economics is an excessively optimistic science. This is how it should be. Arguments for liberalisation and open markets as generators of wealth have been won at both intellectual and evidentiary levels. Between 1950 and 1996 the commitment to liberalisation spread geographically from Europe and North America and in the last quarter of the twentieth century to other parts of the world, notably East Asia and the other parts of the Americas and, since the end of the Cold War, to Central Europe and even China. So, with such a record, why does liberalisation's intellectual victory not seem final?

Maybe the very strength of liberal economic theory is also its major weakness. Its concentration on the goal of openness and growth at the expense of non-economic factors has led to a parsimony of theorising in economics that no other social science can match. But rapid aggregate increases in global wealth and production of the last several decades has been accompanied by a corresponding political and social naiveté as to the effects of these processes on the civil polities of developed and developing societies alike. As East Asia throughout 1998 demonstrates, theoretical parsimony makes modern economic theory

analytically insensitive to the complex and combative politics that constitutes the downside of economic liberalisation.

Sound rationalist economic logic of its own is not sufficient to contain the backlash against globalisation. We have to move away from a view that economics is a science advancing utilitarian truth, and that it can be conducted in isolation from political prejudice. Understanding the importance of politics, governance and state practice, must catch up with our understanding of the way in which markets operate. We need to extend the public policy discourse on the nature of market-state relations to include the role of actors from the wider reaches of civil society. Along with the state and the market, as section three of this paper tried to suggest, civil society is very much a third leg of an analytical triangle without which our ability to reconstruct social solidarity, trust and political legitimacy--or indeed build it--will be limited. As yet, there is a reluctance in the economic policy community to recognise the manner in which markets are socio-political constructions whose functioning depends on their possessing wide legitimacy and deep support within civil society. The end of the Cold War and the coming of globalisation have not brought an end to ideological contest and politics. Rather the end of the century has seen a shift of the arenas in which politics takes place.

This does not imply that old arenas--especially the domain of state politics--are no longer significant. Indeed, they remain so. As Weiss (1998) argues, the powerless state is a 'myth'. It is difficult to find authors who would deny that political institutions still have assets capable of at least mediating the effect of global economic activity in their own territorial space. There is still no substitute for the state as the repository of sovereignty and rule-making and provider of national security. It is the socialiser of risk of last resort and the orchestrator of co-ordinated policy responses to the challenges thrown up by globalisation. Politics as an activity is not disappearing, it is changing; although the capacity of the state and the success of politics is more effective in some cases than others. Partisan politics in OECD countries is not 'converging' as much as a strong globalisation thesis suggests (see Garrett, 1998).

Moreover, state sponsored collective goods such as welfare compensation strategies can be attractive to foreign direct investment (FDI). They generate wage restraint and shift the burden of taxation from capital to other areas of the economy. They provide--as much economic theory fails to acknowledge--necessary authoritative structures (along a continuum from compensation to repressive control) that allow the international economy to function. An effective welfare state remains essential to the stability of the open international economy. The real issue is the dynamics of the shifting relationship between market power and state authority. Successful politics can build state capability in the face of the need for change. It also, however, relinquishes selected domains of authority to international institutions in order to secure greater domestic control. As a consequence, a range of issues that would once have been considered 'domestic'

now takes on a major international dimension. The task is to analyse the nation state in a 'process of adaptation', not decline. Once we have moved beyond the assumptions of the convergence hypothesis it will become apparent that national differences in response to globalisation, and the ability of state policy making elites to make that difference, will proliferate, and do so in a telling (positive or negative) manner.

Conclusion

For many in the developed world, liberalisation has become an end in itself with little or no consideration given to its effect on prevailing social norms and values within societies and polities. The impact of this has been that the consensus over how society is organised within the spatial jurisdiction of nation-states is strained, and the continued process of liberalisation is threatened. Globalisation, we argue, is unraveling the social bond. The policy remedies for maintaining the social cohesion of their communities at the disposal of state agents are curtailed, although not eliminated, by the processes of globalisation. Some governments attempt to 'depoliticise'--that is place at one step removed--the state's responsibility for the effects of globalisation on its citizenry (see Burnham, 1999). Yet, as is well known, in all social sciences with the exception of economics, it is the practice of politics that creates the structures of communities (Crick, 1962: 24). As such, it makes the role of the institutions of the state much more important than was assumed throughout the hegemony of the neo-liberal era of the 1980s and the first half of the 1990s when the retreat of the state was treated as axiomatic and we were in what Weiss (1998) calls a period of 'state denial'.

State assets and capabilities have to be used better, domestically and internationally, if economic liberalisation is to be a positive rather than a negative force. How to strike the appropriate balance between domestic socio-political imperatives and a normative commitment to an open liberal economic order, while seemingly a question for the theorist, remains the central policy question for the next century. At an analytical level globalisation is clearly an issue in need of technical analysis, but it is also in need of analysis that is normative and ethical. In short, it needs good political and social theory to accompany, mitigate and refine the methodologically sophisticated but all too often normatively barren, technically myopic analyses that now dominate economic science.

Unless this problem is tackled, continued global liberalisation has within it the seeds of its own downfall. First best, economically efficient, solutions may not always be politically feasible, or indeed socially desirable, and most economists studiously ignore those socio-political and cultural dimensions of international relations that, often more than economic explanation, are likely to condition the prospects of

continued liberalisation. Following from this analytical and theoretical deficit, the practical question facing policy makers in the early twenty-first century will be how to develop appropriate international institutions.

The role of institutions as norm-generating bodies will have to become more rather than less important. But governments of the major economic powers cannot force other states to do things just because they think it is right, or because they are powerful. Attempts to implement policies through the international institutions will lack legitimacy if there is no shared normative commitment to the virtue of a given policy. International institutions must secure converging policy positions by agreement and willing harmonisation, not by force. There must be provision, where necessary, for political communities to exercise an exit option on a particular issue where it is thought that this issue threatens the fibre of their (national) identity. This is not a call for a free riders charter in the contemporary global political economy, but a call for tolerance and an acceptance of difference. In short, '[t]here needs to be multilateral rules on how one can depart from multilateral rules' (Rodrik, 1996:122).

Traditional understandings of politics assume that authority and legitimacy reside in the state. Such absolutist analytical positions need to be resisted in the closing stages of the twentieth century in favour of those which argue that the relationship between power on the one hand, and authority and legitimacy on the other, are fluid, varied in substance and contingent in form. The processes of globalisation highlighted in this paper (and they are by no means exhaustive) represent a challenge to extant relationships between power and authority. This is not simply to imply that we are witnessing the passing of the Westphalian state system nor that states are retreating on every front. States are not passive actors, nor are they always in retreat, but their room for manoeuvre is becoming increasingly contingent. The question for scholars and policy makers alike in the twenty-first century --especially if some of the most adverse effects of globalisation are to be mitigated--will be to explore the conditions under which, and the normative reasons for which, they maintain authority, share it or even cede it to other actors.

At century's end, economic considerations have come to determine most political activity. Political theory has all but disappeared, largely because in its dominant Anglo-American individualist rationalist guise--operating within the confines of the bounded sovereign state--it has become trivial and meaningless in an era of globalisation. This is a situation that cannot be allowed to continue.

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