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# Globalisation, the state and economic justice

*Mark Beeson*

**Abstract:** This paper explores the potential for states to act as agents of economic justice in an era of 'globalisation'. After providing a critical review of debates about both economic justice and globalisation, the paper suggests that states retain an important degree of policy-making autonomy—should they care to exercise it. Following this I make a rather unfashionable argument which claims that, if economic justice is actually to be achieved in the contemporary era, it may be up to states to provide it. For the current structures of global governance are not only often ineffective, but they may actually entrench inequality and injustice. In the absence of a just global order, individual states may have to rely on their own efforts to achieve what economic equality they can.

**Keywords:** states, economic justice, globalisation, international financial institutions, global governance

## Introduction

Most discussions of ethics, justice and foreign policy that have emerged from International Relations[1] theory have centred on the 'high' politics of conflict, diplomacy and inter-state relations. By contrast, the possible ethical implications of the 'low' politics of international commerce have attracted less attention. This is both surprising and unwarranted, for not only does the contemporary international political-economy provide the material bed-rock within which the practice of international relations unfolds, but the manner in which individual states are incorporated into it has profound ethical and pragmatic implications. For example, critics of the contemporary international order complain – with some justification – that the structures of governance which determine economic *and* political outcomes in an increasingly integrated and 'global' system are designed to further the interests

of 'the North'.<sup>[2]</sup> Similarly, it has become painfully obvious that poverty and development failure provide the seedbed for many of the world's most intractable conflicts. Consequently, political-economy is – or should be – at the centre of policy-oriented debates about the sources of conflict and disorder, and about the normative basis of a system that is seen as incapable of alleviating such stresses at best, and of actively contributing to them at worst.

Many of these tensions and contradictions are subsumed under the all-encompassing rubric of 'globalisation'. For all its overuse and imprecision, globalisation does succinctly draw attention to a number of processes that firstly, are central elements of the evolving international political-economy; secondly, are reflective of the dominant ideas about how the international economic system ought to be run; and which, finally, highlight the profoundly differential outcomes that characterise a supposedly global system. In order to determine whether a more ethical approach to economic policy is possible at either the national or the transnational level, therefore, it is necessary to examine the evolution and nature of the contemporary global system; indeed, it is necessary to consider the inherent limitations of a *capitalist* international order, as such a system necessarily places limits on the sort of ethical or normatively based outcomes that are compatible with a market ordered system.

Consequently, the paper is organised in the following way: initially, I consider why we should be concerned about developing a just or ethically-informed economic system in the first place. This is not a trivial issue: there is a notable absence of such considerations in many of the most influential accounts of economic development, which assume that the resolution of what are seen as essentially 'technical' rather than moral problems will occur through appropriate policy rather than normative reorientation. Following this, I examine the evolution of the increasingly ubiquitous capitalist economy and consider whether its essential 'logic', and the way it is currently managed by powerful international financial institutions (IFIs), is compatible with a more ethically grounded economic order. I sketch the way contemporary patterns of 'global governance' have developed and argue that, although the IFIs could potentially be key components in regulating a more ethical international economic order, their present role as champions of a dominant, neoliberal<sup>[3]</sup> orthodoxy makes them incapable of performing such a role. In the absence of IFIs dedicated to promoting greater economic equality and justice I argue that – contra the cosmopolitan position<sup>[4]</sup> that has emerged in International Relations – states, for all their

failings and problems, remain crucial sites of resistance to a dominant economic orthodoxy that offers little hope for the developing world, and potentially critical mechanisms for accelerating development.

## **Economic Justice: Who Cares, Why Bother?**

The foolproof - universal and unshakably founded – ethical code will never be found; having singed our fingers once too often, we know now what we did not know then, when we embarked on this journey of exploration: that a non-aporetic, non-ambivalent morality, an ethics that is universal and 'objectively founded' is a practical impossibility... (Bauman 1993: 10).

Zygmunt Bauman captures much that is distinctive about the modern - not to say 'post-modern' – sensibility: we live in a world devoid of the comforts of religion, grand narratives or the ontological certainties of former eras, and must come to terms with the contingent and the particular as best we can. This is a profound challenge under any circumstances, but it raises especially troubling issues in an economic context, as the international economic system is characterised by forces and processes that, paradoxically enough, have become increasingly universal. While there are still important debates about precisely what 'globalisation' is and when it may be taken to have begun,[5] there is general acceptance that we do live in a period characterised by a far greater degree political and economic inter-connectedness, something that is driven by broadly similar processes (Higgott 1999). Certainly, individuals, companies, and even countries may be integrated into global processes in different ways with different capacities to respond to the challenges this presents, but many of the qualities of globalisation are now not only widely recognised, but presented as the definitive, ubiquitous determinants of domestic and foreign policy (see Reinicke 1999). In such an environment, there is a potentially fundamental disconnect between the construction of a personalised, contingent and particular morality and the workings of an evermore global political-economy.

This matters because economists (and the policymakers they influence) are generally not troubled by the sorts of epistemological niceties that have come to concern moral philosophers. On the contrary, much economic discourse assumes a theoretical rigour and 'objectivity' that would make a physicist blush, and is relentlessly technocratic and problem-oriented in its approach as a consequence.[6] Of course, this ideational influence only extends to 'mainstream' economic thought

(Heilbroner 1990), but it does help to explain the rise to prominence of 'neoliberal' ideas and the marginalisation of alternatives. At a time when the conventional economic wisdom suggests that markets rather than people are the optimal determinants of economic outcomes, when governmental 'intervention' in economic activities is actively discouraged, and when individuals are seen as responsible for their own economic well-being, the influence of neoliberal economic ideas presents a potentially fatal initial obstacle to more progressive or ethically informed alternatives. Consequently, if alternative ideas are to be taken seriously in such circumstances, they must be compelling and feasible.

### *Making morality*

It needs to be recognised at the outset that in the dominant, orthodox account of economic activity, the unequal distribution of economic resources is not necessarily a bad thing. Indeed, part of the dynamism of the capitalist system is the competitive struggle for scarce goods; wealth accrues to those most able to utilise economic resources 'efficiently'. As Buzan et al (1998: 95 [emphasis in original]) remind us, "actors in a market are *supposed* to feel insecure". Whatever we may feel about the desirability of intrinsic inequality, insecurity and competitiveness, as a system for actually producing wealth, capitalism - despite all its undoubted shortcomings - has surpassed alternative systems with seemingly greater theoretical claims to equity and sustainability (van Parijs 1995).

Unsurprisingly, therefore, some of the most important attempts to develop critiques of the existing order and rationales for alternatives, have been primarily concerned with the distribution, rather than the creation of wealth. One of the most influential formulations of this kind emerged from contractarian political theory. Charles Beitz (1979: 128) contends that the distributive obligations between individuals, which he assumes arise because of their state-based, common citizenship, 'ought to apply globally'. In the absence of an overarching, religiously or ideologically-inspired grand narrative against which such a claim might be tested, it must remain just that – a claim, albeit one that many might find intuitively and normatively appealing. But when juxtaposed against the 'national interest' routinely invoked by policymakers the world over to justify all manner of policy initiatives, appeals to the moral conscience of politicians can look hopelessly naïve. Policymakers can argue – rightly perhaps – that their primary obligations are to the politically demarcated populations they claim to represent. And yet, Beitz (1979: 149) makes the important observation that 'in an

interdependent world, confining the principles of social justice to domestic societies has the effect of taxing poor nations'. In other words, not only may one nation actually benefit materially from another's poverty, but this has the potential to corrode the moral integrity of the beneficiary.

However, there are a number of assumptions underpinning Beitz's analysis that are contentious. Ongoing economic integration has rendered the idea of discrete 'national economies' highly problematic, for reasons I shall shortly explain. Even more pertinently for the purposes of this discussion, the idea that clearly developed notions of justice with distinctive national characteristics exist at all, let alone actually influence policy, sounds more like wishful thinking in an era characterised by relentless international economic competition and what many see as a narrowing of public policy options (Cerny 1996). Nevertheless, while the "vague but unmistakable sense of global moral community" identified by Parekh (2003: 11) may yet be in its infancy, many policymakers feel obliged to deplore the glaring and growing disparities of incomes and life-chances that have been revealed - and arguably intensified - by processes associated with globalisation (see Rodrik 1997). Whether human beings have an inherent 'right' to anything simply as a consequence of being human is ultimately a matter of opinion rather than fact (Rorty 1993), but for those who seek to achieve more equitable distributions of economic resources it provides a legitimisation for such claims themselves and the basis for a 'counter hegemonic discourse' at a time of apparently narrowing public policy options. At the very least, the attempt to conceptualise rights within the reality of an *international* economic system is a marked improvement on some of the most influential explorations of ethical questions that are predicated on exclusively national foundations.[7]

By contrast, Shue's (1980) influential conception of certain minimal 'basic rights' is especially useful as it includes both economic and international dimensions. In addition to the more conventional right to 'security' or freedom from violence and political oppression, Shue claims that 'subsistence' or economic rights are a fundamental requirement of human existence. Intuitively, this makes good sense: without basic economic rights, which Shue (1980: 23) argues should include 'unpolluted air, unpolluted water, adequate food, adequate clothing, adequate shelter, and minimal preventive public health', there is little prospect that other rights can be enjoyed. True, the desire for unpolluted air looks ambitious given that rising living standards have been overwhelmingly associated with industrialisation, but the rest of the list looks remarkably modest. This is an especially important

consideration given the significance of economic development as a prerequisite for other forms of political and social development (Sen 1999). Without such development, grander hopes for democratisation, enhanced security and the encouragement of more globally-oriented forms of citizenship will be stillborn.

There is clearly a major debate about whether and how such economic development goals could be achieved. However, given that there are widely accepted estimates about the impact that even relatively modest redistributions of resources might have on current levels of deprivation, then the moral and pragmatic case for action becomes more compelling (see Singer 2002, ch. 5). As Pogge (2002: 144) has persuasively argued:

By continuing to support the current global order and the national policies that shape and sustain it without taking compensating action toward institutional reform or shielding its victims, we share a negative responsibility for the undue harms they foreseeably produce.

In other words, 'we' share some sort of collective responsibility for failing to address violations of rights which are ascribed importance. If we accept the logic of this argument – and this is, of course, ultimately a normative judgement – the key issue is how the existent order, which permits such violations, might be changed and what obstacles might prevent it. This involves an exploration of contemporary modes of global governance and the capitalist system they seek to manage.

## Governing Global Capitalism

A more equitable international economic order would have to emerge from the existent structures of what is now essentially a global capitalist system. In order to gauge the prospects for such a radical and unprecedented development, it is important to sketch some of the key qualities associated with globalisation, contemporary systems of international governance, and the fundamental qualities of extant capitalist economic structures.

Capitalism has a number of qualities that present potentially fundamental obstacles to the development of more ethical or equitable policies. Capitalism's basic structure is widely recognised, but often neglected or overlooked by would-be reformers. It is not necessary to be a Marxist to recognise that the private ownership of economic assets generates a basic class structure and inescapable asymmetries of power and opportunity.[8] Even the rise of modern joint stock

companies and more complex patterns of ownership and control have done nothing to alter the underlying differences between those that control capital and those that do not. Indeed, one of the most striking features of the contemporary international economic system is the remarkable rise to prominence of multinational corporations which are frequently larger than many national economies, and which fundamentally constrain the choices open to individual states as a consequence. Even though there are a variety of different forms of capitalist organisation (Coates 2000), with differing modes of social and corporate organisation, this does not alter the essential, ubiquitous character of market-based commodity production or the inequitable distribution of economic resources it implies.

It is also important to recognise that the historical development and spatial extension of capitalism has generated other enduring, structurally embedded inequalities. Western Europe's initial economic development and subsequent rise to political prominence was made possible by the systematic exploitation of the 'new world' (see Blaut 1993). Bullion from Latin America, and African slaves to work Europe's colonial plantations, not only provided 'the West' with the vital kick start to underpin rising living standards and industrialisation, but they also locked much of the rest of the world into subordinate positions in an emerging international economy. Europe's 'first mover' advantages ensured that European countries frequently occupied dominant positions in the emerging hierarchy of global production (Beeson and Bell 2005). True, other spaces opened up for a limited number of subsequent countries in North America and parts of East Asia, but the uneven nature of the development process was established early and has proved insurmountable in much of Africa, South Asia and Latin America (Hoogvelt 2001). Importantly as far as debates about reform are concerned, even where development has occurred, it has generally been as a consequence of state intervention, rather than as a result of international cooperation or cosmopolitan initiatives (see Weiss and Hobson 1995). Moreover, many critics of the contemporary system argue that the emerging structures of global governance are unlikely to address this problem. On the contrary, they are part of the problem.

### *Global governance*

The emergence of the massive transnational corporations noted above is but one - albeit crucial - part of the globalisation story. Less visibly, massive flows of direct and indirect forms of investment, and the concomitant rise of international



financial markets, have fundamentally changed the way formerly discrete national economies are integrated with each other. The history of the technological innovations that permitted such integration and the political initiatives that facilitated it have been extensively debated and recounted, and are by now sufficiently well understood to need little elaboration here.<sup>[9]</sup> What is important for the purposes of the present discussion are the emergent structures of governance that seek to manage and facilitate global processes (Rosenau 1997; Held and McGrew 2002). Such structures and patterns of interaction are important for two reasons: first, if human beings are to collectively address transnational questions of equity and distribution it is clear that institutions to facilitate international cooperation will be a necessary part of the process. Second, such institutions *already* exist at a variety of levels and are currently helping to shape economic outcomes. The problem, of course, is that such institutions are often considered to be perpetuating rather than alleviating international inequality (Peet 2003). However, given that advocates of progressive transnational reform stress the importance of developing supranational 'dialogic communities' with which to develop common moral standards as the basis of a future ethical international order (Linklater 1998), it is useful to examine extant practices as they tell us much about the difficulties of establishing alternatives.

The first point to make about the current system of global governance is that it reflects a complex mix of functionalist and geo-political influences. The original Bretton Woods institutions – the World Bank, the International Monetary Fund (IMF) and the General Agreement on Tariffs and Trade - that emerged under American auspices after the Second World War, were motivated by grand strategy as much as they were by economic orthodoxy. Indeed, not only was the Soviet Union a credible competitor and a powerful spur to revitalising a seriously discredited capitalist system, but the precise basis upon which the post-war order was to be rebuilt was a consequence of international dialogue. Significantly, this process only involved the victorious allied powers and was largely conducted by technocrats and economists (see Ikenberry 1992). While the circumstances within which the foundations of the present international order were established were atypical and exceptionally fluid, they highlight continuing impediments to more inclusive political and economic cooperation. The post-war order reflected the hegemonic power of the United States and its allies and was consequently imbued with American liberal values (Latham 1997). The demise of the Bretton Woods system,<sup>[10]</sup> and the US's recently more assertive, unilateral foreign policy in the wake of the Cold War's ending, provide a powerful reminder that, for all the talk

of global governance, the US still has the capacity to decisively influence the international system.

And yet there are new structures of governance that, potentially at least, may constrain even the US. The functional requirement for global governance has emerged as a consequence of the increasingly integrated, transnational patterns of economic activity that have grown exponentially over the last three or four decades. In combination with a dominant neoliberal ideology that eschews state involvement in economic activity, an array of private sector and intergovernmental organizations have assumed a central position in the new structures of governance. Most prominent in this regard are high profile agencies like the IMF, the G7, the World Bank and the like. Critics point to the powerful role played by the North in general and by the US in particular in directly influencing the policies and activities of these agencies in ways that constrain the developmental prospects of the South (Woods 1999). Less visible, but arguably equally important in terms of their functional and ideological roles, are the myriad private sector organisations that – generally with the acquiescence of states – have facilitated the day to day operation of the global economy and simultaneously entrenched patterns of economic organisation that are driven by market forces and private-interests rather than any nascent cosmopolitanism (see Braithwaite and Drahos 2000).

As a consequence, critics claim, contemporary modes of global governance are not simply incompatible with more equitable, moral or ethical patterns of economic distribution, but they are actively contributing to what Andrew Hurrell describes as the 'deformity' of the international system. Hurrell (2001: 41) argues that this deformity is found in four critical areas: first the unequal distribution of economic resources across the globe; second, in the fact that less powerful states are rule takers, not rule makers in many critical areas of political and economic activity dominated by the North; third, states and societies have different capacities to respond to the demands and challenges of the global economy; finally, international law is incapable of restraining the strong from acting illegally or unilaterally. While there is a good deal of merit in this analysis, if it is to provide an explanation of the sources of these deformities and impediments to reform, it is necessary to place it in a wider contextual framework and link it directly to the specific development of global capitalism.

The crucial insight that some forms of broadly Marxist-derived analyses have added to our understanding of global process is the idea that as structures of production have become transnational so, too, have associated forms of social

relationships associated with governance and control. What Robert Cox (1987) described as 'the transnational managerial class' refers to the personnel of the key inter-governmental institutions responsible for 'generating the policy consensus for the maintenance and defence of the system'. Despite a decline in the analytical purchase of class analysis for many observers (Hindess 1987), Cox's claim that common perspectives, interactions, and collaborations have developed at an elite level amongst the controllers of economic, political and ideational resources has been supported by much recent scholarship (see, for example, Sklair 2001; Robinson and Harris 2000). The obvious, but strangely neglected, point to make, therefore, is that the structures of global governance operate in the way they do not because of some inherent teleology or even functional necessity, but because they serve the perceived interests of those powerful enough to shape them. In this context, as Murphy astutely points out,

The global polity is not is not simply a superstructure responding to the interests of an already differentiated global ruling class. Global governance is one site, one of many sites, in which struggles over wealth power, and knowledge are taking place (Murphy 2000: 799).

The critical point to emphasise about these sites of global contestation is that they are characterised by fundamental asymmetries of power and influence. The World Trade Organisation, for example, is theoretically a fairly democratic organisation, but in reality, the poorest states do not have the wherewithal or capacity to ensure that their views are represented, let alone acted on when more powerful nations can use their wealth, expertise and leverage to determine policy outcomes (Michalopoulos 1998; Kapstein 1999). In such circumstances, encouraging more equitable economic outcomes in the South may involve going back to the future: some elements of the Westphalian world that many Western theorists of ethics and international relations wish to abandon in pursuit of greater equity may (Linklater 1998), in fact, be the only hope that many would-be developing economies have in achieving greater economic equality and development (Beeson 2007).

## **The state and the South**

Given that, from a cosmopolitan perspective, states have been seen as one of the prime historical causes of international economic inequality it might seem strange to argue for a more prominent role for states. R.J. Vincent, for example, famously argued for a 'cosmopolitan morality' and against a 'morality of states' which, he

claimed, is 'founded on a doctrine of state autonomy that is no longer in touch with the facts of international life'. States, as far as Vincent was concerned, were primarily interested in protecting narrow national interests at the expense of international justice and equity. Consequently, Vincent argued that:

If there is to be any such thing as the just distribution of the burdens and benefits of social cooperation on a global scale, this would seem to require not merely a community, but a constitution: a mature polity in and through which obligations could be formulated and made to stick (Vincent 1986: 119).

Impeccable as this logic may be, and desirable as the outcome arguably is, we have already seen that the reality of existing patterns of global governance mean that equitable outcomes are all but impossible to achieve under the prevailing order. Indeed, there *is* a de facto 'constitution' of the sort Vincent advocates, but it is one that entrenches rather than ameliorates asymmetries of influence and distributional outcomes through a regulatory regime that systematically advantages established centres of economic power (Gill 1998; Beeson and Bell 2005). While there is an argument to be made for curbing the power of the Northern states generally and the US in particular, as far as the South is concerned there is a compelling case to be made for a greater and more effective state presence and capacity, rather than its diminution.

It is important to emphasise that my argument is not the same as the essentially pluralist defence of national borders advanced by Michael Walzer (1994: 34-35), which is based on an assumption about the limits of universal strategies for distributive justice. My key contention is more prosaic and practical: the historical record provides compelling evidence that *all* of the countries that have successfully industrialised and witnessed a concomitant rise in living standards and economic welfare – including current advocates of market-led development, like Britain and the US - have done so with the aid of a 'strong' state that has provided a supportive, protected environment within which industrialisation can occur (Chang 2002). Given that there seem to be only two feasible pathways to prosperity as far as the impoverished parts of the planet are concerned – either everlasting aid from, and dependency on, the North, or indigenously inspired, sustainable economic development - the big lesson as far as economic development is concerned is that some policies are likely to be more effective than others, and that their implementation will require an effective state capacity.[11] At a time when aid assistance from the developed world is either nugatory or replete with self-serving

conditions that benefit the donor as much as the recipient,[12] autonomous development is clearly preferable.

Adrian Leftwich has persuasively argued that if the South is to overcome the debilitating effects of non-development and actually reduce poverty then what is needed is not a greater commitment to cosmopolitan ideals, nor even a less ambitious process of democratic reform. On the contrary, the central requirement of successful development, Leftwich argues, is a 'developmental state', without which a transition from poverty is unlikely. Even more awkwardly for advocates of progressive reform, 'democratic politics is seldom the politics of radical economic change' (Leftwich 2000: 150). In other words, even an authoritarian state that has the capacity to spur and guide the development process may be preferable to a more democratic one that is incapable of overcoming vested economic interests and political obstacles to 'national' development. While critical theorists may – rightly - point to the generally self-serving, ideologically-loaded nature of nationalist discourses (Nussbaum 1996), and while the very status of 'national economies' may be rendered problematic by processes of cross-border economic integration (Beeson 2001), this does not nullify the potentially critical role of states in underpinning the development process. The historical experience of East Asia – the one region of the global economy to experience widespread and sustained economic development outside of the 'Western' core – is testimony to the importance and efficacy of the development state model (see Woo-Cumings 1999).

Although some of the most sophisticated visions of possible cosmopolitan democratic systems recognise the need to constrain and regulate capitalism as a precursor to the construction of more equitable and ethical world orders (Held 1995: 257), in the absence of such reform, the state in the South remains a potentially crucial emancipatory vehicle. As Mohammed Ayoob reminds us, the problem for much of the world still attempting to come to terms with an unfavourable, frequently traumatic historical integration into the global economy is not too much state authority and intervention, but too little:

Only by approaching the Westphalian ideal more closely can the postcolonial states provide a stable political order domestically and participate on a more equal footing in writing and rewriting the rules of the international order...only effective statehood can help solve the economic underdevelopment and poverty problems that plague much of the Third World (Ayoob 2002: 40).

Achieving distributive justice will involve modifying the 'institutional structure' that underpins the current inequitable order. Although much attention has rightly focused on the international dimension of this problem and the manner in which it presently perpetuates inequitable outcomes (Pogge 1999: 293), it is also important to recognise that domestic institutions and the way they interact with the wider international system are an equally critical part of this process. In a number of countries, not only is there an inadequate institutional infrastructure or capacity with which to respond to the challenges of a predominantly neoliberal form of globalisation, but the dominant policy paradigm that emanates from the IFIs has the effect of delegitimising whatever capacity there might be (Beeson 2001). Consequently, as even the most articulate advocates of alternative world orders have been forced concede, the state in the South may need to be strengthened before it can be abandoned, because "only states pushed hard by their citizenry would have the political possibility of constraining global market forces" (Falk 1995: 35).

This should not be read as blanket endorsement of states or their role in the international system; as we shall see below, and as numerous advocates of cosmopolitanism have convincingly argued, they have frequently been mechanisms through which parochial self-interest has been realised and fundamental obstacles to distributive justice entrenched (Booth 1995). However, theoretical conceptions[13] that fail to take seriously or address the specific circumstances which currently confront much of the world's population, which is – rightly or wrongly – divided into national communities of fate, run the risk of not simply being irrelevant and highly Eurocentric, but of actually giving some credibility to the very economic practices and discourses that are arguably at the centre of inequitable patterns of distribution.

'Hyper-globalisers' like Kenichi Ohmae (1990) have long argued that national boundaries are impediments to the 'efficient' operation of market forces and inhibit freedom of expression for the world's consumers. That this picture blithely ignores the reality of contemporary wealth distribution is of less significance here than is the underlying supposition that autonomous economic actors, freed from the 'unnatural' constraints of political boundaries, are the normatively preferable key to economic progress. It is an idea that powerfully resonates with an influential economic orthodoxy promoted by the IFIs and subsumed under the rubric of the 'Washington consensus'. [14] Significantly, the 'cacophony of standards' that Hoffman (1981: 164) assumed precluded international agreement

on questions of economic organisation and justice, have dramatically narrowed as the neoliberal paradigm has become increasingly dominant. Not only is the dominant neoliberal policy discourse one that augurs badly for systematic economic redistribution or state led development, but is one that has noteworthy parallels with the emphasis on individualism in much cosmopolitan thinking. In both cases the stress on individual autonomy has the, intentional or unintentional effect, of shifting responsibility from structures to agents, and from the historically determined international political economy to the individual as the architect of his or her own fate.

Consequently, the South is left with the worst of all possible worlds: not only have Southern states been encouraged to take a less 'interventionist' role in economic development, but the emphasis on process and governance has shifted attention from the underlying, predominantly historically-determined causes of international economic inequality. Compounding the South's problems has been the behaviour of states in the North. While the moral arguments in favour of a reduction in the power and prominence of the state in the 'developed' world are a good deal more compelling than they are for the South, the reality is quite different.

## Concluding remarks

While the arguments are complex and the evidence highly contestable, the best hope for progressive reform that makes development outside the core industrialised countries a key object of global public policy may stem from appeals to national, rather than transnational interests. Put crudely, unless there is a pay-off for national political elites proposals to reform the international economic architecture are unlikely to be taken seriously. There are, however, a number of factors that could be utilised to change attitudes toward the South and the *necessity* of development. Most obviously, the chronic political, economic and strategic instability that characterises much of the South is now seen to be not simply a problem for the developing world, but – as the attacks of September 11 brutally reminded us – potentially a problem for the rich world, too (Birdsall 2001). Although the causes of the attacks on America are complex and beyond the scope of this essay, the idea that the world could be compartmentalised into zones of peace and turmoil is unambiguously at an end.[15] In an era of globalisation, "underdevelopment has become dangerous" (Duffield 2002: 2).

The other great potential benefit that might flow from a more orderly and economically expanding South is that this would benefit, perhaps primarily, the North. One of the most intractable current problems in the global economy is insufficient demand and an over-reliance on American consumers to provide a market of last resort. Not only is their something fundamentally immoral and inequitable about relying on one, already hugely over-privileged, national population to consume more than they already do, but this arrangement is predicated on unsustainable levels of private indebtedness that are vulnerable to inevitable systemic shocks.[16] In such circumstances, opening up new markets would not only help to resolve – temporarily, at least – capitalism's inherent tendency to excesses of over- and under-consumption, but it might help bring economic stability, development and support for the existent international economic order in a potentially hostile and aggrieved South.

While such an outcome might seem the remotest of possibilities given the foregoing discussion, it is not unprecedented. The US's pivotal role in the reconstruction of post-war Europe demonstrates what can be done when geopolitical and economic imperatives are sufficiently compelling. Nor is there any shortage of well-intentioned, potentially feasible ideas upon which to predicate a more sustainable and equitable economic order (see, for example, Sachs 2005). However, if the intention is to actually move from insular, inequitable policies that critics rightly see as immoral and ill-conceived, to something more sustainable and ethical, it is plainly not going to happen rapidly or easily. More fundamentally, it will of necessity be a process that is, initially at least, driven or overseen by existent political elites. In such circumstances, those interested in progressive economic outcomes might be well advised to consider strategies that could attract political support amongst national and - perhaps more importantly in the longer term – transnational elites. It may be far from ideal, but it could be a significant improvement on what we have.

## Endnotes

[1] In what follows I shall employ the conventional distinction between the discipline of International Relations and its more general un-capitalised practice.

[2] This is a less than satisfactory shorthand to describe the industrialised, 'developed', rich, OECD countries on the one hand, and the poor, 'developing' countries of the South, on the other.



[3] 'Neoliberalism' refers to the ascendancy of the market-oriented policy paradigm that emerged following the demise of Keynesianism in the 1970s. It advocates small governments and the unimpeded operation of market forces. See Richardson (2001).

[4] Pogge (1992: 48-49) suggests that cosmopolitan positions share three elements: first, *individualism*, or a claim that individual human beings rather than tribes, nations or states are the 'ultimate units of concern'; second, *universality*, or the claim that concern should attach to all human beings equally; and *generality*, or the claim that this status has global relevance.

[5] See Held et al (1999) for a comprehensive discussion of the issues.

[6] As Robert Cox (1981: 128 [emphasis in original]) famously observed, "theory is always *for* someone and *for* some purpose" – a point that seems to have eluded much of the economics profession.

[7] Path-breaking as Rawls' (1971) analysis of distributive justice issues plainly was, it has been extensively criticised because of its restricted, nationally demarcated basis (see Beitz 1979).

[8] However, scholars operating in a Marxist tradition do provide the most compelling analyses of the capitalism's potential tensions and contradictions. See Jessop (2003), Robinson (2004).

[9] The literature on various aspects of globalisation is by now enormous, but a couple of the more useful overviews are Held et al (1999) and Scholte (2000).

[10] One of the key consequences of this was the end of a system of regulated exchange rates, the concomitant growth of financial markets and the subsequent consolidation of neoliberal ideas. See Strange (1994).

[11] 'State capacity' refers to the ability of governments to formulate and implement policy in a relatively autonomous manner. See Polidano (2000).

[12] It is noteworthy that the 'Anglo-American' economies, especially the US and Australia are amongst the most miserly providers of aid amongst the rich OECD countries. See *The Economist* (2003).

[13] See Pogge (1992), for example.

[14] The term 'Washington consensus' was coined by John Williamson (1994) and refers to a checklist of policies considered appropriate by 'serious' economists.

[15] See Singer and Wildavsky (1993) for a discussion of this concept.

[16] For an important analysis of the rise and potential fall of the American economy, see Brenner (2002).

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