ABOUT THE ORGANIZERS

The Center for Policy Studies was recently created within the Central European University to develop the relationship between research and policy. As a new institute, its focus will be on conducting and co-ordinating research within the CEU and on generating the policy implications of that research for central and Eastern Europe. http://www.ceu.hu/cps

The International Relations and European Studies Department at the Central European University seeks to combine theoretical concepts of international relations and international political economy with region-specific knowledge. The department’s focus is the interaction between global and European political, economic and social processes with the transformation and Europeanization of ex-socialist countries. http://www.ceu.hu/ires/iresdir.html

Founded in 1997, the Centre for the Study of Globalisation and Regionalization at the University of Warwick is one of the leading sites in Europe for the study of the contemporary globalisation process. With core funding as a Thematic Priority Centre of the UK Economic and Social Research Council it conducts both multidisciplinary scholarly and policy focussed research on key elements of the globalisation process. For details on its activities, see its web page at http://www.csgr.org

Contact: Center for Policy Studies
Central European University
H–1051 Budapest
Nádor Street 9–11
Telephone: (36 1) 327-3000/2285
Fax: (36 1) 235-6170
E-mail: cps@ceu.hu
http://www.ceu.hu/cps
RESHAPING GLOBALIZATION

Multilateral Dialogues and New Policy Initiatives

Richard Higgott and Paola Robotti
RESHAPING GLOBALIZATION

Multilateral Dialogues and New Policy Initiatives*

Richard Higgott and Paola Robotti**

*A report on an International Conference, October 17–19, 2001, Budapest, organized and sponsored by the Centre for Policy Studies and Department for International Relations and European Studies, Central European University, and ESRC Centre for the Study of Globalisation and Regionalisation at the University of Warwick

**Richard Higgott is Professor and Director, Centre for the Study of Globalisation and Regionalisation, University of Warwick and Paola Robotti is a Susan Strange PhD Scholar in International Political Economy at the University of Warwick.
# Table of Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>Yehuda Elkana</td>
</tr>
<tr>
<td>Preamble</td>
<td></td>
</tr>
<tr>
<td>Introduction</td>
<td></td>
</tr>
<tr>
<td>Part I</td>
<td>Production of Global Knowledge</td>
</tr>
<tr>
<td>Part II</td>
<td>Defining Globalization</td>
</tr>
<tr>
<td>Part III</td>
<td>Social Values and the Global Market</td>
</tr>
<tr>
<td>Part IV</td>
<td>Vulnerability of Developing Countries</td>
</tr>
<tr>
<td>Part V</td>
<td>Making the Global Trading System Work</td>
</tr>
<tr>
<td>Part VI</td>
<td>Dilemma of Security and Freedom in the Global Context</td>
</tr>
<tr>
<td>Part VII</td>
<td>Innovative Sources of Funding</td>
</tr>
<tr>
<td>Part VIII</td>
<td>Strengthening the Aid System</td>
</tr>
<tr>
<td>Part IX</td>
<td>Global Governance and Creating Incentives</td>
</tr>
<tr>
<td>Conclusion</td>
<td></td>
</tr>
<tr>
<td>Appendix 1</td>
<td>Conference Program</td>
</tr>
<tr>
<td>Appendix 2</td>
<td>Participants</td>
</tr>
</tbody>
</table>
Foreword
By Yehuda Elkana

The Budapest Conference on globalization took place in October 2001, at a time when the shock caused by the terrorist attack in September was still fresh. Yet even at that early stage it became clear to all concerned that the planned conference agenda had to be sharpened and in some points changed. Richard Higgott’s and Paola Robotti’s poignant, clear and fair summary of the conference deals with the major aspects that were discussed and debated, as well as the four position papers that were advanced. The one by George Soros has, in the meantime, appeared in print in a corrected and reworked version with an important conclusion. (George Soros: "On Globalization", Public Affairs, New York 2002.)

In this preface I wish to briefly underline some new elements in the globalization debate, such as the issues of morality, human rights, and education, that have become, in the aftermath of September 11, as pertinent in the developed and democratic West, as in the rest of the world. Before expanding on these issues, let me summarize the main points as I see them: 1) Globalization is here to stay—in whichever way it is defined. 2) Globalization has increased, and will probably continue to raise the average per-capita GDP in the world. 3) The globalization process is accompanied by an enlarging gap between the rich and the poor—inequality is on the rise. 4) Religion as a defining element of identity is on the rise; the old Enlightenment belief that ‘let us only be more rational and religion too will disappear’ has proven to be false. That said, it must be pointed out that the perception that religious fundamentalism is the wave of the future is wrong—only a very small percentage of people could be classified in such a manner. 5) Terrorism has several causes. Religious fundamentalism is indeed one of these causes, but dire poverty and the general feeling of hopelessness (economic or political) are others. Adolescents growing up without schooling, proper health care and with extreme forms of privation in such places as Gaza, Jenin and Kabul find that committing suicide may not be their worst option. 6) The tendency for those who are under attack is to believe ‘first let us deal with the terror, and then we can turn our attention to such issues as human rights’. This view is shortsighted and historically naive. American unilateralism and its temporary suspension of concern for human rights, while understood, should not be condoned; the insistence on honoring human rights must go hand-in-hand with the quest for security.

These principles, and especially the last one, signify what I meant by a new need to
concentrate on issues of morality. It is essential that the best universities, and especially law schools and business schools—with their emphasis on training experts to be active in many parts of the world—must try to educate future leaders to be imbued with integrity. This is a special feature of the tension between the local and the universal.

An even broader educational aim must become the necessity to raise young people so that they are able to adapt to the various forms of tension and contradiction they are likely to face. There are no black-and-white solutions on the horizon; we must all learn to live with contradictory values, with tension between loyalties to nation, religion, and a world-wide Open Society; with multiple identities; and with the shifting boundary between the local and the universal.

The nation state has in some ways been weakened by globalization, while in other senses it has been strengthened. The ‘cunning-state’ (the state that pretends to look much less powerful than it actually is), as thematized at the conference by Shalini Randeria and Ivan Krastev, is of central importance.

Finally, George Soros’s call for new international institutions to deal with the distribution of public goods is of vital importance. It should not be forgotten, however, that a prerequisite for inventing new international institutions is the reinvention and improvement of many national institutions. This is necessary so that they will be able to cope with the new role of the nation state, both in terms of enhancing security and advancing human rights.

**Preamble**

The idea for this conference, to celebrate the 10th anniversary of the formation of the Central European University, was derived by George Soros, Chairman of Open Society Institute and Soros Fund Management. The ideas were further developed by senior members of the Centre for Policy Studies, and the Department for International Relations and European Studies at CEU and the Centre for the Study of Globalisation (CSGR) at the University of Warwick. The central idea was that there should be a serious engagement between proponents or advocates of globalization on the one hand and its growing band of critics, often crudely and wrongly bracketed together as the anti-globalization movement, on the other. Thus, the initial working title for the conference was ‘Globalization and its Discontents’. As discussion of the program progressed, two factors changed collective thinking at CEU and CSGR. Firstly, Soros, with the assistance of Karin Lissakers, the former Executive Director of the IMF, was close to completing the initial draft of his ‘White
Paper’ on globalization. Secondly, the destruction of the World Trade Center towers in the attacks of September 11 added a new and dramatic dynamic to the debate about globalization. Prior to that date the debate had been largely driven by economic factors. Since September 11 other dynamics, driven by security concerns, have come into play. As a consequence the structure of the conference was radically (and appropriately) changed.

Specifically, the conference took on a more strongly articulated policy focus. Departing somewhat from what had been its initial, and more avowedly, scholarly intentions, the conference themes were adjusted to focus more closely on those increasingly defining issues identified as generating conflict between the have and have-nots in the global economic order. In addition to agreeing to showcase and discuss Soros’s paper on globalization it was also decided to invite former Mexican President Ernesto Zedillo to discuss his recently produced paper for the UN, Recommendations of the High Level Panel on Financing for Development, as well as the UK Department for International Development (DFID) to present its White Paper, Eliminating World Poverty: Making Globalisation Work for the Poor. A paper from a key player in the civil society movement, Susan George, on a Planetary Contract, was also commissioned for the conference.

Other participants were also asked to address a range of questions about how the structures of global governance might be reformed or reordered so as to guarantee a greater and more efficient allocation of global public goods, and especially those public goods that would help alleviate global poverty and thus restore a sense of legitimacy to the globalization enterprise. Several sessions focused strongly on a consideration of what the effects of, and policy responses towards, the events of September 11 might and should be. Thus the title of the conference was changed in order to give it a more forward-looking flavor. The organizers settled on the theme of ‘Reshaping Globalization: Multilateral Dialogues and New Policy Initiatives’. As can be seen from the Program and the List of Participants (appendices 1 and 2), the conference drew together a distinguished group of scholars and practitioners (both from the public and private sector) who then engaged in contemporary global policy debates.

A working assumption of the conference organizers was that if the benefits that have accrued from the increasing liberalization of the late 20th century are not to be lost, then the emerging stand off between “globalizers” and their critics has to be transcended. Carefully detailed arguments are needed to replace the mere name calling and labeling that became so frequent in the closing stages of the 20th century. The major points raised by critics of globalization (not all of them on
the left and not all of them mere 21st century Luddites) have to be addressed. As George Soros noted ‘there is considerable justification for being critical of the present [international] arrangements.’ ([The Observer], 6 May 2001). The anti-globalization arguments and movements have important messages that must be considered if what Soros calls ‘progressive globalization’ is to survive. Therefore, instead of suggesting who is ‘right’ or ‘wrong’ in these debates, the conference organizers encouraged the globalizers and the “globalized,” on the one hand, and advocates of various discourses of globalization on the other, to equally voice their views.

One further factor drove the thinking of the conference organizers. They felt it was important that the globalization debates of the new century have a serious normative content that was absent during most recent policy debates. If all the positive aspects of globalization were to survive other than by force, they must not only be effective, but legitimate as well. In order to be legitimate, globalizing processes must satisfy standards and expectations concerning social justice, respect for human rights, and the protection of local communities and cultures, especially in developing countries. They must also be conducted within a framework of international legal and political standards of governance. Globalization must develop suitable institutions that are open and transparent while being capable of regulating according to acceptable standards. It must cultivate a global environment based on democratic and participatory norms. These were all issues that the conference wanted to address.

Specifically, questions of growing global inequality, poverty reduction, inter-generational justice, corporate accountability and the democratization of the global order need to be considered as legitimate and central items on the global policy agenda. This step change has to occur in a number of ways and in a range of different fora where fruitful dialogue can take place. In the absence of an established global public domain in which such a dialogue might begin to develop, interim measures must suffice. It was the aim of the conference organizers that this event should be but a small step in that direction. We think it is fair to say that the exchanges that took place at the conference were meaningful. Some of the exchanges were robust in nature but many were of a high analytical quality and carried strong normative and policy prescriptive messages for the wider policy community. We will leave it to the reader to judge their long-term relevance. The proceedings of the conference can also be viewed at: http://www.ceu.hu/cps/glob.html.
Introduction

Globalization has become a touchstone in the modern day policy sciences. Yet it is also one of the most over used and under-specified terms in the policy lexicon. Moreover, it has progressively become one of the most normatively charged and politically contested concepts in day-to-day usage across the contemporary policy spectrum. For some it is the source of all that is modern, progressive and good in the modern political economy. For others it is the major source of inequality, poverty and, indeed, general societal dissonance. In the contemporary policy debate, this polarization of views about globalization has implications for the hardening of policy positions and heightening of conflict. In the now public and volatile stand-off between ‘globophiles’ and ‘globophobes’, reasoned debate of the pros and cons of globalization, and specifically the impact of late 20th century trade liberalization, financial deregulation and asset privatization, has been lost.

It was in this context that the Rector and President of CEU made his opening remarks. Yehuda Elkana cautioned against the dangers of two potentially conflicting forms of fundamentalism: (1) market fundamentalism, and (2) a view of globalization as an essentially ‘... evil process that has to be abolished by either peaceful or non peace-ful means.’ Both fundamentalisms are wrong and need to be resisted. But even more importantly, Elkana argued, a paradox has to be addressed. That paradox resides in the idea of the existence of globalized knowledge. With its roots in the Enlightenment tradition, the globalization of knowledge has greatly assisted in the enormous achievements of the last three hundred years. Yet this aspect of globalization has to be mitigated. The idea that it is reasonable to cultivate universal theories, and that these theories have a coherent set of values that can be spread throughout the world, without a price to pay, can no longer be sustained, argued Elkana. In essence his comments were a plea for the tolerance of pluralism in the face of rising pressures emanating from globalization. This issue—the nature of the relationship between globalization and knowledge, and how it might endanger the plurality and diversity of knowledge production at the local level—thus formed the substance of the first session of the conference, as discussed in the next section.

1 The following text represents our best efforts to capture the essence of the presentations made at the conference. None of the conference presenters should be held accountable for the manner of their representation in this report. If they feel that their arguments are, in anyway, misrepresented, then this is our fault, not theirs’ and we apologize in advance if this might be the case. It is also inevitable that the report reflects some analytical insights and views of its authors. For this we make no apology.

Part I – Production of Global Knowledge

Daniel Dor3 and Diane Stone4 provided new accounts of how global knowledge is taking over local knowledge. According to Dor, in this contest between global and local knowledge, what matters is not so much the imposition of global universal knowledge upon local knowledge, but the imposition of incentives to certain patterns of interaction between the local and global5. The challenge is not only how to integrate local and global knowledge, but how to find ways to let local people retain control of the means of production of their own knowledge. This is no easy matter, as control of the means of production of knowledge is concentrated in the hands of international corporations and similar actors in such a way that language becomes but another commodity. As Dor says:

[A]lthough the great majority of the world’s speakers may get to keep their languages, these languages will no longer be "theirs" in the agentive sense. Speakers (as well as their communities and states) will have much less influence on the dynamics of linguistic change, maintenance and standardization. Control over languages will be taken over, on a global scale, by [for instance] the software industry. Languages—as commodities and as communication interfaces—will belong to the economic center, to be used, manipulated and "sold back" to their speakers.5

Dor’s real concern is not the local/global knowledge divide, but the uses and abuses of local knowledge in the global arena. Like Dor, Stone’s presentation also examined the local/global divide.6 She highlighted some ignored dangers for local knowledge in the production of global knowledge. She talked of the kind of knowledge that is produced in the global public domain—what she labels the ‘global agora’—and demonstrated how such knowledge has informed, shaped and guided development policy, via the designation of so-called ‘best practices’ that now shapes the policy approaches underwriting many multilateral initiatives. She also demonstrated the degree to which the global knowledge discourse has become entrenched in the language of development agencies and international organizations.

This hegemony is captured in the flowering of global knowledge acronyms such as...

3 Professor, Department of Communications, Tel Aviv University.
4 Reader in Politics and International Studies, and Principle Research Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick.
5 Dor’s contribution draws on his paper Why Economic Globalization May Stop the Global Spread of English (And Why We Have To Be Worried Anyway), which can be found at http://www.ceu.hu/cps/.
6 The paper that Stone prepared for presentation at the Conference – Think Global, Act Local or Think Local, Act Global? Knowledge Production in the Global Agora, can be found at http://www.ceu.hu/cps/.

as KM (knowledge management), KS (knowledge sharing), K for D (knowledge for development), or IK (indigenous knowledge). Moreover, the World Bank has reinvented itself as the ‘Knowledge Bank’. This knowledge discourse has led to the creation and incorporation of ‘knowledge actors’ and ‘global public policy networks’—that is, individuals and organizations that provide the framework in which to interpret and shape understanding of problem solving. Global public policy networks are partnerships or coalitions for collective action between:

1. states and/or international organizations;
2. market actors (corporations, private regimes etc.);
3. the third sector (NGOs and civil society in general).

These coalitions are, in theory if not always in practice, forums of informal decision-making and mechanisms for the provision of public goods (and putative solutions for public wrongs). They are also mediums for learning, building consensus, and raising public awareness of global problems and setting the agendas on how to deal with these problems.

As Stone points out, global public policy networks are generally portrayed in a benign or beneficial manner. They are thought to be progressive, flexible and non-hierarchical elements of the emerging global agora or public domain. But they can also exhibit negative characteristics. First, many such networks are relatively closed to the public in the sense that very few members of the public are able to participate in them or hold them accountable. Second, they incorporate stakeholders, people that can demonstrate that they have a clear stake in the policy area at the same time as they exhibit a tendency to privatize decision-making. Taken together these trends tend to result in a disfranchisement of the public. Finally, and by implication, local knowledge is invariably subordinated to global knowledge in the course of these processes.

Stone proposes an inversion of the old discourse of ‘think global, act local’. Rather, she argues, we should ‘think local, act global’. Local initiatives to promote capacity building to utilize the strengths of knowledge institutions in developing and transitional countries are desperately needed. But how global knowledge is applied locally and the nature of engagement with international advisers (donors, international organizations, consultants, and so on) remains the crucial element in any legitimating process. The determining factor in the legitimation of global knowledge at the local level is the extent to which there is scope for mediation, reinterpretation

---

and adaptation of global knowledge to local conditions and circumstances. Moreover, this relationship has traditionally been driven from the ‘top-down’. The decision on what is the appropriate knowledge for dissemination in those countries that need it is determined globally not locally. To date, there has been little focus on the reverse flow; that is, how local communities can become active in agenda setting and policy implementing processes of global public policy networks. This requires much more time, resources and commitments by local institutions in order for them to become global policy entrepreneurs in the global agora.

Part II – Defining Globalization

Definitions of globalization abound and compete. Analysts, if not all practitioners, have made progress in their comprehension of it from the mid-1980s when we were confronted with a crude choice between the views of the economically determinist hyper-globalists8 on the one hand and equally determinist ‘globalization skeptics’ on the other.9 Skeptics could be of both realist and social democratic perspectives. Fortunately, there is now a much stronger consensus on the complex, multifaceted and contested nature of globalization that distinguishes it from earlier periods of rapid internationalization, such as those that characterized the period between 1870 and 1914.10 Thus the conference discussions reflected the dramatic impact of recent technological revolutions on global interaction and communication while at the same time reflecting an awareness of the more sophisticated understandings of the non-deterministic and potentially reversible nature of the dramatic process of economic globalization that emerged in recent years.

Within this general context for understanding globalization, the former President of Mexico, Ernesto Zedillo, in delivering an overview of the “Zedillo Report on Financing for Development”11 drew on the main points of the contemporary debate by raising three questions:

1. Can modern globalization be stopped or even reversed?
2. Would poverty and the inequalities that currently exist be worse without the level of globalization that had been achieved so far?

---

(3) Can the world improve upon its hitherto questionable delivery of welfare to the poor?

In reply to these questions Zedillo argued that globalization is a reversible process. As he noted in his verbal presentation:

From practical experience I believe modern globalization has been brought about by the decisions, policies and actions of nation states. If it is the case, then globalization is not irreversible, but highly vulnerable to such decisions, policy and actions. And if this is the case, critics and opponents of globalization have to be taken very seriously. Theirs is not a lost cause.

On the second question he was considerably more upbeat about globalization:

[Without the process of integration and interdependence (not only economical) that has occurred during the last half century, ours would be a much worse world for most people and a better one for hardly anybody. No country has ever raised the living standards of its population at large and reduced poverty significantly without achieving sustained economic growth and no country has ever achieved sustained growth in a closed and non-market economy. No country has ever developed without engaging in international trade, which means engaging in globalization.

According to Zedillo, ‘globalization [which he sees as openness to international trade and investment] presents opportunities that hardly any other arrangements can provide.’ However, he was also of the view that the global policy community ‘should and can do better and [provide] more than what has been so far delivered...[and that] globalization can be tamed and should be changed’. There are dramatic inequalities, but in order to fight those inequalities, we need more and not less globalization and interdependence, he argues. The real enemy is not globalization but inequality in the access to opportunities. Providing opportunities is the key. With well-financed social policy, polarization can be reduced. For people in developing countries, there are two pillars to improving access and policy effectiveness: appropriate domestic policies and enhanced international cooperation.

According to Zedillo, the primary responsibility lies with developing countries themselves. Reform requires good democratic governance, which means observance of political and human rights, but also sound economic policies. For many developing countries achieving these conditions is not only a question of will but also of institutional capacity. Many countries, usually the poorest ones, still lack
institutions capable of implementing the necessary actions. Thus a major inter-
national effort should focus on capacity-building in these areas. Those countries
need more and better assistance from the international community. Industrial
countries, in return for advances in institutional and governmental capacity in
developing countries, must facilitate private capital flows, increase their amount
of development assistance and open up their markets to developing county
exports. Foreign assistance still gets too little public and political support from
the industrialized countries. Developed country publics, Zedillo argued, still
believe that poverty outside their borders has little or no consequence for their
own well being. In a theme to be returned to later in this report, Zedillo noted
that the lessons of September 11 are proving exactly the contrary argument.

Again, picking up on what was to become a recurrent theme of the conference,
Zedillo noted that international economic governance had failed to keep pace
with the growth of international economic interdependence. ‘We suffer from a
deficit in global governance across the policy spectrum, not only on purely eco-
nomic matters.’ This deficit has grown to dangerous proportions, precisely at the
time that global trade and financial flows have expanded more rapidly. This is
a particularly acute concern in times of synchronized recession. Political leaders
have not gotten together to discuss, in any meaningful fashion, how to deal with
any such downturns. For Zedillo, this means that we do not have in place the
right structures of global economic governance.

In contrast to Zedillo, the other major speaker in this section of the conference,
John Gray sees globalization as an irreversible process. Gray likely came to this
conclusion precisely because, unlike Zedillo, who is a Yale trained economist, he
is a philosopher by training. According to Gray, globalization should be thought
of not simply as embodied in the current economic regime, but instead as simply
a phase in worldwide industrialization, driven by new technologies (i.e. the trans-
formation of space and time, the telegraphic revolution since 1873, etc.).
Globalization for Gray has been in train since the 19th century. With the excep-
tion of environmental catastrophe, he believes, it is unstoppable and irreversible.
Defined in this way, as worldwide industrialization, globalization, according to
Gray, could cause huge social, political, and even military upheavals.

Globalization is, at the same time, a liberating and unsettling movement. Gray’s
understanding of globalization then does not need to be embodied in any eco-

---

12 Professor of European Thought, London School of Economics, author of False Dawn: The Delusions of Global Capitalism,
nomical regime; it was not in the past and it is not going to be in the future. But it does have four identifying features which, especially in light of September 11, will have to be coped with in the future:

(1) the interaction between the diffusion of new technologies and asymmetrical warfare;
(2) the interaction between globalization as world-wide industrialization and competition for non-renewable resources;
(3) the collapse of state power (In many part of the world, there is no or hardly any existing state at all, or only criminal elements. Hence war itself can no longer be adequately theorized as being simply between states. The activities of global criminal elements cannot simply be curtailed by the activities of one state or another);
(4) the rise of fundamentalism, which paradoxically needs to be seen as an aspect of ‘modern’ life.

In this context Gray expects that the 21st century will be no less a stranger to dramatic swings and events than was the 20th century. He, like Yehuda Elkana, reaffirmed the importance of abandoning the idea and definition of globalization in terms of one ‘universal civilization’. ‘It has been a feature of globalization—Gray concludes—to think of it in terms of a universal civilization’ just as Mill and Marx intended, albeit in their different normative ways of course, to portray industrialization. These universalizing or totalizing assumptions are in need of review. Rather, we should think more modestly about the nature of human understanding. In doing so, however, it is also necessary not to fall into the trap of simply assuming two opposite (modernist and anti-modernist) fundamentalisms. Echoing Elkana, Gray argued that:

Globalization is inherently ambiguous, with potential for good and bad. Let’s resist the two opposite views, on the one hand the view that ‘globalization is not progressive enough’ and on the other the view that ‘globalization has to be reversed.

At first, the presentations by Zedillo and Gray appear to be in dialectical opposition to one another. To accept this reading would be a mistake commonly made in the earlier days of polarized understandings of globalization. The key to reading them in the contemporary era is to focus on the different starting assumptions of their definitions of globalization. Zedillo, the economist with his understandably neoclassical view of the benefits of liberalized international trade and finance sees, correctly, that progressive openness brings enhanced aggregate welfare. Gray, with a more reflective politico-philosophical view of
globalization asserts, implicitly at least, that good economic theory may not always be good politics.

The positive economistic (Schumpeterian) understanding of ‘creative destruction’ also needs to be read through the eyes of another great economic historian, Karl Polanyi, who identified the seriously destabilizing socio-political effects that the creation of winners and losers in this process of creative destruction can have. This second understanding was effectively lost throughout most of the post-World War II economic era, and especially during the market fundamentalist decades between 1979–98. Although the importance of an embedded liberal approach to the management of the global economic order was well understood in political science, this more complex and sensitive political economy reading of the impact of unfettered fundamentalist capitalism (as opposed to more measured liberalization) only regained true public currency following the Asian financial crises of 1997–98. And this was only after it found a voice in the guise of some influential American policy economists.

Part III – Social Values and the Global Market

From the vantage point of the initial discussions about the role of global knowledge in Panel I, and the recognition of the complex, contested and multifaceted nature of globalization aired in Panel II, the conference was able to move on to discuss the nature of socio-political values that need to be incorporated into any discussion of the market-driven processes that have been at the heart recent globalization trends. The conference organizers also recognized that this would inevitably be an exercise in normative theory and policy analysis. Thus this panel tried to address the extremely difficult question of how to combine social values with the global market. Recognizing the vastness of the topic, panelists were asked to focus on one aspect of the contemporary policy debate, namely how to identify and provide a series of global public goods. This approach, of course, begged a number of prior questions about the nature of global public goods, such as questions of definition, who should pay for them, and who should deliver them. Naturally, the session also placed a certain emphasis on the issue of

---

security, which as a generic public good, is becoming rhetorically more important at the same time as it becomes increasingly more difficult to define.

Starting from the broadest of definitions, Susan George\textsuperscript{16} introduced the idea of a Planetary Contract to be financed through a new global Keynesian strategy.\textsuperscript{17} This Contract would include a range of commitments:

(1) environmental renewal and the uses of clean technology and renewable energy;
(2) anti-poverty measures insuring a dignified life for all;
(3) democratic conditionality to foster democracy and to ensure the inclusion of civil society;
(4) a municipal budgeting process, as discussed at the first Global Social Forum in Porto Alegre [Brazil], which could be a new model for the redistribution of resources.

The Planetary Contract would go to a new institution rather than a revamped World Bank or IMF. It would be financed through a multifaceted Keynesian strategy made up of the following:

(1) Official Development Aid (ODA);
(2) income growth;
(3) debt cancellation (democratic conditionality would apply to the waiving of debt repayments to the North);
(4) the closing down of tax heavens;
(5) Tobin-type taxes on currency and other international financial transactions;
(6) international taxation on cross-border corporate mergers and acquisitions;
(7) the levying of a ‘Unitary Profits Tax’ on transnational corporations;
(8) the Soros proposal concerning Special Drawing Rights (SDRs).

On the same panel as Susan George, Zsuzsa Ferge\textsuperscript{18} identified the importance of creating consistent definitions of global public goods and the often incongruence present in the definitions brought forward by various international organizations. In her presentation she took three definitions and demonstrated the manner in which they are generally concerned with how to limit damages to rich countries. In effect she was

\textsuperscript{16} Associate Director of the Transnational Institute, Amsterdam, and Vice-President of the Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC) France.
\textsuperscript{17} Susan George’s paper The Global Citizens Movement: a New Actor for a New Politics, can be found at http://www.ceu.hu/cps/globconf/susan_george.rtf.
\textsuperscript{18} Professor of Sociology, Department of Social Work and Social Policy, Eötvös Loránd University, Budapest.
arguing that the struggle over the definitions of global public goods revolves around an understanding of the different needs of developed and developing countries.

In the first definition—the one elaborated by the UNDP in its study, *Global Public Goods: International Co-Operation In The 21st Century*—public goods are meant to include ‘knowledge and information, public health, the environment, human rights and market efficiency, [which] have been undervalued and mismanaged by institutions and governments’. The second definition, from the UNED Forum (Earth Summit), is similar except for: the inclusion of the adjective *global* to accompany environment and international financial stability; the replacement of *public health* with *health*; and the replacement of *human rights* with *humanitarian rights*. The third definition comes from Zedillo’s *Recommendations of the High Level Panel on Financing for Development* which says that ‘international development co-operation should care about providing or preserving the supply of public goods’. It is interesting to note which ‘goods’ fall under this definition: peacekeeping activities; not health or public health, but ‘prevention of contagious diseases; not environment but ‘research into tropical medicines, vaccines and agricultural crops; the prevention of CFC emissions; the limitation of carbon emissions; and the preservation of bio-diversity’. This third definition reflects, more than the first two, the specific needs of developed countries. All definitions accept the assumption that what distinguishes public goods from private or club goods is their non excludability.

For Ferge, all these definitions offer some concerns for societies in the process of transformation in general and in Eastern Europe in particular. For example, in the norms set up by the EU for the provision of social security, there is a clear contradiction. The basic values that the EU professes for itself are not mentioned in its definition of what other countries should do. The liberal agenda proposed by the EU advocates wide-scale privatization, which recent experiences tell us is likely to exacerbate the disparities between social groups and countries. Social security is a different concept for current EU member states than for those countries involved in the enlargement process. It exhibits a clear double-standard policy and creates pressure on poor countries. Ferge demonstrated the degree to which recent data on the relationship between economic growth and the rate of poverty in certain Eastern European countries reflects the emergence of a two-tier market in social security, where access to so-called public goods is, in effect, determined paradoxically in part by the ability to pay.19

In his presentation, Morten Ougaard\textsuperscript{20} focused on the relationship between values and decision-making. His theme was how to choose between competing claims that are made about the most pressing needs and priorities in terms of public goods. One option, he suggested, is to focus on some basic universally accepted ethical principles. This, for example, was the goal of the 1995 Commission on Global Governance, which relied on such core values as the respect for life, liberty, justice, equality, mutual respect, caring and integrity.

The downside of such a general and discursive approach is that it is of very limited practical relevance for the issue of ‘how to make decisions’. While there is an emerging consensus on many development goals, as epitomized by the Commission on Global Governance, this consensus is not universal. Highly contentious issues still exist and this is why we need decision-making arrangements through which these issues can be worked out and where compromises can be shaped. As the international system is currently constituted, international decisions are made according to five principles:

(1) \textit{Via the use of state power, military power and/or economic power}: The more power one has the more interests they are likely to have. This is formally recognized in the UN Security Council’s structure, the weighted voting of the IMF and the World Bank, and the existence of such exclusive bodies as the G7/G8;

(2) \textit{Via the primacy of state sovereignty}: with a one state one vote principle. This principle is recognized in the UN General Assembly and, formally if not practically, in the WTO and in many other inter-governmental institutions;

(3) \textit{Cooperative principles of inter-group representation}, which is adopted for representatives of labor and trade unions in a body such as the International Labour Organization (ILO). This approach has also been increasingly harnessed by civil society organizations;

(4) \textit{Adoption of the principle of expertise}: This finds outlet particularly with scientific expertise, which has been adopted in a number of international organizations (cf Stone’s presentation);

(5) \textit{The democratic principle}: one person, one vote. Internationally, we only find it strongly expressed in the EU Parliament. This principle is strongly challenged by at least 2 theoretical arguments: (a) democracy is not relevant beyond the nation state and (b) democracy is a culturally specific, Western principle.

\textsuperscript{20} Senior Associate Professor, Copenhagen Business School.
Ougaard makes the case for some application of the fifth principle for deliberation on the provision of global public goods. He rejects the two criticisms as they are traditionally applied (a and b above). He points out that the majority of world’s population live in democracies of one form or another, including two billion people in Asia, Africa, and Latin America. Western cultural specificity is a dwindling reason for not staking out the high ground for democracy. There are viable democracies outside the Western world. Secondly, democracy is relevant beyond the nation state. There is now a strongly emerging normative debate about the issue of how to democratize globalization; but even without arguing theoretically, we can say that when we define global public goods we assume a global public. If that is the case then, who else apart from the global public should make decisions about global public goods?

By taking democratization as the leading principle, there are two main directions in which changes could occur to make the decision-making process more democratic. The first way, also drawing on the principle of state sovereignty, is to give more representation and power to developing countries in formal decision making fora. The second way is to rely more on the democratic principle, building upon the existing community of democratic associations, and by strengthening the role of international parliaments. These may seem, at first, to be contradictory suggestions. Globalization, it is often argued, is undermining the sovereign policy making autonomy of the nation state and policy needs to adjust to these structural imperatives. But the backlash against globalization is only likely to be contained if those billions of citizens around the world who feel marginalized by its effects are progressively given a voice in decision making at the global level. In the absence of a cosmopolitan nirvana, this representation is only likely to occur via the adaptation, and indeed enhancement of, the role of the sovereign state. The modern state is neither withering away nor disappearing under globalization; instead, globalization is simply a process of transformation and adaptation.

Nick Drager’s empirical presentation on globalization and health offered a practical endorsement of Ougaard’s macro theoretical disquisition on global decision making. As Drager argued, ‘the road to improved local health in today’s globalizing world needs—in addition to solid domestic health sector

---


23 The full text of Drager’s presentation, Globalization and health – risks, opportunities and actions can be found at http://www.ceu.hu/cps/globconf/drager.rtf.
policies and practices—to scale up cross sector and cross border actions'. In particular, he focuses on the link between health and trade and describes the combined efforts of the WHO and WTO in this field. Decision-making in specific policy sectors needs to become more global. At the moment, globalization affects health in four ways:

1. by increasing the exposure to health risks;
2. through income and price effects on the inputs and resources needed to deliver health care services;
3. through the level and distribution of household income and the ability of people to pay for key inputs to health such as food, shelter, medicines, and so on;
4. through other key sectors such as education and water supply.

Using this framework, Drager highlights both risks and opportunities globalization poses for health. The world's increasing "interconnectedness" spreads new health problems. Increased movements of goods and peoples puts stress on global disease surveillance and control systems to detect new and reemerging communicable diseases. Yet at the same time globalization holds new opportunities to improve health that need to be seized. There is growing recognition that health is a necessary down payment for economic growth and development. Without health, people cannot study, work, or lift themselves from poverty, much less offer new markets for global goods and services. In point form, the risks are fourfold:

1. being disconnected from global markets;
2. increased private ownership of knowledge, with impacts on technology transfers;
3. the migration of health professionals;
4. the cross border transmission of diseases, environmental degradation and conflict—all of which indirectly effect health.

The opportunities, effectively the reverse side of the coin, are also fourfold:

1. better connection to global markets,
2. new market incentives for research and development for diseases that affect the poor,
3. new resources to scale up existing effective interventions,
4. a wider dissemination of useful knowledge, and the evolution of new global health rules to help control cross border and global diseases.
The WHO has embraced six principles that support this cross-sectional collaboration to improve global health policymaking:

1. Growth needs to be inclusive, equitable and sustainable;
2. Openness should be gradual, sequenced and paced;
3. There should be an increased production of global public goods for health;
4. A major increase in the transfer of technical and financial resources to those most in need is vital;
5. Proposition four must be accompanied by solid national health policies, institutions, regulations and public health programs;
6. Public health practitioners must increasingly engage across sectors and across borders.

Drager concluded by re-affirming the need for cross-sectional policies: ‘We can only make partial progress in turning globalization into a positive force for promoting the health of the poor. To accelerate economic development and reduce poverty, health investments must be combined with accelerated debt relief, greater market access for the LDCs, and peace and conflict resolution. Only through cooperation at the national and global levels can we ensure that globalization contributes towards a just society and fulfils its promise for this and future generations’.

In the final general presentation on the nature of global public goods, Elmar Altvater focused on the growing concern with human insecurity as a consequence of globalization. According to Altaver, human security should be seen as a comprehensive concept which includes human rights concerns as well as human development. There is no human development without the provision of what we might call both ‘hard’ and ‘soft’ public goods. Hard, or material, public goods include education, health and water supply. In the less tangible, but no less significant form we can also identify factors such as financial stability, trust and integrity as public goods.

Altvater identifies the process of asset privatization—that has accompanied trade liberalization and financial deregulation as the core of globalization—as the major reason for the underdeveloped state of contemporary global public goods. The developed countries and the major international organizations have assisted in a wave of privatization projects in developing and transition economies that have proved unnecessarily corrosive of state structures in many instances. Altvater also identifies the lack of global public goods as one of the
major expressions of contemporary global inequality. While some people can access these goods by private means, the majority cannot afford to buy them privately (note Ferge’s discussion of a correlation between the level of GNP and the level of poverty in Eastern Europe and its implications for the access of the poor to ‘hard’ public goods). For Altvater, globalization is unequal not only in its distribution of income but also in its distribution of access opportunities to these public goods.

Financial volatility and instability represent the major missing soft or intangible public good adversely affecting developing countries. Crises will always be present because the way financial markets work is by discounting the uncertain future. Volatility is the base for speculation, which might on occasion prove useful as a vehicle for securing market equilibrium. But on too many occasions, as Altvater notes, it causes too much collateral damage to the populations of the countries affected, as we have witnessed in Mexico, Russia, Argentina, Turkey and the states of Southeast Asia. This will continue to occur because of volatility and speculation. We must, Altvater argues, strive to reduce the volatility of financial markets in order to create the public good of financial stability.

In similar vein, a related public good that Altvater identified is ‘financial market integrity’. For example, the widespread money laundering activities in the monetary system threaten financial as well as international political integrity. Before September 11 (when money laundering suddenly became a security issue as well as an economic one), the IMF believed that up to five percent of world GNP was laundered, resulting from criminal and illegal activity (drug trafficking, prostitution, trafficking of organs and other illicit activities). Prior to September 11, a blind eye was often turned to the role of the legal institutions (banks and other forms of financial institutions) in laundering this money. One positive outcome of the attack on the World Trade Centers may be a much more concerted attempt to control such activities.

In the second case study, which took a country-specific rather than issue-specific approach, Shalini Randeria introduced her discussion of global public goods with reference to the experience of India. She focussed on the concept of ‘de-territorialisation’ and the problem of local commons. De-territorialisation is a clear aspect of the globalization process, especially in the North where many people have multiple citizenships. By contrast, in parts of the developing world, such as eastern India, many people have no citizenship rights at all.
This absence of citizenship rights is explored in her discussion on the struggle of activists in eastern India to protect the local commons against the activities of large multinational corporations—such as Rio Tinto, and the agricultural policies of the World Bank (especially the establishment of shrimp firms)—that have effectively displaced large segments of the local population. Randeria demonstrates how it is access to local common property (and the social networks that cultivate them) that is an essential prerequisite for the survival of the very poorest members of the community. But in the last ten years, their access to the local commons has shrunk much further. The state has acquired large areas of land to be utilized by private corporations, either Indian or transnational. For many, this has disrupted an entire way of life, including the displacement from their communities. Randeria considers this displacement a death sentence.

In addressing the conference theme, Randeria asked what ‘reshaping globalization’ would mean for the poor in eastern India in particular and, by extension, for much of the developing world in general? It means, she said, thinking about what cannot be commodified and privatized. There must be limits to globalization and certain things should not be globalized. We cannot address the issue of global public goods if we are not able to protect local economies from privatization. The global commons and local commons need to be addressed together. The traditional anti-globalization emphasis on the international institutions, especially the World Bank, IMF and WTO, tackles only half of the story. The other half, she said, is how to make states more accountable to their people. Grassroots movements are not only fighting the international institutions, they are questioning the policies of certain state governments, such as India’s, even more. When activists raise issues in the US Congress or with the international institutions rather than, say, the Indian Congress, they effectively undermine the power of their state. In a manner not dissimilar to the argument raised by Ougaard, Randeria suggested that globalization has contributed to an image of the state that pretends to be less powerful than it actually is. This leads to what she calls a ‘dance of donors and dependent states’. On the one hand, states say that they are powerless. On the other, the IMF and WB say that they too have no real power, as only states have it. Every power holder conveniently claims powerlessness when it is in their interests to do so.
Part IV – Vulnerability of Developing Countries

In this panel, the conference focused directly on the vulnerability of developing countries. To do so, a series of presentations were made which addressed issues raised in the UK’s Department for International Development (DFID) White Paper: Eliminating World Poverty: Making Globalisation Work for the Poor.26 A presentation of the findings of the report was made by Catriona Lang.27 Accepting the conference organizers’ invitation to examine some wider questions on social justice and Southern opposition to the criteria of globalization elaborated by Northern countries (as set out in the White Paper), other panelists presented a set of robust criticisms of the White Paper and a number of alternative perspectives.

Ms. Laing started by suggesting that ‘the international community agreed upon certain targets to reduce poverty, increase access to education and reverse environmental degradation. The White Paper takes these targets as a backdrop and combines them with the implication of globalization for achieving these targets’. She said that more people have alleviated themselves from poverty in the last 25 years then in the whole of human history. Life expectancy had risen dramatically, growing from 46 to 54 since 1950. All other indicators (such as mortality rates or the supply of drinking water) have improved, including an 80 percent education enrolment. However, one in five people still live in poverty. The UK government thinks that the targets set up by the international community are achievable, but up to now progress has been realized only in certain areas (South East Asia mainly) while Africa remained the greatest worry and challenge.

The White Paper adopted a broad definition of globalization as ‘the great interconnectedness and interdependence of the modern world’. It is not a new phenomenon, but the trend has clearly accelerated since the end of the Cold War. Increased movement of goods, services, and people across national borders, and technological advance, have resulted in a more integrated world economy. The core argument of the White Paper was not that globalization is something that is either good or bad, but a process that creates unprecedented opportunities as well as also real risks that need to be managed. Access to knowledge, technology, goods, capital, and markets, is the basis for economic growth, without which the reduction of poverty is impossible. Poor countries have to be made part of the global economy in order for them reduce their state of impoverishment. Otherwise, they will become even more marginalized. ‘The future is a matter of political will; that is, it is in our hands’, said Ms Laing.

26 The DFID White Paper can be viewed at http://www.globalisation.gov.uk/
27 Deputy Head, Prime Minister’s Forward Strategy Unit, Government of the United Kingdom.
The White Paper argued that the countries that have been more successful in reducing poverty are those that have increased economic openness. The evidence gathered shows that on average the poor benefit from openness as much as the rich. There is no evidence that trade openness systematically increases inequality. What is important is the sequence of economic reform. There has been a catching up globally. Since 1990, the majority of the world’s third world population has lived in places where economic growth has been faster than in the OECD countries. This, of course, was due mainly to China’s galvanized economy.

According to the evidence collected, Laing concluded that in order to reap the benefits of globalization a combination of effective government and efficient markets is needed. ‘Markets are important, but the fundamentalism of the 1980s has been discredited, so we must have effective governments as well as markets. First, we need more accountability, more voices of the poor. Second, we need action at the national as well as the global level. We have to look at human development, environment policies, etc. and not only at strictly economic growth’. As for trade, the White Paper supports the WTO and fair decision-making procedures, such as consensus-seeking and accountability, and broader multilateral agreements.

The first critical reaction came from Leslie Sklair, according to whom the dominant neo-liberal ideology has monopolized the concept of globalization and was reflected in the UK Report. But the silent qualifier for him was that we should talk about capitalist globalization. What, he asked, is the nature of the capitalist global system? It is one driven by multinational capital with 70 of the world’s largest 100 economic entities being multinational companies. It is they, he argued, who drive the cultural ideology of consumerism. This ideology of consumerism connects people in all parts of the world with the real power held not by national governments but by a political class. This class is, in effect, an alliance between the corporate fraction (TNCs) and the state fraction (globalizing bureaucrats and politicians). In a wide-ranging commentary, Sklair argued that it was this alliance that has led to events as disparate as China’s accession to the WTO while Brazil’s globalizing bureaucrats and politicians struggled against local groups over the production of soya beans. Also crucial to the homogeneity of this class are the increasingly globalized professionals and owners of the means of communication in the media.

In Sklair’s world, the poorest sections of the world’s population are increasing in terms of poverty while the richest are richer than they have ever been before.

---

28 Reader, Sociology Department, London School of Economics.
Thus the only alternative for Sklair is the globalization of human rights, which means a transformation of liberal ideology into revolutionary rights for economic and social progress for all—through only non-violent means. In his words, we should ‘go back to the myth of democracy’.

More grounded on the issue of the global public good of financial stability, Marcus Miller’s presentation addressed two main points: (i) George Soros’s concern that financial markets are “unstable”, and (ii) his own concern at the lack of adequate international institutions to handle such instability.

Soros’s concern with instability follows from his use of the concept of reflexivity to characterize financial markets: in his draft report, he writes: ‘reflexivity provides a better conceptual framework for understanding how financial markets function than the concept of equilibrium’. It should be said that economists observing instability in financial markets use an approach which is quite close to that of Soros—namely that markets may be characterized by multiple equilibria. While the orthodox, equilibrium approach postulates that the downward-sloping demand curve crosses the upward-sloping supply curve at only one price, the multiple equilibria approach allows for multiple crossing when the demand curve has a range in which it slopes upwards. A classic example arises in the theory of banking where, in the ‘good’ equilibrium, banks successfully provide finance for time-consuming projects; but in the ‘bad’ equilibrium they collapse when deposits are withdrawn in a ‘bank run’. At the national level, institutions such as deposit insurance and the lender of last resort, have been created to prevent creditor panic of this sort and select the preferred equilibrium of financial stability.

At the global level, however, the institutional framework for ensuring financial stability is clearly inadequate. Miller agreed with Soros on this point and, to illustrate it, instanced the case of Argentina which, at the time, was still on a currency board system with a one-peso-one-dollar peg, but under tremendous pressure to devalue. It appeared that Argentina needed to write down its external debt, but there was no mechanism in place to do this in an orderly fashion.

According to Miller, the key features of debt workouts under national bankruptcy rules (such as Chapter 11 of the US Bankruptcy Code) are (i) stopping a grab race; (ii) financing reorganization; (iii) restructuring debt; and (iv) restraining...

---

29 Professor of Economics and Director of Graduate Studies in Economics at the University of Warwick.
30 Soros, G., Draft Report on Globalisation, p. 17
31 As Thorsten Veblen’s theory of luxury goods would predict.
‘hold-out’ by appropriate voting rules. To avoid the chaos facing sovereign states like Argentina, which are unable to service their debt, he advocated the creation of an international bankruptcy court.32

According to Walden Bello33, whose role in the panel was also to provide a critique of the UK White Paper, globalization is seen on paper as an automatic mechanism for prosperity, growth and the reduction of inequalities. But, as he noted, the damage that can be caused by liberalized capital flows, are not recognized. The disruption, so evident in the major financial crises of the closing years of the 20th century, was absent from the Report. Bello argued that the Report did not represent a breakthrough in thinking. ‘I do not see—he said—any change in the paradigm of the Report: more liberalization, integration... and to get governments to take actions to make markets work properly’. He also contested the data in the Report, arguing that there is a large number of other bodies of research that show a correlation between liberalization and poverty, inequality and stagnation and that even the World Bank has stated that a country’s openness to trade magnifies its vulnerability to trade. In Eastern Europe, as well as in South East Asia, the number of poor has increased because of liberalization, Bello argued.

He was also critical of the meager attempts to reform the global financial architecture (GFA). The only result of that debate since the Asian financial crises has been the creation of the G20 and the Financial Stability Forum (FSF), albeit with no representation from poor countries. In the four years between 1997–2001, only US $1 billion of global debt was cancelled. Structural adjustment programs remain the same, with their focus on liberalization and openness. The HIPC initiative, according to Bello and others such as Jubilee 2000, is a failure. NGOs have been ignored in all these processes. The abortive WTO ministerial meeting in Seattle was supposed to change its decision-making procedures, but this did not happen, Bello argued. The outcome of the Doha Ministerial Meeting, notwithstanding that it is supposed to signal the start of a new ‘Development Round’, supports his argument about the non reform of the decision-making processes within the WTO. Bello saw the global recession as the greatest condemnation of globalization. The idea that capitalism can progress forever was an unlikely proposition, he argued. Structural imbalances have been built up.

---

32 In November 2001, Anne Krueger, First Deputy Managing Director at the IMF, unveiled her own plan to give countries with unsustainable debts legal protection from their creditors while they negotiate with them. (See IMF Survey, Vol. 30, No. 33 at www.imf.org/imfsurvey.)

33 Director of Focus on the Global South, Bangkok, Thailand and Professor of Public Administration and Sociology at the University of the Philippines.
Coming from a different ideological and disciplinary background than Bello, László Csaba did not qualify globalization as an evil process. World GDP per capita has increased dramatically, he argued. The major risks do not come from globalization but from those that are left out of it, such as computer illiterate and poorly educated people who lack the means with which to take part in the global economy. ‘The fundamental divide is between those who participate in it and those who are left out’, he said. But, like Bello, he identified many failures of the contemporary era: failures of environmental policies, of secularization and industrialization, and of development policies. He saw these failures not as a problem of resources, but of resource allocation.

Ivan Krastev’s discussion on corruption, which followed Csaba’s presentation, tended to reinforce the last point. Krastev demonstrated how global efforts to fight corruption (anti-corruption coalitions) might in fact be misdirected, since they fail to take into account local perceptions about corruption and what these perceptions mean politically. Perceptions, not ideology, matter as to how people in transition economies understand corruption, he argued. Indeed, perceptions condition reality. But Krastev’s picture is more complex. Perceptions about corruption need to be broken down. Corruption needs to be seen through the lenses of those who are corrupted and those who are the perpetrators of corruption. The concept of corruption that came out of the World Bank and IMF agenda was constructed in a very illogical way, he argued. The agenda initiated by the international institutions in the mid 1990s assumed that the basic cause of corruption was the presence of interventionist welfare states. Using this logic, weak states would be less likely to be corrupt than big governments. Less state should mean less corruption.

But, as Krastev noted, this assumption is thwarted by many empirical cases in Central and Eastern Europe, were vast amounts of money were spent on bodyguards and security in order to compensate for a non-existent state. Drawing on public opinion data from his native Bulgaria, Krastev identified several key dynamics in the perception of corruption:

(1) There is a weak correlation between the personal experience of corruption and the claim that corruption is pervasive in one’s own country. People are more tolerant of institutions they know than those they do not;

(2) It is not the new middle class that complains about corruption, but the old middle class, who have become poor and now think their poverty, lost status
and marginalization are a result of corruption. Therefore, their perception of corruption is actually one of social inequality;

(3) The problem with globalization is that there is a divergence between what international organizations think are the tools of anti-corruption policy (transparency, fairness, opening of institutions, accountability and so on) and how local people perceive corruption.

Most importantly, there is a political cost accompanying these misperceptions of corruption. Transparency policy can be introduced, but in the eyes of the population you are not fighting corruption at all. According to some definitions of corruption, it is the states that are corrupting policy; other definitions claim it is the markets that are corrupting policy. It is here where the link to the global institutions can be found. The link between corruption and the interventionist state that is influential in international institutional policy circles, is not one that is readily believed to correspond with local realities. This impasse presents major problems for future policy reform.

**Part V – Making the Global Trading System Work**

Building on much general discussion and allusion to the WTO and the international trade regime in earlier sessions of the conference, this panel specifically addressed the question of how to make the Global Trading System work. The panel started with a presentation by Padmanabha Gopinath, Counsellor to the Director-General of the International Labour Office of the International Labour Organisation. The focus of his presentation was the context in which to secure an open trading system rather than its content. The ILO, as he noted, is the only international organization at the multilateral level that represents a major element of civil society as well as governments. Moreover, it has a constitutional obligation to promote international trade in consonance with human dignity and social equity.

Gopinath argued that employment (central to social equity and poverty) has not been directly addressed in the poverty reduction policies of the World Bank in any systematic manner. The notion of work and employment as a public good has not received the same attention as the protection of the environment or the production of food. This is despite the fact that two billion people remain unemployed. The global policy community must pay more attention to the issues of both the quantity and quality of employment. Preoccupied with the advancement of trade policy at the multilateral level, generalized policy prescriptions emanating from the international policy community ignore what happens within countries: the level at which trade policy directly impacts the lives of people.
A lacuna identified by Gopinath at the level of international policy coherence is to be found in the absence of any common coordinating mechanism to bring together conflicting policy prescriptions among the various Bretton Woods institutions on the one hand, and the UN system on the other. That said, there has been some progress. For example, in the last few years at least two important areas of consensus have been reached between the WTO and the ILO. First, there is a growing consensus on what labor standards should be, especially with regard to child labor. And second, there is growing institutional agreement that labor standards should not be used to negate competitive advantages, although there is still some debate as to whether they are in fact non-tradeable goods.

However, the ILO can and should do more. Gopinath argued that once a code of labor standards is accepted by states, it should then be systematically implemented at the international level. This would, in turn, require a much closer look at the creation of institutions to ensure the implementation of policy in terms of empowerment, participations, and social organization within states, rather than in the more traditionally laissez faire approaches that currently prevail. To this end, he illustrated the ILO’s new institutional facility on the social dimensions of globalization, which aims to bring together state and non-state actors, as well as international organizations, in order to promote dialogue.

But there are risks and constraints to the kinds of developments Gopinath envisaged. As James Howard pointed out, after September 11 a continuation of free trade is clearly seen by the major actors, and especially by the US, as part of the fight against terrorism. In this context, the perceived need to continue the promotion of the values under attack—human rights, democracy, security, the rule of law and the promotion of an open society—will make some states, and again especially the US, resistant to the more intrusive kinds of norm creation and institution building envisaged by Gopinath. The International Confederation of Free Trade Unions (ICFTU) is especially concerned with the exploitation of the events of September 11 by the conservative press.

‘We do not agree that the fast track, without strong labor, social and environmental standards and social security, can be part of the fight against terrorism’, Howard argued. In fact this was entirely the wrong lesson to draw. Resistance to reform would only lead to a strengthening of the present model of trade and globalization and a worsening of inequalities such as those between and within countries and between women and men. This would further reduce support for
the WTO from developing countries and from the broader public and workers in developed countries as well. The trade union movement supports a strong multilateral trade system and an effective and credible WTO; but Howard warned that the present negotiations, with an emphasis on expanding the existing rules to include other issues and sectors, could undermine the WTO in the long term.

The ICFTU was particularly concerned about the current lack of legitimacy of the WTO. Further erosion of this sense of legitimacy, Howard argued, must be prevented. The ICFTU offered a range of important initiatives to stem the declining legitimacy of the organization. The WTO should:

1. progress in all areas of concern vis-à-vis developing countries;
2. reform its obligations to make them more suitable for developing countries (in particular, a 30 year moratorium before TRIPs is implemented should be included);
3. address the question of the relationship between trade and core labor standards via the creation of a WTO ad hoc working group with the participation of the ILO;
4. create a review mechanism that includes less commercial considerations and pays more attention to such factors as gender and environment;
5. open up dispute settlements to public scrutiny;
6. address the rights of migrant workers;
7. clarify the relationship between its trade rules and the environment, human rights and safety in order not to privilege WTO rules against those other issues;
8. address the consultancy procedures between itself and trade unions and civil society movements.

In a quick and provocative review of the history of WTO failures, John Whalley asked whether the WTO really was ‘one of the jewels of post-war reconstruction’. According to Whalley, the idea that the WTO was an engine of growth because it lowers trade barriers is undermined by the fact that much of the liberalization actually happened unilaterally in the 1980s. If, he mused, liberalization has not been heavily the result of WTO/GATT initiatives, then it follows that the economic significance of the WTO is smaller than it might seem. It is good to foster cooperation, but the GATT, and now the WTO, have been vehicles for political cooperation rather than for economic improvement. Perhaps the

---

37 Professor of Economics and Associate Director, Centre for the Study of Globalisation and Regionalisation, University of Warwick.
lesson to draw, Whalley continued, is that the current standing of the WTO indicates how poor the level of communication between developed and developing countries remains. WTO conflicts reflect deeper controversies and the absence of other modes of communication.

In the relationship between the WTO and developing countries, developing countries ask for provisions that do not exist. This widens the concept of redistributive conflicts. All forms of terrorism are tied up with redistribution. In a situation where the bottom ten percent of the world’s population holds one percent of its income, violence all around the world has the same objective. Redistribution is the answer. If we address these wider conflicts, then the WTO, Whalley argued, can return to fuller health. But if these wider conflicts remain unattended to, upheavals will continue.

Shaun Breslin addressed a key issue in the current life of the WTO: the admission of China. China survived the Asian financial crisis, he argued, because it had not liberalized. Is it going to liberalize now? He pointed out that the day after China signed the agreement with the US, its rulers decided to implement new rules to protect the country’s trade, as the old ones could no longer be used. Moreover, accession to the WTO will change the economic geography of the wider region. It could mean huge gains for Hong Kong, but be bad news for the Philippines, Thailand and South Korea, all of which can expect to lose exports to China, Breslin argued.

As for the domestic dynamics of China’s entry, the main gains from the agreement would go to CCP leaders. Unemployment remains concentrated in the old industrial mainland. Poverty has increased for women in rural areas. There are still no meaningful social safety nets. The government is proactive in the cities, but unresponsive in the countryside. Moreover, with regard to China, we cannot talk of a ‘nation’ wanting to join the WTO. Looking only at the national level one misses the wider dynamic that is in train, he argued. It is more accurate to talk of local governments and multinational companies. For Breslin, as for Whalley, if the true long-term benefits of globalization are not to be retracted, redistribution must be focused on.

The panel closed by giving the WTO the last word. David Hartrige, Special Advisor to the Director General of the WTO, tried to deflect many of the criticisms. He resisted Bello’s description of the WTO as a double standard organization, where stronger countries push for trade liberalization or push for pro-
tectionism if it fits their interests. Contrary to what Whalley stated, Hartrige asserted that the WTO was indeed ‘the most successful exercise in the after-war period. It has delivered liberalization and peacekeeping... [and] accession to the WTO is a step forward for civilization’. Out of 132 WTO members, 100 are developing countries. He saw this as proof that they could have a greater say in present and future debates.

Such an argument, in the opinion of the writers of this Report, gives far too little consideration to the asymmetries of power, wealth and technical expertise available to countries in the WTO. It also assumes the facility for a higher degree of coalition building amongst the developing country contracting parties than is currently possible due to myriad technical, economic and, indeed, ideological-cum-political reasons.

Reviewing some key policy areas, he indicated the degree of difficulty that would be involved in negotiating agreements in any forum other than the WTO. Agricultural policy, for example, continues to be harmful to developed and developing countries alike, but the only place to discuss it is the WTO. He also suggested that the WTO is not as predatory as is often implied by the anti-globalization literature. In a direct challenge to comments made by Susan George and Waldon Bello, he argued that it is not true that a state can be challenged at the WTO for refusing to privatize public services such as health care and education. On health, education and water supply, no state has made any commitment in the WTO. The Organization is not forcing deregulation of water supply or education, he argued. Hartrige was empirically correct to argue that a government providing health and education on a universal basis is not in competition with anyone and that, to date, there has been no challenge to a state in the WTO to open up these sectors. He is also correct to point to the theoretical desirability of using liberalization strategies to upgrade weak public services and capacity building in developing countries.

But in phrasing his reply in this way, Hartrige missed the point of the critics and demonstrated the yawning gap that exists between civil society critics of the WTO on the one hand and in-house members of the global trade policy community on the other. He was not the only person in the room for whom there was no meeting of minds and no quarter in the conversation given. But what he and his critics reflected was the different philosophical and ethical underpinnings of their analytic and policy positions. ‘Rational’ economic analysis, of the kind that drives the officials’ trade debate, may be good economic theory, but it is invariably poor socio-political analysis. It misses the key point of critics of the WTO...
about the asymmetries of power that developing countries face in their dealings with international corporations wishing to globalize their enterprises. Whether or not globalization can deliver better services to the developing world is not the chief issue for many developing country leaders and civil society movements. This is so because they feel that the liberalization of trade in services is but one more stage in the globalization process with which they are ill-equipped to deal and for which the WTO is seen as an instrument of its advancement. The issue for developing countries is their lack of power in the organization. It is technically accurate, but politically misleading, to conclude as Hartrige does that the WTO is ‘only a set of rules’, albeit imperfect ones.

Chapter VI – Dilemma of Security and Freedom in the Global Context

An unavoidable topic for a conference taking place a month after the attacks on the World Trade Center was that of the ‘dilemma of security and freedom in the global context’. Tom Spencer focused on the effectiveness of civil society after September 11 and how the debate has changed. ‘After that shock, one must reexamine some fundamental assumptions about globalization’. For instance, in talking about the causes we should discern differences between anti-globalization, anti-capitalism and anti-Americanism. ‘It did not matter before, but it matters now’, he argued. In his view, we have an opportunity for a new synthesis between the pro- and anti-globalizers. ‘It will advance the debate on governance and the creation of new institutions’, he said. ‘The events also cause us to review the secular assumptions with which we look at globalization. The future of civil society has to change after September 11’.

For Walden Bello, the post-September 11 priority was to analyze why it happened and what the consequences of it might be. Analysis, he said, should not be confused with a rationalization or justification for what took place. The worst mistake would be to consider what happened as completely irrational. The terrorists had clear political purposes. They wanted to challenge the two pillars of US policy in the Middle East, namely: (i) the maintenance of unrestricted access to Middle East oil, and (ii) Washington’s unquestioned support for Israel. Bello noted that the reaction in the South was two edged. There was clear horror and near universal condemnation of the attacks, but also the feeling that what happened was very understandable.

39 Executive Director, European Centre for Public Affairs, United Kingdom.
In similar vein to Bello, the principal speaker on this panel, Andrew Mack commenced his remarks with a reference to what New York Times journalist Thomas Friedman called the ‘Yes But Syndrome’. This refers to those people that say ‘yes the crime was horrific, but we need to understand the conditions that give rise to it’. ‘To many Americans all of this sounds like an attempt—at best naïve, at worst despicable—to blame the victims’, Mack said. But these arguments, he went on, fundamentally miss the point. The issue is not an ‘either/or’ one, but ‘both’. Seeking to understand the roots of political violence does not mean excusing it, but it is vital for long-term prevention.

Combating terrorism, indeed all forms of political violence, also requires a two front strategy. First, the terror network must be penetrated and neutralized, a task more akin to eliminating transnational criminal networks than fighting a conventional war. Most of America’s military arsenal, Mack argued, is utterly irrelevant for this latter purpose. But while penetrating the networks and bringing the terrorists to justice is critical, it is not enough. The long-term social, economic and political conditions that provide the ‘fertile ground’ on which terrorism thrives must also be addressed. For terrorists to ultimately succeed they need more than material resources and an efficient political organization—they need popular support. If anti-American hatred were not rife in much of the Muslim world, Osama Bin Laden and his fellow terrorists could not have begun to believe that their messianic mission had any chance of success.

Of all the conditions that predispose societies to violence, evidence suggests that poverty is the most important. Most political violence takes place in poor countries. But we should be careful not to make claims about poverty causing violence in any crude determinist manner, Mack warned. Most poor countries live in peace and very few harbor terrorists. Poverty, however, is important for two reasons. First, poor people are likely to have more grievances than those that are well off, and, second, poor governments tend to lack the resources needed either to crush rebels or buy off dissent.

Poverty is not the only source of grievance of course. A major research project at the World Institute of Development Research (WIDER) has reported that what its authors called ‘horizontal’ or group inequality is strongly associated with political violence. Polarized identity politics and unequal group access to state and other resources are, the WIDER study argues, major drivers of violence. Preventing conflict means addressing the structural conditions that create the ‘fertile group’ for the emergence of political violence. It also means eliminating the perpetrators of violence. In the three years prior to September 11, there was

---

40 Professor, Former Director of the Strategic Planning in the Executive Office of the Secretary General of the United Nations.
much talk in Northern policy communities about the need to promote long-term strategies of violence prevention. And there is an emerging consensus that the prescriptions for both equitable development and conflict prevention overlap to a considerable degree—both increasingly stress good governance, the rule of law and enhanced human security. Unfortunately, little has been done to translate the rhetoric of prevention into practical action. Increased aid flows to support effective development policies could substantially reduce the level of violence in many developing countries. Yet over the past ten years the level of assistance to the least-developed countries has decreased by some 30 percent on a per-capita basis. It is hardly surprising, Mack concluded, that these countries are also the most conflict-prone.

Chapter VII – Innovative Sources of Funding

The aim of this panel was to explore alternative sources of development funding. Discussion focussed on the proposals made in George Soros’s Draft Report on Globalisation. The report offers a series of practical proposals that are likely to attract the support of both society and government and thus have some prospect of successful implementation. He focused first on financial markets and then on new sources of financing. He emphasized two features of global markets: (i) their instability and the need for institutions to prevent collapse; and (ii) the uneven nature of the playing field. Because markets are unstable, the authorities in charge of the system maintain a dominant position and are thus able to determine market policies that give them an inherent advantage.

On a general level, Soros sees these uneven market policies playing out across a center-periphery divide. This divide predates globalization, but has been exacerbated by it. To correct these disparities, international resource transfers are needed. What is needed is: (i) poverty alleviation; and (ii) the provision of global public goods. In Soros’s words:

‘Public good’ is a neutral word and does not have a political connotation. However, it is not enough to think in these neutral terms, in fact the nature of the government in many countries is a major factor in causing poverty... There should be a way to influence the character of certain governments. But given the constraints on external intervention in internal affairs—sanctions are of limited value and not appropriate—

---

41 Chairman, Open Society Institute, and Chairman, Soros Fund Management.
you need a system of incentives to encourage compliance in addition to the rules-based system which guides in particular the trade system… By introducing incentives, some of the deficiencies could be corrected… [Incentives] are the major theme of this report.

In particular, Soros argued in favor of Special Drawing Rights (SDRs) as a form of international resource transfer. ‘Foreign aid has a bad reputation,’ he said, ‘as it is seen as guided by the interest of the donor rather than the recipient. SDRs would be allocated to various initiatives, so as to better focus on the interests of the recipient and the coordination with the donors’.

The problem for Soros, as he concedes, is to find an efficient use for them. Three types of projects could compete for donor funds:

(1) global campaigns to secure objectives like HIV or TB alleviation;
(2) national government-designed and government-sponsored plans;
(3) private initiatives and social enterprises, which are needed both in connection with countries where there is a government-sponsored plan, but in particular with countries where there is no such plan. This would strengthen civil society in countries with repressive or corrupt governments.

Other members of the panel responded to Soros’s paper and several specific questions posed by the panel moderator, Karin Lissaker.\(^{43}\) She asked if more money was needed or if it were simply a question of being more efficient with the money that already exists? Would certain global public goods require a different financing approach? What are the relative benefits of different kinds of financing options, and which ones have not been brought forward? Is there a continuing role for the traditional way of financing?

Jean Pierre Landau, Executive Director for France at the European Bank for Reconstruction and Development, argued that ‘there is a broad recognition now that there are things like global public goods (GPGs), though there is no agreement on their definition. Economists have a very narrow definition for GPGs as (i) non-depletable; (ii) non-exclusive (non-excludable) resources; and, (iii) resources for which nobody is prepared to pay (for example, clean, fresh air). Other people have come up with a broader definition of global public goods, motivated by the idea that the world community has broader objectives than strictly economic ones. It is for these goods that new forms of financing are needed.

---

\(^{43}\) Former Executive Director of the International Monetary Fund.
He also argued that the need for more development assistance or international resource transfers is becoming more and more obvious. 'As the Zedillo Report notes, we already know that certain objectives for poverty reduction that were agreed upon by the international community won’t be met by 2015 as planned, exactly because of lack of funding’. There is also ‘aid fatigue’ in many countries, which makes it more difficult to find and mobilize development finance. This is doubly the case given that the tools of finance that we have both at the unilateral and multilateral level do not seem adequate and adapt to the needs of development assistance. There is also a need for predictability and consistency in financing, which means maintaining important flows of money for long periods of time. But new funding initiatives—be they a world tax (i.e. Tobin or Carbon tax) or Soros-style SDRs—have to address three main issues:

1. the trade-off between the degree of complexity of the definition of public goods and the ability to levy a tax on it (the easier the definition, the easier to levy a tax on it);
2. the principle of additionality, which means that new sources have to add to—not substitute for—existing ones;
3. the double dividend problem; that is, the idea of finding sources of finance that have a double benefit: the tax creates incentives to eliminate unacceptable behavior or processes and the income of the tax is used to finance positive initiatives.

The Tobin tax has considerable political appeal because it promises to offer a double dividend, because capital is not taxed. It has no distortionary effects—only beneficiary ones. The problem is that it is difficult to levy, not because of technical difficulties (as Soros explained, there are few technical difficulties in levying it) but because there is the possibility that financial intermediaries will be able to transfer the burden of the tax. According to Landau, those who are supposed to be the beneficiaries of the tax may end up being the ones who ultimately pay it.

A double dividend is also possible with Carbon tax (the proposal to tax energy production in proportion to the emission of carbon). The negative aspect here is that there is the potential for an exacerbated North-South divide. If the tax is not levied on developing countries as well, much of the world’s energy production as well as the companies that consume large quantities of energy could move to the South, thereby eliminating the purpose of the tax and triggering harsh reactions in the North.

SDRs are also a potentially powerful global tool. They would not be under the control of any national authority (unlike the Tobin or Carbon taxes). SDRs also
have a strong element of transfer to developing countries (the ones who would benefit most from it). However, SDRs do indeed represent the creation of money and might trigger strong anti-inflationary measures against them. Central Banks are unlikely to be comfortable with the inflationary effects of SDRs. For small amounts of money SDRs might be feasible, but for large amounts the inflationary argument would be difficult to dismiss.

Roger Nord also embraced Soros’s proposal that the IMF should allocate SDRs. ‘I join Soros in arguing that the IMF should ratify the fourth amendment of its Articles of Agreement’, he said. The fourth amendment was an initiative of the international community to allocate SDRs for equity reasons. If done, this would allocate about US$ 27 billion to IMF member countries. To be adopted, it needs the supermajority, which is two-thirds or 80 percent of voting power. The objection of one member, the US, can thus veto the proposal. This would almost certainly be the case in the current climate. In addition, SDRs are neither as simple nor as cost free as they sound. According to the Article of Agreement, SDRs can only be supported if there is a global long-term need. This has been done twice, the last time being in 1979. It is difficult for the world economy to face a global shortage of resources. Country needs emerge periodically, but a global shortage of resources is more rare. Otherwise, the Articles of Agreement would need amending. Soros commented that such a process ‘... is only a question of political will’. (sigh!)

Soros’s recommendations on SDRs create the illusion that they are costless, but there are, in fact, some costs. For instance, they are an asset for the recipient countries, but a liability for the donors. It is no different from donating any other foreign exchange resource or printing US dollars and giving them to recipient countries. Also, the proposal as constituted would not be especially transparent and, in the absence of transparency, would lack accountability. It is not only in the US that opposition would be expected to emerge to the proposals. Martin Michaelis-Seider, Senior Program Officer of the German Foundation for International Development (DSE) stated in no uncertain terms that Germany would not support the idea of a tax on international transactions.

Indeed, both the EU and Germany are very skeptical of a carbon or Tobin tax. While the tax should be introduced at the global level, the reality is that taxation is a prerogative of the national level. Hence, the EU member states would need the consent of their parliaments—an unlikely prospect in the current

---

44 Regional Resident Representative for Central Europe, International Monetary Fund.
climate. Technical issues aside, development cooperation in Germany is still a side issue and not a priority. Germany provides a good example of many different positions existing within the same government and of civil society’s influence on it: the Minister of Economics and Finance categorically rejects the introduction of the Tobin tax, while the Minister of Economic Cooperation and Development, under the influence of some powerful NGOs, commissioned a feasibility study to introduce a Tobin tax at least in the Eurozone.

In the final presentation of this panel, Richard Kohl pointed out how development financing is currently almost entirely via loans: if countries do not meet their interest loans, they get into trouble. This is why the current system is prone to debt crises. ‘Out of any six projects in the World Bank portfolio, three are failures’, he said. The other problem with the current development financing system is that it is a supply-driven system: everything is determined by donors and lenders. Thus a better option, according to Kohl, would be either the greater use of grants, or to encourage venture capitalists to take equity shares—the latter proposal sharing common ground with elements of the Soros Report. With venture capital (though grants remains the best option) investors put their money in a project and risk loosing it if the project fails.

Like Soros, Kohl argued in favor of SDRs, with an annual emission. A Tobin tax might not be appropriate, as the governments might not be in the position of levying the tax. It is true that for the SDRs an amendment of the IMF’s Articles of Agreement is needed, but the real question is to make it politically acceptable and feasible. It is insufficient simply to say that success merely requires political will. It also requires strategic behavior by those prepared to argue for it. There is a need for strong, clearly thought out tactics to secure cross-national and cross class (between capital and labor) coalition building alliances.

Chapter VIII – Strengthening the Aid System

The previous panel was about methods to secure new sources of development funding. This panel was about how to spend these funds on development initiatives. As Jak Jabes, moderator of this panel, noted, the relationship between providing aid and aid effectiveness is central to any discussion on development assistance. But, it is difficult to change approaches unless a new breed of people...
from different backgrounds is hired to make the process work better. Part of the ‘donor domination problem’ is that decisions on what to fund, how to fund and how to assess the effectiveness of aid, are taken in capital cities far away from the needs of developing countries. Such people invariably possess sub-optimal knowledge of the political imperatives on the ground in the developing world.

Jabes invited debate on two issues: (i) Panelists were asked to consider the manner in which the provision of aid might be change; and (ii) they were asked how to enhance the effectiveness of this provision.

In response to the first question, it was noted that LDC recipients of aid were being encouraged to prepare and deliver project planning from their end (using a market place metaphor) rather than merely accepting development proposals from above. Participation and greater project ownership by recipients was now recognized as much more important than in previous decades. The problem with this approach is that the least capable countries are likely to be left behind. How can the weaker countries not be left behind without reinstating the old logic of dependency that predominated in the early post-colonial era? Can we rely on countries for the development of their plans? As Jabes noted, ownership is recognized as important, but he has yet to see ‘a meeting where the donors allow the ownership to take place at the other end of the table’.

‘Can we create a development fund for developing countries’, Jabes asked? The answer is yes, but can we be sure that donors will put their money into, but not their conditions on, projects? Would it not be sufficient to just have transparency, the rule of law, non-corruption policies and the greater inclusion of civil society in the projects as the necessary and sufficient conditions for the provision of aid? Could we not move to a system in which multinational institutions refrained from mechanistic aid models in domains that are process oriented? Many bilateral institutions (such as DFID) depend on models prepared by multilateral institutions. Governance as good public administration is important. The Asian Development Bank would define good governance as ‘transparency, accountability, predictability and participation’. But are these monitorable and meaningful criteria to allow countries to reform their governance structures without complex policies of conditionality? Will we ever be able to untie aid, he asked?

On the issue of aid effectiveness, Jabes pointed out that donors are worried about the effectiveness of the aid given. Its improvement, he said, demands responses about how to ensure positive donor coordination on the one hand, and what measures and indicators can be used for determining enhanced aid effectiveness on the other.
In replying, Carl Tham\textsuperscript{47} focused on aid during or after an armed conflict (and on the example of Sweden as a donor). For donors, countries afflicted by war are still very important. Swedish bilateral aid goes primarily to countries that are at war or have recently been at war. Between 1950 and 1990 there were 120 conflicts in developing countries, with more than 50 million casualties. More than 100 armed conflicts occurred in the 1990s, mainly in the 60 least developed countries (LDCs): more than 60 percent of LDCs suffered from armed conflicts with more than 1000 people dying annually (and many of these conflicts were protracted over many years). The consequences and costs are not only visible in terms of physical destruction, but also often by market collapse, increased criminality and inequalities, asset relocation, and negative impacts on agriculture and agricultural investment. The poor always pay for war in economic terms as well.

These points are imperative to note when considering aid strategies. Many wars have lasted for years and one cannot simply limit support to humanitarian assistance during times of conflict and then initiate development assistance later. The distinction between humanitarian assistance and development assistance is spurious and detrimental. Assistance should help promote development during the war and remove the economic incentives to continue the war. In this sense there is a long list of missed opportunities, such as Cambodia. From the time of the withdrawal of Vietnamese forces to the elections under UN supervision, the US and other Western countries prohibited any kind of development assistance to Cambodia. For several years, the only assistance was humanitarian assistance. After the transition, the social infrastructure of the country was so weak that it promoted the continuation of the conflict. In the same way, terrorism cannot be fought only by military means. Economic and social support has to start during the conflict. If a conflict leads to famine, a healthy environment after the war is unlikely.

According to Vira Nanivska,\textsuperscript{48} globalization exacerbates the relations between rich countries and the developing world. An institutional system and sets of regulations are in place in developed countries that help them cope with globalization. These structures invariably do not exist, or exist in limited form only, in developing countries. Globalization is useful for countries able to cope with it, but harmful for countries that do not possess the necessary market competence and skills to compete. This applies, said Nanivska, not only in the poorest countries of the developing world, but also to countries that may be rich in educa-
tion, culture and philosophy such as her native Ukraine, which is undergoing a manufactured transformation to democracy as opposed to the evolutionary democratization process that occurred in the West. Aid should help both developing countries and transition economies to build and strengthen civil society as a complement to the mechanisms of the market.

The strategies of donors imply certain assumptions, which have not always produced positive results. Donor communities often thought that once the pressure of totalitarianism had disappeared, transition governments would adapt rapidly to demands for transparency, accountability and corruption-free governance. But in Ukraine, the Soviet machine was left intact with no alternative societal structures to offset it. The constitution and political institutions assuring the transfer of power were in place, but the institutions for the day-to-day socialization were missing. Donors thought it was simply a question of will. In reality, societal skills have been slow to develop. Civil society has not emerged spontaneously from the collapse of totalitarianism. Even after billions of dollars spent by donors, Ukraine still lacks the infrastructure to compete in the context of globalization. According to Nanivska, ‘democracy is not a mystery, but a skill that can be taught. In the same way, globalization is an adversary unless people will be equipped with the right skills’.

Dag Ehrenpreis discussed a second strand on aid effectiveness. OECD studies demonstrate that there is a correlation between effectiveness and growth. Overall, aid has had a positive impact on growth, despite the fact that many wrong turns have been taken. During the Cold War, the objective of aid was often as much about strategic questions of securing non-communist stability as it was about achieving economic or social development and poverty reduction. Yet the passing of the Cold War has not led to optimal effectiveness. In 1996, an OECD document intended to shape 21st century aid strategies emphasized the need to move away from too much conditionality and towards coordinated projects with result-oriented management and systematic monitoring and evaluation. In 2001, at a high-level ministerial meeting, guidelines for poverty reduction, sustainable development, the prevention of violent conflicts and the improvement of trade development capacity were agreed upon. The poverty reduction guideline consists of pervasive conditionality and, interestingly, mutual accountability for both recipients and donors.

49 Senior Advisor on Poverty Reduction at the Development Co-operation Directorate of the OECD.
Jakob Simonsen, a practitioner with the UNDP, discussed the way in which the context of development cooperation had changed over the course of the last twenty years. The decline in ODA was, he argued, was due in part to:

1. ‘aid fatigue’ among the developed countries;
2. a change in the distribution of ODA (at the level of donors the EU is now a big player in development cooperation, though it does not receive much mention);
3. a change in the composition of aid, with more and more ODA going to humanitarian causes and not to the root causes of problems;
4. a change in priority for many donors from general purpose aid towards target-specific aid;
5. a change in the ‘aid market’ from an entitlement system to a performance system. The market is also more crowded than it was twenty years ago;
6. a much higher premium on partnership and coalition building. ‘Partnership—he said—is the name of the game’.

Development cooperation used to be a North-to-South practice. The transfer of human and financial resources was the object of the game (to bring resources from the North to the South). This allowed for global unified responses to development goals. Now more resources are in the South, both human and financial, and development cooperation is more local, not universal. This creates a different challenge for donors. They have to act and communicate locally in order to support the development processes. More emphasis is also placed on result- and performance-based management. It is the only way for developing countries to stay in the ODA market.

However, these changes have also brought about tensions, contradictions and trade-offs. For example: (i) How do you give incentives based on results without sacrificing the weakest and least capable elements? In a result-based management system, aid would all flow to the more developed parts of Asia and Latin America, creating a tension between results and needs. (ii) How do recipients ensure that they do not sacrifice the medium/long term (and not immediately visible) results to shorter-term ones when it is easier to concentrate on immediate, quantifiable and visible results? (iii) How can resources, given on the basis of performance, be allocated without sacrificing the partnership and the development changes that require the interventions of multiple partners? (iv) How is it best to deal with governments flooded with resources that are not based on ‘development criteria’, but rather on political interests and alliances?

---

50 Deputy Director for Europe and the CIS, UNDP.
Chapter IX – Global Governance and Creating Incentives

If the main obstacle to the creation of global governance structures—that would allow us to better coordinate and implement new development strategies to mitigate the growing hostility towards globalization—is political will, then the question arises regarding how to master political will and create incentives. This panel aimed to look at this very question. Richard Higgott, moderator of the panel, commented that ‘the issue of global governance is assuming the same kind of clichéd status at the end of the 20th century that had come to surround the notion of globalization in earlier years.’ Throughout the 1980s and 1990s, the good governance agenda was driven by a managerialist concern for the enhancement of effective and efficient decision making. The notion of ‘governance’ was too often used as a neutral, and inaccurate, synonym for ‘politics’. Particularly at the international level, talking about governance was easier than talking about politics—which is about the authoritative allocations of values and the (re)distribution of economic welfare. These are not neutral governance questions, but questions about struggle and contest. It was only after the 1997 financial crisis, that the neutral ‘governance’ understanding of politics reverted to the more traditional meaning. The events of the last years, and in particular since September 11, force us to recognize the need to rejoin politics with governance and to ask the traditional Laswellian question of ‘who gets what, how, why and when’ in global governance.

Higgott also noted that ‘governance’ as a concept has also been used in opposition to ‘government’, in order to embrace all those institutions and actors that are non-governmental but nevertheless increasingly instrumental in the political process. However, despite the rise of non-state actors, states still remain the key players in the international system with the power to set agendas, negotiate agreements and enter into contracts. A reintroduction of the role of the state into our calculations is much needed. Hyper globalist arguments about the withering impact of globalization on the future of the state need to be put in a proper and limited perspective. Higgott asked the panel to address three broad questions:

1. What are the legitimate boundaries of agenda-setting authority for the international institutions?
2. Who are the legitimate actors or stakeholders in the global agenda-setting process?
3. After the events of September 11, what has been, and what will be, the impact—positive or negative—on the debate on global governance?
These questions, he said, call for an introduction into the debate of global governance on the issue of ‘subsidiarity’, in the sense of which actors or which institutions are the most appropriate vehicles for addressing specific policy issues.

Jan Martin Witte, who worked on the UN sponsored ‘Global Public Policy Project’ to produce a series of practical and policy-oriented recommendations on policy-networks opened the discussion. He believed that September 11 would reinvigorate the debate on governance and make it more realistic. People will have to account for geopolitical realities, which have been neglected for the past two decades. Instead of focusing on whether the US reaction is legitimate, Witte preferred to ask whether the US response will be effective? Can a traditional state-centric response be an effective antidote to what is a ‘network-form’ of attack. According to a recent study by Rand Corporation, the US and its allies had not appreciated that the traditional means are not enough and have not properly approached the network organizations such as Al Qaida. As Witte said, ‘you need networks to fight networks’.

What is significant about networks as new actors in global politics? Witte identified five characteristics. Networks:

(1) are organizationally quite loose;
(2) are constantly changing their configuration;
(3) cut across national boundaries;
(4) have enigmatic political traits;
(5) prove that different sectors have started cooperating (multi-sector networks).

To understand the salience of networks in global politics, consideration needs to be given to three critical issues: (i) the speed of change in the contemporary era where the acceleration of problems in the global sphere makes it more difficult for traditional bureaucracies to respond effectively (as in the case of the regulation of financial markets); (ii) the increased complexity of problems (such as the relation between trade and environment or the issue of genetically modified food); and (iii), perhaps most importantly, the existence of a multi-actor world. Non-state actors, be they civil society or corporate sector entities, have successfully reorganized themselves on a transnational level. Power often migrates to them if they are able to successfully organize themselves. How to confront these non-state networks in a way that can have positive as well as negative effects is Witte’s key concern. Hierarchical

---

51 Member of Global Public Policy Project

52 See Wolfgang Reinecke et al, Critical Choices: The United Nations, Networks and the Future of Global Governance, Ottawa: International Development Research Centre
structures, such as the state or international organizations, have difficulties in engaging with these networks. There is an operational gap, which explains why many problems are not effectively addressed. Witte’s conclusion is that global governance is a misnomer in many respects. ‘Governance does not have to be global and not even purely public in scope. It is multilevel and multi-sector’.

Jan Aart Scholte\textsuperscript{53} focused his presentation on the relationship between governance, democracy, and civil society under conditions of globalization. He defines globalization as ‘a transformation of social space, with the spread of superterritorial connection between people’. This is in line with what John Gray calls ‘overcoming space and time’, but without Gray’s accompanying assumption of technological determinism. While we might be born in a territorialist world, space matters in a different way. For instance, emails are networked to people, not countries; climate change does not stop at national borders; people join organizations like \textit{Amnesty International} without regard for their national identity. In the same way, governance is not reduced to territorial space. Governance of global relations has to involve more actors than states. It is evident that states cannot adequately regulate super-territorial phenomena. Five hundred years ago humans had to rethink governance in terms of nation states, now it is time again to be creative, argued Scholte. There are several transnational, trans-state meetings, but little thought has been given to the reconstruction of governance in super-territoriality. In particular, the ‘demos’—the public—has to be qualified. If global governance needs participation, we have to define who comprises the public. How do we construct a global democracy that restructures the concept of ‘we’?

According to Scholte, global parliaments are not the answers. We have to take seriously the democratizing potential of civil society, by giving voice to stakeholders, enhancing democracy through public educational activities, raising awareness, increasing the transparency of global governance, increasing public accountability, monitoring implementation, and so on. We do have the potential to enhance the global governance arrangements. However, it is not only a rosy scenario. While civil society remains one of the best chances for democracy, uncivil society can fail and detract from, instead of push for, democracy.

Sidney Tarrow\textsuperscript{54} took a different view of civil society. In particular, he focused on two aspects of the anti-globalization movement. Focussing on its flexibility and the shifting nature of solidarity, he identified three main forms or levels of activism:

\textsuperscript{53} Professor of Politics and International Studies and Associate Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick.\textsuperscript{54} Maxwell Upson Professor of Government, Department of Government and Sociology, Cornell University.
(1) international social movements, which are organized above the level of the state, gravitate towards the big international institutions and generally take the form of international NGOs;

(2) transnational social movements, which are organized below the level of the state and exist across states in loose networks of activists that range from the terrorist cells of Al Qaida to the centralized media machine of Greenpeace and the loose legions of ATTAC;

(3) the broad spectrum of domestic social movements that organize within civil societies around the claims and preoccupations of ordinary people.

Some, but not all, of these domestic movements are the direct result of globalization. However, very few are actually organized and coordinated across borders ‘in the way that we as internationally-oriented progressives would like them to be’, Tarrow said. He identified three main reasons for this: (i) they lack face-to-face networks across borders like those that unite the members of the policy networks discussed by Diane Stone in the first panel of the conference; (ii) because although their claims may neatly cluster under the umbrellas that academics invent for them (the environment, human rights, sustainable development), they often vary from country to country; and (iii) most importantly, the majority of ordinary people view states as their logical and necessary interlocutor. As Tarrow pointed out, even in Western Europe transnational activism is rare. Most of the social activism triggered by European Union policies is domestic in its substance. If Western Europeans, with their highly developed social networks, closely intertwined economies and available supranational instruments in Brussels, Geneva, and Strasbourg, continue to aim their protests at the national state, how can we expect a global citizens’ movement to develop in short order?

However, Tarrow makes clear that these conceptual considerations and research findings should not discourage those who want to struggle against the adverse effects of globalization. This too is for three reasons: (i) some modest gains have been made by international transnational activists on behalf of the environment, climate change, indigenous peoples, and human rights; (ii) cooperation is developing in some places among domestic social actors whose interests and values happen to coincide (these convergences are not dramatic—they are real); and (iii) most importantly, in the world of states in which we still live, the greatest progress against the evil effects of globalization will not be made by global activists but by rooted cosmopolitans. He uses the term “cosmopolitan” to signify not only transnational orientations but also “the structure of social relations” in which activists are implicated “in the roads they have traveled to their present
positions in the utilization of their present status for the exercise of interpersonal influence” and “in their communication behaviors”.

He says he uses the term “rooted” to indicate that the most effective activists not only think locally as they act globally, but they are locally rooted. Globalization not only uproots ordinary people from their traditional roles and networks but, like capitalism itself, it creates new ones and these sometimes undermine aspects of the structure. Only rooted cosmopolitans have the legitimacy at home and the network ties abroad to serve as representative links to the institutions of global governance.55

Cho Khong56 provided an alternative voice to the condemnation of multinational corporations. The critics of multinational corporations (MNCs) were, according to him, ‘exaggerated and dangerous’. ‘This condemnation destroys an entire architecture. There are many features of local abuses, but multinationals are not different from governments and NGOs. What I say is that multinationals have many features to preserve. After all, they rely on a system where there is competition and they have to abide by the rules of competition without any favoritism by governments’.

The divide that seemed to emerge from the discussion was one between a position in favor of making MNCs responsible for what they do, and one in favor of transforming certain soft rules, that are currently voluntarily implemented by MNCs, into strong rules. Cho’s view, which supports the former position, is that while ‘multinational companies are guilty of many sins, there are no alternatives’. The crucial point for Cho was not that we might need to make MNCs more accountable—in fact he was quite comfortable with that thought—but that we could not substitute for them as fundamental agents of economic growth and change.

Debi Barker,57 a representative of the International Forum on Globalisation (IFG), focused on the work done by the Forum on the alternatives to the present economic system. Indirectly in response to Cho Khong she tried to answer the question often posed to such NGOs as the IFG: ‘if you are against the system, what are you for?’. An IFG style response would be that there is not only one alternative. Rather, there is a range of views on alternative economic systems to the...
current one. The problem, in fact, is the belief, which gained prominence at the end of the 20th century, that there is only one system. The IFG, she said, believes in an economic system that creates dignified jobs and respects cultural and environmental variability, not only economic growth. The current model is an industrial model, but many societies do not follow that model, they follow other alternatives, and alternatives should be given the chance to develop and thrive. She wanted to offer a paradigm of greater self-sufficiency rather than one that makes local communities dependent on trade. The principle of subsidiarity should be applied in the sense that ‘we should start with the local level and what cannot be done at the local level, we move to the national, and what cannot be done at the national level we go to the international level’. At the moment, she said, we want to put everything at the international level and we forget about the local level.

**Conclusion**

No conference with so many speakers occupying so many differing positions on subjects could come up with any formalized set of conclusions. Thus no attempt was made to secure any consensus position or secure a final communiqué. The last formal words of the conference were spoken by the Honorable Gareth Evans, Chairman and President of the International Crisis Group and former Minister for Foreign Affairs for Australia. However narrowly defined, he said, globalization is here to stay. Some ‘rejectionists’ would desire otherwise and there is always the possibility to do otherwise, but the flows cannot be stopped. Too many people and countries are going to be affected. In this regard, he tapped a common theme present in many presentations: a sense of inevitability about globalization, but one accompanied by an equal sense of concern for its implications if its most negative effects were not contained and reversed. Thus, as Evans noted, again tapping a common theme in many other presentations, the problem is how to define globalization’s status: (i) is it the best possible way forward? (ii) or should it be tamed and civilized? By the choice of the title of the conference, ‘reshaping globalization’, he took it to mean that participants generally agreed that the second option was the only real course of action open to the global policy community. But, he asked, ‘who is going to do what and where?’ Where should we start?

It was his last question, of course, that secured much less agreement amongst conference participants. For some at the conference, the basic policy option is simply to try to make the existing institutions function better than in the past. For Evans, among others, this is part of the great attraction of the Soros report on globa-
lization, especially with its proposal of new SDRs for the provision of public goods at the IMF. For others, this did not go far enough. But the support that existed in some quarters for the adoption of Tobin style taxes was clearly not in keeping with the mood of the moment amongst the strongest sectors of the global policy community.

But there was a stronger element of consensus amongst participants at the conference that the institutions of global governance were evolving slower than the growth of global economic interconnectedness. This, it was agreed, has serious implications for the legitimacy of the process in the eyes of those who are not full participants and beneficiaries of what globalization has to offer. There was a strong sense that something did have to be done, but that the traditional institutions of participation were not, as currently constituted, up to the task. While there was also general agreement that there needed to be greater interaction between the institutions of the market place and its principal actors (including the growing body of non-state actors and especially those related to civil society), not surprisingly there was much less of a common view as to how this might be achieved.

Notwithstanding the fact that that many people saw it as a turning point, the issue of what September 11 portends for the future management of global political and economic order was widely debated. The nature of the disagreements focussed specifically on what it implied for the approaches to global policy-making that might be adopted by the world’s dominant economic and political power—the United States. Would it see Washington reconfirm the trend of the early months of the Bush administration to move in a firmly unilateralist direction? Or would it recognize that issues such as global terrorism could only be managed in a multilateral manner?

Six months after the attacks on the WTC, and with the benefit of some hindsight, we are still no clearer. For sure, the al Qaeda movement and its Taliban hosts in Afghanistan have been routed in a complex unilateral fashion, albeit masked with a thin veneer of multilateralism. But there remains a disjuncture, and a seemingly growing one at that, between the world’s dominant actor and its partners as to how to attack the structural causes of terrorism. There is no sign that the US is willing to expend even a slight proportion of the funding it is investing in the upgrading of its military and intelligence gathering capabilities on the causes of poverty and inequality. A strong rhetorical divide between the US and its NATO partners is developing here. As its capabilities permit, and its domestic political interests dictate, the incumbent foreign policy elite in the US is pursuing
a greater unilateralist policy in the security domain than at anytime since the early 20th century.

In the economic domain the reform process intimates a similarly complex picture. The world, following the Doha Ministerial Meeting of the WTO in November 2001, has embarked on a new round of multilateral trade negotiations. Ostensibly, and again rhetorically only at this stage, this is to be a Development Round. But the essence of the agenda is for extending the coverage of areas for liberalization rather than addressing several of the key issues that are deemed central to developing countries. Notable here is the more or less total absence of any serious attention envisaged for the restructuring of the decision-making processes in the WTO to allow for a greater reflection of developing country interests. Also, at the same time as the Round gets under way, there are more side deals to secure bilateral preferential trading arrangements currently in train in the international economic system than at anytime since the creation of the GATT. Mixed signals indeed.

In the financial sector, there is no real sign that any proposals like those suggested by interested actors such as George Soros are gaining momentum. Thus the questions raised in this conference remain as germane now as when they were posed in October 2001. But we are at the beginning of a process of enhanced dialogue between interested parties on the reform and management of the global system. To the extent that the Budapest conference was part of that process it has been a worthwhile exercise. To the extent that this Report may have any benefits in the dissemination of ideas and proposals for ‘reshaping globalization’ it will be but one additional small contribution. We trust that readers will see it as such.
Appendix I
– Conference Program –

Reshaping Globalization:
Multilateral Dialogues and New Policy Initiatives

October 17

9.00–15.00 Pre-Conference Workshop
Organized in association with the Commission on Globalization

16.00–17.15 – Production of Global Knowledge
Denis J. Galligan
– Professor of Socio-Legal Studies and Director of the Centre for Socio-Legal Studies, University of Oxford and Director (part-time) of the Centre for Policy Studies, Central European University – Chair
Daniel Dor
– Professor, Department of Communications, Tel Aviv University
Diane L. Stone
– Reader in Politics and International Studies and Principle Research Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick
Ian Buruma

Official Opening of the Conference

17.30 Welcome Address by Yehuda Elkana, President and Rector of the Central European University

Keynote Speeches

Ernesto Zedillo – former President of Mexico
John Gray – Professor of European Thought, London School of Economics

19.00 Reception
19.30 Dinner for the participants hosted by George Soros (Chairman, Open Society Institute, and Chairman, Soros Fund Management) with informal discussion on burning issues of the day

October 18

9.00–11.00 – Social Values and the Global Market (Panel Discussion)
How do we define and protect public goods in the global economy? How to promote trade and social values simultaneously? Balancing national standards and global rules.

Yehuda Elkana
- Rector and President of Central European University – Moderator

Susan George
- Associate Director of the Transnational Institute, Amsterdam and Vice-President of the Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC), France

Zsuzsa Ferge
- Professor of Sociology, Department of Social Work and Social Policy, Eötvös Loránd University, Budapest,

Morten Ougaard
- Senior Associate Professor, Copenhagen Business School

Nick Drager
- Coordinator, Globalization, Cross-sectoral Policies and Human Rights, Department of Health and Development, World Health Organization

Elmar Altvater
- Professor, Otto-Suhr-Institut für Politikwissenschaft, Free University, Berlin

Shalini Randeria
- Professor of Sociology, University of Munich

11.00–11.15 Coffee break

11.15–13.00 Vulnerability of Developing Countries (Panel Discussion)
Does globalization help or hurt? How to measure different forms of inequality? Challenges embodied in various classifications of developing countries. Lessons from transition countries. Short presentation of Britain’s White Paper – Catriona Laing Deputy Head, Prime Minister’s Forward Strategy Unit, UK
Bob Deacon
– Director Globalism and Social Policy Program, National Research and Development Centre for Welfare and Health (STAKES), Helsinki – Moderator

Leslie Sklair
– Reader, Sociology Department, London School of Economics

László Csaba
– Professor, International Relations and European Studies Department, Central European University

Walden Bello
– Director of Focus on the Global South, Bangkok, Thailand and Professor of Public Administration and Sociology at the University of the Philippines

Ivan Krastev
– Director, Center for Liberal Strategies, Sofia, Bulgaria

Cristovam Buarque

Marcus Miller
– Professor of Economics and Director of Graduate Studies in Economics at the University of Warwick

13.00–14.30 Lunch

14.30–17.45 Making the Global Trading System Work (Panel Discussion)
Transparency of decision making and contested membership in the WTO. Cooperation between the WTO and other international organizations such as the ILO. Debates on TRIPS (Trade Related Aspects of Intellectual Property Rights) and TRIMs (Trade Related Investment Measures).

Jean Pierre Lehmann
– Professor of International Political Economy, International Institute for Management Development, Lausanne and Director of the Evian Group – Moderator

John Whalley
– Professor of Economics and Co-Director, Centre for the Study of Globalisation and Regionalisation, University of Warwick

Shaun Breslin
– Reader in Politics and International Studies and Principle Research Fellow, Centre for the Study of Globalisation and Regionalisation, University of
Warwick

David Hartridge
– Special Advisor to the Director General of the World Trade Organization

Padmanabha Gopinath
– Counsellor to the Director-General of the International Labour Office of the International Labour Organisation

James Howard
– Director, Employment and International Labour Standards, International Confederation of Free Trade Unions, Brussels

17.45–18.00 Coffee Break

18.00 The Dilemma of Security and Freedom in the Global Context (Public Debate)
James Garrison
– Chairman and President, State of the World Forum – Moderator
Andrew Mack
– Professor, Former Director of Strategic Planning in the Executive Office of the Secretary General of the United Nations

19.00 Dinner

October 19

9.00–11.00 Innovative Sources of Funding (Panel Discussion)
Possibilities of earmarking SDR and Tobin tax. Trading pollution rights. Short presentation of the Soros Report on Globalization by George Soros – Chairman, Open Society Institute, and Chairman, Soros Fund Management
Karin Lissakers
– Former Executive Director of the International Monetary Fund – Moderator
Jean-Pierre Landau
– Executive Director for France at the European Bank for Reconstruction and Development
Martin Michaelis-Seidler
– Senior Program Officer of the German Foundation for International Development, DSE
Richard Kohl
– Senior Economist, International Policies Division, OECD Development Centre
Roger Nord
– Regional Resident Representative for Central Europe, International Monetary Fund

11.00–11.30 Coffee Break

11.30–13.30 Strengthening the Aid System (Panel Discussion)
How to measure the effectiveness of aid? Donor cooperation by policy issues and geographical areas. Making aid intrusive as well as inclusive. Meeting international development targets.

Jak Jabes
– Advisor for Governance, Asian Development Bank and Professor, University of Ottawa (on leave) – Moderator

Vira Nanivska
– Director, International Center for Policy Studies, Ukraine

Carl Tham
– Former Head of the Swedish International Development Agency, Secretary General of the Olof Palme International Center, Sweden

Jonathan Fried
– Senior Deputy Minister and G-7 Deputy, Department of Finance, Canada

Dag Ehrenpreis
– Senior Advisor on Poverty Reduction at the Development Cooperation Directorate of the OECD

Jakob Simonsen
– Deputy Director for Europe and the CIS, UNDP

Lori Wallach
– Director of Public Citizen’s Global Trade Watch – commentator

13.30–15.00 Lunch

15.00–17.30 Global Governance and Creating Incentives (Panel Discussion)
Mastering political will and creating incentives. Developing good governance in cooperation with civil society and the private sector.

Richard Higgott
– Professor of International Political Economy and Director, Centre for the Study of Globalisation and Regionalisation, University of Warwick – Moderator

Jan Martin Witte
– Member of Global Public Policy Project
James Garrison
– Chairman and President State of the World Forum

Jan Aart Scholte
– Professor of Politics and International Studies and Associate Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick

Sidney Tarrow
– Maxwell Upson Professor of Government, Department of Government and Sociology, Cornell University

Cho Khong
– Chief Political Analyst in the Global Business Environment Group of Shell International Limited

Debi Barker
– Deputy Director, The International Forum on Globalization

17.30 Concluding Remarks
Gareth Evans
– Chairman and President, International Crisis Group

18.30 Dinner
Appendix II

– Conference participants –

Elmar Altvater  Professor, Otto-Suhr-Institute für Politikwissenschaft, Free University, Berlin

Debi Barker  Deputy Director, The International Forum on Globalisation

Walden Bello  Director, Focus on the Global South, Bangkok, Thailand, and Professor of Public Administration and Sociology, University of the Philippines

Shaun Breslin  Reader in Politics and International Studies, and Principal Research Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick

Cristovam Buarque  President of Missão Criança, Governor of the Federal District of Brazil (1995–1999), and Rector of the University of Brasilia (1985–1989)


László Csaba  Professor, International Relations and European Studies Department, Central European University

Bob Deacon  Director of the Globalism and Social Policy Programme (GASPP), National Research and Development Centre for Welfare and Health (STAKES), Helsinki, and Professor of Social Policy, University of Sheffield

Daniel Dor  Professor, Department of Communications, Tel Aviv University

Nick Drager  Coordinator of the Globalisation, Cross-sectoral Policies and Human Right, Department of Health and Development, World Trade Organisation

Dag Ehrenpreis  Senior Advisor on Poverty Reduction, Development Co-operation Directorate, OECD

Yehuda Elkana  Rector and President, Central European University
Gareth Evans Chairman and President, International Crisis Group

Zsuzsa Ferge Professor of Sociology, Department of Social Work and Social Policy, Eötvös Loránd University, Budapest

Jonathan T. Fried Senior Assistant Deputy Minister of Finance and G-7 Deputy for Canada

Denis J. Galligan Professor of Socio-Legal Studies, Faculty of Law, and Director, Centre for Socio-Legal Studies, Wolfson College, University of Oxford

James Garrison Chairman and President, State of the World Forum

Susan George Associate Director of the Transnational Institute, Amsterdam and Vice-President of the Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC), France

Padmanabha Gopinath Counselor to the Director-General of the International Labour Office of the International Labour Organisation (ILO)

John Gray Professor of European Thought, the London School of Economics

David Hartridge Special Advisor to the Directorate-General of the World Trade Organisation (WTO)

Richard Higgott Professor of International Political Economy and Director, Centre for the Study of Globalisation and Regionalisation, University of Warwick

James Howard Director, Employment and International Labour Standards, International Confederation of Free Trade Unions (ICFTU), Brussels

Jak Jabes Advisor for Governance, Asian Development Bank, and Professor, University of Ottawa (on leave)


Martin Michaelis-Seider, Senior Program Officer German Foundation for International Development, DSE
Richard Kohl  Senior Economist, International Policies Division, OECD Development Centre

Ivan Krastev  Chairman of the Board and Research Director, Centre for Liberal Strategies, Sofia, Bulgaria

Catriona Laing  Deputy Head, Prime Minister’s Forward Strategy Unit, UK

Jean Pierre Landau  Executive Director for France at the European Bank for Reconstruction and Development

Jean Pierre Lehmann  Professor of International Political Economy, International Institute for Management Development (IMD), Lausanne and Director, Evian Group

Karin Lissakers  Former Executive Director, International Monetary Fund (IMF)

Andrew Mack  Professor and Former Director, Strategic Planning in the Executive Office of the Secretary General, United Nations

Marcus Miller  Professor of Economics and Director of Graduate Studies in Economics, University of Warwick

Vira Nanivska  Director, International Centre for Policy Studies, Ukraine

Roger Nord, Regional Resident Representative for Central Europe, International Monetary Fund.

Morten Ougaard  Senior Associate Professor, Copenhagen Business School

Shalini Randeria  Professor of Sociology, University of Munich

Jan Aart Scholte  Professor of Politics and International Studies and Associate Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick

Leslie Sklair  Reader, Sociology Department, London School of Economics

Jakob Simonsen  Deputy Director for Europe and the Commonwealth of Independent States (RBEC), UNDP
George Soros Chairman, Open Society Institute, and Chairman, Soros Fund Management

Tom Spencer Executive Director, European Centre for Public Affairs, United Kingdom

Diane Stone Reader in Politics and International Studies and Principal Research Fellow, Centre for the Study of Globalisation and Regionalisation, University of Warwick

Sidney Tarrow Maxwell Upson Professor of Government, Department of Government and Sociology, Cornell University

Carl Tham Former Head of the Swedish International Development Agency and Secretary General, Olof Palme International Centre, Sweden

Lori Wallach Director of Public Citizen’s Global Trade Watch

John Whalley Professor of Economics and Co-Director, Centre for the Study of Globalisation and Regionalisation, University of Warwick

Jan Martin Witte Co-Director, Global Public Policy Institute and ERP-Scholar at the Johns Hopkins University, Washington DC

Ernesto Zedillo Former President of Mexico
ABOUT THE ORGANIZERS

The Center for Policy Studies was recently created within the Central European University to develop the relationship between research and policy. As a new institute, its focus will be on conducting and co-ordinating research within the CEU and on generating the policy implications of that research for central and Eastern Europe. http://www.ceu.hu/cps

The International Relations and European Studies Department at the Central European University seeks to combine theoretical concepts of international relations and international political economy with region-specific knowledge. The department’s focus is the interaction between global and European political, economic and social processes with the transformation and Europeanization of ex-socialist countries. http://www.ceu.hu/ires/iresdir.html

Founded in 1997, the Centre for the Study of Globalisation and Regionalization at the University of Warwick is one of the leading sites in Europe for the study of the contemporary globalisation process. With core funding as a Thematic Priority Centre of the UK Economic and Social Research Council it conducts both multidisciplinary scholarly and policy focussed research on key elements of the globalisation process. For details on its activities, see its web page at http://www.csgr.org

Contact: Center for Policy Studies
Central European University
H–1051 Budapest
Nádor Street 9–11
Telephone: (36 1) 327-3000/2285
Fax: (36 1) 235-6170
E-mail: cps@ceu.hu
http://www.ceu.hu/cps