

Globalization and its Critics

An examination of the ‘anti globalization movement’,¹²

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On 11 September 2001 the *Financial Times* published an article entitled ‘The mosquitoes begin to swarm’, the first of a four-part series on the ‘anti globalization’ movement. The author, James Harding, vividly captured the chaotic energy of a ‘movement of movements’ based on a pervasive ‘queasiness about capitalism’.

“It is wide in its tactics and ambitions, violent and revolutionary on the edges, peaceful and reformist in the main. It rushes in often contradictory directions, anti-corporate and entrepreneurial, anarchistic and nostalgic, technophobe and futuristic, revolutionary and conservative all at the same time.

It does not have one source. Many tributaries have swollen [it]: the anti-apartheid movement, the campaigns against US intervention in Central America, environmentalism, the emergence of protest movements in the Third World, famine relief in Africa, the Asian financial crisis, human rights protection, Acid House raves in Europe, road rallies organized by Reclaim the Streets and hip-hop music in the US”.³

Following the attacks on the World Trade Center and the Pentagon, the remaining three articles were hurriedly spiked. The attention of the world’s media moved elsewhere.

What’s in a name?

The term most commonly used for this phenomenon is the ‘anti-globalization movement’; but it is neither solidly anti-globalization, nor a single movement. Under the umbrella of this label there is a wide variety of actors with often sharply differing philosophies, objectives and assumptions. It is amorphous, heterogeneous and at times contradictory.⁴ Yet for the past three or four years it has proved a useful – if contested and in large part inaccurate⁵ - shorthand to describe what many identify as a new and important force in global politics.

This article seeks to examine the ‘movement’ in a little more detail - its origins and its composition, its commonalities and its differences. Much has been written about this confluence of political currents, sometimes

¹ This article is taken from the forthcoming book ‘Globalisierung und Perspektiven interantionaler Verantwortlichkeit’, Eds Reinhard C. Meier-Walser, Peter Stein, published by NOMOS, Baden-Baden (www.nomos.de). Matt Griffith, a Policy Researcher at CAFOD, writes it in a personal capacity.

² This is an updated and abridged version of the article ‘Globalization and its Discontents’ by Duncan Green and Matthew Griffith which appeared in *International Affairs* in January 2002

³ *Financial Times*, 11th September 2001

⁴ As one of the movement’s leading voices has recently noted “it is a very broad and very wobbly coalition indeed”. George Monbiot as quoted in House of Lords Select Committee on Economic Affairs: *Globalisation 1st Report*, London, 2002.

⁵ On core issues such as democracy, the environment, and international trade and investment rules, what parts of the movement support is as important as what they oppose: increased grassroots participation and accountability in policy-making; improved environmental protection and the internalization of environmental costs; reform of world trade rules to benefit the weakest countries and communities. However the ‘anti’ label has stuck, to the frustration of many of the movement’s leaders and thinkers. Struggling with this issue, activists organizing the World Social Forum scheduled for Porto Alegre in January 2002 chose for its slogan ‘Another World is Possible’ <www.worldsocialforum.org>.

wildly optimistic and, notably after September 11th, often dismissive. This article suggests much that binds the 'movement' together, but adds a word of caution about the continuing usefulness of the term.

We are in a period of a strikingly new political and institutional landscape. The movement is a product of, and a participant in, this landscape. This novelty makes perspective difficult. However it is becoming clear that much of the coherence of the 'movement' is contingent upon external conditions. Time is likely to delineate new trends and lead to greater divergence.

In order to understand the nature of the current debate around globalization – as well as what might happen next to the 'anti-globalization movement' - there is a need both for disaggregation of the movement and a reflection on the context in which this 'movement' exists.

The world outside

Although globalization (understood here as the increasing interconnectedness of individuals, groups, companies and countries) has been going on for centuries if not millennia, the past twenty years have seen a spectacular growth in its intensity, scope and visibility as a public issue. The origins of the movement are rooted in and in large part unified by this period of globalization. It is therefore worth examining briefly the events and processes that shaped this political reaction.

While increasing integration through trade and investment has been a feature of the global economy since the Second World War, several pivotal events in recent decades have led to a sudden acceleration in its social and political prominence. In the North, the oil crisis and the suspension of dollar convertibility in 1971 marked the end of the 'long boom' of post-1945 Keynesianism. They also triggered the meteoric rise of the global capital markets which made earning and keeping 'market confidence' an increasingly important determinant of government policies.

In the South, the Mexican government's near-default on its foreign debt in 1982 marked the end of the post-war era of import-substituting industrialization and began a long and painful period for developing countries, characterized by the burden of massive foreign indebtedness, and the rise in political influence of the IMF, World Bank and international capital markets, all three of which ushered policy-makers away from development policies focused on the domestic market, and towards a strategy of export-led growth.

Finally, the fall of the Berlin Wall in 1989 and the subsequent collapse of Soviet communism led to the rapid integration of what became known as the 'transition economies' of the former Soviet Union into a seemingly triumphant model of market-driven economic change.

At a political level, these events brought in their wake two important developments. The crisis in state-led development in the Third World and the discrediting of the old Soviet-based left was also accompanied by, and a major cause of, the disorientation of the left as a whole. Certain trends within 'globalization' in turn compounded this disorientation. The first of these was a shift in power away from the state, driven increasingly by global economic trends (such as global financial markets) that eroded governments' ability to manage their economies. The result was a perceived crisis in social democracy.

The second trend was the rise of the New Right. By the early 1980s the market was seen to have won a definitive triumph over the state, leading to the resurgence of free market ideology. John Kennedy's 'twilight time', characterized by American fear of a looming Soviet threat, gave way to a new dawn for liberal democracies and, more importantly, for a global market based on the aggressive economic model of Anglo-Saxon capitalism. The elision of 'market democracy' became a staple item in the lexicon of Western leaders.

At an economic level, these political developments helped drive the rapid expansion of trade and investment flows, as large parts of Latin America and Asia adopted export-led growth strategies, and the countries of the former Soviet empire were rapidly, if partially, absorbed into an increasingly integrated global economy. 'Globalization' quickly became the shorthand for this model of expansion—a heady and complex mix of

technological, economic, political and cultural change.

Globalization was accompanied and underpinned by a set of interlocking institutional developments at both international and national levels. First, the existing structures of global economic governance were overhauled. The World Bank and the IMF redefined their roles, moving swiftly away from Keynesian operating principles to become bastions of neo-liberalism. A web of bilateral, regional and global international trade and investment agreements, culminating in the creation of the World Trade Organization in 1995, bound the new system in place. At national level in the West, the left, driven by the need for both electoral success and reconciliation with new market realities, moved from social democracy towards a much more uncritical acceptance of the market as the organizing principle of the economy.

The early 1990s thus saw a remarkable degree of internal consensus over the model of global economic and political management promoted by global institutions and the most powerful state players. This model was variously titled 'neo-liberalism' or the 'Washington consensus', a term first coined by economist John Williamson in 1989 to describe a core set of ten policy recommendations which formed the basis of structural adjustment programmes around the world.

However, the 'end of history' dominance of the neo-liberal variant of globalization proved short-lived. Events throughout the 1990s undermined both the ideological and theoretical foundations of the Washington consensus and its political base of support. Globalization and the erosion of national sovereignty drew growing public attention to the undemocratic and closed nature of increasingly powerful global institutions and the influence and lack of accountability of global corporations. The movement grew to protest at, and fill, these lacunae in the system of global economic governance.

The Asian crisis of 1997 (caused in part by excessive liberalization of financial markets which was then misdiagnosed, aggravated and perpetuated by the IMF) was perhaps the most significant event to undermine neo-liberal theory. But the Mexican peso crisis of 1994 and the catastrophe of free market reform in Russia (where life expectancy fell sharply in the period after 1990⁶) also created serious doubts in the minds of policy-makers. By the late 1990s, liberalization as a panacea was being called into question even by free market economists like Krugman and Bhagwati, as well as prominent practitioners like George Soros. Neo-liberal hubris gave way to cautious self-doubt, especially over the problems of liberalized capital markets.

As doubts grew, so did political opposition. The economic consequences of this phase of globalization unified in opposition a diverse array of actors. Downsizing and corporate restructuring, privatization, the erosion of workers' rights and the changing nature of production and supply chains activated opposition from the labour movement in both the North and the South. Global warming, unsustainable growth and the depletion of resources created hostility from environmentalists, who were further outraged over the perceived threat to environmental legislation from trade rules in the WTO; for example, when four Asian nations successfully challenged provisions of the US Endangered Species Act forbidding the sale in the United States of prawns caught in ways that kill endangered sea turtles. The erosion of the nation-state and of democratic institutions antagonized proponents of state-led development, democrats and some on the political right. Increasing corporate power and social inequality galvanized the traditional left and a whole host of other left-of-centre actors. Structural adjustment programmes and growing Southern marginalization and inequality radicalized civil society and some political parties in the developing world.

Internationally a changing institutional landscape also aided the growth of the movement. Globalization has seen a shift of power into international institutions and a growth in their arrangements. These institutions have not been linked into the traditional accountability mechanisms of states and have severe 'democratic deficits'. These glaring inadequacies in global governance have raised the profile of the movement as civil society

⁶ According to the UNDP, the collapse in life expectancy in eastern Europe during the 1990s meant that 10 million men died during that decade who would otherwise have survived to see in the millennium. See <www.worldbank.org/html/prddr/trans/julaug99>.

attempts to make these institutions more accountable. The movement's reformist currents in particular have played an increasing role in what some academics have, somewhat overenthusiastically, called 'post sovereign governance'.⁷

For many in the movement, the OECD's abandonment in 1998 of talks to establish a multilateral agreement in investment (MAI) and the collapse a year later of the third WTO ministerial meeting in Seattle marked a turning point in the 'imperial overstretch' in neo-liberal globalization. Although this form of globalization was promoted by the most powerful global actors, the social and political base of support for it was always narrow. With its ideology in question, its programme creating politically damaging side-effects and its main institutions looking increasingly rudderless and bewildered, a new set of political actors rushed to fill the gaps. In all its chaotic glory, the movement was born.

The movement: who's who?

*There is a basic need to recognize that despite the big contributions that a global economy can undoubtedly make to global prosperity, we also have to confront the far-reaching manifestations of inequality between and within nations. The real debate associated with globalization is, ultimately, not about the efficiency of markets, nor about the importance of modern technology. The debate, rather, is about inequality of power.*⁸

At first sight the movement looks an incongruous political mix of contradictions, colours and cultures, in part vocal and aggressive, in part quiet and conciliatory. Although its political and social origins are diverse, they all involve a response to the economic events of the past twenty years, in particular the neo-liberal form of globalization and its most visible symbols, the institutions of global economic governance. The movement's milestones have been the G8, IMF, and WTO summits that it has attended and disrupted or influenced to differing degrees—Birmingham 1998, Seattle 1999, Prague 2000, Genoa 2001, each accompanied by a panoply of fringe events and protests.

Although this opposition may be its primary unifying force, it would be grossly simplistic to portray the movement as being solely reactive. Traditionally, a political force may rely on a unified opposing theory, charismatic leaders and revolutionary cadres, but the movement is very far from being a traditional political animal. It is united at heart by a concern for social justice and a refusal to accept the depredations of the powerful and the exclusion of the poor and the powerless from the mainstream political system. In this sense it is not a negative movement, but a positive attempt at inclusion.

Nor is the vast bulk of the movement 'anti-globalization'—all are contesting the future direction of globalization, but almost every current within it has a strong internationalist outlook. Indeed, the products of globalization have proved indispensable to the growth of the movement. The internet and email have created a global conversation between grass-roots organizations and NGOs around the world, a daily exchange of information, viewpoints and ideas which was previously the exclusive prerogative of the rich and powerful. The spread of global brands, and the global reach of the WTO and the IMF, have provided common rallying points for protest; the founding of the WTO in 1995 in particular put an institutional face on what had previously been an amorphous process, a gift to the protest movement.

While the movement is to some extent a collection of separate fragments, the past ten years have seen significant progress. Serious divisions persist, but there has been a growing consensus (or at least a greater awareness and tolerance of difference) between labour, environmentalists and development NGOs on many issues where there once was hostility—for example on child labour, or the attitudes of environmentalists to poverty. In the UK, one recent example is the creation of the Trade Justice Movement, a coalition of eleven

⁷ Jan Aart Scholte: 'Global Civil Society', (in Ngaire Woods eds: *The Political Economy of Globalisation*), London 2000.

⁸ Amartya Sen, *Observer*, 25 June 2000.

NGOs including the Royal Society for the Protection of Birds, CAFOD and Friends of the Earth.⁹

The movement has become an important international player in its own right, helping to redefine public notions of democracy, accountability and collective mobilization. The *Financial Times* sees it as a ‘fifth estate’, a valuable global counterbalance in a world of ageing and often inadequate global institutions.¹⁰ In recent years it has achieved some notable successes:

- *Jubilee 2000*: This largely church-based coalition was credited by the British government with putting debt back on the international agenda. Initially started in the UK, Jubilee groups were set up in dozens of countries, North and South. Many, especially in the South, rapidly moved on to campaign on wider globalization-related issues such as the impact of transnational corporations and structural adjustment programmes.
- *Attac*: This French-based network of intellectuals and activists has taken the lead in promoting the introduction of the ‘Tobin tax’ (a small tax on currency transactions designed to curb speculative capital flows), and was influential in persuading the French government both to support a study of the tax and to oppose the MAI.
- *Corporate social responsibility*: Public criticism and campaigning on corporate misconduct, for example over pollution or abusive labour practices, backed by increasing pressure from institutional investors, have prompted numerous initiatives to improve corporations’ social and environmental performance.¹¹ In the United States, student-led, grass-roots, anti-sweatshop campaigns have galvanized political life on the campuses to a degree not seen since the Vietnam War.

Although it defies firm categorizations, the movement can be roughly divided into three strands: statist, alternatives and reformists.

The statist believe the current process of globalization has been a disaster, and seek to defend and rebuild the role of the state in economic management after the neo-liberal assault of the last twenty years. This group is dominated by the traditional left, some sections of the labour movement and a large proportion of Southern activists. Through this group runs a strong sense of rejectionism and even conservatism. Some, such as a few of the US labour unions protesting in Seattle, want to retain the state’s ability to protect domestic industries from cheap imports. Others, such as prominent Filipino activist Walden Bello, reject the terms of globalization outright, feeling that any alternative, including the abolition of the IMF and WTO, could not fail to be an improvement on present realities. Despite its focus on the nation-state, this group retains a strong sense of internationalism.

The alternatives are both highly visible and the hardest to define, though often labelled ‘anarchist’. This element of the movement is strongly driven, and best understood, in cultural terms. Its members reject globalization in passing, but concentrate more on building small-scale alternatives, be they ecologists running organic businesses, followers of the *Small is beautiful* author E. F. Schumacher, activists seeking to ‘deconstruct’ corporate power and global brands, or Zapatistas who wish to gain rights and land and make a statement about globalization’s marginalizing effect. These groups oppose the encroachment of the market or the market’s power relations into their cultural or political spaces. Most are also small, decentralized and strongly ‘anti-corporate’.

The reformists make up the majority of formally structured groups involved in the movement, or at least dominate the thinking of their leaderships. Their aim is ‘partial change to try and offset current injustices and inequalities’.¹² The reformists act within current political systems and advocate gradualism and peaceful change. Most accept a role for the market, but believe it must be better regulated and managed in order to achieve

⁹ <www.tradejusticemovement.org.uk>

¹⁰ *Financial Times*, 10 October 2001.

¹¹ See e.g. <www.ethicaltrade.org> or <www.justpensions.org>.

¹² R. Cohen and S. Raj, ‘Global Social Movements’, London: Athlone, 2000.

socially just and sustainable outcomes. This group includes some trade unions, faith groups, charities and development organizations (like CAFOD and Oxfam), and most mainstream environmental groups (including Friends of the Earth), as well as issue-specific campaigns like 'Drop the Debt' or the call for the Tobin Tax.

The reformist current has also made strong inroads into global and national politics, going far beyond the usual suspects. The *Financial Times*, James Wolfensohn at the World Bank, Nobel Prize-winning economists such as Amartya Sen or Joseph Stiglitz, Kofi Annan, the corporate social responsibility movement and George Soros could all be called 'reformists'. Indeed, after their post-11 September rhetoric, so could many European political leaders. As Lord Desai puts it: 'The reformists view themselves as the only true defenders of globalization. They believe that both isolationist calls to reverse the process and supporters' insistence on "ultra-liberal" forms of global capitalism are bound to de-rail globalization, with tragic consequences.'¹³

However, several caveats are warranted over this attempt to disaggregate the movement. Many NGOs and even individuals span more than one current: for example, Friends of the Earth is both reformist and alternative. Author Naomi Klein, one of the movement's most prominent figures since the publication of her book *No logo*, may base her critique of globalization primarily in cultural terms and is a source of inspiration to the anti-corporate wing of the movement, but is herself essentially a progressive reformist. Within mainstream NGOs, supporters and Southern partners often espouse more radical options than their full-time staff and leaders.

Nor does this picture do justice to the depth and breadth of the movement in the South. The UK Minister for Development, Clare Short, routinely dismissed protests as the work of 'misguided white middle-class activists' in the North, but the largest protests over the WTO have been in India. Brazil is rapidly becoming a centre of the movement, witnessed by the huge gatherings of activists in Porto Alegre in January 2001 and 2002, held as a 'people's response' to the business summits in Davos. The movement in the North draws inspiration and guidance from a number of prominent southern intellectuals such as Vandana Shiva (India), Martin Kohr (Malaysia) and Walden Bello (Philippines, but based in Bangkok) and the work of the NGOs to which they belong.¹⁴ Finally, none of these categories describes the nihilist currents, few in number in Seattle, but significant in Genoa, who were there for a 'rage against the machine' punch-up, rather than political debate.

Global institutions also play a key unifying role, both in providing focus to the movement and in creating the backdrop against which the movement has thrived. But they also mark a significant cleavage. For reformists engagement is vital if change is to be achieved. Engagement has provided a small measure of greater transparency, participation and popular pressure, as NGOs enter policy-making channels and new mechanisms are created in an attempt to bridge gaps within highly imperfect existing structures. For rejectionists global institutions (in particular the WTO, IMF and World Bank) are fundamentally illegitimate and unreformable, to be abolished rather than improved.

A development NGO critique of globalization

As globalization consolidated and expanded its influence, disquiet over its nature and impact grew in many initially disconnected arenas in both the developing and developed worlds.

In the UK, the basic NGO critique of globalization developed over the course of 2000, as aid agencies debated the World Bank's flagship 2000 *World Development Report* and engaged with the Department for International Development over its White Paper on globalization and development.¹⁵ An intensive round of written and oral

¹³ Meghnad Desai and Yahia Said: 'The new anti-capitalist movement: money and global civil society', (H. Anheier, M. Glasius and M. Kaldor, eds, 'Global civil society 2001'), Oxford: Oxford University Press, 2001.

¹⁴ See websites for Third World Network, <www.twinside.org.sg>, and Focus on the Global South, <www.focusweb.org>.

¹⁵ *World Development Report 2000/01: Attacking Poverty*, New York: Oxford University Press, 2000. *Eliminating world poverty: making globalization work for the poor*, London: Department for International Development, 2001. For an insightful analysis of the origins of the rancorous public debate over the *World*

submissions and debates sharpened arguments and clarified both common ground and areas of difference.¹⁶ A number of underlying concerns about the direction of political and economic globalization crystallized during these discussions.

The debate over the White Paper also helped inform a shift in NGO emphasis from debt to trade, a change already boosted by the growing notoriety of the WTO following the collapse of the WTO Seattle ministerial meeting. The success of the Jubilee 2000 debt coalition in the late 1990s had confirmed the importance of policy and advocacy work as a core activity of NGOs and a significant source of influence on Northern policy-makers. While debt remains an important issue, of keen interest to NGOs, experience on the ground in the 1980s and 1990s drew their attention to the wider social impact of structural adjustment and trade liberalization.

Kevin Watkins of Oxfam sees the increasing involvement of Northern development NGOs in policy and advocacy as stemming from a recognition of the inadequacies of an exclusive reliance on traditional in-country project work.

‘We might spend US\$20m on a school in rural Kenya, only to find that nobody could afford to send their children to school. We discovered that you cannot operate small islands of development success in a sea of macro-economic failure.’¹⁷ Over the past ten years, NGOs have given far higher priority to research and lobbying work. UK NGOs seem to have made particular strides in this area, and are usually disproportionately represented in NGO engagement with international institutions.

The main concerns

In general, NGO and civil society concerns stem from the realization that while globalization has led to benefits for some, it has not led to benefits for all.¹⁸ The benefits appear to have gone to those who already have the most, while many of the poorest have failed to benefit fully and some have even been made poorer. For example, trade liberalization has meant that many small farmers in developing countries have been hit by import surges of heavily subsidized food imports from the United States and EU.¹⁹

Equity and redistribution are increasingly recognized as the ‘missing link’ between globalization and poverty reduction. Recent research shows that improved equity leads not only to faster poverty reduction for a given amount of growth, but also to faster growth.²⁰ What is good for poor people is good for the economy as a whole. Yet up to now, globalization has frequently been linked to increasing inequality.²¹

New research also points to the importance of national differences. The same policy reforms have different outcomes in different countries, depending on the structure of the economy, the initial distribution of assets, and the nature of economic and political institutions. Policy responses to globalization should be appropriate to particular cases in terms of the instruments used, the sequencing of reforms and the combination of policies implemented.

Development Report, see Ravi Kanbur, *Economic policy, distribution and poverty: the nature of disagreements*, New York: Cornell University, December 2000.

¹⁶ NGO submissions are listed on <www.globalization.gov.uk/>, and available from individual NGOs

¹⁷ Financial Times, 13 July 2001.

¹⁸ This section is based on ‘A human development approach to globalization: a submission by Christian Aid and CAFOD on the government’s White Paper on globalization’, May 2000, <www.cafod.org.uk/policy/polhumdevglobfull.shtml>.

¹⁹ Agriculture, trade and food security: issues and options in the WTO negotiations from the perspective of developing countries, Rome: FAO, 1999.

²⁰ L. Hanmer, N. de Jong, R. Kurian and J. Mooij, ‘Are the DAC targets achievable? Poverty and human development in the year 2015’, *Journal of International Development* II:4, 1999, pp. 547—63.

²¹ For a recent discussion on this issue, see Branko Milanovic, *True world income distribution, 1988 and 1993: first calculation based on household surveys alone*, Washington DC: World Bank, Development Research Group, February 2001.

However, even though the evidence points to the importance of diversity, developing country governments are pushed by international rule-making, whether under the auspices of the WTO, through the pressures exerted by structural adjustment packages, or by the need to reassure the markets, towards greater homogeneity of policy response. The challenge for policy-makers is to find ways of ensuring that national and international rule-making accommodate appropriate diversity of policy rather than reduce diversity to a minimum.

A linked concern of NGOs is that the drive for liberalization is based too much on dogma and ideology rather than on careful examination of the evidence and assessment of likely impact. They are not alone in this. A recent report by the UK House of Commons Select Committee on International Development concluded 'We are astonished at the lack of empirical study of the Uruguay Round on developing countries. Adequate resources must be provided to fund such a review.'²² To date, no such review has even begun. For many NGOs, the empirical flimsiness of the intellectual case for liberalization was one of the main revelations of the White Paper process.

One of the lessons of recent years is that liberalization and deregulation have very different costs and benefits when applied to the three areas of financial flows, direct investment and trade. Arguments and evidence for one should not be applied to the others. The increasing frequency and severity of financial crises in recent years demonstrate the need for serious reforms of the global financial architecture. Crises hurt the poor disproportionately and increase inequality, making the achievement of growth favourable to the poor harder thereafter. For the least developed economies, debt cancellation remains one of the most efficient ways of freeing the resources needed to fight poverty.

One of the most high-profile areas of public concern (demonstrated by the impact and worldwide sales of Naomi Klein's *No logo*) is that the increasing size and dominance of transnational corporations is making them both more influential and more unaccountable.

Public concern over excessive corporate power has led both to calls for increased international regulation and to pressure on companies to regulate themselves through the introduction of 'codes of conduct' for themselves and their suppliers.²³ In financial circles, this pressure has been accompanied by a greater awareness that successful companies must take into account a range of 'non-financial risks', including social, environmental and ethical issues.²⁴

There are also fears that competition between countries wishing to attract foreign investment and technology could lead to a 'race to the bottom' in terms of tax incentives and labour market suppression, thereby minimizing the potential social benefits offered by the private sector. The impact of foreign direct investment on employment, on export performance and on domestic industry is not guaranteed, and governments must be able to provide a regulatory framework to maximize the benefits and minimize the costs.

Finally, although most mainstream NGOs believe strongly that it is essential to have rules governing international trade, they severely criticize the particular set of rules established in the WTO. A multilateral trading system is necessary to ensure that weaker nations are not discriminated against by the strong in both North—South and South—South relations. However, rule-making must proceed at a pace that is appropriate for the weakest members of the system, and the rules made in the WTO must be the right rules for development and poverty reduction. Current rules expose Northern governments to well-founded accusations of double standards on issues such as protection for domestic industries and support for domestic farmers, and provide insufficient flexibility to enable Southern governments to pursue their development goals. The current agenda being pushed by Northern countries²⁵ is seen by many actually to mitigate *against* development and to be incompatible with

²² After Seattle, Report by House of Commons Select Committee on International Development (London: Stationery Office, Dec. 2000).

²³ See e.g. <www.ethicaltrade.org>.

²⁴ For more information, see <www.justpenssons.org>.

²⁵ Notably current intellectual property rules and proposed rules on investment and competition

the historical experience of the industrialised North.²⁶

The round of global trade negotiations launched at Doha in 2001 will provide the acid test for many NGOs of whether the WTO can become a genuinely pro-development multilateral institution, or whether it is locked irredeemably into a 1980s-era mindset of uncritical support for liberalization. At the time of writing the omens look bleak.²⁷

Hegemonic shifts

Neither the advocates nor the critics of globalization have been static or monolithic. Over the 20-year period covered by this article, different currents have risen and fallen on both sides of the argument, leading to convergence in some areas and continued differences in others. In general terms, comparing today's debate with that of the mid-1980s, perhaps the high-water mark of the 'Washington consensus' of neo-liberalism, it is clear that significant changes have occurred in the thinking of policy-makers. In part this has been a response to some of the more catastrophic results of gung-ho liberalization: the débâcle of free market reforms in Russia, the Mexican crisis of 1994 and the Asian financial crisis of 1997-8 led to some serious soul-searching and admissions of mistakes, deflating the excessive self-confidence of the 1980s.

The growth of the movement both fed off and accelerated this rethink. Politicians recognized a need to respond to public disquiet, for example in the G8's decision to put debt on the agenda at its 1998 Birmingham summit, or when Chancellor Schröder ordered a study of the Tobin Tax in 2001. In 1999, the IMF committed itself to the 2015 targets for halving world poverty, drawn up by the OECD and agreed at the UN Millennium Summit in Geneva in June 2000. A growing number of prominent economists questioned the impact of unfettered markets on the poor; among them were Joseph Stiglitz and Amartya Sen, both of whom achieved further prominence with the award of the Nobel Prize (in 2001 and 1998 respectively).

The surest sign of this 'hegemonic shift' within the system is that when there are genuine doubts in the minds of policy-makers, a comparatively small number of demonstrators can have a disproportionate political impact. Estimates of the numbers physically blockading the Seattle conference centre were just a few thousand; compare that with the minimal impact of the hundreds of thousands of demonstrators who marched regularly during the Cold War years, protesting against the installation on UK bases of nuclear cruise missiles.

These partial successes have both strengthened the reformists within the movement and endangered its unity by heightening the points of difference between them and the rejectionists. The difficulties posed by partial victories were most clearly demonstrated in the Jubilee 2000 movement, when at the height of its policy successes at the Cologne G8 summit in 1999 the more radical 'Jubilee South' wing, based in countries such as South Africa and Nicaragua, condemned the Northern Jubilee organizations for their reformist acceptance of the status quo. Alejandro Bendana, a former Sandinista leader and Jubilee South leader, condemned northern NGOs for 'replacing politics with policy'.

The more evangelical wing of the free marketeers also suffered some significant political setbacks, notably the disaster in Seattle and the abandonment in 1998 of OECD talks on an MAI which would, critics claimed, have further skewed the imbalance between corporate rights and responsibilities and the greatly reduced ability of states to channel investment in the interests of development.

Underlying the political debate has been a steady shift in public opinion, with messages on several fronts—press exposés of poor working conditions, public protest, and the growing availability and prominence of 'fair trade' products—combining to make the public increasingly aware of the social impact of globalization.

²⁶ See Ha Joon Chang: *Kicking away the ladder*, London, 2002.

²⁷ In early 2003 lack of progress on many issues of critical importance to developing countries – such as agriculture and 'special and differential treatment' – and the continued imbalance of power and negotiating capacity point to an impending crisis within the organisation.

From inside the movement, as NGO campaigns and policy specialists constantly move on to the next battleground, it is easy to lose sight of how much has changed since the early 1980s. There is now a much more nuanced understanding among decision-makers of the differences between liberalization of finance, direct investment and trade; at the very least, most wings of the private sector pay lip service to notions of corporate social responsibility; some of the most notorious excesses of free market zeal have been curbed.

The future of the movement: September 11th and other changes

Since 11 September, terrorism and war have dominated international politics, and questions about the nature of globalization have been sidelined. The movement, once the centre of international attention, has been portrayed as at best an irrelevance, and at worst vaguely culpable and dangerous.²⁸ The temptation may be to think that the movement's time has gone, that it will now pass into history as an ante-bellum self-indulgence, tolerated because of the end of the Cold War and the 1990s economic boom. But is this the case?²⁹

Given greater perspective we should be more cautious of the view that since September 11th everything is different. But neither should we be blindly optimistic; either of the movement's power, coherence or its ability to defy political gravity.

Understanding what may happen to the movement means exploring deeper questions about its political and social origins, the economic issues that it addresses and the future of the international system to which it is a response. It also means looking at the movement's component parts and their likely reactions to changing circumstances.

What does the future hold for the 'anti-globalization' movement? This essay's brief overview has tried to show that much of its coherence is contingent upon external conditions. The strongest force in shaping its future development is therefore likely to be external, notably stemming from the pace and depth of change in the institutions of global governance and of the international system in which these institutions are based.

Over the past ten years, the dynamics of the interplay between globalization, the global governance institutions, nation states and the movement have been changing. The debate around globalization has shifted away from the entrenched positions of the early 1990s as global institutions have gradually responded to public and political pressure by becoming more inclusive and democratic. These trends will continue to evolve.

The World Bank and IMF Annual Meetings in the autumn of 2002 showed how far the debate around globalization has come and also the major barriers that prevent further progress. At the meeting's closing seminar senior figures from both institutions admitted that 'the era of market fundamentalism was over'³⁰. Financial scandal in the US had further dented the image of free wheeling capitalism, whilst September 11th highlighted the problems of failing states in developing countries such as Afghanistan and Pakistan. But the 2002 Annual Meetings were also instructive in highlighting the clear limits to change at a global level, given the power exerted by a handful of powerful governments on international institutions. Many NGO attendees observed that the most important institutional obstacle to reform was not the IMF or the World Bank, but the US Treasury.³¹ The wake of September 11th has bluntly reaffirmed the importance of the state.

²⁸ The editor of the New Republic, Peter Beinart, wrote that 'the anti-globalization movement ... is, in part, a movement motivated by hatred of the United States' (New Republic, 24 Sept. 2001).

²⁹ For more analysis of the impact of 11 September on the anti-globalisation movement see Duncan Green and Matthew Griffith: 'Globalisation and its discontents', International Affairs, London, January 2002.

³⁰ Author's notes 'Capstone Roundtable: Honouring A Global Compact for Growth & Development Seminar', World Bank IMF Annual Meetings, September 27, 2002.

³¹ Similar observations were also made at the other major international meeting of 2002 – the World Summit for Sustainable Development in Johannesburg.

The success of the movement - and in particular its reformist current - in achieving change has been helped greatly by the multilateralism of the current international system. It has provided focus and coherence to otherwise disparate groups and allowed small gains in attempts to create a more balanced and humane form of international governance. However, multilateralism now looks under threat – both from the turn towards unilateralism by the most powerful states and from the increased strain put upon the long-term effectiveness of global governance by the exclusion of the world’s weakest nations. Both trends would strengthen the rejectionists and undermine the reformists as well as the unity and effectiveness of the movement as a whole.

The increased unilateralism of the US poses a particularly difficult problem - even a paradox - for the movement. American power is the most decisively influential in global institutions, but is also that which the movement is noticeably weakest at influencing. Although it has a highly vocal and visible fringe in the US, the movement lacks any significant body of reformist opinion in the US’s political discourse. This is exacerbated by the difficulties faced by the movement in influencing the decision-making process of the US government. The challenge for American reformists is to create and direct this popular political pressure more effectively, otherwise further progress at international reform is clearly limited.

The other challenge is how to address the increasing *déclassement* of the South from global institutions. As Ngaire Woods has noted, globalization has further empowered the strongest states, reinforcing their ability to shape globalization’s institutions and control its impact. The South has had little control over their own integration into the world economy and are denied adequate representation in the power centres of global politics and economics.³² In particular there are huge inequalities of power and representation in the main global economic institutions. This is not something that civil society alone can address. Much greater institutional change must occur if global governance is to be at all sustainable.

In an era where globalization is one of the primary drivers behind global politics and economics, the need to reflect upon the sustainability and future direction of globalization itself is unavoidable. The West’s search for enhanced stability must lead to a greater recognition of the threats posed by rising inequality and the exclusion of the fifth of humanity (1.2 billion people) who still survive on less than a dollar a day.

An international system in which all things are left to the unfettered market and the will of the most powerful states will further heighten political, social and economic inequality. The role of international politics should be to mitigate this tendency by pursuing the goals of social justice and the common good. The present forms of global governance have not been performing this function well. In an increasingly globalized world the need for a voice to ensure that these issues continue to be addressed remains urgent.

³² Ngaire Woods, eds, ‘The Political Economy of Globalisation’, London, 2000.