

Global Integration: Currents and Counter-Currents

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Introduction

I have -- not altogether successfully -- tried to avoid using the word “globalization” because it has no agreed definition even though it first appeared in 1986. Instead I have chosen the term deeper integration that refers to the ongoing process of ever-tighter linkages among countries proceeding in stages since the end of World War II, first by trade negotiations beginning in the 1950’s, then intensifying with the liberation of capital flows and deregulation of financial markets in the 1970’s and 1980’s. By the end of the 1980’s a new phase of interdependence was launched by a marked increase in foreign direct investment and the multinational enterprises (MNE) became the drivers of integration as they spread their production chains around the world. This third phase was and is closely linked to the revolution in information and communication technology and technological changes in transportation which made it cheaper and easier to manage far flung production networks. With international rivalry intensifying, a wave of mergers and acquisitions has created, in a number of sectors, an oligopoly of global giants and increasing flows of highly skilled and educated workers. Moreover, especially, but not only, in the service sectors the emergence of E-commerce has, in effect, introduced a qualitatively different kind of integration which has been dubbed fusion. In a world of fusion, which does not, of course, yet exist the term national policy would be an oxymoron.

Someone (can’t remember who) once said “give me a metaphor and I will change the world”. I assure you I have no such ambition but in my losing battle to avoid the word globalization I’ve become intrigued by the concept of an ever-widening and deepening global current, touching more and more distant shores and moving inland with increasing speed. Inevitably this powerful global current has evoked cries to erect barriers to stop the flooding. And even Canute-like clarion calls to turn back the tide. So this metaphor has provided the title of my talk: Global Integration: Currents and Counter-Currents.

The deepening integration of the global economy is, in part, a “natural” phenomenon, fed and now led by technological changes driving in the direction of a single global market. But, of course, governments have played an important role and international economic policy has facilitated – or perhaps even catalysed – the deeper integration momentum. And the “natural” and “policy” forces are interrelated in a complex fashion which reflects the nature of the policy process. This process differs in different policy domains – for example trade versus financial or development policy. Both because of my own professional expertise, but also because trade policy played a major catalytic role in fostering global integration, my talk will centre on trade and the World Trade Organization (WTO), the first post cold-war institution.

I will begin with a brief sketch of the changes initiated by the last round of negotiations – the so-called Uruguay Round which began in 1986 and ended in 1994 with the creation of the WTO. The changes – mostly unintended – have introduced a profound transformation in the political economy of the policy process. This is, of course, a vast subject and I shall deal with only two aspects: the MNE’s as drivers of the global current and the new transnational actors – the NGO’s (non-governmental organizations) – skillfully surfing on the counter-current. My last section will deal with the evolving change in the climate of ideas about the economy and society which heighten the uncertainty about the future of global integration and the nation state.

So let me begin with the Uruguay Round and its aftermath.

The Uruguay Round: Unintended Consequences

After twenty-five years in government I learned a great deal but one lesson has proved most resilient – in all significant government policies the unintended consequences overwhelm the original policy objectives. The Uruguay Round is a particularly striking example of this dictum.

The Uruguay Round was the eighth negotiation under the auspices of the GATT (General Agreement on Tariffs and Trade), created in 1948 as part of the post-war international economic architecture. The primary mission of GATT was to reduce or eliminate the border barriers which had been erected in the 1930's and contributed to the Great Depression and its disastrous consequences. The GATT reflected its origins in the postwar world in that it provided rules to buffer or interface between the international objective of sustained liberalization and the objectives of domestic policy, primarily full employment and the creation of the welfare state.

Before the Uruguay Round, GATT worked very well. Tariffs and non-tariff barriers were significantly reduced and trade grew faster than output as each fed the other. Most rounds were essentially managed by the European Community and the U.S. though smaller countries like Canada were able to play a useful mediating role. The developing countries were largely ignored as players. Agriculture was virtually excluded from negotiations so the transatlantic alliance, helped by the Cold War's constraint on trade frictions, was the effective manager of the international trading system.

The Uruguay Round was a watershed in the evolution of that system. For the first time agriculture was at the centre of the negotiations and the European effort to block the launch of the negotiations to avoid coming to grips with their heavily subsidized and protected Common Agricultural Policy went on for half a decade. This foot-dragging also spawned a new single-interest coalition--the Australian-led Cairns Group, which included Southern countries from Latin America and Asia determined to ensure that liberalization of agricultural trade would not be relegated to the periphery by the Americans and the Europeans as it always had in the past.

But the role of a group of developing countries, tagged the G10 hardliners and led by Brazil and India, was in many ways even more important in the Uruguay Round's transformation of the system. The G10 were bitterly opposed to the inclusion of the so-called "new issues"--trade in services, intellectual property and investment--central to the American negotiating agenda.

Although the “new issues” are not identical -- obviously negotiations on telecommunications or financial services differ from intellectual property rights -- they do have one common or generic characteristic. Thus, they involve not the border barriers of the original GATT but domestic regulatory and legal systems embedded in the institutional infrastructure of the economy. The degree of intrusiveness into domestic sovereignty bears little resemblance to the shallow integration of the GATT with its focus on border barriers and its buffers to safeguard domestic policy space. Thus, for example, the barriers to access for service providers stem from laws, administrative actions or regulations which impede cross-border trade and investment. Intellectual property negotiations covered not only comprehensive standards for domestic laws but also detailed provisions for enforcement.

The inclusion of the new issues in the Uruguay Round was an American initiative and this policy agenda was largely driven by American MNE's who were market leaders in the services and high tech sectors. These corporations made it clear to the government that without a fundamental rebalancing of the GATT they would not continue to support a multilateral policy but would prefer a bilateral or regional track. But they didn't just talk the talk, they also walked the walk, organizing business coalitions in support of services and intellectual property in Europe and Japan as well as some smaller OECD countries. The activism paid off and it's fair to say that American MNE's played a key -- perhaps even the key -- role in establishing the new global trading system. I'll return to this shortly.

By the onset of the 1990's a major change in economic policy was underway. The debt crisis of the 1980's, and thus the role of the IMF and the World Bank, plus the fall of the Berlin Wall--a confluence of two unrelated events--ushered in a major transformation in the economic policy paradigm. Economic reforms--deregulation, privatization, liberalization -- were seen as essential elements for launching and sustaining growth. Economic regulatory reform is at the heart of the concept of trade in services. Even without the thrust from the Uruguay Round, many developing countries began to see reform of key service sectors such as telecommunications as essential

building blocks in the soft infrastructure underpinning growth and the GATS as a means to furthering domestic reform.

Thus, well before the end of the Round the hardline coalition had disappeared and coalitions of developing countries concentrated on liberalization of agriculture and textiles and clothing. Many undertook unilateral liberalization of tariffs and other trade barriers and by the conclusion in December 1993 were among the strongest supporters of the negotiations they so adamantly opposed in the 1980's. What I have called a North-South Grand Bargain was completed and was quite different from old-time GATT reciprocity -- I'll open my market if you'll open yours. It was essentially an implicit deal: the opening of OECD markets to agriculture and labor-intensive manufactured goods, especially textiles and clothing, for the inclusion into the trading system of trade in services, intellectual property and (albeit to a lesser extent than originally demanded) investment. Also--as virtually a last minute piece of the deal--the creation of a new institution, the WTO, with the strongest dispute settlement mechanism in the history of international law. Since the WTO consisted of a "single undertaking" (in WTO legal-ese) the deal was pretty much take it or leave it for the Southern countries. So they took it but, it's safe to say, without a full comprehension of the profoundly transformative implication of this new trading system (an incomprehension shared by the Northern negotiators as well I might add).

The Northern piece of the bargain consisted of some limited progress in agriculture, with a commitment to go further in new negotiations in 2000; limited progress in textiles and clothing with most of the restrictions to be eliminated later rather than sooner; a rather significant reduction in tariffs in goods in exchange for deeper cuts by developing countries. On the whole not great but not bad when compared with previous rounds centred on traditional GATT -- type market access negotiations. But this was not a GATT negotiation as the Southern piece of the deal so amply demonstrates.

The essence of the South side of the deal--the inclusion of the new issues and the creation of the new institution requires major upgrading and change in the

institutional infrastructure of many or most Southern countries: governance. These changes will take time and cost lots of money. The transition periods for implementation for developing countries were arbitrary and not based on any analysis or, indeed on any awareness of this systemic problem. The technical assistance promised by the North was not followed up. And the new increasingly litigious and evidentiary-intensive dispute settlement system required a level of legal expertise rare in non-OECD countries or it required pots of dollars to purchase Northern legal services.

There were two significant unintended consequences to this Grand Bargain (or Bum Deal). One is a broad and serious North-South divide in the WTO. While the South is hardly homogeneous there is a broad consensus that the Uruguay Round should be rebalanced before any new negotiations are launched. The Seattle meeting in 1999 ended with the walkout of virtually all the developing countries. What is more striking is the proactive role of the South countries both before and after Seattle. They are far better organized and informed, in part because of the rise of democracy and the growing awareness of trade policy issues in the general public and political institutions and the business community. But also because of the role of a number of NGO's, created in developing countries during the 1990's, to provide information ranging from technical research to policy strategy papers. And since the mid-90's the internet has accelerated the linkages of South NGO's with a number of Northern partners in both Europe and the U.S. These NGOs together act, in effect, as a "virtual secretariat". Thus a new proactive South has demanded some of the Uruguay Round rebalancing in the discussions in Geneva but the Northern countries seem to be in disarray. The situation today at the WTO and the prospects for a new round of negotiations is hardly reassuring: a proactive South facing a paralyzed North.

The other, and equally important, unintended consequence of the Uruguay Round has been the rise in profile of the MNE's, in part due to their role in the round. For the more paranoid the round was simply a conspiratorial collusion between corporations and the U.S. government. In any case, the global current of deepening integration,

accelerated by the Uruguay Round, has evoked a counter-current focused both on the MNE's and the WTO. Let me deal first with the MNE's.

Counter-Currents: the Corporation

The active role of the corporations in the Uruguay Round certainly raised their profile and made them a magnet for anti-trade advocates. This is evident to anyone who watched on T.V. the battle of Seattle or the demonstrations in Quebec. But before discussing those events I want to describe a less well-known but perhaps equally important development -- the movement to promote "corporate responsibility".

As an offshoot of the environmental and human rights movements and greatly facilitated by the IT revolution an increasing number of NGO's promote corporate codes of conduct -- described by one businessman as code mania. There are broadly two classes of these codes, one concerning labor standards and the other environmental practices. They are aimed at both consumers and investors and the movement takes off in the second half of the 1990 because of the internet and increasing media attention. As the NGO that created the first Social Accountability Code (SA 8000) has aptly noted: "with instantaneous media connection and the internet ---- today's remote factory scandal can become tomorrow's global headline". (1) The SA 8000 was launched in 1998 on the Fiftieth Anniversary of the Universal Declaration of Human Rights (not by coincidence).

This new movement provides a good example of how the internet has facilitated a market-like approach to the policy process. Information technology shifts power to the consumer and shareholder. Established NGO's act as policy entrepreneurs -- or, as in the United States, prompt university students to create their own coalition, the Union of Students against Sweatshops. In the case of consumer goods, where brand names (logos) are the chief asset, consumer and investor pressure will force firms to adopt codes. Often the NGO's work with the corporations at the firm or industry level. And recently governments have launched initiatives involving NGO's, unions and the corporations such as the U.K.'s Ethical Trading Initiative. Indeed these and similar

developments involving governmental and intergovernmental institutions (such as the U.N. Environmental agency UNCED and the OECD) have spawned a new term, “hybrid governance”.

As codes have proliferated criticism has mounted. Business is complaining of the paperwork burden and the lack of harmonization, although the recent (and amazing) announcement that the London index company FTSE will launch a Socially Responsible Index (SRI) may encourage a move to greater harmonization. Business grumps aside, the NGO’s are becoming divided between the collaborators and the confronters. In the case of the garment industry the difficulties of monitoring the suppliers in developing countries has re-launched the attack on some brand names. Southern NGO’s in those countries lack the capacity to participate and argue that “ethical trade” is driven by rich students and Northern NGO’s. Some unions fear that the codes could substitute for union action and erode membership. And a majority of economists argue that bad jobs at bad wages and working conditions are better than no jobs at all. And that corporate social responsibility distorts the market and is bad for growth and development.

So for every counter-current a counter-counter current surfaces. Emblematic of this phenomenon was the raucous booing by a number of NGO’s at the announcement by U.N. Secretary-General Kofi Annan of the Global Compact. The Compact includes principles in the field of human rights, labour standards and the environment to be voluntarily adopted by multinational corporations. The initiative was attacked as an attempt to “bluewash” the nearly 50 companies who endorsed it on July 26, 2000 at U.N. Headquarters. While it is true that implementation and monitoring measures need to be spelled out and strengthened, the fury of the attack must have startled the Secretary-General since he has so often praised the work of the NGO’s and involved them more actively in U.N. activities. The attack appears to be the launch of a counter-offensive to what some NGO’s regard as an attempt to de-fang their movement.

Be that as it may, the role of the NGO's with respect to corporate conduct goes well beyond the code movement. One example, still ongoing, is the attack on biotechnology in agriculture first aimed at Monsanto. But the most significant recent example concerns the pharmaceutical industry and the Aids crisis in Africa. In April this year 39 pharmaceutical companies withdrew a lawsuit against the government of South Africa concerning the use of generic drugs. Activists who filled the Pretoria courtroom cheered wildly and the victory was heralded as a triumph of David over Goliath.

This is a stunning example, as the Economist noted, of how the companies were caught unaware and had already lost the battle in the "court of public opinion". The campaign mobilized by Oxfam and Médecins sans Frontières was masterful and became a key element in the political agenda, especially in Europe. The framing of the issue was not only price -- the costs of the patented as compared to the generic drugs -- but broader questions of global inequality and social justice which resonated with a broader public. And the stake for the drug companies goes well beyond the lawsuit in South Africa since it involves important aspects of the WTO agreement or TRIPS (trade-related intellectual property) which could significantly affect the companies' future earnings. Worse still, the NGO's attacked their offer to sell drugs to poor countries at discount prices and the ensuing publicity about differential pricing, a long-standing and quite legal but largely unknown practice of the industry, energized American NGO's to mobilize support for price reductions at home. But since the American market is essential to generating the profits necessary to fund the R & D for new drugs, the full impact of the attacks on Big Pharma, which could be serious for the improvement of human health, are yet to be seen. An article in an NGO publication in Africa was entitled "The Aids Crisis Could be the Graveyard of the Patent System". That's a bit of a stretch, but there is clearly a crisis not only in AIDS but in the industry itself because there is little incentive to produce drugs for poor countries' diseases since the market is only 4-6% of total revenues. The role of the UN in dealing with this broader issue, which involves much more than drug prices since the institutional infrastructure of the poorest countries is woefully inadequate, will be crucial. So one could plausibly argue that the full impact of the NGO campaign could have far-reaching implications both for industry and international governance. Whether

these longer-run consequences will be good or bad will depend not only on the corporations and the NGO's but on the coordinated policy actions of governments and international institutions.

Perhaps the Aids crisis and the blundering behaviour of the industry -- which made it the Pariah du Jour, as the Wall Street Journal put it, is a one-off event and doesn't signal a new global counter-current aimed at global corporations. But perhaps not. A recent Business Week-Harris poll showed that between 72 and 82% of Americans believed corporations had "too much power". (2) A recent, much circulated publication by the U.S. -- based Institute for Policy Studies, which links with NGO networks in the human rights and development fields, is entitled Top 200: The Rise of Corporate Global Power. They note, inter alia, that the combined sales of the top 200 are bigger than the combined GDP of every country in the world minus the top ten. Equally eye-catching numbers are now cited in the financial press as the wave of restructuring and consolidation has proceeded. Articles and TV shows fulminating against "big business" have proliferated in the late 1990's. And no doubt some of the Gore Presidential campaign themes reflected this. And don't let's forget that Erin Brokovitch won an Oscar! But if that doesn't convince you that something's happening here how about John Le Carrè's latest novel, The Constant Gardener, in which the villain is not a Soviet spymaster but a pharmaceutical giant. Big Pharma, the new evil empire?

Speaking of the evil empire brings me to the subject of the WTO, the institution that unintendedly became a global magnet for dissent.

NGO's and the WTO

One of the most articulate and eloquent members of the new globberati, Vandana Shiva, head of an Indian environmental NGO, recently described the present state of the world as follows:

“We thought we had put slavery, holocausts and apartheid behind us – that humanity would never again allow dehumanizing and violent systems to shape the rules by which we live and die. Yet globalization is giving rise to new slavery, new holocausts, new apartheid. It is a war against nature, women, children and the poor. A war which is transforming every community and home into a war zone”. (3)

The counter attack by pundits, economists and government leaders seems pretty puny in comparison. Global village idiots; muddle-headed and misguided; millennial collectivists; coalitions to keep poor people, etc., etc. But, then as I will emphasize shortly, one of the great assets of the new policy entrepreneurs is their ability to craft a good message for the media. They seem to have the skills of a top-class advertising agency spinning a brand message.

Before I expound on their concerted attack on the WTO, I want to make clear that there is no homogeneous set of institutions called NGO's. Even if we separate out the development groups in poor countries from the advocacy NGO's whose main objective is to shape policy -- my concern in this lecture -- one has to divide the latter into several categories. For example, I've already noted the new virtual secretariat for Southern countries, and the groups centred on establishing business codes of conduct, both of which are rather different from what I've termed the Mobilization Networks, whose chief objective is to rally support for dissent at a specific event -- a WTO ministerial meeting, the Summit of the Americas, a meeting of the World Bank and International Monetary Fund, and so on. It is the Mobilization Networks I want to cover here.

The main objectives of the mobilization networks are to heighten public awareness of the target international institution's role in globalization and, by doing so, to change its agenda and mode of operation -- or, in the case of the more extreme members, to shut it down. While these networks are loosely knit coalitions of very disparate groups, an analysis of the networks at Seattle (in 1999), Washington, Bangkok and Prague (in 2000) and Quebec City (in 2001) show that a significant proportion are environmental,

human and gender rights NGO's. However one must be wary of the view (often stressed by the NGO's themselves) that these loose and diverse coalitions represent a new form of globalized participatory democracy on the internet or, as one of our own globerati (Naomi Klein) has noted about the FTAA protest, "a movement that doesn't have a leader, a centre, or even an agreed-on name". (4) This resembles what the British wit, P.J O'Rourke, has termed (in another context) "a clarion call to whatever". Participatory demonstrations as a form of participatory democracy? O.K, but the most significant development facilitated by the internet -- and vividly demonstrated in Seattle -- has been the emergence of a new service industry -- the business of dissent. And there is a business centre -- call it dissent.com -- very effectively operated by a core group of NGO's headed, as noted, by a new breed of policy entrepreneurs. It's important to stress again that the dissent industry is largely a product of the internet revolution. Inexpensive, borderless, real-time networking provides advocacy NGO's with economies of scale and also of scope by linking widely disparate groups with one common theme. As is the case for all innovations there are also important positive feedback loops. An NGO Network established at the Rio Summit in 1992 was used by American, Canadian and Mexican anti-NAFTA advocacy groups and this experience was vital to mobilizing the fight against the Multilateral Agreement on Investment (MAI). The lessons from the MAI were put to use in preparing for Seattle and the Seattle experience was helpful for planning to Washington and Prague and Porto Allegre and Davos and Quebec City and so on -- and on.

The key assets of dissent.com are the ability to use the media to deliver the message. Even when the message and the media are combined with money (from mass mailings and foundations -- mainly American) the viability of the new business will depend on not only on the 3M's but ultimately the saleability of its product -- anti-globalization. I'll return to this later.

In tracking the NGO's at Seattle on the internet, and subsequent meetings, the core group central to managing the protests and crafting the message and organizing the circulation of "sign on" lists or manifestos included Ralph Nader's Public Citizen and

Global Trade Watch in the U.S.; Corporate Watch and ATTAC (France), Corporate Europe Observatory (Amsterdam) Oxfam (U. K. and Belgium); FOE or Friends of the Earth (in the U.K. and elsewhere) and the Third World Network of Malaysia, the most prominent transnational Southern NGO. A number of other NGO's were involved in facilitating the demonstrations in Seattle, Washington and Prague. Thus the Direct Action Network (DAN) with offices in California and New York began as a coalition of activist groups dedicated to shutting down the WTO Ministerial. DAN was inspired by Peoples Global Action (PGA) which was formed in Geneva for the first WTO Ministerial in 1998. PGA was the organizer of the first Carnival against Capitalism in London in June 1999 which almost shut down the City of London's financial district. It was also involved in the Quebec demonstrations through its Canadian arm CLAC or Anti-Capitalist Convergence of Montreal. In Prague INPEG was formed to plan and carry out a week of protest from Sept. 18-28th, 2000. The Europeans were anxious to replicate Seattle, regarded as an impressive "model." Attac, a French group established in 1998 after the 1997 financial crisis, has vastly expanded since then and organized the anti-Davos demonstrations in Porto Allegre, Brazil which, in turn, fed into the planning for Quebec City. Dissent.com is very efficient. The coordinating and organizing NGO's provide training sessions for non-violent direct action as well as other matters such as legal rights and medical first aid.

Coordinating and organizing the demonstrations is only one function of dissent.com. Another, of equal or greater importance, is creating the libretto for the street operas and the sound bites on television. Since the networks are so diverse both in mission and location the message must carry a simple, common theme: anti-globalization: pro-democracy. The charge is that the WTO (or the Fund or the World Bank) are dominated by the interests of transnational corporations while harming the environment and increasing inequality and that their rules and procedures are undemocratic and kept secret from the public. Examples of sound bite versions at Seattle were "fix it or nix it"; and after Seattle, "shrink it or sink it" and at Washington "De-fund the Fund! Break the Bank! Dump the Debt!" And a major theme which could be read on

the internet at least a year before Quebec City was the attack on government secrecy and the demand to release the draft of the FTAA.

Since the main objective of mobilization networks is to influence public opinion and through that route initiate change in the policy processes of the international institutions, has the dissent industry been successful? In the case of the WTO, I would argue that it's too early to tell. The claim that the protests shut down the Seattle meeting won't stand up to closer scrutiny. It was the North-South divide and Clinton's remarks on using sanctions to enforce labour standards that caused the Southern countries to walk out. The NGO's also claim that Seattle was the "big bang" of a new social movement. It's similar to the claim that the 1997 Asian Crisis was the "Stalingrad of the IMF". Still, there's no question that the WTO and member governments are concerned about the mounting attacks but they seem to be at a loss to respond.

This evident paralysis of policy among the industrialized countries has many causes, but it stands in marked contrast to the activism of the NGO's. Thus a highly coordinated global-regional strategy was evident in the planning for the Quebec Summit of the Americas. While some of the "Seattle plus" core groups were actively involved, the umbrella network for Quebec City -- the Hemispheric Social Alliance -- was conceived at Belo Horizonte, Brazil, in May, 1997 when 700 activists (many of them part of the anti NAFTA network) decided to build a hemispheric movement. The Allianza includes Canadian and American mobilization networks, plus Mexican, Brazilian and Chilean NGO's who are building linkages with Andean, Southern Cone and Caribbean groups. The AFL/CIO, the CLC and ORIT (the Western Hemisphere Union Federation) were all deeply involved in the planning process.

This involvement of unions outside Canada and the U.S. is new, and it's too early to know what it means. While the AFL-CIO played a major role in Seattle, European and many developing country unions have been prominent by their absence in the dissent industry. A similar North-South split is evident in the environmental movement. Southern NGO's are more concerned with development and regard the

priorities of their Northern cousins as a reflection of their own standard of living and lack of understanding of the poverty of the developing countries. Muttering in the corridors of the WTO and environmental conferences one often hears complaints that “they” (Northern NGO’s) prefer support for elephants over people and dolphins over children and development NGO’s are often described as “the new missionaries.”

So, was Seattle a “big bang” for a new global movement? If so, who will the movement include? At present, it seems unlikely that workers of the world will unite. They are, at present, competing and in Southern countries their governments are competing ferociously for foreign investment. So many Southern workers figure that they could have something to lose other than their chains, i.e. their jobs.

Will greens of the world unite? The environmental movement has played an important role in the policy process since the 1970’s and were actively involved in the most significant of the 200 plus Multilateral Environmental Agreements of the past decades. They often have more technical expertise than governments or business or intergovernmental institutions. The largest and most active environmental NGO’s (ENGO’s) have affiliates around the world although their “home base” or place of origin is or was primarily American. A few examples will make the point. Greenpeace Amsterdam has organizations in 20 countries; Friends of the Earth in 50, the World Wildlife Fund in 28. All are expanding rapidly. And they have money, with annual incomes of well over \$200 million. As Mike Moore, head of the WTO, said after Seattle: “the annual budget of WWF (\$350 million in 2000) is three times that of the WTO”. Most of these ENGO’s recognize the need to bridge the North-South divide and to win over groups such as women and other anti-globalization advocates and are adapting their strategies to include development, gender and social issues (such as the need to prevent any negotiations on education and health services in the WTO). This may attract some public service union support in Europe. In terms of strategy they seem to be more perceptive and flexible than the corporations and the governments they attack.

But to forge a truly global social movement uniting diverse single-interest NGO's -- a coalition of hedgehogs in Isaiah Berlin's terminology -- would require more than agreement on who is the enemy. It would require some agreement on an alternative. And, indeed, since Seattle what one reads on the internet is a growing and lively debate on this issue of trying to define a systemic alternative to the neo-liberal paradigm. At this point in time -- not surprisingly -- that goal seems to be a long way off. One idea which is gaining currency is localization. A new book now being widely touted is called Localization: A Global Manifesto by Colin Hines. (5) While not exactly a yearning for some Edenic past, a close reading raises many more questions than answers. For example, just how would you define local -- he has many different suggestions -- and how would you get countries to agree to stop all trade except that which involves essential products that are not produced locally? One is reminded of the Owenite movement in mid-nineteenth century England and the futuristic New Lanark project which disappeared by the time the industrial revolution took off and growth created more and more jobs. The localization school won't likely take off -- one needs a somewhat more realistic utopianism. But I have no doubt the search for alternatives will continue. In the meantime, however, the main impact of the anti-WTO mobilization NGO's appears to be to lessen the likelihood of launching a new round of negotiations.

And, of course, some alternative must be found if only because dissent.com is worried about the continued saleability of its product. The brand may be getting a bit tarnished by the attraction of extremists to the demonstrations. As the Southern Poverty Law Center, an American NGO, documents, neofascist groups in Britain, Europe and the U.S. have embraced the anti-globalization credo with enthusiasm, as have anarchists and other extreme left groups. The Centre underlines, of course, that "left and right did not exactly march arm in arm" in Seattle (6) nor did the neo-nazi skinheads join hands with the development NGO's in Prague. Yet the probably inevitable tendency for all demonstrations to attract extremists -- a free ride is hard to decline -- is certainly generating concern within the more mainline NGO community. And, indeed, in Prague, some prominent NGO's, such as Friends of the Earth and Jubilee 2000, not only publicly condemned the street violence but refused to join the demonstrations. The same

may be the case when the linkage of the Black Bloc anarchists to Quebec City demos is more carefully examined.

So, after all this, how do I sum up the implications of the growing NGO movement, its impact on policy so far, and its future? For the several years in which I've been researching this subject my answer was based on the 1960's song "Something's happening here; what it is ain't exactly clear". That got a good laugh, especially from baby boomers. But while I still stand by the song title I now believe that something is becoming clearer, i.e. the 1990's was probably a defining decade, perhaps a transition to a new political economy of international policy-making. Let me now conclude with a brief review of the defining decade -- with a question mark.

The 1990's: The Defining Decade?

Some 2500 year ago Aristotle offered a very useful way of organizing explanations of events or actions. Despite all the recent complex theories of tipping and cascades and the like, I prefer Aristotle's simplicity and clarity. For a development to occur it must be: (1) possible, (2) there must be an incentive and (3) there must be a catalyst to precipitate the actions.

The element that made the anti-globalization movement possible was the internet. There were anti-WTO demonstrations in Geneva in the early 1990's and the buildings were plastered with posters of a big, ferocious GATTZILLA, but it's far cheaper and more effective to mobilize marches in cyberspace than fly around with posters that manage to irritate mainly the proper burghers of a Swiss canton famed for it's squeaky clean appearance.

But, of course, the internet could only serve as an instrument of mobilization if the incentive to employ it was shared by a sufficient number of participants. This is a far more complex story, indeed not one but many different stories around the world. But a common theme or trigger was that overzealous proponents of

“free trade” or globalization unleashed unrealistic expectations. If you promise but can’t deliver Nirvana it’s bound to evoke cries of Armageddon from the disapproving and the disappointed. In many developing countries this anger and disappointment is threatening already fragile democracies. Moreover, increasing inequality both within and especially among countries has been highlighted by the media and effectively used by many NGO’s. The figures are stunning and many are quoted. For example, today the richest 1% of the world’s population receives as much as the bottom 57%. (7) And, of course, it’s not just poverty that marks the increasing marginalization of the poorest but disease, and not only AIDS but Ebola and drug resistant bacterial infections. But, of course, freer trade neither created the growing inequality in economic and social conditions nor will blocking trade cure these problems. Au contraire. Something far more complex would be needed in terms of policy coordination which included compensating the losers and since that seems improbable at present it’s easy for politicians to yield to the temptation of promising simple solutions.

The counter-currents of the 1990’s in the industrialized countries reinforced deeper currents that had been flowing silently for several decades. The most ubiquitous trend in all the rich countries is the declining confidence in government beginning in the mid-1970’s. There are many differing views on the reasons for this striking phenomenon and no doubt different factors are operative in different countries. (8) Nonetheless the similarity in trend cannot be ignored. The disillusionment and decline in deference applies not only to all government institutions but to political parties, i.e. to the political underpinnings of the entire democratic system. Robert Putnam, in his best-selling book Bowling Alone, has argued that this growing alienation is also reflected in the U.S. by the collapse of citizen engagement in voluntary community groups and this in turn reinforces the alienation trend which has been longer and steeper than in Europe. Interestingly, Putnam notes the rise of advocacy NGO’s at the same time as the decline in community activities, but argues that these social movements do not countervail the decline and have no real ties to the people they claim to represent but rather to consumers of a cause. He argues that this is not participatory democracy but “citizenship by proxy”. (9)

While, as I noted, there is no agreement on the reasons for this disturbing decline in deference to the democratic political system, among the factors most often cited are the greater importance of information and the role of the media. At the same time, it doesn't seem entirely coincidental that the spread of the NGO movement, at least in North America begins in the late 1970's with the gender and environmental groups leading the way and very much abetted by the media. If the political route to change is increasingly disdained, then the advocacy route may be a better bet. Indeed, in a recent publication, Strengthening Canadian Democracy, survey data report that in 2000, 60% of the sample perceived interest groups as more effective than political parties as compared with 20% who shared the opposite view. (10) And in a recent global survey carried out by a prominent American public relations firm, the results strongly confirm the low trust / confidence in government and suggest that the NGO's are now Super-Brands which provide a "halo effect".

So, after this long detour, let's get back to Aristotle. The alienation from government and from politics in the industrialized countries opened up a widening space in the policy arena for the burgeoning NGO movement. They were already active in certain parts of the arena -- especially in the environmental parts -- in the 1980's", both domestically and internationally. There was thus a strong incentive to play a larger role in a wider policy arena. The internet in the mid-90's made entry into the global arena possible. So, what was the catalyst -- Aristotle's third condition?

Well, I guess I've already suggested my own answer -- the Uruguay Round. The move from border barriers in a GATT system, designed to protect domestic policy space, to a WTO system which included domestic regulatory policies and domestic institutions touched the exposed raw nerve of national sovereignty. No discussion took place during the Round about the need to redefine domestic policy space in a world where the economic regulatory state was to be reformed and the social regulatory state -- a feature of the rich countries mainly -- was unacceptable to many developing countries, especially if trade sanctions were to be used to enforce, say, labour or environmental standards. The WTO was provided with a pitiful budget for technical

assistance or research and the litigious dispute settlement system has provoked complaints in a number of both Northern and Southern countries. Finally, the prominent role of business in defining the new agenda provided an easy and attractive target as public concern over the growing power of corporations began to mount.

So, Aristotelian logic would support the argument that the last decade of the twentieth century was a defining decade, perhaps signaling a transition to an even more powerful counter-current to the ongoing and accelerating current of global integration. After all, it's happened before. By the end of the nineteenth century international trade and financial flows were actually greater, in relation to production, than they are today. The rise of protectionism, and the Great Depression, and the Second World War put an end to that. So it is certainly possible -- but in my view highly improbable -- to turn back the tide.

Even if the Canute school of anti-globalizers doesn't win this will not mean the counter-current will subside. There are a number of other signals worth noting that suggest that while it may take different forms it won't go away. Let me cite a few.

I've been struck in my reading on this subject how often two words appear -- alienation and anomie. The first is from Marx and, as the great biographer of Keynes, Robert Skidelsky, has noted, the idea of alienation which is essentially a moral critique of capitalism, is all that is left from the debris of his theory. Marx argued that because labour becomes a commodity in the capitalist system, the worker loses all power to control the processes by which decisions are made that affect his life. Fast forward 150 years and think: mindless consumption of rich; need for participation; need to give power to local community etc., etc.

The other word now enjoying a revival is anomie, first used by the French sociologist Emile Durkheim, writing at the beginning of the twentieth century. Marx and Durkheim agreed on a number of things: most importantly that an individual is a social being and not a cog in a machine. Both agreed that the culprit was utilitarianism, the basis

of neo-classical economics. But they strongly disagreed on the consequences. For Marx alienation equaled “exploitation of the working class” which must lead to revolution; for Durkheim, it led to anomie. Anomie is essentially a disconnect between the goals generated by society and the institutional means to achieve them. If winning is the goal most exalted by society and you can’t achieve it by the normal rules of the game, then cheating is the best available option. If money is the only symbol of achievement, and you can’t be certain you’ll get the right job when you graduate, then cheating is the logical option to ensure success. The idea of anomie was brilliantly captured in David Riesman’s The Lonely Crowd, published in 1962 which stressed the individual’s sense of powerlessness and loss of social cohesion. When anomie is confined to a small number they can form groups -- alienated from the rest of society but unified within themselves. The neo-Nazis provide a good example. But if widely dispersed groups can unite around one theme -- say, feminism or environmentalism -- that is a qualitatively different phenomenon. And if facilitated by the internet that could produce a quantum change.

I think anomie is a useful concept to explain the spread of NGO’s and their concerted attack on global integration and trade policy. The disjuncture between the goals of free trade -- rising living standards for all -- and its distributional impact is taken as evidence that international treaties don’t deliver. The alternative route which is proposed is, in Durkheim’s terminology, deinstitutionalization. And because government’s are complicit in this disjuncture, their legitimacy must also be rejected.

But if anomie and alienation are increasing in the rich democracies the implications go well beyond the anti-globalization movement. If disillusionment with the political process has facilitated the rise of the advocacy NGO’s, what effect will this have on national democracy itself? The continued attack on government, however well-merited, is combined with a rejection of long-established and fought for political routes to policy reform. Are participatory demonstrations a satisfactory substitute for participatory democracy? If the arguments that capitalism lacks a moral ethos or that the economy must be embedded in society are legitimate -- and, indeed, a growing number of economists including the Nobel laureate Amartya Sen are making that case -- then

domestic reform is essential. Isn't this better achieved by working within the system than rejecting it? Rejecting it in favour of what? The concept of an alternative in this domestic context has not even been raised, let alone discussed. Thus the implications of the counter-current against global integration for national democracy is probably more important than the international impact.

I don't wish to conclude on an entirely pessimistic note. Many of the international NGO's have played a singularly important role in highlighting the inadequacies of the new global trading system as well as the international financial system. A number of NGO's, aware of the charge that they are non-transparent and not accountable, are adopting codes of conduct and establishing monitoring mechanisms. Further, the WTO has made an effort to increase access to information and its website today vastly improves accessibility. New consultations with NGO's have been launched and the ones I've attended have been pretty lively. More are planned in advance of the next Ministerial Meeting in November in Qatar (the only country that volunteered even though the protesters consider it a plot to keep them at bay). I agree with many of the criticisms of the WTO and have written at length on reform proposals. But I always keep in mind Churchill's dictum that democracy is the worst form of government -- except for the alternatives. The same is true of the WTO which is a rules-based system, flawed as it may be. The only alternative on the horizon at present is a power-based system. If Qatar is a failure we may well begin to see signs of its emergence. Let's hope and work to ensure that those anti-globalists who chanted Fix it or Nix it in Seattle and are now opting for Nix it don't get their wish.

Footnotes

- (1) SA 8000 Setting the Standard for Corporate Social Accountability: <http://www.cepoa.org>.
- (2) Sarah Anderson and John Cavanagh, Top 200: The Rise of Corporate Global Powers, Institute for Policy Studies, Washington, D.C., 2000, p. 1.
- (3) The Hindu, March 25, 2001, <http://www.the-hindu.com/stories/1325061g.html>.
- (4) Globe and Mail, Toronto, April 25, 2001, p. A15.
- (5) Localization: A Global Manifesto, London: Earthscan Publications, June 2000.
- (6) Southern Poverty Law Centre, “Neither Left nor Right”, Intelligence Report, Winter 2000, pp. 9-14.
- (7) Branko Milanovic, True World Income Distribution, 1988 and 1993: First calculations based on household surveys alone, World Bank, Development Research Group, Washington, D.C., Oct. 1999, p. 52.
- (8) See Susan J. Pharr, Robert D. Putnam, and Russell J. Dalton, “A Quarter-Century of Declining Confidence”, Journal of Democracy, Vol. II, No. 2, April 2000
- (9) Robert D. Putnam, Bowling Alone, Simon and Schuster, New York, 2000, p. 160.
- (10) Paul Howe and David Northrup, “Strengthening Canadian Democracy: The Views of Canadians”, Policy Matters, Vol. 1, No. 5, July 2000, p. 33.