Globalization and its discontents

DUNCAN GREEN AND MATTHEW GRIFFITH*

On 11 September the *Financial Times* published an article entitled 'The mosquitoes begin to swarm', the first of a four-part series on what it described as the counter-capitalist 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, anarchist and nostalgic, technophobe and futuristic, revolutionary and conservative all at the same time.
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> It does not have one source. Many tributaries have swollen counter-capitalism: 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.

Following the attacks on the World Trade Center and the Pentagon, the remaining three articles were hurriedly spiked. The political and social momentum of the movement appeared to have gone into deep freeze. Some groups appeared to be morphing into the nucleus of an anti-war movement; others tried to continue with business as usual, issuing policy documents and calls for supporter actions on the debt burden and the WTO ministerial meeting in Qatar.

Even before the 11 September attacks, the movement was entering a period of uncertainty. Six weeks earlier, violence by both police and protesters in the streets of Genoa during the G8 summit had left a young Italian protester dead, many injured, and a brewing sense of crisis over the movement's direction.

The débâcle in Genoa, when mainstream protesters from the 'Drop the Debt' coalition of NGOs decided to pull out of a protest march which had been months in preparation, stood in sharp contrast to the G8 in Birmingham in 1998. Then, a ring of 70,000 people, mainly from church development agencies such as CAFOD and Christian Aid, had formed a human circle around the summit and forced the debt issue onto the G8 agenda, resulting in improved debt relief terms for dozens of developing countries. In Birmingham, the sideshow was the Reclaim the Streets party, an all-night rave organized by a growing coalition which was later involved in 'Stop the City', an anti-capitalist protest which sought to close down the City of London in June 1999. By Genoa, the order of importance had been reversed in terms of public profile, if not in numbers. After Genoa, mainstream development NGOs began to question the viability of mass protest, in a rethink that was suddenly interrupted by terror and war.

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This article explores the nature of this movement, the challenges that faced it before the events of September 2001 and the subsequent militarization of global politics, and the likely impact on it of those events.

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.

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, because the objects of support are heterogeneous and at times contradictory, 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'.[1]

Nor is it a single movement, with an agreed common purpose and systems of command and control. Rather it is, as the *FT* put it, 'a movement of movements' or even a 'mood'. There are some overlapping aims, but also several significant cleavages—between reformists and rejectionists, and between parts of the labour, environmental and Southern movements. Bearing these caveats in mind, this essay will follow Naomi Klein and refer to this confluence of political currents, in a somewhat quaint 1960s shorthand, simply as 'the movement'.

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 briefly examining the events and processes that shaped this political reaction.

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[1] <www.worldsocialforum.org>.

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 1972 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 postwar 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 Western leaders' lexicon.

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 the 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—a model 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 core of structural adjustment programmes around the world.

But 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 1990[2]) 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 catalysed 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.

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[2] 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>.

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.[3]

At first sight the movement looks an incongruous political mix of contradictions, colours and cultures—in parts vocal and aggressive, in others 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.

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[3] Amartya Sen, *Observer*, 25 June 2000.

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 grassroots 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 NGOs including the Royal Society for the Protection of Birds, CAFOD and Friends of the Earth.[4] However, after the events of 11 September 2001, that partial unity will be tested by the changed environment of economic recession, militarization and heightened concerns over national security. Moreover, the potential absorption of its more reformist currents, as policy-makers begin to adopt their rhetorical and even policy clothes, is likely to bring divisions between reformists and rejectionists to the surface.

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.[5] 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

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[4] <www.tradejusticemovement.org.uk>.

[5] *Financial Times*, 10 October 2001.

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.[6] In the United States, student-led grassroots 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: statists, alternatives and reformists.

The statists 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'.[7] 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 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.

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[6] See e.g. <www.ethicaltrade.org> or <www.justpensions.org>.

[7] R. Cohen and S. Raj, *Global social movements* (London: Athlone, 2000).

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, George Soros and Lionel Jospin could all be called 'reformists'. Indeed, after their post-11 September speeches, so could Tony Blair and Gordon Brown. 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.'[8]

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. 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.[9] Finally, none of these categories describes the nihilist currents, few in numbers in Seattle, but significant in Genoa, who were there for a 'rage against the machine' punch-up, rather than political debate.

One area in which the South undoubtedly needs the North is in raising issues surrounding the gender impact of globalization. NGOs, women's organizations and some trade unions have drawn attention to the growth in the number of women working in the export-processing zones that have sprung up in numerous Third World cities and ports. While such jobs have often brought new levels of economic independence, wages and working conditions are in many cases deplorable. Networks such as DAWN have also highlighted the wider gender impacts of processes such as export agriculture, privatization and structural adjustment.[10]

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

[9] See websites for Third World Network, <www.twnside.org.sg>, and Focus on the Global South, <www.focusweb.org>.

Finally, anti-capitalism and anti-Americanism are two complex and cross-cutting issues which threaten to divide the movement. Anti-capitalism is strong among the alternatives, and to a lesser extent among the statists, but the reformists have concluded that working with the market can produce results, and are willing to swallow their scepticism and work alongside corporations. Anti-Americanism is a strong current within both the statist and alternative wings of the movement, and has become particularly problematic since 11 September, for example over the attitude the movement should take (if any) to the US-led counter-offensive against the al-Qaida network.

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.[11] An intensive round of written and oral submissions and debates sharpened arguments and clarified both common ground and areas of difference.[12] 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 1999 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.

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[10] Development Alternatives with Women for a New Era, <www.dawn.org.fj>.

[11] *World Development Report 2000/01: Attacking Poverty* (New York: Oxford University Press, 2000), <www.worldbank.org/poverty/wdrpoverty/>; *Eliminating world poverty: making globalization work for the poor* (London: Department for International Development, 2001), <www.globalization.gov.uk/>. For an insightful analysis of the origins of the rancorous public debate over the *World Development Report*, see Ravi Kanbur, *Economic policy, distribution and poverty: the nature of disagreements* (New York: Cornell University, December 2000).

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

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.'[13] 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.[14] 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.[15]

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.[16] 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.[17]

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.

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 making national and international rule-making accommodate appropriate diversity of policy rather than reduce diversity to a minimum.

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[13] *Financial Times*, 13 July 2001.

[14] 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>.

[15] *Agriculture, trade and food security: issues and options in the WTO negotiations from the perspective of developing countries* (Rome: FAO, 1999).

[16] 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* 11: 4, 1999, pp. 547–63.

[17] 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).

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.'[18] 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. While sometimes derided as PR exercises, self-regulation by the more serious companies appears to be leading to improvements on the ground.[19] 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.[20]

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.

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

[19] See e.g. <www.ethicaltrade.org>.

[20] For more information, see <www.justpensions.org>.

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 open 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.

NGOs returned from the WTO's fourth ministerial meeting in Doha in November 2001 evenly divided between those that saw their cup as half full, and those that believed it was half empty. The optimists pointed to a successful defence of developing countries' rights to override patent rules on medicines in the interests of public health, and a newfound commitment to technical assistance and so-called 'special and differential treatment' for developing countries. Pessimists pointed to the lack of progress on many issues of critical importance to developing countries and the continued imbalance of power and negotiating capacity within the organization.[21] The round of global trade negotiations launched at Doha will provide the acid test for many NGOs over 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 of liberalization.

Hegemonic shifts

Neither the advocates or the critics of globalization have been static or monolithic. Over the 20-year period covered by this article, different tendencies 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 and Prime Minister Jospin 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).

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[21] For a full analysis, see Duncan Green, 'CAFOD analysis of WTO Doha Declarations', on <www.cafod.org.uk/policy>.

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. One of the present authors estimated the numbers physically blockading the Seattle conference centre at 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 greatly reduced states' abilities to channel investment in the interests of development.

The extent and the limitations of this rethink in the corridors of power is demonstrated by the complex and nuanced approach taken by the British government since the Labour Party came to power in 1997. The new government promptly upgraded international development to create a new department with, in Clare Short, a high-profile minister of Cabinet rank at its head. Years of falling aid were reversed, and the department's policies were overhauled to try to give it a clear focus on development and poverty reduction, rather than the mere provision of aid. Two development White Papers appeared in the space of four years, the first a framework for aid, the second on the development impact of globalization. Chancellor of the Exchequer Gordon Brown has shown a keen interest in development issues and led the international debt relief effort.

Throughout this period, relations with NGOs in general, and with the movement in particular, have been difficult. Clare Short has persistently portrayed the protesters as anti-globalization, and therefore, in her view, anti-development. Her department appears convinced (often on the basis of the sketchiest of evidence) that progress lies in further market reforms in the South, and in opening up Northern markets to developing country exports. Issues such as sovereignty and national specificity have received short shrift from civil servants who generally espouse the need to 'save Southern governments from themselves' through further market opening. While the debate in the run up to the globalization White Paper in the end secured some moderation in the triumphantly neo-liberal tone of early drafts, at the time it seemed like the kind of frustrating dialogue of the deaf analysed in Ravi Kanbur's paper on the *World Development Report* process.[22]

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. According to MORI, opinion polls show that in 2001, 46 per cent of UK consumers thought that corporate social responsibility was important, up from 28 per cent in 1997.[23]

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. Along the way, NGOs have developed their research and policy capacity, and have earned a good deal of respect. Indeed, 'death by consultation' is now a growing problem, as invitations pour in from government departments, international financial institutions, socially responsible investment managers and dozens of private companies seeking to clean up both their act and their image. Even the largest NGOs are having to reject many requests for consultation and focus their engagement activities more tightly according to strategic priorities.

Genoa and the problem of violence

Even before the attack on the World Trade Center, profound soul-searching had broken out within the ranks of the movement. At the G8 meeting in Genoa, the media limelight had been dominated by the actions of a core group of violent protesters, known as the 'Black Bloc', and the excessive response of the police, which led to the death of one young protester and numerous injuries.

The rise in violent protest, and its violent suppression, has brought both benefits and costs for the movement. In the short term it has led to increased media coverage, at least in terms of column inches, although the impact on public opinion has probably been less clear. It has also brought a new readiness from policy-makers to talk to the moderate currents of the movement and try to contain the impact of future protests—after Seattle, indeed, the reaction within the World Bank and IMF was almost one of panic, as they raced to engage NGOs over future meetings. However, these short-term benefits are not worth the long-term political price, as the movement risks becoming divided and discredited, and its many middle-class, middle-aged or elderly supporters alienated by the TV images of apparently random violence against police and property.

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[22] Kanbur, *Economic policy, distribution and poverty*.

[23] Talk by Charlotte Hines, MORI, at IPPR lunch, Labour Party Conference, 3 Oct. 2001.

Genoa marked the latest stage in an apparently unstoppable escalation in violence, as a current of violent anarchism began to feed off the movement's set-piece protests. In the UK, this current had achieved prominence in previous protests such as the Class War and 'Bash the Rich' marches in the 1980s, and had infiltrated some of the anti poll-tax demonstrations of the early 1990s and the largely peaceful 'Reclaim the Streets' and 'Stop the City' protests later in the decade.

The tradition of violent protest seemed stronger in Europe than in the United States. In Seattle, for example, violent protesters numbered scarcely a few dozen, while hundreds of people, if not thousands, risked their safety in non-violent direct action in the face of remarkably incompetent and violent policing. Indeed, the extraordinary shambles of the Seattle Police Department may have made a significant contribution to the escalating violence of summit protests. Not only did they unleash apparently random volleys of tear gas at non-violent protests, but they appeared to have neither plans nor equipment for crowd control. European delegates fighting their way through the crowds to reach the conference commented that the level of trouble was no worse than that at the average Saturday football match at home!

The actions of this violent and growing minority proved an enormous challenge for an amorphous movement with no clear command and control systems. In a hurried conference call after Genoa, Walden Bello expressed frustration at the 'parasitical mode' of the violent minority who would 'stay at the edges of the march and from there provoke the police by throwing rocks at them'. He concluded: 'It would be naïve not to expect them to descend in force on the next big mobilization. We can either go into the next one in a state of denial, or we can be prepared.' Bello saw the options as a combination of dialogue with the violent fringe, physically distancing peaceful demonstrators from them and, if necessary, applying the movement's non-violent direct action (NVDA) techniques to them. 'Unless measures such as these are incorporated, there might be many among us who would find it difficult to wholeheartedly mobilize people for the next mass action.'

None of the three options outlined by Bello looked likely to succeed. Instead, what was emerging, even before 11 September 2001, was a view among some of the movement's more strategic thinkers that the tactic of summit protests was rapidly passing its sell-by date. True, in Birmingham, Cologne and Seattle the protests had achieved remarkable results and boosted morale, and the attendant publicity had catalysed new levels of support. But in Genoa there were few gains, and the violence allowed leaders such as Tony Blair to write off the entire protest as a 'travelling circus of anarchists'.

Barry Coates, director of the World Development Movement, points out that one of the most successful campaigns in recent years, which blocked the agreement of an MAI, barely used street protest, opting instead for a far wider range of tactics. Face-to-face lobbying, alliance-building, the arrival in politicians' mailboxes of thousands of letters, cards and emails from the public, stories placed with sympathetic journalists, working through trade union and political party structures, targeting companies and institutional investors, the production of well-researched critiques and alternative proposals through international coordination via the Internet. According to Coates, the people on the streets in Genoa were 'just the tip of the iceberg. Some people want to go to the barricades—it's all very macho and sexy, but it's not always the best tactic. The ultimate battle is not on the streets, but when you persuade opinion formers of the rightness of your ideas, and it becomes impossible for the government to maintain its position. And that is happening, on the MAI, on the regulation of TNCs, on reform of the WTO.'

The movement and war: the impact of 11 September 2001

Since 11 September, terrorism and war have dominated international politics, and questions about the nature of globalization have been sidelined. The WTO ministerial meeting in Doha in November, which agreed a new round of global trade talks, barely made the evening news in Europe and America. The movement, once the centre of international attention, has been portrayed as at best an irrelevance, and at worst vaguely culpable and dangerous.[24] According to the *Financial Times*, it 'was not just a movement, it was a mood. Its main platform—the street—is not as open as it was. Its message, always complicated, is now much more loaded. Its audience—politicians, the press and the public—are seriously distracted ... it has been robbed of its momentum.'[25] The temptation may be to think that the movement's time has passed, 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?

Things have certainly changed, but we are sceptical of the view that since 11 September everything is different. 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 system to which it is a response.

This article is written in November 2001, while fighting still continues in Afghanistan. At this stage, any predictions are at best educated guesses. Whatever the immediate result of the conflict in Afghanistan, a wider and more drawn-out 'war against terrorism' could pose challenges to the movement. We may see a move to an international system of more rigid alliances, comparable to the

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[24] 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).

[25] *Financial Times*, 10 Oct. 2001.

Cold War years. This would be reflected in the workings of interstate relations and in the global governance institutions. There may be greater politicization of aid, lending and trade—witness the IMF's sudden readiness to bail out the Pakistani regime, or the pressure on WTO members to agree a new round of global trade talks as a 'response to terrorism'. If security issues completely eclipse other concerns in the minds of Western governments, developing country regimes may once again be judged solely according to their allegiances, rather than their democratic credentials or their commitment to better the lives of their citizens. In such a system the voice of civil society could easily be suppressed. Authoritarian anti-terrorist legislation could all too easily end up being used against demonstrators.

The domestic and international political agenda may alter. There may no longer be an appetite for a 'movement of self-doubt' in the West. Tolerance for loose coalitions with violent fringes could evaporate. The public, politicians and media would no longer be as receptive to the protesters' message. In the new order, will the rights of protest be sacrificed on the altar of national security?

On the economic front, recession may well alter the domestic and international agendas, the public mood and the availability of finance for campaign groups. Recession could lead to splits within the movement, for example between Northern labour unions intent on protecting US and European jobs, and development agencies that worry about the impact of Northern protectionism on worker welfare in developing countries.

However, while recession and increased security concerns may sap the movements's momentum in the short term, the underlying cause of the movement—the specific nature of the current form of economic globalization and the failings of the current form of global governance—has not been fundamentally affected. As long as these circumstances remain, so will public disquiet and protest.

An international system in which all things are left to the unfettered market will further heighten political, social and economic inequality. The role of politics is 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. The need for a voice to ensure that these issues are addressed remains urgent. In an increasingly globalized world, the movement has already played an important part in catalysing a move away from the excesses of 1980s 'market idolatry'; and it will continue to do so. In all likelihood global institutions, governments and NGOs will continue in much the same way, as they should do, in a useful and fruitful interaction and dialogue.

There are indeed signs that the events of 11 September have added momentum to the need to rethink the current international system. In a speech in New York in mid-November, Gordon Brown forcefully made the case for a global 'new deal': 'We have a choice. Globalization can be for the people or against the people … Badly managed, globalization will lead to wider inequality, deeper division and a dangerous era of distrust and rising tension … Instead we will advance social justice on a global scale—and we will do so with more global co-operation, not less, and with stronger, not weaker, international institutions.'[26]

It seems that we have entered a period of instability in international relations. The collapse of effective states in many parts of the Third World and the former Soviet Union, the emergence of new (or resurgence of old) forms of non-state conflict and the increasing loss of states' monopoly over the use of force have created a world of new insecurities. The attacks on New York and Washington demonstrated that nowhere in the West is immune.

Since September there has been a greater willingness to address the sources of heightened global insecurity, including rising global economic inequality. Before the attacks, Lord Desai wrote presciently:

> It could be that for the first time in decades the bottom rung seems to have dropped from the global social ladder, that along with overall prosperity there are more and more pockets around the world where people seem to have nothing to lose. Regardless of where they are, people are terrified of widening disparities. Many are all too aware that the Zapatista insurrection and Landless Peasant Movement land occupations are comparatively benign outbursts by those left behind, that unless something is done we can expect more violent eruptions with unpredictable consequences.[27]

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. There now seems to be an appetite for this among international decision-makers. One of Washington's first actions after 11 September was to pay its backlog of $621 million in dues to the UN system.[28] At the WTO ministerial meeting in Doha, the United States, and to a lesser extent the EU, showed an unusual readiness to compromise in the interests of securing agreement with developing countries.

There is always the danger that this new tone will fade away, along with memories of 11 September, and that global leaders will return to the cut and thrust of business as usual. In either case, when assessing the possible future of the movement, it is important to recall the trends that were developing before September.

Over the past ten years, the dynamics of the interplay between globalization, the global governance institutions 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. Moreover, new global actors have arisen with new roles and new voices. One of the most striking features of the Doha meeting was the strength, sophistication and unity of the countries of the Africa Group.[29] These trends will continue to evolve and, in the medium to long term, are likely to lead to greater changes in the nature and composition of the movement than even the catastrophic events of September 2001.

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[26] Gordon Brown, 'Spreading social justice across the world', 16 Nov. 2001.

[27] Meghnad Desai and Yahia Said, 'The new anti-capitalist movement: money and global civil society', in Anheier et al., eds, *Global civil society 2001*.

[28] UN press release, 17 Oct. 2001.

[29] For a fuller analysis of the outcome of the Doha meeting, see <www.cafod.org.uk/livefromdoha/doha_analysis.shtml>.

To some degree, the future of the movement depends on how it copes with its own success. As with many previous political movements, the hardest periods and greatest strains are caused by the achievement of partial victories. The movement's diversity and sheer breadth of views and positions will make this particularly difficult. In a landscape of partial reform, the old black and white divisions into the 'pro' and 'anti' globalization camps are no longer credible or accurate (if, indeed, they ever were). Tensions have always existed between the aims of environmentalists, developmentalists and the labour movement, but in recent years these have been managed, as the movement has increasingly proved itself able to cope with difference and diversity. That ability will be tested as differences widen between reformists and the rejectionists throughout the different strands of the movement.

Up to now, a united front has been comparatively easy to maintain when faced with the inflexibility of neo-liberal globalization. Now, however, limited reforms appear to be on offer. For the reformists, partial improvements of the kind now regularly on the agenda at organizations such as the IMF, World Bank and WTO look like welcome victories; for the rejectionists, they merely look like devious attempts to delay radical change.

The different NGO reactions during and after the Doha meeting illustrated some of these tensions. Environmentalists welcomed the introduction of stronger text and negotiations on a limited range of environmental issues; trade unions deplored the lack of strong language on labour rights. Since the main opponents of including both labour and environmental issues in the WTO are developing country governments (which see them as likely sources of back-door protectionism against their exports), development NGOs skirted round both issues, and were themselves divided on whether the final Doha declaration was on balance good or bad for developing countries. The debate between 'cup half full' and 'cup half empty' interpretations of Doha looked likely to endure for some time.

These debates will test the movement's ability to cope with difference, but the strongest force in shaping its future development will be external, stemming from the pace and depth of change in the institutions of global governance. Profound political change has usually sprung from war and economic collapse, not from the power of argument alone. Even the Asia crisis, with its devastating impact on the lives of millions of citizens, was sufficient to lead only to comparatively minor reform of global capital markets in the short term. Will the new-found sense of global insecurity be sufficient to prompt a more profound reappraisal?

The likelihood of reform will depend on the breadth of political leaders' understanding of the question of security. If they opt for a narrow definition, the chances of reform are slim. If, on the other hand, they accept that security cuts both ways, then the West's search for enhanced stability could 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. The very dark cloud of 11 September and its aftermath may still reveal an unexpected silver lining.

Meanwhile, whatever the outcome of the debate over security, the movement will remain an important counterbalance within the international system. Its evolution will be primarily a response to changes in the system itself, and it will continue to prod decision-makers towards addressing issues of exclusion, inequality and injustice. Indeed, if such prodding reinforces the incipient signs of a 'new deal' on the management of the world economy, the protesters may yet prove to be the 'true defenders of globalization' in leading the efforts on all sides to create a more secure world for all.