

Globalization and Inequality (By Andrew Hurrell and Ngaire Woods)

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Globalization has become an important part of the rhetoric of contemporary international relations. It survived the end of the Cold War when many of our other ordering or explanatory concepts did not, and is seemingly endlessly capable of reinvention to describe many different types of change in world politics. Mostly the term globalization is invoked to describe the process of increasing interdependence and global enmeshment which occurs as money, people, images, values and ideas flow ever more swiftly and smoothly across national boundaries. It is assumed to be a process driven by technological advance which will lead to an ever-more homogeneous and inter-connected world. In the new globalized world economy, it is argued, states will cooperate more and international institutions will flourish. All of this draws on the 'liberal interpretation of globalization'.

Neglected in liberal and other writings about globalization is one particularly important feature of world politics -- inequality. Our concern is not to highlight the discontinuities and unevenness of globalization which are often noted, but rather to try and unpack the relationship between globalization and inequality more carefully.⁽¹⁾ Serious analysis of inequality has been neglected behind a number of rhetorical propositions voiced in loud debates between liberals and their critics. The former argue that globalization ameliorates inequalities, the latter that globalization exacerbates inequality.⁽²⁾ Unanswered are the two fundamental questions which link globalization and inequality. In the first place: How is the *process* of globalization influenced by inequalities among states? In the second place: How is the *impact* of globalization affecting inequalities among states?

This article argues that inequality matters not just on grounds of equity, but for understanding the nature of globalization and its impact on world politics. Inequalities among states both shape the process of globalization and are affected by it. In the first part of the paper we examine liberal interpretations of globalization. The term liberal is used to characterize both a market-liberal interpretation of the increasing interconnectedness of world markets, and a broader liberal interpretation of the political and social aspects of globalization. We start with an examination of this view because its underlying assumptions dominate so much of the literature. Our examination focuses on how and why liberals ignore or downplay inequality and on the unresolved tensions within liberal approaches. This leads us to the second part of the article in which we present our own reconceptualization of globalization, which draws both from an international society view of international relations and from a view of the international political economy which emphasizes the causes and promulgation of global inequalities. In the third section we examine four areas which illustrate the linkages between inequality and globalization -- state strength, international institutions, values and norms, and non-state actors.

The liberal orthodoxy

Liberalism is a broad church and, as with all churches, has been marked by deep schisms. Yet four broad propositions, all with deep historical roots, underpin liberal thinking on globalization and inequality.

In the first place, liberal economists assume that the globalization of world markets will reduce inequalities among and within states.⁽³⁾ This strongly optimistic longrun assumption allows liberals to downgrade questions of inequality. The liberal orthodoxy posits a world economy in which a global increase in transactions is driven by technological advance and by self-maximizing decisions of private actors. On this view, states and governments are bystanders to globalization. The real driving forces are markets and the emergence of global markets improves efficiency. In the first place, the free movement of capital and goods across borders produces a more *efficient allocation of resources* around the globe. For example, investment will flow to where it is most profitable to invest it (hence, for example, flowing into under-developed areas where maximal gains might be made). In the second place, global markets ensure a more *efficient production of goods* in the world economy through the 'gains from trade'. Trade permits countries more effectively to exploit their factor endowments and to gain from specialization. Furthermore, global investment and the movement of raw materials enhances both effects. Finally, a global world economy with freely exchangeable currencies and open markets ensures an *efficient distribution of goods and services* in a world in which price mechanisms operate globally. There is a real question here as to whether available evidence endorses the improved efficiencies the liberals hypothesize. We will pick up this point later, but it is worth noting at this stage that modern economists are questioning these theories by opening up other types of investigation into the causes of growth.⁽⁴⁾

A second observation of the liberal view of globalization is that it will expand not only global markets but also the associated problems of market imperfections, negative externalities, environmental degradation, and, casting the net still wider, refugees, and humanitarian disasters.⁽⁵⁾ As a result globalization creates a powerful 'demand' for international institutions and cooperation. Political authorities in the new global economy (be they new, emerging authorities or the governments and states they are supposed to substitute) will be forced to resolve common problems and to manage the frictions which arise from increasing interdependence. These insights are well highlighted by the liberals. Greater cooperation has become necessary, even if it is no easier to achieve. The prospects of cooperation are said to be enhanced by the fact that states' autonomy is diminishing and their capacity to regulate and redistribute resources domestically is increasingly limited. Hence, in many areas, governance and regulation at the international level are becoming ever more important. Although such governance is predominantly take the form of inter-state regimes, both formal and informal regimes between private actors are playing an increasingly significant role.

Third, liberals assume that globalization will tend in the long run to promote societal convergence built around common recognition of the benefits of markets and liberal democracy and involving the emergence of global values, issues and institutions. The liberal interpretation of globalization suggests that the rise of technology and the enmeshment of world markets is bringing about a decrease in the power and desire for independence of states. In the first place, the infrastructure of globalization (global communications and transport systems) and the rise of new technologies (satellites, computer networks and so forth) make it increasingly difficult for states to stem flows of information, and increasingly easy for values, knowledge and ideas to move across national boundaries. Economically, states must now compete actively for foreign investment and technology in global markets and, in order to do so effectively, their policies are converging on open-market policies. So too, politically, preferences for particular types of political organization and values (free elections, sustainable development, human

rights and the like) are spreading. Hence, liberals explain, there is an increasing homogenization of economic policies and political organization caused by globalization. 'At least in intellectual terms' write John Williamson and Stephan Haggard, 'we today live in one world rather than three'.⁽⁶⁾

At the core of liberal thinking about globalization lie a set of assumptions about how and why values, norms and policy ideas converge. It is worth distinguishing two different processes to which liberals allude. In the first place, the convergence of policies across the globe may be attributed to the rationality of the policies and their proponents.⁽⁷⁾ It is assumed that policy-makers are increasingly rational, technocratic and literate in the field of issue -- be it, for example, environmental policy or economics. These policy-makers can draw on international links to other like-minded technocrats in other countries or in international institutions. One way in which this process is depicted is -- following Peter Haas -- epistemic communities consisting of economists or specialists in a field. Haas defines epistemic communities as 'networks of knowledge based communities with an authoritative claim to policy relevant knowledge within their domain of expertise'.⁽⁸⁾ On this view, globalization is facilitating the emergence of transnational governmental coalitions based on technical understanding of particular issues or sets of problems.

In contrast to emerging transnational technocratic coalitions, a second process of convergence involves the flow of ideas and information across borders as a result of increased societal interdependence. Increased communication and travel are said to facilitate the diffusion of values, knowledge and ideas, and enhanced the ability of like-minded groups to organise across national boundaries. From a liberal perspective, the strength of such groups rests on their ability to articulate a powerful set of human values, to harness the growing sense of a cosmopolitan moral awareness, and to respond to the multiple failures of the state system, both locally and globally. Influence does not derive from narrow economic incentives nor from power political interests, but rather from ideas and values that are felt directly, if still unevenly, by individual human beings. Here globalization is leading not merely to instrumental transnational coalitions but to what some call an 'international civil society', or better 'global civil society': the 'emergence of a parallel arrangement of political interaction ... focused on the self-conscious construction of networks of knowledge and action, by decentred, local actors...'.⁽⁹⁾

Together these processes lead to the progressive enmeshment of other states and cultures within the liberal system. Globalization and interdependence help ensure the spread of information, values and ideas that make non-liberal alternatives decreasingly feasible.⁽¹⁰⁾ In part the driving mechanism has to do with the rational adaptation on the part of policymakers to a changing structure of external incentives which in turn leads to processes of genuine learning and to the internalization of liberal values. But, more generally, this view develops the Kantian notion of a gradual but progressive diffusion of liberal values, partly as a result of liberal economics and increased economic interdependence, partly as a liberal legal order comes to sustain the autonomy of a global civil society, and partly as a result of the successful example set by the multifaceted liberal capitalist system of states. The problem, as we shall see, is that this kind of view drastically underplays the role of powerful states and institutions have played in offering incentives and applying pressures on states to alter their policies.

We might summarize the liberal view of globalization in the following propositions:

1. the increase in transactions across state boundaries is of great significance to the nature of the

international system (in terms of **structure**, **process** and **actors**);

2. the processes of globalization have a logic and dynamic of their own, driven by technological change, increasing knowledge, and rational decision-making;

3. as a result societies across the world are increasingly linked through **markets** and through an increasingly closely-knit **transnational civil society** (not through the arena of inter-state competition);

4. hence: states will no longer form the only or necessarily most important frameworks of political authority (cf James Rosenau's picture of an autonomous multicentric system emerging alongside the long-established system of states⁽¹¹⁾).

5. thus: there is a growing tension between the reality of a globalizing world economy and an anachronistic state-system. This tension may be unsettling but it does not involve any irreconcilable conflicts or contradictions.

6. In particular, international institutions will grow as states perceive that their interests are better met in a globalizing world economy through institutionalized cooperation.

It would be wrong to suggest that contemporary liberalism takes a naively benign view of the impact of globalization. Although these core propositions continue to underpin much liberal thought, liberals are neither as inflexible nor as unified as the above outline would suggest. Whilst remaining optimistic in the long-run, problems clearly abound. Thus, although efficiency gains will reduce inequalities both among and within states over time, there are two caveats to be made. Liberals accept that in the short-run, there will be adjustment costs which might exacerbate inequalities. They also accept that the gains from globalization will not necessarily be evenly spread: whilst every country stands to make absolute gain from globalization, some stand to gain relatively more than others. For some this points to a positive role that government might play in global markets - tilting the playing field towards their own competitors.⁽¹²⁾

In addition, there are the potentially high costs of **political adjustment**. This is the challenge identified and discussed by Robert Reich:

We are living through a transformation that will rearrange the politics and economics of the coming century. There will be no **national** products or technologies, no national corporations, no national industries. There will be no national economies, at least as we have come to understand that concept. All that will remain rooted within national borders are the people who comprise a nation. Each nation's primary assets will be its citizen's skills and insights. Each nation's primary political task will be to cope with the centrifugal forces of the global economy which tear at the ties binding citizens together -- bestowing ever greater wealth on the most skilled and insightful, while consigning the less skilled to a declining standard of living.⁽¹³⁾

The issue of adjustment highlighted by Robert Reich, is taken up by Adrian Wood in his work on the impact of globalization on unskilled workers in the North.⁽¹⁴⁾ However, although the market liberal perspective accepts these problems, ultimately it argues that: first, such developments are a necessary part of wealth creation, and, second, can potentially be managed by rational and enlightened state policies.

The important point, however, is not the recognition of these adjustment problems but rather the failure to acknowledge the deep tensions that exist within the liberal view of globalization and that remain unresolved. The first concerns the role of the state. At one extreme the anti-statist strand of liberalism has reappeared in strident form, rejecting the state as both a rational institution for effective economic management and as the locus of identity in a world characterized by homogenization and increasingly complex forms of social communication.⁽¹⁵⁾ As Ohmae puts it: 'The nation state has become an unnatural, even dysfunctional, unit for organizing human activity and managing economic endeavour in a borderless world. It represents no genuine, shared community of economic interest; it defines no meaningful flows of economic activity'.⁽¹⁶⁾

Yet most contemporary liberals accept the need for the state and for institutional reforms.⁽¹⁷⁾ In the dominant liberal discourse (and especially as part of the reaction against what one might call first-wave neo-liberalism) there is a good deal of talk of 'reinventing government' and, increasingly, of the role of institutions. But the important point here is the fundamentally apolitical and technocratic view of what this entails. On the technocratic view it is mostly a matter of 'institutional strengthening' and 'capacity building', sometimes with a dose of decentralization. The state is certainly the problem for market-minded liberals, but it can also become a central part of the solution if the right policy-mix is chosen. Yet the real problem here lies in reconciling the reduction of the state undertaken as part of structural adjustment and economic liberalization, with the new needs for an effective state to provide necessary infrastructure in the economy.⁽¹⁸⁾ Managed liberalism requires the state to maintain a high degree of political power and authority. And yet the liberal interpretation of globalization suggests that states' political power might well be eroding.

A second problem which remains unresolved in the liberal view is the relationship between different parts of the liberal vision: how to balance economic objectives and market liberalization with liberal political and social goals (such as democracy, human rights and so forth). This difficulty has been increasingly visible in, for example, the arguments within the World Bank on how to deal with 'new' issues (such as environmental questions and the promotion of 'good governance'),⁽¹⁹⁾ and in discussions of the impact of structural adjustment on poverty.⁽²⁰⁾ The dominant response is, once again, to see this as a technical problem, and to deal with it, for example, as an issue of 'sequencing'.⁽²¹⁾ Yet, as we will argue below, the tensions run far deeper than this and turn crucially on the choice that exists between the effective management of globalization on the one hand, and the promotion of such liberal values as participation, representation and legitimacy on the other.

A third tension within liberalism concerns the differential speeds with which the dynamics of liberal progress work themselves out and how this should be managed. A common theme of recent liberal writing has been to emphasize the increasing divide between a cohesive, prosperous, and peaceful bloc of liberal states and the instability and chaos of the rest of the world. This cleavage between a Grotian core and a Hobbesian periphery has been characterized in various ways: zones of peace vs zones of turmoil;⁽²²⁾ the OECD as something approaching a giant pluralist security community;⁽²³⁾ the 'West' as a

cohesive republican order centred on economic growth, democratic governance and liberal tolerance;⁽²⁴⁾ and the widening gaps on a global scale 'between publics and governments, between haves and have-nots, between nuclear and non-nuclear power' and so forth.⁽²⁵⁾ Yet, although new divisions in a globalizing world are recognized, insufficient attention is given to the subsequent implications either for politics on the 'other side of the divide' (outside of the liberal, integrating zone) or for global inequality. It is here that the deep tensions within liberalism over both the justifications for intervention and the nature of intervention become most apparent.

Redefining Globalization

The liberal definition of globalization highlights the progressive enmeshment of economies and societies which results from globalization. It emphasizes the powerful international and transnational pressures that both constrain the range of viable state policies and influence the complexion of domestic politics. Neglected, however, in the liberal view is an analysis of the unevenness of the process of globalization and the importance of the hierarchy among states and actors which drive it. The core proposition of our critique of the liberal orthodoxy on globalization is a simple one: that inequality among states matters. We explore this proposition in this section, looking first at the ways in which states are unequal and which types of inequality matter. We then move on to examine how these inequalities shape integration into the world economy, and the emergence of institutions, values and norms associated with globalization.

At the heart of our redefinition of globalization is a recognition that the process has two aspects. One aspect is directly observable: the increase in transactions and interconnectedness among (especially OECD and selected other) states which is driven by both technological change and political choices. These 'observable' changes obviously affect choices and outcomes in world politics. Firms and governments have to rethink their strategies in a world in which the international arena affects an increasing range of decisions. Yet, tracing out the ways in which increased transborder transactions, changes in technology, and new forms of economic competition have altered incentive structures does not tell us *how* firms, governments and other actors will reshape their strategies and objectives. Here, another aspect of globalization is crucial: the way in which it is 'experienced' and the way that experience is rooted within institutions.

Actors across the globe interpret their choices and constraints in very different ways and these understandings are embedded in very different kinds of domestic institutions and social structures. As a result the impact of globalization is nowhere equal and the simple notion of homogenization covers a more complex and ambiguous set of processes. The observable patterns of globalization affect not just perceptions of choices and outcomes but also the political processes within which actors work. For example, governments dealing with issues such as global investment, environment, human rights, and to a lesser extent democratization, must now face two new sets of political pressures and constraints. At the international level, states must participate in new sets of negotiations and institutions. Within their own political systems, governments now face pressures from domestic actors, empowered or inspired by the international attention given to these issues. Just as technological change may drive domestic firms to

push for new types of investment regulation, so too, conventions on the environment may fuel domestic interest groups to push for changes in domestic environmental standards.

The 'experienced' aspect of globalization is important because it introduces political processes that condition the impact of globalization - both at the international and domestic levels. This aspect is crucial to examining the impact of inequality on globalization and vice-versa. Simply put, globalization affects regions of the world in different ways, in part due to the unevenness of increased flows and interconnectedness: the spread of technology, trade, and communications which is most heavily concentrated among OECD countries. Equally, however, the impact of globalization is conditioned by political inequalities: at both the international and domestic levels.

In the international realm, some states will have more power (rooted in military as well as political and economic capacity) to influence outcomes of negotiations and decisions. Hence, 'weaker' states face heavily constrained choices or an agenda which they have little role in defining. Furthermore, their choices will carry powerful political implications - not just because they submit to the will of larger states over a particular issue but because over the longer term, they constrain their choices. For example, when weaker states sign up to a human rights convention, or an intellectual property standard, they face a greater prospect than more powerful states, of coercive enforcement. Hence globalization affects not just their bargaining power at the time of negotiation, but more widely their relative power to make choices in the future.

At the domestic level, too, there are important differences among states and governments. Domestically weak governments face much greater difficulties in getting their constitutencies to adapt to the changes or agreements worked out in international negotiations and fora. This is less of a problem if the state has power in the international arena -- for it can then change the rules it agrees to be bound to. However, where weak states enter into international undertakings which they can not alter, they become not only more vulnerable to international pressures, but more susceptible to domestic political weaknesses. In implementing the necessary policies so as to participate in the new global agreements and economy, they can quickly lose domestic support. Such governments frequently become trapped between the so-called 'imperatives of globalization' (such as economic liberalization and subscription to a range of international standards on the environment, human rights and so forth) and a political constituency which refuses to adapt and increasingly rebels against the government.

Overall, our definition of globalization requires us, in examining its impact, to look at state strength (or inequality among states) at both the international and domestic levels. We might summarize this definition in the following propositions.

1. The observable face of globalization is an increase in transactions across state boundaries, in part driven by technological change and increasing knowledge which is mainly developed in large industrialized countries;
2. the new 'interconnectedness' is regulated by rules and institutions formulated and enforced mainly by the most powerful actors in the international political arena (especially states and firms);
3. the benefits of globalization flow to those states with the greatest capacity to absorb and adapt to the new types of transactions. This capacity includes the domestic political strength of governments;

4. increased linkages between societies are effected not just through markets, but through issues and ideas which give international voice to non-state actors and empower them to be more active in domestic politics (some would refer to this, perhaps exaggeratedly, as the beginnings of a transnational civil society). These transnational linkages can erode the domestic political strength of the government.

Our definition of globalization requires us to examine the political forces which shape its emergence and impact, and in doing so to reconsider the sources and nature of inequality among states. We need to replace the liberal Kantian image of **progressive enmeshment** with the more complex idea of **coercive socialization**, involving both a range of external pressures (both state-based and market-based) and a variety of transmission mechanisms between the external and the domestic. In defining globalization in this way we bring together strands from several different ways of thinking about international relations. Our attention to inter-state power politics suggests something of a realist starting point but this is heavily diluted: first, by our concern to explain change; second, by our examination of the role of non-state actors; and, third, by our attention to other dimensions of international relations (such as the role of institutions and values). The different strands of thinking are readily apparent in our definition of the core dimensions of state power which assist in examining inequality:

- (i) the formal status of states (their degree of formally recognized independence)
- (ii) the territory, population and natural resources of a state
- (iii) the domestic strength, efficacy and viability of a state
- (iv) the distribution of economic wealth, military and political power among states
- (v) the meta-power to make and change the rules of international relations
- (vi) the power and relative status of non-state actors

As we will elaborate below, these dimensions of inequality shape the nature and impact of globalization.

Beyond the liberal view of inequality and globalization

The liberal view of globalization, as we have already seen in the first section of this paper, highlights the *formal equality of states* which defines the key set of actors in the global market-place. The liberal view also implicitly recognizes the uneven *distribution of economic wealth* among states, since this provides one of the conditions for globalization: the incentive for capital and production to shift to new areas. However, the other dimensions of state power are virtually ignored in the liberal view. Although the role of *non-state actors* (MNCs, foreign investors, global communications conglomerates and so forth) is recognized (indeed as a driving force behind globalization), little attention is paid to the political power of these actors. More fundamentally, liberals do not adequately address the *distribution of political power among states*, the capacity of some to set down rules for others and the relative *domestic strength and*

viability of the state. Yet these other dimensions of inequality among states are crucial to an understanding of the nature and impact of globalization. This is most simply highlighted by the coincidence between the unevenness of globalization and the distribution of military, political power and international rule-making (or 'meta-power') among states.

(a) State Strength

Reframing one of the points made above, for large and powerful states (either globally or within a region) globalization is, at least to some extent, a realm of choice. These states have the power to open or close world or regional markets and have discretion over how fast they wish to develop and exploit technological change. Furthermore, the impact of globalization, because it is a process they influence, is likely to reinforce their position and their relative power (even if it channels it in new ways). For less powerful states in a region or in the world economy, globalization is a process which is happening to them and to which they must respond. To some degree they must choose either to accept the rules of the more powerful or not - although in today's world economy where relative autarchy is punitive and where there is no alternative centre of power (as provided previously by the USSR), some would argue that they have little choice but to accept the rules.

These propositions, however, do not always reflect reality. There are limits to the control and influence of the large and powerful states and the above arguments underestimate the importance of path dependence and the extent to which the process of globalization is shaped by ongoing actions and reactions from both sides. For example, over the past four decades industrialized countries have exhorted less developed countries to integrate into the world economy and to attract more investment. Yet in each decade, different types of investment from industrialized countries have produced a backlash and a reassertion of state sovereignty. Hence, in the 1970s, developing countries attempted through UNCTAD, the United Nations General Assembly and other fora, to control and limit the activities of multinational corporations which had come to be seen as too powerful and exploitative. In the 1980s, Western international commercial banks became the adversary: accused of punishingly high interest rates and imposing stringent adjustment on debtors. After the debt crises of the 1980s, developing countries pushed for new forms of regulation, control and replacement of international bank loans. In the early 1990s, the backlash is against capital flows into share and bond markets in developing countries. After the crisis in Mexico in 1994 highlighted the volatility and destabilizing effects of such investment, the new call from several different regions is for capital controls - as already put in place in Chile and China. [\(26\)](#)

Different forms of 'backlash' against globalization highlight that the process is a contested one. Yet, it is not the case that the most powerful states in realist power-political terms always win in such contests. Globalization and attempts to control it, are shaped by those with power -- derived from all of the sources listed above -- to do so. East Asia provides a particular example of the varied sources of such power. For although the recent World Bank study of the 'East Asia miracle' points to these countries' integration into world markets, [\(27\)](#) this interpretation is controversial and wrongly ignores, as several economists have pointed out, several other political and economic factors. [\(28\)](#)

The debate about East Asia is a crucial one for it turns on the extent to which governments of small states

might control the nature and impact of globalization on themselves. Crucial to the East Asian countries' success, most analysts agree, was their domestically strong, efficient and viable state apparatuses.⁽²⁹⁾ Hence, we see the importance of distinguishing domestically 'strong' and 'weak' states. However, we must also recall that the internal strength of states in East Asia has in turn been due to the security threat that each country faced in the aftermath of the second world war, their strategic importance during the Cold War, and the economic success that they have enjoyed. So East Asia highlights both that the categories of domestically 'strong' and 'weak' states are crucial, as well as the fact that these domestic characteristics interplay with the international dimensions of state strength we have listed above. The fact that these are small states who have fairly carefully controlled their integration into the world economy - and continue to do so, as Korea's recent clamp-down on foreign investment displays⁽³⁰⁾ - suggests that any analysis of the nature and impact of globalization requires a much more careful consideration of state strength and inequality.

b) Institutions and the creation of new structural power

As we have mentioned above, globalization is greatly influenced by international institutions set up (or adapted) so as to facilitate and manage new flows of goods, people, ideas and values across borders. As the liberals highlight, institutions are important in a globalized world as instruments of common purpose. Yet liberal institutionalist theory has tended to focus on a narrow range of issues and paid too much attention to bargaining processes among states. Thus going back to *Power and Interdependence*, which largely set the agenda for this scholarship, Keohane and Nye write that they 'sought to integrate realism and liberalism **using a conception of interdependence which focused on bargaining**' (our emphasis).⁽³¹⁾ In parallel fashion, there has been a growing literature on the importance of linkages between domestic and international factors.⁽³²⁾ Yet the influential scholarship sparked by Robert Putnam's two-level game analogy, has also focused almost entirely on bargaining and negotiation. Missing from the interdependence and bargaining approaches are questions which, in our view, are central to comprehending the process and the impact of globalization. These are questions as to what and why particular issues are left off the agenda of inter-state politics, who sets the rules of the bargaining game (meta-rules), and where the norms and ideas come from which are used to define issues and within which bargaining takes place.

Institutions, then, are sites of power or dominance. Indeed, the World Bank's interpretation of East Asia's economic success, mentioned above, provides a case-study of the struggle for dominance and control within institutions. As Robert Wade has documented, within the World Bank the interpretation of East Asia's success produced a political battle between Japan and the United States and resulted in a report the conclusions of which were markedly tilted so as to support the US-favoured, market-oriented approach to policy.⁽³³⁾ The struggles (and silences) within international institutions can only be understood by recognizing that institutions do not emerge solely for utilitarian reasons.

Although ostensibly international institutions arise amongst states concerned with solving common problems and promoting overall welfare, in fact they reflect a pattern of structural power which is central to the management of interdependence.⁽³⁴⁾ On the one hand, states create institutions because they wish

to resolve distributional conflicts and relative gains concerns. Yet, in the end it is powerful states who will shape the agenda, decide who can play the game, define the rules, and enforce outcomes which are favourable to themselves. Thus globalization creates new forms of structural power in which institutions play an important role - ultimately that which powerful states delegate to them. We return to the point made above that globalization offers powerful states a realm of choice. Most fundamentally, they can choose to favour cooperation or multilateral institutions (and the shape of such institutions), or to use bilateral negotiations. Indeed this has been the pattern of US trade policy over the past two decades.⁽³⁵⁾

In summary, the balance between state and market in the process of globalization is itself an expression and reinforcement of political power: why states choose to regulate certain aspects of the international economy and not others. Hence, our attention is drawn again to that dimension of inequality which was expressed above as the power to set the rules and to assert rights in the system.⁽³⁶⁾

Institutions also play a critical role in the processes by which 'global' liberal values are transmitted and diffused across the system. Indeed an important feature of the post-Cold War period has been a revival of the question of stronger enforcement, of giving more effective 'teeth' to the norms of international society.⁽³⁷⁾ Thus instead of progressive enmeshment and learning, we need also to recognise the role of conditionality and coercion. Although academics are giving much attention to the range of UN interventions: in pursuit of collective security, peacekeeping/peacemaking, organizing elections, non-proliferation and so forth, the spread of conditionality has become a central element of the globalization of liberalism.

Although defining conditionality is complicated, the core idea is clear enough: both individual states and multilateral institutions attach formal, specific and institutionalized sets of conditions (hence the difference to traditional ad hoc sanctions) to the distribution of economic benefits in order to press (mostly) developing countries to adopt particular kinds of domestic policy. Central to the use of conditionality is therefore the claim to superior knowledge of how developing countries should manage their affairs and the implicit use of coercion to try and ensure that knowledge is acted upon. Up to mid-1980s, formal conditionality was mostly limited to IMF-style macro-economic policy conditions.⁽³⁸⁾ Since then a very significant expansion: within the economic field towards detailed micro-economic reform conditions; and outside of the economic field to include conditions designed to promote good governance, human rights and democracy; sustainable development; limitations on arms spending; and non-proliferation policies. Here it is important to note, first, the critical move away from conditionality as forming part of a specific economic bargain or contract (as was at least arguably the case with IMF economic conditionality) and towards using conditionality to promote objectives that are wholly unrelated to a specific flow of resources; and second, the entrenchment of political conditionality in the policies of the international financial institutions, and of the OECD development committee.

The trend towards broader and deeper conditionality is not only evident in international institutions. In some ways, conditionality is becoming yet more visible at regional levels. It is becoming commonplace for regional groupings to set down formal criteria for admission so that membership of an alliance, economic bloc, or international institution depends on certain kinds of domestic policy. Within regions, the potential levels of coercion rise as the perceived advantages of membership increase. The very uneven nature of globalization here is particularly obvious. In both Europe and the Americas, would-be members of existing arrangements (the EU or NAFTA) take their place in a queue. In order to try to move up that queue, aspiring governments attempt to adapt their policies and converge with the required standards. In doing so, however, these future members are taking part in a process which reinforces and

perpetuates the power of those who control the conditions and timing of admission. In regions such as the Western Hemisphere, where the distribution of power is already very skewed, this process can easily work to entrench regional hegemony.⁽³⁹⁾

Yet whilst coercion and conditionality are indeed critical features of the ways in which globalization and liberalism intersect, it is important not to assume that we are dealing simply with external imposition. We need to look very closely at the domestic political processes by which those groups espousing liberal values are either able to achieve predominance or else fail to do so.⁽⁴⁰⁾ External pressures and inducements are of course likely to be important. But so too are the ways in which these external 'signals' are received and interpreted within the subordinate state. Powerful pressures towards liberalization come up against equally powerful inherited structures and, in the complex process of break-down and adaptation, the result is highly unlikely to conform to a neat 'liberal' model: a liberalizing Brazil is very different to a liberalizing India, or Mexico or Poland. Indeed the successful take-up of, say, market-liberal economic policies may reentrench illiberal patterns of domestic politics or fuel revisionist and assertive foreign policies. Western institutions have seen this effect most clearly in countries such as Algeria, Tunisia and Turkey, where stringent programmes of economic liberalization have inadvertently fuelled rejectionist islamic movements.⁽⁴¹⁾ The overall lesson is that powerful homogenising pressures may not in fact produce homogeneity -- we repeat our point that the processes of globalization are complex and contested.

Conditionality provides a good illustration of the difficulties of reconciling the promotion of economic and political liberalization within states with the maintenance of a manifestly unequal and illiberal inter-state order and global economic system. On the one hand, the growth of conditionality threatens to lead to ever greater involvement by the industrialized countries and their agencies in the political, social and economic life of the developing world. This means that an ever greater range of development priorities are determined not by governments but by external actors. On the other hand, liberal notions of democratic governance are very centrally about making governments more accountable for their policies and representative of their people. Here lies a real contradiction. Governments are to be made increasingly accountable for policies and priorities - and yet they have decreasing control or authority over these policies.

Globalization supposedly facilitates the transmission of liberal values and policies across the world. Yet, because states are politically and economically unequal, whilst some values are 'transmitted', many others are imposed or coerced. The result is sometimes unintended and often contradictory. Economic liberalization does not always reinforce democracy - indeed many argue that 'insulation' from 'populist' pressures is central to the success of economic reform;⁽⁴²⁾ or that liberalization skews political power in favour of a small, enriched group. So too, where international institutions commit themselves to supporting governments which undertake economic liberalization, in several cases they have found themselves supporting governments which at the same time show little regard to human or group rights.

Ultimately, although liberals might be expected to be committed to the 'democratization' of the international system and its institutions (and some are, eg The Commission on Global Governance), in most cases the dominant liberal discourse in fact assumes high degrees of global management and enforcement.⁽⁴³⁾ Global management and institutions of enforcement rely upon inequality among states and reproduce and reinforce existing inequalities. Hence, liberals must ultimately choose between effective management of globalization on the one hand, and values such as participation, representation and legitimacy on the other. Those who favour 'effectiveness' - and here the economic liberalizers

predominate - will very often end up siding with the realists in seeing the positive virtues of inequality and hierarchy.⁽⁴⁴⁾ As with our argument about state strength, globalization and its management by institutions, is heavily conditioned by inequality among states.

c) Values, Norms and International Society

One way in which we might explore and elucidate the contradictions mentioned above is by broadening our conception of international society so as to analyze the impact on it of globalization. We have seen that globalization for some involves promoting a *universal* set of values. Stepping back and surveying the impact on international society, one can readily see that the promotion of a particular set of values will in fact reinforce divisions within international society and create different categories of states: those who *do* share the values and those who do not. This problem opens up an uncomfortable divide for liberals: on one side there is a long western tradition of doctrines and ideas that rested on principles of exclusiveness, based on being Christian, being European or being 'civilized';⁽⁴⁵⁾ yet on the other hand, there is the powerful counter-current in western thought that has maintained the existence of a universal community of mankind and that has drawn its primary inspiration from the long tradition of natural law.⁽⁴⁶⁾

Given this division the pattern of interaction 'across the divide' becomes critical. At one extreme, realist doctrines have often denied all legal and moral rights to those without the power to force respect for their independence.⁽⁴⁷⁾ At the other extreme, revolutionist doctrines have insisted on an absolute equality of rights, both as individuals and as communities, and on a duty to assist their liberation, with versions of these ideas developed in both the French and Russian revolutions. In between liberals have been deeply divided. One strand has argued for a strong (if never quite absolute) respect for pluralism and equality between communities and cultures and has laid great emphasis on the norms of sovereignty and the non-intervention.⁽⁴⁸⁾ The other (far more powerful) strand has accorded only conditional or secondary rights to those outside the inner core and has argued for intervention (or imperialism) to promote the intrinsically superior values of the inner core.⁽⁴⁹⁾

The dominant trend for most of the 20th century was to move against this exclusivism and exclusion in the name of greater equality -- as exemplified in the struggle for equal sovereignty, for decolonisation, for racial equality, and for economic justice.⁽⁵⁰⁾ Moreover, the dominant norms of international society (non-intervention, constraints on use of force, sovereign equality) served to provide a degree of protection -- for good and ill -- to many extremely fragile political entities ('quasi-states' to use Robert Jackson's phrase⁽⁵¹⁾). The globalization of liberalism, however, has begun to pull in the opposite direction and the resulting process of segmentation may well be working towards greater inequality.

In characterizing the increasing inequalities in international society, three questions are of the essence: Whose rules govern the society?; What is the scope of the rules?; and, How are the rules enforced? The first question - whose rules - requires us to examine the existing structure of power among states. We are thereby returned to the paradox of universalism already alluded to: the successful promotion of 'universal' or 'global' values, even if they are to some degree genuinely shared, will often depend on the willingness of particularly powerful states to promote them. Furthermore, their successful promotion can

all too easily work to reinforce the already marked inequality of power and status.

The second question - what is the scope of the rules - points to an area in which international society is undergoing dramatic change. The range of objectives that international norms and institutions seek to promote has increased tremendously, involving rules that affect very deeply the domestic structures and organisation of states, that invest individuals and groups within states with rights and duties, and which seek to embody some notion of a common good (human rights, democratization, the environment, the construction of more elaborate and intrusive inter-state security orders). The impact on weaker and on non-western states is thus potentially very different from the 'globalization' of traditional international society, whose primary goal was that of minimal coexistence.

The third question which assists us in characterizing international society is: how are the new, wider-ranging rules to be enforced? At present enforcement works through international institutions. These institutions tend to be weak except where they act as facades to powerful states' actions, or, where they are dealing with states which rely upon them for financial assistance (e.g. those states using the resources of the international financial institutions). As strict notions of sovereignty and the norm of non-intervention erode, and as formal schemes of conditionality increase, it has in many ways become easier to enforce norms against weaker states. The more powerful target states, however, are able to fend off inclusion (as with China) or to impose 'reverse' conditionalities (as with Malaysia vs Australia and Britain). Furthermore, there is a growing reaction to the imposition of norms -in both Asia and in the Middle East - as exemplified as recent controversies over human rights where official Asian resentment is as much about how human rights are to be implemented as it is over the content of the rights in question.⁽⁵²⁾ Here weaker states are reasserting the central defense of state sovereignty, attacking the double standards of powerful states and their conditionalities; and calling for greater democratization in international institutions.

Contemporary trends suggest that international legitimacy and full membership of international society is increasingly being made conditional on the adoption of certain models of domestic political or economic practice. To some extent this trend revives an old patterns of hierarchy and superiority. The promotion of 'universal' values and moves towards linking domestic and international legitimacy threaten to reestablish the old pattern of differentiation. Indeed it is not entirely fanciful to see old nineteenth century categories reappearing in the emerging late twentieth century distinctions between a core zone of liberal states; well-ordered non-liberal societies; and states that have either 'failed' or should be classed as pariahs or outlaws.⁽⁵³⁾ This prognosis highlights the need for analyses of globalization to take into account the inequalities which underpin the emerging international society.

d) Transnational Civil Society

Up to this point we have treated international society as a society of states. Yet, for liberals, globalization extends the possibilities of global community to a transnational civil society beyond states.⁽⁵⁴⁾ The prospect of a transnational civil society is attractive to liberals who conceive it as enabling and empowering independent self-organized groups to participate politically and to counter the abuses of state power. The use of the word 'society' (and still more 'community') carries with it the idea of some

integrated framework of norms and values. Equally the idea of 'civil society' has long been viewed in liberal thought as something defined in contradistinction to the state and as valuable precisely as a means of checking the power of the state. Confirming this view is the evidence of NGOs which have given voice to the weak and vulnerable and to those who are deemed to be non-members of a particular state or political community, or who fall between the cracks of the state system (eg refugees, indigenous peoples, future generations).

Yet transnational civil society is itself an arena of power and relations within transnational civil society, which are not necessarily any more equitable than within state system, may work to reinforce and open up new inequalities. In the first place, transnational civil society is pluralistic, encompassing a wide range of social movements, formal political associations, and economic forces and interest groups. It is manifestly wrong to believe that the forces within transnational civil society pull in one direction. Many actions and actors within transnational civil society are profoundly illiberal and destructive, involving, for example, the privatization of violence, transnational criminal activity, private trade in weapons, the increasingly thin line between criminal and social violence. There is a tendency amongst critics of globalization to take a benign view of transnational civil society and to see 'emerging social forces' as the counterweight both to hegemonic liberal capitalism and to inequalities of state system. Yet such a black and white image is unhelpful: transnational civil society can aid the flow of anti-liberal ideas as much as the promotion of justice and equality: religious fundamentalism and Rupert Murdoch are, after all, as much a part of transnational civil society as Amnesty or Greenpeace.

Second, many groups within transnational civil society are the product -- direct or indirect -- of state action and cannot be understood outside their relationship to states. Thus the politics of transnational civil society is centrally about the way in which certain groups emerge and are legitimized (by governments, by institutions, by other groups). As we have seen, assumptions about the transmission of knowledge and ideas across boundaries are often viewed as the diffusion of knowledge through 'epistemic communities'. Yet neglected here is the issue of whose 'scientific knowledge' becomes critical, through what channels, and with what relationship to states and state power. All too often unexamined are the links that exist between influential epistemic communities and particular institutions and particular groups within society.

Third, transnational civil society needs to be viewed as a fragmented and contested arena. Thus we cannot ignore the unequal political voice and influence accorded to different NGOs - in the international context we might compare the effectiveness of Northern as opposed to Southern NGOs. Even more so than with domestic interest groups, there is a real issue of accountability which is often ignored in respect of NGOs who are often not accountable to any broad grouping or political process. As some aid-giving states try to bypass governments and channel assistance through NGOs, these questions become all the more important.

Conclusion

Globalization is profoundly affected by inequalities among states, regions and non-state actors. This fact is underplayed in liberal interpretations of globalization, which offer a fairly optimistic account of

globalization and which skate far too quickly over four significant problems: the capacity of states to bear the costs of adjustment of globalization; the need for institutional reform to manage globalization; the values which are to underpin the new global system; and the fact that not all states and groups will be 'winners' from the process.

This article has analyzed these four 'problems' with the liberal globalization thesis. Varying *state strength*, it was argued, affects states' capacities to adapt and to benefit from globalization. On the face of it, the powerful benefit, and the less powerful lose out. For this reason, globalization has always been a contested process - as illustrated by developing countries' attempts to use political power to limit the activities of foreign investors (as they have done respectively *vis-a-vis* MNCs, international commercial banks, and now portfolio investors). Yet some countries, such as those of East Asia, have succeeded in controlling the impact of globalization on them, in spite of their size and lack of power in the international arena. Here a crucial factor in their success has been the domestic strength of governments. With a high degree of domestic control, East Asian governments have been able effectively to control and adapt to integration in the global economy. But domestic strength is itself not just a function of domestic circumstance. East Asia also provides an example of how it is that domestic political strength has been forged as a result of strategic insecurity (post-war Japan, Korea, Taiwan and Singapore each had security fears which were translated into a national imperative of economic growth), and of course geostrategic position (US interests and investment in these countries which were seen as a bulwark against communism). The insight here is that domestic and international factors interplay in determining a state's capacity to control its insertion into global economic and political processes.

International institutions are the solution to new problems and issues which arise from globalization, viewed by liberals as fairly neutral, problem-solving organizations. However, we have stressed that institutions are also arenas of power and influence in which it is usually the powerful who make and break the rules. Here we emphasized that globalization plays into existing power political relations in the international system. The standards of economic and political reform which are emerging both at the international and regional levels are overwhelmingly formulated by a small group of powerful states. A different, larger, group of less powerful states are expected to accept these standards as conditions for their entry and access to economic and political favour.

The analysis of international institutions is developed in the paper into a broader view of what globalization in an unequal global system means for *international society*. Here we posed three questions: Whose rules govern the society?; What is the scope of the rules?; and How are the rules enforced? The answers to these questions suggest that globalization will not lead to the progressive global enmeshment heralded by liberal analysts. Existing inequalities make it more likely that globalization will lead to an increasingly sharp division between 'core' states who share in the values and benefits of a global world economy and polity, and 'marginalized' states (some of which are already branded 'failed states').

Finally, globalization, it is often claimed, is creating a new '*transnational civil society*'. The growth in non-state economic, political, and social linkages among societies leads some liberal analysts enthusiastically to point to the empowerment of NGOs and the like. The thesis is attractive to supporters of Greenpeace and Amnesty International, but overlooked is the fact that the activities of other non-state actors - such as terrorist groups - are also facilitated by globalization. And there are two further problems with empowering non-state actors in an uncritical way. In the first place, these groups are not necessarily representative, nor politically accountable. It is unclear how we should square enthusiasm for the rise of

NGOs and non-state actors with a concern for democracy. In the second place, the rise of such groups - for example, islamic fundamentalist groups in the Middle East - can swiftly erode the order and political stability of often fragile and tenuous, but elected governments.

In summary, the loss of autonomy associated with globalization falls unevenly with powerful states better able to insulate themselves: by adapting domestic state structures to new constraints (and opportunities); by dominating the regimes by which interdependence is managed; by being able to compete more effectively within global markets; or by developing strong enough state structures to control interdependence (including even the diffusion of ideas and values. cf Singapore and China). Those states that are able to resist 'internationalization' will emerge as far more powerful than those that fail to do so. Globalization is a process the nature and impact of which are vastly influenced by inequalities among states.

1. ¹ We present a critique which differs from those who argue that neither the impact nor the process of globalization are as complete or as new as is often asserted. For the latter, see Robert Wade, 'Globalization and its Limits: the Continuing Economic Importance of Nations and Regions', in Suzanne Berger and Ronald Dore (eds.), *Convergence or Diversity? National Models of Production and Distribution in a Global Economy* (Cornell, NJ: Cornell University Press, forthcoming).
2. ²For examples of the view what market-driven globalization exacerbates both political and economic inequalities see James Petras and Morris Morley (eds.), US Hegemony under Siege. Class, Politics and Development in Latin America (London: Verso, 1990); and Barry Gills, Joel Rocamora and Richard Wilson (eds.), Low Intensity Democracy. Political Power in the New World Order (London: Pluto Press, 1993).
3. ³ Anne Krueger, 'Global Trade Prospects for the Developing Countries', *The World Economy* (Vol. 15, No. 4, 1992); Deepak Lal, *A Liberal International Economic Order: the international monetary system and economic development* (Princeton: Princeton University International Finance Section, 1980); and discussion in John Dunning, *The Globalization of Business: the challenge of the 1990s* (London: Routledge, 1993).
4. ⁴ See, for example, the literature on endogenous growth: Paul M. Romer, 'The Origins of Endogenous Growth', *Journal of Economic Perspectives* (Vol. 8, No. 1, 1994) pp. 3-22.
5. ⁵ See, for example, Richard N. Cooper, 'Interdependence and Co-ordination of Policies', in Richard Cooper, Economic Policy in an Interdependent World: Essays in World Economics (Cambridge: MIT Press, 1986); and Robert Keohane, 'The Demand for International Regimes', in Robert Keohane (ed.), International Institutions and State Power (Boulder: Westview, 1989).
6. ⁶ John Williamson and Stephan Haggard, 'The Political Conditions for Economic Reform', in Williamson and Haggard (eds.), *The Political Economy of Policy Reform* (Washington, DC: International Institute for Economics, 1994), p. 530. See also, Robert H. Bates and Anne O. Krueger (eds.), Political and Economic Interactions in Economic and Policy Reform (Oxford: Blackwell, 1993) and Stephan Haggard and Steven B. Webb (eds.), Voting for Reform. Democracy, Political Liberalization and Economic Adjustment (New York: OUP for the World Bank, 1994).
7. ⁷ This view is particularly visible in many of the essays in John Williamson (ed.), *The Political Economy of Policy Reform* (Washington DC: Institute for International Economics, 1993).

8. ⁸ Peter M. Haas, 'Introduction: Epistemic Communities and International Policy Coordination', *International Organization* (Vol. 46, No. 1 1992), pp. 1-36. See also Ernst B. Haas, When Knowledge is Power (Berkeley: University of California Press, 1990).
9. ⁹ Ronnie D. Lipschutz, 'Reconstructing World Politics: The Emergence of Global Civil Society', *Millennium* (Vol. 21, No. 3 1992), p. 390. See also Richard Falk, 'The global promise of social movements: explorations at the edge of time', *Alternatives* (Vol.12, April 1987) pp.173-196; *Millennium* Special Issue on Social Movements in World Politics, Vol.23, No, 3 (Winter 1994); and Paul Wapner, 'Politics Beyond the State: Environmental Activism and World Civic Politics', *World Politics* Vol.47, No. 3 (April 1995): 311-40. For an example of the broader revival of interest in transnationalism see Thomas Risse-Kappen (ed.), Bringing Transnational Relations Back In: Non-state actors, domestic structures and international insitutions (Cambridge: CUP, 1995).
10. ¹⁰ See, for example, Daniel Deudney and G. John Ikenberry, 'The International Sources of Soviet Change', *International Security* Vol. 16, No. 3 (Winter 1991/92), pp. 74-118; and the discussion of these ideas in Fred Halliday, *Rethinking International Relations* (London: Macmillan, 1994), especially Chapter 5.
11. ¹¹ James Rosenau, *Turbulence in World Politics* (New York: Harvester Wheatsheaf, 1990).
12. ¹² Laura D'Andrea Tyson, *Who's Bashing Whom? Trade Conflict in High-technology Industries* (Washington DC: Institute for International Economics, 1992), and Robert Reich, *The Work of Nations: Preparing Ourselves for 21st-Century Capitalism* (London: Simon and Schuster, 1991, reprinted 1993).
13. ¹³ Reich, *op cit.*, in note ?, p.3.
14. ¹⁴ Adrian Wood, *North-South Trade, Employment and Inequality: Changing Fortunes in a Skill-Driven World* (Oxford: Oxford University Press, 1994).
15. ¹⁵ In this they follow Karl W. Deutsch, *et al.*, *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience* (New York, NY: Greenwood, 1957, reprinted 1969). See David Long's article in this issue.
16. ¹⁶ Kenichi Ohmae, *The Borderless World: Power and Strategy in the Interlinked Economy* (London: Harper Collins, 1990, reprinted 1994), p.24. Note how closely his words echo those of Norman Angell writing in 1910: 'the very complexity of the division of labour tends to set up cooperation in groups which might thwart political frontiers, so that the political no longer limits or coincides with the economic' in *The Great Illusion* (London: Heinemann, 1933), p.157.
17. ¹⁷ World Bank, *World Bank Development Report 1994* (Washington DC: World Bank, 1994) and Inter-American Development Bank, *Economic and Social Progress in Latin America* (Washington DC: IDB/John Hopkins University Press, 1994).
18. ¹⁸ A thoughtful contemplation of this problem is Moisés Naím, *Latin America's Journey to the Market: From Macroeconomic Shocks to Institutional Therapy* (San Francisco, CA: International Center for Economic Growth, 1995).
19. ¹⁹ See Joan Nelson with Stephanie Eglinton, Encouraging Democracy: What Role for Conditioned

Aid? (Washington: Overseas Development Council, 1992).

20. ²⁰ See the special focus given to the issue in the *World Bank Development Report 1990* (Washington DC: World Bank, 1990).

21. ²¹ e.g. Sebastian Edwards, *Macroeconomic Stabilization in Latin America: Recent Experience and some Sequencing Issues* (Washington DC: NBER, 1994). See for a discussion of other techniques Michael Lipton and Jacques Van der Gaag, *Including the Poor* (Washington DC: World Bank, 1993).

22. ²² Max Singer and Aaron Wildavsky, *The Real World Order: Zones of Peace, Zones of Turmoil* (Chatham, NJ: Chatham House Publishers, 1993)

23. ²³ Barry Buzan, *The European Security Order Recast: Scenarios for the Post-Cold War Era* (London: Pinter, 1990).

24. ²⁴ Dan Deudney & John Ikenberry, 'The Logic of the West', *World Policy Journal* Vol 10 (1993-94), pp. 17-25.

25. ²⁵ James Rosenau and Ernst-Otto Czempiel, *Governance without Government: Order and Change in World Politics* (Cambridge: Cambridge University Press, 1989), chapter one.

26. ²⁶ Critiques of the various stages of globalization can be followed in UNCTAD, *Trade and Development Report* (New York: United Nations, annually); through issues of the *Cepal Review* (Santiago: Economic Commission for Latin America); and, in respect of money and finance, in the various papers of the Group of Twenty-Four: *International Monetary and Financial Issues for the Developing Countries* (Geneva: UNCTAD, 1987); *International Monetary and Financial Issues for the 1990s* (2 volumes) (Geneva: UNCTAD, 1992).

27. ²⁷ The World Bank, *The East Asian Miracle: Economic Growth and Public Policy* (New York, NY: Oxford University Press, 1993).

28. ²⁸ A good survey is Albert Fishlow, *et al.*, *Miracle or Design?: Lessons from the East Asian Experience* (Washington DC: Overseas Development Council, 1994).

29. ²⁹ Robert Wade, *Governing the Market* (Princeton NJ: Princeton University Press, 1990), Alice Amsden, *Asia's Next Giant* (New York: Oxford University Press, 1989); Alice Amsden, 'Taiwan's economic history: a case of *etatisme* and a challenge to dependency theory', *Modern China* (Vol.5, 1979) pp.341-379; Stephen Haggard, *Pathways from the Periphery* (Ithaca: Cornell University Press, 1990).

30. ³⁰ *Financial Times*, Thursday 12 October, 1995.

31. ³¹ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence*, Second Edition (Glenview: Scott, Foresman and Company, 1989), p. 251.

32. ³² Peter Evans, Harold Jacobson & Robert Putnam, *Double-Edged Diplomacy* (Berkeley: University of California Press, 1993).

33. ³³ Robert Wade, 'The World Bank and the Art of Paradigm Maintenance: the East Asian Miracle as a Response to Japan's Challenge to the Development Consensus', Unpublished Paper (Sussex, 1995).

34. ³⁴ Stephen Krasner, *Structural Conflict* (Berkeley: University of California Press, 1985).
35. ³⁵ I. M. Destler, *American Trade Politics*, Second Edition (Washington, DC: Institute for International Economics, 1992), Chapter 3.
36. ³⁶ See Stephen Krasner, 'Global Communications and National Power: Life on the Pareto Frontier', *World Politics* (Vol. 43, April 1991), pp. 336-366.
37. ³⁷ See, for example, Lori Fisler Damrosch (ed.), Enforcing Restraint. Collective Intervention in Internal Conflicts (New York: Council on Foreign Relations Press, 1993); Tom Farer (ed.), Beyond Sovereignty: Collectively Defending Democracy in the Americas (Baltimore: Johns Hopkins University Press, 1995); and Phillippe Schmitter, 'Contagion, Coercion and Conditionality', in Laurence Whitehead (ed.), The International Dimensions of Democratization: Europe and the Americas (Oxford: OUP, forthcoming).
38. ³⁸ On economic conditionality see Tony Killick, *The IMF and Stabilization* (London: St Martin's, 1984) and Paul Mosley, Jane Harrigan and John Toye, Aid and World Power. The World Bank and Policy-based Lending (London: Routledge, 1990). The academic literature on non-traditional conditionalities remains thin, but see Nelson, **op.cit.**
39. ³⁹ Andrew Hurrell, 'Regionalism in the Americas', in Hurrell and Louise Fawcett (eds.), *Regionalism in World Politics* (Oxford: OUP, 1995), 250-282; and Victor Bulmer-Thomas, Nikki Craske and Mónica Serrano (eds.), *Mexico and the North American Free Trade Agreement: Who Will Benefit?* (London: Macmillan, 1994).
40. ⁴⁰ A case-study detailing the ways in which the domestic processes and international institutions interact is given in Ngaire Woods, 'The Third Arena: The International Financial Institutions and the Politics of Economic Policy-Making in Mexico 1982-1992', unpublished paper (Oxford, 1995), presented at the *CIDE*, Mexico City, April 1994; and Oxford Social Studies Faculty Senior Seminar, May 1995.
41. ⁴¹ See John Darnton, 'Islamic Fundamentalism is on the Rise in Turkey', *International Herald Tribune*, 3 March 1995; and David Hirst, 'Egypt: Poised between Control and Chaos', *The Guardian* (London), 11 February 1995.
42. ⁴² Stephan Haggard and Robert Kaufman (eds), *The Politics of Economic Adjustment* (Princeton: Princeton University Press, 1992).
43. ⁴³ Dharam Ghai, 'Social Policy in a Global Context, Paper presented at Queen Elizabeth House, 40th Anniversary Conference, 'The Third World after the Cold War'; see also Richard Falk, Review Article on *Our Global Neighbourhood* in this issue.
44. ⁴⁴ For an important exception see Daniele Archibugi and David Held (eds.), Cosmopolitan Democracy (Cambridge: Polity, 1995).
45. ⁴⁵ This issue was central to the work of Wight and Bull. For an overview see, Hedley Bull, 'The Emergence of a Universal International Society', in Hedley Bull and Adam Watson (eds), *The Expansion of International Society* Oxford: Oxford University Press, 1984): 117-126.
46. ⁴⁶ See Joseph Boyle, 'Natural Law and International Ethics' in Terry Nardin & David Mapel,

Traditions of International Ethics (Cambridge: Cambridge University Press, 1992).

47. ⁴⁷ Robert Tucker, *The Inequality of Nations* (New York: Basic Books, 1977).

48. ⁴⁸ See Andrew Hurrell, 'Vattel: Pluralism and Its Limits', in Ian Clark and Iver Neumann (eds.), Classical Theories in International Relations (London: Macmillan, forthcoming). For a powerful contemporary restatement of the pluralist case see John Rawls, 'The Law of Peoples', in Stephen Shute and Susan Hurley (eds.), On Human Rights (New York: Basic Books, 1993).

49. ⁴⁹ On the theoretical underpinning of this view see Anthony Ellis, 'Utilitarianism and International Ethics' in Nardin and Mapel, Traditions of International Ethics, **op.cit.**.

50. ⁵⁰ Hedley Bull, *Order and Justice in World Politics* (Waterloo: University of Ontario, 1984).

51. ⁵¹ Robert Jackson, *Quasi-states: Sovereignty, International Relations and the Third World* (Cambridge: Cambridge University Press, 1990).

52. ⁵² See, for example, Bilahari Kausikan, 'Asia's Different Standard', Foreign Policy, 92 (Fall 1993); and Robert Bartley et.al., Democracy and Capitalism. Asian and American Perspectives (Singapore: Institute of Southeast Asian Studies, 1993).

53. ⁵³ On the 19th divisions between civilized, barbarous and savage humanity see James Lorimer, Institutes of the Law of Nations, vol. I-II (Edinburgh and London: William Blackwood and Sons, 1883); and Gerrit W. Gong, The Standard of 'Civilization' in International Society (Oxford: Clarendon Press, 1984).

54. ⁵⁴ For references see fn 9.