

Globalisation, the argument of our time, Jan 2, 2002

David Held and Paul Hirst

About the authors

David Held is master of University College, Durham University, professor of politics and international relations there and general editor of Global Policy.

Paul Hirst was a prolific democratic intellectual and teacher. He served as professor of social relations at Birkbeck College, University of London and academic director of the London Consortium.

https://www.opendemocracy.net/globalization-vision_reflections/article_637.jsp#seven, last visited on 05/02/2018

openDemocracy – What is ‘globalisation’ and is it new?

David Held – There is nothing new about globalisation as such – [Maria Cattai](#) was right about that. If you think of the spread of world religions, the huge development of empires in the eighteenth and nineteenth centuries, the stretch of the British Empire: global cultural and economic phenomena are not new. But there have been different historical forms of globalisation, and the contemporary conjuncture is new.

I think of globalisation as the increasing extent, intensity, velocity and impact of world-wide interconnectedness. Such interconnectedness has existed for some hundreds of years. But if you trace its increase, I think you can argue that there is now an ongoing transformation, from economics, politics and migration to culture and law, which is creating a new kind of world order.

The events of 11 September instantly ricocheted across the world. But more importantly, their causes and consequences show that in the fabric of everyday life, as [Immanuel Kant](#) said, we are all “unavoidably side by side”. He could not have known how profound that statement would become.

We are unavoidably side by side not just at moments of catastrophe, but in trading and trading arrangements, in the nature of financial markets, in the nature of environmental change from ozone depletion to global warming, in areas that are fundamental to human health such as welfare, sexuality and AIDS, right the way through to new questions posed about genetic manipulation. The fact that Kant said this in the eighteenth century shows that the process is historically rooted. But its truth today is far greater than anything he could have conceived.

Globalisation is not an end state, or a single thing, any more than is democracy or industrialisation. These are processes, involving changing relations of human affairs – which means it is wrong to say that the local doesn’t matter any more. It matters in a different way. It is being re-contextualised in a more complex world of economics, politics, culture and migration.

Paul Hirst – What most people mean by ‘globalisation’ is increasing flows of trade and investment between parts of the world and between countries. If you scratch a politician, a journalist, a business leader, that’s what they mean.

The history of this globalisation can be summarised as follows. In the 1920s, people tried to restart the pre-1914 liberal world economy. And they failed. In the 1930s it imploded. Britain and Germany both lost about forty per cent of their foreign trade. The world economy really did shrink, and peoples competed for what was left by building autarchic trading blocs.

After the 1939-1945 war there was the creation, outside the Communist bloc, of a managed multilateral order. People were so anxious to get back to the liberal world economy they didn’t need a new term for it. Global talk started after the ’73 and ’79 oil-price hikes and recessions, to register that global interconnectedness was growing quite rapidly.

More important, the word ‘globalisation’ took over from monetarism. It stands for “There is no alternative to this”, or, “Don’t imagine you can follow distinctive national policies, labour standards or welfare rights, because there are chaps in Jakarta who would have your job”. It is shorthand for getting people to accept their lot fatalistically. There is a history to the term, and hopefully we’re at the end of the history which wanted the term.

We need to find a word other than ‘globalisation’ for the international system and the international economy, and it needs to include in its scope a constitutive role for the nation-state. The world trading system started when state societies were created. It was not until the creation of state sovereignty and state control of society – meaning a country with a government, a flag and so on – that world trade, as we understand it, started to exist. Without sovereign states and some degree of control over long distance trade through their navies, it was otherwise too perilous.

It may seem like a paradox, but territorially exclusive government and world trade grew together. Some of the more naïve people who talk about globalisation imagine that its world processes are alien to traditional, local societies. Whereas in fact state societies have never been local. From Holland to Spain, they were global from birth.

This basic link between nation-states and world trade will continue. To think of international trade means thinking about governance between the national and the international. What we are seeing today is a new configuration of a system set up in the seventeenth century.

I’m not saying that nothing has changed. What I’m saying is that there are certain fundamental foundations which remain. Of course, today supranational processes are stronger than they were before. But it is a mistake to over-emphasise this. To put it crudely, disease was supranational long before there was a modern world, while the Seven Years War (1756-63) was fought in Europe, the Americas, in the Caribbean, in Africa, and in India.

Since the telegraph we have also had a global media. Today’s media technology makes possible different volumes of activity, and has speeded things up. But I’m not sure that we have passed into a ‘new world order’, to use the lovely phrase. So much of it just reminds me of the past. Very crudely, if you think of the Dayton agreements, they are like the [Congress of Berlin](#): the great powers imposing a settlement.

2: Is globalisation new?

DH – I think there is a risk that Paul throws the baby out with the bath-water. In making such a strong argument that little has changed, he doesn't recognise what has. His critique of the hyperglobalist position, developed in the [book](#) he wrote with [Grahame Thompson](#), is really fundamental. It destroyed the rhetoric used to constitute the neo-liberal economic agenda. It is that agenda which uses the most exaggerated language of globalisation and which talks about the impossibility of politics: "let the markets sort things out". There are echoes of this in some of the previous participants' contributions to the **openDemocracy** debate.

But the revolution in communications, media, and transportation systems are not just add-ons. They are re-creating the infrastructure of the way the world does business. Not only do more countries trade with each other more than ever before, and trading a bigger proportion of their GDP, but they trade much more quickly.

In the area of financial flows, we now have world financial markets trading twenty-four hours a day. In 1979, for every dollar turned over in real trade, thirteen dollars were turned over in world financial markets. Since then the ratio has rocketed to 1:65. We live in a world of extraordinary movement of global capital and a growing disconnection between the real trade and financial systems.

If we look at the changing structure of company life in detail, it is not just large companies that are reconstituting the nature of trade and financial life. The changing nature of the global market alters a small company's approach as well.

For [Polity Press](#), my publishing company, the way we do business has been utterly transformed in the last fifteen years. The nature of the market has changed. We used to live in a world with relatively segmented national markets, now they are increasingly interconnected. The way we distribute, as a result of electronic access to Amazon.com and so on, has changed. In every small detail of the way we do business there has been a change.

So even on Paul's own terms of trade and finance, activity has been reconstituted fundamentally and de-territorialised to a significant degree. It goes beyond that. If we look at politics, or the environment, things have altered fundamentally.

Paul is right to say that you can look back to the nineteenth and twentieth century and see great similarities. But in the middle of the nineteenth century, your average state politician had just two or three international meetings they could go to per annum. Today they could go to four or five thousand. Politicians today can barely monitor it all, let alone be effective in this terrain.

There is a shift going on to multi-layered governance structures: from a centre of politics defined through states, to a much more complex politics which involves sub-national regions, states, supranational regions, inter-regional activity: the EU, NAFTA, Pacific Asia, and now new mechanisms of global governance. A reconfiguration of political power is taking place as significant as the changes to the underlying world economy.

Or take the environment: Paul is absolutely right to say that disease has been global before. Think of the Black Death. The disease came with rats and boats and travel. But only in the last one hundred to one hundred and fifty years have we lived in a single, human-made global environment. Now we are faced with phenomena that are truly new. Ozone depletion is one, global warming is another. Paul has warned brilliantly about these and related environmental issues in his most recent book, *War & Power in the 21st Century*.

PH – What you are describing is a transformation taking place within institutional structures that remain resilient.

Three examples. We have seen a huge wave of securitisation (the conversion of assets and debts into tradeable financial instruments like futures and derivatives), but it's the latest of several waves. You said that the ratio between trade and financial transactions has rocketed, but this could have been said by a trader in the 1870s in Chicago about the exponential growth in wheat futures. That too saw a gigantic securitised financial Laundromat rolling on a little pin of a real economy.

Ever since people securitised tulips in the seventeenth century, there have been plenty of such examples. I am not saying that, therefore, it doesn't matter now. On the contrary, I'm saying that we *already know* that very high levels of securitisation can lead to fantastic dangers.

You guys sell books, you don't securitise them yet in book futures markets. I hope you never will, or you end up like Enron where derivatives trading played a large part in the crisis that all but annihilated the company. Some of the techniques are new. But there have always been such dangers associated with the acceleration of market growth.

Also, the global economy at present is still really a game of two-and-a-half players. What's really remarkable is that when you dissolve the global economy into what it is, it remains the European Free Trade Area, NAFTA and Japan. To make a cruel point: in 1914 there were eight great powers, now there is the G8. The difference between then and now is that now the Russians turn up as poor guests and Austro-Hungary has been replaced by Canada. The world is still concentrated around the same relatively rich countries.

On the environment: I'm terrified of the global consequences of what is happening. It will lead to frightening global outcomes. But the causes are local. It's not international interconnection that is causing the problems, but everybody sitting at home, burning coal and using cars. What it will lead to in terms of international politics seems to me new and quite frightening. I'm not totally of the belief that nothing has been invented since the seventeenth century.

My view, therefore, is that the changes David describes are real, but they take place in structures which are persistent and robust, and which we mustn't ignore. Too much 'globalisation' talk whisks them away. In fact most of our governance problems depend on getting these government structures to work in a new direction. And recognising their robustness is an important step toward achieving this.

DH – And I am saying that the growing extent, intensity and velocity of change is so new that it is producing a new kind of risk. Take the increase in the volatility and liquidity of financial markets that Paul has described. It makes the risks of market reaction very, very great for politicians. Their political sovereignty and economic judgement is not overwhelmed; but they live in a much more risk-laden environment than before.

One response is political caution. Third Way politics, for instance, is an attempt to respond to a world of growing uncertainty and market volatility. Because of the danger of upsetting the markets, politicians seek to pre-judge, pre-empt and meet their requirements.

The new risk environment is a huge conservative pressure. That's not to say that pressure has to be accepted. But resistance calls for new forms of politics, not just emphasis on the robustness of the old forms.

Yes, Paul is right to stress that the world economy is dominated by a few key players. But what is most striking about the EU, NAFTA, Japan and Pacific Asia, is not only the growing intensity of regionalism within these three areas, but that they remain open to interaction and trade across them. So whilst two thirds to three quarters of economic activity remains concentrated in these regions, nonetheless these regions are not closed. They are open, with significant effects. We are still in the early stages of the emergence of a world economic order, hierarchical and regional as it is.

Even if you live on the margins of this hierarchical economic order, you are still profoundly affected by it. I was in Zimbabwe some years ago, when the IMF and the World Bank flew in to renegotiate loan structures. Zimbabwe refused to sign the renegotiated packages on the grounds that this was a new form of colonisation. They left. No agreement signed, no loans.

Six weeks later the guys come back from Washington, and Zimbabwe signs up to the original terms. No choice. They used to think that there was a choice: communism on the one side with Soviet Union-sponsored development, and participation in the Western economy on the other. Today there is no choice for such weak economies.

Finally, on the environment. Again, yes, Paul is right that there are simultaneous local causes of environmental problems – the use of sprays and CFC gases, the unjustifiable patterns of energy use and carbon emissions.

We have nonetheless created a situation where economic, biological and environmental inter-linkages mean the problems can no longer be solved at the level of the local or individual states. This is a new world, of overlapping communities of fate. This is why I agree so deeply that politics still matters, and can be decisive – but why I also believe that it has to grow into a new form.

3: are the protestors right?

open – [Paul Kingsnorth](#) has reported for us on the globalisation protest movement round the world. He says people everywhere do not want their world 'to be for sale'. What do you think of the past and present role of the protest movement, and can one be 'against globalisation'?

DH – The anti-globalisation protesters are made up of politically diverse groups – anti-capitalists, protectionists, anarchists, environmentalists, alternative life-stylers, travellers, animal welfare activists, anti-fascists (fascists) and so on.

They are generally clearer about what they're against than what they are for, although what they are really against – globalisation, capitalism, neo-liberalism – is not always very clear either.

But even if their views are sometimes poorly articulated, and projected occasionally via dubious and unacceptable means such as violence, should we regard them just as a law and order problem, as Tony Blair once put it? Such a view would be quite mistaken.

The protesters' unease about the dominance of the market economy, the freedom to accumulate almost boundless wealth, the priority given to consumption, brands and promised quick fixes (buy this car and the best sex of your life – real or virtual – will follow!)... this points to an intersection with the concerns of many in the developed and developing world, from those in the diverse anti-globalisation movements to the churches.

What this unease says, at least as I interpret it, is that unchecked economic power, exploding asymmetries of life chances, weak democratic governments, the self-interest of politicians, and the threatened takeover of the public domain by the priorities of big corporations – all violate our most elementary sense of social justice and democracy. And indeed they do.

Paul Kingsnorth is right when he emphasises that one cannot accept the burden of putting justice right in one dimension of life – physical security – without at the same time seeking to put it right elsewhere.

If the political and the security, the social and the economic dimensions of justice are separated in the long term – as is the tendency in the global order today – the prospects of a peaceful and civil society will be bleak indeed. Popular support against terrorism of the kind we witnessed after 11 September depends upon convincing people that there is a legal and specific way of addressing their grievances. Without this sense of confidence in public institutions and processes, the defeat of terrorism becomes a hugely difficult task, if it can be achieved at all.

The anti-globalisation movement raises hugely important questions. It has contributed to shifting the global public agenda away from a crass endorsement of the Washington consensus and the neo-liberal deregulatory programme.

But it doesn't answer the question – a tall order for us all – of how we can re-combine the different dimensions of justice, and build a just world order. We need new and different political narratives for this – narratives which transcend the claims of both many of the protesters and those who simply dismiss them as a policing problem.

As I understand globalisation – a spatial category involved in the stretching of networks of social, economic and political relations across the globe – one can't be against it. It makes little or no sense. But one can plausibly be against the dominant form of globalisation today – the neo-liberal form. This makes perfect sense. The difficult question is, how, and with what means exactly, can one move beyond it?

PH – I have real problems with Paul Kingsnorth's piece. The attitudes he reports are real and widespread, but repellent. I think his own response flirts dangerously with this alienated opinion, in order to emphasise the strength of the anger on which the anti-globalisation movement draws.

People who make a hero out of Osama bin Laden are either fools or monsters. Fools, if they are just posturing with his face on T-shirts. Monsters, if they believe his actions are justified and that America 'deserved' 11 September.

Who deserved it? The waiters and cleaners, mostly from very poor countries? The brokers? Are all prosperous whites simply evil then, automatically deserving of death? That is no better than Nazism.

And don't let this sort of garbage hide behind Islam. It is theological illiteracy. For both Christians and Muslims, it is a monstrous presumption to judge others in this way: that is for the Deity alone. This is monstrous nihilism masquerading as religious purity, and we should have no truck with it or give it any validity. We should have no guilt about opposing it.

There is no clash of civilisations here. Bin Laden's people are political criminals. And don't mix this wickedness up, even rhetorically, with the global struggle for alternatives. The serious conflict is between people who are part of the same civilisation.

Davos and Porto Alegre are part of the same world, and must communicate. In their different ways, proponents of the Washington consensus and the anti-globalisation movements are both materialists. Poor people cannot afford not to be: three hundred dollars a year, or even one thousand five hundred dollars, does not buy the basics of adequate shelter, clean water, electric power, enough food or medicines.

To get those things, the poor of the world need economic development and a market economy that can afford public goods and the taxes to pay for them. If we are serious, we are arguing about varieties of market capitalism and their forms of governance. The 'alternatives' are not different forms of society, as socialism claimed to be, but less unequal and unfair versions of the *same* society.

Those who seek alternatives cannot be the gravediggers of capitalism, but its humanisers and reformers. This is a real struggle, but reform is not achieved by random murder. Social change is too serious a goal to become a collateral casualty of the war on terrorism.

4: Does the World Trade Organisation work?

open – In our interview with [Peter Sutherland](#), who created the World Trade Organisation (WTO), he says “name me a country that hasn't benefited from greater access to free trade”. The more countries enter the WTO arrangements the greater their benefit will be. Do you agree?

PH – Sutherland's argument comes up against so many difficulties that I want to say in the huge balance of cases it must be wrong.

Let's brutally simplify. The WTO is better than what has gone before. It is a little less hierarchical, more open to debate, and it is improvable. At the very least it forces the rich to stage an auction in front of the poor. I am therefore in favour of it. It is a rules-based organisation, and it's difficult to see how you can have common trading standards without some sort of fair rules. The problem is with the notion that somehow this regime will benefit all, or that it represents free trade.

Let's be absolutely clear. There never has been free trade. 'Free trade' regimes have always been asymmetrical. After it abolished the [Corn Laws](#), Britain was the freest trader, and it put up with other countries having protectionist regimes for two reasons. It was a massive capital exporter, investing in the foreign industries that were being protected. And in many cases it had huge competitive advantage over the countries that were trying to protect themselves. So it didn't care.

In the 1950s, the United States practised a similar asymmetry. It let Japan and Korea have pretty free access to the American markets, and allowed them to run protectionist systems. Today, the problem is that the advanced countries *do* care. They don't practice asymmetry. None of the advanced countries will let even the poorest get away with it.

However, the great argument in favour of free trade is that generalised competitive protectionism stinks. It is economically illiterate to advocate pure localism. People like Colin Hines and Andrew Simms of the New Economics Foundation mean well, but their arguments are too thin to convince. In effect, they oppose an extended international division of labour, which is the only way a developed world economy can operate.

But at the same time, no major country industrialised under the present open trading system. Germany didn't. The US didn't. Japan didn't. Korea didn't. China isn't going to, and nor will India. China may or may not industrialise, but it certainly won't industrialise by throwing open its borders. Whether or not it will be successful, it is going to be allowed to get away with an awful lot under the WTO rules, because it's such a big country.

The problem comes with the medium and small-sized countries. Here some of the global critics such as [George Monbiot](#) are quite right. Take a country like Brazil, now eighty per cent urbanised. A vast proportion of its population is pauperised, lives in disgusting conditions and is at best semi-employed.

Taiwan or South Korea, by contrast, started off with an industrious peasantry who as a result of land reform actually benefited from their land. These people then saved. Their economies were not built on inflows of capital. They were built on high rates of local saving, and industrialisation behind tariff barriers. It's very difficult to see how such saving could be reproduced in today's circumstances by Brazil or other such societies. Nobody is going to let developing countries have a favour through a differential trade regime, while the sort of peasantries that can save are dissolving.

Can we rely on huge levels of foreign direct investment (FDI) to flow into these countries to solve their development problems? No. The view that if you liberalise your financial system and your capital controls then all necessary investment will flow in the form of FDI is, frankly, balderdash.

So I have a problem. I am in favour of free trade because I am against protectionism. But I think the routes to development are desperate in many countries, while the free trade remedies proposed by many development theorists, economic liberals and WTO advisors are clearly inadequate.

DH – Three important points need to be emphasised. You have to favour free trade if the alternative is outright protectionism. A retreat to protectionism today would unravel the world economy, and first and foremost those who would be worst off would be the world's poorest.

Second, Paul is right to stress that most countries who have successfully industrialised didn't begin by being equal parties in a world trading order. If you look at the development of the Asian Tigers, so often held up by Margaret Thatcher as the epitome of free trading nation-states, it is clear that she just didn't understand the nature of the state-directed economic change that was taking place. Maria Cattai in her **openDemocracy** interview goes some way to recognise such needs, in her call for more government in developing countries.

Third, many of the poorest countries, with virtually no physical infrastructure or skills, cannot begin to find an entry point into our unequal world economic order.

On the other hand, the world trading system since the 1970s has created new patterns of winners – not just losers. Many countries that have engaged with the world trading system have increased their prosperity, if in a skewed way. In developed countries, skilled workers have often improved their economic position, while the position of the least skilled has become weaker. There are complex patterns of winners and losers within, as well as across the North-South divide.

The world economy has been re-shaped. By the late 1990s almost fifty per cent of total world manufacturing jobs were located in the developing economies, whilst over sixty per cent of developing country exports to the industrialised world were *manufactured* goods, a twelve-fold increase in less than four decades! Contemporary economic globalisation has embraced all continents and regions. Countries that are well positioned will improve their overall standing.

But having said this, it is important to emphasise that huge asymmetries and inequalities have emerged as part of this development. We can't easily unravel the causal relationship between globalisation and inequality, though [Robert Wade](#) comes close to doing so with his champagne glass article in this series. However, we can certainly chart the growth in global inequality that has accompanied neo-liberal deregulation. Relatively speaking, the rich have got richer and the poor have got poorer.

Has there been any 'trickle-down' to the world's poorest? In practically every developing country, the numbers living on less than a dollar a day have increased over the last two decades. There has been a rise in inequality, and world wealth distribution is becoming more asymmetrical.

What happens when we are faced with a world of extraordinary wealth on the one side, and extraordinary destitution on the other? Paul and I have both stressed that, historically, countries didn't grow by opening the floodgates to goods and services. The market alone is not going to sort this out. There are huge asymmetries of economic capacity, deeply embedded in unequal power relations.

You saw this played out in Doha. The world's richest and most powerful societies came with delegations of hundreds. The EU had over five hundred. Some of the world's poorest had just one or two representatives. Even if the agenda at Doha was open to all parties to shape (an unlikely proposition in itself), the ability to work it through was heavily slanted toward wealthy and powerful countries.

And the power play going on before Doha was also very clear. Some smaller countries (Haiti and the Dominican Republic, for example) were told that unless they voted in a certain way on some issues, they risked having their aid withdrawn.

Globalisation has its advocates like Sutherland – for whom globalisation inherently works – and its detractors, the anarchist protesters – who claim that globalisation is inherently contaminated and beyond redemption. Both are seriously wrong. We need a different approach.

5: Toward a new approach

DH – Three things are crucial in thinking about new approaches to globalisation. First, free trade. We don't have it, and one of the most important obstacles to it is the developed world itself. Take agriculture. The EU must end its protectionism of agriculture and permit the poorer countries to use their competitive advantage to develop their agricultural production and exports.

Second, it is not enough to open the doors to trade simply by pushing harder. That is desirable, but not sufficient. There can be no freer and fairer trading system unless we re-frame market activity. We need to rethink globalisation with new social, welfare and environmental rules attached to the trading system itself. The issue is not being for or against markets. The issue is, how do we frame and regulate markets?

A bridge has to be built here between international economic law and human rights law, between commercial law and environmental law, between state sovereignty and transnational law. What is required is not only the firm enactment of existing human rights and environmental agreements, and the clear articulation of these with codes for particular industries, but also the introduction of new ground rules or basic laws for the free-market trade system. These must address health, child labour, trade union activity, environmental protection, stakeholder consultation and corporate governance.

Is this simply pie in the sky? No. We have precedents for it. The Social Chapter of the Maastricht agreement. The attempt to attach environmental and labour conditions to the [NAFTA](#) agreement. We already have legal, political and institutional precedents to build on. But this cannot happen through individual states acting alone. The agenda of locking welfare and environmental conditions into the trading system is ultimately global, if it's anything at all.

But thirdly and finally, because 'trickle-down' doesn't work, *none* of this can work without a new global redistributive system. Without this commitment, the advocacy of the first two points I have just made can easily become a form of high-mindedness, which simply fails to pursue the necessary socio-economic changes.

We must link the progressive implementation of free trade with efforts to reduce the economic vulnerability of the poorest countries by eliminating debt, reversing the outflow of net capital assets from the South to the North, and creating new economic facilities at organisations like the World Bank, the IMF and UN for development purposes.

And such measures need to be combined with new forms of international taxation. If it can't be the Tobin tax, because it is too complicated to implement, then it must come in another form. There are many proposals. The most feasible are likely to be those which do not tax the wealthy citizens of the West directly, but rather indirectly, through the resources that they burn and consume.

The new money has to go towards funding global governance institutions (which would, as a result, no longer be directly dependent upon the interests of the most powerful countries), and towards creating and investing in the social infrastructures of the poor countries. Investment has to be targeted to the infrastructure of autonomy: the physical infrastructures of those societies that are poorest, the educational infrastructures, the health infrastructures. Without that, none of the rest will make much difference.

open – So you would agree with [Maria Cattau](#) about the need to fund government to provide social infrastructure?

DH – Yes. It has to be ‘big government’ in the sense that she describes, but also connected to big governance projects at the regional and supranational level. It has to be multi-layered and multilevel.

PH – When you are talking about free trade, be careful. The main beneficiaries of a very generalised reduction of agricultural tariffs would be the Cairns Group, not the poorest countries. Many of the poorest countries need something else. They need the equivalent of an OPEC for such commodities as cocoa, to raise and stabilise prices and give to peasants in particular a return, and to encourage people to stay on the land.

In South Africa, Brazil, India and China, people are deserting the land. If this continues in the present chaotic fashion, where the cities cannot provide them with benefits, there will be a disaster. So, one of our jobs in promoting development is also to help to construct a relatively stable and moderately prosperous peasantry. One which provides initial demand for domestically produced goods. We know industrialisation in places like South Korea and Japan was hugely fuelled by such a domestic market. But it won’t stop there: successfully industrialised countries become exporters and world traders.

It is essential to bring this process down to earth: to improve the condition of people on the land in the poorest countries. Not only because globalisation requires increased food supplies, but also because you must try to stabilise urbanisation so that cities can begin to cope with their existing populations. You cannot provide the necessary education if three-quarters of your city-dwellers are slum-dwellers. We have to think very carefully about the forms of development aid that will help people to trade and, to the extent possible, to prosper.

open – How can moves towards greater equality be encouraged in the worst-off states if it means asking poor countries to develop capacities that even most advanced nations do not have?

DH – There is no longer a clear separation between the political problems we face in the developed world and the political problems faced in the developing world. The public goods that we and our children will depend upon for our future security can now only be provided by recognising this interconnectedness. The public good of a safe environment and sustainable development cannot be provided by individual states acting alone. We must find new forms of international collaboration that improve the local everywhere.

After 11 September, banks showed that they had learnt something that they didn’t know during the Great Depression: that they had to act collaboratively to lower interest rates. We already have a global economic “director” of central bankers and policymakers, acting together to try to secure another public good: global financial stability.

Further, we know that if we want a trading system that is fair and equitable, it can’t be delivered by states simply acting alone. So whatever kind of public good you look at – whether it is environmental protection, financial stability or a more radical, global egalitarian programme – it now requires multilateral action and multilateral institutions to deliver it.

This requires state-building, and public management capacity at the level of individual states, and at the level of supranational regions, and at the level of the global economy. We need to make the multilevel polity that is emerging work.

Are there any examples which suggest a way forward? Well, there are no miracles. But I think one sensible and interesting one is the New African Initiative (NAI), under discussion for some time, which suggests an exchange between many countries in Africa and the wider international community.

The African countries agree to pursue open and accountable government, to prevent gross human rights abuses, and to try to end war and impose peacekeeping, in exchange for more aid for infrastructure, development and education, and more foreign investment and the lifting of trade barriers that impede African exports. So there are things that the global community has to do to help the infrastructures of those societies improve.

None of this is likely to work unless the US is more widely locked into the multilateral order. After 11 September, you would have hoped that the US would understand that economic, social and political security are interconnected, that there is no peace for it under current circumstances. No missile defence system will ever protect it from the kind of terrorism that we have recently witnessed.

But we will not get a more multilateral America whilst the US polity is so beholden to economic interests – particularly corporate interests. So, one of the key issues for global governance is the separation of the electoral process in the United States from the private funding of the electoral system.

Electoral reform is key to ensuring that when politicians like Bush come to power, they aren't simply indebted to energy companies – see the trashing of Kyoto. That is a political challenge in one country, a developed one, which is crucial to good governance everywhere, including developing countries.

PH – Let's go back to the question about how to build the governance of the poorest countries. I was very impressed by Maria Cattai's argument about the need to build state capacity. But in the poorest countries, how do you get it?

We were very bad at colonialism, apart from the odd success story. What we shouldn't do is to reinvent new forms of colonialism. But a lot of the places that were most bugged up, like Ethiopia, Somalia, Afghanistan, Zaire, Angola, Mozambique, were turned into cockpits of the Cold War. Afghanistan is one of the worst examples.

The cryingly obvious thing about governance is this: somebody has to have a monopoly of the means of violence which the majority of people are willing to put up with. The government must be strong enough to contain at least elementary disorder. In Africa for example, that form of governance too often doesn't exist.

Countries which are run by kleptocratic gangs of thugs who use fifteen-year-old boys with Kalashnikovs, who loot what can be stolen and pull everything backwards, that's a real problem. I don't know what can be done about that. The examples go way beyond the Zaires of this world.

Cattai is right. The poorest countries are by and large the badly governed ones. You can see poor countries that are *well* governed, that achieve spectacular results, for instance in public welfare. In every case, they are founded on having a government tough enough that nobody seriously wants to challenge it, and which most people respect. The example of the transformation in Uganda is obvious, but even that is now rather fragile.

Anything that NGOs do, or international agencies, is reliant on good, strong, nation-state governance. So there are really only two things that you can say. Firstly, we in the West should intervene politically and militarily as little as possible, because nearly always we create an absolutely awful mess when we do. Secondly, we should always try to provide encouragement to the least bad regimes.

I am not coming out with any grand schemes. I am simply saying that without that bedrock of an effective nation-state nothing can be done. With it, one has to look at ways of developing a relatively widespread middle-income group – defined in local terms, not in terms of watching Dallas. It's only then that you can stop the kleptocracy. The *curse* of Nigeria, for example, is its oil. Chaotic governance and easily appropriable oil wealth have led to a total disaster in what could have been a relatively wealthy country.

DH – Geopolitics has been at the heart of many of the worst problems in the world. And yes, we have to be both cautious and humble: it will take a long time to build up political capacity and infrastructural autonomy. The problem is that we don't have the long term, in a number of key respects. Global warming is accelerating now.

Nearly four thousand people died in the 11 September attacks and everyone agrees that global terrorism is a pressing and urgent problem. But thirty to thirty-five thousand children die *every day* of poverty, malnutrition and related diseases. These too are huge and pressing burdens we can't turn away from.

The principle of 'just me' underpins the global economic order. But would anyone truly choose such a principle of justice, if offered a choice? Would we freely accept as a basis of justice that whole regions and peoples can or should suffer serious harm and disadvantage, independently of their consent and will? I don't think so. Yet, we are asked to accept it, *de facto*, as a, if not the, principle of distribution in our global world. As if it does not matter that other people suffer. But it does matter. Inequality kills.

What is the solution? Paul is right: without political communities and some kind of monopoly over the means of violence, you don't get to the starting line. The first stage has to be the building of a secure environment for "life, liberty and the defence of property". But the creation of political community cannot take place independently, it seems to me, of the building of wider regional and global governance.

The challenge is not just to be attentive to pressing national problems of capacity, but to produce multilateral responses to them. Developing countries have, in the end, to be empowered to sort out their own problems.

But the benefits that the world economic order could provide will remain the exclusive preserve of the rich countries unless people are empowered to enter that order. That requires new international infrastructural investment, a new flow of well-managed resources. And that is not beyond us. The issue is political will, ethical concern, and social justice.

6: Is the European Union an alternative?

open – In his **openDemocracy** contribution, [Erkki Tuomioja](#), Finland's Foreign Minister, says that the European Union as a grouping has got to confront globalisation and say what sort of globalisation it wants. [Harlem Desir](#) echoes this point. Does the European Union offer a model for how to achieve equal development? It has ensured the growth of formerly semi-poor countries such as Ireland, Greece and Portugal. Can the European Union provide an alternative model of globalisation to that of the United States in terms of sharing of sovereignty. Or will it be just another vehicle for imposing a single answer, a WTO answer if you like?

DH – I'm very sympathetic to what [Sutherland](#) and [Cattai](#) have said about the EU: the achievement of multilateralism and sovereignty-sharing within Europe after the Second World War, the creation of a political and legal system whereby citizens can, in principle, sue for civil and political rights in the European Court of Human Rights. These are remarkable developments in state history, enormously promising, and I am in favour of their strengthening and deepening. The EU was a small group of nation-states, and is now a very significant and growing group. So, yes, it is blazing an important trail.

Can the model of the EU work elsewhere? MERCOSUR in Latin America and APEC and ARF in Pacific Asia have different concepts of regional cooperation. But regionalism is beginning to develop there, as it is in parts of sub-Saharan Africa. It's one political mechanism that countries can use to learn to collaborate with each other, to resolve cross-border problems, to pool sovereignty and deliver public goods.

Is the EU a model for the wider global order? It is possible to see two opposing models. On the one hand, the neo-liberal model of the conservative American right, which has been so successful in the last thirty years in defining the terms of reference of economic globalisation. On the other, the stakeholder model of social democratic capitalism which has more typically been at the heart of the European project.

Europe offers a model of democracy – the rule of law, multilateralism, sovereignty-pooling – which is exemplary in some important respects. It clashes in a fundamental sense with the American conception of letting markets flow and keeping states to a minimum. You see that clash in the response to the Bush administration's attempts to turn their backs on Kyoto and other multilateral agreements. The Europeans have rightly been appalled.

Europe has embedded within itself a set of social, democratic and human rights values and traditions, which pushes towards a world where global governance can be modelled more on the pooling of sovereignty, strengthening the rule of international law, and creating governance institutions which genuinely address wider public questions. To the extent that that is true it is very welcome. However, Europe alone doesn't provide an adequate model for the globe.

PH – I think it is more serious. I don't think intellectually and politically the European Union has a different model. Apart from fighting for particular entrenched interests and line-by-line issues in WTO negotiations, the EU broadly supports the same gains-from-trade, market liberalising view as the United States. You'd be surprised if it wasn't so.

I think that Erkki has interesting ideas, and it would be great if there were a factory that turned out more excellent European politicians like him. But there isn't. Europe is now really stuck, and it's stuck with two problems. One is that it is impossible to widen to twenty-six countries and deepen its sharing of sovereignty at the same time. The other is that the EU has weak legitimacy. The EU has a very unpopular set of central institutions which are perceived as overbearing, unaccountable and undemocratic.

All sorts of revolts are taking place. Denmark has a strong Eurosceptic and now strong xenophobic streak in it. The fascinating thing is that the xenophobes are the ones most strongly in favour of the welfare state – but welfare only for the Danes. The same is true of Austria. Austria's corporatist system was for a long time a very good way of coping with the risks of a strongly internationalised economy. In this way Europe's progressive inheritance can turn against the strengthening of the EU.

Europe has real problems, and we are at a stage where unless these are resolved, it will at best stagnate politically and economically, and could at worst start going backwards. If Europe cannot reform itself then it can hardly serve as a model for the rest of the world. To generalise ideas about social solidarity within nations – the best elements of European social democracy – requires new ideas of solidarity **between** nations.

And for people to accept those new responsibilities will require a revolution in political consciousness. It may happen. But we haven't got there yet. We can't even bully the average EU country to increase foreign aid to 0.7 per cent of GDP.

The problems of world poverty and the environment are really intractable. And if we want to solve some of them, people have got to spend a huge amount of their GDP on not wrecking the environment, and a gigantic amount of it more on transfers to poorer countries. They are not going to do it unless something absolutely frightens the pants off them. It hasn't happened yet. So, you know, I am really pessimistic about this, and don't see the EU as a ready-made answer.

7: can we create global democracy?

DH – Paul's pessimism is clearly based on a sober assessment of political trends. But most of the important political innovations of the past were made against the backdrop of unpromising circumstances.

The invention of the idea of the modern state itself, the work of Bodin, Machiavelli, Hobbes and so on, took place against the backdrop of Europe-wide civil strife and severe political and religious crises. It took over two hundred years for this concept of the secular state to become the dominant political idea of modern politics, first in Europe and then slowly in other parts of the world.

Political ideas and theory matter. We live in a world where there clearly is a crisis in political legitimacy, arising from the discrepancy between a globalised world and national, separate units of policy making. Questions about the system of sovereign states, confusion over who makes decisions and for whom, are experienced in most quarters of the world, not just on the streets of Seattle and Genoa, but in the IMF and the World Bank as well.

Part of the project of challenging globalisation is to develop political concepts and theories that create what the anthropologist Lévi-Strauss called “goods to think with”. It’s the job of all people who are engaged in the critical interrogation of globalisation.

Europe certainly isn’t an adequate model. I agree that it has suffered problems over widening and deepening, and lacks democratic legitimacy. My view is that you can only widen and deepen if you solve the problem of democratic legitimacy. You can’t go back to a world of Princes and Princesses, because they suffered an irreversible crisis of political legitimacy.

This led to a single, great historical meta-narrative – that of democracy, human rights, and the rule of law. This is what we have, as it were, to bind people together, and provide the basis for us to enjoy difference, cultural diversity and cultural heterogeneity. The latter has to take its place within a common frame of political action, a frame which, at its root, respects the integrity, moral worth, and autonomy of each and every human being.

Now, if we cannot leave the political world and global institutions to Princes, we are not without other models. Side by side with economic globalisation, we already live in a world of political globalisation.

Today, it is possible to vote in the Glasgow local elections, to vote in the Scottish parliament, to vote in the UK elections, to vote in Europe, and if that isn’t enough in the way of avenues for political participation you can also join movements that lobby in Seattle, Genoa and elsewhere.

People are already, in principle, members of multiple different forums of political community, potentially active in diverse political worlds. The question is: how will these different constituencies, these different forms of jurisdiction, be bound together in a democratic and transparent political system?

Basically, it involves thinking of the reform of world order as a ‘double-sided’ process – or a process of double democratisation. I mean not just the deepening of democracy within a national community, involving the democratisation of states and civil societies over time, but also the extension of democratic forms and processes across territorial borders.

Democracy for the new millennium must allow citizens to gain access to, and render accountable, the social, economic and political processes which cut across and transform their traditional community boundaries in the larger world.

The core of this project involves re-conceiving legitimate political activity in a manner which disconnects it from its traditional anchor in fixed borders and territories and, instead, articulates it as an attribute of basic democratic arrangements in diverse associations – from cities and sub-national regions, to nation-states, regions and global networks. The cosmopolitan project, as I call it, is in favour of a radical extension of this process as part of a commitment to a far-reaching cluster of democratic rights and duties.

Problems of democratic legitimacy, in short, will not be resolved by backing away from them, but by the reinvention of accountability and democracy at wider levels. We had a revolution in political ideas with the invention of cities, and another one with the invention of nation-states, and today we live on the edge of the third – or rather the need for a third: the reinvention of our political traditions for a global, as well as local, age.

PH – There needs to be a division of labour in global governance. That is quite clear. There also have to be wider forms of multilateralism. Yet it is very difficult to see how you can articulate these needs in a democratic way, especially if you are going to have a form of multilateralism that includes states. Multi-level governance is difficult to make accountable because it is complex, because it involves bargaining between different levels, and because some agencies have no credible democratic constituencies.

Think about the forms of private international government by trade associations. Or the quasi-public ones: the Bank for International Settlements meetings are essentially the private conversations of officials and bankers. It's very difficult to make such processes transparent enough to the world's publics so that they can care about them, let alone have an effective say in them.

Really the question is: as the division of labour becomes all the more complex, how do you make the different levels answerable? I still think that the best chance we have is through democratic nation-states. At least with them we know what we are dealing with. We need to make sure that their personnel are better controlled and more accountable than they currently are. But we understand the national mechanisms of democratic accountability, and how to improve them.

On the other hand, there are intrinsic problems in rendering multilevel governments accountable. Democracy at the crudest level means that you know who has made a decision, and the next time around you have a chance to throw him or her out if you don't like it.

But in a multilevel system it is very, very difficult to say who is responsible for what decisions. Indeed, many decisions simply get lost in the plumbing. So for the public, it is as if nobody made them.

This is why fashionable ideas about building a global civil society from below, that [George Monbiot](#) mentions in **openDemocracy** will get nowhere.

We do need a system where the rich listen more to the poor. But the idea that it is enough simply to give everyone an equal voice is extraordinary. The forum in question will simply be ignored, the rich will find their way of governing things elsewhere, under the counter and invisible. You cannot ignore the realities of wealth and power, if you want to hold them to account.

So the idea that we should have a Security Council made up of a random group of states – the logical extension of Monbiot's argument – is stupid. It has to be made up of the most powerful states in the world. Otherwise there is no point in having it. These are the people who are either going to fight one another, or have the capacity to act quickly to sort out conflicts. You want them to be able to talk to one another and get on with it. I think these ideas coming out of what I would call the anti-globalist movement suffer from the fundamental problem of the well-meaning left, which is that they haven't read enough Hobbes.

I have to emphasise that in the global arena democracy has never existed. We have never scaled it up to that level. City-state to nation, we understand the scaling. City, nation, to complex, multinational, multi-dimensional division of labour and governance? Totally different beast.

I do not wish to see the complex supra-national system of governance escape from accountability, but the problems of achieving accountability cannot be dismissed and even this is a very long way from democracy. In the global arena democratic principles have to be introduced and made to work.

8: a different future must be possible

DH – Think about our political history. In the middle of the twentieth century, coming out of 1945, the sense of what was possible in Europe would have been utterly dark and depressed.

Now we face the trends of the growing pace of economic globalisation and a massive increase in inequality. If this was the only narrative we had about globalisation it would be great cause for pessimism.

But there is another narrative which has been growing side by side with it: the growth of international law, in response to the Holocaust and the Second World War. The international human rights regime. The development of regional blocs to lock states into a more peaceful and collaborative political project, of which the EU is the exemplary case. The growth of international courts such as the ICC (the International Criminal Court) – a shining example, and it will happen despite the United States.

Side by side with the inequalities and challenges of economic globalisation we are seeing the increasing entrenchment of the idea of the equal worth and dignity of all human beings. This provides the beginnings for the institutions we will need, and the basis of public support for them.

Paul's concerns are important. No one model or one way of thinking about global governance can fit all. The processes involved in creating the ICC are not the same as those needed for the managing of global financial markets. We have to think much more systematically about the differences between these and how you deliver effective governance in each domain.

And the deepening of democracy within nation-states matters a lot. But the project of managing globalisation by strengthening the democratic basis of states, while important, is insufficient.

Paul is arguing that anything we might aspire to beyond this is simply going to fall foul of the rich and powerful. But the rich and powerful have never been able to play the game the way they wanted to, unchecked. They have always been challenged.

Since the modern period, it has been the democratic public holding them to account. While we must acknowledge that any political project has to weigh the claims of the rich and powerful, we shouldn't allow entrenched geopolitical and economic interests to define where we want to go.

We simply must build new political capacities, regionally, like the EU, and also globally. There is not a political vacuum. But the G8 and the OECD haven't yet been locked in to a wider framework of legitimacy. Can we surrender the global public domain to their agenda? Can we surrender it to the rich and the powerful by virtue of them already having a near-monopoly of resources? My view is that we can't and shouldn't.

I agree with Paul that aspects of George Monbiot's call for a single global government are more rhetorical than realisable. But the need to extend the struggle for public accountability and welfare that builds on the achievements of multilateralism, international law and multi-layered governance can be practical.

We can strengthen democracy in the UN, for example, by creating a second chamber, which doesn't have to be directly elected by all people. It could be a stakeholder, deliberative forum with clear democratic legitimacy.

Stakeholder innovations in democratic representation emphasise the significance of the direct involvement of major groupings affected by a public process. New approaches in deliberative democracy stress the importance of the way a 'statistical microcosm' of society can represent the deliberations of all.

We must seek the creation or enhancement of new kinds of effective public assemblies at regional and global levels, to complement those at local and national levels.

We need to open up international governmental organisations to public examinations and agenda setting. Not only should such bodies be transparent in their activities, but they should also be accessible and open to public scrutiny. In addition, there need to be new mechanisms and organisations established in such areas as the environment and social affairs, to enforce global norms.

The creation of new global governance structures with responsibility for addressing global poverty, welfare and related issues are vital, to offset the power and influence of the predominantly market-oriented agencies such as even a reformed IMF and WTO.

There could be transnational referenda on fundamental public priorities. They do not, of course, have to involve every person in the world! There can be many different kinds including ones for clearly targeted and significantly affected groups in a particular policy area, or of policy-makers and legislators of national parliaments.

Just as we need new ways of fostering democracy and social justice beyond borders, we need new ways of administering and implementing international law, including an enhanced capacity for peace-keeping and peace-making.

A proportion of each nation's military could be seconded to the new regional and global authorities or, better still, these authorities could establish enforcement capabilities of their own by creating a permanent independent force recruited directly from among individuals who volunteer from all countries – such a force to be used only, of course, as an option of last resort.

Ever since Plato, conservative political philosophers have said that the public domain cannot be in the hands of the public. The public doesn't understand the complexity of the issues, and therefore politics must be kept safe in the hands of princes and their technical experts.

In *The Republic*, Plato says of the threat posed to a ship's captain by a rebellious and shambolic crew, "What a preposterous idea to put the wheel of a ship in the hands of the sailors, when only the captain has the expertise". The 'true navigator' means the minority who, equipped with the necessary skill and expertise, has the strongest claim to legitimate rule.

For the people (the crew in this case) inevitably conduct their affairs on impulse, sentiment and prejudice. From this moment right through to the present day we hear the same phrase echoed: “people cannot understand”. They cannot be empowered to know.

My view is the opposite: that the narrative of expertise and top-down government has run its course. Experts can no longer be left to resolve ‘expert’ problems, from nuclear energy to food production. Expertise from genetic engineering to debt relief is now politically contested, in the best sense of the word ‘political’. There is no decision framework free of politics.

All decisions, including the increasingly important global ones, have to be evaluated openly, publicly, in frameworks and forums where a democratic will can form and prevail. Many didn’t think it was possible in cities; many didn’t think it was possible in nation-states; many didn’t think it was possible at the level of regions and now few think that it is possible to re-invent democracy for the world as a whole.

Democracy runs with the possible, and always needs to be re-invented. There are ways of creating democratic transparency without aggregating, let’s say, the model of liberal representative voting systems. Cosmopolitan democracy requires the accountability of experts and politicians, but how this can be achieved has still to be imagined and tested.

We can start with small-scale developments and demand that International Governmental Organisations, such as the WTO, are subject to greater rules of transparency and accountability. This would be a step forward. But in my view it should be a step towards a different place. It is not an end in itself. When the modern era began, we refused to leave justice to Princes. We are not now going to leave it to their contemporary equivalents.

PH – David’s aims are admirable, but real democracy beyond the nation-state, a *real*, popular power of decision at the global level, is beyond the political horizon.

Indirect accountability, yes. Nation-states can hold international agencies accountable. Discussion and campaigning, yes. NGOs can sensitise public opinion to key issues, like debt relief.

Global voting over global laws and resource distribution? Not while the world remains so unequal. The very reasons we need change and reform are the very reasons why democracy beyond the nation-state is so difficult.

Modern democracy developed in sovereign territorial states that had made a huge effort to homogenise their populations, to create national languages, common traditions and shared institutions. Democracy needs commitment to democratic values on the part of citizens if it is to survive. Citizens need to feel safe even with a majority government formed by their political opponents. They need to know that it will play by the rules and respect their interests.

Democracy therefore requires a large measure of social and cultural homogeneity to function. Adding competing political parties and a plebiscite to deeply divided societies seldom leads to sustainable democracy.

And the world is a deeply divided society. Divided by values and divided by material interests. The top twenty per cent of the world’s population have over eighty per cent of world GDP; the bottom twenty per cent less than one per cent. This is intolerable and ultimately

unsustainable, but clearly the rich will concede help only if they decide its terms and conditions.

Real global democracy would involve giving a world demos the right to vote resource distribution independently of the political processes of nation-states. That is unforeseeable. So politics will take place through nation-states, and through the multilateral and inter-government processes they participate in and sustain.

This means that the wealthy states, a tiny minority of the world's population, will have power and influence out of all proportion to everyone else. We must start from that fact. The wealthy countries, corporations, and bodies like the WTO must all be persuaded to help construct a more egalitarian world – which they alone have the power to do. We must work on the minds and consciences of the rich.