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# Assessing Globalization's Critics: "Talkers Are No Good Doers?"

Kimberly Ann Elliott, Debayani Kar, and  
J. David Richardson

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## 1.1 Introduction

In Shakespeare's *King Richard III* (act 1, scene 3, line 351), the Duke of Gloucester hires two men to do away with a rival and encourages them to do it quickly, so the victim will not have the chance to plead for mercy and perhaps "move [their] hearts to pity." The first murderer reassures the Duke, "Fear not, my lord, we will not stand to prate [prattle]; talkers are no good doers."

This paper is about the critics of the "doers" of globalization. A variety of concerns motivate these critics, but the common thread is the belief that the distribution of globalization's benefits is unbalanced and that this is the inevitable result of policies and processes that are undemocratic and, therefore, illegitimate. The critics want the doers to stop and talk. The doers dismiss the critics' concerns as unrelated to economic globalization or as misinformed and misguided; they want to keep doing as they have been doing. This paper describes who the critics are, where they came from, what they want, and how economists, policymakers, and others might understand them better.

Until recently, globalization's critics likely would have sympathized with

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the Duke's intended victim, feeling that they could not get a word in edgewise before the forces of globalization rolled over them. Many proponents of globalization did not want to talk or even listen. Activists responded by mounting large street protests at each major meeting of the key international organizations—the World Trade Organization (WTO) in Geneva (1998) and Seattle (1999); the International Monetary Fund (IMF) and World Bank in Prague and Washington, DC (2000); the Free Trade Area of the Americas (FTAA) in Quebec (2001); and the Group of Eight (G8) in Genoa (2001). Also because slogans (e.g., “Fifty Years is Enough,” “Fix it or nix it,” “Dump the debt,” “People over profits,” “Jobs with justice,” or “Another world is possible”) fit on posters better than elaborate plans to change the world, their demands often seemed more strident than they are.

Although the protesters in the streets represent a number of different movements, they share, in the words of one critic, “a belief that the disparate problems with which they are wrestling all derive from global deregulation, an agenda that is concentrating power and wealth into fewer and fewer hands” (Klein 2000, 19). Above all else, the disparate elements of this broad “Mobilization for Global Justice,” as a major umbrella coalition is called, are held together by a concern that the *process* by which globalization's rules are being written and implemented is undermining democracy at both the national and international levels. Under this umbrella of shared concerns, the various groups tend to cluster around one of three issues as a focus of their particular globalization critique.

- The environment
- Human rights and worker rights
- Inequality and poverty (particularly in developing countries)

Economists and policymakers might recognize some of these concerns as relating to environmental externalities, imperfectly competitive labor markets, or inadequate distributional mechanisms. But when the activists and protesters claimed credit for killing the Multilateral Agreement on Investment in 1998 and for blocking a consensus to launch new multilateral trade negotiations in Seattle in 1999, the initial response from many doers was a backlash against the anti-globalization backlash. In some quarters, there was a tendency to circle the wagons and to reject compromise as the first step down the slippery slope towards protectionism.

One step in moving beyond the dialogue of the deaf is to orient the critics' concerns in terms of potential market failures that economic analysis already recognizes. A second is to recognize that not all of the critics are anti-globalization, some are, but others are not. With the end of the Cold War, some see anti-globalization as a new front in the long-running battle between socialism and capitalism. But other critics, including many with a religious orientation, are strongly internationalist and want to see globalization proceed, albeit under different rules. We will refer to these latter

critics as the "*alternative* globalization movement." We will reserve the "movement" for the full spectrum of activists opposed to current globalization trends.

This paper will attempt to identify important groups involved in the alternative globalization movement. It will also attempt to sketch a picture of the key issues and concerns that motivate them in a way that is broadly representative and intelligible to economists.<sup>1</sup> In so doing, we hope to capture the concerns of Southern as well as Northern groups and to analyze the issues that divide as well as bring them together. Finally, we will analyze key elements of the critiques of current globalization and representative alternative proposals, assessing both their merits and weaknesses.

The sections on the roots of the movement and who the critics are cast a rather wide net, but the presentation and analysis of what the critics want focuses on key groups that have offered alternatives, detailed recommendations, or specific critiques. We will address only in passing the true anti-globalizers, those who might be characterized as localists on the left and nationalists on the right.<sup>2</sup>

## 1.2 The Roots of the Alternative Globalization Movement

Poverty, inequality, human rights, and protection of the environment are hardly new issues. Transnational advocacy on human rights by non-governmental organizations (NGOs) predates World War I, going back at least to the anti-slavery movement of the eighteenth and nineteenth centuries (Keck and Sikkink 1998; Lorenz 2001). The International Labor Organization (ILO), created to protect the peace by promoting social justice, was founded in 1919 and is the only surviving League of Nations institution. The Universal Declaration on Human Rights by the United Nations (UN) dates to 1948. Concern for the environment is a more recent issue for global activists, but it is one that has grown rapidly since the first UN conference on the environment in 1972. The NGO involvement in poverty and development issues has traditionally been more on the operational side,

1. Similar efforts include Ostry (2001) and Florini (2002).

2. On the right, anti-globalizers oppose international rules that constrain national sovereignty and power as well as trade or investment that undermines American industry and control. Some of these critics are xenophobic as well. On the left, localists want to maintain maximal independence at the grassroots level and oppose most broader centralization, including the economic homogenization associated with national and global markets and especially, global agreements that impinge on local autonomy. Unlike the nationalists on the right, the localists are not anti-internationalist, and their interests sometimes overlap with the alternative globalization movement, for example, on preserving local or national policy autonomy in the environmental area, but they share with the right the goal of rolling back globalization. On the right, see, for example, Buchanan (2000); on the left, see International Forum on Globalization (2002), Hines (2000), echoes in Korten (1999), and even in Gandhi (1996; see the speech "Economic and Moral Progress" presented to the Muir College Economic Society in 1916).

raising and distributing funds and planning projects, particularly emergency relief. Transnational-policy advocacy on behalf of poor people in poor countries emerged more recently as a result of the debt crisis and increased involvement in development policy on the part of the international financial institutions.

Thus, Mobilization for Global Justice and the similar groups that have been dogging international meetings and summits for the past five years represent a coming together of several advocacy strands that have been operating on largely separate tracks for a number of years. Demands by civil society to be included in international rule making on economic issues emerged as a response to the expanding scope of that rule making into a broad range of regulatory areas. That is, groups focusing on environmental issues, human rights, and development issues began to come together in the 1990s because they perceived that pro-globalization priorities were impinging upon their own and, therefore, that they had a common interest in challenging both the substance and the process as the rules governing globalization were developed. In addition, the development of communications technology that could handle large amounts of information facilitated the task of transnational and cross-issue organizing. A brief summary of the evolution of each of the strands follows.

### 1.2.1 The Environment

Since the creation of the UN Environmental Program (UNEP) at the global Conference on the Human Environment in 1972, the UN has been a key institutional focus for transnational advocacy on environmental issues ranging from fisheries, forestry, and other resource management to combating the ozone hole and global warming. Almost from the beginning, NGOs were recognized as playing an important role in the process, in part because many of them bring technical expertise that would otherwise not be available (UNEP 2001). Just a year after UNEP was created, an NGO office was established to oversee civil society participation in its activities. Today, there are roughly 200 multilateral environmental agreements, with representatives of civil society often playing an important role in various aspects of negotiation and implementation.<sup>3</sup>

An ambitious attempt to integrate environmental issues under the sustainable development rubric was made at the 1992 UN Conference on Environment and Development (UNCED) held in Rio de Janeiro, Brazil, with extensive involvement from NGOs. The UNEP estimates that representatives from 800 NGOs from 160 countries were present in Rio, reflecting as well their intense involvement in planning the conference (UNEP 2001). The UNCED resulted in an action plan for addressing a long list of

3. For example, see chapter nineteen of Benedick (1998) on the negotiation of the Montreal Protocol on ozone depletion.

environmental problems, dubbed "Agenda 21," as well as the founding of the Commission on Sustainable Development (CSD) to monitor implementation of the (largely voluntary) commitments. In order to facilitate their ongoing involvement, an NGO steering committee was created by the CSD and roughly 400 groups were accredited as of the end of 2001. A decade later, tens of thousands of public- and private-sector representatives are expected to gather in Johannesburg, South Africa, to review (limited) progress and to discuss the next phase of implementation, but planning has been marred by sharp disagreements over the responsibility of developed countries to increase resource transfers to poor countries for development and environmental protection, as well as the relative rights and responsibilities of multinational corporations in sustainable development.

### 1.2.2 Human Rights and Worker Rights

Like environmental groups, human rights groups have traditionally focused on governments and the UN regarding the promotion of universal norms and standards. In the 1970s and 1980s, however, transnational advocacy groups involved in the fight against apartheid in South Africa, frustrated by the unresponsiveness of governments, turned their attention directly to corporations. After years of futilely pushing governments and the UN to formally impose sanctions on the apartheid regime, activists turned to pressuring multinational corporations operating in South Africa as a second-best conduit for pressuring the government there. At a minimum, activists such as Leon Sullivan hoped that the code of corporate conduct bearing his name would improve the day-to-day lives of black workers under apartheid. Many of the groups that are active today in the anti-sweatshop movement—including the Interfaith Center for Corporate Responsibility, the Investor Responsibility Research Council, and Reverend Sullivan—have their roots in the anti-apartheid movement, as do many of the tactics used today, such as corporate codes of conduct, shareholder resolutions, boycotts, and other market-based campaigns to promote change.

### 1.2.3 Development and Poverty

Groups concerned with human rights, particularly of indigenous peoples, and the environment in developing countries turned their attention to the international financial institutions in the 1980s, beginning with criticism of the World Bank for ignoring the environmental and human consequences of its large infrastructure projects and for failing to consult with local people affected by those projects. The IMF became a target somewhat later as policies developed to respond to the debt crisis, triggered by Mexico in 1982, failed either to resolve the debt problem quickly or to restore economic growth. In the 1990s, many of these concerns coalesced around the issue of debt relief and Jubilee 2000, which began in the United Kingdom, and became a global phenomenon, fronted by rock stars and

consulted by world leaders (Birdsall, Williamson, and Deese 2002). Criticism of the IMF, in particular, escalated sharply in the late 1990s when many mainstream economists were questioning their response to the Asian financial crisis as well as the Fund's earlier push for increased capital-market liberalization in developing countries without prudential regulations in place.

#### 1.2.4 The Trade System and Social Issues

The General Agreement on Tariffs and Trade (GATT) was created in 1948 as a mechanism for contracting parties to multilaterally negotiate reductions in trade barriers. It was regarded by affiliated governments and most observers as relatively effective in unwinding the high Depression-era tariffs that lingered after World War II, but as relatively weak in settling disputes over more difficult issues, such as agricultural protection and non-tariff barriers (Elliott and Hufbauer 2001). Thus, for most of its first forty years, it was largely ignored by advocacy groups. In this period, neither governments nor civil society groups particularly challenged the notion that the major constituencies that needed to be consulted about trade negotiations were business and organized labor. The dynamics of trade negotiations changed dramatically in the 1990s, however, particularly after conclusion of the Uruguay Round negotiations, which expanded the scope of trade rules in areas such as product health and safety, drugs and other patents, and instituted a more binding enforcement system under the WTO.

As the Uruguay Round progressed, it appeared to many critics that all of the major international economic organizations were moving in a similar, deregulatory direction, placing more and more constraints on the ability of governments to organize economic activity. In the early 1990s, GATT dispute-settlement panels twice ruled against a U.S. ban on imported tuna, the harvesting of which resulted in the killing of dolphins. The decisions shocked and angered environmental advocates who had lobbied for the Marine Mammal Protection Act to protect the environment and who had no protectionist intent. Around the same time, the United States and Mexico (joined later by Canada) decided to negotiate a "deep integration" trade agreement without accompanying rules on the environment or working conditions.

The decision to negotiate the North American Free Trade Area (NAFTA) seemed to the critics to bring the specter of a race to the bottom right to America's borders and it began to pull together the separate strands of environmental, human rights, and development advocacy into today's movement for alternative globalization (Aaronson 2001; Mayer 1998). Despite vigorous protests from NGOs and only after much debate, Congress approved the NAFTA agreement in November 1993. In defer-

ence to concerns of the critics, however, newly elected President Bill Clinton had directed his trade representative to negotiate side deals to accompany the agreement, which was completed by President George H. W. Bush just before the 1992 election. The labor agreement did little to appease labor opponents, but the side agreement on environmental issues was regarded by moderate environmental groups as a positive step forward, and several of them endorsed NAFTA. Within a few years, however, those groups became disillusioned with the implementation of the side agreement and increasingly concerned by corporate challenges to environmental regulations under NAFTA's investment provisions. When renewal of "fast-track" or "trade promotion authority" was debated again in the late 1990s, the environmental community was much more unified in its opposition.

The next target of this growing movement against (corporate-led) economic globalization was the U.S.-led effort to negotiate a Multilateral Agreement on Investment (MAI) in the Organization for Economic Cooperation and Development (OECD). The opposition again centered as much on process as on substance and, in particular, the perception that this was an attempt to *secretly* negotiate rules to further empower global corporations. When the OECD finally admitted failure in 1998, the anti-MAI forces were more than happy to declare victory in defeating it, even though careful analysis suggests that the agreement might well have fallen under the weight of its own contradictions—driven by intergovernmental differences on policy—even without the NGO protests (Henderson 2000; Graham 2000). Regardless, the movement had more than enough momentum to carry it into the streets of Seattle for a WTO ministerial meeting in late 1999 that was intended to launch a new round of multilateral trade negotiations. Like the MAI, the critical differences in Seattle were as much between governments themselves as they were between governments and the protesters, but the "turtle-teamster" coalition and others were more than happy to take credit and to continue riding the wave of momentum.<sup>4</sup>

### 1.3 Who Are Globalization's Critics Today?

Clearly transnational advocacy is not a recent phenomenon. Nevertheless, just as clearly, the scale of activity has increased sharply in recent years. As of the late 1990s, Edwards (2001, 4) and Florini (2001, 29) cite figures ranging from 15,000 to 20,000 for the number of transnational NGOs, most of them formed since 1970 and many inspired by and focused on UN

4. In 1998, a WTO panel ruled against a U.S. law banning shrimp imports from countries that did not require the use of "turtle-excluder devices" to allow endangered sea turtles to escape from shrimp nets. To highlight what they viewed as yet another outrageous decision, many activists wore turtle costumes during the Seattle protests.



activities in a variety of areas.<sup>5</sup> Of these, hundreds, perhaps thousands, are affiliated with the movement challenging economic globalization, and they cover a broad spectrum of views, from the anarchists of the Black Bloc, who are against all forms of institutional control, to mainstream religious or charitable organizations, such as the American Friends Service Committee and Medecins Sans Frontieres (Doctors without Borders), which won the Nobel Peace Prize in 1999. In-between are groups that fundamentally oppose the capitalist economic model and others that just want to push it in a more humane direction.

The appendix lists roughly 100 coalitions, networks, and groups that work on globalization issues from a critical perspective and that we believe are the most important. Because we cannot identify the full universe of alternative globalization groups, it is difficult to determine the criteria for a representative sample, and, for purposes of creating the appendix, only the most general criteria were used. Groups listed are concerned with the consequences of *economic* globalization and are involved in *advocacy*. This excludes large numbers of *local* community groups concerned about the environment or economic justice; others that are interested in global but noneconomic issues (for example land mines); and some research or development groups that do not also engage in advocacy.

We began with the list compiled for a *Financial Times* series on the counter-capitalist movement (October 2001), then added others with which we were personally familiar and that seem to show up again and again at protests and in the press.<sup>6</sup> In an effort to exclude marginal groups while ensuring that we did not leave out major ones, we turned to the internet search engine Google, which has a toolbar that provides a website's page rank, backward links, and a list of similar pages. Google's page rank purports to show the relative importance of a website, on a scale from one to ten, based on how many other pages link to it, weighted in turn by the relative importance of those pages. Backward links give the number of links from other websites to a particular website. The similar pages func-

5. As of 2001, more than 120 NGOs had general accreditation status with the UN's Economic and Social Council (ECOSOC), meaning that they could send observers to meetings and submit written statements to ECOSOC and its subsidiary bodies; roughly 1,000 had special accreditation status, meaning that they may be consulted and attend meetings on specific issues where they have specific competence; and nearly 1,000 were on the UN's third-tier roster of groups that can be called upon by UN bodies when appropriate. Edwards (2001, 9) notes, however, that less than one-fifth of the NGOs with consultative status are from developing countries. For a list of NGOs with consultative status, see [http://www.un.org/partners/civil\\_society/ngo/n-ecosoc.htm#top](http://www.un.org/partners/civil_society/ngo/n-ecosoc.htm#top). The search function allows visitors to search for particular organizations and then get contact information for them.

6. The first part of the planned series appeared in the *Financial Times* on 10 September, 2001 as part of the run-up to the Bank-Fund meetings at the end of the month. After the September 11 terrorist attacks, the series was put on the shelf until 10 October, 2001, when a new piece on the challenges facing the counter-capitalism movement in the new environment appeared. At the same time, the full series was published on the FT's website at <http://specials.ft.com/countercap/index.html>.

tion lists roughly two dozen websites that are most similar to the website in question.<sup>7</sup>

Groups that had a page rank of at least 6, the majority, were kept on the list; the highest rank of any group is 8. Besides the two large networking sites at the top of the list, large membership groups with lots of chapters, such as the Sierra Club, Greenpeace, and Amnesty International, generally have the highest rankings in the sample. To put the rankings in perspective, we were unable to find any website that received a rank of 10. The UN, the World Bank, and the White House websites have rankings of 9, while the IMF, WTO, and ILO each get an 8. After culling the low-ranking groups, we selected the highest-ranked groups in each of our functional areas—human and worker rights, the environment, and development—and used the similar pages function to ensure that other important groups were not left out. While there are undoubtedly many other NGOs in the potential universe, we believe we were able to identify the key players in the movement and avoid including any that are unimportant.

### 1.3.1 Explanation of Categories

The groups in this movement differ in three important dimensions that we have tried to document in the appendix: issues on which they focus; roles they play within the movement; and their advocacy style. We briefly discuss each in turn.

#### *Key Issues*

We categorized groups by the broad strands of transnational advocacy discussed above—development, human rights, and the environment—and added a fourth category of multi-issue group or coalition/network for the many groups that advocate broad reforms of global institutions or, even, the system as a whole. This was not easy. Human rights and environmental groups are usually interested in sustainable, equitable, and democratic development as well, and development-oriented groups are obviously interested in human rights and the environment. We tried to assign the groups to categories based on the *lens* through which they approach issues, not the narrowness with which they focus.

#### *Roles in the Movement*

The NGOs, collectively and individually, play a variety of roles in the movement, and the assignment of categories was, again, not easy. Some tilt more toward activism and others more toward research; some also provide not-for-profit services, such as emergency relief in crises, monitoring and

7. Note that as Google is updating its database of websites and links all the time, the numbers change a bit from day to day. Our numbers are accurate up to 3 May, 2002, the date upon which we ran the Google search and rankings.

verification of corporate compliance with codes of conduct, and legal services in advocacy lawsuits. For reasons of access, we have focused on groups that have websites, as most do today, which means that all groups have some role in disseminating information. Those identified as such here, however, are those that focus on collecting and disseminating information, either of a general nature (Common Dreams) or of particular utility in activist campaigns (CorpWatch). Although they may include briefing papers or articles by group staff on their websites, original research is not the focus of these groups.

### *Advocacy Style*

Morton Winston of the College of New Jersey and Amnesty International has categorized groups working on corporate social responsibility issues into Confronters, who take an adversarial approach to corporations in the belief that only the threat of reduced profits will induce them to improve conditions, and Engagers, who work to help firms do “the right thing” (Winston 2001). Although not all NGOs working on globalization issues fall into one of these two categories, similar labels could be applied to groups working in other areas, such as those seeking to reform the international financial institutions and the WTO. Following Winston’s lead, we define these categories based, not on their protest tactics (which may be quite confrontational), but on their willingness to engage with their antagonists, whether multinational corporations (MNCs) or international economic institutions. Thus, those that have explicitly rejected any cooperation with or that have called for the abolition of existing economic institutions are classified as confronters; those that have joined in multi-stakeholder initiatives that include representatives of all parties interested in an issue, such as the UN Global Compact or the Forestry Stewardship Council, are classified as engagers.

## **1.4 What Do They Want?**

Many of these talkers *are* also doers. The Jubilee movement is perhaps the most successful and uses rock stars, such as Bono, that help thousands of average churchgoers and other activists to put debt relief at the center of development discussions. Oxfam International is now following up that campaign with a new one to “make trade fair” and ensure that the new Doha round of multilateral trade negotiations will be, as promised, a development round. In the Jubilee movement’s case, activists were able to focus on broad goals—reducing debt burdens as broadly and deeply as possible and using the proceeds to alleviate poverty—while Oxfam International’s trade campaign is based on a nearly 300 page report calling for detailed changes in national and international policies by a variety of actors.

But what of all the other groups in the street in Geneva, Genoa, and Seattle? Is it just cacophony or is there a coherent message? While it is clear from the appendix that this is a "movement of movements" with no single leader or agenda, it is possible to identify common concerns that bring them together. First, the critics reject arguments that growth is both necessary *and* sufficient to spread globalization's benefits equitably. They believe that, under current rules, the well-off and mobile "haves" benefit relatively more than immobile "have-nots"; salaries and dividends have increased while wages in many countries declined or stagnated. And they believe that this is, in part, the result of disproportionate corporate influence on the rule-making process.

Therefore, in order to achieve more inclusive outcomes from globalization, the critics also believe that it is necessary to address the democratic deficit in current globalization decision making and to make it more inclusive (see Hamilton's chapter two in this volume). Almost every group involved in the protests against the IMF, World Bank, and WTO emphasizes *process* as much as substance. The International Labor Rights Fund's Pharis Harvey opposed fast-track trade-negotiating authority for the president in 1991 as much because he thought the process was an end run around democracy as because of what might be negotiated with it (Mayer 1998, 76). Thus, whatever other issues are raised, globalization's critics put increased transparency and accountability at the top of their list of demands for how national governments and the international institutions address globalization issues.

Finally, critics see far more market failure and regulatory imbalance in current globalization than proponents do. They also trust government regulation more, at least in transparent and accountable systems. This, in turn, leads the critics to different conclusions than the enthusiasts regarding which rules and regulations need to be harmonized and in which areas diversity should be respected. Many critics reject current globalization trends and the rules promoting it as homogenizing forces that squeeze out cultural diversity and national and local policy autonomy in many areas. Table 1.1 illustrates some of the differences as they relate to the major international economic institutions. The WTO rules, for example, promote harmonization of product standards while defending diversity in process standards—with the important exception of the agreement on trade-related intellectual-property rights (TRIPs). For the critics, this is evidence that globalization enthusiasts want to promote market integration at the expense of workers, the poor, and the environment. They typically want to preserve more space for national-policy autonomy in these areas, and to harmonize in areas where there are global externalities or public goods. Their exception is support for *global* labor standards and some environmental issues, even where international spillovers are limited, and, on these issues, Northern and Southern critics sometimes part company.

**Table 1.1** Critics' Views of Harmonization and Diversity in the Current International Economic Order

	Rules That Are Too Constraining (pro-diversity arguments)	Rules That Are Missing (pro-harmonization arguments)
WTO and trade agreements	TRIPs, SPS/TBT, government procurement, trade remedy laws, NAFTA chapter 11, article XX interpretations of national environmental laws	Core labor standards, global tax evasion, climate change, species/habitat loss
Potential areas of rules negotiation	Free trade in public services, rights and responsibilities for foreign investors, S&D in subsidy and other industrial policies for LDCs, relationship between WTO and MEAs, competition policy	
IMF <sup>a</sup>	"Washington consensus" conditionality, macroeconomic austerity, capital mobility (now under review)	"Odious debt" avoidance and relief, financial market volatility (Tobin tax), CLS and environmental protections
World Bank	Structural adjustment lending conditionality	Protection of human (indigenous peoples) rights and the environment in project and sectoral lending, especially in resource extraction

*Notes:* TRIPs = trade-related intellectual property rights agreement; SPS/TBT = agreements on sanitary and phytosanitary, and technical barriers to trade; S&D = special and differential treatment; MEA = multilateral environmental agreement; CLS = core labor standards.

<sup>a</sup>In implicit collusion with financial markets.

With these common concerns as background, we turn now to some of the specific concerns that motivate different movement groups in our three broad functional areas: development and poverty, human rights and worker rights, and the environment. We begin with the broad-development critique of globalization (as it is currently proceeding) because it is often joined by human rights and environmental NGOs, and thus it is more holistic and, on average, less divisive than some of the narrower issues, such as international labor standards or how to address climate change. We then follow with some of the more specific labor, human rights, and environmental criticisms and then conclude with a summary of a far-reaching proposal from a broad coalition, including representatives from the North and South, for a fundamentally different approach to globalization and economic and social organization.

#### 1.4.1 The Development NGOs' Critique of the International Economic Institutions

Much of the development NGOs' critique of globalization is a rejection of the "Washington Consensus" model of development, which, as promoted by the international financial institutions, is interpreted as requiring macroeconomic austerity, privatization, and a relatively laissez-faire approach to economic management, all of which are alleged to exacerbate

unemployment and poverty.<sup>8</sup> Another major target are the large infrastructure projects often funded or guaranteed by the World Bank, which NGOs opposed because they seem prone to corruption, increased indebtedness, and environmental degradation. In advance of the 2002 World Bank and IMF joint meetings in Washington, D.C., the *Mobilization for Global Justice* and its affiliated groups coalesced around four core demands for reform of the two institutions.<sup>9</sup>

1. Open all World Bank and IMF meetings to the media and the public.
2. Cancel all impoverished-country debt to the World Bank and IMF using the institutions' own resources.
3. End all World Bank and IMF policies that hinder people's access to food, clean water, shelter, health care, education, and right to organize. (Such structural-adjustment policies include user fees, privatization, and economic austerity programs.)
4. Stop all World Bank support for socially and environmentally destructive projects, such as oil, gas, and mining activities, and all support for projects, such as dams, that include forced relocation of people.

In addition, many development activists, particularly in the wake of the Asian financial crisis and, more recently, Argentina, are concerned about capital-market volatility and want the Bank and Fund to allow more measures to head off potential financial crises, including measures such as an international Tobin tax or more latitude for countries to impose capital controls. The Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC; available at <http://www.attac.org/indexen.htm>) started with the Tobin tax as its key proposal, both to reduce capital-market volatility and to raise funds for development.

In the run up to the spring 2002 meetings of the Bank and Fund, a U.S. Civil Society Coalition, representing twenty-seven labor, environmental, religious, and other groups, released a proposal for responsible reform of the World Bank.<sup>10</sup> Besides addressing the usual issues of debt relief, transparency, poverty, and environmental-impact statements, the document

8. The term "Washington Consensus" was originally coined by John Williamson in 1990 to describe a set of ten broad policies around which consensus among policymakers seemed to exist regarding the basic reforms needed in the first stages of economic stabilization. The term has since been used to refer to a more specific set of neoliberal—or market fundamentalist—economic policies that go well beyond either consensus or what Williamson himself intended (Williamson 1997).

9. For additional background, see <http://www.globalizethis.org/fightback/feature.cfm?ID=37>. These demands were originally developed in anticipation of the 2001 joint meetings, which were cancelled following the September 11 terrorist attacks. For the World Bank's response at that time and a counter response by Jubilee USA and nineteen other groups, see <http://www.worldbank.org/html/extdr/pb/pbfourdemands.htm> and [http://www.jubileeusa.org/jubilee.cgi?path=/learn\\_more/&page=rebuttal.html](http://www.jubileeusa.org/jubilee.cgi?path=/learn_more/&page=rebuttal.html).

10. The report is available on the website of the Bank Information Center at <http://www.bicusa.org>.

also includes specific proposals on worker rights, forest protection, pesticides, gender issues, HIV/AIDS, and water policy. These groups are not against international-financial flows, *per se*, but they do want to see different rules to govern them.

More fundamentally, many critics of globalization argue that it has not produced the promised growth. The Center for Economic and Policy Research (CEPR), based in Washington, D.C. has published several papers highlighting the lack of growth in many developing countries during a period of rapid globalization under the tutelage of the Bank, IMF, and the WTO. Their papers, “Scorecard on Globalization” and “The Emperor Has No Growth,”<sup>11</sup> point out that, even as the influence of these institutions increased over the last twenty years, growth in many low- and middle-income countries lagged. They see this lack of growth as evidence that the neoliberal Washington Consensus is not benefiting the majority of the world’s peoples.<sup>12</sup>

The Fifty Years is Enough (FYIE) organization has taken a more radical stance than these critics, calling for reparations for the effects of structural-adjustment policies and for the social and environmental effects Bank projects; privatization or abolition of Bank entities (the International Finance Corporation [IFC] and the Multilateral Investment Guarantee Agency [MIGA]) that provide assistance to the private sector; and personal and institutional accountability for Bank and Fund complicity in corruption. Also, FYIE calls for an assessment of the International Financial Institutions’ (IFI) future—including the possibility of abolition in the absence of radical reform—but, at a minimum, this group wants to weaken and reduce the funding available to them.<sup>13</sup>

Although FYIE calls for the money to be transferred to other, more acceptable (to them) forms of assistance, the demand to reduce IFI funds, along with differences among some groups over the details of debt relief, have at times divided Northern and Southern NGOs working on development issues (Nelson 2001, 71–72). While largely agreeing with Northern NGO demands to reform IFI programs and conditionality and to restructure the institutions to give client countries more of a say in decision making, Southern NGOs have been more skeptical of demands to shrink these institutions. Jubilee South has also gone further than some Northern-based groups in terms of demanding unconditional debt relief and reparations for slavery, colonialism, and “odious debt” (Collins, Gariyo, and Burdon 2001; [www.jubileesouth.net](http://www.jubileesouth.net)).

Although development-oriented NGOs from both the North and South

11. See <http://www.cepr.net> for links to all of their publications.

12. For other skeptical analyses of growth-globalization links, see Khor (2000), Rodrik (2001a), and Rodriguez and Rodrik (2001).

13. See <http://www.50years.org/s28/demands.html>; see also <http://www.50years.org/about/platform.html>.

continue to push for broader and deeper debt relief, they are increasingly focusing on what is needed to restore growth and promote equitable development *after* debt relief. Perhaps inspired by the call in Doha in November 2001 to make the just-launched WTO trade negotiations a development round, many NGOs are now focusing on what they see as inequities in the trading system that discriminate against developing-country exports.

In two publications linked to the launch of the new Doha round or to multilateral trade negotiations, Oxfam International recognizes the potential contribution of international trade and investment to economic development in poor countries, and it criticizes the hypocrisy of rich countries that promote globalization's growth benefits while disproportionately restricting developing-country exports to their markets. The Oxfam reports focus, in particular, on the inequities in the agriculture and intellectual-property agreements that were negotiated during the Uruguay Round. But, unlike World Bank and other traditional trade economists who have written reports with similar titles, Oxfam International has not embraced unconditional free trade, and their vision of "Harnessing Trade for Development" (Oxfam International 2001) couples increased market access for poor-country exports with increased flexibility for those countries to use industrial and trade policies as part of their development strategy. Thus, Oxfam recommends

- "[T]ransition periods for implementing WTO agreements [that are] based on development milestones not arbitrary dates;"
- Replacement of the single undertaking to give developing countries more flexibility in signing on to WTO agreements;
- Reform of the dispute settlement understanding to make it fairer and more workable for the less-developed countries (LDCs) and to ensure that rulings take into account poverty, human rights, and environmental effects (consider joint panels with specialized UN bodies)
- Increased technical assistance and capacity-building for LDCs.
- Decision-making processes that "increase effective participation of developing countries;" and
- Increased access to documents and public scrutiny through "more active involvement of national parliaments and regular consultations with civil society" (Oxfam International 2001, executive summary and policy proposals, 9–10).

In addition, the report underlying the new Oxfam International campaign to make trade fair puts trade into the broader context of national and international development policies, including trade-related conditionality and project selection in the IMF and World Bank, as well as the application of WTO rules to poor countries. But the concluding chapter, "Making Trade Work for the Poor," begins with the *national* policies to improve health and education and to reduce corruption that need to be in place if



poor countries are to take advantage of the opportunities offered by globalization.<sup>14</sup>

Finally, an issue that has led to increased criticism of the World Bank in recent years is its support of natural-resource-extraction projects, particularly in institutionally weak and often corrupt developing countries. The NGOs, including many local ones, have criticized these projects for infringing upon human rights (particularly of indigenous groups), degrading the environment, and feeding corrupt, often repressive regimes. Oxfam America recently weighed in on these issues in a policy paper that concludes that heavy dependence on resource extraction fails to reduce poverty in many cases, even if it succeeds in raising growth (Ross 2001). The report calls for international assistance to oil- and mineral-dependent countries to diversify their economies; full disclosure of financial transactions between extractive firms and host governments; international financial assistance to develop extractive sectors *only* if the host governments are democratic and “have demonstrated a commitment to fighting poverty” (Ross 2001, 18); and support only for projects with safeguards to ensure that some revenue goes to poverty alleviation and with independent monitoring to guard against corruption.

One example of efforts to address some of these issues may be found in the guidelines negotiated by the World Bank and other stakeholders when the Bank agreed to support a Chad-Cameroon oil pipeline project (available at <http://www.worldbank.org/afr/ccproj>). The safeguards include extensive reviews of the potential environmental impacts; dialogue with local people along the pipeline route regarding resettlement, compensation, and a revenue management plan; and independent external monitoring to guard against corruption. While the agreement may serve as a model for these projects, questions about implementation were raised almost immediately when Chad’s government appeared to divert some of the project revenues to buy weapons for the military. Additional criticisms followed quickly (e.g., see Friends of the Earth International 2001).<sup>15</sup>

#### 1.4.2 Labor and Environmental Critiques of Globalization

A principal aim of development NGO’s critiques of globalization is to increase resource transfers from North to South, and, therefore, Northern

14. “Harnessing Trade for Development” seems a more apt title or slogan for Oxfam’s campaign, which includes special and differential treatment for developing countries, than does the more recent and more polemical “Rigged Rules and Double Standards” (Oxfam International 2002). Both reports are available on the Oxfam International website at <http://www.oxfam.org>. See also Rodrik (2001b; *The Global Governance of Trade as if Development Really Mattered*).

15. At the end of the Clinton administration, the U.S. State Department and the U.K. Foreign Ministry unveiled a narrower initiative involving a set of voluntary principles negotiated with MNCs and NGOs to ensure that security arrangements to protect investments do not result in human-rights abuses, as has been alleged in mining projects in Indonesia and oil extraction in Nigeria ([http://www.state.gov/www/global/human\\_rights/001220\\_fsdr1\\_principles.html](http://www.state.gov/www/global/human_rights/001220_fsdr1_principles.html)).

and Southern NGOs are *generally* on the same page. When it comes to labor and the environment, however, the direction of the redistribution of incomes is less clear and divisions between groups—for example, between environmentalists and unions or between North and South—tend to increase. Sometimes the differences are over *ends*, such as whether development of oil resources in the Alaskan National Wildlife Refuge would destroy the environment or create thousands of jobs at acceptable cost. But often the differences are over *means*, such as whether or not trade measures should be used to enforce labor or environmental standards.

The key labor critique of globalization rules is that they protect property rights for investors and for intellectual property owners, but not worker rights. These critics argue that international rules that promote and protect capital mobility while restricting labor mobility skew economic outcomes in favor of capital and against labor, especially low-skilled labor.

Although WTO members have steadfastly refused to discuss labor issues, activist and union pressures on the trade system contributed to the willingness of governments and employer groups to agree to a consensus definition of core labor standards at the ILO. The 1998 Declaration on Fundamental Principles and Rights at Work affirms that all 175 members, regardless of whether or not they have ratified the related conventions and regardless of their level of development, have an obligation to respect and promote

- Freedom of association and the right to organize and bargain collectively;
- Freedom from forced labor;
- Freedom from child labor; and
- Freedom from discrimination.

Differences remain over how to implement these principles in practice, but the declaration establishes the legitimacy of these core standards and creates a follow-up mechanism to monitor countries' efforts to promote them.

While the meaning of freedom of association remains controversial in many countries, particularly nondemocratic ones, the most divisive part of the debate has been over proposals to incorporate labor standards in trade agreements and to give the WTO the major role in enforcing them. While much of the discussion of social clauses has been general and driven primarily by the individual biases of the debater, at least two specific proposals have been made by the International Labor Rights Fund and the International Confederation of Free Trade Unions (ICFTU). Both proposals show sensitivity to the concerns of developing-country governments, trade economists, and MNCs regarding the possibility of protectionist abuse. In the former, the proposal requires that a panel of independent experts must verify that a violation has occurred before any sanction can be imposed, while the latter relies on the ILO to play a similar role. In neither case are

individual governments authorized to impose sanctions without independent or multilateral review.<sup>16</sup>

In addition to trying to use trade to strengthen enforcement of core labor standards, labor and human-rights NGOs are also pressing development institutions to be more sensitive to workers' concerns when responding to financial crises or planning development projects. In particular, they argue that IFI concerns about labor-market flexibility should be balanced with concern for protection of worker rights and the adequacy of social safety nets to ease the adjustment of displaced workers. Labor and human-rights organizations are also involved in monitoring corporations (e.g., the Workers Rights Consortium and the Fair Labor Association) and in putting pressure on individual companies to change their practices (e.g., Sweatshop Watch and United Students Against Sweatshops).

Environmental concerns are the most difficult to summarize or distill. The range of issues is broad, the linkages to globalization complex, and the differences between North and South often sharp. Important issues include combating pollution, climate change, species loss, deforestation, preserving ecosystems that are particularly rich in biodiversity, and ensuring adequate food health and safety.

There is a tension within the environmental community, however, between the desire to preserve domestic-policy autonomy and, at the same time, the need to negotiate enforceable multilateral agreements to address global problems—at least when those agreements are not universal. Thus, environmentalists slammed WTO dispute-settlement rulings that appeared to impinge upon domestic-policy autonomy—for example, American clean-air regulations on gasoline or the European ban on hormone-treated beef. Another target is chapter 11 of NAFTA, which allows investors to mount legal challenges to environmental or other regulations that lower the value of their investments. At the same time, many of the same groups have been equally harsh in criticizing other WTO decisions intended to protect other countries' sovereignty by limiting the use of trade measures to enforce environmental laws (e.g., shrimp, tuna fishing, and turtle- and dolphin-protection disputes). In some of these cases there are multilateral agreements, but they are without enforcement rules that address the dispute; in other cases there are no rules at all. The concern is that rules restricting the use of trade measures against nonsignatories to multilateral environmental agreements encourage free riding.

There are also tensions between Northern and Southern groups regarding priorities. The LDCs tend to be more concerned about developed-country regulations, for example, those relating to food safety—that impede their exports and their lack of capacity to develop standards of their own. They also strongly oppose use of trade measures to enforce environmental standards and agreements. There are also differences between de-

16. See Harvey, Collingsworth, and Athreya (n.d.) and ICFTU (1999).

veloping-country governments and Northern groups over the latter's advocacy of increased transparency and access, especially in dispute settlement in the WTO context, because of the asymmetries in capacity between Northern and Southern NGOs and because of the lack of LDC governments' legal capacity in dispute-settlement cases.

Biotechnology is a relatively new source of conflict, sometimes between the North and the South as well as in other cases among developed countries. Some developing-country researchers join U.S. companies and advocates in defending the potential benefits for poor people of disease-resistant strains of subsistence crops, but others oppose patenting of traditional knowledge, which may restrict access while failing to adequately compensate the "inventors." Perhaps the most intense conflicts to date, however, have been between the United States and European Union. There are areas of agreement between environmentalists, economists, and LDC governments in some areas—for example, the need to address market failures in resource pricing or the perniciousness of subsidies to fishery fleets, forestry firms, and other resource sectors. There is also agreement between many environmentalists and economists on agriculture subsidies, but differences arise with small-farm advocates and some developing-country advocates that want protection for small farmers and the rural poor for poverty reasons. There is also often broad agreement on the reality of global commons problems (e.g., global warming and the ozone hole), but there are big differences on the distribution of the costs of addressing those problems and over the relative use of carrots and sticks in implementation.

#### 1.4.3 Globalization from the Ground Up

Ultimately, many critics view current international rules as promoting a particular neoliberal economic model that they reject and clearly do not want to see globalized. Responding to complaints from pro-globalization critics, such as *New York Times* columnist Thomas Friedman, that they have no coherent alternative, the International Forum on Globalization embarked in 1999 on a multiyear, transnational effort to develop a broad, comprehensive proposal for the fundamental reform of the global economy as well as of national and local economies. The preliminary result, published in the book titled *Alternatives to Economic Globalization: A Better World is Possible!*, stresses that supporters and critics of globalization trends have very different views of the direction of those trends—one side believes that globalization is creating growth and spreading prosperity, and the other sees mainly increasing inequality, erosion of community values, and a degraded environment.<sup>17</sup> The IFG is an alliance of sixty leading activists, scholars, economists, researchers, and writers from twenty-five countries, including the United States, Canada, Europe, Brazil, Chile,

17. Though the full report was due for release in Spring 2002, only a summary was available as of early August; see [http://www.ifg.org/alt\\_eng.pdf](http://www.ifg.org/alt_eng.pdf).

India, Japan, Mexico, Malaysia, the Philippines, South Africa, and Thailand. Their alternative vision tilts relatively more toward anti-globalization than toward alternative globalization because it does not agree that maximizing incomes and growth should be the goal of economic policy and, therefore, rejects the key theoretical arguments in favor of freer trade and capital flows. The central values in this vision are democracy and sustainability, and the key policy approach derived by the IFG is “subsidiarity,” an approach to policy that “consciously favor[s] the local,” and that redistributes power from “global bureaucracies and global corporations” to local communities and national governments. In this alternative view, “The proper role of global institutions is to facilitate the cooperative coordination of national policies on matters where the interests of nations are inherently intertwined—as with action on global warming” (IFG 2002, 6).

### 1.5 How Are Economists To Understand It All?

Many economists in universities and think tanks, as well as in policy positions, have been taken aback by the growing scope and intensity of the global protest movement over the past ten years. To them, the recent history of globalization seemed largely to have delivered the once-wishful hopes of the 1960s for development and prosperity.<sup>18</sup> “What’s it all about?” is still a common question.<sup>19</sup>

In this section, we try to respond especially to international and some development economists. This presentation may not do full justice to an ideal characterization of the critics’ concerns, but it is at least an early attempt to translate the concerns cross-culturally for a tribe who speak a different language. It will also not do justice to diversity within the tribe of economists, but it is intended to highlight work from other fields within economics and from other disciplines that may put the critics’ concerns in a new light.

We try here to rationalize the opposition to globalization, using the logic of rational choice, of course, but not of individualistic self-interest nor materialism. Neither self-interest nor materialism is necessary to the discourse of economics, however prevalent.

In every case, we try to explain how an economist might more easily understand the agendas of the critics and, where appropriate, respond to them more constructively. We organize our discussion in three parts: microeconomics, macroeconomics, and “metaeconomics.”

18. Three recent and comprehensive articulations of the gains from globalization are made by Lindert and Williamson (2001) and World Bank (2002a, 2002b), which are, respectively, historical, forward looking, and current.

19. One well-known economist recently wrote, “I don’t really understand what it is that gets the protestors in the streets,” articulating a common bafflement within the profession, though he had several conjectures.

### 1.5.1 Microeconomic Critiques

Microeconomics is the study of decision-making by various types of agents under various constraints and in various environments. Although identified with individualism, microeconomic agents often represent social groups, such as profit-seeking and not-for-profit firms, households, and governments. This is perhaps the simplest and most fundamental way to understand the critics' agenda. It is often motivated by *social* identity, not individual identity, and sometimes it is motivated by relative social-group objectives (solidarity) in a manner familiar to most social scientists, but less so to economists. In this microeconomic spirit, globalization's critics often emphasize different objectives and preference sets and show greater sensitivity to political as well as market failures that can undermine assumptions about how markets work in some cases.

#### *Different Objectives*

*Family Preference.* Some of today's globalization critics still have at heart the welfare of the national family with whom they identify. To them, family preference is not protectionism any more than is the kind of special treatment accorded to one's own spouse, siblings, and children. It makes sense from this perspective that those outside the family should be tolerantly and justly treated, but not *specialy*. To be indiscriminate in one's treatment of family members and outsiders would be just wrong and unloving.

But discrimination in favor of one's family is implicit discrimination against others. And classic free trade is defined as the *absence* of such discrimination or family preference at a national level. This is not popularly understood. The case for open trade (i.e., no border barriers) is *not* the case for free markets *uber alles*. Open trade simply implies no border discrimination against foreign suppliers or demanders. Open trade does *not* imply unregulated markets; only that such regulation be even-handed, applying equally to "us" and "them" (nondiscrimination). Likewise is the case for openness in services and foreign direct investment (national treatment of firms).

Of course, even classical, well-accepted reasons for discrimination and national preference include responsibilities of citizenship (hence migration barriers at the border) and national security, but some critics want a more thorough return to the view that one's nation is one's family and should be treated specially.<sup>20</sup>

*Class Identity.* Others, however, have emphasized class and other common interests and experience as the grounds for social identity and suspect free traders of having corporate-class interest at heart, whatever their rhetoric.

20. See Anderson (1983) for a widely cited, though critical, treatment.

These critics are often themselves internationalist. Some critics emphasize traditional class categories, such as workers, and favor globalized labor relations.<sup>21</sup> Others emphasize religious identity (e.g., Muslim opposition to globalization of secularism) or cultural parallelism (e.g., global opposition on behalf of the world's indigenous peoples), and still others emphasize gender (Cagatay 2001; Heyzer 2001).

With these understandings, economists may see better that what matters most to many critics are the aspects of globalization that economists usually call income-distributional effects and consider less important than the efficiency gains that globalization allows to national families. The critics, by contrast, see the income-distributional effects as *primary*.

*Relative Position and Positional Goods.* To many critics, furthermore, the relative welfare of one's family or community is just as important or more important than its absolute welfare. They object to the globalization that makes some elite countries and groups *much* better off than others, even if all gain on average. Economists have been willing to accept this from the perspective of national security, and political economists from the perspective of international power. But, increasingly, microeconomists are analyzing the *general* microeconomics of *relative* objectives (e.g., envy, altruism, power, and revenge) and discovering rational behaviors that appear costly and inefficient, yet satisfy deep nonmaterial human and social needs and preferences.<sup>22</sup>

#### *Greater Sensitivity to Values Reflected in "Goods"*

Not all goods are "good" in the value schemes of many of the critics. Globalization has facilitated exchange in a number of perceived social "bads" (i.e., bad for me and bad for thee—which is the community of others with whom I identify). Many progressives identify arms trade as bad; many moralists oppose globalized gambling. People of many persuasions oppose global sexual trafficking and trade in drugs, although often for different reasons. Economists traditionally claim to be reluctant to include normative values in their reasoning. Yet when they are included as a type of preference, they have the same foundational character as other preferences, including some nonmaterial preferences that economists have come

21. See, for example, Frank (1999). This is, obviously, one way of rationalizing why I might care about *how* things are made abroad, but production *processes* are not usually admitted by trade economists as a permissible reason to oppose trade (but also see Rodrik 1997).

22. Much of the recent work of Robert Frank represents this view, as does research by Blanchflower and Oswald 2000, for example, and others on whether and when material prosperity correlates with perceptual measures of satisfaction and happiness. See Frey and Stutzer (2002) for a review and Wright (2000) for a readable summary that includes psychology research as well. Recent experimental-economics research (Zizzo and Oswald 2001, as summarized in *The Economist*, 16 February 2002, 69) suggests that the poor are indeed willing to *pay* out some of their scarce resources to reduce the incomes of the rich.

to accept without hesitation (e.g., risk aversion and altruism), and normative preferences can be analyzed using familiar economic methods.

*Greater Sensitivity to the Unevenness of Constraints*

International economists never tire of showing how global trading opportunities expand the choices available to individuals, groups, and countries. Critics are sensitive both to the gap between those enjoying greater choice and those without it and to the possibility that when the "haves" exercise their expanded choice, the opportunities available to the "have-nots" may actually shrink.

Thus, for example, it is not clear that the world's indigenous peoples or illiterate populations find enhanced choices from globalization, and they may in fact lose.<sup>23</sup> Nor is it clear that globalization enhances choice for the immobile, which are those whose genes or culture make them locally and occupationally stationary relative to others (e.g., women and teachers of tribal languages). Nor is it obvious that those who are geographically immobile (workers of average skills facing migration barriers) gain opportunity as a group from the enhanced choices of geographically mobile skilled workers and owners of capital and other mobile resources.

International economists almost always answer that social redistribution of the overall gains from globalization (compensation) can leave everyone better off, which is of course true. But as public advocates, they rarely argue as strongly for practical diffusion-of-gains schemes within societies as they do for increased openness. "I do international economics, not public or distributional economics," they say implicitly and often boldly, "potential compensation is enough," but that does not satisfy the critics who sense irresponsibility.<sup>24</sup>

It is surprisingly rare for economists to construct comprehensive distributional accounts of a Northern country's gainers and losers from global integration; the identification of such gainers and losers occupies much of the political debate. (There is much more Southern research on these themes.<sup>25</sup>) There is, of course, massive economic research on the functional income distribution<sup>26</sup> and on sectors (appropriate work when there are sector-

23. For two classic treatments, see Wood (1994) or Sen (1999).

24. Some economists who leave the issue of actual compensation on the doorstep of domestic government simultaneously criticize government for doing its business wastefully and corruptly. The legitimate core of the argument is that compensation (redistribution) itself may have a resource cost that should be factored into a three-way evaluation of the status quo, deeper integration with compensation, and deeper integration without it. For a more detailed discussion of how economists have struggled with the principle of compensation and how the debate might gain from more cross-disciplinary work, see Kanbur (2002).

25. We have in mind research in development studies on Gini coefficients and on rural-urban differences.

26. Showing that, as a presumption for small- and modest-sized countries, deeper globalization *necessarily* worsens the living standards of some factor owners (Stolper-Samuelson)—unlike other policy trends and reforms.



specific factors). Yet there is little research on the regional effects of globalization,<sup>27</sup> little research on its effects by size distribution,<sup>28</sup> and little research on its effects on income-distribution volatility and mobility (e.g., mobility between quintiles within generations and across generations).

### *Realism About the Need for Protest*

Economists sometimes find conflict and protest, in contrast to negotiation, to be intrinsically baffling.<sup>29</sup> Yet microeconomists who study the economics of contracts are familiar with the “hold-up” problem and its implicit tensions. Applying its insights to explicit or implicit social contracts is perhaps a helpful way to understand the economics of protest from a microeconomic perspective.

The hold-up problem is endemic to contracts. Once negotiated, contracts are usually costly to break. In many cases, the contract’s value depends on the sustainability of the relationship among the contracting agents, and the assets involved in that contract have relationship-specific value. In that case, there is an incentive for each agent through opportunistic behavior, including threats, to tilt the distribution of the relationship-specific value in their favor. The natural response of the other agent is resistance and protest, and opportunistic behavior is often provoked by some change in the external environment of the contract that widens global opportunities, for example.

Such opportunism and protest turn out to be more than just a distributional question. Hold-up problems cause microeconomic *inefficiency*—specifically, underinvestment in all relation-specific assets.

Applied to social contracts, commercial opportunism coupled with protest may be more than just a distributional matter, too. It may cause inefficient, economy-wide underinvestment. Economists should perhaps be as concerned as the critics if globalization encourages opportunism and protest, and these problems in turn cause underinvestment in social capital of all kinds, ranging from “hard” infrastructure to “softer” trust in institutions and in each other.<sup>30</sup> This material provides a natural transition to macroeconomic articulations of the critics’ concerns.

27. But, see Yusuf, Wu, and Evenett (2000) and McCulloch, Winters, and Cirera (2002).

28. Smeeding and Rainwater (2000), along with others, have pioneered cross-country comparisons of welfare of similar groups at similar positions in their own country’s size distribution, but there is not yet enough time depth in the underlying data to do cross-country studies of response to trends such as globalization. International economists who have pioneered continuum-of-goods models of general-equilibrium trade might easily shift their attention and skills to continuum-of-talents models of factor rewards and exhaustively explore the complete distributional effects of globalization. Yeaple (2002) is a recent paper in this direction; Bond (1985) was a start.

29. As always, there are exceptions (e.g., Hirshleifer 2001).

30. A putative example of hold-up opportunism leading to loss of trust in the multilateral-trade context is the history of the TRIPs Agreement and the possible renegeing by the rich countries on agricultural and textile/apparel concessions made in the Uruguay Round in return for poor-country acceptance of TRIPs.

### 1.5.2 *Macroeconomic, General-Equilibrium, and Political-Economic Critiques*

In a more macroeconomic spirit, globalization's critics often seem to have intuitively sensed thorny problems. They are often skeptics about markets in general, whereas economists are enthusiasts, especially for global and intertemporal (financial) markets. But economists turn out often to share the skepticism of the critics in very specific ways. They recognize and accept familiar shortcomings of markets across time, contingency, and jurisdiction (e.g., local public goods). Unfortunately, in the policy debate over globalization, these amendments to the general model too often get lost.<sup>31</sup> This failure in communication is in part because economists are often skeptics about government intervention, whereas critics are enthusiasts, especially for intervention by accountable, transparent, democratic governments—their preferred polity. But, since many developing-country governments still lack these attributes, it is also odd that the critics focus so little attention on national governments, compared to that focused on international organizations.<sup>32</sup>

#### *Financial Volatility, Dependence, and Debt Relief*

Globalization makes available immense gains from intertemporal trade and trade across contingencies,<sup>33</sup> but it also exposes economies to financial volatility and crises of many kinds—bubbles, banking crises, exchange crises, and sovereign-debt crises. Though there is a strong economic consensus on best-practice (and second-best-practice) national institutions and policies designed to modulate and deter financial crises, almost none of these institutions and policies exist at the global level. There is no global-equities regulator, merely informal protocols for difficulties of sovereign debtors (or the private agents that they guarantee) and only primitive, systemic banking regulation (the Basel Agreements on bank capital). But financial and insurance markets have grown at the global level without adequate prudential discipline and insurance against fraud.<sup>34</sup> Under these conditions, international economists might have been more chary than they were about “unprotected” financial globalization and more sympathetic to the critics.<sup>35</sup>

Furthermore, there is a longstanding economics of efficient debt relief on which much of modern bankruptcy law is based (Miller 2002). Without any formal provisions at the global level, there is no guarantee that open global financial markets will avoid inefficient rationing and discrimination,

31. Kanbur (2000, 14–15) remarks on the counter-productive tendency for economists who do “policy messaging” to make their recommendations “sharp and hard,” out of concern that if they “give [critics] an inch of nuance, they’ll take a mile of protection.”

32. Oxfam International (2002) is an exception.

33. See Obstfeld and Rogoff (1996), World Bank (2001a), and DeSoto (2000), more popularly.

34. Litan (2000) or Padoa-Schioppa and Saccomanni (1994), presciently.

35. Kanbur (2000, 15) views this as a major policy failure due to the “negotiating mindset” of policy economists that inhibits giving ground.

nor inequitable odious debt<sup>36</sup>—to say nothing of the “bad equilibria” discussed later.

*Concerns over Homogenization and Vicious Circles*

Critics often oppose both homogenization (Westernization or Americanization) and wasteful diversity (excessive variety and excessive provision of luxury), and they can find support for these concerns in economic models showing the uncertain general-equilibrium optimality of free-entry differentiated-product (monopolistic) competition. From Hotelling’s classic example of inefficient concentration of hot dog vendors on a beach to the familiar conclusion that monopolistic competition can sometimes create excess competition and excess capacity,<sup>37</sup> economists have a suitcase full of reasons to doubt the automatic welfare-maximizing character of free trade under differentiated-product monopolistic competition, which is itself a strong candidate for the most relevant and truly global market structure.

Furthermore, critics often worry—more generally than regarding merely debt relief—about poverty traps and vicious circles that might afflict poorer countries and subpopulations. Once again, they can look to economists who have pioneered models of multiple equilibria in spatial and dynamic competition both within and among nations.<sup>38</sup> In such models, some equilibria are demonstrably better than others on the usual welfare criteria. It is not clear that economists should have so reflexive and unyielding confidence that capital markets will assure that the best equilibrium gets picked, since imperfect-information economics shows us so often how capital markets fail to do so and are themselves subject to multiple equilibria (Hoff 2002).

So with these models in mind, economists and policymakers might dialogue with critics more fruitfully if they adopted a more nuanced, pragmatic, and less ideological defense of globalization.

*Intertemporal Concerns over Environment, Public Health, and Education*

Critics worry over inadequate bequests of environment, durable public goods, educational capital, and other property to the future, and they worry further that globalization increases the rate at which the future is mortgaged to reward those living now.<sup>39</sup> It is ironic that economists cannot reassure them better, often relying instead on models with infinitely-lived actors and on overcasual appeals to the way that history hasn’t worked out that way (yet).<sup>40</sup> One reason, of course, is that market solutions seem im-

36. See Kremer and Jayachandran (2002) and Birdsall, Williamson, and Deese (2002) for recent treatments.

37. For example, see Suzumura (1995).

38. Graham and Temple (2001) are just one recent example.

39. Kanbur (2000) discusses differences in the time horizon over which economists and others evaluate; this is not the same point we are making.

40. For example, in reaction to Club of Rome concerns over global resource depletion.

possible when the problem is *missing* markets for intergenerational valuing of durable goods, both public and private. And democratic social-choice solutions do not help if there is the corresponding problem of missing *polities* for voting on relevant policies.

Elementary models of ideal intergenerational equity and sustainable development are, of course, well-established.<sup>41</sup> But such models often involve extra-market ombudsmen and planners with (fiduciary?) responsibility to the future and ignore how such actors should be institutionally situated, for example, on the issue of ideal political scope and accountability. (Should they have local, national, global constituents?) A very practical application of the economics called mechanism design is called for, but, to the authors' knowledge, this does not exist.

Cases in point are easy to identify; these are not just abstract, academic theories. Future generations, for example, are excluded from planning how to cope with global warming and from debating how to manage global-investment markets and worker (hence, taxpayer) migration with an eye to the looming public-pension underfunding of many currently rich Northern countries.

#### *Grassroots and Median Voter Concerns*

Critics also worry about whether globalization overempowers elites and what it does to the ordinary citizen and to the poor. Economists should recognize such concerns as relating to medians and "lower tails" of the income and other distributions. But most international economists seem preoccupied instead with aggregate gains from global integration—that is to say, with mean gains, not medians or similar measures.<sup>42</sup> Again, in the context of the policy debate, globalization enthusiasts often seem reluctant to concede that there are any losers at all.

Regarding the policy context, questions about the distribution of the gains should be addressed explicitly. Is globalization less attractive the greater the difference between a nation's *mean* gains from trade and the gains from trade earned by the *median* earner in the distribution?<sup>43</sup> And if the *median* earner actually loses, why would or should a democracy embrace policies that deepen global integration? Should it not resist or protest at least until some explicit provision is made for diffusing the gains from trade more widely (i.e., until potential compensation becomes actual)?

41. For example, either Phelps-Solow "golden-rule" saving, consumption, and growth paths, overlapping-generations models of social insurance, or equitable equilibrium-dynamic price trajectories for nonrenewable resources.

42. McCulloch, Winters, and Cirera (2002) is an exception to this preoccupation and provides earlier references to research in this same distributional spirit.

43. Dutt and Mitra (2002), for example, show this empirically in capital-abundant countries. Most of the earlier economic research on median voters and protection has been narrowly theoretical.

*Concerns About Regulatory Capture, Corruption, Checks and Balances*

*Capture.* Critics often complain that the institutional architecture of globalization unduly reflects a corporate agenda. They may have it right with respect to business capture of nascent global regulatory initiatives, such as in the TRIPs Agreement, in the attempt to forge a multilateral investment pact with legal recourse for foreign investors that arguably exceeds that of local firms,<sup>44</sup> and in quasi-official institutions, such as the Transatlantic Business Dialogue, and standards-setting bodies. Economists familiar with the economics of regulatory capture will immediately recognize the potential for global versions of its inefficiencies and inequities.

*Corruption.* Furthermore, there are many channels by which globalization may facilitate the diversion of public goods, property, and revenues into private gains.<sup>45</sup> Resource-wasting rent seeking and the possible growth of cross-border versions of it are just two examples of how open trade can facilitate trade in perceived bads as well as goods. Since openness can also constrain venality and corrupt policy, however, neither economists nor others ought to rush to judgment over whether the gains of the goods exceed the banes of the bads in any particular case. Measuring the bads ought to be a natural cooperative enterprise of globalization's critics and enthusiasts.

*Checks and Balances.* Finally it is worth remembering that the WTO and GATT have a peculiar and unique parentage in the Havana Charter for the stillborn International Trade Organization. Whatever one thinks of its merits and demerits, its *intent* was clearly to provide balanced rules for global commerce, including attention to small business and workers. Therefore, why is it so obvious to defenders of status quo globalization that the current boundaries and precedents of the WTO are appropriate and that there are adequate checks and balances to the narrowly commercial interests reflected there? Why not a constitutional convention on the new WTO<sup>46</sup> or on a genuinely new international economic order? As the critics often say, "we don't oppose globalization; we oppose the *unbalanced rules* governing *this* globalization."

*Centralization and Subsidiarity Concerns*

Last, it is worth remembering that some of the classic (and often complex) economics of fiscal federalism and urbanization have some morphological application to the concerns of globalization critics. Examples are

44. For example, see chapter eleven of the NAFTA agreement (available at <http://www.sice.oas.org/trade/nafta/naftatce.asp>).

45. See Elliott (1997).

46. Esty (2002) can be read as sympathetic to this view. Barfield (2001) and Howse and Nicolaidis (2001), by contrast, recognize the constitutional problem in the WTO, but think a procedural exercise in constitution-building would be fatal to it.

- The uncertain welfare economics of interjurisdictional tax and infrastructure competition with capital (and other factor) mobility across boundaries;<sup>47</sup>
- The efficiency and equity implications of global and local regulation, the value of local political autonomy (e.g., better information about activities being regulated), and optimal subsidiarity;<sup>48</sup> and
- Among other considerations, whether burdens of capture and perils of corruption are greater or less when regulation is global versus local.

### 1.5.3 Metaeconomic Critiques

In addition, there are still broader concerns that we call metaeconomic. Most spring from the fact that commercial rights are being harmonized and globalized steadily—property rights, intellectual-property rights, rights to have local regulatory standards recognized abroad (mutual recognition), rights to local judicial standing and compensation for foreign investors in host countries, and rights to migrate temporarily for skilled business professionals. But is such narrow global momentum on commercial rights self-evidently desirable?

- Is it desirable without equal global momentum on other important human rights, such as freedom from forced labor and freedom of association?<sup>48</sup>
- Is it desirable without renewed debate over whether such rights should be assigned only to individuals or to groups also? If so, what kind of groups would be sanctioned to enjoy rights? Free labor unions, religious and civil-society associations, and indigenous-people groups (i.e., land and resource rights)? This is an issue because global commercial rights increasingly accrue to incorporated firms that are taken all too reflexively to be groups of persons entitled to enjoying such rights. But if so, why not rights for other groups? Historical American jurisprudence validated the identification of American firms as persons with respect to property rights, but the global suitability of such validation has not yet been established.<sup>49</sup>
- Is it desirable without global governance structures that nest those rights within some democratically accountable (possibly global) polity that develops such rights, conditions them, implements them, and enforces them? If the only real human rights (as opposed to hor-

47. See Wilson (1996).

48. See Charnovitz (1999), among others, for a sympathetic treatment.

49. For an economic analysis, see Glaeser and Schliefer (2001). More generally, American, German, and other countries' economic, political, and social history is worth studying seriously for possibly global lessons about the "necessary nexus" among single-market deepening, federal political procedure, law and judicial oversight, social mobility, and regulatory protocols and institutions. DeSoto (2000), for example, treats a number of these topics, most deeply for Peru and the United States. Frost, Richardson, and Schneider (2003) treat them historically for the European Union and the United States.

tatory ideals) presuppose nation-states that oversee them,<sup>50</sup> shouldn't international human rights, including commercial rights, presuppose a more serious global political order than is currently embedded in the United Nations?

## 1.6 Where do We Go From Here?

Having tried to characterize globalization's critics in terms and concepts familiar to its defenders, we finish by asking whether there is any common ground between critics and defenders (rather than just a fight for raw supremacy). Can talkers and doers talk together? Can they do together? What might the doing look like?

Thus far, there has been some working together on issues related to the *process* of international economic policymaking. The World Bank, IMF, and WTO are all more transparent than they used to be and, to varying degrees, also more open to input from a broader variety of stakeholders than before. The NGOs and grassroots groups do not necessarily get a *vote* in these intergovernmental institutions, but the institutions, particularly the Bank, have recognized the value in designing more effective and sustainable projects and in policies of listening to a wider variety of *voices*. Although critics still complain that the consultation process is more rhetorical than real, these organizations accept the need for increased transparency and accountability in Bank and Fund policy development. The WTO remains the least open of the three, but it is releasing more documents more quickly and the appellate body has agreed that it can accept submissions from NGOs in dispute settlement cases. However, the latter remains controversial, and the WTO remains the most government centered of the international economic institutions and the least open to civil society input.

Policy economists and the three major international economic institutions are also responding to the critics by addressing poverty and inequality more explicitly in their analyses of globalization and, to varying degrees, in their programs. While some question whether or not the IMF should be in this area at all, it is shifting the focus of its long-term lending from extended structural adjustment to poverty reduction and growth. The World Bank is funding fewer large infrastructure project and lending more for human resource development. Health and education, which are at the top of the list of millennium development goals developed by the United Nations, along with social protection accounted for nearly one-third of new World Bank loan commitments in 2001 (World Bank 2001b). There is also evidence of changing attitudes at the WTO, the most obvious being that the outcome of the ministerial meeting in Doha, Qatar, which

50. For example, see Ignatieff (2001).

launched a new round of trade negotiations in November 2001, is being called the Doha Development Agenda.

The area that remains the most contentious is the *substance* of the rules themselves. What needs to be harmonized, coordinated, or globalized, and what can be reserved to national or local governments? But there are areas upon which pro-globalizers and the critics of current globalization should be able to agree on the need for new rules. Concerns about corruption are broadly shared, although reactions to this issue also underscore the different approaches that fuel the debate over globalization. The critics focus on the alleged role of the international financial institutions in feeding corruption through loans and projects that are diverted for personal gain. The IFIs focus on the need for corrupt and inept national governments to get their own houses in order. Nevertheless, both defenders and critics fundamentally agree that corruption can be a major impediment to development and that steps to increase transparency and accountability are required.

Promoters and critics of globalization might also agree on trade rules in some new areas that could both improve the functioning of markets and make globalization more equitable, environmentally friendly, and politically sustainable. Already, a number of governments, economists, NGOs, and others agree that an unquestionably positive proposal for promoting trade, environmental sustainability, and development would target subsidies for farming and fishing. More controversially, economists and activists might agree that reforms to the TRIPs agreement could balance intellectual-property protection with incentives for diffusion (Richardson 2001). Activists who are concerned about the increased and potentially anticompetitive reach of MNCs might join with economists and others who favor limited competition rules to guard against cartels, for example (Richardson 2001; Oxfam International 2002). The role of corruption in deterring or perverting foreign investment might also logically lead to some agreement on at least minimal rules to protect investors from arbitrary actions by predatory governments and to protect people from human-rights or environmental abuses by corporations that are unregulated by those same governments.

Increasingly, the question that we started with—whether or not the doers willing to stop and talk—is being turned around: Are the critics only talkers or are they also doers? As South African Finance Minister Trevor Manuel said at the IMF World Bank Annual Meeting in Prague in September 2000, “I know what they’re against but have no sense of what they’re for” (“Protestors Paralyze Prague,” *Washington Post*, 27 September 2000, A16). The NGOs are being asked to demonstrate their own legitimacy through increased transparency (e.g., regarding funding) and to be explicit about to whom they are accountable and who they represent. One close observer, who has worked both with NGOs and as a civil-society specialist at the World Bank, notes that it is important to analyze “who enjoys



the benefits and suffers the costs of what the movement achieves, especially at the grassroots level” (Edwards 2001, 6)?<sup>51</sup>

Moving forward together will also require some changes in method. After the death of the young man during the G8 protests in Genoa and, particularly, the September 11 terrorist attacks, organizing large protests around each major international economic meeting appears to be reaping diminishing returns. Concrete demonstrations of protest will almost certainly continue to play an important role, but the movement seems ready to move beyond serial protesting or being “a movement of meeting-stalkers, following the trade bureaucrats as if they were the Grateful Dead” (Klein 2000, 20–21). Forgoing large street protests outside the Waldorf Astoria in New York during the World Economic Forum meeting in January 2002 and gathering instead in Porto Alegre to discuss alternatives could prove to be a turning point toward dialogue and toward more constructive interaction between the critics and defenders of economic globalization.

51. See Florini (2001, 39) and Clark (2001, 26) for other recommended NGO reforms to increase transparency and accountability.

## Appendix

Table 1A.1 A Sampling of Alternative Globalization Actors

Organization	Key Issues	Roles in the Movement	Advocacy Style <sup>a</sup>	Page Rank	Backward Links
OneWorld London, UK; <a href="http://www.oneworld.net">www.oneworld.net</a>	These sites are a good place to start exploration of the many alternative globalization groups worldwide. One World has more than 1,000 pa lists more than 26,000 nonprofit and community organizations in 153 countries (20,088 in the United States) and is also searchable by topic and location.			8	6,690
Action without Borders New York, NY; <a href="http://www.idealist.org">www.idealist.org</a>				8	7,030
Alliance for Responsible Trade Washington, D.C.; <a href="http://www.art-us.org">www.art-us.org</a>	Multi-issue network or coalition	Organizing, mobilization		6	216
Anti-Capitalist Convergence <a href="http://www.abolishthebank.org">www.abolishthebank.org</a>	Multi-issue network or coalition	Organizing, mobilization	Confronter	6	446
Focus on the Global South Bangkok, THA; <a href="http://www.focusweb.org">www.focusweb.org</a>	Multi-issue network or coalition	Research		7	2,010
Hemispheric Social Alliance <a href="http://www.asc-hsa.org">www.asc-hsa.org</a>	Multi-issue network or coalition	Organizing, mobilization		6	322
International Forum on Globalization San Francisco, CA; <a href="http://www.ifg.org">www.ifg.org</a>	Multi-issue network or coalition	Research	7	1,590	
Mexico Solidarity Network Chicago, IL; <a href="http://www.mexicosolidarity.org">www.mexicosolidarity.org</a>	Multi-issue network or coalition	Grassroots education, mobilization	6	518	
Mobilization for Global Justice Washington, D.C.; <a href="http://www.globalizethis.org">www.globalizethis.org</a>	Multi-issue network or coalition	Organizing, mobilization	6	1,180	
Peoples' Global Action Ottawa, CAN; <a href="http://www.agp.org">www.agp.org</a>	Multi-issue network or coalition	Organizing, mobilization	Confronter	6	2,210
Third World Network Singapore, <a href="http://www.twinside.org.sg">www.twinside.org.sg</a>	Multi-issue network or coalition	Research		7	4,650

(continued)

**Table 1A.1** (continued)

Organization	Key Issues	Roles in the Movement	Advocacy Style <sup>a</sup>	Page Rank	Backward Links
Transnational Institute Amsterdam, NET; <a href="http://www.tni.org">www.tni.org</a>	Multi-issue network or coalition	Research		6	2,010
World Social Forum Porto Alegre, BRA; <a href="http://www.worldsocialforum.org">www.worldsocialforum.org</a>	Multi-issue network or coalition	Organizing, mobilization		6	2,260
Adbusters Vancouver, CAN; <a href="http://www.adbusters.org">www.adbusters.org</a>	Multi-issue group	Campaign- and action-information provider		8	2,410
Africa Action Washington, D.C.; <a href="http://www.africaaction.org">www.africaaction.org</a>	Multi-issue group	campaign information		6	2,260
ATTAC Paris, FRA; <a href="http://www.attac.org">www.attac.org</a>	Multi-issue group	Organization, mobilization, information provider	Confronter	6	3,650
Center for Economic and Policy Research Washington, D.C.; <a href="http://www.cepr.net">www.cepr.net</a>	Multi-issue group	Research		7	1,310
Center of Concern Washington, D.C.; <a href="http://www.coc.org">www.coc.org</a>	Multi-issue group	Networking, organizing, research	Engager	6	892
Common Dreams Portland, ME; <a href="http://www.commondreams.org">www.commondreams.org</a>	Multi-issue group	Information collection and dissemination (articles, op-eds on globalization and other issues of concern to the left)		7	6,340
Corporate Europe Observatory Amsterdam, NET; <a href="http://www.xs4all.nl/~ceo/">www.xs4all.nl/~ceo/</a>	Multi-issue group	Organization, mobilization, campaign information	Confronter	6	1,080
Corporate Watch Oxford, UK; <a href="http://www.corporatewatch.org.uk">www.corporatewatch.org.uk</a>	Multi-issue group	Campaign- and action-information provider		6	922
CorpWatch San Francisco, CA; <a href="http://www.corpwatch.org">www.corpwatch.org</a>	Multi-issue group	Campaign- and action-information provider		7	5,150

Council of Canadians Ottawa, CAN; <a href="http://www.canadians.org">www.canadians.org</a>	Multi-issue group	Grassroots education, mobilization	Confronter	6	2,170
Essential Action Washington, D.C.; <a href="http://www.essentialaction.org">www.essentialaction.org</a>	Multi-issue group	Campaign- and action-information provider		6	446
Fair Trade Federation Washington, D.C.; <a href="http://www.fairtradefederation.org">www.fairtradefederation.org</a>	Multi-issue group	Certification, labeling		6	862
Global Exchange San Francisco, CA; <a href="http://www.globalexchange.org">www.globalexchange.org</a>	Multi-issue group	Organization, mobilization, campaign information, "Reality tour" organizer	Confronter	7	5,210
Institute for Agriculture and Trade Policy Minneapolis, MN; <a href="http://www.iatp.org">www.iatp.org</a>	Multi-issue group	Research		7	2,100
Institute for Policy Studies Washington, D.C.; <a href="http://www.ips-dc.org">www.ips-dc.org</a>	Multi-issue group	Research		7	1,820
Interfaith Center on Corporate Responsibility New York, NY; <a href="http://www.iccr.org">www.iccr.org</a>	Multi-issue group	Corporate-social-responsibility activism	Engager	7	774
International Centre for Trade and Sustainable Development Geneva, SW; <a href="http://www.ictad.org">www.ictad.org</a>	Multi-issue group	Information collection and dissemi- nation, dialogue facilitation	Engager	7	2,120
Investor Responsibility Research Center New York, NY; <a href="http://www.irrc.org">www.irrc.org</a>	Multi-issue group	Corporate-social-responsibility research		6	870
Public Citizen's Global Trade Watch Washington, D.C.; <a href="http://www.tradewatch.org">www.tradewatch.org</a>	Multi-issue group	Organization, mobilization, campaign information	Confronter	6	2,600
Protest Net <a href="http://protest.net">protest.net</a>	Multi-issue group	Campaign- and action-information provider	Confronter	7	3,230
RESULTS Washington, D.C.; <a href="http://www.results.org">www.results.org</a>	Multi-issue group	Grassroots education, mobilization		6	644
The Ruckus Society Oakland, CA; <a href="http://www.ruckus.org">www.ruckus.org</a>	Multi-issue group	Protest tactics, training	Confronter	7	1,450

(continued)

**Table 1A.1** (continued)

Organization	Key Issues	Roles in the Movement	Advocacy Style <sup>a</sup>	Page Rank	Backward Links
Trade Observatory (sponsored by IATP) Minneapolis, MN; <a href="http://www.tradeobservatory.org">www.tradeobservatory.org</a>	Multi-issue group	Information collection and dissemination (news, articles, and research on trade from wide variety of sources)		6	292
TransFair USA Oakland, CA; <a href="http://www.transfairusa.org">www.transfairusa.org</a>	Multi-issue group	Certification, labeling		6	814
Union of Radical Political Economics New Haven, CT; <a href="http://www.urpe.org">www.urpe.org</a>	Multi-issue group	Research		6	174
United for a Fair Economy Boston, MA; <a href="http://www.ufenet.org">www.ufenet.org</a>	Multi-issue group	Grassroots education, mobilization		6	2,000
AFL-CIO Washington, D.C.; <a href="http://www.afl-cio.org">www.afl-cio.org</a>	Human/worker rights	Organization, mobilization, campaign information		6	274
American Friends Service Committee Philadelphia, PA; <a href="http://www.afsc.org">www.afsc.org</a>	Human/worker rights	General advocacy		7	4,940
Amnesty International London, UK; <a href="http://www.amnesty.org">www.amnesty.org</a>	Human/worker rights	General advocacy	Engager	8	18,900
Campaign for Labor Rights Washington, D.C.; <a href="http://www.summersault.com/~agi/clir/">www.summersault.com/~agi/clir/</a>	Human/worker rights	Organization, mobilization, campaign information		6	882
Communication Workers of America Washington, D.C.; <a href="http://www.cwa-union.org">www.cwa-union.org</a>	Human/worker rights	Organization, mobilization, campaign information		7	2,430
COSATU Johannesburg, SA; <a href="http://www.cosatu.org.za">www.cosatu.org.za</a>	Human/worker rights	Organization, mobilization, campaign information		6	1,510
Fair Labor Association Washington, D.C.; <a href="http://www.fairlabor.org">www.fairlabor.org</a>	Human/worker rights	Monitoring, verification	Engager	6	418
HealthGAP Coalition <a href="http://www.globaltreatmentaccess.org">www.globaltreatmentaccess.org</a>	Human/worker rights	Organization, mobilization, campaign information	Confronter	6	284

Human Rights Watch New York, NY; <a href="http://www.hrw.org">www.hrw.org</a>	Human/worker rights	General advocacy	Engager	8	16,300
ICFTU Brussels, BEL; <a href="http://www.icftu.org">www.icftu.org</a>	Human/worker rights	Organization, mobilization, research		7	2,070
International Brotherhood of Electrical Workers Washington, D.C.; <a href="http://www.ibew.org">www.ibew.org</a>	Human/worker rights	Organization, mobilization, campaign information		7	1,730
International Human Rights Law Group Washington, D.C.; <a href="http://www.hrlawgroup.org">www.hrlawgroup.org</a>	Human/worker rights	General advocacy	Engager	7	690
International Labor Rights Fund Washington, D.C.; <a href="http://www.laborrights.org">www.laborrights.org</a>	Human/worker rights	Coalition building, mobilization, campaign information	Engager	6	624
Jobs with Justice Washington, D.C.; <a href="http://www.jwj.org">www.jwj.org</a>	Human/worker rights	Grassroots education, mobilization	Confronter	6	758
Lawyers Committee for Human Rights New York, NY; <a href="http://www.ichr.org">www.ichr.org</a>	Human/worker rights	General advocacy	Engager	7	2,360
MADRE New York, NY; <a href="http://www.madre.org">www.madre.org</a>	Human/worker rights	General advocacy		6	860
Maquila Solidarity Network Toronto, CAN; <a href="http://www.maquilasolidarity.org">www.maquilasolidarity.org</a>	Human/worker rights	Grassroots education, mobilization, information collection and dissemination		6	988
National Labor Committee New York, NY; <a href="http://www.nlnet.org">www.nlnet.org</a>	Human/worker rights	Campaign- and action- information provider	Confronter	7	1,750
SEIU Washington, D.C.; <a href="http://www.seiu.org">www.seiu.org</a>	Human/worker rights	Organization, mobilization, campaign information		7	2,040
Social Accountability International New York, NY; <a href="http://www.cepa.org">www.cepa.org</a>	Human/worker rights	Monitoring, verification	Engager	6	728
Sweatshop Watch Oakland, CA; <a href="http://www.sweatshopwatch.org">www.sweatshopwatch.org</a>	Human/worker rights	Campaign- and action- information provider		6	1,500
UNITE! New York, NY; <a href="http://www.umiteunion.org">www.umiteunion.org</a>	Human/worker rights	Organization, mobilization, campaign information		6	1,370

(continued)

**Table 1A.1** (continued)

Organization	Key Issues	Roles in the Movement	Advocacy Style <sup>a</sup>	Page Rank	Backward Links
United Students Against Sweatshops Washington, D.C.; <a href="http://www.usasnet.org">www.usasnet.org</a>	Human/worker rights	Organization, mobilization, campaign information	Confronter	6	552
Workers Rights Consortium Washington, D.C.; <a href="http://www.workersrights.org">www.workersrights.org</a>	Human/worker rights	Monitoring, verification	Confronter	6	560
Amazon Watch Topanga, CA; <a href="http://www.amazonwatch.org">www.amazonwatch.org</a>	Environment	Grassroots education, mobilization	Confronter	6	1,120
Center for International Environmental Law Washington, D.C.; <a href="http://www.ciel.org">www.ciel.org</a>	Environment	Research, advocacy		7	1,430
Centre for Science and Environment New Delhi, IND; <a href="http://www.cseindia.org">www.cseindia.org</a>	Environment	Research, advocacy		7	7,230
Environmental Defense New York, NY; <a href="http://www.environmentaldefense.org">www.environmentaldefense.org</a>	Environment	Research, advocacy, legal services		7	4,760
Forest Stewardship Council Oaxaca, MEX; <a href="http://www.fscoax.org">www.fscoax.org</a>	Environment	Monitoring, verification	Engager	7	1,620
Friends of the Earth International Amsterdam, NET; <a href="http://www.foei.org">www.foei.org</a>	Environment	General advocacy		7	2,340
Greenpeace International Amsterdam, NET; <a href="http://www.greenpeace.org">www.greenpeace.org</a>	Environment	Organization, mobilization, campaign information		8	10,400
International Institute for Sustainable Development Winnipeg, CAN; <a href="http://www.iisd.org">www.iisd.org</a>	Environment	Research, advocacy (also links to sustainable “web ring”)	Engager	6	6,300
IISD Linkages Winnipeg, CAN; <a href="http://www.iisd.ca">www.iisd.ca</a>		Information collection and dissemination (electronic clearinghouse on international environment/development meetings)		7	5,060
International Rivers Network Berkeley, CA; <a href="http://www.irn.org">www.irn.org</a>	Environment	Research, grassroots campaigning	Confronter	7	2,410
National Wildlife Federation Reston, VA; <a href="http://www.nwfw.org">www.nwfw.org</a>	Environment	General advocacy		7	7,420

Natural Resources Defense Council New York, NY; <a href="http://www.nrdc.org">www.nrdc.org</a>	Environment	General advocacy	7	6,320
Project Underground Berkeley, CA; <a href="http://www.moles.org">www.moles.org</a>	Environment	Grassroots education, mobilization	6	2,090
Rainforest Action Network San Francisco, CA; <a href="http://www.ran.org">www.ran.org</a>	Environment	Campaign- and action-information provider	8	4,920
Redefining Progress Oakland, CA; <a href="http://www.progress.org">www.progress.org</a>	Environment	Research	7	1,780
Sierra Club San Francisco, CA; <a href="http://www.sierraclub.org">www.sierraclub.org</a>	Environment	General advocacy	8	11,900
Sustainable Energy and Economy Network Washington, D.C.; <a href="http://www.seen.org">www.seen.org</a>	Environment	Campaign- and action-information provider	6	1,160
World Resources Institute Washington, D.C.; <a href="http://www.wri.org">www.wri.org</a>	Environment	Research	8	7,740
World Wildlife Fund <a href="http://www.wwf.org">www.wwf.org</a>	Environment	Research	8	8,100
Worldwatch Institute Washington, D.C.; <a href="http://www.worldwatch.org">www.worldwatch.org</a>	Environment	Research	7	4,640
50 Years is Enough Network Washington, D.C.; <a href="http://www.50years.org">www.50years.org</a>	Development	Organization, mobilization, campaign information	6	2,180
ActionAid London, UK; <a href="http://www.actionaid.org">www.actionaid.org</a>	Development	Advocacy	7	1,250
Ashoka Washington, D.C.; <a href="http://www.ashoka.org">www.ashoka.org</a>	Development	Activist capacity building	7	2,530
Bank Information Center Washington, D.C.; <a href="http://www.bicusa.org">www.bicusa.org</a>	Development	Organization, mobilization, campaign information	7	934
Brazilian Landless Workers Movement (MST) Brasilia, BRA; <a href="http://www.mstbrazil.org">www.mstbrazil.org</a>	Development	Grassroots education, mobilization	6	508
Center for Economic Justice Washington, D.C.; <a href="http://www.econjustice.net">www.econjustice.net</a>	Development	Coalition organizing, grassroots education, mobilization	6	80
Development GAP (Group for Alternative Policies) Washington, D.C.; <a href="http://www.developmentgap.org">www.developmentgap.org</a>	Development	Networking, organizing, research	6	754

(continued)



**Table 1A.1** (continued)

Organization	Key Issues	Roles in the Movement	Advocacy Style <sup>a</sup>	Page Rank	Backward Links
Doctors Without Borders (MSF) multiple chapters, <a href="http://www.msf.org">www.msf.org</a>	Development	Advocacy		7	3,660
Food First/Institute for Food and Development Policy Oakland, CA; <a href="http://www.foodfirst.org">www.foodfirst.org</a>	Development	Research		7	2,180
Grameen Bank Dhaka, BAN; <a href="http://www.grameen.org">www.grameen.org</a>	Development	Development projects		6	276
Jubilee 2000/Plus/Research London, UK; <a href="http://www.jubileeplus.org">www.jubileeplus.org</a>	Development	Organization, mobilization, campaign information		6	2,980
Jubilee South Quezon City, PHI; <a href="http://www.jubileesouth.net">www.jubileesouth.net</a>	Development	Organization, mobilization, campaign information	Confronter	n.a.	336
Jubilee USA Washington, D.C.; <a href="http://www.jubileeusa.org">www.jubileeusa.org</a>	Development	Organization, mobilization, campaign information		6	1,220
Mexican Action Network on Free Trade (RMALC) Mexico City, MEX; <a href="http://www.malc.org.mx">www.malc.org.mx</a>	Development	Organization, mobilization, campaign information		6	252
Oxfam International <a href="http://www.oxfam.org">www.oxfam.org</a>	Development	Advocacy		7	3,440
Save the Narmada Movement Baroda, IND; <a href="http://www.namada.org">www.namada.org</a>	Development	Networking, organizing, research	Confronter	6	916
Women's EDGE Washington, D.C.; <a href="http://www.womensedge.org">www.womensedge.org</a>	Development	Networking, organizing, research		6	674
World Development Movement London, UK; <a href="http://www.wdm.org.uk">www.wdm.org.uk</a>	Development	Grassroots education, mobilization, research		6	1,060

*Notes:* CAN = Canada; UK = the United Kingdom; THA = Thailand; NET = the Netherlands; BRA = Brazil; SA = South Africa; BEL = Belgium; IND = India; MEX = Mexico; BAN = Bangladesh; and PHI = the Philippines. AFL-CIO = the American Federation of Labor-Congress of Industrial Organizations; COSATU = Congress of South African Trade Unions; SEIU = Service Employees International Union; MSF = *Médecins sans Frontières*; and RMALC = *Red Mexicana de Acción Frente al Libre Comercio*.

<sup>a</sup>Where appropriate.

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**Comment** Harry Flam

My comments are about the second part of the paper. The first part is a very interesting and useful survey and categorization of the anti-globalization movement, for which the authors should be commended. The anti-globalization movement is—we learn—to a considerable extent *pro*-globalization, but wants globalization to proceed in different ways and with different goals. The authors limit their scope to groups concerned with economic globalization and involved in advocacy. These are placed into four categories: development and poverty, human and worker rights, environment, and multi-issue groups (global reformers).

Economists tend to have a dim and unfair view of the anti-globalization movement and what it has to say, perhaps under the influence of television coverage of violent protests in the streets of Seattle, Genoa, and other places. The second part of the paper seeks to make the arguments understandable and acceptable to economists by using the language and concepts of economics and appealing to well-known imperfections of institutions, markets, and economic policies. I think Elliott, Kar, and Richardson are quite convincing and successful in this. When translated into the language of economists, it is obvious that many of the concerns raised by such groups as Oxfam International make sense. But I cannot avoid a lingering suspicion that as a description of the movement as a whole, much ignorance, misplaced criticism, and nonsense have been left out.

Furthermore, the paper tends to give the impression that most of the issues brought up by the critics have been of no concern to academic economists, while it is possible to argue that the opposite is true. To take one of the most obvious examples: Growth, development, and income distribution, both inside and between nations, have been on the agenda of development and trade research for decades, including research at such institutions as the World Bank (e.g., work by Hollis Chenery in the 1970s). Other examples include the relations among growth, trade, and the environment; the trade and wages debate; various aspects of the world trading system; and the debt crisis. It is perhaps true that economists tend to be more interested in what determines the size of the pie than how it is shared, but I do think that it needs to be emphasized that many of the issues brought up by the critics of globalization are not new.

What is puzzling to mainstream economists like myself is the emphasis of the globalization critics on globalization, international organizations, and multinationals in the context of poverty, underdevelopment, lack of human and worker rights, and environmental degradation. Admittedly, the World Bank can be criticized for putting too much emphasis on large in-

frastructure investments in the past, the IMF for being insensitive to the distributional consequences of stabilization programs, the WTO for giving developed-country firms too strong property rights in the TRIPS agreement, and multinationals for their conduct in poor countries and against weak governments. But the fact is that these institutions have made great contributions to the improvement of living conditions for the world's poor. Developing countries are very actively seeking World Bank loans and are participating in project design. The IMF steps in when national governance and governments have failed. The WTO system provides much-needed rules for world trade and has contributed to a substantial reduction of trade barriers during the last half-century. As for multinationals, most developing countries actively seek and compete for their investments.

One cannot help thinking that the focus on international trade and investment and on international institutions is opportunistic and largely misplaced. The focus should be on national governance and national policies: the lack of democracy, corruption, bad policies, badly protected property rights, privileges for the elite, and so on. The international institutions and globalization serve as scapegoats, when the really important barriers to economic development and well-being lie in the national, not the international, arena.

In fact, one can well argue that globalization has very positive effects in putting restrictions on national governance and policies. National autonomy is often used to pursue bad governance and policies, as in North Korea and Burma (to take extreme examples). Exposure to international trade and factor movements, and participation in international cooperation and institutions tend to prevent government mismanagement. (We do not have to go to developing countries to find examples: the creation of the European Monetary Union has placed much-needed discipline on bad national monetary and fiscal policies.)

It must be pointed out that my misgivings about the anti-globalization movement are not intended as criticism of the paper. They can, however, explain why economists are less than enthusiastic in their views of the movement.