

**Contemporary Issues in the International Relations of the Developing World**  
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**Global Governance without Politics?**  
**The Limits of the Post-Washington Consensus**  
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*Recognition of some of the most important problems associated with globalisation, such as destabilisation and inequality, is quite recent. The shift from the Washington Consensus to the Post-Washington Consensus is the most visible response to these concerns. However, the recent attempts by International Financial Institutions (IFIs) to manage the international economy by interventions based on the Post-Washington Consensus have shown its inadequacies. A further development is required. Political factors need to be incorporated into actions in the emergent global public domain make them effective in dealing with problems caused by globalisation. States, as well as the frequently included NGOs, will need to play a critical role.*

The East Asian crisis of 1997 demonstrated the dangers of globalisation. The crisis also generated a realisation in international policy circles, that governance was critical for the efficient functioning of international markets. A narrow definition of globalisation is utilised here: the tendency towards international economic integration, liberalisation and financial deregulation beyond the sovereignty of the territorial state. Governance is distinguished from government, and is identified as institutions operating in the public domain that modify market transactions. The international public domain is still in its nascent stages but even IFIs, with their traditional approaches to the international economic management, have recognised its importance.

In the years of the Washington Consensus, the vocabulary of IFIs was dominated by words like liberalisation, deregulation and privatisation. The interest of IFIs in governance is evident in the Post-Washington Consensus. Recent additions to the vocabulary are representative of the change: civil society, social capital, capacity building, governance, transparency, a new international economic architecture, institution-building, and international safety nets. These form elements of a new 'global public policy'. The evolving Post -Washington Consensus represents a qualitative break from the past, and is a response to the issues raised rather dramatically by globalisation in 1997.

Before the economic downturns of 1997, there was little appreciation of the adverse effects of globalisation. Technology-driven definitions of the process based on liberal economic theory induced a triumphalist view of globalisation that ignored some important political and theoretical considerations. Politically, globalisation has unequal effects. Its adverse effects have been even more marked since the economic crises of 1997. The excessive optimism of liberal economics led to the oversight of non-economic aspects of the policy process. These political and theoretical omissions by liberal economic theory have allowed an exacerbation of the adverse effects of

globalisation. Consequently, the first post-Cold War ‘crisis of globalisation’ is underway. More groups have recognised that the pursuit of free markets and a reduction in compensatory domestic welfare (seen formerly as an appropriate state response to encourage the forces of globalisation) is a potent combination to catalyse radical responses from the dispossessed. The socially disintegrative effects of liberalisation will need to be mitigated with the assistance by the state.

It is possible to identify three reasons why governance issues have acquired such unprecedented importance today. First, and somewhat cynically, governance allows IFIs an escape route from the intellectual corner into which their adherence to free trade ideals had forced them. Second, governance suggests ways of dealing with the new conditions of globalisation, even without government. Third, governance is an essential term for understanding the transnational processes that require institutional responses and for identifying non-traditional actors that will play an important part in that response. As such, the concept of governance has an agenda-setting purpose that extends policy beyond the traditional activities of government at the international level.

The concept of governance has been adopted, not only by the World Bank, but also to a somewhat lesser extent, by the IMF, the WTO, and various UN initiatives. Governance however, can be conceptualised in different ways, of which the Post-Washington Consensus (as conceived by international organisations) is only one and the most sanitised version at that. Two conceptualisations are elaborated below.

**Global governance as the enhancement of effectiveness and efficiency in the delivery of public goods** The Post-Washington Consensus is based on such a conceptualisation. This view ignores the fact that states are not only problem solvers but also strategic actors concerned with power, politics and norms of justice and legitimacy.

**Global governance as enhanced democracy and accountability** This view incorporates the development of a public sphere as the site for the incorporation of civil society actors into policy processes to ensure their legitimacy, and extension that the IFIs see as a second variable at best. The economic policy community is still reluctant to recognise that markets are also socio-political constructs that require legitimacy with civil society.

The adoption of terms such as ‘global public policy’, as opposed to global governance, reflects the increasing acceptance of the first definition. In doing so, the governance agenda has avoided key questions of power, domination, resistance and accountability. Hence, the Post-Washington Consensus raises the same problems as the Washington Consensus: it attempts to be no less homogenising than its predecessor and employs similar, universal measures of efficiency and effectiveness. In these respects, the Post-Washington Consensus is too limited.

The attempt to close the ‘participation gap’ by incorporating non-state agencies also raises problems. First, there is an issue about the identification of the constituents of civil society. Second, it marginalises the international bargaining power of developing states in favour of civil society and international organisations, while also attempting

to enhance the position of states as mediators between their societies and the forces of global change. Hence, the new conceptualisation is likely to be seen as largely 'North-driven' and may suffer the same lack of legitimacy as the Washington Consensus. It is also likely to exacerbate the problems of globalisation further, if it undermines the power of developing states.

This is because the state continues to be crucial for three reasons. First, despite their visibility, NGOs and other non-state actors do not share the legitimacy of the national state as the repository of sovereignty and policy-making authority. Second, NGOs are often less democratically accountable than the states and inter-state organisations they act to counter. Third, implementation of resolutions emanating from global negotiations remains the function of national states. In other words, states remain crucial in the functioning of international markets, and the Post-Washington Consensus, like its predecessor, runs the risk of undermining some states.

The 'softening and widening of the Washington Consensus' is a significant step forward, but it is unlikely to address the justice, poverty and inequality questions on the international agenda. North-South conflicts will persist with such a conceptualisation, perhaps even become worse. To deal with the problems that it seeks to address, the concept of governance will have to include variables of both politics and the state.

## **Discussion**

The failure of the 'new public domain' in the context of the WTO Seattle Round was highlighted by Chairperson, Ngaire Woods. How should a more effective public domain be envisaged? The speaker responded by referring to multilevel governance – a movement upward as well as downward. For instance, developing countries favour more issue-specific forums, rather than the WTO, to deal with issues of human rights and labour. Such issue-specific forums may be complemented by regional forums that deal across issues. Both movements form part of the process of identifying the scope and method of governing the new public domain.

In response to another question on trade-offs between effectiveness versus justice and democracy, the speaker admitted that there are no readymade answers. But governance processes today are ill-equipped to find the balance, until they factor in the critical variable of politics. The problems of globalisation are principally about how, who gets what; that is, about power and politics. NGOs may play an enabling role for the marginalised in this process, but they are just as often neither democratic nor accountable to the people they claim to represent. Hence the importance of defining an agenda that takes politics into account, and bringing the state, particularly the marginalised states of the South, into the evolving public domain.

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