



David Held

Global Covenant

The Social Democratic Alternative
to the Washington Consensus

‘A book for our time’

Robin Cook MP

Global Covenant

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to the Washington Consensus

DAVID HELD

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Preface

Immanuel Kant wrote over two hundred years ago that we are ‘unavoidably side by side’. A violent challenge to law and justice in one place has consequences for many other places and can be experienced everywhere. While he dwelt on these matters and their implications at length, he could not have known how profound and immediate his concerns would become.

Since Kant, our mutual interconnectedness and vulnerability have grown rapidly. We no longer live, if we ever did, in a world of discrete national communities. Instead, we live in a world of what I like to call ‘overlapping communities of fate’ where the trajectories of countries are deeply enmeshed with each other. In our world, it is not only the violent exception that links people together across borders; the very nature of everyday problems and processes joins people in multiple ways. From the movement of ideas and cultural artefacts to the fundamental issues raised by genetic engineering, from the conditions of financial stability to environmental degradation, the fate and fortunes of each of us are thoroughly intertwined.

The story of our increasingly global order – ‘globalization’ – is not a singular one. Globalization is not a one-dimensional phenomenon. For example, there has been an expansion of global markets which has altered the political terrain, increasing exit options for capital of all kinds, and putting new questions about the regulation of national economies on the agendas of politics everywhere. Yet the story of globalization is not just economic: it is also one of growing aspirations for international law and

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justice. From the United Nations system to the European Union, from changes to the laws of war to the entrenchment of human rights, from the emergence of international environmental regimes to the foundation of the International Criminal Court, there is also another narrative being told – a narrative which seeks to reframe human activity and entrench it in law, rights and responsibilities.

Many of these developments were framed against the background of formidable threats to humankind – above all, Nazism, fascism and the Holocaust. Those involved in them affirmed the importance of universal principles, human rights and the rule of law in the face of strong temptations to simply put up the shutters and defend the position of only some countries and nations. They rejected the view of national and moral particularists that belonging to a given community limits and determines the moral worth of individuals and the nature of their freedom, and they defended the irreducible moral status of each and every person. At the centre of such thinking is the internationalist or, better, cosmopolitan view that human well-being is not defined by geographical or cultural locations, that national or ethnic or gendered boundaries should not determine the limits of rights to or responsibilities for the satisfaction of basic human needs, and that all human beings require equal moral respect and concern. The principles of equal respect, equal concern and the priority of the vital needs of all human beings are not principles for some remote utopia; they are at the centre of significant post-Second World War legal and political developments.

If 9/11 was not a defining moment in human history, it certainly was for today's generations. The terrorist attack on the World Trade Center and the Pentagon was an atrocity of extraordinary proportions. It was a crime against the United States and against humanity; a massive breach of many of the core codes of international law; and an attack on the fundamental principles of the sanctity of life, the importance of self-determination, and of human rights and equal liberty. After 9/11, the US and its allies could have decided that the most important things to do were to strengthen international law in the face of global terrorist threats, and to enhance the role of multilateral institutions. They could

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have decided it was important that no single group or power should act as judge, jury and executioner. They could have decided that global hotspots like the Middle East which feed global terrorism should be the core priority. They could have decided that the disjuncture between economic globalization and social justice needed more urgent attention, and they could have decided to be tough on terrorism and tough on the conditions which lead people to imagine that Al-Qaeda and similar groups are agents of justice in the modern world. But they have systematically failed to decide any of these things. In general, the world after 9/11 has become more polarized and international law weaker.

Enter the war against Iraq. Saddam Hussein was a tyrant who committed massive crimes against the Iraqi and Kurdish peoples, and countries close by. But Iraq was contained. It was no longer perceived as a threat by its immediate neighbours. The evidence of a link between Iraq and global terrorist networks was weak at best, and bordering on an absence highly embarrassing to both George W. Bush and Tony Blair. Prior to the war, the UN inspectors were doing their job. Disarmament was occurring. More time could have been granted – more time to save lives on all sides, to strengthen the international consensus, to nurture international law and to protect multilateral institutions.

The rush to war against Iraq in 2003 gave priority to a narrow security agenda which is at the heart of the new American security doctrine of unilateral and pre-emptive war. This agenda contradicts most of the core tenets of international politics and international agreements since 1945. It throws aside respect for open political negotiations among states (liberal multilateralism), as it does the core doctrine of deterrence and stable relations among major powers (the balance of power). We have to come to terms now not only with the reality that a single country enjoys military supremacy to an unprecedented extent in world history, but also with the fact that it can use that supremacy to respond unilaterally to perceived threats (which may be neither actual nor imminent), and that it will brook no rival. The Clausewitzian dictum that in matters of war and peace ‘the mistakes which come from kindness are among the very worst’ is actively affirmed by this doctrine.

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As an agenda focused on a narrow conception of security, the new American security project displaces a much more urgent focus on a broad conception of human security, based on establishing the essential conditions for human well-being and development. The US-led coalition, in pursuing first and foremost a military response to 9/11 and a war against Iraq, chose not to prioritize the development of international rules and UN institutional arrangements; and not to emphasize the urgency of building bridges between its geoeconomic and geopolitical interests and the priorities of political and social justice, which could have helped centre attention on the full gamut of threats to humankind – physical, biological, social and environmental. Moreover, the US-led coalition chose not to address the crisis of legitimacy of international institutions. Increasingly, these institutions appear either to speak for the powerful, or to be cast aside by these very same forces if they fail to fall into line with their will. And their reputation is damaged daily by the contradiction between the huge concentration of resources and personnel seeking to restore and reshape world order after the 3,000 lives were lost on 9/11, and the failure to mobilize a sustained effort to address life's daily carnage – the death of 30,000 children under five who die of preventable diseases. Shocking though this figure is, it would be even more appalling if we built into it the loss of life from threats such as global warming, killing people through heat waves, floods and storms (Houghton, 2003).

The strategy of war against Iraq, in the context of the Bush administration's doctrine of pre-emptive war, compounds anxieties about a world order moving rapidly towards a breakdown of law, respect for political autonomy and human rights. We see what this situation looks like all too clearly in the daily life of the Middle East. The intense pattern of extrajudicial outlaw killings (organized, targeted murders) on both sides of the Israeli–Palestinian conflict returns those lands to Hobbes's state of nature: the 'warre of every one against every one' – life as 'solitary, poore, nasty, brutish and short'. Peace in areas like the Middle East has been singled out occasionally as a priority by some Western leaders, but there is little sign as yet that this is part of a broader rethinking of foreign and security policy in the Middle East, and

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of the role of the West in international affairs more generally. These are political choices and, like all choices, they carry a heavy burden of possibility and lost opportunity.

Some American commentators, notably Robert Kagan, have reflected on the US as a necessary Hobbesian sovereign, providing security and protection to a world in need of conflict management and conflict resolution (2003). Concomitantly, he interprets the EU as a Kantian haven of peace and economic exchange, albeit parasitic upon the Hobbesian protector. In fact, current US strategy is best perceived as *pre*-Hobbesian because it betokens a return to the state of nature. Hobbes conceived of sovereign power as justified in so far as it delivers security, safety and a 'commodious' life to its people. The US strategy does none of these things, endangering its citizens (especially abroad), further dividing and polarizing international affairs, and weakening the international institutions of peace and justice.

For those who, like myself, are not pacifists and recognize the obvious dangers posed by the new terrorist networks and rogue states, and who reject the position of the current American administration and the British government, it is urgent to confront the issues which inevitably arise in this context. The following questions need addressing: What are the connections between the economic, political and security realms in our increasingly global age? How should we mould public institutions to regulate and manage these connections? And under what conditions should legitimate coercive power be wielded, to what ends, and by whom?

In the destructive climate of the current global order, there seem to be only a few plausible answers to these questions. If one objects to the answers inspired by George W. Bush, then one has to look elsewhere. As things stand, the EU has no coherent position on these matters, and no credible defence and strategic capacity to offer at this time. And while the UN may sometimes proffer a sound vision, it certainly lacks institutional mechanisms to resolve public crises effectively.

So what compelling options are there? Or, to put the matter in terms I will use later, is there an alternative to the Washington consensus, understood here as both a specific, US designed neoliberal economic project and, more broadly, a political project

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which underwrites the current US administration's unilateralist ambitions.

This book seeks to answer this question by setting out an agenda for addressing some of the most pressing global problems. It does so by examining how our global order is changing; how globalization is and is not reshaping our lives; how global governance can help – and hinder – political and economic development; and how a certain set of values – social democratic values – remains indispensable to a sound and feasible agenda for global change. While the volume does not shrink from addressing the question 'What options are there?', it seeks to do so within an understanding of the changing economic and political context of world order. Wisdom suggests that there was an alternative way to respond to 9/11 and the threat of Saddam Hussein, and it is not yet too late to learn. The alternative lies in a comprehensive yet practical programme of political, social and economic reform – a new global covenant for our global age. Such a covenant would be the basis of a rule-based and justice oriented, democratic multilateral order.

In order to grasp this alternative, the changing structure of the global order has to be understood. To this end, the book is divided into three parts: economics, politics and law. In each part contemporary trends are analysed, problems confronted, and a series of detailed policies set out. The aim of the book is to focus on feasible and effective policy choices which could lead to a progressive transformation of global affairs. Against the ideologues who are wholly in favour of or hostile to globalization, this book shows how global processes can be better regulated to help deliver human development, equitable economic change, democracy and justice.

DH

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Abbreviations

AIDS	Acquired Immune Deficiency Syndrome
APEC	Asia-Pacific Economic Cooperation
ARF	ASEAN Regional Forum
ASEAN	Association of South East Asian Nations
BIS	Bank for International Settlements
BIT	bilateral investment agreement
CAP	Common Agricultural Policy
CBD	Convention on Biological Diversity
CEPR	Centre for Economic Policy Research
CFCs	chlorofluorocarbons
CITES	Convention on International Trade in Endangered Species
CSD	Commission on Sustainable Development
CTBTO	Comprehensive Nuclear-Test-Ban Treaty Organization (Preparatory Commission)
ECLAC	Economic Commission for Latin America and the Caribbean
EU	European Union
FAO	Food and Agriculture Organization
FATF	Financial Action Task Force
FDI	foreign direct investment
FSF	Financial Stability Forum
G5	Britain, France, Germany, Japan, USA
G7	Group of Seven (leading industrial nations): Canada, France, Germany, Italy, Japan, UK, USA
G8	Group of Eight: G7 plus Russia
G11	Group of Eleven: G7 plus Belgium, the Netherlands, Sweden, Switzerland
G20	Group of Twenty: G7 plus countries regarded as ‘emerging markets’
G21	Coalition of developing countries: Argentina, Bolivia, Brazil, China, Chile, Columbia, Costa Rica, Cuba, Ecuador, Egypt,

Abbreviations

	El Salvador, Guatemala, India, Mexico, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand and Venezuela (joined latterly by Nigeria)
G77	Coalition of southern, developing countries
GATS	General Agreement on Trade in Services
GC	Global Compact
GDP	gross domestic product
GEF	Global Environment Forum
GINs	Global Issues Networks
GNP	gross national product
HIPC	highly indebted poor country
HIV	human immune deficiency virus
IAEA	International Atomic Energy Agency
IASB	International Accounting Standards Board
ICAO	International Civil Aviation Organization
ICC	International Criminal Court
ICISS	International Commission on Intervention and State Sovereignty
ICJ	International Court of Justice
IFI	international financial institution
IGO	intergovernmental organization
ILO	International Labour Organization
IMF	International Monetary Fund
IMO	International Maritime Organization
INGO	international non-governmental organization
IOSCO	International Organization of Security Commissions
IT	information technology
ITU	International Telecommunication Union
LDC	less developed countries
MARPOL	Marine Pollution convention
MEA	major economic area
MERCOSUR	Southern Cone Common Market (Latin America)
MNC	multinational corporation
NAFTA	North American Free Trade Agreement
NGO	non-governmental organization
NIC	newly industrializing countries
OECD	Organization for Economic Cooperation and Development
OPCW	Organization for the Prohibition of Chemical Weapons
PBEC	Pacific Basin Economic Council
PPP	purchasing power parity
SIPRI	Stockholm International Peace Research Institute
TRIPS	Agreement on Trade-Related Aspects of Intellectual Property Rights
UIA	Union of International Associations
UN	United Nations