

Introduction

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The concept of globalization has by now generated a vast array of critical and analytical writings all over the world—enough to occupy a whole room in the newly built Bibliotheca Alexandrina; the library, which strives “to become a non-profit center of learning and research at the national, regional, and international levels, with a view to reviving the glory of the ancient Library of Alexandria, which for six centuries was the center of world learning, and promoted universal knowledge. It was a beacon of science, rationality, tolerance, and philosophical diversity in a world of bigotry and superstition.”¹

Many critical interpreters of contemporary social affairs have stopped reading new volumes on globalization because they contend that the notion of globalization has emptied itself as the meaning of the term is endlessly stretched. The other part of the public engages itself in the debates on globalization even more intensively than before. Social theorists, policy advisors, media commentators, non-governmental activists, and business gurus express their own understandings of global issues by reflecting upon, but sometimes erroneously neglecting, each other. Authors of this volume, with other professionals and activists, came together to a conference organized by the Central European University (CEU) in Budapest in October 2001 with the assertion that critical commentaries on globalization still have a genuine place in intellectual and policy debates. Resonating with the title of the conference, identical with that of this volume, the authors believe that multilateral dialogues and policy initiatives could and should contribute to reshaping the course of globalization.

1. From Transition to Globalization

CEU is a young graduate educational and research institution that has a strong transnational identity and constituency. In the first ten years of its oper-

1. See Ismail Serageldin's presentation at <http://www.serageldin.org/frameBibAlex.htm>. Website accessed on January 19, 2003.

ation, the University focused on explaining the wholesale social changes in Central and Eastern Europe and the Newly Independent States triggered after the *annus mirabilis* of 1989. By the end of the 1990s, this regional focus became challenged by the growing conscience that social and political forces behind post-socialist transformations could not be purely explicated by and within the history of the region. The enduring interest in the legacy of the recent past could not prevent the CEU community from acknowledging that the hopes for fast, relentless, and peaceful social and economic progress, embracing the entire humanity following the Cold War, is fading away. The wind of transnational processes, which due to their unprecedented intensity and complexity in the 1990s deserve the distinctive term 'globalization', is also sweeping through this part of the world, often with chilly gusts.

Since the much publicized demonstrations against the WTO in Seattle in 1999 and subsequent street protests against high-powered meetings of international financial institutions, citizens, activists, and public intellectuals form the right and claim the space for expressing their critical views on globalization. Discontents with the outcomes of globalization in the 1990s, proposals for more pluralistic forms of decision-making, and radical solutions to global inequalities are discussed through clashes and dialogues among different actors. In post-socialist countries, the public media and critical debates did start to reflect upon these clashes and dialogues after the Seattle debacle, yet major social discourses are still dominated by the discrepancy between the high hopes of leaving state socialism behind and the often disappointing outcomes of embracing capitalism. It is primarily the antagonistic viewpoints in the globalization debates that have reached the public in this part of the world. Advocates of free market liberalism and local chapters of transnational civic movements have already stood up to voice their views. In the mainstream currents, however, global issues are restricted to EU accession and NATO enlargement as if those transnational creatures were self-contained realms. The disappointment with the post-1990 transformations seems to draw a veil on the public conscience over issues of extreme poverty, debt relief, and environmental protection on a global scale, as if those problems belonged to another planet.

The academic community of CEU realized that there was much more to scrutinize even from within the post-socialist world about the enhanced interconnectedness of the world in the 1990s. For example, it is impossible not to notice that the European Union accession process creates new divides among countries formerly tied together by oppressive regimes and reconfigures economic and political alliances across Eastern Europe, Asia, and even the Middle East. The discovery of the Central Asian countries by the multinational compa-

nies, extracting natural resources through relying on authoritarian local political regimes, generates new obstacles to turning these countries to truly democratic and progressing societies. The aftermath of the terrorist attack on September 11 raises concerns with the way in which issues of civil liberties and global security are posited against each other in transnational political debates and practices. All these changes are embedded into a 'new world order', in which only one, basically uncontested, superpower prevails.

CEU's growing conscience of global issues was intensified by the encounter with the sophistication and depth of the scholarly work done by the Centre for the Study of Globalisation and Regionalisation (CSGR) at the University of Warwick,² and also with the compassionate and provoking thoughts of George Soros, Chairman of the Open Society Institute and Soros Fund Management, and the founder of CEU, on crucial currents of global capitalism. In the spring of 2001, the decision was made that the 10th anniversary of the University should be celebrated by a conference addressing outstanding issues of globalization. The original and modest aim was that, in a joint effort, CEU and CSGR bring together scholars, international policy makers, from both the public and private domains, and significant players from within the transnational civil society to look at how a constructive dialogue between advocates and opponents of globalization might be developed.

As discussions on the conference program advanced, organizers learnt that George Soros, with the assistance of Karen Lissakers, the former US Executive Director of the IMF, was working on his own 'white paper' on globalization. The destruction of the World Trade Center towers in the attacks on September 11 added a new and dramatic dynamic to the debate about globalization. It became evident that multilateral dialogues are necessary but insufficient conditions to halt radical, often violent, resistance to globalization and to turn its benefits to the service of the many. Therefore, the conference program ventured more daringly to combine critical and policy thinking in distinctive areas of the global agenda. Organizers invited the former Mexican President Ernesto Zedillo to introduce his paper *Recommendations of the High Level Panel on Financing for Development* prepared for the United Nations in 2000, Catriona Laing, the representative of the UK Department for International Development (DfID) to bring the Department's white paper *Eliminating World Poverty: Making Globalisation Work for the Poor* for a critical scrutiny of the conference, and George Soros to present his white paper on globalization, which since then has been writ-

2. See the rich website of CSGR at <http://www.csgr.org>. Website accessed on January 19, 2003.

ten up to a book.³ Organizers also commissioned a paper from Susan George, a highly respected figure of the transnational civil movement called ATTAC,⁴ who drafted her *Planetary Contract* specifically for the conference. The diverse convictions, styles of reasoning, and target audiences of these key texts brought about provoking yet inclusive discussions at the conference and in this volume.

Recently published textbooks offer thorough reviews of the conceptual—sometimes confusing—thickness of the notion of globalization, and the way in which it becomes intertwined with interpretations on late modernity, post-modernity, and new currents in post-colonial critique.⁵ Captivating theories have been developed to shape media commentaries and class-room discussions on shifting power relations and changing distribution of sovereignty in world polity (Held, 1995), on global risk society and its ubiquitous uncertainties (Beck, 1999), network society in the information age (Castells, 1996), cultural hybridization (Hannerz, 1996), civilization clashes (Huntington, 1996), just to name a few. Powerful binaries such as ‘global wealth vs. local poverty’, ‘transnational capital vs. local labor’, ‘society of winners vs. losers’ are promulgated by social theorists, anti-globalist movements, and high-powered political meetings as well. Intriguing discussions unfold on how the globalization process in the last two decades of the 20th century has changed the concept of the cosmopolis, originally imagined as an extra-territorial space to be experienced from different localities. It is a favorite subject of inquiry how the idea of internationalism, driven by the common matters of nation states, has become challenged by actors above and under the level of the nation state. It also generates major intellectual anxiety on how globalization changes the production of universal and local claims on good society.

With due respect to these endeavors, organizers neither sought a new interpretation of the concept of globalization, nor did they intend to provide a critical catalogue of already applied interpretations. Instead, they agreed on pursuing an approach best described by Richard Higgott, Professor and Director of CSGR, in his comprehensive report on the conference: “... ‘globalization’ has become one of the most normatively charged and politically contested concepts in day-to-day usage across the range of the contemporary policy process. For some it is the source of all that is modern, progressive and good in the post-

3. All these documents are available on the website of the conference: www.ceu.hu/cps/globconf. See also Soros (2001).

4. ATTAC stands for Association for the Taxation of Financial Transactions for the Aid of Citizens.

5. See, for example, Held and McGrew (2000), Higgott and Payne, eds. (2000), Inda and Rosaldo (2001), and Scholte (2000).

Second World War political economy. For others it is the major source of inequality, poverty and indeed, general societal dissonance.” Accordingly, if all the positive aspects of globalization were to survive other than by force, they must not only be effective, but legitimate as well. In order to be legitimate, globalizing processes must satisfy standards and expectations concerning social justice, respect for human rights, and the protection of local communities and cultures, especially in developing countries. Globalization must develop suitable institutions that are open and transparent while being capable of regulating according to acceptable standards (Higgott and Robotti, 2001: 8–9). The organizers of the conference followed Higgott’s account in translating the catchphrase ‘globalization with a more human face’ to articulate concepts.

It is a commonly voiced argument by critical globalists that humanity witnesses the widening gap between the universalistic rhetoric of human development and the reality of uneven impacts globalization. “Both global opportunities and global risks have outpaced global policy,” admits a key report on globalization by the World Bank, published soon after the CEU conference (World Bank, 2002: 1). Noticing the urgency of tone in addressing the adversaries of globalization, the CEU conference agenda was based on the conviction that new alliances and coalitions can be formed among the governments, the corporate sector, and civil society in new and inclusive ways. New combinations of players, building coalitions around a common good, may succeed in providing both the integrated thought and action necessary to shape the processes of globalization constructively, as well as ensuring that democratic institutions are strengthened at the global level. In the spirit of the conference discussions, this volume endorses an intellectual position, which resists apocalyptic imagery and upholds the quest for democracy, the rule of law, and prosperity in a global social space.

2. From a Conference to a Volume

To further the debates on globalization constructively, the conference program intended not only to reveal the dark sides of globalization and the perverse incentives it often generates, but to contemplate the possibilities of positive actions as well. Although relying on different styles of reasoning and intellectual backgrounds, keynote speakers of the conference, Ernesto Zedillo and the philosopher John Gray, spelled out that a new chapter in the history of globalization should be opened. In an explicit language, global capitalism needs a visible hand that corrects the misallocation of private and public goods and ensures that the benefits of global capitalism are more evenly distributed among locali-

ties. This account was welcomed by vigilant critics of globalization, represented at the conference by Susan George and Waldon Bello, as well as the international financier and philanthropist, George Soros. Gray went even further and also proposed that it is essential to sharply distinguish between the idea of the worldwide free market and the process of globalization. The global free market is a political project that is not much more than a decade old; globalization dates back at least to the 19th century, when transatlantic telegraph cables provided, for the first time, an instant link between markets in Europe and North America (Gray, 2002). This account resonates both metaphorically and conceptually with a report on global social development issued by the United Nations Research Institute for Social Development with an evocative title *Visible Hands*. The report stresses that “the invisible hand of the market may be able to keep the global economy turning. But it takes the human hand to guide it in the most productive direction and to fashion a world that is socially inclusive, transparent, and democratically anchored” (UNRISD, 2000).

Soros and Gray, in their critical writings published before and after the conference, like-mindedly condemn the belief in the omnipotent power of free market forces. In a article subsequent to the conference, Gray proposes that “Contrary to the cranky orthodoxies of market liberals, capitalism does not need a worldwide free market to thrive. It needs a reasonably secure environment, safe from the threat of major war, and reliable rules about the conduct of business. These things cannot be provided by the brittle structures of the global free market” (Gray, 2001). Soros argues that the magic of the marketplace is the dominant belief in Western societies, and therefore, the threat of *laissez-faire* ideology is more potent for transitional societies than that of totalitarian ideologies. Soros also criticizes the dominant view of market fundamentalism resulting in a misallocation of private and public goods (Soros, 2001: 4). As the discussions at the CEU conference powerfully revealed, for understandable reasons, those who work for international organizations and national governments are less concerned with the impact of market fundamentalism and neoliberal thrust, than are the social critics. Serving institutions that are designed by political will and human design, these people rightly feel that their activities are not driven by the blind forces of the market or a pure *laissez-faire* ideology. Nonetheless, views converged at the CEU conference that not all conceptual and practical tools controlling the market forces were proved successful in the 1990s, thus new ones are needed.

Revolving around distributive and governance aspects of global policy issues, the conference discussions put on the agenda the growing discontent with the international financial and developmental agencies. Not believing in active malice and willful negligence, participants tried to give an articulate response to the

popular feeling that the three major international financial institutions (World Bank, IMF, WTO) are ‘the three prongs of the Devil’. Although street protests of the anti-globalist movements have particularly targeted the WTO and the G–7 and G–8 meetings since 1999, refined accounts concentrate more often on the IMF. These views hold that the IMF tends to reinforce boom-and-bust cycles, and it pushes countries into recession by forcing them to raise interest and cut budgets. This is exactly an opposite economic strategy of what the US government and the British Labor government are following. Informed policy debates also address the major controversies that international trade organizations, in particular the WTO, generate. These organizations are not designed to deal with the social problems they create or neglect. They produce a legal system in which international trade and competition laws operate as a *de facto* constitutional order on a global scale—without having the spirit of constitutional arrangements.⁶ There are diverging views, expressed at the CEU conference as well, whether to give a much broader mission to the WTO or empower other organizations instead to develop ways of striking a good balance between free trade and public goods, such as clean environment, social safety, and labor standards.

It is evident that market fundamentalism and neoliberal orthodoxy is not the only force to blame. Globalization debates shed light on the fact that central governments, particularly in the developing world, often cold-headedly divert public revenues and pass them into the hands of corrupt local elites. Paradoxically, these wrongdoings are frequently due to a lack of real state authority. These governments may seem to be too weak to abuse their power. But the case often is the opposite: weak states tend to neglect human rights and the public interest to ensure the shaky basis of their power. The experiences of post-socialist transformation in Central and Eastern Europe and the former Soviet Union could give important empirical evidences to prove this thesis. An omnipotent and, for this reason, ineffective communist state has been quickly replaced with a paralyzed and differently inefficient post-communist state. The state power remained strong in areas where it should not have been, and remained weak where its intervention would have been essential. Some governments of these countries faithfully followed IMF and World Bank policy advice in the 1990s, yet they did not promote more responsible and efficient governance. Far from that, some of them have become captured by monopolists and sometimes criminal groups of the new rich.

A balance sheet of the consequences of globalization calls for ideas for change. But the simple question arises if it is possible to change those forces that caused the harmful outcomes of globalization. The most pressing query is how

6. See for example a full-fledged discussion of this discrepancy by Alain Supiot (Supiot, 1999).

one could change policy convictions, in fact many times policy orthodoxies, having insidious impact on the general well-being of people? Following a streamlined agenda of the conference, this volume revolves around five major themes. The sequence of these themes elicits a course of thinking from a critical review of global exchange of knowledge, through outstanding issues of global redistribution of growth and assets, to ideas on governance innovations.

2.1 Production of Global Knowledge

Although the conference primarily highlighted some distinctive policy issues of globalization, it gave a forum for participants to comment on how globalization is paving the way for both domination and plurality in the domains of knowledge production. From the point of view of reasoned policy debates, it is crucial how technocratic knowledge, easily available for transnational exchange, encounters with different local understandings of social realities. It also deserves a critical scrutiny how the distribution of technological development creates differential access to the advantages of global knowledge production and exchanges. Studies in this section of the volume ask who has the authority to make truth claims, who has the capacity to distribute knowledge, and who controls the language of knowledge production in the global arena.

Diane Stone argues that the production of knowledge on globalization itself has become global through networks of institutions and groups of people using the same writings and documents as reference points. Global public policy networks have emerged around policy issues that necessitate transnational exchange of ideas. Stone illuminates the progressive potential of these networks: they encourage experiments and multi-stakeholder cooperation. Nonetheless, the local domains of global knowledge production deserve special attention. Tensions and competition often arise between international and local policy experts groups. Daniel Dor speculates on the legitimacy of fears from language extinction in the global era. He warns that the international marketing industry has become interested in preserving local languages and thus penetrating into new local markets by the means of information technology. The outcome is an imposed multilingualism, which takes over much of the control held previously by the nation-state over setting linguistic standards. Due to the process of technological standardization, written language becomes more authoritative than oral language, which is spoken by the majority of nonprofessionals.

2.2 *Social Values and Public Goods*

It is often voiced that globalization based on the march of free market and liberal economic policy does harm to the production and maintenance of principal public goods. As a matter of fact, few would argue that free market in itself promotes a smooth path towards material equality between classes, genders, and regions, or towards clean environment and respect for human rights. It seems that the nation states are not any more, transnational institutions are not yet powerful and resourceful enough to take on this stewardship. Many commentaries express the fear that globalization generates a race to the bottom in which governments curtail spending on education and social safety nets, which only higher taxation levels could support. It is debated what is the right size and shape of a public sector, which is efficient enough to tame the unwanted effects of globalization and consonant with local institutional traditions, and how the lessons drawn from restructuring the welfare state in the 1990s could be instructive in the new Millennium.

Bob Deacon's essay offers arguments and empirical evidence to prove that the universal welfare state is compatible with globalization. In the Nordic countries, high level of taxation goes together with global competition. Deacon also explicates North–South tensions in discussing how public goods are to be protected in global trade. Many Southern governments and NGOs oppose the messages and normative policies of Northern advocacy groups, especially in labor and environmental affairs, for having detrimental consequences on local employment and economic growth. Instead of promoting Western values disguised in global standards, Deacon proposes to investigate the policy potentials of new forms of universalism, different from those of the West. Discussing public security as a chief public good, especially due to the consequences of September 11, Andrew Mack suggests that conflict prevention should look beyond the national security paradigm in order to understand the causes of violent conflicts in the world. Local knowledge is needed to prove the validity of generalizations that international aid and developmental institutions make.

Shalini Randeria explores the effects of global policy trends in developing countries, where poor communities often survive on their free access to the public goods. National governments develop economic policies based on transnationalization and privatization of these public goods, as it happens in India, for example. Randeria's analysis suggests that one should contest the notion of the 'victim state' frequently echoed in globalization debates and introduce the concept of the 'cunning state'. In contrast to much of the globalization literature, which emphasizes the increasing marginality of the state in the face of the global capital, Randeria

argues that the state and its policies continue to play a pivotal role in transposing and shaping neoliberal globalization. Ivan Krastev suggests that the prevailing policy thinking misunderstands the effects of anti-corruption campaigns in Eastern Europe and by this blurs the prospects for establishing a rule of law culture. The crucial reason for this misunderstanding is a misreading of the nature of the public's anti-corruption sentiments. Anti-corruption sentiments are driven not by the actual level of corruption but by the general disappointment with the social and economic changes, and rising social inequality. This deep disappointment undermines the legitimacy and trust in public institutions. Then policy choices will be embedded into moral discourses to the extent that politics is reduced to the choice between corrupt government and clean opposition. Corruption-centered politics is one of the explanations for the observable transformation of East-European democracies into protest-vote democracies.

2.3 The Global Trade System and Development

Although statistical data proves rather than undermines the thesis that free trade, economic development, and wealth creation went together in the last two or three decades, few would deny that free trade is an insufficient condition for growth. In addition, free trade invokes the fear that instead of yielding to planetary integration, globalization connects powerful centers to subordinate peripheries, reconstituting the dominance of the West. Experiences of free trade under the tutelage of WTO revealed the uncertainty of global trickle-down effects and the injustice of differential rules institutionalized towards rich and poor countries. The growing concerns with its close-door operation weaken, if not undermine, the trust in the WTO and its assistance to the less developed countries.

Jean-Pierre Lehmann argues that Third World countries could not gain much from free global trade in the age of globalization. Yet, for its part the nationalist protectionism, which often favors the local rich and poses sanctions to other developing countries, did not bring progress. Connecting the issues of trade and public goods, Lehmann's caveat warns of hypocrisy and double standards when imposing absolute labor and environmental measures on developing countries. These actions often help the developed countries to take advantage of free trade at the expense of less developed countries. It is high time to consider that the government subsidies to agricultural sectors in OECD countries amount to some 300 million annually, which is approximately the size of the GDP of Sub-Saharan Africa. John Whalley discusses the perplexities of opening a new WTO trade round in November 2001 at Doha. He portrays the debates over the results of the Uruguay Round (1986–1994) for the developing countries as fail-

ing to produce a clear, agreed-upon standard to tell good from bad path towards development. Due to growing political mistrust, the proposed agenda for Doha, although it gives numerous possibilities for introducing issues of development, does not seem to convince the developing countries. In particular, developing countries are reluctant to address trade issues together with the issues of environmental and labor standards. The debates also reveal that it makes little sense to initiate a multilateral negotiation if the majority of countries still lack the elementary resources to effectively participating in the negotiations.

László Csaba investigates the broader economic context of global trade relations and analyzes the homogenizing and differentiating effects of globalization. Among the homogenizing tendencies, he identifies the spread of new management and organizational techniques, the pressure for more transparent rules for the capital markets, the environmental concerns becoming endogenous to production costs, and the internationally accepted codes of conduct related to international economic transactions. Among the differentiating effects, Csaba describes corporate governance culture, labor market regulations, civil service orientation, and the ethos of competition. This ‘divergence in convergence’ opens up a wide space for policy goals and arrangements, he argues.

2.4 New Sources of Funding and Reforming the Aid System

Throughout the 1990s, a simple rationalistic philosophy had a stronghold in the International Monetary Fund and the World Bank, which imposed identical policies on countries with vastly different histories, problems, and circumstances. There was only one route to modernity, the one defined by the advisors of these international organizations. In these days, there are clear signs that internal critical debates have started in many of the major developmental organizations, among them the IMF and the World Bank. The critical currents on aid policy ponder the acceptable level of Western contribution to aid missions, the efficiency of aid programs, and the dead ends that foreign aid often runs in, instead of paving developmental paths. Both insiders of and outsiders to international financial and aid institutions propose alternative sources of funding.

Jonathan Fried and Bruce Rayfuse assert that despite the 50 years of development experience, donors and recipients alike still do not know a lot about what exactly promotes development. Poverty reduction is not possible by wealth redistribution alone; one needs economic growth as well. In addition to aid money, macroeconomic stability and a strong financial sector are also needed to mobilize domestic savings. Fried and Rayfuse argue that the infamous Washington Consensus is not wrong, but incomplete. In addition to free trade,

one needs social investments, such as improvements in the health and education sectors. Vira Naniivska, by using the example of Ukraine, explains that charity-type western aid alone, without a systemic application of results-based management and incentives for structural transformation, leaves democratic institutions and rules fragile in the target country. Without rigorous control over the development program, the aid recipient country is unable to take advantage of globalization and risks losing public support for further democratic reforms.

Jean-Pierre Landau refers back to the problem of public goods and connects it to aid distribution. He draws the attention to the distinction between public goods and common goods. In strict economic terms, the use of public goods is non-rival and non-exclusive. As nobody is prepared to pay for their use and production, it is justified to finance them from public resources, including taxes. Some public goods are global by nature, therefore, it is reasonable to think of introducing international taxation on them. Landau reflects upon the much-debated idea of introducing a Tobin-type tax on transnational financial transactions and a carbon tax on the use of carbon related energy resources. The underlying assumption is the possibility of a double dividend, which would reduce harmful activities (speculation and pollution) and produce additional sources for international development. Landau also argues that common goods are rival, though non-exclusive: the overuse of open sea-lanes or air traffic space, for example, creates congestion. Therefore, despite the political and technical difficulties, it would be wise to contemplate taxing the use of these goods.

2.5 Need for a Global Governance?

Even if the global political space is unbounded in moral sense, devices of public decision-making should be established. Many critics impinge upon the much-echoed expression that the world needs ‘global governance without global government’. In optimistic accounts, global governance could heal fissures in the breach of polity pertinent to late modern societies. The culture of legality, constitutionality, rights, and democracy still seems to speak mainly through the nation-state. Yet, the nation state is not the only domain of democratic politics and reasoned policy debates. International organizations are prime targets of anti-global sentiments and their democratization is a captivating challenge. Equally importantly, national governments should be monitored and brought to task by transnational civil society organizations and groups which themselves also have the propensity to become key actors in global governance.

Cho-Khong argues that despite the fears of the lack of democratic control over the global economy, nation states still play a crucial role in redistribution.

But they are not enough to ensure a democratic control. Then the question arises: how to develop global governance without state governance? One potential avenue is to set rules to govern international systems based on common and shared values. Another possibility is to build strong regional institutions. Cho-Kong assumes that multinational enterprises would be partners in establishing innovative forms of governance, for example, in setting up a global anti-trust authority.

Susan George's contribution embraces several issues that this volume touches upon. She unmaskes the incorrect representation of the global citizens' movement in the mainstream media as a movement exploding with the Seattle affair and as being fascinated with defensive and destructive actions. She calls for introducing Keynesian interventionism into global economic affairs to achieve a Planetary Contract. In this frame of partnership, the global citizens' movement will monitor crucial objectives of planetary actions such as environmental damage recovery, anti-poverty measures, and democratic cooperation among different political actors. On behalf of the movement, George proposes: "Facing the despair that breeds hatred and terrorism, it is our responsibility to respond with a contract of hope and renewal. It is affordable and necessary. Citizens will stand behind. Another world is possible."

In Jan Aart Scholte's interpretation, globalization moves both upwards and downwards from state agencies, therefore, the territory-bound statist governance is weakening and authority becomes dispersed. Civil society organizations venture to raise normative issues of globalization such as human security, social justice, and sustainable environment. Entering more perplexed fields, civil society groups now also venture to scrutinize issues of global finance, international financial institutions, and their policies. Besides the well-known blessings, the dangers of the enhanced presence of transnational NGOs in the global polity are also evident. They may pursue privileges; could act ill-informed and misdirected; may dilute the critical elements of their activity; ensure arbitrary privileges to certain groups; act upon a narrow cultural base; and rely on undemocratic inner practices. Scholte warns of the potential adversities of civil society empowerment exactly in order to strengthen the blessings it could bring to global polity.

3. From Policy Debates to Policy Actions

Since the CEU conference, a number of high-powered meetings, policy forums and reports, supported or contensed by media and social campaigns, addressed the burning issues of globalization. With no intention to be compre-

hensive, it is worth drawing attention to some of them that revealed reasoned political dialogue, policy wisdom, or action plans towards more even prosperity in the globalized world.

Soon after the CEU conference, the World Bank released its report entitled *Globalization, Growth, and Poverty* summing up its account of the outcomes of globalization in the 1990s. The title mirrors a recent change in the rhetoric of the international development agencies by emphasizing that in addition to generate growth, poverty reduction is also a major global objective. According to the report, integration into the world economy is correlated with higher growth but one must be careful about drawing conclusions and causality (World Bank, 2002: 5). It is statistically proven that the more globalized group of developing countries (about three billion people) have produced the highest growth rates in the 1990s, higher than that of the developed countries. But the rest of the developing world produced little if any progress in the last twenty years and its two billion people are marginalized (World Bank, 2002: 5). World Bank analysts argue that while it is true that inequality has grown both in the more and in the less successfully developing countries, some of the largest developing countries (China, India, and Vietnam) demonstrated major achievements in poverty reduction. The report also acknowledges that global integration has short-term disruptive effects on the local labor markets. The report highlights the importance of complementary policies for social protection and education. This reasoning indicates a more refined approach to economic restructuring and development than that advanced previously by international financial institutions (World Bank, 2002: 14). It still causes widespread anger that international financial institutions do not respect the diversity of economic and political systems and promote 'one size fits all' policy actions. The language of the 2002 World Bank Report on globalization, however, demonstrates a readiness to depart from the idea of a single best institutional model for creating economic growth and stability.

In the arena of global polity, it is an interesting new trend that some World Bank experts try to develop a conscience and identity distinctively different from that of the IMF. In his recently published and celebrated book, Joseph Stiglitz, the former chief economist of the World Bank argues that the IMF is a public institution established by tax payers' money but reports to finance ministers and central bank officials controlled by complicated voting arrangements. Besides its shaky legitimation, its performance also warrants criticism. The IMF was originally created upon the belief that markets are imperfect, but the organization later shifted to promote market supremacy. Ultimately, the IMF failed to produce global stability in line with its global mission (Stiglitz, 2002: 12). If the United States had followed the IMF model, it would not have produced the boom in the 1990s (Stiglitz, 2002: 74).

In 2002 the foreign aid records of rich western governments show that despite the United Nations proposal to share 0.7 percent of their annual GDP with poor countries, very few Western governments fulfill their duties. Most conspicuous is the negligence of the US government that contributes a regrettably low percentage of the country's annual GDP for foreign aid. It was a much awaited move made at the high level developmental conference organized by the UN in Monterey, Mexico in March 2002 that President Bush announced to increase the US assistance to selected poor countries by 50 percent by the year 2006. This will amount to five billion USD per year from 2004. Many observers contend that this announcement was late and superficial as the result in absolute terms is very modest. With this new offer, the US will earmark 0.10 percent of its annual GDP for foreign aid, compared to the 0.39 percent delivered by Europe.

At the Monterey meeting, George Soros repeatedly advocated the idea of offering more money and ensuring better spending efficiency by Western and international donors, even if foreign aid remains a high-risk enterprise. Invoking the idea raised in his white paper presented at the CEU conference and his subsequent book, Soros proposed to use more effectively the already existing devices, for example the Special Drawing Rights (SDR) issued through the IMF. Accordingly, the US Congress should ratify USD 27 billion in SDR earmarked for infrastructure projects in the world's poorest regions (see Authers, 2002). The new SDR proposal envisions an overseeing authority over these funds that does not undermine the power of the nation state but saves the foreign aid enterprise from narrow state interests. Several developing countries have backed the SDR proposal of Soros but the potential donors so far have rejected it.

Later in the summer of 2002, an important cross-national initiative was announced to advance the reform of the international aid machinery. The proposal for establishing NePAD (New Partnership for Africa's Development) was put on the table of the G-8 summit in Kananaskis, Canada in June 2002. The project is the brainchild of five African leaders to enhance good governance, human rights, and working peace in the continent in return for increased aid, private investment, and reduction of trade barriers. The initiative envisages to donate 64 billion USD to African reforms and thus to achieve a seven percent annual economic growth rate in Africa. Unfortunately, against the hopes that this initiative may generate, in May 2000 President Bush signed a bill, which in the next ten years will provide an 80 percent increase of subsidies given to American farmers. This protectionist move demonstrates again the hypocrisy of Western countries in pressing developing countries to lift their barriers while keeping their own ones. One should not blame only the US in this respect; agricultural subsidies in Europe still surpass those provided on the other side of the

Atlantic. It is disappointing that in the ongoing debates on reforming crucial budget and governance issues within the EU, a substantial restructuring of agricultural subsidies was delayed by the 2002 EC summits. Thus, the European Union continues to support agricultural production and producers instead of shifting to rural development, social inclusion, and sustainable environment and by doing so, it keeps protecting its markets from the developing world.

At the end of the summer of 2002, the Rio Plus 10 World Summit on Sustainable Development started in Johannesburg against tremendous skepticism. The final political declaration of the summit resonates with some of the principal concerns of critical globalists. “We commit ourselves to build a humane, equitable, and caring global society cognizant of the need for human dignity for all,” asserts the declaration. It also admits that “[t]he deep fault line that divides human society between the rich and the poor and the ever-increasing gap between the developed and developing worlds pose a major threat to global prosperity, security, and stability.”⁷ Stepping beyond the binary rhetoric of the declaration, the summit resulted in major government commitments to expand access to safe water, proper sanitation and modern, clean energy services, as well as to reverse the decline of ecosystems by restoring fisheries, curtailing illegal logging, and limiting the harm caused by toxic chemicals. In addition to these commitments, many voluntary partnerships were launched in Johannesburg by governments, NGOs, and businesses to tackle specific issues. It is yet to be seen how these noble initiatives will generate partnership among Western and developing governments, international organizations, civil society initiatives, and the business community and whether enough resources will be found for their implementation.

In contrast with the promising tone of the Johannesburg Declaration and some clear foci of action defined, there is a stalemate to further some key environmental conventions, in particular the Kyoto Protocol. The protocol envisioned a five percent reduction of greenhouse gas emissions by 2012, but several scientists talk about the need of a 60 to 80 percent cut. As it stands today, by 2012 the protocol might reduce the emissions by only one or two percent of their 1990 levels. As there is a huge difference between the energy consumption of the developed and developing countries, the protocol puts the moral and economic burden on the wealthier. It seems rightly so: from the stroke of the new year to their evening meal on January 2, an average American family will consume, per person, the same amount of fossil fuel as a Tanzanian family uses in a whole year.⁸ The

7. See http://www.johannesburgsummit.org/html/documents/summit_docs/1009wssd_pol_declaration.doc

8. See the webpage <http://www.guardian.co.uk/analysis/story/0,3604,858298,00.html>

poor countries will not move until the rich countries promise both to take action at home, and provide realistic funds for adaptation. The geographical accident of birth could not justify enormous carbon emission privileges. Shrugging off international conventions on clean environment and sustainable development warrants critical reactions even if environmental concerns behind the major international conventions are most recently challenged by new currents of thoughts, to which vigilant counter-thoughts are immediately offered.⁹

Many domestic and foreign critics voice political and moral outrage because the US government does not behave as the only superpower in the world should. Although performing better in the ‘war against terrorism’ than the darkest scenarios envisioned after September 11, 2001, the George W. Bush leadership is practicing an unacceptable unilateralism in its foreign policy. It is not willing to recognize important international conventions, such as the International Criminal Court; it provokes even its close allies with its machismo towards Iraq. In so doing, the American government adds to the tensions that economic globalization has brought about. It is a vicious circle that the US is seen as an arrogant superpower and is blamed for all troubles and miseries of the world, whereas, by alienating its international partners, it will be anything but a superpower capable of tackling problems that globalization creates or does not solve. Harsh anti-Americanism in much of the developing world diminishes the chances for consensual and concentrated policy actions for a much more fair distribution of the privileges and burdens of globalization.

Despite the glimmer of hope that the high-powered summits and meetings saw in 2002, it is of paramount importance that many societies that had just tasted the fruits of globalization in the 1990s, like most of Africa and Central Asia, never got a second bite. China is perhaps the only country that has benefited unambiguously from open markets in the 1990s. Turkey and Argentina are in deep financial crises and suffer outflow of capital (Kahn, 2002). All critical thinkers of global matters should remember that rich countries are still reluctant to open up their markets for agricultural and textile products of the less developed countries. The annual private capital flows to developing countries fell from 300 billion USD in 1997 to just over half of this amount by 2001. Stock and bond markets draw more money out of developing countries than they put in. As Marc Malloch Brown, the Administrator of the United Nations Development Program pointed out in one of his recent talks, over four-fifths of the money that did go to the developing world went to just ten countries. The rest, particularly poorest of the poor—the fifty Least

9. A Danish economist, Björn Lomborg has made one of the most provoking statements on global environmental affairs (see Lomborg, 2002). Lomborg criticizes many of the hyperbolic statements that environmentalists have made over the years. For a critical commentary on Lomborg’s book, see Raven (2002).

Developed Countries—got almost nothing.¹⁰ This latter data appears even more dramatic if one gives credit to Dani Rodrik's thesis that it is not free trade but investment and subsequent accumulation of physical and human capital that helped the successful ones among the developing countries in the 1990s. One should also add that Rodrik warns of capital flow fetishism. Countries with an established rule of law, civic and political liberties, effective social safety net, institutions for conflict management do much better in responding to economic hardship (Rodrik, 1999: 88).

As the economist, Martin Wolf cautions, although globalization is mainly to make the territorial confinement of life loose or even virtual, borders matter more than ever before. The potentials for the pursuit of happiness depend on the very location where one is born. For countries in the poverty trap the future is a vicious spiral of gloomy economic conditions, poor governments, low human capital, and scarce infrastructure. However fashionable and gratuitous it has become to refer to Botswana as a splendid example of success story, failure stories are more numerous (Wolf, 2002). Despite the guilty conscience that many Western-based social critics, like Wolf, have developed, several economists warn that it is doubtful if making the rich poorer would make the poor richer. This caveat may well be valid. But it is impossible to control the spread of destructive technologies, to create global security, and to tackle organized crime and terrorist networks without cooperation between the rich, the successfully developing, and the marginalized countries. To that end, it matters how the developed world expresses its willingness to share the privileges and assets of the global wealth, and more significantly, how the developed world implements real actions to eradicate extreme poverty in a more committed and efficient way.

4. Access to Knowledge

The Central European University, in close alliance with its sister institution,

10. See the webpage <http://www.undp.org/dpa/statements/administ/2002/september/20sep02.htm>

11. The numerous nonprofit foundations created by the philanthropist George Soros are linked together in a loose network called the Soros Network. At the heart of this network are the 'national foundations', autonomous organizations active in more than 50 countries around the world, principally in Central and Eastern Europe and the former Soviet Union but also in Guatemala, Haiti, Indonesia, and West and South Africa. All of the national foundations share the common mission of supporting the development of open society. The Open Society Institute (OSI) based in New York and the Open Society Institute–Budapest (OSI–Budapest) assist the national foundations by providing administrative, financial, and technical support, as well as operate initiatives ('network programs') to address crucial policy issues, more and more with a global scope. Currently a major geographical shift is occurring in the Network: human and financial resources are reduced in the EU accession countries and enhanced in other developing regions of the world. See more on the website of the Network: www.soros.org.

the Soros Network¹¹, is committed to articulate critical and policy views in the global public sphere. Stemming from its genesis and location, CEU has specific responsibilities and distinctive intellectual resources to contribute to reshaping globalization. In Central Asia and the Caucasus, the University, hand in hand with the Open Society Institute, advises the transformations of educational institutions sought to renew the human capital indispensable for economic and social development. The CEU has put on its research agenda the problem of state capture by key sectors of industry, often in monopolistic position, which creates a perplexed developmental path in different corners of the post-socialist world as well as other developing countries. The academic community of CEU is prepared to bring policy actors, critical thinkers, and scholars together to examine the subtle issues of creating new borders by the European integration. The recently established Convention for the Future of Europe will be a prime test case of inclusive transnational politics within the developed world. New comparative research projects designed by CEU scholars will uncover the possibilities of reasserting moral considerations in economic exchange and thinking, and pursuing universal human rights amidst the plurality of voices defining the concept of rights. The University is opening new windows to cooperate with international actors, who have the steely determination to embrace the Arab world in global democratic transformations. CEU is also open to share its critical thoughts on building good governance in societies where political culture is weak and the tradition of modern public service is sporadic at best. Finally, the University enters into the globalization debates with an undisturbed conviction in the ‘open society’ tradition of the broader Soros Network, which promotes the values of free speech, fairness, and human rights in any political discussion and policy action.

Some recent initiatives of the Soros Network cast light upon how the ‘open society’ tradition reverberates in new global engagements. For example, the imbalanced relations between international corporations and local societies of developing countries recently inspired a quickly emerging campaign. The capacity of the state to shape policies that serve the public good depends on revenues coming from major sectors of the economy. In countries where the exploitation of natural resources gives the bulk of central state revenues and the government has little democratic propensities, the revenues often become the honey pot of local elites and leaders. Few of these countries’ citizens benefit from this financial windfall because of government corruption and mismanagement. The *Publish What You Pay* campaign, initiated by Global Witness and George Soros, aims to help citizens hold their governments accountable for how these natural resource-related funds are managed and distributed. A coalition of more than 60

NGOs, including the Open Society Institute, invites wealthy countries' governments to require transnational extraction companies to publish net taxes, fees, royalties, and other payments made so that the civil society could more accurately assess the amount of money misappropriated and lobby for full transparency in local government spending.¹¹

The Information Program of the Soros Network has recently announced the *Budapest Open Access Initiative* to eliminate the dominance of expensive scholarly printed journals available only by subscription. The initiative is based on the conviction that internet should be a public good which makes available the worldwide electronic distribution of the peer-reviewed literature completely free for all scientists, scholars, teachers, students, and other curious minds. To support open access to international research and scholarship, the Network will provide funding to support the publication of articles by authors residing and working in countries where the Soros Network is active in open-access and peer-reviewed online journals. It is assumed that removing the barriers to access to this literature will accelerate research, enrich education, share the learning of the rich with the poor and the poor with the rich, make this literature as useful as it can be, and lay the foundation for uniting humanity in a common intellectual conversation and quest for knowledge.¹²

This latter initiative brings us back to a new global center of knowledge production, where we virtually placed the globalization literature at the outset of this preface. It is the Bibliotheca Alexandrina, which envisions itself as a new global center of learning. It signals an interesting move that Ismail Serageldin has been appointed as the first general director of the library. Serageldin previously served as the Vice President for Environmentally and Socially Sustainable Development at the World Bank for a long time. He is acknowledged as a devoted leader of major international research and consultative groups engaged in rural development, anti-poverty measures, micro-credit programs, water management. To the provision of these public goods globalization offered an ambiguous stewardship in the 1990s. It is fair to call him a critical globalist. With his new position, he could become a catalyst of transnational encounters between critical texts of the humanity and problem-solving proposals to foster a fair and sustainable global development. His message should bring a profound encouragement to those who are not afraid of the uncertainties and difficulties of building a new course of global development. "To dream and to act on those dreams is the key to a better future. But we must be hard-headed and pragmatic as well.

11. See more information on the campaign's website at <http://www.publishwhatyoupay.org>.

12. See the website of the initiative at <http://www.soros.org/openaccess>.

Let us hold up a mirror to ourselves and say: is our analysis of the issues adequate or not? So what is the agenda for action?" (Serageldin, 1999).

By publishing this book, the Central European University is pursuing a pivotal role in preparing young talented people to secure the tools of understanding the perplexed issues of globalization. As Rector Elkana pointed out in his foreword to the conference report, an ambitious educational aim must guide the university leadership: it is to raise young people so that they are able to adapt to the various forms of tension and contradiction they are likely to face when understanding globalization and the place of their own society in it. Young people should understand that there are no black-and-white solutions on the horizon. They have to learn to live with contradictory values, with tensions between their loyalties to nations, religions, and the concept of a global open society (Elkana, 2001: 5).

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