

# The globalisation wars: Cheerleaders, cynics and critics

BY ANATUL ISLAM

**T**HE conventional wisdom is that globalisation is a benevolent process that links rich and poor nations primarily through unfettered flows of goods, services and capital and engenders shared prosperity. Poor nations are urged to adopt a standard policy package of macroeconomic prudence, deregulation, privatisation and liberalisation - often called the 'Washington Consensus' - in order to foster linkages with the global economy.

Unfortunately, the conventional wisdom has been under attack from various directions. The prevailing orthodoxy seems to be under siege due to a constellation of paradigm-transforming events. These include the trauma of the transition economies in Eastern Europe, rather modest outcomes in Latin America despite decades of reforms, the 1997 financial crisis in East Asia, the end of the 'golden age of growth' under Bill Clinton and a raft of corporate scandals in the USA. The latter in particular has tarnished America's image as a worthy exemplar of free market capitalism. The costs and benefits of globalisation are now the subject of heated debate. There is also a conspicuously uncertain

climate of international relations triggered by the tragedy of '9/11'. Two military invasions (Afghanistan and Iraq) have followed from it. This debate on globalisation or 'the globalisation wars' as Barry Eichengreen calls it represents contested views on how the international community wishes to be governed.

One way to conceptualise current debates on globalisation is to identify, as Nancy Birdsall does, three groups with distinctive views: 'cheerleaders', 'cynics' and 'critics'. The cheerleaders would like to 'let globalisation roll'. They represent the defenders of orthodoxy. The cynics highlight the concern that corporate and financial interests dominate the global system and are alarmed at the unilateralist and aggressive stance of the United States as the world's sole superpower. A superpower that is preoccupied with a seemingly endless 'war on terrorism' is unlikely to be keen on rules-based globalisation in which all nations are treated as equals among equals.

The critics and doubters acknowledge the benefits of globalisation but worry about its costs. They are particularly sensitive to the contested nature of the evidence pertaining to the link between globalisation and national

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It has to be said that, among the three groups, the critics seem to be most uncomfortable with their position because they lack the ideological conviction of the cheerleaders and the cynics. They usually tend to be economists who seem to harbour heretical views but feel unable to fully overcome their professional allegiance and instincts. At times, their ambivalence shades into cynicism. Consider, for example, the case of Jagdish Bhagwati. He has dedicated his professional life to upholding the cause of an open multilateral trading system and has questioned the wisdom and knowledge of the 'anti-globalisation movement'. Yet, he is exasperated at the failure of the international community to unite under the banner of the WTO to bring about a free and fair multilat-

eral trading regime and has reportedly declared in an interview with the Financial Times that he finds the WTO talks a sham. He has also pronounced that a 'Wall Street-IMF-Treasury complex' has pushed for an agenda of free capital movements across the globe that is clearly prejudicial to the interests of developing countries. He would, I surmise, be uncomfortable with the thought that such left-leaning activists as George Monbiot adopt similar views on globalisation.

Bhagwati is not alone in trying to come to terms with his ambivalence. Bill Easterly, an ex-World Bank economist, startled his colleagues by publishing findings that the last two decades, dubbed by other World Bank economists, such as David Dollar and Aart Kraay, as the age of globalisation, represent the 'lost decades', despite attempts by

many developing countries to engage in policy reform along the lines of the Washington consensus. He has also argued that, while we know what kills growth, we cannot really assert that a particular combination of policies will cause growth. Cutting a tree, he suggests, is not the same as growing one.

Easterly's quandary is a reflection of the difficulty of arriving at a professional consensus on such basic global issues as growth, poverty and inequality. Has global poverty experienced an unambiguous and steady decline in the 1990s? Angus Deaton is not sure and neither are some of his professional peers. What about global inequality? Apparently, the evidence is mixed. What causes growth? As noted, one cannot even answer that in a confident fashion. All this is not good news for key

members of the cheerleaders such as the Bretton Woods institutions, the finance ministries in the 'G7' nations and their protégés. While they see considerable value in retaining the core elements of the Washington Consensus, they now concede that one would need to focus on institution building in poor countries and make a renewed commitment to poverty reduction. These are rather monumental tasks, easier said than done.

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discussion of the free movement of labour - a resource that is in plentiful supply in developing countries such as Bangladesh. Some commentators, such as Walden Bello, even want to 'de-globalise' and focus on purely national and regional arrangements for managing country-specific affairs.

The cynics seem to be committing the same mistakes as the cheerleaders by seeking to find a universal template for engendering national prosperity. It is best to abandon such a quest. Provided certain extremes are avoided - such as autarchy, hyperinflation, widespread corruption, and rampant abuse of human rights - countries should be able to devise their specific approach to sustainable and equitable development. This would

entail institutional innovation and strategic adaptation at the local level. In this scheme, country A's route to globalisation could be quite different from country B's. Dani Rodrik and others have eloquently and consistently proffered this eclectic viewpoint. Exhorting every country to adopt rather similar 'Washington Consensus' policies militates against choice and diversity at the national level. Choice and diversity in turn are essential attributes of democratic governance. Perhaps it is time for countries such as Bangladesh to pay heed to such ideas.

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