

МОСКОВСКАЯ ШКОЛА ЭКОНОМИКИ
MOSCOW SCHOOL OF ECONOMICS

COURSE
‘GOVERNING THE WORLD ECONOMY’

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Summary

This one-week course provides an introduction to the ways that the contemporary world economy is – and could be – governed. The motivation is that economists need to understand the political context in which economics unfolds. Today that political context is not only national, but also local, regional and global.

The course has five sessions of three hours. The first session identifies major problems that face the world economy today. The second session situates these issues in a changing geography of globalisation, regionalisation, localisation and re-nationalisation. The third session examines the institutional arrangements – in terms of polycentric networks – that have evolved to regulate the world economy in the twenty-first century. The fourth session considers various competing principles that are available to frame policy in respect of world economic problems. The fifth session assesses how governance of the world economy does and does not have legitimacy.

Each session includes: (1) an interactive lecture to introduce the material; and (2) a group exercise in which students develop the knowledge in relation to a concrete problem.

The course is assessed in two ways. The first is participation in the five daily group exercises. The second is a one-page paper, to be submitted at the end of the week, in which each student sets out the most important knowledge that they have gained from the course. Students who miss more than one group exercise may instead submit a two-page essay on one of the questions on the

list at the end of this outline, in addition to the one-page paper regarding the main lesson that they have learned.

At the end of the course students should have more information, more analytical insight, more critical perspective, and more competence for action in respect of governing the world economy.

Prelude

- A. Review of the above course aims and execution
- B. Clarify key terms in the course title: 'Economy', 'World' and 'Governing'
- C. Situate economy in society: economics is also culture, ecology, geography, history, politics, psychology, sociology → interdisciplinary knowledge is required
- D. Why is this subject, 'Governing the World Economy', important?

Session 1

Challenges for Today's World Economy

Central question: What are major problems requiring governance in today's world economy?

- A. Ecological integrity
 - population and urbanisation
 - pollutions (air, land, water)
 - natural resource depletions (water, forests, soils, minerals, fish)
 - stratospheric ozone losses
 - biodiversity losses
 - possible detrimental effects of bio- and nanotechnologies
 - climate change
 - anthropocentrism and extractivism
 - general challenge: how to secure eco-sustainability in a world economy?
- B. Material security

- poverty (malnourishment, illiteracy, poor sanitation and shelter, health care deficits); whether growing or declining, relatively or absolutely, these problems still affect hundreds of millions of people around the world
- un- and under- employment
- working conditions (wages, protections, benefits); capital mobility > labour
- disease (infectious AIDS, TB, SARS, BSE, ebola, zika; non-infectious malaria; abuses of the body with tobacco, various drugs, excess alcohol, junk food and obesity)
- financial volatility (forex, capital flows, securities markets, derivatives)
- general challenge: how to secure material well-being in a world economy?

C. Distributive justice

- countries, including North-South hierarchies, BRICS and 'Fourth World'
- urban/rural divisions
- classes (e.g. global Gini co-efficient; 5%/25% = 245:1)
- cultures and cultural imperialism (also on lines of faith and language)
- caste and Dalit discrimination
- genders and sexism
- races and racism
- generations and ageism
- disabilities and ablism
- sexualities and heterosexism
- general challenge: how to achieve distributive justice in a world economy?

D. Solidarity

- hyper-individualism of web life, consumerism, etc.
- renewal of national solidarities; also nations that have no state in substate spheres and global diasporas
- nonterritorial solidarities (e.g. of disabled persons, women, youth, etc.)
- (limited) universal cosmopolitanism manifested in humanitarian assistance, etc.
- identity binaries and the violences of 'othering' (national/foreigner, west/rest, believer/nonbeliever, modern/backward, man/woman, inrace/outrace, straight/queer)
- general challenge: how to build social solidarity across global spaces?

E. Liberty

- restrictions on association, belief, expression, movement
- pervasive surveillance and invasions of privacy
- human rights regimes
- general challenge: how to secure human freedom in a world economy?

F. Cultural vibrancy

- new art forms (architecture, cuisine, music, drama, etc.)
- cultural diversity losses (e.g., in respect of language); assimilationism
- spiritual poverty – disconnected from the wonder of life (divine or otherwise)
- fundamentalisms (religious and secular) – violences of imposing single truths
- collective sedation through consumerist entertainment culture
- general challenge: how to nurture creative and diverse culture in a world economy?

G. Democracy

- conceptual clarification
- citizen education
- institutional accountabilities
- structural inequalities
- unrecognised life-ways
- general challenge: how to obtain adequate public participation and public control in the world (and today more globalised) economy?

H. Peace

- arms proliferation (large/small, conventional/new, in and between countries)
- warfare (within and between countries)
- domestic violence – connecting the global with the household?
- general challenge: how to ensure cooperation and constructive conflict in a world economy?

I. Moral conduct

- criminality and illegality
- tolerance of arbitrary inequalities and associated discriminations
- denials of human dignity
- deficits of care and compassion
- general challenge: how to sustain decency in human relations amidst pressures of a world economy?

J. Conclusion

- how to govern today's world economy so that it enhances livelihood for all
- how to maximise nine core values of human flourishing in a good society: collective solidarity, cultural creativity, democracy, distributive justice, ecological integrity, individual liberty, material security, moral decency, and peace

- how to reconcile the core values when they conflict

Group Exercise. Assess the implications of the Internet for a core value of a good society.

Session 2

Shifting Geographies of the World Economy

Central question: How have intense globalisation, regionalisation, re-nationalisation and localisation of recent times affected major challenges in the world economy (as discussed in lecture 1)?

A. The issue of geographical scale

- economy happens in spaces, domains, spheres
- modern geography marked by country-centrism
- contemporary geography increasingly transscalar (global-regional-national-local)

B. Globalisation

- Global relations unfold in social spaces of transplanetary extent, in which persons have direct links with each other wherever on earth they might be located.
- Globality is manifested:
 - materially (communications, travel, organisations, laws, production, markets, money, finance, military affairs, ecology, health)
 - ideationally (consciousness, imagination, symbol, language, meaning, narrative, interpretation, perception, knowledge, music, poetry, belief)
- Contemporary global connections often have a pronounced supraterritorial quality with transplanetary simultaneity (e.g. global warming, global media, global epidemics) and/or transplanetary instantaneity (e.g. emails, telecommunications). Thus substantially transcending territorial place, distance and borders.
- Globality-internationality distinction
- Intense globalisation of the past fifty years has seen major increases in transplanetary and supraterritorial connectivity. Today globality has unprecedented scale/amount, range/scope/type, frequency/regularity, velocity/speed, intensity (depth with which experienced) and impact/consequence.

C. Regionalisation

- Regional relations unfold in social spaces that span several neighbouring countries or a geographical unit within a country.
- Various types of regions:
 - continental (Africa, North America)
 - littorals (Asia-Pacific, Mediterranean)
 - sub-continental (Amazonia, Central Asia)
 - transborder (Kurdistan, Sami lands, pygmy forests)
 - sub-national (Aceh, Scotland, Siberia)
- Regionality expressed in the same material and ideational ways as globality
 - regional organisation (e.g. of companies)
 - regional monies (CFA franc, euro, Asian and Latin American Monetary Funds)
 - regional trading areas
 - regional infrastructure
 - regional governance
 - regional consciousness (e.g. European citizenship)
- Like globalisation, regionalisation has especially marked the last 50-60 years
- Interregionalism: global relations of regions

D. Localisation

- Local relations unfold in social spaces of closer proximity, often involving day-to-day face-to-face contacts (neighbourhoods, districts, villages, towns, cities)
- Locality also expressed in material and ideational ways
- Like globalisation and regionalisation, significant devolution to micro-regions and districts in recent history
- Translocalism: global and regional relations of localities

E. (Re-) Nationalisation

- Persistence of countries, states, nationalities
- Reconfiguration of countries (ex-USSR, former Yugoslavia, Czech/Slovakia, Somalia, Sudan)

F. Relationship between globalisation, regionalisation, nationalisation, localisation

- Tensions: closed globalism, regionalism, nationalism and localism
- Complementarities: open regionalism, nationalism and localism in mutual reinforcement with globalisation

G. Qualifications

- Globality, regionality and locality have a longer history
- Country-based geography, governance and identities remain important
- The different spaces are always interrelated
- The shift to transscalar geography does not entail cultural homogenisation
- Global, regional, national and local connections are unevenly spread among countries, classes and cultures
- The benefits and harms of global, regional, national and local relations are unequally enjoyed/suffered
- All spaces are steeped in power relations
- The contents and consequences of globalisation, regionalisation, localisation and re-nationalisation are not predetermined and substantially result from policy choices. So governance of spaces – and associated political struggles – matter a great deal.
- Answer to the opening question, therefore, is ‘it depends on governance’.

Group Exercise. How is transscalarity manifested in: (your) identity; money; Moscow State University; migration.

Session 3

Regimes in the World Economy

Central question: What governance arrangements are available to address policy challenges (as discussed in lecture 1) in today’s transscalar world economy (as discussed in lecture 2)?

A. Governance

- the issue of regulation: formulating, implementing, adjusting, enforcing societal rules

- governance as pivotal to society for order, sustainability and directed change
- rules underpin – and shape the direction of – globalisation, regionalisation, nationalisation and localisation in the world economy
- governance > government; Political Science > State Science

B. From statism to polycentrism

- country-centred spatial organisation of regulation versus transscalarity
- governance assigned to a discrete ('public') sector versus transsectoralism
- centralised versus diffuse and dispersed decision-taking
- relatively fixed versus more fluid institutional arrangements
- neatly distinguished versus overlapping mandates between regulatory bodies
- clear versus ambiguous hierarchies of command between governance agencies
- sovereignty (singular, absolute, supreme, comprehensive authority) versus post-sovereignty (no site of governance has a monopoly on regulation)
- various names 'plurilateralism', 'polylateralism', 'networked governance', 'polycentrism', 'complex multilateralism', 'empire', 'new medievalism', 'cosmocracy', 'mobius-web governance', 'complex sovereignty', 'disaggregated world order', 'hyper-collective action', 'regime complex', 'multiscalar metagovernance'

C. Continuing importance of the state

- end of statism ≠ end of the state
- different states have different levels of governance capacity in the world economy
- old foreign policy actors still important (cabinets, foreign services, armed forces); but no longer the only parts of the state that are relevant beyond its borders
- so-called 'domestic' ministries in transgovernmental networks (G8, CPN, NSG)
- global networks of national legislatures (GLOBE, PNoWB) and judiciaries (human rights commissions)
- unilateralism still arises (e.g. USA on Kyoto, Rome, etc.) and bilateralism is still important, but enhanced role for multilateral intergovernmental organisations
- old-style international law still important, but no longer the only form of law beyond state borders, for example, with the rise of global administrative law
- states now often enmeshed with nonstate actors in multistakeholder arrangements

D. Non-state governance in the world economy

- ‘paradiplomacy’ of substate local and regional authorities (UCLG, ICLEI)
- suprastate regional authorities (ASEAN, AU, EU) and interregionalism (ASEM)
- relative autonomy of global intergovernmental organisations (IMF, WHO)
- private global governance (CSR, FSC, IASB, IETF)
- trans-sectoral hybrids (ICANN, ILO, Global Compact, GFATM)

E. Governance through polycentric networks

- map by issue, identifying the various relevant actors in relation to the above categories
- adjust research and policy activism from actor-centred to network conception

F. Opportunities and challenges of polycentrism

- opportunities of multiple, diverse and more creative policy responses
- opportunities of adaptability and flexibility
- opportunities of preventing issues from being neglected
- opportunities of forum shopping to accelerate responses
- challenges of crowdedness
- challenges of coordination/coherence (multiple agencies, overlapping jurisdictions)
- challenges of cost effectiveness with duplication and overlap
- challenges of compliance
- challenges of capacity building of officials and citizens to deal with new situation
- challenges of transculturality
- challenges of accountability (blame games)
- challenges of democracy (participation and control for all affected people)

Group Exercise. Map contemporary governance of: banking; climate change; the Internet; trade in oil.

Session 4

Policy Frameworks for the World Economy

Central question: What broad policy framework can best deliver core societal values (as discussed in lecture 1) through polycentric governance (as discussed in lecture 3) in the contemporary transscalar world economy (as discussed in lecture 2)?

A. Neoliberalism; also 'Washington Consensus'

- advocates governance of economic problems through unconstrained market forces and to this end prescribes liberalisation, deregulation, privatisation and fiscal constraint; perhaps a gradual pace of implementation in order to limit disruptions of adjustment; mainstream globalization as western, modern, capitalist, free market
- illustrated in IMF/World Bank structural adjustment programmes of the 1980s and 1990s; the Uruguay Round design of the WTO
- objections
 - adopts an economism that overemphasises efficiency and growth to the neglect (and damage) of social and ecological aspects of globalisation
 - fails to supply adequate (global) public goods
 - produces growing inequality on scales incompatible with social justice; as so often, 'free trade' is an ideology of the strong

B. Neomercantilism; also protectionism, nationalism, sovereigntism, localism, closed regionalism; often adopts a language of 'de-globalisation' and 'de-linking'

- advocates subjecting global flows to strong regulatory restrictions by states, local authorities and/or regional blocs to counter the potential cultural, economic and ecological harms of globalisation and to steer the process in more culturally appropriate and politically self-determined ways; in more extreme isolationist and exclusionist forms advocates local self-sufficiency and/or national/regional autarky
- illustrated in imposition of capital controls by Chile, China and (in 1997-8) Malaysia; Common Agricultural Policy of the EU; local currency schemes; ALBA of Chavez-Lula-Morales-Ecuador-Peru; discourse of 'food sovereignty' and 'sovereignty over natural resources'
- objections
 - prone to romanticise the local/national/regional
 - tends to close localities, countries and regions to many possible fruits of engagement with the wider world
 - assumes people's interests are defined in territorial terms

- can be used to perpetuate unjust privileges of global maldistribution
- is largely impracticable in the face of the powerful forces driving globalisation

C. Neoconservatism; also ‘clash of civilisations’

- advocates harnessing globalisation to world-scale promotion of certain traditional (often but not exclusively religious) values
- illustrated by conservative universalist strands of Islamism and Christianity (Catholicism, Orthodoxy, Protestantism)
- objections
 - unreflexive about the nature and possible shortcomings of the espoused tradition
 - tendency towards ignorance about, intolerance of and violence towards the other
 - denies possible gains of intercultural interchange and learning
 - culturalist approach that tends to neglect ecological, economic and wider social consequences

D. Global social market; also ‘Post’ or ‘Augmented’ Washington Consensus

- broadly endorses globalisation through marketisation, but sanctions interventions from official, business and civil society quarters to correct market failures and externalities; western, modern, capitalist, tamed market
- illustrated by ‘adjustment with a human face’ and social safety nets; good governance programmes for participation, transparency and accountability; CSER schemes; MDGs; PRSPs; NEPAD; Global Fund; WTO agreement on access to essential medicines; carbon trading and other green economy (market capitalism as solution to ecological integrity); stakeholders beyond shareholders
- objections
 - overestimation of the capacity of market dynamics to deliver public goods
 - limited attention to distributive justice
 - economism that neglects problems of interculturality, deeper ecological adjustment, global democracy and global citizenship

E. Global social and ecological democracy; ambitious reformism

- advocates thorough (transscalar) public regulation of global spaces – including through a major expansion of suprastate instruments and agencies – and with a high priority to global redistribution and (reconstructed) democracy; still modern, western, capitalist
- illustrated by debt cancellation, calls for ODA increases, gender equity measures in global and regional governance

- implies additional suprastate agencies (e.g. a Global Investment Authority, a Global Mobility Organisation, a Global Environmental Organisation); redistributive global taxes (e.g. on currency transactions, air tickets, etc.)
- objections
 - faces major obstacles in the form of strong marketist mindsets in elite circles and society at large; the power of big capital that resists tighter and progressively redistributive regulation; opposition from the hegemonic US government; continued power of traditional sovereignty thinking that identifies self-determination with the nation-state rather than transscalar governance; limited capacities of regional and global institutions; lack of public mobilisation in support
 - insufficient attention to cultural diversity and indeed possibly prone to cultural imperialism of a model rooted in the West
 - more radical perspectives would object that the paradigm remains rooted in capitalism and modernity with their associated social and environmental harms

F. Global transformism; radical and revolutionary designs

- regards the emergence of transscalar geography and governance as an opportunity to take social relations to a new situation beyond capitalism and/or modernity
- illustrated by
 - global socialism (with emphasis on post-capitalist relations of production based on cooperation, collective property and a logic of moral economy); new labour internationalisms with Via Campesina, SEWA, StreetNet, Slum Dwellers International, dalits; class-based emancipation struggles
 - eco-centrism (with emphasis on fundamental reorientation in society-nature relations); indigenous peoples; aboriginal epistemology
 - new spiritualities (with emphasis on postrationalist knowledge) and religious revivalisms
 - feminism of a global care economy
 - postcolonialism (with emphasis on alternative identity and knowledge politics); postmodernist identity and solidarity politics based on hybridity and transculturality; not the modern identity dynamic of binary self-other separation, hierarchy, exclusion, denial and instead recognition, respect, reciprocity, recombination
 - *bem viver* (living well) paradigm resting on democracy, caring, sharing, daring, solidarity, diversity, social justice, ecological integrity, happiness
- objections
 - impracticability owing to the deeply embedded structural power of capitalism and modernity
 - visions of alternative society are underdeveloped and in some cases may not actually generate greater ecological integrity, material well-being, social equality, cultural creativity, democracy, or social solidarity

G. Current and future trends

- current centre of debate between neomercantilism and global social market ideas; ultra-neoliberalism and neoconservatism in retreat; global social democracy and transformism not in immediate prospect
- the future: incremental adjustments or fundamental shifts? Cf. welfare state, multilateralism, decolonisation, fall of communist regimes.

Group Exercise. Formulate a policy response to global trade based on principles of neoliberalism, neomercantilism, global social market, global social democracy, or global transformism.

Session 5

Legitimate Governance in the World Economy

Central question: How could governance of the contemporary world economy acquire greater legitimacy?

A. Legitimacy

- governance deficits in today's world economy substantially a result of legitimacy deficits
- normative and sociological legitimacy
- legitimacy = a condition where the governed subject themselves consciously and willingly to the authority of a given regime
- legitimate governance preferable to governance by coercion and/or stealth, or no governance at all
- possible sources of legitimacy
 - personality
 - morality
 - legality
 - delivery
 - democracy

B. Personality (charismatic leadership)

- charismatic leadership mainly concentrated in national governance and generally weak elsewhere
- examples in global governance (Hammarskjöld, Robinson)
- examples in regional governance (Delors, Monnet)
- examples in private governance (Berners-Lee)

C. Morality (fairness and right cause)

- assessments depend on political-theoretical outlook
- in conformity with divine will (religious faith)
- in conformity with Gaia principle (eco-centrism)
- in conformity with human rights (liberalism)
- in conformity with distributive justice (socialism)
- in conformity with transcultural ethics (postmodernism)

D. Legality (rule of law)

- most developed in state and substate regimes
- shallower in most regional and global governance, especially in respect of enforcement
- more limited in informal global governance, especially in transgovernmentalism and private regimes

E. Delivery (technical effectiveness)

- generally weak in relation to all main policy challenges
- resource constraints
- limited inter-agency coordination in public policy networks
- methodological nationalism constrains policy imagination (transscalar thinking)
- disciplinary separatism (need inter- and transdisciplinarity)

F. Democracy (people's power)

- generally weak in governance of the world economy
- widespread citizen ignorance
- low public participation in and control over world economic policymaking
- arbitrary hierarchies of opportunities for political involvement
- marginalised and silenced life-worlds

Group Exercise. Imagine that you are an advisor to the leadership of [the International Monetary Fund, the Internet Corporation for Assigned Names and Numbers, the United Nations] and offer a strategy to achieve greater legitimacy for the institution.

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Essay Questions

For students who are not able to contribute to daily group exercises, please answer one of the following questions in a two-page written paper.

1. How far is environmental degradation a problem for the world economy?
2. How has localisation affected the contemporary world economy?
3. To what extent is governance of today’s world economy hampered by problems of coordination?
4. Assess ‘the new mercantilism’ as a policy framework for today’s world economy.
5. How could governance of the world economy be made more fair?