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## INTRODUCTION

*Jan Aart Scholte*

Welcome to the tenth CSGR Newsletter. The past year, like the five that preceded it, has seen the Centre continue to build its reputation for high-quality, multi-disciplinary, trans-national, policy-relevant research on two major trends in contemporary society, globalisation and regionalisation.

As various contributions to this Newsletter indicate, CSGR has made important progress in facing the daunting intellectual and institutional challenges of inter-disciplinary work. Our core research staff has expanded to cover Anthropology, Economics, Law, Politics and Sociology. The reconstituted Advisory Board (see p. 2) includes prominent scholars from all of these disciplines plus Geography. The recent CSGR symposium on the state of globalisation studies (see p. 4) involved leading scholars from a dozen fields. My own project to co-edit an Encyclopedia of Globalization (see p. 21) entails cooperation among researchers from ten fields. In these and other ways CSGR is increasingly establishing itself as a leading site for productive interchanges across the academic spectrum on subjects – globalisation and regionalisation – that cry out for inter-disciplinary treatment.

CSGR is also reinforcing its status as a major node for transnational networks of research on globalisation and regionalisation. Our core staff and Advisory Board are strikingly multinational. Our visiting fellows in 2003-4 herald from Australia, China, Germany, Italy and the USA as well as the UK. Our latest conferences and workshops (see pp. 4-8, 19-21) have between them again drawn participation from six continents. CSGR is also leading a Europe-wide bid to create an EU Framework 6 Network of Excellence on globalisation and governance. And the Centre is taking a prominent role in forming a new global Consortium of Centres of Globalisation Studies (see p. 22).

This Newsletter also gives a sample of CSGR's current research output and its significance for policy and action. Gianluca Grimalda and Marcus Miller report on our 2003 annual conference concerning international financial crises. Recently returned from Baghdad, Toby Dodge offers his expert views on Iraq and US policy in the post-colonial world. Fresh from the streets, Sian Sullivan reflects on questions of violence in the (anti-)globalisation movement(s). Ben Lockwood presents an update on Warwick's leading research into tax competition in regional and global economies. I also describe my recent experience of formulating a guide for IMF staff on relations with civil society organisations.

In sum, we're pleased to share a lot of good news in this circular and look forward to further productive contributions to globalisation and regionalisation debates in CSGR's forthcoming seventh year.

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## Directorship of CSGR

On 1 July 2003 Professor Richard Higgott began an 18-month period of well-earned leave from the directorship of CSGR. During this time he will hold a Visiting Professorship at the Institute for Defence and Strategic Studies in Singapore, will be the foundation holder of 'la Chaire Asie' at the Fondation Nationale des Sciences Politiques in Paris, and in 2004 will hold a fellowship of the Hungarian Institute of Advanced Studies in Budapest. His principal research project for this leave is the completion of a major study of political development and global governance.

Jan Aart Scholte will serve as acting director of CSGR until 31 December 2004. Professor Scholte came to the University of Warwick from the Institute of Social Studies, The Hague in 1999. His work at CSGR has mainly concerned globalisation theory, globalisation and governance, and civil society engagement of contemporary globalisation.

## Phase 2 Advisory Board

Since its beginnings in 1997, CSGR has taken advice and comment on its direction and activities from an international advisory board of leading researchers and practitioners. The advisory board receives CSGR annual reports and convenes a yearly meeting.

On the principles of rotation, and the desirability of periodically injecting fresh blood, the transition from the first to the second five-year phases of CSGR has also brought some changes to the composition of the advisory board. We thank the outgoing members for their much-valued inputs during the first five years and welcome the newcomers. The membership of the new board is detailed below. Its first meeting, to review the first year of phase 2 of CSGR, will be held on 24 October 2003.

### **Professor Christine Chinkin**

Law Department, London School of Economics

### **Dr Andrew Clark**

Law Department, University of Warwick

### **Professor Gordon L Clark**

Department of Geography, Oxford University

### **Professor Robin Cohen**

Sociology Department, University of Warwick

### **Ms Diana Coyle**

The Independent

### **Professor David Held**

Professor of Government Department,  
London School of Economics

### **Professor Richard Higgott**

Centre for the Study of Globalisation and Regionalisation,  
University of Warwick

### **Dr Cho Khong**

*Senior Analyst*, Shell International Ltd.

### **Mr Franklyn Lisk**

ILO Programme on HIV/AIDS and the World of Work,  
International Labour Office

### **Mr Patrick Low**

*Director of Economic Research*,  
World Trade Organisation Centre

### **Professor Marcus Miller**

Economics Department, University of Warwick

### **Dr Onora O'Neill**

*Principal* Newnham College, Cambridge

### **Professor Kevin O'Rourke**

Department of Economics, Trinity College,  
University of Dublin

### **Professor Anthony J Payne**

*Director* Political Economy Research Centre,  
University of Sheffield

### **Professor Karoline Postel-Vinay**

CERI-Sciences Po

### **Professor Shalini Randeria**

Dept of Sociology and Social Anthropology,  
University of Zurich

### **Professor Shirin Rai**

Politics and International Studies, University of Warwick

### **Professor Jan Aart Scholte**

Centre for the Study of Globalisation and Regionalisation,  
University of Warwick

### **Dr Sian Sullivan**

Centre for the Study of Globalisation and Regionalisation,  
University of Warwick

### **Mr Alex Wilks**

*Co-ordinator* Bretton Woods Project

### **Professor Brigitte Young**

Institut für Politikwissenschaft

## New Appointments

**Dr Dwijen Rangnekar** *Research Fellow in International Law*

**Dr Michela Redoano** *Research Fellow in Economics*

## Visiting Fellows 2003-4

**Professor Ellis Krauss**

Graduate School of International Relations and Pacific Studies,  
University of California

**Dr Graeme Cheeseman**

School of Politics, University of New South Wales

**Professor Verity Burgmann**

Political Science Department, University of Melbourne

**Dr Nicola Yeates**

School of Sociology and Social Policy, Queens'  
University, Belfast

**Professor Grahame Thompson**

Department of Government and Politics, Open University

**Shi Rong**

Xinhua Press Agency, Beijing

## Marie Curie Visiting Fellows 2003-4

**Mr Alexander Borsch**

European University Institute

**Mr Gunter Metzges**

University of Bremen

**Miss Stephanie Hiss**

University of Frankfurt

**Ms Dunja Spieser**

University of Leipzig

## Secondments from University of Warwick Departments

**Professor Stephen Broadberry** *Economics*

**Professor Robin Cohen** *Sociology*

**Dr Sayantan Ghosal** *Economics*

**Professor Abdul Paliwala** *Law*

**Dr Carlo Perroni** *Economics*

# Globalisation Studies: Past and Future



*'Warwick's Vice-Chancellor, Professor David VandeLinde, welcomes symposium participants'*

As the previous newsletter went to press, CSGR was about to host a transdisciplinary and transcultural symposium on the development of globalisation studies. The renewal of CSGR's mandate for a second five-year phase of work (2002-2007) marked an opportune moment to take stock of globalisation research.

The symposium convened at Warwick on 6-8 February 2003. Seventeen leading scholars of globalisation from around the world joined with CSGR staff to assess where research on globality (the condition) and globalisation (the trend) has come so far, and where the work might and/or should go in the future. More particularly, successive roundtable discussions addressed definitional challenges, methodological challenges and normative challenges facing globalisation studies.

The symposium participants (listed at the end of this item) heralded from fifteen countries and between them covered just about every academic field that has addressed questions of globalisation. Moreover, the range of approaches represented encompassed Buddhism,

environmentalism, feminism, liberalism, Marxism, postmodernism and more. The colloquium thereby involved a rare if not unique encounter of differences.

Regarding definitional challenges, the CSGR meeting underscored just how differently various disciplinary, cultural and theoretical perspectives understand notions of globality. Given this wide diversity, no one expected – and no one got – a consensus definition of globalisation from the CSGR roundtable. Indeed, some participants suggested that conceptions of globalisation are so variable and contested that there is little point in spending too much time on the

definitional issue. In contrast, others took this diversity and debate as all the more reason to demand that each student of globalisation engage in careful, explicit and distinctive conceptualisation.



Regarding methodological challenges, the symposium sessions repeatedly showed that different disciplines often address very different issues concerning research design and execution. Many

participants noted the limitations that existing disciplinary divisions impose on globalisation studies, though speakers differed on whether the antidote should be a multidisciplinary, an interdisciplinary, a transdisciplinary or an anti-disciplinary approach. Other methodological problems discussed included intercultural understanding, units of analysis, the nature of data, and the Internet as a research tool.

Regarding normative challenges, the CSGR symposium especially highlighted security concerns, both the militarisation of globalisation in particular and problems of human suffering more generally. Much discussion also centred on efforts to preserve cultural diversity and to devise constructive ways of negotiating multiple identities. The reinvigoration of democracy for a globalising world also attracted considerable comment.

A fuller account of the symposium proceedings is provided in a CSGR Working Paper. Like all working papers, it can be ordered in hard copy from Denise Hewlett in the CSGR office or downloaded from the CSGR website.

Symposium participants: Diana Brydon, Professor of English, University of Western Ontario; Fantu Cheru, Professor of African and Development Studies, American University; Christine Chinkin, Professor of International Law, London School of

Economics; Toby Dodge, CSGR Research Fellow; Seiji Endo, Professor of International Politics, Seikei University; Gianluca Grimalda, CSGR Research Fellow; Ulf Hannerz, Professor of Social Anthropology, Stockholm University; Richard Higgott, Professor of International Political Economy, University of Warwick; Chris Hughes, CSGR Senior Research Fellow; Pracha Hutanuwatr, Director of Wongsanit Ashram; Victor Kuvaldin, Professor at the Moscow State Institute of International Relations; Ben Lockwood, Professor of Economics, University of Warwick; Marcus Miller, Professor of Economics, University of Warwick; Kevin O'Rourke, Professor of Economics, Trinity College Dublin; Shalini Randeria, Professor of Sociology, Central European University; Roland Robertson, Professor of Sociology, University of Aberdeen; Saskia Sassen, Professor of Sociology, University of Chicago; Jan Aart Scholte, Professor of Politics and International Studies, University of Warwick; Annabelle Sreberny, Director of Mass Communications Research, University of Leicester; Diane Stone, Reader in Politics, University of Warwick; Sian Sullivan, CSGR Research Fellow; Grahame Thompson, Professor of Political Economy, Open University; J. Ann Tickner, Professor of International Relations, University of Southern California; Diana Tussie, Director of International Economic Institutions Programme, FLACSO-Argentina; Wang Ning, Professor of English and Comparative Literature, Tsinghua University; John Whalley, Professor of Economics, University of Warwick.



# Report on the CSGR 6th Annual Conference

## “International Financial Crises: What Follows the Washington Consensus?”

*Gianluca Grimalda and Marcus Miller*

The original Washington consensus, as outlined by John Williamson in 1989, was the set of ten key fiscal, structural, and monetary reforms that — in the view of those in the US administration and the key international financial institutions — Latin American countries needed to embrace to tackle the daunting problem of their public debt and to help achieve economic success and development. Put simply, the essential prerequisites as Williamson saw them were three: macroeconomic discipline, market economy, and openness to the world (at least in respect of trade and FDI). These ideas became so popular, both in the political agenda of policy-makers and as a target of anti-globalisation protestors, that it was inevitable that the Washington Consensus<sup>1</sup> would come into question when financial crises hit developing countries during the 1990s.



To consider “what comes next”, the 2003 Conference of the Centre for the Study of Globalisation and Regionalisation (CSGR) held at the

University of Warwick in mid-July brought together scholars from Economics, Law and Political Science and policy-makers from Central Banks and International Financial Institutions. The principal focus was on methods for crisis resolution and prevention and, in particular, the two main proposals that have received most attention in the recent years. The first, advocated by Richard Portes (LBS) together with Barry Eichengreen ever since the Mexican crisis of 1994/5, goes under the name of **Collective Action Clauses** (CACs). The underlying idea is that

private creditors accept the possible need for restructuring and agree to the majority needed for the purpose in the terms of the bond contracts that they purchase. A second, more recent, proposal, known as the **Sovereign Debt Restructuring Mechanism** (SDRM), has been promoted by the IMF, and endorses the creation of a type of International Bankruptcy Court working under the aegis of the Fund. Events seemed to have swung in favour of the non-statutory market-based approach promoted by Portes, for, earlier in 2003, Mexico, Brazil and other key borrowers had issued debt including CACs, while the April 2003 meeting of the Executive Directors of the IMF had concluded that “there does not appear to be the requisite support among Fund membership to establish the SDRM through an amendment of the Fund’s articles”. The presence of both Richard Portes and Matthew Fisher (IMF) — who, together with Anne Krueger, had been centrally involved in promoting the IMF’s alternative — provided an excellent opportunity to appraise the two proposals in the light of recent developments. It was no coincidence that their papers were the opening and concluding speeches of the Conference.

In his presentation, **Richard Portes** made three key points. First, that the absence of a framework for orderly workouts greatly increases the pressure on the IMF and G7 to provide bail-outs ‘because a disorderly workout appears too unpalatable’. Second, that the SDRM was not politically feasible: ‘decisive’, he said, ‘was the opposition of the United States’<sup>2</sup>. Thirdly, he noted that CACs were not enough, mainly because they act only within an individual bond issue, leaving unsolved the question of aggregating across issues from the same debtor — more than 80 in the case of Argentina. As well as looking for continued official pressure to encourage the spread of CACs, Portes commended the creation of a New York Club to oversee bondholders negotiations with the debtor. “Because it would be dealing with all bondholders in simultaneous negotiations under the same umbrella”, he argued, “this institution would go some way towards coping with the aggregation problem”.

<sup>1</sup> For the original proposal of John Williamson, his retrospective analysis ten years later, and the response to the misuse of his phrase, see <http://www.iie.com/staff/jwgguide.htm#topic3>.

<sup>2</sup> Portes acknowledged that the debate had been extremely useful, noting ironically that ‘perhaps the main achievement of the SDRM proposals is to have given market participants a strong incentive to co-operate with the decentralized, contract-based alternative’.

These themes were taken up in the paper presented by **Ken Kletzer** (UCSC) and co-authored with Barry Eichengreen and Ashoka Modi. They gave evidence that the market does charge a higher premium for sovereigns with multiple issues, particularly for sovereigns with poor credit ratings, suggesting that aggregation was perceived as a problem. To mitigate the problem, they considered adding extra “initiation and engagement clauses” to the standard CACs, and the possibility of “super-CACs” which provide for voting across issues; they also discussed J.P. Morgan’s plan for two-step swaps and the Bank of France’s idea of a Code of Conduct. The feasibility of including CACs may have been demonstrated, they said, but “the process of improving how we go about sovereign debt restructuring, much less the larger task of making the world a safer financial place, is still far from complete. Most fundamentally, there is Guillermo Ortiz’s critique that the official community directs too much attention to building better morgues. It should devote more time to preventing crises and to promoting capital transfer from rich to poor countries.”

To help prevent crises they recommended a substantial checklist for public and private sectors: policy standards (standards for fiscal, monetary and financial policy transparency), financial sector standards (banking supervision, securities, insurance and payments systems) and corporate sector standards (corporate governance, accounting, auditing, insolvency and creditor rights)<sup>3</sup>.



When **Matthew Fisher** came to give the IMF perspective in his paper with Anne Krueger, it began with what sounded like a robust defence of the original Washington Consensus

(on the grounds that it has, in many respects, become the

accepted policy framework for most emerging markets); but this was coupled with the caveat that the Consensus has evolved to reflect the lessons of experience. “The most important change has been the focus on the prevention and resolution of financial crises”. In support of the IMF’s pursuit of an SDRM covering all sovereigns, they offered the historical analogy that the framers of the US constitution decided that the Federal Government should have the right to enact a unified federal bankruptcy law. They accepted, ruefully, that in April 2003 the International Monetary and Finance Committee of the IMF had concluded it is not feasible to move forward to establish the SDRM; but they briefly explored another statutory approach — the idea of coordinating creditors through ‘class action’ rules (in the US), or ‘representative action’ rules (in the UK). More broadly, the list of policy and institutional prerequisites on which they claimed consensus is rather similar to that of Kletzer et al.; but they made specific mention of the need for sequencing capital account liberalisation and for improving arrangements for debt restructuring, with the temporary use of exchange controls and a deposit freeze used as complements<sup>4</sup>.

Besides the broad theme of revising the Consensus in the ways described above, there was theoretical analysis of several aspects of the current international financial architecture. **Sayantana Ghosal** and **Kannika Thampanishvong** (Warwick), for example, showed how Collective Action Clauses can reduce the incidence of crises by increasing ‘acceleration’ thresholds in a model with asymmetric information; while **Andrew Haldane** and **Victoria Saporta** (Bank of England) showed that CACs can resolve inter-creditor coordination problems but not the debtor-creditor bargaining problem. **David Vines**, in a paper written with **Gregor Irwin**, focussed specifically on issues of moral hazard and on the distinction between liquidity and solvency crisis, each calling for different types of intervention; and moral hazard issues were discussed by **Andrew Powell** (Universidad Torquato di Tella, Argentina) in a wide-ranging game-theoretic analysis of the – ‘sometimes impossible’ - role of the IMF.

<sup>3</sup> The effective doubling of Williamson’s initial ten points implicit in such a list has been strongly criticised by Dani Rodrik in “After Neoliberalism, What?” 2002.

<sup>4</sup> Attention was also given to the issue of income distribution: a prior section of the paper discussing the IMF’s Poverty Reduction and Growth Facility (PRGF) pointed out “one of the key features of PRGF-supported programs is that staff are to demonstrate that any adverse effects on the poor of substantial macroeconomic adjustments or major structural reforms incorporated into program design have been carefully considered and, where appropriate, that countervailing measures have been built into the program”.

Noting the enormous resources currently being invested in building up national stockpiles of foreign currency reserves in East Asia, **Heribert Dieter** (German Institute for International and Security Affairs and CSGR) argued for a regional approach to exchange rate

management and reserve pooling in East Asia, supported as necessary by restrictions on capital flows. In a dynamic



model of investment, **Demosthenes Tembakis** (CERF) examined the relationship between international capital controls and the business cycle and the macroeconomic conditions under which restrictions on capital flows are more or less opportune.

In the special session on political economy issues, **Ngairé Woods** (Oxford University) discussed IMF accountability and drew a useful distinction between how it can (and has) learned to be more proficient and transparent in terms of its technical competence and procedures, and how it has had to adapt to political pressures exerted by its major creditors. An exercise in quantifying such pressure under the IMF system of weighted voting was described by **Dennis Leech** (Warwick University and CSGR) who has applied the methodology of statistical power indices to measure the ability of IMF member countries to sway votes. On these statistical measures, it emerges that the US, for instance, has somewhat more influence than its 17.11% share of the vote would suggest.

The role of political factors was further underlined by **Mario Blejer** (Bank of England) in his analysis of the Argentinean 'twin' crises (of both the banks and the Argentine peso). He played down the importance of the real exchange rate appreciation and trade shocks, as well as that of the 'sudden stops' in capital flows: in his view — that of a central bank governor charged with handling financial affairs after the crises hit — the crucial factor was the inconsistency between the currency peg and the fiscal expansion at the time of Carlos Menem's second election as president of Argentina.



# Research Reports

## IRAQ, The Bush Doctrine and the Post-Colonial World

*Toby Dodge*

In Iraq today the US are presiding over a country about which they have very little understanding; attempting to rebuild state institutions and reform their interaction with society. Such post-Cold War military interventions into failed or rogue states with the overt aim of reforming their political systems are increasingly common but, to date, unsuccessful. The most important questions at the heart of such interventions remain unanswered, can states be re-built and if so how? The evidence from post-Cold War interventions is hardly inspiring. The Cambodia mission, the first large scale UN attempt at root and branch political reform, failed to deliver meaningful change. Intervention in Somalia resulted in the ignominious exit of US troops and the collapse of the UN mission. Direct US military intervention in Haiti to facilitate regime change did little in the long term to alter the underlying political dynamics of the country. In the cases of Bosnia, Kosovo and Afghanistan the ongoing and very mixed results of intervention mean that it is probably too early to draw any long term conclusions. For US forces, currently involved attempting to reform Iraq's political structures, the libraries are hardly full of reference books.

At the end of May 2003, in the aftermath of the US invasion, I found myself walking through the central government district of Baghdad. I had just left the old Republican Palace on the banks of the Tigris and was walking towards the centre of the city to catch a ride. It was from the grand quarters of the Republican Palace that Saddam Hussain had ruled over Iraq. I had just spent the afternoon at the palace interviewing staff from the newly formed Coalition Provisional Authority (CPA); the hub of US attempts to rebuild the Iraqi state after the invasion. In the late afternoon sunshine I struggled to understand how the American administrators were intending to reform the institutions of the state they had so recently seized from the Baathist elite.

As I walked passed the burnt out hulks of government ministries I came across small groups of American soldiers manning checkpoints in the security compound surrounding the palace. These soldiers had fought their way up from Kuwait in the

expectation that they would be welcomed into Baghdad as liberators. They now found themselves the focus of increasing societal resentment, losing comrades every other day to an enemy they were supposed to have defeated several weeks earlier.

The themes that dominated my impressions of that afternoon, the interviews in the opulent marble halls of the palace and the conversations with disorientated young GIs many miles from home, are those that have come to form the hub of my own research agenda at CSGR: the troubled evolution of the post-colonial state in the international system under globalisation. Iraq has become the cause célèbre of what could be termed the 'post-colonial predicament'. The first new state to enter the League of Nations as a full self-determining nation in the early 1930s, by the 1980s its government had become a by-word for dictatorial brutality. In the post-cold war world of the 1990s it was subject to the longest and harshest sanctions in international history. Now in the early years of the new millennium it had become a key target of the Bush doctrine, an attempt to re-order the developing world in the aftermath of 9/11.

It is the perceived internal instability of certain post-colonial states and their potential to destabilise the international system that has led to the questioning of sovereignty as an unalienable right and ultimately to the rise of the Bush Doctrine. For the Bush administration, as it set about applying its new doctrine in the aftermath of 9/11, the Baathist regime in Baghdad was a potent symbol of a defiant third world state. Throughout the 1990s despite invasion, continuous bombing and a decade of the harshest sanctions ever imposed, it rejected the demands of the US and the international community. It was proof for those states of a rebellious disposition, that autonomy could be indigenously defended in a world dominated by a single hegemon. By engineering regime change in Baghdad, Washington has clearly signalled its commitment to the Bush doctrine as well as the lengths it will go to achieve its core foreign policy goals.

However, the removal of Saddam Hussain was the beginning not the culmination of a long and very uncertain process of reform. Post war Baghdad is a very dangerous and unstable place. It is a

city with little or no law and order. The everyday lives of ordinary Baghdadis are haunted by the fear of robbery, kidnapping or death. Firefights break out at regular intervals throughout the night. The mass looting that marked the liberation of Baghdad has stopped, but gangsterism and gun crime make the lives of city residents intolerable. By 4 o'clock in the afternoon the streets begin to empty. By 7 o'clock cars are few and far between and by nightfall, long before the curfew starts, only the brave, foolhardy or criminal venture out. This atmosphere of violence is personified by stories circulating the city about young women, kidnapped at gunpoint from their cars and sold into prostitution. Every Iraqi I talked to had one question: how have the Americans let this happen to us?

The appointment of the ex-diplomat Paul Bremer to run the CPA was meant to shake it up. If he can radically and quickly reduce the violence and gangsterism faced by ordinary Baghdadis, then he will get their gratitude if not their trust. However, he faces formidable problems. Most importantly there are only 21,000 US troops attempting to impose order on Baghdad. This is far too small a number. Secondly, Americans have quickly become the focus of resentment and nationalist anger. Thirdly it is painfully evident that the CPA lacks the expertise needed to rebuild Iraq. Ambassador Bremer needs to quickly internationalise the CPA and the troops trying to bring peace to Iraq. He needs to throw open the gates of his palace, welcoming in as much expertise as possible. In effect, he has to invite the United Nations to take the lead role in building a better future for all Iraqis.

The rebuilding of Iraq is clearly the most difficult but also the most important aspect of the Bush doctrine. But even amongst the neo-conservatives that dominate the present administration there appears to be differences about the type of role US troops and American civil servants will adopt in dealing with it. The Vice President Richard Cheney and the Secretary of Defence Donald Rumsfeld's political inclinations can best be described as both Realist and largely unilateralist. In the post-Cold War era the US is clearly the unchallenged hegemon whose power cannot and should not be rivalled. However, such unmatched influence brings with it temptations that should be resisted. In clear Realist terms the foreign policy interests of the United States should be precisely and very narrowly defined. There should be no 'foreign policy as social work,' no extended forays into state building like

those that bogged the Clinton administration down in far flung countries that were of little direct interest to the US. It is this approach that has limited the numbers and role of US troops in post-Taliban Afghanistan.

Deputy Secretary of Defence, Paul Wolfowitz, on the other hand, personifies the other wing of neo-conservative thought. In Wolfowitz's philosophical approach we find strong echoes of nineteenth century Utilitarian thought. It is both liberal and militantly universal. It is the governing systems of countries that distinguish them as different and problematic. Remove state tyranny from the Middle East and the wider developing world and rational individual democrats will spring forth, free to choose liberal political and economic systems within which to order their lives. But 'draining the swamp' of Middle East terrorism, even if only in Iraq, would be a long term and costly business. Ideally the Wolfowitzian model would involve US personnel in root and branch reform of Iraq's governing structures and state-society relations. This could take anything up to a generation to succeed.

President Bush's position on this, the defining foreign policy issue of his presidency, appears ambiguous. His views on the use of US troops has in the past appeared to mirror the military's own distaste for state building. In the presidential campaign and again in the run up to the war against the Taliban in Afghanistan he made it clear on numerous occasions that he did not want US troops to be deeply involved in rebuilding the country. However, in more recent speeches Bush appears to have shifted to a more liberal even Wilsonian approach, committing American military power, by implication at least, to reforming the internal political structures of post-colonial states and thence building a new liberal world order.

If successful this would result in the projection of a new and forceful model for post-Cold War international relations across the world. However, if it fails the result could be a rapid curtailment of America's international ambitions and a scaling back of its commitment to out of area interests. Bush's dreams of a stable and democratic government in post-Saddam Iraq would send a message to the rest of the developing world not only about the lengths Washington would go to achieve its core foreign policy goals but also the type of international system

those goals were aimed at creating. The extent and nature of and reaction to an American presence in Iraq over the next decade will, to a large degree, determine the type of state that emerges in the aftermath of war and the role of the US in the international system for the next generation. The increasing attacks on US troops and the nationalist resentment shown by a sizable section of the Iraqi population towards America are early indicators of the troubled path ahead.

US policy makers and their allies will have to decide if they can commit the time (up to ten years), resources and personnel to tackle the underlying structural problems dominating Iraqi politics or will they simply change the personnel at the head of government leaving them to govern in a very similar way to the old regime. This minimalist approach may well come to dominate. Now that the war has been won the altruistic explanations for US involvement in Iraq will have to compete with a US economy in recession and a US public very sensitive to increasing casualties. The long term, costly and ambitious reform of Iraq may well be sacrificed to the short term electoral politics of the US.



*US troops guarding the Oil Ministry in central Baghdad. This was the only major government building to be protected during the looting the greeted regime change and hence the only one to survive unscathed.*

## **'Anger is a Gift!'<sup>1</sup> Or is it? Engaging with Violence in the (Anti-)Globalisation Movement(s)<sup>2</sup>**

**Sian Sullivan**

I have not long returned from Thessaloniki where this year's EU Summit was held. Like the metropolitan meetings of the G8, the WTO and other international political and financial institutions, the EU summits in recent years have seen vociferous protests by participants of the amorphous but burgeoning global (anti-)globalisation movement(s)<sup>3</sup>. Prior to the main day of protests on 21st June, the last day of the summit, I spent several hours in the university campus where militant activists were squatting. Here, in a philosophy department strewn with somewhat nihilistic graffiti ('peace, love and petrol bombs', 'from pigs to bacon', 'middle class war', 'fuck the world, destroy everything') glass bottles were being transformed into molotovs, gas masks were being tried on, and 'anti-authoritarians' were calmly anticipating one of 'the biggest riots Thessaloniki has ever seen'. Several hours later, the streets of Thessaloniki were thick with tear gas, several businesses were gutted and blackened with the soot from petrol bombs, and pools of blood were noticeable on the tarmac (see photo).



*(Anonymous)*

<sup>1</sup> Scrawled as graffiti on the walls of the Theology Department at Thessaloniki's Aristotle University, squatted by militant protesters during the recent EU Summit, June 2003. Inspired by a key lyric in the song 'Freedom' on Rage Against the Machine's eponymous first album.

<sup>2</sup> A longer version of this piece is forthcoming as a CSGR Working Paper (No 123/03), [www.csgr.org](http://www.csgr.org).

<sup>3</sup> The term 'anti-globalisation' is problematic for several reasons. For example, 'the movement' draws on and is potentiated by the same processes and technologies that have made contemporary globalisation possible, and, as anthropologist David Graeber affirms, given its support for the effacement of borders and for free movement of people, possessions and ideas, it could more properly be framed as the 'globalisation movement', hence my bracketing here of 'anti-'. Political scientist-activist Tadzio Mueller describes 'the movement' more accurately as the 'globalisation-critical movement', while Graeme Chesters refers to the 'alternative globalization movement'. Further, an emphasising of 'the movement' as merely reactionary (i.e. 'anti') acts as a smokescreen for what protagonists actually may be campaigning and motivating for, such that much media and other analysis becomes dislocated from the discourses and practices emerging within, and constructing, 'the movements'. Following artist-activist John Jordan (pers. comm.), I pluralise movements to reflect the reality of diversity and difference among the collectives that are contesting the status quo worldwide, and the equally diverse and situated imaginings and practices for socio-political change that they embody (as captured in the title of Paul Kingsnorth's 2003 book 'One no, many yeses: a journey to the heart of the global resistance movement'). This is also intended as a conscious rhetorical and conceptual shift away from modernity's constant drive towards the singular, the root or deep structure of things (cf. Deleuze and Guattari).

An argument conventional both within and without 'the movement(s)' is that the violence perpetuated (against property and police) by 'black block' and other advocates of a militant anti-capitalist politics is a fringe element that discredits and delegitimises 'the movement' as a whole. While appealing to the voyeuristic tendencies of the media and thereby at least drawing attention to the incident of protest – i.e. 'no fights, no coverage' – violence is framed as distracting focus from the issues that activists are protesting against and for. For radical but reformist reds, and for pink and silver fluffy anarchists who are more likely to be tickling policemen with feather dusters while dancing to a samba band, violence simply is not 'nice', and certainly is not part and parcel of the other world(s) that activists are hoping might be possible. For others, there is little difference between a riot at a protest and one at a football match, making the violent act one that is low on instrumental strategy and high on cathartic release and momentary self-indulgent expression.

This focus on the internal problems for 'the movement(s)' generated by a growing militant presence among protesters in the post-industrial north, however, detracts from understanding why the incidence of violence in protest politics apparently is escalating; as well as from why it is a tactic of choice for many young activists, despite the danger they face by placing their bodies on the line. In other words, it shifts analytical attention away from the broader context in which violence occurs, and thereby obfuscates its current and emerging significance within '(anti-)globalisation' politics.

This context is of a global economic and political system that definitely is not nice. Anthropologist Philippe Bourgois, following peace scholar John Galtung, describes it as infused with structural violence whereby '... the political-economic organization of society ... imposes conditions of physical and emotional distress ... rooted, at the macro-level, in structures such as unequal [i.e. unfair] international terms of trade and ... expressed locally in exploitative labour markets, marketing arrangements and the monopolization of services'. At the same time, and as New York columnist Thomas Friedman wrote prior to the last Gulf war in 1991, it is becoming increasingly difficult to ignore the hidden fist of the military that is behind the hidden hand of the market, or the violence with which dissent and protest is dealt worldwide. Analytically, and drawing again on Bourgois' terminology, these

constitute political violence, i.e. administered 'directly and purposefully ... in the name of a political ideology' (neoliberalism). Thus violence perpetuated in conscious opposition to this also is properly understood as political violence.

Perhaps some militant protesters indeed are attracted by the potential of violence to the moments of protest that are part of anti-capitalist/(anti-)globalisation politics. Violence in this reckoning would remain an end in itself, although importantly, the normalising brutality of a context of everyday violence (e.g. in football riots, pub brawls etc.) is shifted into the political violence of the protest. This reading also might affirm the immediate physicality of the violent act as bodily energetic release: 'sedentary [computer- and desk-bound] bodies of late capitalism' reclaiming 'their right to movement in the streets'; 'the arc of the arm as it throws the molotov ... [being] simply a desire to move, for muscles to stretch and endorphines and adrenaline to flow' - for a 'coming alive again' of the body (John Jordan, pers. comm.).

Extrapolating from the scars of self-mutilation noticeable on the flesh of some activists aligned with black block tactics, perhaps protesters also are identifying an external target for disaffection, psychological pain and anger that otherwise become transmuted into everyday violence effected through sacrificial acts of abuse on themselves. Violence directed against property and police thus becomes a positive outward expression of anger and frustration, subverting the 'mutilated subjectivities' created by an everyday and alienating context of late-capitalism. In this sense, the targeted violent act transforms the lack of agency that many feel characterises the experience of living within a global political economy that limits options for self-determination and generates the permanently unfulfilled desire of consumer capital, in part by engendering direct, concrete results (the smashed window, the shattered cash machine) in exterior public space.

However, the black block tactic also is articulated clearly and coherently as an instrumental bio-politics (cf. Foucault): as a



(Anonymous)

means of physically confronting the repression of the state and its support for a social system [capitalism] that is perceived as condemning most people to unfulfilled and constrained lives. It thereby is a far cry from the 'hooligan's' violence as an end in itself, since it embodies a conscious subversion of the *symbolic violence* that otherwise fosters collusion in disempowering contexts<sup>4</sup>. The use and experience of violence thus indeed might be legitimately valorised as a Gramscian moment of self-empowerment in the face of a socio-political and economic system experienced and perceived by many as repressive and disenfranchising. Riots in protests also are planned and enacted as strategically effective political tools and can be analysed as such: they draw attention to the fact that 'there is dissent in society', and they open a discursive space that can be taken up by more moderate activists. Following political scientist-activist Tazio Mueller (pers. comm.), an instrumental analysis of riots in protest situations might therefore focus on the context-dependent circumstances for the emergence of violence and the ends that it appears to achieve – distinguishing, for example, between the affirmative 'collective effervescence' of a spontaneous but tactically-effective violent moment, and the stale reproduction of entrenched 'us-and-them' power structures where tactics become subsumed in the desire for confrontation in itself. The organising and action of riots also has an equally significant socio-psychological dimension in terms of reinforcing internal social coherence and identities, at least in part through the shared experience of repression (and violence) in these contexts.

*But ...* if (anti-)globalisation politics is about moving *beyond* the oppositional categories that support the status quo – about proleptically imagining other possibilities for being/becoming (cf. Habermas), and about a process of creating the new as well as contesting the old – then violence surely has a compromised place within 'the movement(s)'. It is a response that is defined by, and thereby increases, the reactionary violence of the state in its support of *Empire* (Hardt and Negri): and which, to echo thinkers and activists from Ghandi to Foucault, reinforces the power that is, by definition, present in opposition to its resistance. It thereby further robs 'the subject' from the potential and possibility of

(self-)knowledge, creativity and autonomy (cf. Foucault), confining 'us' to a subjective, interior space of ontological shallowness and immaturity. By resonating with a conventional Left perspective that emphasises the violent necessity of the revolutionary moment, a politics that otherwise is framed as antiestablishment and subversive becomes conventional: overly bound by past imaginings of what is possible. And the internal structuring of what some activists experience as a 'pretentious and authoritarian elitism' among those prepared to commit violent acts can itself take on a conservative and exclusionary tendency.

There are implications too for gender-politics. While cognisant of the problems of essentialising categories, an emphasis on 'violence to the violence of the state' and the *fight* for the downfall of capitalism, strengthens problematic 'hegemonic masculinities', i.e. that valorise physical strength, machismo, and emotional passivity. One way in which this might manifest is via the pressure (bullying?) of peers on individuals – particularly young men - to demonstrate their membership to the group through their willingness to commit acts of violence. Given reports of sexual harassment made by women at the anarchist encampment at Thessaloniki's Aristotle University in June 2003, as well as the noticeable 'alpha males' – the authoritarian antiauthoritarians – that pop up at such gatherings, it also is tempting to see an emerging dynamic in militant factions whereby 'worthy' political violence is transmuted and normalised 'back' into the banal and disempowering violence of everyday sexism. A lack of respect for the collective and sometimes for each other, as well as the occasional downright stupidity of some actions, is further indicative of a twisting of the 'meaningful' political act into the boring violence of the everyday: *viz* reported incidents at Thessaloniki of molotovs being thrown into buildings whilst antiauthoritarian 'comrades' were inside, and the potentially disastrous impacts on 'ordinary people' inhabiting apartments immediately above burning commercial outlets. Although by the same reasoning if people are left abused by 'the system', and treat their own selves abusively (see above), then acting without respect for others is a perhaps unsurprising outcome.

It is hard for me not to stay with the conclusion that violence, whether delineated as structural, political, symbolic or everyday,

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<sup>4</sup> *Symbolic violence* is the term coined by social theorist and anthropologist Pierre Bourdieu to refer to the process whereby hegemonic domination is perpetuated through 'the unwitting consent of the dominated' in their(our) internalisation and legitimisation of the categories that make the social order seem self-evident.

acts to buttress inequalities, as well as being 'profoundly disabling', both physically and psychologically - even if a violent moment empowers by generating euphoric and cathartic release and is effective in terms of attaining short-term instrumental ends<sup>5</sup>. Given the context of structural and symbolic violence characteristic of late-capitalism, of Empire, and of US military imperialism, however, it also is hard to avoid the corresponding conclusion that the period of social change in which we find ourselves will be associated with – and indeed considered to necessitate - escalating levels of violence, in (anti-)globalisation activism as elsewhere.

I am reluctant, though, to exit on this note. Another zeitgeist of the moment is of the emergence of an unprecedented *global* peace movement *without leaders*: identifying war and the arms trade as inextricably linked with capitalism and as systemic constraints on human potential. And in the week of writing this, it is the absence of rioting in Los Angeles that has made headlines: given the recent trial of a white police officer for assault on a black teenager and an historical context of the riots that were sparked by the verdict of a similar case in 1992 and that resulted in 55 deaths. That the 'movement of (anti-)globalisation movements' has 'ceased to cower in fear' (Tadzio Mueller, pers. comm.) in the wake of the summer of 2001 - which, with the G8 summit in Genoa, indicated the ferocity with which states are prepared to suppress the movement(s) in the postindustrial north, and which ended with the (un)predictable rupture of September 11th - is a validation of its resilience and relevance. This is a global historical moment that seems poised between hope and despair. Here extraordinary spaces also exist: for 'a progressive activism that is one not of reaction but of initiation'; where 'the thoughtful [wo]man' might no longer remain 'a hermit in the thoroughfares of the market-place' (Thoreau), and thereby contribute to 'fuller' intellectual and praxis philosophies for human being/becoming; and where a passionate beyond-Left emergent politics might breach the categories of modernity with a collective effort of creative, sensuous force rather than violence.

<sup>5</sup> Although I am somewhat more sanguine about the deployment of strategic 'monkeywrenching' – acts of sabotage to machinery and physical structures – where these are intended to prevent acts perceived to represent greater violence, such as the bulldozing of valued landscapes or the military killing of civilians.

## Acknowledgements

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## Is There a "Race to the Bottom" in Corporate Taxes? An Overview of Recent Research

**Ben Lockwood**

Statutory rates of corporation tax in developed countries have fallen substantially over the last two decades. The average rate amongst OECD countries in the early 1980s was nearly 50%; by 2001 this had fallen to under 35%. In 1992, the European Union's Ruding Committee recommended a minimum rate of 30% - then lower than any rate in Europe (with the exception of a special rate for manufacturing in Ireland). Ten years later, already one third of the members of the European Union have a rate at or below this level.

One possible reason for these declining rates is a process of tax competition: countries compete with each other to attract inward flows of capital by reducing their tax rates on corporate profit. This has led to a number of attempts at international coordination in order to maintain revenue from corporation taxes. Both the European Union and the OECD introduced initiatives in the late 1990s designed to combat what they see as "harmful" tax competition (European Commission, 1992, 1997, 1998; OECD 1998, 2001), and more recently, the European Commission (2001) has proposed extensive changes in the form of corporation tax.

The notion that there is increasing competitive pressure on governments to reduce their corporation tax rates has also been the subject of a growing theoretical literature in economics - surveyed by Wilson (1999). But up to the present, there has been no serious attempt look for empirical evidence of such international competition in corporate taxes.

In a project funded by the ESRC, we have been studying the available evidence, and this article reports on our progress so far. A more detailed overview of our work is available at the CSGR

homepage [www.csgr.org](http://www.csgr.org). We begin at the beginning by emphasizing that the corporate tax system is complex and there is no single “rate” of corporate tax. Typically a *statutory tax rate* is applied to taxable profit, which is revenue minus the cost of variable inputs (materials and labour), and also minus the proportion of capital expenditures that can be set against profit in any year - the *capital allowance*. This allowance is usually determined in the corporate tax code: for example, the UK currently has a statutory rate of 30%, and capital allowances of 25% per year for investment in plant and machinery, and 4% for investment in industrial buildings, but no allowance at all for investment in commercial buildings.

The presence of the capital allowance means that the statutory rate is not usually the rate which affects decision-making by firms. In particular, it is usually argued that the *effective marginal tax rate*, - which is the excess of the marginal cost of capital<sup>1</sup> with the tax over that cost without the tax (appropriately normalized) - determines marginal or incremental investment of firms already based in a country. On the other hand, the decision whether to locate in country A rather than country B at all is governed by the *effective average tax rate*, which is the ratio of corporate tax paid to pre-tax profit (Devereux and Griffith, 2003). Both the effective marginal and average rates differ from the statutory rate, and are lower the more generous allowances are. These rates also depend on the type of financing: debt, new equity, or retained earnings.

The first contribution of our project is to calculate the effective marginal and average tax rates for 21 OECD countries over the period 1983-2000. These calculations extend previous work done at the IFS, and are described in more detail in Devereux, Lockwood and Redoano (2002), and Devereux, Griffith and Klemm (2002). Overall, the picture is one of a downward trend in these effective rates over the sample period, although the effect is not as strong as in the case of statutory rates<sup>2</sup>.

Having done this, we are in a position to start thinking about tax

competition. The first step is to define terms. We say that there is strategic interaction amongst the corporate tax rates (whether statutory, effective average or marginal) in different countries if there is empirical evidence that current or lagged values of other countries’ tax rates can help predict the current values of a given country.

However, merely observing strategic interaction does not conclusively establish that there is a “race to the bottom” in the usual meaning of the term. Economists believe that there are (at least) three reasons why we may observe strategic interaction in the setting of any given tax rate.

The first is that genuine tax competition is taking place – that is, countries are cutting tax rates in response to others’ cuts in order to attract inward investment. Technically, therefore, competition is over the internationally mobile tax base of the corporate tax. Tax competition is, in our view, what is meant when commentators talk about the “race to the bottom”.

The second is that yardstick competition is taking place. This arises when voters judge incumbent policy-makers on their competence by comparing tax rates set in their jurisdiction relative to those set in neighboring or otherwise similar jurisdictions. If the incumbent sets a high tax relative to the voters’ comparators, she risks being voted out of office. Anticipating this, policy-makers tend to follow each other in tax-setting.

The third is that there is a common intellectual trend at work: that is, some influential country e.g. the US introduces an innovation in tax policy which then spreads internationally, through the influence of the media and personal contact between policy-makers in different countries.

Any of these mechanisms can give rise to observed strategic interaction. However, we believe that we can eliminate yardstick competition as a possible explanation, simply due to the fact that corporate taxes are not a salient political issue for voters: in the UK, as in other OECD countries, hardly any voters know what the domestic rate of corporate tax is, much less how it compares to the rate in (say) Germany or the US.

<sup>1</sup> The marginal cost of capital is the pre-tax rate of return required on the marginally profitable investment project and can be defined either with or without a corporate tax system.

<sup>2</sup> This data is available at <http://www.ifs.org.uk/corptaxindex.shtml>

On the other hand, common intellectual trends cannot be ruled out. For example, the 1986 US tax reforms are sometimes credited with introducing a wave of similar tax reforms in OECD countries (although they were preceded by a similar reform in the UK in 1984). Generally, this type of reform involved a move to a broader tax base and a lower tax rate. The US implemented this type of reform in corporate and personal taxes; many OECD countries had implemented a similar reform in corporation tax within a few years.

So, our approach is a two-fold one. Part of our statistical work tests for the existence of strategic interaction between corporate tax rates, and part looks for other supporting evidence that this interaction is due to tax competition, not common intellectual trends.

Specifically, in Devereux, Lockwood and Redoano (2002), (2003), we show that there is considerable evidence that individual countries react to others when they set statutory or effective average tax rates. Specifically, a regression of either of these tax rates in any one country – say the UK - against an average of tax rates in other countries and a range of control variables indicates that a cut in the average tax rate in other countries leads to a cut in the UK. Moreover, we show that this effect is stronger if the country in question has a relatively high tax rate i.e. above average in the sample.

For example, the tax rate in the UK is below the unweighted average of other taxes. On our estimates, then, a one percentage point fall in the average tax rate in other countries would induce the UK to reduce its rate by nearly 0.3 percentage points. But for a country above the unweighted average, a one percentage point fall in the average would induce it to reduce its rate by about 0.67 percentage points. These magnitudes are larger in the long run - around double - as taxes are highly persistent. Implicit in this approach is that all other tax rates are equally important for the UK. We experimented with weighting the other taxes according to the other countries' distance from the UK, or the country's economic importance, as measured by GDP, or the extent of bilateral FDI flows between them. As the table below shows, the results are not very sensitive to the different possible weightings.

## Percentage Point Change in the Statutory Tax Due to 1 Percentage Point Cut in All Other Countries' Statutory Tax

Results for the effective average tax rate give similar results.

	AVERAGES			
	Unweighted	Distance Weighted	GDP Weighted	FDI weighted
Short run, country below average	0.297	0.143	0.196	0.147
Short run, country above average	0.672	0.495	0.595	0.477
Long run, country below average	0.591	0.301	0.536	0.350
Long run, country above average	1.137	1.042	1.630	1.136

What about the supporting evidence that this interaction is due to tax competition, not common intellectual trends? One piece of evidence is that a theoretical model of tax competition, developed in the paper, predicts that high-tax countries will react more to a tax cut of a given size than low-tax countries - precisely what we find in the empirical work. More importantly perhaps, in work in progress, we find corroborating evidence when we look at how the behavior of US multi-national enterprises (MNEs) changes in response to corporate taxes in other countries. We study the determinants of the capital stock in other OECD countries owned by affiliates of US MNEs (those in which the US parent has at least a 10% share). This capital stock depends on the profitability from locating in that country, as we might expect, and on country characteristics such as size and openness. Moreover, it depends significantly (in a negative way) on statutory and effective average tax rates in the country of location, as the Table below indicates.

Estimated Percentage Increase in Capital Stock of US Affiliates Resulting from 10 Percentage Point Corporate Tax Cut

Tax Rate	Short Run	Long Run
Statutory	5.15	42.21
Effective Average	6.76	65.68
Effective Marginal*	2.17	18.70

\* Effect of this tax rate is statistically insignificant



Why is this corroborating evidence in favor of tax competition? Because if governments understand that their corporate tax bases depend on their rates of statutory (or effective average) tax relative to their neighbors, they will compete over these dimensions of the corporate tax system. So, we take our empirical results on location of the capital stock as supporting the tax competition interpretation of our results on strategic interaction.

However, we also plan to do additional empirical work to discriminate between the two hypotheses. One way to do this would be to look for evidence of strategic interaction in other important taxes, such as the top statutory rate of personal income tax, across countries, where the tax base is much less mobile. If we do find evidence of strategic interaction, in spite of the immobility of the tax base, then this is some evidence of a common intellectual trend. Another would be to ask whether tax competition is more intense between countries where inward and outward investment flows are less constrained<sup>3</sup>: if it is, this is again evidence of tax competition.

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<sup>3</sup> A simple way of quantifying this would be to use quantitative measures of the strength of exchange restrictions on the capital account of the balance of payments e.g. Quinn (1997).

## IMF Guide for Relations with Civil Society Organisations

*Jan Aart Scholte*

Early this year the International Monetary Fund (IMF) asked me to help draft its first-ever staff guide for relations with civil society organisations (CSOs). Like other global governance agencies, the IMF has over the past decade substantially increased its contacts with business forums, community organizations, faith-based groups, labour movements, NGOs, research institutes, and other voluntary associations of citizens that seek to shape governance structures and policies. However, until now the Fund has not established explicit principles and procedures for relations with CSOs.

Against the backdrop of considerable so-called ‘anti-globalisation’ activity, including around IMF annual meetings and country missions, the task of preparing such a guide is politically charged to say the least. Considerable care has therefore been necessary in formulating the document. In particular I set myself up as an unpaid facilitator of an IMF-CSO dialogue about these issues rather than as a hired consultant to the Fund.

In March-April I held initial discussions about the nature, purpose and general outline of the guide with a cross-section of IMF staff and a core group of CSO leaders from diverse civil society sectors and world regions. In May-June further consultations were undertaken on a full draft of the guide with the IMF Executive Directors, IMF staff and a wider circle of CSOs. In July I submitted a revised version to the Fund, where IMF staff have made final amendments before publication of the paper.

The guide covers the nature of civil society, IMF aims in engaging with CSOs, general principles of engagement, nitty-gritty issues of process, and advice on handling challenges to constructive effect. The key challenges addressed include keeping the initiative for civil society engagement with government, so that the Fund does not replace the state in leading public policy deliberations. Likewise, the Fund must maintain good relations with government while it engages with civil society elements, some of which might be strongly opposed to the national authorities. In addition, the guide offers advice on how IMF staff

can handle political conflicts, build trust, and temper expectations in their relations with CSOs. Criteria for assessing the legitimacy or otherwise of CSOs are also specified.

In addition to internal circulation, the guide will be posted on the Fund’s external website, with an invitation for public comment. It is envisaged that the document will be periodically revised in the light of accumulating experience and evolving practices in IMF-CSO relations.

## Regionalism: The Epriee Project on European Reintegration

*T. Huw Edwards*

EPRIEE is an EU-funded research project incorporating teams from Newcastle, Brussels, Bari in Italy, Tallinn in Estonia and Tarnow in Poland, as well as the CSGR, and is now entering its third year. The research area is Economic and Political Reintegration in an Enlarged Europe, and the work of the various teams is summarised on the project website: [www.epriee.ncl.ac.uk](http://www.epriee.ncl.ac.uk).

Warwick’s particular contribution is on utilising general equilibrium analysis to investigate the economics of EU enlargement and transition from Soviet-style socialism. Over the last year Huw Edwards has been working on dynamic modelling of the transition process. The work to date emphasises the difficulties of national income accounting in representing the changes taking place in the varied transition economies: while most countries suffered a transitional recession, there is reason to believe that in some cases this was essentially caused by failure to account properly for the initial costs of Soviet planning, so the starting baseline may have been overstated. Huw’s current work looks at the practical obstacles in a dynamic framework in the way of countries attaining the potential efficiency gains from a market economy and the adoption of more efficient Western technology.

## Approaches to Global Finance Workshop

**Tim Sinclair & Paola Robotti**

On December 6 and 7, 2002 the Centre for the Study of Globalisation and Regionalisation (CSGR) hosted the *Approaches to Global Finance Workshop*. The organisers and convenors were Timothy Sinclair, University of Warwick, and Marieke de Goede, University of Newcastle. The aim of the workshop was to foster an interdisciplinary dialogue between researchers working on global finance from different fields. The workshop brought together representatives from sociology, geography, accounting and political science.

These disciplinary sub-fields have a common desire to move beyond the main tenets of mainstream academic finance, and in particular beyond its strictly-defined assumptions of rationality and efficiency. As emphasised in the introductory notes to the workshop, 'financial study and decision-making are supposed to exist independently from culture, society, history, sexuality and emotion. Finance is supposed to be peopled by rational actors in pursuit of profit maximisation'. The proponents of the various areas of research presented at the workshop aim at reintroducing human and social dimensions into our understanding of finance.

In particular, six areas of research were considered to be worthy of attention: (i) ethnographic studies of the work of financial traders, speculators and other financial participants, which aim at investigating how financial actors interact and make decisions; (ii) sociological studies of the social dimensions of financial decision-making processes; (iii) studies of the history and contingency of statistics and calculation, which show how economics and accounting are social and historical processes; (iv) studies of the particular geography of financial markets; (v) studies of the gender aspects of modern financial markets; (vi) studies of the politics of financial markets, which inquire into the power of financial actors and institutions and question the separation between the economic and the political spheres. All participants in the workshops had an affiliation with one or more of these research areas. It was noted how little engagement exists between researchers working from these different perspectives, and how International Political Economy in particular would

benefit from including in its agenda some of the sociological and cultural-historical issues that are at the core of those other disciplines.

Beyond the aim of bringing together people working on finance from different disciplinary perspectives, the workshop was first and foremost an attempt at elaborating or consolidating new dimensions in the study of finance. A few of these dimensions emerged from the presenters' papers and are likely to constitute the basis for further dialogue. Among them, it is worth mentioning the debate on global financial governance. Randal Germain spoke of the emergence of a *global financial public sphere* as the new model of governance in the post-Bretton Woods era. The global financial public sphere is seen as an emerging space of dialogue, decision-making, exchange and information that lies at the intersections of different institutions – the government-led institutional framework of regulation, the global operation of the market, the global media and civil society. The global financial public sphere is more pluralistic and participatory than the previous models of governance, as more actors participate and more issues are publicly debated than was the case during the US-led governance of the Bretton Woods period and the London-based credit system of the 19th century.

Tim Sinclair talked of another facet of global governance in contemporary financial markets: the production of authority and hence governance by 'reputational intermediaries' – defined as legal and accounting firms, consultants and the major debt rating agencies. These intermediaries use their reputation to influence the parameters of corporate and government policy. By so doing, they exercise what Sinclair calls a 'hidden or occult form of global governance'. The importance of such form of governance is most obvious at the time of its collapse, as it has been recently evidenced by a series of corporate bankruptcies in the US.

A second major debate that was addressed at the workshop was the distinction between *performative* and *descriptive* economics, which was introduced by sociologist Donald MacKenzie. Performativity of economics means that economics does not describe a pre-existing outside world, but helps to bring that world into being. Through the creation of the very instruments upon which the markets work, many financial theories become

generative and not only descriptive of market reality. The papers presented at the workshop provided several examples of this performativity. Marieke de Goede, for instance, spoke of the historically contingent and constructed nature of one of the key market indicators: the Dow Jones stock market index. She argues that it is possible to understand the Dow Jones as a 'performative', which over time has created the financial market as a unified, observable and measurable phenomenon. In a similar way, Adam Tickell looked at the role of media 'in changing the practices and protocols of finance and what *counted* as finance during the TMT bubble'. According to Tickell, the financial press and in particular star investment advisers 'played a very real part in promoting the bubble market', which is another example of performativity.

The issue of performativity was also present in another major debate that was addressed at the Workshop: financial risk. Risk is indeed becoming of paramount importance: it affects almost all discussions on global finance. Though almost every paper dealt with the issue of risk to a certain extent, Michael Power spoke more specifically of 'operational risk' as an example of how contested the creation of financial practices and concepts is. Operational risk refers to those events/threats that are 'either ignored or made insufficiently explicit in management systems' (so called 'low probability high impact events'). According to Power, the introduction of this new category for the measurement and classification of risk exposes, on the one hand, the will to emphasize the high calculability and rationality of any market event and, on the other, the interests and struggles that are behind any conceptualisation of market categories. From this perspective, Power's presentation fitted the previous analysis of the constructed nature of financial practices.

As these brief notes show, the papers presented at the AGF Workshop showed important synergies and interrelations on the new approaches for the study of finance. Viewed as an exercise in cross-disciplinary conversation, the Workshop proved very successful and will certainly form the basis for a long-term and valuable dialogue among the participants and their respective disciplinary communities. The convenors are currently working on publication plans for the collected papers.

## Gender, Globalisation and Governance

**Shirin Rai**

The Fourth seminar in the ESRC Seminar Series on Gender, Globalisation and Governance was held at the Centre for the Study of Globalisation and Regionalisation at the University of Warwick on 27 March, 2003.

The day-long seminar featured presentations by various scholars and a roundtable discussion. It was particularly pleasing to see so many graduate students from different universities at the seminar. The theme of the seminar was **Global Social Movements/Civil Society: Gender Networks**. The papers reflected upon theoretical as well as practical aspects of gender networks and networking within and through civil society and civil society organisations. The seminar featured the following papers:

### PANEL I

**Chair:** Georgina Waylen

Nira Yuval-Davis (East London)

*Intersectionality and Feminist Politics*

Shirin M. Rai (Warwick) *Women Networking Across Borders: Knowledge Networks and Subaltern Politics*

In this panel, Nira Yuval-Davis' paper focused on intersectionality or social division and feminist politics. Issues of gender, race and class were addressed and an assessment made of how intersectionality works for policy. The argument was put forward that while gender, race and class have separate and irreducible ontological bases they are necessarily enmeshed with the others, though the intersectionality might be both structural and positional. One of the ways that this intersectionality is expressed in institutional power is through informal networks. Shirin Rai's paper reflected upon the nature of knowledge networks that are becoming so visible in the development discourse as well as development policy. The construction of discourses about 'knowledge' and 'knowledge-makers' was examined as were issues of access that emerge as a result of these discourses and practices. It was suggested that knowledge networks are politically heterogeneous and that for subaltern networks to have

sustainable organisations as well as a critical politics they need to be self-reflective and deliberative.

## PANEL II

**Chair:** Shirin Rai

Haleh Afshar (York) *Islamic Women's Movements*

Cassandra Balchin (Women Living Under Muslim Laws)  
*Women Living Under Muslim Laws*

This panel focused on Islamic women's movements and networks. Haleh Afshar examined the historical development of Muslim women's movements and the various strategies that they have developed in negotiating with/in Islamic institutional systems as well as challenging the hegemonic discourses of gendered social relations within Muslim societies. It was suggested it is a strategic cooperation between Islamist and secular feminist movements that can be most productive in pursuing women's liberation from patriarchal interpretive control of the male religious hierarchies. Cassandra Balchin examined the evolution and the work of Women Living Under Muslim Law network, and reflected upon the challenges and solidarities of networking across national, institutional and ideological borders. She shared her experiences, hope and worries about the networks and argued that it is only through holding on to the principles of autonomy, respect and the broadest possible definitions of Islam that the network has been able to achieve its goals.

## PANEL III

**Chair:** Ruth Pearson

Gill Beard (Sheffield) *Global and Regional Civil Society in the Caribbean*

Charlotte Bretherton (Liverpool John Moores) *Environmental Movements*

In this final panel Gill Beard spoke about the development and work of neighbourhood organisations in the Dominican Republic and suggested that they faced both opportunities and constraints that were not only financial but also political. As such, it was argued that while border crossing is important for the development of these civil society organisations their primary focus remained the domestic political scene. Charlotte Bretherton then spoke about environmental movements. She examined the

various frameworks within women's participation in environmental movements has been deemed important and suggested that while women are uniquely placed to participate in environmental movements they often do not find the political space to shape the agendas of these movements. This is particularly true of non-elite women working at the grassroots level. She concluded that what is needed is more effective interaction between local movements and transnational environmental networks which are nurtured by the social movements.

**OPEN DISCUSSION:** Key Themes and Debates

**Chair:** Georgina Waylen

3.45 - 4.30

A lively open discussion followed during which many of the themes were revisited, clarified and taken forward.

## Encyclopedia of Globalization

Jan Aart Scholte of CSGR has teamed up with Professor Roland Robertson of the Centre for the Study of Globalization at the University of Aberdeen to coordinate the compilation of the first *Encyclopedia of Globalization*. This work will be published in 2005 by Grolier Academic Reference, an imprint of Scholastic Library Reference. Production of the work is being coordinated by the Moschovitis Group, book packagers located in New York City.

The *Encyclopedia of Globalization* is designed to be a significant public education tool, providing convenient, compact and easily comprehensible reference for use in schools, universities and public libraries. The 450 prospective entries cover key cultural, ecological, economic, geographical, historical, political, psychological and social dimensions of globalization.

The encyclopedia will address empirical, theoretical and policy aspects of globalization. In empirical terms, the entries will examine the substantive conditions of globalization: for example, climate change, human rights, the Internet, religious revivalism, and the World Trade Organization. With regard to theory, the entries will clarify concepts and approaches that can be used to understand globalization: for example, comparative advantage, cultural imperialism, and sovereignty. Concerning policy, entries in the encyclopedia will cover measures (both existing and

proposed) that can be used to shape the course of globalization: for example, neoliberalism, sustainability, and the Tobin tax.

The two lead editors have assembled an international team of associate editors to advise them on various specialist areas: Shalini Randeria of the University of Zurich (Anthropology), Ingrid Volkmer of the University of Bielefeld (Communications and Media), Fantu Cheru of American University (Development), Grahame Thompson (Economics), Ken Conca of the University of Maryland (Environment), Wolf Schäfer of the State University of

New York at Stony Brook (History), Wang Ning of Tsinghua University (Humanities and Literature), and Christine Chinkin of the London School of Economics (Law). Robertson is taking primary responsibility for sociological aspects, while Scholte is doing the same in respect of politics.

Progress of the *Encyclopedia of Globalization* project can be tracked on the designated website, [www.referenceworld.com/mosgroup/globalization](http://www.referenceworld.com/mosgroup/globalization).

## Consortium of Centres of Globalisation Studies

CSGR has recently become involved in the establishment of a global Consortium of Centres of Globalisation Studies (CCGS). In January 2003 CSGR was represented at an initial exploratory meeting in Washington, DC with representatives of eight other globalisation research institutes. A larger conference involving three dozen centres from across the world will convene on 10-12 September at the International Development Research Centre in Ottawa to consider the formal establishment of a CCGS. The results of this meeting will be reported in the next CSGR newsletter.

In the meantime, colleagues at other centres of globalisation studies who would like to receive more information about the CCGS initiative can contact CSGR's acting director, Jan Aart Scholte ([scholte@warwick.ac.uk](mailto:scholte@warwick.ac.uk)).

## Centre for Technology, Innovation and Culture Visit

The CSGR hosted an informal workshop on issues of globalisation and regionalisation on the occasion of the visit of staff of the Centre for Technology, Innovation and Culture (TIK) of the University of Oslo (29-30 November 2002). In the spirit of interaction among multi-disciplinary research centres, CSGR staff and associates and TIK staff gave brief presentations on their research projects and plans; these were followed by interesting debates and discussions on possible joint activities in the future. Participants appreciated the linkage with centres that pursue parallel agendas to the CSGR and it is expected that the exercise will be repeated with a CSGR visit to the College of Europe in Bruges, Belgium.

# Research Fellow Activities

**Toby Dodge** has conducted two research trips to Iraq, the first in the run up to regime change in November 2002 and the second in its aftermath in June 2003. He has published, *Inventing Iraq: The Failure of Nation-building and a History Denied*, (New York and London: Columbia University Press and Hurst, October 2003), *Iraq at the Crossroads: State and Society in the Shadow of Regime Change*, (edited with Steven Simon), (London and Oxford: International Institute for Strategic Studies and Oxford University Press, 2003) as well as 'US Intervention and Possible Iraqi Futures', *Survival*, vol. 45, no. 3, Autumn 2003.

He has also presented papers at Stiftung Wissenschaft und Politik (German Institute for International and Security Affairs), Berlin, Centre of Near and Middle Eastern Studies, School of Oriental and African Studies, Birkbeck College, University of London, International Institute for Strategic Studies, Gulf Research Centre, Dubai, Centre for Contemporary Arab Studies, Georgetown University, Washington DC, Johns Hopkins University Bologna Centre, International Peace Academy, New York, Geneva Centre for Security Policy, Centre for the Study of Global Governance, London School of Economics and Political Science, Exeter University, and the Emirates Centre for Strategic Studies, Abu Dhabi.

**Gianluca Grimalda** has been working on several articles linked to his main research interests: Social Norms and Economic Growth; The Globalisation of Ethics and the Ethics of Globalisation; Economic Growth and Inequality. He is to participate in an International Labour Office research project, 'The Impact of Globalisation on Income Distribution in Developing Countries' which should see him spend part of the academic year at the ILO in Geneva. In the past months, he was also responsible, along with Professor Marcus Miller, of organising the annual CSGR conference, 'International Financial Crises: What Follows the Washington Consensus?'

**Chris Hughes**, Deputy Director of CSGR, has recently completed a monograph and several chapters that are in press or awaiting publication: *Japan's Comprehensive Security Agenda in East Asia: Decolonisation, Bipolarisation, Globalisation*, Lynne Rienner (2003); 'Japan-US Security relations: toward "bilateralism-plus"?', in E. S. Krauss and T. J. Pempel (eds.) *Beyond Bilateralism:*

*The US-Japan Relationship in the New Asia-Pacific*, Stanford, CA: Stanford University Press (forthcoming November 2003); 'Japanese security policy and the "war on terror": steady incrementalism or radical leap?', in D. Camroux (ed.) *United States-Asia Relations Today: A New "New" World Order*, London, Routledge (2004?); 'Globalisation and Security in East Asia', in C. Dent (ed.) *Asia-Pacific Economic and Security Cooperation: New Regional Agendas*, Basingstoke, Palgrave Macmillan (forthcoming November 2003); 'Japan and the Political Economy of Security after 9/11', in Peter Dombrowski (ed.) *The International Political Economy of Security*, Lynne Rienner (2004).

**Sian Sullivan** conducted several research trips relating to her work on anti-capitalist politics, including to Evian (G8 summit) and Thessaloniki (EU summit). Recently, she was a key participant in a workshop on 'Rangelands at equilibrium and nonequilibrium' in Durban, South Africa. She is also contributing the following chapters: Sullivan, S. and Homewood, K. 'On non-equilibrium and nomadism: knowledge, diversity and modernity in drylands (and beyond ...)' in Pimbert, M. (ed.) *Reclaiming knowledge for diversity*, London: Earthscan; Sullivan, S. and Homewood, K. 'Natural resources: use, access, tenure and management' in Bowyer-Bower, T. and Potts, D. (eds.) *Eastern and Southern Africa*, new regional text commissioned by the Institute of British Geographers' Developing Areas Research Group, London, Addison Wesley Longman.

Eleni Tsingou received an invitation to an industry conference, 'Europe's Changing Financial Landscape', which took place at the European Investment Bank, Luxembourg, 23 January 2003. She also attended the Conference on Global Regulation at the University of Sussex, 28-31 May 2003, which was partly supported by the CSGR. Initial findings of her research on money laundering were presented at the Central and Eastern European International Studies Association and International Studies Association Joint Convention in Budapest, Hungary, 26-28 June 2003: 'Tackling money laundering – public and private roles and responsibilities'.

Also, in association with Prof. Richard Higgott and Prof. Jaap de Wilde (University of Twente and Free University of Amsterdam), she is co-convenor and programme convenor of the ECP

Standing Group on International Relations Pan-European Conference 2004 (9-11 Sep, The Hague, Netherlands).



***Nuria Okfen,  
Marie Curie Fellow, Aug 02 -Mar 03***

Since my M.A. thesis I have been working on regional integration and inter-regional institutions. Before I came to Warwick University I was working for two years as a research fellow at the University of Trier (Germany) with Prof. Hanns W. Maull. It was there that I have developed the principal idea of my PhD thesis, which is whether a sense of community and significant signs of a collective identity have evolved in the East Asian region. I chose to focus on ASEM and APEC as institutions that operate on the basis of core “ASEAN-norms.” In ASEM, as in APEC, key ASEAN-norms such as non-interference, informality and decision by consensus are at work. Therefore, APEC and ASEM appear to be suitable vehicles to foster an East Asian community. Asian heads of state and government, in building an informal group of their own within APEC and ASEM, could have contributed to forming an East Asian community. During my stay at Warwick University I basically concentrated on the question of whether actors can develop a sense of moral obligation towards one another given the minimum pooling of sovereignty in ASEM and APEC.

My time as a Marie Curie Fellow at the Centre for the Study of Globalisation and Regionalisation (CSGR) was without doubt a very fruitful and productive phase in my academic life. Therefore,

in retrospect, I am more than happy to have applied for the Marie Curie scholarship. During my stay I was given the opportunity to attend three high-level conferences, I wrote a conference paper myself, I reviewed and refined parts of my PhD thesis, presented a CSGR seminar and as I am writing this report, I am in the process of finalising my CSGR working paper.

I am sure that anyone who will be a Marie Curie Fellow in the future will likewise discover the tremendous progress they will make during their stay at CSGR. At Warwick, a researcher is given an ideal research environment in terms of the infrastructure, as well as in terms of having the chance to work with experienced and well-known colleagues. I learnt how enormously an excellent research environment impacts on one’s own research and progress. Especially attending the high-level conferences is clearly the best means to keep track of the latest developments in one’s field of interest.

When I came to Warwick my PhD thesis was already well advanced. Therefore, I was not looking for guidance on basic questions such as how to pursue my doctoral research in terms of its overall structure. Important and utterly useful for me was to review and discuss my findings and thus to check the strength and the impact of my arguments by juxtaposing them with my colleagues’ viewpoints at CSGR. Both, my colleagues’ critical and constructive comments as well as the ideal working conditions at the CSGR which e.g. provided me with all books and latest editions available on my topic helped me in refining those parts of my thesis which I felt needed to be more succinct.

Overall, I can only highly recommend to anyone interested in a Marie Curie Fellowship at the CSGR to try his or her luck. You will feel surprised about how much work you get done once you have installed yourself on campus. Ultimately, the fact that I have had such a productive time at Warwick is not solely due to the excellent working conditions and the valuable expertise gathered at CSGR. Equally stimulating for me was the very collegial and open-minded spirit among researchers as well as among the whole staff at CSGR in general, and the resulting positive and motivating atmosphere I found myself in.



# CSGR Staff Away-Day

18th June 2003



# CSGR SEMINAR SERIES, AUTUMN 2003

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DATE	SPEAKER	TITLE
6th October	<b>Professor Jan Aart Scholte</b> University of Warwick	<i>Small Steps to Global Democracy: Opening the IMF to Civil Society</i>
20th October	<b>Dr David Williams</b> University of Oxford	<i>The World Bank and the liberal project</i>
27th October	<b>Dr Dwijen Rangnekar</b> University of Warwick	<i>Intellectual Property Rights and Agro-Food: Appropriation, the Public Domain and Supply Chains</i>
3rd November	<b>Professor Ben Lockwood</b> University of Warwick	<i>Globalisation and corporate taxes: is there a race to the bottom?</i>
10th November	<b>Dr Michela Redoano</b> University of Warwick	<i>Fiscal Interactions among EU Countries</i>
17th November	<b>Dr Liliana Pop</b> Birkbeck College, University of London	<i>Time and Crisis: Framing success and failure in the post-communist transformations in Eastern Europe</i>
24th November	<b>Dr Ginaluca Grimalda</b> University of Warwick	<i>Reforming methodological individualism: A bridge across the social sciences?</i>
1st December	<b>Dr Toby Dodge</b> University of Warwick	<i>Beyond the frontiers of neo-liberalism, piercing the oil bubble and the war against Iraq</i>

# CSGR WORKING PAPER SERIES, 2003

111/03, January

E Tsingou

**Transnational policy communities and financial governance: the role of private actors in derivatives regulation**

112/03, March

S Ghosal & M Miller

**Co-ordination Failure, Moral Hazard and Sovereign Bankruptcy Procedures**

113/03, February

M Miller, K Thampanishvong & L Zhang

**Learning to Forget? Contagion and Political Risk in Brazil**

114/03, July

P Conconi & C Perroni

**Self-Enforcing International Agreements and Domestic Policy Credibility**

115/03, May

M Besfamille and P Sanguinetti

**Formal and real fiscal federalism in Argentina**

116/03, June

K Mayr

**Immigration and Majority Voting on Income Redistribution – Is there a Case for Opposition from Natives?**

117/03, June

N Okfen

**Towards an East Asian Community? What ASEM and APEC can tell us**

118/03, June

D Leech

**The Utility of the Voting Power Approach**

119/03, August

Michael P. Devereux, B Lockwood & Michela Redoano

**Capital Account Liberalisation and Corporate Taxes: is there a Race to the Bottom?**

120/03, June

D K Das

**Trade and Global Integration**

121/03, August

S Sullivan

**Distributed networks and the politics of possibility: Interpretations of what's new about the form and content of glocal anti/post-capitalism**

122/03, August

K Homewood & S Sullivan

**On non-equilibrium and nomadism: knowledge, diversity and global modernity in drylands (and beyond ...)**

123/03, August

S Sullivan

**'Anger is a gift!' Or is it? Engaging with violence in the (anti-)globalisation movement(s)**

124/03, September

R Higgott

**American Unilateralism, Foreign Economic Policy and the 'Securitisation' of Globalisation**

# Globalisation, Domestic Politics and Regionalism: the Asean Free Trade Area *by Helen E S Nesadurai*

## **About the book:**

This book examines an important analytical issue in the study of globalisation and regionalism – how precisely do the two phenomena relate to each other, and does that relationship differ in different parts of the world? At the heart of the globalisation-regionalism relationship is the question of whether structural dynamics associated with globalisation are primarily responsible for both the emergence of regionalism and the form taken by it, or whether and to what extent domestic- and region-level dynamics are influential. A related issue is the extent to which globalisation constrains independent policy action. The book addresses these questions through both conceptual innovation as well as detailed empirical research of the ASEAN Free Trade Area (AFTA) in Southeast Asia.

Central to the study is its explicit integration of politics in explanation, a central theme of the scholarly field of International Political Economy. This is evident in the author's use of the economic realist perspective on IPE, which allows her to conceptualise regionalism as an activist response by state authorities who, by pooling their resources through regional cooperation, attempt to counter external forces in the world political economy that are regarded as threatening to domestic interests. As a result, the author is able to identify an additional variant of open regionalism, namely the FDI variant, in addition to the neoliberal model currently dominant in the literature. She also advances the notion of 'developmental regionalism', which draws on strategic trade theory from International Economics. In developmental regionalism, domestic-owned capital is a key variable. Existing models of the globalisation-regionalism relationship, and much political economy work more generally, ignore ownership-based distinctions in capital. The author argues that developmental regionalism is more likely to be seen, at least theoretically, in

settings where domestic-owned capital is not well developed but where it plays crucial social and political roles. In such instances, governments may well respond to regionalism in ways that attempt to preserve and especially nurture emerging domestic capital in the face of competition with transnational corporations. Such activist behaviour in regionalism was evident in AFTA, according to the author. It explains seemingly contradictory actions in the regional project, such as the offer of full investment privileges to domestic/ASEAN-owned firms ahead of foreign investors in AFTA's investment liberalisation component

programme, at the same time that member governments used the single AFTA market as a carrot to help redirect FDI to the region from other competing investment sites, notably China. Thus, says the author, AFTA was both a project of open regionalism (the FDI-variant) and development regionalism due to the political salience of both foreign and domestic-owned capital.

The author is, therefore, able to offer a more robust explanation of developments in AFTA during the 1991-2002 period, one that is able to explain dynamic trends as well as to account for what appear to be internal contradictions in the project. The author's insights from this work, the first book-length study of AFTA,

also help to put into perspective some of the recent developments in the wider Asia-Pacific, notably the ASEAN-China Free Trade Area and the range of bilateral free trade areas currently in vogue. This book's strength lies in the way in which the author has combined the disciplinary approaches of the theorist of regionalism with rich empirical work on Southeast Asia that recognises the importance of specific historical and political contexts.



