

Chapter 1

A Critical Review of Global Political Economy from an Eco-Holistic Perspective

The subject of international or global political economy (IPE or GPE) has established itself as a core International Relations (IR) element in the past fifteen years. However, the IPE/GPE discourse and the environmental discourse within IR have more or less existed side by side and have not cross-fertilized despite obvious linkages. The aim of this chapter is to outline the environmental dimension of core IPE/GPE approaches or, in the absence of a clear environmental dimension, to analyze the potential for an environmental component of these approaches. Although the approach of this book is based on the concept of a global political economy, both the terms IPE and GPE shall be used for literature review purposes. As substantial parts of recent GPE writings have been subsumed under the umbrella of globalization, the topic of globalization will also be included in this analysis. This chapter provides an overview of the different approaches to, and theories of, globalization as the latest variant of GPE and assesses their usefulness in providing a holistic, including ecological, analysis of existing political economy trends under the new forms of economic organization that have come into being since the 1970s. Since this chapter serves as an introduction to both subject matters, it is kept necessarily basic so as to familiarize the IPE/GPE audience with environmental discourse and the environmental audience with IPE/GPE concerns.

There are no direct environmental approaches to IPE/GPE, which is a clear gap in the literature and this book is one attempt to fill this vacuum. There are many empirical accounts of the impact of certain aspects of GPE on the environment or of certain actors. However, none of this translates into a theory or a conceptual framework of environmental GPE although many of the existing GPE approaches could easily incorporate an environmental dimension if amended accordingly.

Empirical analyses of the environmental impact of GPE range from studies of the institutional frameworks set up to dealing with environmental problems

to the analysis of particular problems and their direct origins. An example of the latter kind of study is Peter Dauvergne's analysis of the environmental consequences of loggers and degradation in the Asia-Pacific (2000) while examples of the former kind of literature would be analyses of World Bank or World Trade Organization (WTO) policies and how they relate to environmental degradation (Williams, 2001). Most environmental political economy analysis, however, can still be found in the field of regime-type studies of particular institutional frameworks that deal with environmental problems (Young, 1997; Haas, Keohane, & Levy, 1995).

This book will take a different angle and the critical review of GPE approaches in this chapter acts as an introduction to the conceptual framework that will be developed in chapters 2–4. First, reflecting on the growing importance of the process of globalization within GPE, is it possible to define the term globalization within global political economy? Given the widespread use of this term for the contemporary organization of the global political economy, its definition and a discussion of the validity of the concept is an obvious starting point for this review (and indeed for a book on environment and GPE). Then the chapter will address several schools of thought that have emerged as the predominant ones of the past decade, namely the historical approach, the liberal approach, and the globalization skeptics. In addition, environmental approaches to global political economy/globalization will be introduced and assessed in this context.

It is generally agreed that the 1970s have seen fundamental changes in the way in which the international political economy is organized, leading to a more global approach both in IPE/GPE and environment (Strange, 1996; Scholte, 1993; Mittelman, 1997; Lipschutz, 1996). What is debatable, however, is if these changes are deserving of the term globalization that they have been allocated. Among IPE/GPE scholars the age of globalization is taken to be the post-Fordist era that has engendered economics of flexibility, increasing trade liberalization, financial deregulation, an increasingly global division of labor, and a transnational capitalist class (Sklair, 1998; Lipiètz, 1997, Strange, 1996). Although the phenomenon of globalization itself is contested, these changes in the international political economy are not. So in a way there are two parallel debates about globalization as a phenomenon: whether it exists or not and whether the 1970s changes in the global/international political economy are a historically new phase or just a continuum of a historically rooted phenomenon (Hirst & Thompson, 1996; Schwartz, 2000).

The first debate, about whether these changes constitute globalization or not, is a definitional problem. By definition global means the encompassing of the whole globe rather than just certain regions. Therefore it would not be technically, geographically, or indeed spatially correct to use the term globalization for economic, social, or political phenomena that affect only part of

the (inhabited) world as many authors do indeed propose. Globalization as opposed to internationalization also means that political and economic processes become truly global rather than just international or transnational, i.e. an international system inclusive of more actors than the state-centric view suggests—thus leading to a more pluralist, or globalist, *weltanschauung*. In terms of inclusiveness, globalization is a phenomenon that affects global society and not just a part of society or an elite. Global has to be truly inclusively global in order to justify the use of this drastic term. A cursory look at the contemporary political economy suggests that most political and economic processes fail the test of being global although in some economic sectors and especially in the division of labor there are certainly many global aspects in the organization of these phenomena. This means that to use the term globalization to describe the political and economic changes since the 1970s is an exaggeration and that we can only talk of partial globalization or of a globalizing process. This does not mean that globalization does not exist, only that it is not as pervasive and all-encompassing as it is usually presented. Thus it is more helpful to speak of a globalizing political economy rather than globalization.

The second point I want to emphasize, on the origins of globalization, is a question about both globalization and economic history. Some academics argue that globalization started with the formation of societies and with the social relations between them and that we have now entered a higher stage of a linear, historically determined process (Frank, 1998). Others would see globalization as coexisting with capitalism and again, depending on one's definition of capitalism and the different start dates that are given (Wallerstein, 1995; Cox, 1996; Altvater & Mahnkopf, 1999). This school of thought sees globalization as a higher or latest stage of capitalism. Last, some researchers would suggest that globalization and the socio-economic changes witnessed since the 1970s are an entirely new phenomenon that is separate from the other processes just mentioned (Cox, 1997; Mittelman, 1997).

Writers such as James Mittelman and Robert Cox focus on the economic side of globalization and see these economic changes as the driving factor behind other global changes. These economic changes are empirically observable phenomena and have altered the shape of the global political economy. In this view, these developments have also led to institutional developments, such as alterations in World Bank and International Monetary Fund (IMF) policies, changes in the General Agreement on Tariffs and Trade (GATT) and the establishment of the World Trade Organization, shifts in the way in which the United Nations is used as a political instrument by states and the rise of global civil society, as well as some changes in the role of the state in the international system. The beginning globalization of certain economic and financial sectors has surely had an impact on local organization as well (Hertel,

1996; Klak, 1998). However, it cannot be argued that these emerging processes have led to a fundamental reorganization of the international system and to the emergence of a global system. This is simply not the case. States are still the only sovereign actors in the international system and sanction fundamental changes. Their role has certainly changed over time and they are engaged in more consultation exercises and are more constrained in their choices, as are multilateral funding agencies (and also multilateral corporations). Nevertheless, the structural changes experienced over the past thirty years in the international system have not made states the servants of multinational corporations as is often maintained.

The structures of the international system have undeniably changed with the onset of the process of globalization that is witnessed by the establishment of the World Trade Organisation and by the changing role and rise in importance of the International Monetary Fund and the World Bank. These changes are linked to the breakdown of the Bretton Woods system and to the ensuing structural changes in production and finance (Cox, 1997). However, the fundamental structures of the system are still in place. The global political economy is still managed from the political and economic/financial centers of the world that are situated in developed countries and the underlying ideology of the international system is still by and large the same as well. The relationship between core and periphery has not fundamentally changed either. While some countries have made the transition from developing to developed countries, overall the world-system structures of core, periphery, and semiperiphery have not been affected by the onset of the process of globalization.

Therefore the fashionable argument about globalization being an entirely new phenomenon is discarded in this book. This approach is largely based on cultural and social ideas of globalization and on the reach of better transport and communication links that decrease physical and virtual distance between places and people. However, communication and travel methods have continuously improved during the course of history and there is no argument to suggest that the changes in the past thirty years are so fundamentally different from what existed before that they are deserving of an entirely new term. In addition, modern transport and communication means are only available to a relatively small elite of the world population and are by no means global in reach. Thus the *social relations* of transport and communication have not changed although the *spatial reach or speed* of these communications means has increased. Vast parts of developing countries do not have regular electricity supply or telephone access; therefore talking about a global village is an exaggeration. For example, in sub-Saharan Africa and in South Asia, only 14 to 15 telephone lines existed per 1,000 people in 1996 while 1.5 personal computers were counted per 1,000 people in South Asia (World Development Indicators/World Bank Atlas, 1998: 48–49). The world may be a global vil-

lage for some but not for the vast majority of the population. Likewise, cultural linkages and a cultural melting pot are also largely a myth. There may be a case for a 'coca-colization' argument but this is limited to certain branded products that have global appeal. The internationalization of food is also something that is largely only available to an elite who can afford to frequent exotic restaurants. These are not global phenomena and they are also not new. They may be more widespread today but this increase in volume is not related to a fundamental change in social relations.

It is more difficult to decide whether globalization finds its roots in the advent of capitalism or if it is intrinsic in societal evolution. This also leads to debates about the nature of capitalism, whether to accept the notion that modern capitalism is unique or whether historically other societies intent on capital accumulation can also be described as capitalist. If the latter argument is accepted, then the two arguments of globalization as intrinsic in societal evolution and findings its roots in the advent of capitalism are not really all that different. Both accounts take a linear view of history and are based on the idea of continuous social progress and societal change and evolution. In this evolution, globalization is just the latest stage of development.

In some ways, it is irrelevant whether capitalism is a process that started in the past 400 years or in the past 4,000 years, except to the dogmatic Marxist. However, in environmental terms this argument becomes vitally important as will be explained in chapters 3–4. As Chaudhuri argues: "The ceaseless quest of the modern historians looking for the 'origins' and roots of capitalism is not much better than the alchemist's search for the philosopher's stone that transforms base metal into gold" (1990: 84; quoted in Gills, 2000: 2).

These debates on the origins of capitalism and on whether modern capitalism is unique and therefore the only type of capitalism are inherently dependent on how capitalism is defined. It is evident that modern capitalism has various characteristics that distinguish it from previous forms of capitalism but this does not mean that capitalist forms of accumulation did not exist before the seventeenth century (Frank, 1998; Gills, 2000). Modern capitalism does have a specific mode of production that is based on different social relations than previous forms of capitalism. However, this does not mean that embryonic forms of modern capitalist production structures could not be found in previous periods of history.

For the study of the global political economy, it is not necessarily crucial to pin down the exact beginnings of this process and it could be argued that it is impossible to do so. Thus, if globalization is defined as a process that is qualitatively different from previous forms of economic organization and builds upon these, it is not essential to know whether the basis for globalization is modern capitalism or a previous form of capitalism.

Where this debate does become important though is when it comes to the study of particular social and environmental problems associated with globalization and this is why the concept of globalization and historical dimensions are given such prominence here. In order to study these problems and to find solutions to them, it is necessary to be clear about the social and structural origins of these problems. So, for example, it will be crucial to know whether global environmental degradation finds its origins in the mode of production or in the mode of accumulation associated with capitalism (Chew, 2001; Hornborg, 1998). Such evidence will give vital pointers to the origins and sources of environmental degradation and thus substantially advance both the studies of global political economy and also global environmental politics. However, it is very difficult to impossible to find reliable historical data on the phenomenon of environmental degradation under various forms of capitalism. The world systems sociologists have shown that environmental degradation existed in earlier forms of capitalism and can therefore be linked to capitalist modes of accumulation rather than to the modern mode of production (Chew, 2001; Hornborg, 1998, Wallerstein, 1999). However, most social science environmental researchers would argue that there are fundamental differences between fairly localized forms of pollution as found in antiquity and the all-pervasive global degradation found under the fossil fuel economy associated with modern capitalism.

Having flagged some of the definitional problems of the contemporary globalization quagmire, I will now discuss the main approaches to the study of globalization, and global political economy in general, and their ecological dimensions or lack thereof. This overview will highlight the shortcomings of the major approaches to GPE and globalization as well as to their environmental potential. It will also lay the groundwork for the main argument of the book by showing the significance of the three concepts around which the book is organized: historical significance and environment-society relations, production/consumption, and equity.

HISTORICAL APPROACHES

In this category I have grouped together various approaches that take a historical interest in global political economy, notably historical materialist approaches. Here, the work of Cox and of world systems theorists will receive extended attention as they are particularly influential. Unlike many other approaches in IR—such as realism or neoliberal institutionalism—which study the world in the here and now as they find it, historical approaches argue that in order to understand a phenomenon you need to know its social and structural origins and place it in its social context.

Historical materialist positions do this by arguing that political economy and society are fundamentally driven by the social relations of production and that production is the most important factor in historical or contemporary analysis. As Robert Cox states:

Production creates the material basis for all forms of social existence, and the ways in which human efforts are combined in production processes affect all other aspects of social life, including the polity. Production generates the capacity to exercise power, but power determines the manner in which production takes place (1987: 1).

Cox, being a critical historical materialist and influenced by Antonio Gramsci and Max Weber, actually does not travel down the economic determinist road as far with his statement as other historical materialists. For Cox and followers of this school of thought, changing social relations of production are a major factor in the understanding of progress and of changing economic and political forms of organization. Such economic changes then have an effect on political and social organization. Although it can be argued that the sole emphasis on production as the major agent of change is exaggerated and distorting, it is nevertheless undeniable that the production structure is one of the most salient phenomena of the international or global system. Through the emphasis on the mutual constitution of structure and agency, it is possible to study change over time and not to reduce history to the political wrangling of statespeople. Thus historical materialist approaches, be they Marxist, neo-Gramscian, critical, etc., have a lot to offer to the study of global political economy and they provide a convincing argument for the current globalizing process as a new era by studying the social relations of production over time. However, a narrow emphasis on production also creates major problems. Therefore it is pertinent not to overemphasize historical *materialism* but also to remember the importance of culture, ideology; and philosophy, as the neo-Gramscians themselves argue. The ability to coordinate structure, agency, and social relations are important points for the usefulness of historical materialism as an analytical framework. However, there are also major shortcomings from an eco-holistic perspective. One is the narrow definition of capitalism as a purely modern phenomenon of this school of thought. Interesting alternatives can be found in the world systems approaches. These will be briefly considered in the next section.

World system analysis sees history divided into certain eras, or systems. Immanuel Wallerstein is the main social architect behind this theory and he places the beginning of the modern capitalist world system at about 1450 and divides it into several periods (1986). However, not all world systems theorists follow this categorization. Both Barry Gills and Andre Gunder Frank

provide alternative views (Gills, 2000; Frank, 1998). As Immanuel Wallerstein's categorization is well-known and has been widely discussed, I will concentrate here on Gills's and Frank's account. The main difference between the Wallersteinian and the Gills and Frank argument is a different interpretation of the notion of 'ceaseless accumulation' that Wallerstein dates as beginning around 1450 while Gills and Frank see it as a constant feature of the world system or world economic history (Gills, 2000: 2). The relevance of this argument to the globalization debate and indeed on any debate on the beginnings of capitalism is of course whether capitalism is a fundamentally unique form of social organization of modernity or whether it is something intrinsic in economic and thus in social relations. Frank's and Gills's argument, but intrinsically also Wallerstein's conceptualization, seem to suggest that capitalism per se is continuous in history—although Wallerstein makes a clear distinction between modern and other forms of capitalism. This, then, would suggest that the globalization process is not a unique stage in world history but the natural extension of age-old processes of efficient capital accumulation. However, at the same time it is not the temporary culmination of a linear process because

There was not one 'feudalisation' but many, not one 'capitalisation' but several, successive waves or high points; not one 'historical capitalism' but many, ancient, medieval and modern as well as Oriental and Occidental. This radical departure from conventional Eurocentric wisdom on world history is the beginning of the necessary re-writing of the social history of capital, of power and of humanity as a whole. It is a new world history (Gills, 2000: 21).

What Gills, and Frank, in contrast to Wallerstein, offer is a new vision of cyclical rather than linear development under differing social conditions and different constellations in social relations. Therefore modern capitalism has its own unique constellations but it still has fundamentally the same basic features of other types of capitalism in history. The same would apply to the globalization process. Although globalization has particular social relations, the fundamental underlying principles of its economic organization are still the same as other types of capitalism. For example, post-Fordism is different from Fordism or from previous labor relations but it is still a form of labor relations that is geared toward the most efficient production structure of the particular social context in terms of social relations and state of technological progress. Therefore globalization can be seen as a continuous social process that has accelerated its speed over the past thirty years or so rather than a completely new form of socio-economic organization.

Historical approaches to global political economy and to globalization primarily focus on the explanation of how this globalizing phenomenon or

process came about and they do this from a historical materialist perspective. The nature and evolution of capitalism is a primary factor in this explanatory endeavor. There are conflicting interpretations of the nature and origins of capitalism with traditional approaches seeing modern capitalism as a unique form of economic organization while the world systems theory of Gills and Frank suggests that capitalism is an ever-present phenomenon of history and that modern capitalism may be qualitatively different from previous forms but they are still all capitalism. While the first view takes a linear view of history, world systems theory (as opposed to world-systems theory) takes a combined linear-cyclical view of history. One approach sees the evolution of the global political economy as a new form of previously existing capitalism that is not fundamentally different from previous experiences while the other approach sees it as a new stage of capitalism in a linear progression. Neither approach has a prescriptive component, whether analytically or morally motivated.

There are two aspects missing from these existing historical perspectives: on the one hand they focus almost exclusively on the production structure as the primary engine of history to the exclusion of environmental and other contextual factors. The history of nature-society relations and their effects on the evolution of capitalism is of vital importance but has been excluded from analysis. On the other hand, other economic agents in the economic structure have also been neglected. Production structure does not equal economic structure and a wider angle is needed.

Although historical materialist approaches do not have an environmental dimension per se, there is a body of literature on the subject of environment and capitalism that will be discussed in detail in chapter 3 (Lipschutz 2001a, 1993; Paterson, 2000; Chew, 2001; Hornborg, 1998; Wallerstein, 1999). This literature is primarily concerned with either the relationship between nature and society (not necessarily in a global but in a general context) or specific case studies within the global political economy (Paterson, 1996). Thus a large-scale integration of environmental thought into historical materialist thought has so far not taken place although the conceptual capacity is clearly there. It would necessitate a move away from economic determinism toward a recognition that not only production but also 'nature's larder' provide the 'material basis for all forms of social existence,' to borrow Cox's phrase (1987: 1). In short, a theoretical readjustment is necessary that acknowledges a connection between the primacy of the production structure and a dependency on a finite ecosystem for this production structure to be sustained. Nevertheless, the historical materialist school of thought is the most promising starting point for a marriage between ecological thought and global political economy and such an endeavor will thus be pursued in more depth in this book.

THE LIBERAL APPROACH

The liberal approach is one that can be evenly divided into a conceptual and a policy-related approach as it is the hegemonic approach of not only global environmental politics but also of the global political economy architecture in general. The classic IPE textbooks define liberal IPE in the following three ways:

Liberal economic theory is committed to free markets and minimal state intervention, although the relative emphasis on the one or the other may differ. Liberal political theory is committed to individual equality and liberty, although again the emphasis may differ (Gilpin, 1987: 27).

Whereas the realist approach focuses on the nation-state, liberal thinking has tended to see the individual as the basic unit of analysis. The primary motivating force in the economy is the competitive interaction between individuals, who are assumed to maximize their satisfaction, or utility, especially through the social institution of the market. The market aggregates these individual preferences and utilities (on the demand side) and (on the supply side) the actions of profit-seeking firms. Some modern liberal thinkers, notably von Hayek, have argued that the market is, in fact, a spontaneous social institution, rather than an institution which is a product of human design (Stephen Gill & David Law, 1988: 42).

Liberalism is a view of IPE that sees markets as more important than states. The role of the market is as a peaceful coordinating process, which brings together individuals in a mutually advantageous positive-sum game. The role of state power is negligible, largely confined to security structures, or stronger, but mainly used to strengthen and stabilize markets. In any case, the market is seen as the driving force of IPE and state power is generally suspect and must be justified to appeal to reason (Balaam & Veseth, 1996: 56).

Despite their differences, all approaches make it clear that liberal IPE is about the importance of the economy and access to markets, i.e. advocating free markets. The benefits of free markets will also accrue in the political field through increased wealth for all and more economic interdependence will lead to less conflict. These ideas and principles have been anchored in a global political economy framework through the Bretton Woods system and through the creation of organizations designed to increase economic integration between the various parts of the world.

International economic integration institutions such as the World Bank, the International Monetary Fund, the World Trade Organisation, and regional economic integration organizations have especially changed the political and economic landscape from the 1970s onward. Most of these institutions have of course existed since the end of the Second World War and were architects of the post-war political and economic order. With the collapse of the original Bretton Woods system in the 1970s and the ensuing changes in the production structure, these institutions have also gradually experienced a change in the international economic order to which they have contributed.

The field of trade is perhaps the area in which most of the change has taken place. Although there have been historical periods of trade liberalization before, notably in the nineteenth century, and this new era of moving toward freer trade is not unprecedented (Schwartz, 2000; Hirst & Thompson, 1996), the degree of institutionalization of the present trade liberalization era is quite unprecedented. The General Agreement on Tariffs and Trade served as the international organization responsible for trade liberalization until 1994 when it was replaced with the World Trade Organisation. The World Trade Organisation is perceived as one of the main culprits of the negative effects of economic globalization by the general public, largely because of the attention it has received from protest movements. Both the GATT and the WTO have changed the landscape of international trade. Although this is a process that is not related to the collapse of the Bretton Woods system but to the design of the international post-war order, it nevertheless accelerated in the later decades of the twentieth century. Trade liberalization was discussed in trade rounds dealing with specific products and product groups. However, this was primarily a trend affecting goods produced by industrialized countries and most trade liberalization took place within the industrialized world.

Apart from being a legally stronger and more wide-reaching organization compared to the GATT, the WTO

aims to reduce or eliminate a whole range of non-tariff barriers and differences in trading conditions between countries. Moreover, the WTO is a much more powerful institution in so far as its dispute panels have the authority to make binding judgements in cases where trade rules are subject to dispute or transgressed (Held et al., 1999: 165).

The reduction of non-tariff barriers is one of the fields where the WTO has been severely criticized because many of these barriers are in place to protect certain social and human rights or environmental standards that then have to be eroded or subordinated to WTO/GATT rules. Therefore the harmonization of import and export rules to liberalize trade has an impact on other policy

areas or social issues. The present arrangement whereby WTO rules can, and usually do, take precedence over international environmental agreements or national regulations, for example, may not directly affect state sovereignty as a legal issue but at the same time it erodes the power of the state to be in control of its social and environmental regulations if it wants to be part of the global economic framework. This is a problem that affects both industrialized and developing countries. Thus one of the main criticisms of the World Trade Organisation and of economic globalization (the term used to describe neoliberal policy aims) is that the increasing importance of markets erodes the power of states and gives power to non-elected economic organizations such as multinational corporations (Hines, 2000). States then become more interested in supporting their economies rather than their citizens, arguing that a well-functioning economy is good for their citizens. The state thus becomes a representative of the economic actors rather than social interests, marginalizing citizens and reducing them to economic actors rather than to private citizens.

One of the main problems with this construction is that it leads to an institutional network prioritizing free markets or trade liberalization over most or all other policy issues, automatically assuming that such trends are beneficial for society at large. However, such a view ignores the fact that there are certain policy areas that cannot easily be accommodated in an economic-centric worldview and that this leads to a lack of moral agency in the international system. The protection of minimum labor standards and basic human rights for workers or the protection of the environment are a case in point. If increasing trade liberalization and erosion of non-tariff barriers makes it difficult for individual states to introduce or uphold production, labor, or environmental standards because they would constitute an unfair obstacle to fair trade, then the agency of the World Trade Organisation clearly has a globalizing effect in terms of introducing a liberated market. However, it also introduces a level playing field at the level of the lowest common denominator in terms of labor, environmental and production standards and makes it difficult for states with low denominators to rise above that situation. In order to participate in the global market, states are compelled to comply with the rules set up by the WTO. This affects or erodes their sovereign right to self-determination in terms of national legislation.

Legally, this right to sovereignty is not affected but it is impeded in practice as the whole global economic integration project makes it impossible for a state to 'opt out'. Not all academics or policy makers agree that trade liberalization leads to lower social or environmental standards. Daniel Drezner (2001), for example, argues that trade liberalization and economic institutionalization through the WTO has actually led to higher labor or environmental standards in developing countries. The discrepancies between these argu-

ments may well be specific to economic sectors or related to measurement of improvement. Drezner measures improvement in terms of legislation or regulations whereas critics tend to look at living and working conditions as well as at the structural framework. It is also necessary to make distinctions between absolute and relative improvements. Liberals believe that absolute gains are an improvement while critics of this approach, such as historical materialists, hold that an absolute improvement of a situation may well (and usually does) mean a relative worsening of a particular state's or region's position in the world economy—either in terms of economic performance or in terms of welfare or environmental standards. In fact, world gross product has more than quadrupled since 1950 (*New Scientist*, April 27, 2002: 31) yet at the same time the gap between rich and poor has increased tenfold (*ibid.*). Thus, despite the fact that absolute wealth has increased on the planet (e.g., witnessed by a steadily declining infant mortality rate), inequality on the planet has actually increased because wealth in developed countries has increased to such an exponential extent.

The idea of global trade liberalization is a value-neutral project that is based on classical liberal ideas of increased overall wealth benefiting everybody in the long run. However, this point of view disregards the actual nature of capital accumulation and its profit motive that is disconnected from moral and ethical considerations. As long as there are expanding markets, moral and ethical considerations toward the work force need not be considered as they are not seen as potential consumers of the product. Likewise, environmental responsibility is externalized and cannot be reconciled with a profit motive. Therefore a moral authority needs to represent the 'common good' and so far this role has been taken over by the state (Altvater & Mahnkopf, 1999; Bauman, 1998a, b). As this role of the state has now been curtailed through the primacy of the market over welfare agendas, this creates serious problems in terms of moral authority in the international system. However, states themselves have been complicit in this process and relegated themselves to a lower place on the international agenda. Therefore, in terms of agency the WTO cannot be held responsible for this process as it has been set up by an international community of states in order to do exactly what it does—to liberalize trade (Kreissl-Dörfler, 1997).

Another group of actors supposedly complicit in the construction of a global economy are multinational corporations—the very actors who are meant to benefit most from trade liberalization. Sheer size and economic impact gives many of the larger companies a disproportionate influence in certain geographical regions. It has been argued that some multinational corporations use this power to extract concessions from governments/states by uttering threats of relocation or demand subsidies for setting up business in a certain geographical area. This is a problem faced by both developing and developed

countries (Strange, 1996). However, other sources maintain that the actual occurrence and empirical evidence for such behavior is rather more scant than globalization critics would make us believe (Drezner, 2001). Therefore this claim is contested. It cannot be denied that the profit and efficiency rationale of big business in the era of post-Fordism leads to global practices that contribute to the erosion of human and labor rights as well as to environmental degradation, but this sort of behavior seems to be guided by functionality rather than by a plot to assume power in world politics. These negative effects seem to be unintended consequences as they are outside the framework within which policy is made.

However, this view is not shared by many of the new social movements that have developed the mission to demonstrate and fight against the negative effects of economic globalization. These actors are non-governmental organizations (NGOs) but also more informally organized groupings that have come together to stop the downward spiral of environmental and social degradation (Keck & Sikkink, 1998; Lipschutz, 1996). They are actors who benefit from political liberalism and are a counterforce to the negative impact of neoliberal economic policy. Although these are organizations with no clear legal or legitimate mandate to act in the international system, they find strong public support and have often been invited to participate in international policy-making on an informal and advisory basis. Although NGOs participated in the global political process long before 1992, the precedent for large-scale NGO and social movement involvement in international affairs was set at the 1992 Rio Summit and has since become commonplace in international environmental policy-making. The World Bank, too, has started cooperation with non-governmental organizations but the WTO and the IMF have no such sophisticated coordinated consultation mechanisms in place (yet)—or at least not to such an extent. To be sure, the WTO consults with business NGOs but as a rule not with social and environmental NGOs. So there is a gradual change happening in the international system with more actors evolving who want to leave their imprint on the policy-making process. However, in terms of NGO/new social movement involvement this is a voluntary process and these actors have no official legal role in international decision-making. In many ways their legitimacy as international actors in such processes could also be questioned as these are not democratically elected institutions with a clearly defined mandate (Jordan & Maloney, 1996). However, it is recognized that these organizations represent parts of society and public opinion and are therefore an important addition to the policy process.

These developments show that the liberal and neoliberal approaches to globalization are very much the hegemonic approach to the global political economy as they are so much embedded in actual practice and value structure of the global institutional architecture. But where does that leave the environ-

ment? Liberal approaches have a strong environmental component but this is related to wealth creation. For example, the Brundtland report (1987) equates poverty with environmental degradation and sees the solution to environmental problems in the increase of wealth within a society, which will then give society the financial means to put regulatory structures in place. Of course this approach denies the essential link between environmental degradation and wealth creation since it is excessive consumption and use of resources and degrading sinks, i.e., using ecosystems to deposit the wastes of the industrial production process that causes most environmental degradation. Thus liberalism and an advanced economic society create the financial resources necessary to manage environmental problems generated by its excessive wealth generation. Liberal IPE or (global political economy) GPE sees the environment as a problem of financial input and management rather than as a problem of resource use and distribution (Young, 1997; Bernstein, 2001; Stevis & Assetto, 2001). Thus liberalism sees environmental degradation as an economic problem rather than as a problem of the interdependence of industrial society and the environment in which it exists and on which it is dependent. Therefore, I argue that although there is copious literature on environmental regimes, environmental management, and liberal environmentalism, this does not constitute a liberal theory of the environment, even less so a liberal theory of environmental IPE. To achieve such a theory, liberalism would need to rethink the relations between environment and society in a fundamental way that does not see the environment as merely an economic input problem.

These are in direct juxtaposition to the views of most liberals, both on issues such as justice and economic globalization and the environment.

THE GLOBALIZATION CRITICS

This section is focused on the voluminous and sometimes populist literature that sees globalization as a force to be resisted. This literature sees globalization as the consequence of neoliberal institutions and policies that find their origins in the political and economic framework set up after the Second World War.

Ankie Hoogvelt defines neoliberalism in the following way:

At the heart of this 'neoliberal' ideology is the idea that private property and accumulation are sacrosanct and that the prime responsibility of governments is to ensure 'sound finance': they must 'fight inflation' and maintain an attractive 'business climate' in which, amongst other things, the power of unions is circumscribed. These ideas both underpin and are the result of the 'structural power' of

capital that is so internationally mobile that the investment climate of each country is continually judged by business with reference to the climate which prevails elsewhere (1997: 135).

The protection and importance of private property is a classic tenant of liberal thought and its emphasis as such is nothing particularly new and unique to the process of globalization. However, its overemphasis is the main characteristic of neoliberal globalization and so is the subordination of other liberal principles to this idea. The changing role of the state in the global economy is a primary factor in the rise of neoliberalism. Internationalization of production in itself is nothing new and is a permanent feature of most forms of capitalism. States were the accepted guardians of domestic concerns such as welfare and employment and economic progress. The prevailing liberal ideology was supportive of trade liberalization and of the international movement of capital but states were seen as the main agents in this process; hence the liberalism of this form of capitalism was called embedded as it was incorporated into national structures (Ruggie, 1982; Gill & Mittelman, 1997). The main difference between liberalism and neoliberalism is that under the process of globalization economic structures are disembedded and the responsibilities of the state shift from protecting citizens and other agents to strengthening its place in a competitive world economy, thereby giving its citizens the protection previously enjoyed in different forms. Thus the state has become the guardian of capital and production only rather than labor, welfare, or particular industries. The rise of multilateral institutions and new social movements within this process have attracted a lot of attention and have been documented in detail elsewhere (O'Brien et al., 2000).

In this approach, the World Trade Organization is seen as the most obvious manifestation of neoliberalism and of the erosion of the power of the state. Its establishment in 1995 gave it more legal clout and institutional status than the GATT. As Colin Hines puts it:

The WTO's greatest power lies in its dispute settlement body and its cross-retaliation provisions, both of which enable it to force nations to comply with WTO rules. The increasing number of controversial rulings in which the WTO dispute settlement body has upheld corporate interests over those of people and the environment has increased public opposition to the WTO. . . . Globalization is reducing the power of governments to provide what their populations require all over the world. TNCs and international capital have become the *de facto* new world government. Their increasing control over the global economy is underpinned by their free trade orthodoxy (2000: 16).

The advent of the WTO parallels in the economic sphere the institutionalization found in the political sphere for the past fifty years. The United Nations system and the International Court of Justice have similarly institutionalized procedures for interstate relations in all sorts of spheres and have provided a dispute-settlement body in the form of the International Court of Justice in The Hague. The statement that the WTO has more power than states is dependent on the definition of power used. The concept of state sovereignty has not changed and states are still the only sovereign actors in the international system. Just as with the International Court of Justice where there is no enforcement mechanism for the legally binding decisions of the Court, the dispute settlement body of the WTO may be legally binding but there is no enforcement mechanism apart from trade sanctions. These trade sanctions may be very harmful and be a *de facto* limitation of state sovereignty but in legal terms the WTO is not more powerful than states. So the actual influence of international economic actors may have increased over time under the process of globalization but the actual status of states has not changed, or rather the effects of neoliberalism have not fundamentally altered the institutional structure of the international system.

In the environmental literature, such discourses have been approached through the conceptualization of non-state actors. The popular global civil society discourse has become prominent within critical and alternative GPE. It is mainly concerned with the rise of global environmental movements as significant actors in the international system who are able to shape global and local agendas (Lipschutz, 1996; Keck & Sikkink, 1998; Conca, 2001). A recent example of this are the protests at the 1999 World Trade Organisation Summit meeting in Seattle or the 2001 G8 summit of the world's seven leading economic powers plus Russia in Genoa. Therefore this body of literature is mainly concerned with the role of agency in the global system and how agency has been transformed under conditions of globalization, such as the rise of more transnational actors in the international system and the perceived erosion of state sovereignty or the change in the role of the state in general.

Although it is certainly true that the role or level of activity of global civil society has either increased dramatically in the past twenty years or has become more visible, these developments have given many non-state actors a more prominent role in the international system as policy advisers and conference participants. However, in legal terms the role of the state has not changed in this period and nor have international organizations fundamentally changed their organizational structures. The Rio Summit in 1992 created a precedent by giving many non-state actors a prominent position in agenda-setting processes and debates but these actors have not acquired decision-making powers and have remained consultation partners

rather than equal actors. So, although these new social movements are widespread in the global environmental field, they are not an environmental phenomenon as such as they can equally be found in other policy areas. Therefore the global civil society literature uses the environment as a case study for its approach rather than offering an environmental perspective for the globalization debate.

Some writers see these new social movements or global civil society as the main avenue through which political and economic change toward a more sustainable political economy can be enacted given their belief that the rigidity of institutional frameworks prevents effective policy options from reaching this side (Wapner, 1998; Bryner, 2001). Thus an argument for the particularly environmental nature of this approach can be made. The actual role of global civil society in bringing about environmental improvement or economic change will be discussed in chapters 4–6 and the weight of this argument assessed.

Another point of departure in the globalization critics' account of the process of globalization is the increased power that multinational corporations seem to enjoy. This is seen as a particularly worrying phenomenon because it affects the issue of legitimacy in the international system. Multinational corporations are primarily accountable to their shareholders and their profit motive is thus to ensure high ratings on the stock market and high dividends to shareholders. This means that their investment policies are very short-term and that economies of flexibility and efficiency are at the forefront of decision-making strategies rather than the long-term interests of the company. In addition, companies as economic actors are profit-oriented and do not have a social or public responsibility toward people or toward the environment, a role traditionally carried out by governments. Therefore the increased clout of multinational corporations at the expense of the state means that such social responsibilities are neglected. The idea that the market as the primary forum of international relations incorporates social responsibilities and the fulfillment of basic needs of the weak is questioned by the globalization critics (Thomas, 2000, Hines, 2000).

The reason why multinational corporations are doing well in a globalizing economic climate is because trade liberalization and economies of flexibility and free flow of capital benefit the ones who already have capital and a large share in international trade (Thomas, 2000). In this situation existing comparative advantages in the international economic system can be used to further extend the position of multinational corporations to one of dominance in the market. Because they contribute such a large proportion of gross national product (GNP), employment figures, corporate taxes, etc. these corporations are able to influence governments and regional integration organizations to represent their interests as it will be to everybody's benefit that the mul-

tinational corporations are doing well. However, the strong criticisms faced by these corporations from the globalization critics and the simultaneous decline of the state can also be seen as exaggerated phenomena. As Herman Schwartz argues:

Just as states consciously created markets in the first place from 1500 through 1914, states have consciously recreated markets today. From 1500 to around 1800 those states made markets in agricultural goods and tried to extend those markets into all agricultural production. In the long 19th century they made markets in industrial goods and this finally did facilitate the extension of markets into agriculture with disastrous results in the 1930s. Today states are making markets in the service sectors which they had regulated and sheltered from the market since the Depression. As in the 19th century, the re-emergence of markets was planned by market actors and states that stood to benefit from the destruction or reconfiguration of the various forms of social protection created in the 'golden era' of the Keynesian welfare state. . . . But the driving force (behind globalization) is still conflict between states worried about global market shares, states reacting to shifts in their relative ability to generate export streams and attract capital investment (2000: 318).

What Schwartz is saying is that multinational corporations have not taken power away from the state but have colluded and cooperated with states to bring about the free market ideology of neoliberalism under which globalization is thriving. This argument is also valid in the context of the WTO since the WTO was set up by and for states and the changes in the political economy that led to the beginning of the globalization process were also enacted by states. So on the one hand there is an erosion of the power of the state but on the other the new system benefits those states that were in a powerful situation when the system was established and therefore strengthens their position in the international system. Thus some of the arguments of the globalization critics are overly simplistic although the fundamental critique that the conditions under globalization are becoming less socially aware and more individualistic are certainly true. Although institutions such as the World Trade Organisation or regional economic integration organizations certainly do seem to erode the power of the state and place more emphasis on free markets, economic growth, and progress rather than on human welfare, the state, or rather the developed world, have been instrumental in bringing about this new institutional framework and are playing a central role in it. The state has not been coerced into changing its role.

CONCLUSION

This chapter has critically examined the concept and processes of a globalizing political economy in relation to theory and policy practice as well as relating to environmental and social concerns. Globalization both as a concept and as a process is a contested term—its usage has become generally accepted but there is no definition of what constitutes globalization and there is no empirical evidence that it exists on a large scale. Attempts to conceptualize or theorize about globalization from an IPE perspective tend to sideline the environmental and social consequences of globalization as issues in the intellectual framework within which globalization is analyzed. These issues are usually treated as part of an analysis of global civil society and new social movements but in this context only transnational actors representing social and environmental issues are incorporated into the analysis rather than the structural and systemic forces and constraints within which actors operate. There is a shortage of literature on this subject and this book aims to address this gap in the literature by offering a conceptual analysis of the social relations between the various actors in the global system and the structural environment in which they operate.

The reason why there is no specifically environmental theory of GPE is that the social sciences do not generally theorize about the environment as they are primarily concerned with society. The environment enters social science either as a problem to be solved by society, a force dominating society, a force to be dominated by society, or in the form of nature-society relations. It is the latter concept that is relevant as a theoretical concept for GPE.

The term eco-holistic is a new concept, denoting the need to merge the concerns of both holistic and ecocentric approaches. Holistic approaches have traditionally been focused on traditional social science, incorporating social, political, and economic factors but have not usually included environmental criteria. Ecocentric approaches, on the other hand, focus on the ecological aspect of analysis, thus usually subordinating the social, political and economic angle. The term 'eco-holistic' emphasizes that analysis needs to be social, political, economic, *and* environmental. This chapter has subjected the core global political economy approaches to a preliminary eco-holistic analysis. Chapters 2–4 of this conceptual part of this book will argue the case for three main pillars around which an eco-holistic GPE should be based, namely the historical dimension of environment-society relations, the production/consumption debate, and equity.