

# REVISED 2<sup>nd</sup> Draft

## **Counter-Hegemonic Globalization: Transnational Networks as Political Tools for Fighting Marginalization<sup>1</sup>**

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by

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The dominant features of contemporary globalization – the reorganization of production at the global level and the disproportionate growth of trade and finance that crosses national borders – continues a 19<sup>th</sup> trajectory temporarily derailed by two World wars and a depression. But, it was not only the global aspirations of the Rothschilds that smashed up against the First World War. Progressive dreams that the oppressed and exploited might create alliances across national boundaries went even more thoroughly awry. Why shouldn't the burgeoning growth of communication and movement across national boundaries create new possibilities for global strategies aimed at well-being and equity at the same time that it stimulates transnational finance and trade?

The global rules and networks currently being constructed around the interests of transnational corporations (particularly financial ones) are “hegemonic” in two ways. First, they are dominant in their ability to provide material rewards and impose sanctions (including coercion). Second, and equally important, they are ideological dominant. They are surprisingly successful in portraying specific definitions of “free trade” and “competitiveness” as representing the general interests of all citizens, not just particular interests. Consequently, opponents of this hegemonic system of rules and ideology are easily branded as either not understanding how the system works or as trying to pursue “special interests” at the expense of the general good (cf. Block, 1996).

The impressive material and ideological power of networks built around trade, finance and investment make it easy to ignore the growing importance of other kinds of transnational ties that have blossomed as a result of dramatic changes in long distance transportation and communication. Portes (1997, 1999) and others (e.g., Sassen, 1999) have underlined the ways in which ordinary people not only move across national boundaries but take advantage of cheap transportation and communication to sustain new transnational communities and create a kind of “globalization from below.”

Globalization from below allows ordinary citizens, especially those from poor countries, to build lives that would not be possible in a more traditional world

of bounded nation states. People from poor communities in Central America build assets by working in Los Angeles but can still remain active members of their communities of origin. The same process of constructing transnational communities goes on in New York, London or Miami. Nonetheless, the surprising resilience and adaptive ability of ordinary people whose lives have become transnational, does not necessarily challenge the dominant global rules, the way these rules are made or the economic ideology that legitimates them.

This essay explores other transnationally organized political, economic and cultural networks that are emerging alongside the reorganization of global finance and production. These transnational networks are also a kind of “globalization from below” but the emphasis is more on challenge than adaptation. They are efforts to constrain the power of global elites, both by pushing for different rules and by building different ideological understandings. At the same time, they use global networks and ideologies to shift the balance of power at the local level in favor of the dispossessed. They are not likely overturn the whole apparatus, but they constitute challenges to “business as usual” both at the global and local levels and are in this sense “counter-hegemonic.”

Analysis and theory have not caught up to practice when it comes to progressive action at the global level. Some activists are turning the old aphorism “think globally and act locally” around. They are “thinking locally” in the sense of worrying about how to solve problems that manifest themselves at the local level but “acting globally” in the sense of building transnational networks and campaigns aimed using extra-local political leverage in order to make local improvements possible (See Newman, 1998). It is too soon to say what the long-run effects of these transnational efforts will be, but it is certainly time to pay more attention to them. Trying to think more systematically about what can be accomplished by “acting globally” and how it might be most effectively accomplished should be a priority.

Three different but interrelated kinds of transnational action are candidates for counter-hegemonic globalization. Each shifts power by connecting disprivileged Third World groups and communities to political actors and arenas

that can affect decisions in hegemonic global networks. The first is what Keck and Sikkink (1998) have called “transnational advocacy networks” – Networks created around issues like human rights, women’s rights, and the destruction of the natural environment. These are (1998:1) “networks of activists distinguishable largely by the centrality of principled ideas or values in motivating their formation.” They gain their fundamental leverage from the global spread of certain basic norms centered around human dignity on the one hand and the survival of the planet as an ecosystem on the other.

Closely related are what might be called transnational consumer/labor networks, such as those that have targeted sweatshop exploitation of Third World workers making products like Disney T-shirts, Nike athletic shoes and college paraphernalia. Here again establishing global norms is fundamental to the process. In this case norms concerning working conditions and levels of subsistence are the focus. The primary thing that distinguishes these networks from Keck and Sikkink’s is that transnational corporations rather than local violators of global norms are the principal targets and translating norm violations into a credible threat of material losses is the key to success.

Finally, there are efforts of the labor movement to counteract the advantages that globalization confers on corporate capital by demanding the global spread of “core labor standards,” most essentially the right to organize. While these struggles also depend on a normative base, they are closely rooted in the traditional political logic of interest conflict. Perhaps for this reason, international labor struggles have not experienced the same kind of dramatic growth of global action and transnational networks that the previous two kinds of networks have enjoyed. Yet, for the same reasons, their success is a bell weather for the overall progress of counter-hegemonic globalization.

The first question to ask about these “counter-hegemonic” transnational networks is how they might affect the lives of the world’s most marginalized citizens. Those whose lives are most prejudiced by the dominant thrust of globalization are the literally billions of world citizens that Castells (1997) calls “structurally irrelevant.” They live primarily in the Third World, excluded from

the networks of power and privilege that profit from the new global economy. Their labor is either irrelevant to anyone but themselves and their families or so easily substituted by the labor of others like them as to reduce their bargaining power to nearly zero. They have been on the losing end of global structural shifts toward increasing inequality, both within and between countries for decades (see Korzeniewicz and Moran, 1997). If “counter-hegemonic” global networks are to have a progressive effect, it is these groups above all that must benefit.

In order to decide what difference these counter-hegemonic transnational movements can make in the lives of the most marginalized, it makes sense to first provide some examples of how each of them has worked or might work. These examples should also point the way toward possibilities for cumulative changes that might counteract the inegalitarian consequences of currently dominant forms of globalization more generally, leading to widely shared, real improvements in well-being, and eventually changing the structure of the global system itself.

Transnational Advocacy Networks: The immediate impact of building transnational ties that aren't just concerned with making profits or preserving privilege is to change the balance of power in particular locales. Disprivileged groups who seemed hopelessly outmatched by the power of their local adversaries – ranging from abusive husbands to predatory landowners – gain new leverage. They may still lose but the odds no longer seem hopeless. Keck and Sikkink see the local effectiveness of these global networks as built on three interrelated effects: transmitting information, invoking norms and shifting political venues.

Transmitting information is simple but crucial. Isolation is the capstone of the powerlessness of the dispossessed. The violent exercise of privilege is easy when torture and massacres disappear and survivors know that they can disappear as well. Widespread information is in itself a weapon. Part of the reason that information is important is that norms still count, even in this most utilitarian of worlds. Cosmopolitan elites assume that they will enjoy the benefits of simple norms of due process in their lives, and have sufficient power so that they don't need to abrogate such norms in order to retain their privileges. They are also

aware that giving armies and other repressive agents free rein to violate such norms is to start down a slippery slope that can end up at their own doorsteps. Consequently, they have little interest in sanctioning Hobbesian repression by local political thugs.

Information about norms is one of the most important kinds of information transmitted by transnational advocacy networks. Keck and Sikkink (1998:chapt. 5) illustrate this in their discussion of women's rights. They describe the elation of an Argentine group working to stop violence against women on discovering an international petition calling for the UN to recognize women's rights as human rights. To at least one of the group's organizer's (1998:165) "the petition was a useful tool because it was so well crafted. Its language is irrefutable; you would have to cover yourself with shame if you didn't accept it." Invoking global norms creates the possibility of new alliances, both within the local arena and outside it. It gives groups that thought of themselves as isolated and powerless a sense of being participants in a broad and powerful, perhaps even "irrefutable" global movement.

Transnational advocacy networks are not only about information and norms. They also involve new ways of using political leverage. "Venue shifting," that is projecting local struggles onto different arenas where new alliances can be constructed, is a prime source of leverage and is best illustrated by Keck and Sikkink's (1998: chapt 4) discussion of the impact of transnational networks on local struggles in the Brazilian Amazon.<sup>2</sup>

The Amazonia "development" promoted by the Brazilian government favored the large scale landowners who were destroying forest to make way for cattle at the expense of both the environment and local small scale producers, especially those interested in making use of forest products like rubber. Groups like the rubber tappers organized by Chico Mendes in Acre had been fighting against the odds for a number of years since the local landowners both controlled the local means of violence (hired gunmen) and had good connections to local and

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<sup>2</sup> The discussion of this case that follows here draws on Keck, 1995 as well as on Keck and Sikkink.

regional politicians. Transnational environmental groups couldn't gain leverage in Brazil because they were outsiders (or even imperialists) interfering with "national development goals."

Once the two became connected, the situation changed. First, the rubber tappers' program was reframed to emphasize its ecological benefits through the idea of "extractive reserves." Then together they were able to act quite effectively using a completely different venue – the politics of U.S. congressional oversight *vis a vis* the World Bank. Conservative congressmen were interested in exercising more control over the bank for their own nationalist reasons, so the bank needed all the liberal allies it could get. The World Bank was an important funder of the Brazilian government's Amazon development plans. Consequently, when Chico Mendes and U.S. environmental groups were able to portray the Bank's projects as destroying both the environment and poor people's livelihoods the Bank was in trouble. To regain its own political legitimacy it was forced to put pressure on Brazil, and the Brazilian government was now faced with an internationally known local movement which combined social justice and ecological ends and with simultaneous pressure from one of its most important international funders. The political leverage had been shifted substantially.

It is important not to exaggerate the transformation of the local politics that was achieved, even in this very successful case (see Keck, 1998). International renown did not prevent the local landlords from killing Chico Mendes. Yet, this case is equally a demonstration of how transnational campaigns can have long term effects that go beyond media hype or particular personalities. Ten years after Chico Mendes' death, his project was still alive. Jorge Viana, who, like Mendes, was an activist in the Worker's Party, was elected governor of the state of Acre and one of the first initiatives of his new government was a program of subsidies for natural rubber production that would make the extractive reserves Mendes had fought for economically feasible.

Keck and Sikkink's Amazon case makes the crucial relation between persistent organizing efforts and the success efforts to "act globally." Venue shifting and the creation of transnational leverage make it possible to break new

political ground, but local organizing preceded the formation of a transnational advocacy network and the persistence of local organizing after the network had been formed was essential to achieving its goals. Acting globally makes local organizing that would otherwise be “outside the envelope” feasible; it doesn’t replace local organizing.

The complex ways in which local organizing efforts interact with transnational advocacy networks is illustrated beautifully in Millie Thayer’s (forthcoming) work on the impact of transnational women’s networks in Northeast Brazil. The initial part of Thayer’s story parallels Keck and Sikkink’s. The members of the group she studied – SOS Corpo (SOS Body) in Recife, Brazil – were part of the transnational women’s networks that Keck and Sikkink discuss and found feminist discourses around the body and gender a tremendously valuable ideological tool in their local organizing. In addition, their participation in these transnational networks enabled them to tap into funding from Europe and North America which were equally important in strengthening them organizationally. Yet, as time went on, local practice began to generate a new indigenously generated discourse on “exercising citizenship on a daily basis.” As Thayer puts it (forthcoming: 336), “Gender as a discourse with academic roots far from Recife, offered much to local feminists. But it was only by fusing it with homegrown concepts of citizenship that its radical implications could be fully explored.” Once again, the transnational advocacy networks are not a substitute for local action but a catalyst which enables local efforts to become more efficacious.

Purchasing Power as a Global Political Tool: In Keck and Sikkink’s discussion of transnational advocacy networks, the traditional organizing issues of wages and working conditions are very much in the background, but these traditional issues also offer rich new possibilities for “acting globally.” Part of the profitability of globalization derives from its ability to connect rich country consumers with workers forced to accept a definition of subsistence that is unimaginably miserable from the point of view of those who enjoy their products. Yet, this same connection creates possibilities for counter-hegemonic globalization.



The now famous Nike case provides perhaps the best illustration (see Shaw, 1999; O'Rourke, 1999a, O'Rourke and Brown, 1999). In mid-1996 Nike was one of the highest flying transnational corporations in the U.S.. Its sales had jumped 36% during the previous fiscal year and Phil Knight, Nike's President, was predicting even greater growth for the coming year (Shaw, 1999:89). Instead, 1997 and 1998 witnessed a "reversal of fortune" for Nike. By the end of the 1998 fiscal year earnings were roughly half of what they had been in the previous year and during 1997 Nike stock fell by almost 40% (Shaw, 1999:91) costing Nike shareholder's billions of dollars.

There were, no doubt, many elements in Nike's downturn, but one of them was certainly an "image problem" generated by the ability of transnational advocacy networks to confront potential buyers of Nike shoes with the plight of the workers that produced their fancy footwear. Transnational NGO's like Global Exchange and the Transnational Resource and Action Center were able to present a vivid documentation of these shoes being produced by young women workers 13 or 14 years old in Indonesia, earning \$1.30 a day and then being fired for trying to organize a union (Shaw, 1999: 38), or of workers in Nike plants in Vietnam being forced to breathe the fumes of toxic chemicals like Toluene and ending up with respiratory disease rates of close to 80% (O'Rourke, 1999:10). The media from the Wall Street Journal to Doonesbury picked up on the issue; Nike's denials and counterattacks generated even more publicity and Nike shoes seemed less "cool."

Nike's woes dramatized the vulnerability of transnational consumer goods producers to such campaigns. Like Nike, the most profitable transnational corporate producers are not selling simple, homogeneous price competitive commodities, they are selling physical goods with images and identities and it is the attached images and identities that really generate the profits. Associating branded physical goods with athletic prowess, sexual attractiveness, being hip, cool and social sophistication and popularity is essential to being able to create higher margins between the cost of goods sold and what consumers are willing to pay for a brand. The cost of a particular brand becoming associated with impossibly low wages and inhuman working conditions is likely to be substantial.

Vulnerability to information about working conditions is not something that is peculiar to NIKE and other high profile companies. Survey and experimental data have made it clear that having products that are produced under “fair” working conditions is part of the “utility function” of the average consumer. Consumers are willing to pay between 5% and 10% more for a product made under good working conditions and expect a large discount (over 30%) if a product has been made under poor working conditions (Freeman, 1998: 4).

In most cases, of course, consumers have no knowledge of the conditions under which a product is produced. Discovering how products are produced and making that information public is a large struggle, one that requires intense effort by well-organized groups of activists in both producing and consuming countries, linked by transnational networks. Once the connection between a product and miserable production conditions is made transparent to consumers, however, the “rational” strategy for the company is to accept the trivial costs involved in rectifying them in order to regain the positive image that is essential to profitability. In Nike’s case, for example, direct labor costs constitute between 1% and 2% of the cost of a shoe that sells in the range of \$100 a pair. Doubling the cost of the direct labor would be a trivial cost compared to the nightmare of having to compete on a price basis with “no-name” (i.e., lacking an associated positive image) generic shoes. The importance of the “image” aspect of the product gives transnational corporations both the incentive and the competitive possibility to make changes in the wages and working conditions that substantially affect workers’ lives without materially threatening the firm’s profits.

Unfortunately, corporations, like most of us, are prisoners of past practice and entrenched attitudes. The common corporate response (including Nike’s) is to spend millions trying to put a new spin on the facts rather than simply raising wages and improving working conditions. Without intense political pressure and sustained threat to the corporate image, standard operating procedures don’t change. Nonetheless, there is evidence if pressure can be sustained, it will eventually have an effect, not just on the bottom lines of companies unfortunate enough to be exposed, but where it counts which is in the Third World factories.

For example, independent investigation of the Nike subcontractor in Vietnam with the noxious working conditions 18 months after NIKE was publically exposed found near complete elimination of toluene and very significant reductions in other airborne toxics (O'Rourke and Brown, 1999b:2).

Like any other strategy of trying to enhance the well-being of unskilled Third World workers, leveraging transnational connections with consumers will only work in the long run if combined with local organizing. Even then they are likely to produce slow and uneven results. Nonetheless, transnational strategies are a significant new weapon for the political arsenal of millions of workers who are otherwise badly outmatched in any struggle with their immediate employers.

Transnational networks are being developed to use the potential power of consumers around a variety of other issues as well. There is now, for example, a substantial history of certification and labeling programs in wood products, designed to reward ecologically and socially sustainable production practices (McNichol, 1998, 1999). There are also programs for connecting small scale peasant producers with rich country markets in products like coffee (Getz, 1999). Each of these initiatives recognizes that it is necessary to act globally in order to provide local solutions. Each individual program is only a small piece of the puzzle, but like strategies aimed at changing wages and working conditions they should be seen as part of an overall effort to reconstruct global markets in a way that focuses on equity, well-being and sustainability rather than simply on profitability and capital accumulation.

New Ways of Uniting the World's Workers? Innovative efforts to make first world consumers conscious of the lives of the Third World producers can't be the only strategy for restructuring global market relations. If current trends toward increasing inequality within and between nations are to be reversed, a way must be found to construct institutional mechanisms at the global level, analogous to those constructed within advanced industrial nations over the course of the first half of the twentieth century, that will ensure labor is not excluded from the fruits of global productivity.

The first order impact of globalization goes in the other direction – increasing the power of transnational capital relative to nationally organized labor movements. Increasing flows of capital across national borders have, however, an additional effect. They create a demand for global governance institutions to providing the transparency and predictability that capital itself needs. These institutions were not, of course, designed to serve the needs of labor, but they may still have the potential to serve as points of countervailing political leverage. I will focus on two counter-intuitive examples in order to argue that the construction of global governance institutions has opened new possibilities for international labor organizing: NAFTA (North American Free Trade Agreement) and the WTO (World Trade Organization).

NAFTA provides an interesting initial example. When NAFTA was signed in 1993 the relegation of labor issues to a relatively toothless set of “side agreements” was a principal source of opposition. Indeed, in 1997 when the Clinton administration tried to secure “fast track” authority to extend the agreement it found that the absence of guarantees on labor standards to complement the extensive guarantees offered to capital was a key factor in their defeat.

What is even more interesting is that even the toothless side agreements turned out to stimulate cross-border collaboration between the U.S. and Mexican labor movement.<sup>3</sup> The side agreement set up a set of “National Administrative Offices” (NAO) which allows unions in each of the three NAFTA countries (the U.S., Canada and Mexico) to file complaints based on labor violations in other countries. While is it still unclear whether complaints to the NAOs will actually lead to redress of greivances, what is clear is that the existence of this structure is giving unions in the three countries a venue for learning to work together. While the first two cases submitted were complaints by single unions, a more recent case, filed against the Echlin/Itapsa export processing plant Ciudad de los Reyes, Mexico in December 1997, involved 50 different unions, NGOs and human rights

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<sup>3</sup> This discussion is based on the work of Tamara Kay (1999a, 1999b).

groups in the U.S., Canada and Mexico. The UAW, the Steelworkers, the United Electrical Workers and the AFL-CIO itself were joined by the Canadian Auto Workers and the Canadian Labor Congress on the one hand and the Mexican Telephone Workers and Meixco's newly formed National Union of Workers on the other (see Kay, 1999b: table 1). The joint participation of labor federations from all three countries was an unprecedented step forward in terms of transnational labor solidarity.

The most politically significant aspect of the joint actions stimulated by NAFTA is that they indicate a new attitude on the part of U.S. labor. As long as Mexican workers themselves were seen as the problem because they were "willing" to work for so little, there was little basis for cross-border solidarity and a real danger of resentment degenerating into divisive racism. The political focus was then on hopeless efforts to stem the tide of manufacturing capital investing in Mexico. NAFTA has (inadvertently) shifted the definition of the problem from Mexican workers to the political/legal barriers that stand in the way of Mexican workers' being able to organize effective unions. This new position is obviously one that both Mexican and U.S. workers cannot only support wholeheartedly, but also work together on. If a toothless side-agreement can help stimulate this kind of shift, the inclusion of a serious treatment of labor rights, comparable say to existing treatment of the protection of intellectual property rights, should facilitate a fundamental shift in both the level of cross-border collaboration and the ability of Mexican workers to organize.

The WTO is an even more unlikely and speculative example, but one with wide-ranging implications. The WTO is generally thought of as the cornerstone of hegemonic globalization, an institution which epitomizes the regressive intrusion of global structures of power into domestic politics and the subordination of all other values to the over-riding logic of the global market. Yet, last year in *The American Prospect* Howard Wachtel argued (1998: 34,38) that "... the WTO could become a critical venue for advancing workers rights worldwide" and that therefore "Organized labor and its friends would do well to make the WTO a priority issue."

The argument is simple. There is no logical reason why the absence of “core labor standards” – the right to organize, prohibitions on child labor, in a particular country should not be considered a trade-related basis for unfair competition in the same way that absence of intellectual property rights is considered to be a trade-related violation of the rules of fair competition. While the WTO has, so far been quite careful to avoid acknowledging this logic, the possibility continues to lurk in the background. The WTO’s first Ministerial Conference in 1996 came out with a statement saying, “We renew our commitment to the observance of internationally recognized core labor standards . . . .” Of course, the Ministerial statement was careful to keep the commitment rhetorical. Insisting that the labor standards were “not their department” and that the ILO should take care of such things.

What is interesting, however, is how member states lined up on this issue. Predictably, the Nordic countries (Norway and Sweden) were strong proponents of making the enforcement of core labor standards part of the WTO’s mandate. More important, the United States was on the side of core labor standards. At the 1996 Ministerial meetings in Singapore the U.S. tried (unsuccessfully) to include references to a commitment to “core labor standards” in the WTO’s mandate. President Clinton pushed WTO participation in protecting basic labor standards once again at the Geneva Ministerial meetings in 1998.

Obviously we don’t think of the United States government as dedicated to supporting labor. Yet, the “reformist” stance of the U.S. on this issue makes perfect political sense. From the point of view of the U.S. labor movement, which is a central political constituency from the point of view of the current U.S. administration, institutionalizing global labor standards comparable to those that operate in the U.S., especially in the more economically competitive regions of the Third World, is a bedrock issue. For the administration’s corporate constituency, on the other hand, the issue is less salient. While they are beneficiaries of the absence of labor standards in developing countries, major U.S. transnationals are also aware that the diffusion of “core labor standards” would be at most a minor detriment to their global profit rates. From the point of view of the Clinton

administration then, supporting core labor standards in the Third World was a political winner.

This dynamic presents an intriguing opportunity from the point of view of U.S. labor. They are much more likely to be able to succeed when they exert pressure on an issue which carries only minor domestic political costs from the point of US politicians. Trying to get a US administration to support core labor standards beyond its boundaries certainly has more prospect of being a winner than trying to prevent capital from investing abroad or trying to impose general restrictions on the entry of foreign consumer goods into the US.

The labor standards issue is another reminder of what is even more obvious in the area of human rights – imposing globalized standards does not have to mean imposing rules that further strengthened the privileges of the powerful. Standards can also constrain the powerful and provide more political space for the powerless. It all depends on what sort of political process underlies the imposition of standards.

Obviously the WTO will never consider labor standards of its own accord. Only intense pressure from the U.S. labor movement, with strong backing from sympathetic congressional representatives could even begin to the issue on the agenda. Actual implementation can only be imagined as a result a long term campaign of dedicated, intensive and skillful maneuvering plus a good bit of political luck. Yet, a victory in this arena would indicate a sea change in the worldwide bargaining position of labor.<sup>4</sup> Being able to hold the threat of global trade sanctions over the heads of third world employers who violate basic labor standards could make a real difference in the painfully uneven local battles that take place throughout the Third World. It would be, just as Wachtel argues, “a major advance...for the welfare of the most marginalized people in Third World countries.” This is certainly an intriguing opportunity for labor to “act globally.”

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<sup>4</sup> This is true despite the fact that legally the WTO can only legitimate the right of individual countries to compensate themselves for loses do to “unfair” trade practices by imposing specific retaliatory duties. The export desperation of Third World countries and the fact that the markets they are trying to export into have (relatively) strong labor movements happy to make a political issue of foreign labor standards, makes the possibility of the WTO might legitimate retaliatory duties based on unfair labor practices a potent threat that could change the dynamics of relations between local governments and exploitative employers.

For labor, as for transnational advocacy networks, “acting-globally” must mean much more than simply having core country labor movements target global organizations. The main opponents of including labor standards in the WTO’s mandate are developing countries whose representatives see limitations on local firms’ ability to exploit labor as threatening their comparative advantage. Desperate to increase their exports to developed country markets, Third World governments are terrified that the labor standards issue might be used against their exporters.

Once again, as in the case of the NAFTA side agreements, nothing is likely to happen unless developed country labor movements can develop more effective alliances with their Third World counterparts. Just as NAFTA made the U.S. labor movement see that collaboration with their Mexican counterparts was fundamental to their self interest, trying to act globally *vis a vis* the WTO must force the labor movement in the U.S. (and other advanced industrial countries) to intensify their collaborative engagement with Third World labor movements in general. Acting globally around labor issues is that it forces recognition on the part of those working in advanced countries that they cannot defend their own wages and working conditions without helping Third World workers gain the political and legal tools necessary to escape the miserable terms of employment that are imposed on them. The long run political consequences of this lesson are probably as important as the standards themselves.

The political usefulness of the standards fight even goes beyond its salutary effect on First World - Third World solidarity. Richard Freeman (1998) makes the argument that fighting for improved labor standard is probably the best way to get labor a place at the bargaining tables where the rules defining global markets are constructed. Despite a skeptical stance with regard to the efficacy of the labor standards themselves, he argues (1998:31) that “campaigns for labor standards just might be the wedge for bringing workers’ concerns directly into discussions of how we run global trade and finance, and that could make a big difference.” In other words, fights designed to improve the lot of marginalized workers may have important positive spillover effects for more general efforts to change global rules.



Prospects for the Reconstruction of Global Governance: Hegemonic globalization profits from being able to bring disparate worlds together – being able to place cutting edge product technology in locations where the definition of subsistence is \$1.50 a day and returning the products to societies of consumers for whom \$150.00 a day is still a working class living. In order to function politically the trick needs to be obscured. The political ju-jitsu of counter-hegemonic globalization gains its leverage by making the connections visible, forcing affluent consumers to acknowledge that what are for them marginal gains are bought at the price the real misery, and forcing developed country labor to face the fact that it cannot defend its own living standards unless it helps Third world workers fight for improvements in theirs.

For the most marginalized, whether they are peasant producers in the Amazon or factory workers in Ho Chi Minh City, transnational networks are a potent new weapon in what might otherwise seem a hopeless battle, but the potential gains from counter hegemonic globalization go beyond improving the lot of the most marginalized. The general governance of the global political economy is still very much under construction and acting globally in a strategic way has the potential to influence the shape of that construction.

Viewed through the unforgiving lens of traditional political economy, transnational advocacy groups and those who champion international labor solidarity look, at first, like hopelessly romantic Davids whose slingshots lack their predecessor's chance of penetrating the armor of the more sophisticated Goliath that they face. Closer examination suggests that this vision overestimates the robustness of hegemonic globalization. To be sure, contemporary transnational capitalism and the political apparatus that supports it are endowed with unimaginable material resources, ideological hegemony, and the exceptional flexibility that comes from interconnected global operations. Yet, despite their dazzling power, current structures of power are more fragile than they appear. They still suffer from what might be called “the Polanyi problem.”

Looking at the rise of national markets, Polanyi (1957[1944]) argued that the

socially unsustainable character of “self-regulating” markets generated a natural “protective” reaction on the part of a variety of social groups, including a portion of the elite. Unfortunately, in Polanyi’s analysis this protective reaction was overwhelmed by the inability of the same protective reaction to prevail at the international level. International markets, particularly financial and currency markets, could not be successfully regulated. First the collapse of the gold standard and then degeneration into the barbarism of Fascism were the result.

In the post-World War II period, the Polanyi problem of reconciling free markets with stable social and political life was taken up again through the construction of a set of international norms and institutions which made possible what John Ruggie (1982) called “embedded liberalism” – international openness combined with social protection and regulated through an interconnected set of powerful nation states. Embedded liberalism helped produce the generation of prosperity in the core industrial countries that is sometimes called the “golden age” of twentieth century capitalism. Gradually, however, the evolution of transborder economic relations undermined this new set of institutions. Embedded liberalism had never been successfully extended to the Third World, and had no good way of dealing with increased Third World participation in worldwide manufacturing production. In addition, its international institutions depended heavily on the foundation of the nation state, whose power was undercut by the increasing speed and magnitude of international transactions. Once again, inability to regulate markets at the international level created social dislocations that seemed beyond the ability of “normal” domestic politics to resolve. The “re-scaling” of the global economy brought the Polanyi problem back to life.

As globalization erodes the institutional foundations of embedded liberalism and the Polanyi problem rears its ugly head once again, new institutional structures must be constructed at the global level. Failure to do so would threaten profits as well as the well-being of ordinary citizens, but success can by no means be taken for granted. The difficulty of the task creates new risk of descent into barbarism, but it also creates new opportunities for counter-hegemonic globalization.

The task of global governance is particularly difficult because it is opposed by a powerful current of elite ideology in the country that is economically, politically and militarily hegemonic in the “new world order” -- the United States. This stream of elite ideology is both profoundly distrustful of any kind of public governance institutions and deeply apprehensive of anything that might reduce the absolute sovereignty of the United States itself.

This creates a real dilemma for the more cosmopolitan, internationalist segments of the elite (everyone from Robert Rubin and the “Davos crowd” of transnational managers to traditional financial elites within the Republican party). They would like to have global governance which enforces those rules most central to profitability (like intellectual property rights) without having to worry about issues which relate to well-being, like labor standards. Yet, a narrow definition of what kind of governance these institutions must deliver risks ending up with no global governance institutions at all. A narrow definition puts progressives and a broad range of populists firmly into the opposing camp. Many ordinary citizens will always see their jobs and culture threatened by internationalist strategies. If progressive groups of the internationalist sort that are the focus of this discussion also come to define global governance institutions as unredeemably narrow, it is hard to see how the project is left with an untenably narrow political base.

As this is written, the last WTO Ministerial Conference of the millennium is being planned to take place in Seattle. It is supposed to launch the so-called “Millennial Round” of World Trade Negotiations. Looking forward to the Seattle meeting, the Interim Director-General expressed apprehension that global economic rules have become “subject for the first time to outspoken and even violent hostility” and even worse, “We are told to expect larger demonstrations of scepticism and hostility at Seattle.” Rumors of organized labor renting thousands of hotel rooms and that they will be joined by throngs of anti-WTO environmentalists have sent tremors through the ranks of would-be global bureaucrats (See *Wall Street Journal*, 7/16/99:1). And well they might. While organizations like the World Bank and the WTO appear from the outside to be titanicly powerful representatives of the “new world order,” they are in fact

politically vulnerable, not because they are attacked by environmentalists or labor activists, but because these groups can so easily muster “strange bedfellows” as allies from among the ranks of conservatives.

When the Environmental Defense Fund was looking for allies in the U.S. Congress in their campaign to force more accountability on the World Bank, they found Republican conservatives sympathetic. If John Sweeney were looking for Congressional leadership for an attack on the WTO, Jesse Helms would be among the candidates. Distrust of government in any form combined with deep-seated xenophobia turns any institution of global governance into the enemy for many conservatives, despite the fact that the transnational corporate constituents who finance the campaigns of these conservatives are acutely aware of the need for stable and global governance.

Global institutions need all the allies they can get. Confronted with vociferous political opposition from progressives, they are under serious pressure to compromise. Indeed, the argument goes further. Progressives are potentially more reliable allies for global institutions than conservatives. A responsive World Bank gives the EDF more ability to avoid environmentally degrading projects around the world than it could ever have if it tried to fight with 100 different sovereign states on its own. Likewise, a WTO willing to back the idea that core labor standards are a natural component of free markets could be a very powerful ally for the AFL-CIO in its new efforts to “act-globally.”

Global bureaucrats looking for strategies of long term political survival would be well advised to try to find ways of accommodating the interests of transnational advocacy networks. In principle, convergence between the interests of global institutions and those of counter-hegemonic transnational networks is much less implausible than it seems at present. In the end, institutions like the WTO are in the business of regulation. As long as labor, environmentalists and human rights advocates have some say in its content, they have a much firmer interest in stronger global regulation than transnational capitalists, who remain ambivalent about having their managerial prerogatives restricted even when they can dictate regulatory content.

For the transnational economic elites who created these institutions as instruments of enhancing global profitability, a “partial hijacking” by progressives acting globally is not a bad compromise. In “rational choice” terms, transnational capitalist elites are much better off if these organizations combine the task of providing stability and predictability with efforts at well-being oriented regulation, than they are if global governance founders for lack of political allies. The bargain is not all that dissimilar from the one that produced the welfare state and embedded liberalism, except that it must be constructed at the global level.

The fact that acknowledging the necessity of social protection may be the only way to solve the Polanyi problem, does not mean that acknowledgment will be forthcoming. If we could count on elites making rational choices, the world would be a more pleasant place than it is. Just as NIKE is unlikely to change its labor practices unless they are kept vociferously in the public eye by activists, transnational elites more generally are unlikely to accept “rational” compromises unless transnational activists can keep the political pressure sufficiently intense to jar them out of business as usual. Global bureaucrats are likely to find transactional activists uncomfortable allies and transnational elites remain prisoners of an ideology that identifies their interests with markets defined in unrealistically narrow terms. The descent into barbarism that Polanyi feared (and witnessed) remains as likely as the construction of institutions capable of replicating the accomplishments of the post World War II “golden era.”

What is most important is that organizers of counter-hegemonic globalization have more on their side than luck and pluck. Elites, no less than the rest of us, need to resolve the Polanyi problem. The peculiar ideological contradictions that divide the U.S. elite with respect to globalization make it unusually difficult for them to construct the necessary institutions on their own terms. As in the past, taking advantage of the political energies of non-elite actors may be the only way to accomplish the changes that elites need to protect their own interests. Transnational activists aren’t just beating their heads against some inexorable logic of structural change. They may well be an integral part of the only political project that can provide the institutional underpinnings that the

current global political economy must have in order to survive. Being politically necessary to the overall project implies the possibility of building preoccupation with social rights and the protection of well-being into the new global rules of the game.

Conclusion: If it were not for the extreme theoretical pessimism with which the politics of globalization is generally viewed by progressive analysis, most of the ideas in this essay would hardly be considered “utopian.” The argument begins, not from visionary aspirations of what might be, but from the concrete accomplishments of activists who have chosen to act globally: activists in international human rights organizations, women’s NGO’s, transnational environmental organizations, the transnational anti-sweatshop network, trade unionists in Mexico, the United States and Canada, and the various organizations currently making life more difficult for the WTO. None of them are global powerhouses in themselves.

Even when counter-hegemonic transnational networks are considered as an ensemble there is no overall claim that they constitute an irresistible force, only that they illustrate the existence of important opportunities for acting globally that should be better theorized and taken advantage of in practice. Nor is there any illusion here that acting globally is a magic bullet that obviates the need for other sorts of political work. To the contrary, it is precisely the potential catalytic effects of transnational networks on local struggles that makes them worthwhile. Building transnational networks gives local organizing new prospects of success and local mobilization is an essential element of counter-hegemonic globalization.

When the focus shifts from organizing efforts to elite rationality, it becomes, perhaps, more “utopian.” To recapitulate, the argument runs as follows: If foresighted transnational economic elites want to construct the instruments of global governance that they themselves need in order to bring the necessary stability and predictability to global markets, they may have no choice but to ally with groups that want to use global governance for the purpose of institutionalizing social rights and improving well-being. To do otherwise is to risk having their

entire project founder on the fact that globalization is not a project that generates political loyalty from either more conservative national elites or ordinary citizens.

Starting from modest claims about possibilities for acting globally and adding some assumptions regarding the logic of the transnational elite interests leads us to a conclusion that many will consider utopian. The conclusion is that counter-hegemonic globalization can generate the possibility of reconstructing the governance of the global political economy much in the same way that the governance of the transatlantic political economy was reconstructed after World War II to create “embedded liberalism.”

Contained within this conclusion is the further implication that, precisely because today’s globalization is more domestically intrusive than earlier versions of the international political economy, this new progressive reconstruction would play an important role not only in changing the balance of myriad local struggles but also in facilitating more progressive structures of governance at the national level, particularly in the Third World.

None of this is likely to be easy. Current efforts to reconstruct global rules and institutions are likely to take much longer to accomplish than the building of embedded liberalism, primarily because this version must really be global, not just a rich country version. But, because it must be global, a new institutional matrix should be correspondingly less likely to be disrupted by any possible future “re-scaling” of economic activity.

Is it possible that a ragtag set of activists who have managed to turn FAX machines, internet hook-ups, and some unlikely long distance personal ties into a machinery for harassing transnational corporations and repressive local politicians might foreshadow a political process that could reconfigure the rules of the global political economy in a way that will take more account of equity, well-being, and dignity? It may be utopian to contemplate such a possibility, but it is certainly foolish not to take the elements of counter-hegemonic globalization that are already in place and push them as far as they can go.