



Feature Article: Theory and Practice

## Globalization, Corporate Practice and Cosmopolitan Social Standards

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The article explores some of the theoretical and political issues which underpin the current conflict over the accountability of the global economic order. The article develops in five parts, starting with an initial section on the changing nature and form of globalization and ending with an account of how markets and business activities can be reframed. The focus is on the emergence of a number of cosmopolitan social standards which are embedded in human rights regimes and other international legal instruments. These standards are explicated, elaborated and defended. The article argues that these standards need to be clarified further and developed in order to create the basis for global economic accountability and social justice.

**Keywords:** cosmopolitanism; social standards; accountability; democracy; globalization; anti-globalization

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### Introduction

The struggle over the accountability of the global economic order has become increasingly intense. Violence in Seattle, Prague, Genoa and elsewhere has marked a new level of conflict about globalization, democracy and social justice. The issues which have been raised are clearly fundamental, concerned as they are with the nature of free markets, the relation between corporate and public agendas, and with the type and scope of political intervention in economic life. These matters are complex and extremely challenging, although they are not new to political debate and political theory. What is new is the way the issues are framed, disseminated and fought over — in transnational and global contexts.

According to neo-liberal doctrines dominant since the late 1970s, questions about distributive justice and corporate roles can be answered only with reference to the broadly unhindered activities of individuals, interacting and co-ordinating their activities in the market place. Socially or politically imposed restrictions on the market system are coercive and, accordingly,



unjust. The ‘framework for utopia’ is the space for maximum markets and minimum states (Nozick, 1974).

For many social thinkers, who emphasize the importance of membership in, and belonging to, particular communities, this is a wholly untenable position (MacIntyre, 1981, 1988; Walzer, 1983; Miller, 1988). For markets, like other social goods, depend on trust and co-operative relations tied to public cultures and the provision of public goods, such as education, training and a stable social order. What matters most for these social thinkers is the preservation and nurturing of the social standards inherent in community and locality. Corporations should not take their social cues from wide-ranging, unregulated markets, but from the traditions, cultures and linguistic communities in which they find themselves.

In this paper I want to suggest another view — a view, I believe, more appropriate to our increasingly regional and global order. I will do this by developing an argument in five parts, ranging from an initial section on globalization to a final part on how markets and business activities can be ‘reframed’. My position, in brief, will be that economic affairs and corporate practice are better served in the long run by grasping a number of cosmopolitan social standards which are emerging in the contemporary world, and which create the possibility of a new framework of economic action and regulation. I take ‘social standards’ here to mean, in the first instance, a set of universal requirements which all actors, economic and political, must uphold and sustain; and I take ‘cosmopolitanism’ to denote, again in the first instance, those standards which can, in principle, apply to each person, each individual, who is equally worthy of concern and respect. The nature and scope of these standards needs to be clarified and developed in order to create the basis for greater global economic accountability and social justice.

## **Globalization**

Globalization has become the ‘big idea’ of our times, even though it is frequently employed in such a way that lacks precise definition. Moreover, it is so often used in political debate that it is in danger of becoming devoid of analytical value. Nonetheless, if the term is properly formulated, it does capture important elements of change in the contemporary world which can be usefully specified further.

Globalization can best be understood if it is conceived as a spatial phenomenon, lying on a continuum with ‘the local’ at one end and ‘the global’ at the other. It implies a shift in the spatial form of human organization and activity to transcontinental or interregional patterns of activity, interaction, and the exercise of power (Held *et al.*, 1999). Today, globalization embraces at least four distinct types of change. First, it involves a stretching of



social, political and economic activities across political frontiers, regions and continents. But if these are something other than occasional or random, then something else is suggested: intensification. Thus, second, globalization is marked by the growing magnitude of networks and flows of trade, investment, finance, culture and so on. Third, globalization can be linked to a speeding up of global interactions and processes, as the evolution of world-wide systems of transport and communication increases the velocity of the diffusion of ideas, goods, information, capital and people. And, fourth, it involves the deepening impact of global interactions and processes such that the effects of distant events can be highly significant and even the most local developments can come to have enormous global consequences. In this particular sense, the boundaries between domestic matters and global affairs become fuzzy. In short, globalization can be thought of as the widening, intensifying, speeding up and growing impact of world-wide interconnectedness.

Globalization is made up of the accumulation of links across the world's major regions and across many domains of activity. It can be related to many factors including the rapid expansion of the world economy: world trade has grown enormously; the world's financial systems are now more integrated than ever before with nearly 2 trillion dollars changing hands daily in the foreign exchange markets; and multinational companies are centrally involved in national and international economic transactions (Goldblatt *et al.*, 1997). In addition, a denser pattern of interconnectedness also prevails as a result of changes in migration patterns, communications, the environment, and many other factors. Although these developments fall far short of creating an integrated world order, they have significant political and democratic consequences.

The world no longer comprises relatively 'discrete civilisations' or 'discrete political communities' (Fernández-Armesto, 1995, Chapter 1); rather, it is a world of 'overlapping communities of fate', where the fate of nations is significantly entwined. Political communities are enmeshed and entrenched in complex structures of overlapping forces, processes and movements. During the period in which the nation-state was being forged — and the territorially bound conception of democracy was consolidated — the idea of a close mesh between geography, political power and democracy could be assumed. It seemed compelling that political power, sovereignty, democracy and citizenship are simply and appropriately bounded by a delimited territorial space. These links were by and large taken for granted, and generally unexplicated in modern political theory (Held, 1995). Globalization raises issues concerning the proper scope of democracy, or democratic jurisdiction, given that the relation between decision-makers and decision-takers is not necessarily symmetrical or congruent with respect to the territory.



## Globalization and Democracy: Five Disjunctures

The changing relation between globalization and the modern nation-state can be characterized by five disjunctures. All indicate an increase in the extensiveness, intensity, velocity and impact of globalization. And all suggest important questions about the evolving character of the democratic political community in particular.

First, the idea of a self-determining national collectivity — which delimits and shapes a community of fate — can no longer be simply located within the borders of a single nation-state. Many of the most fundamental economic, social, cultural and environmental forces and processes that determine the nature of the political good and political outcomes, now lie — in terms of their operation and dynamics — beyond the reach of individual polities. The current concern about genetic engineering and its possible regulation is a case in point.

Second, it can no longer be presupposed that the locus of effective political power is synonymous with national governments and the nation-state; national states and national governments are now embedded in complex networks of political power at regional and global levels (see Keohane, 1995, 2001; Rosenau, 1997, 1998). In other words, political power is shared and negotiated among diverse forces and agencies at many levels, from the local to the global. The link between effective government, self-government and a bounded territory is being broken.

Third, while significant concentrations of power are found, of course, in many states, these are frequently embedded in, and articulated with, new and changing forms of political authority. The power and operations of national government are altering, although not all in one direction. The entitlement of states to rule within circumscribed territories — their sovereignty — is not on the edge of collapse, but the practical nature of this entitlement — the actual capacity of states to rule — is changing its shape (Held *et al.*, 1999, the Conclusion). A new regime of government and governance is emerging which is displacing traditional conceptions of state power as an indivisible, territorially exclusive form of public power.

Fourth, the nurturing and enhancement of the public good increasingly requires co-ordinated multilateral action (eg to ensure security or to prevent global recession). At the same time, the resolution of transboundary issues (eg responsibility for carbon omissions) may often impose significant domestic adjustments. In this respect, political and social agents are witnessing a shift in the operation and dynamics of state power and political authority. This has become most apparent as states have become locked into regional and global regimes and associations. The context of national politics has been transformed by the diffusion of political authority and the growth of multilayered governance (see Nye and Donahue, 2000).



Fifth, the distinctions between domestic and foreign affairs, internal political issues and external questions are no longer clear cut. Governments face issues such as the international drugs trade, AIDS, BSE (Bovine Spongiform Encephalopathy), the use of non-renewable resources, the management of nuclear waste, the spread of weapons of mass destruction, and global warming which cannot meaningfully be categorized in these terms. Moreover, issues like the location and investment strategy of MNCs, the regulation of global financial markets, the threats to the tax base of individual countries in the context of a global division of labour and the absence of capital controls all pose questions about the continued value of some of the central instruments of national economic policy. In fact, in nearly all major areas of policy, the enmeshment of national political communities in regional and global flows and processes involves them in intensive transboundary co-ordination and regulation.

In the context of these complex transformations, the meaning of accountability and democracy at the national level is altering. In circumstances where transnational actors and forces cut across the boundaries of national communities in diverse ways, where powerful international organizations and agencies make decisions for vast groups of people across diverse borders, and where the capacities of large companies can dwarf many a state, the questions of who should be accountable to whom, and on what basis, do not easily resolve themselves. The mesh between geography, political power and democracy is challenged by the intensification of regional and global relations.

### **Cosmopolitanism: Ideas and Trajectories**

The problems and dilemmas of contemporary national politics, just described, can be referred to, following Jeremy Waldron, as the ‘circumstances of cosmopolitanism’ (2000, 236–239); that is, the background conditions and presuppositions which inform and motivate the case for a cosmopolitan framework of accountability and regulation. Not only are we ‘unavoidably side by side’ (as Kant put it) but the degrees of mutual interconnectedness and vulnerability are rapidly growing. The new circumstances of cosmopolitanism give us little choice but to consider the possibility of a common framework of standards and political action, given shape and form by a common framework of institutional arrangements (Held, 1995, Part III).

How should cosmopolitanism be understood in this context? There are three broad accounts of cosmopolitanism which are important to bear in mind and which contribute to its contemporary meaning. The first was explored by the Stoics who were the first to refer explicitly to themselves as cosmopolitans, seeking to replace the central role of the *polis* in ancient political thought with



that of the *cosmos* in which humankind could live in harmony (Horstmann, 1976). The root idea of classical cosmopolitanism involves the notion that each person is 'a citizen of the world' and owes allegiances, first and foremost, 'to the worldwide community of human beings' (Nussbaum, 1996, 4). While there are many difficulties with this classical formulation (for instance, its link to a teleological view of nature: see Nussbaum, 1997), the main point of the Stoics contained a most significant idea: 'that they were, in the first instance, human beings living in a world of human beings and only incidentally members of polities' (Barry, 1999, 36). The boundaries of polities were understood to be historically arbitrary, and most often the result of coercion and violence. Borders obscured the common circumstances of humankind and, thus, could not have the moral significance frequently ascribed to them (Pogge, 1994b, 198). The individual belongs to the wider world of humanity; moral worth cannot be specified by the yardstick of a single political community.

The second conception of cosmopolitanism was introduced in the eighteenth century when the term *weltpürger* (world citizen) became one of the key terms of the Enlightenment. The most important contribution to this body of thought can be found in Kant's writings (above all, 1970, 41–53, 54–60, 93–130). Kant linked the idea of cosmopolitanism to an innovative conception of 'the public use of reason', and explored the ways in which this conception of reason can generate a critical vantage point from which to scrutinize civil society (see Schmidt, 1998, 419–427). Building on a definition of enlightenment as the escape from dogma and unvindicated authority, Kant measured its advance in terms of the removal of constraints on 'the public use of reason' (see O'Neill, 1990). Individuals can step out of their entrenched positions in civil society and enter a sphere of reason free of 'dictatorial authority' — which Kant associated (rather uncritically) with the world of writers, readers and intellectuals — and can, from this vantage point, examine the one-sidedness, partiality and limits of everyday knowledge, understanding and regulations. In this context, individuals can learn to think of themselves as participants in a cosmopolitan dialogue — a critical process of communication — in which they can come to an understanding with others about the nature and appropriateness of the demands made upon them (c.f. Arendt, 1961, 220–221).

The third conception of cosmopolitanism is more recent and is expounded in the work of Beitz, Pogge and Barry, among others (see, in particular, Beitz (1979, 1994, 1998), Pogge (1989, 1994a) and Barry (1998a,b, 1999) although they by no means agree on many matters: see, for instance, Miller, 1998). In certain respects, this work seems to explicate, and offer a compelling elucidation of, the classical conception of belonging to the human community first and foremost, and the Kantian conception of subjecting all beliefs, relations and practices to the test of whether or not they allow open-ended interaction, uncoerced agreement and impartial judgement. This third



conception of cosmopolitanism involves three key elements. The first is that the ultimate units of moral concern are individual human beings, not states or other particular forms of human association. Humankind belongs to a single moral realm in which each person is regarded as equally worthy of respect and consideration (Beitz, 1994, 1998; Pogge, 1994a). This element can be referred to as the principle of individualist moral egalitarianism or, simply, egalitarian individualism. To think of people as having equal moral value is to make a general claim about the basic units of the world comprising persons as free and equal beings (see Kuper, 2000). This broad position runs counter to the view of moral particularists that belonging to a given community limits and determines the moral worth of individuals and the nature of their autonomy. It does so because, to paraphrase (and adapt) Bruce Ackerman, there is no nation without a woman who insists on equal liberties, no society without a man who denies the need for deference, and no country without a person who does not yearn for a predictable pattern of meals to help sustain his or her life projects (see Ackerman, 1994, 382–383). The principle of egalitarian individualism is the basis for articulating the equal worth and liberty of all humans, wherever they were born or brought up. Its concern is with the irreducible moral status of each and every person — the acknowledgement of which links directly to the possibility of self-determination and the capacity to make independent choices.

The second element emphasizes that the status of equal worth should be acknowledged by everyone. It is an attribute of every living person, and the basis on which each person ought to constitute their relations with others (Pogge, 1994a, 89f). Each person has an equal stake in this universal ethical realm and is, accordingly, required to respect all other people's status as a basic unit of moral interest (Pogge, 1994a, 90). This second element of contemporary cosmopolitanism can be called the principle of reciprocal recognition. To be satisfactorily entrenched in everyday life, it necessitates that all people enjoy an equality of status with respect to the basic decision-making institutions of their communities. Agreed judgement about rules, laws and policies should ideally follow from the 'force of the better argument' and public debate — not from the intrusive outcome of non-discursive elements and forces (Habermas, 1973; Held, 1995, Chapter 7). If people are marginalized or fall outside of this framework, they suffer disadvantage not primarily because they have less than others in this instance, but because they can participate less in the processes and institutions that shape their lives. It is their 'impaired agency' that becomes the focus of concern (see Raz, 1986, 227–240; Doyal and Gough, 1991, 95–96).

The third element stresses that equality of status and reciprocal recognition requires that each person should enjoy the impartial treatment of their claims — that is, treatment based on principles upon which all could act. Accordingly, cosmopolitanism is a moral frame of reference for specifying



rules and principles that can be universally shared; and, concomitantly, it rejects as unjust all those practices, rules and institutions anchored in principles not all could adopt (O'Neill, 1991). At issue is the establishment of principles and rules that nobody, motivated to establish an uncoerced and informed agreement, could reasonably reject (see Barry, 1989; c.f. Scanlon, 1998).

To test the generalizability of claims and interests involves 'reasoning from the point of view of others' (Benhabib, 1992, 9–10, 121–147). Attempts to focus on this 'social point of view' find their most rigorous explication in Rawls's original position, Habermas's ideal speech situation and Barry's formulation of impartialist reasoning (see Rawls, 1971; Habermas, 1973, 1996; Barry, 1989, 1995). These formulations have in common a concern to conceptualize an impartial moral standpoint from which to assess routine forms of practical reasoning. The concern is not overambitious. As one commentator aptly explained:

All the impartiality thesis says is that, if and when one raises questions regarding fundamental moral standards, the court of appeal that one addresses is a court in which no particular individual, group, or country has *special* standing. Before the court, declaring 'I like it', 'it serves my country', and the like, is not decisive; principles must be defensible to anyone looking at the matter apart from his or her special attachments, from a larger, human perspective. (Hill, 1987, 132 quoted in Barry, 1995, 226–227)

This social open-ended, moral perspective is a device for focussing our thoughts, and a basis for testing the intersubjective validity of our conceptions of the good. It offers a way of exploring principles, norms and rules that might reasonably command agreement (c.f. Nussbaum, 1997, 29–36).

Impartialist reasoning is a frame of reference for specifying rules and principles that can be universally shared. In order to meet this standard a number of particular tests can be pursued, including an assessment of whether all points of view have been taken into consideration; whether there are individuals in a position to impose on others in such a manner as would be unacceptable to the latter, or to the originator of the action (or inaction), if the roles were reversed; and whether all parties would be equally prepared to accept the outcome as fair and reasonable irrespective of the social positions they might occupy now or in the future (see Barry, 1989, 372, 362–363).

Impartialist reasoning will not produce a simple deductive proof of the ideal set of principles and conditions which can overcome the deficiencies of the global economy or global political order; nor can it produce a deductive proof of the best or only moral principles that should guide institutional formation. Rather, it should be thought of as a heuristic device to test candidate principles of moral worth, democracy and justice and their forms of justification (see



Kelly, 1998, 1–8). These tests are concerned with a process of reasonable rejectability, in a theoretical dialogue that is always open to fresh challenge and new questions and, hence, in a hermeneutic sense, can never be complete (Gadamer, 1975). But to acknowledge this is not to say that the theoretical conversation is ‘toothless’ with respect to either principles or the conditions of their entrenchment.

One ‘biting’ principle is the principle of the avoidance of serious harm and the amelioration of urgent need. This is a principle for allocating priority to the most vital cases of need and, where possible, trumping other, less urgent, public priorities until such a time as all human beings enjoy the status of equal moral value, reciprocal recognition, and have the means to participate in their respective political communities and in the overlapping communities of fate which shape their needs and welfare. A social provision which falls short of this can be referred to as a situation of manifest ‘harm’ in that the recognition of, and potential for, active agency will not have been achieved for all individuals or groups; that is to say, some people would not have adequate access to effectively resourced capacities which they might make use of in particular circumstances (see Sen, 1999). This practical and participative conception of agency denotes, in principle, an ‘attainable’ target — because the measure of optimum participation, and the related conception of harm, can be conceived directly in terms of the ‘highest standard’ presently achieved in a political community (see Doyal and Gough, 1991, 169). But attainable participative levels are not the same thing as the most pressing levels of vulnerability, defined by the most urgent need. It is only too clear that within many, if not all, countries, certain needs, particularly concerning health, education and welfare, are not universally met (Held and McGrew, 2000, Chapters 31, 32, 37). The ‘harm’ that follows from a failure to meet such needs can be denoted as ‘serious harm’, marked as it often is by immediate, life-and-death consequences. Accordingly, if the requirements specified by the principle of the avoidance of serious harm are to be met, public policy ought to be focused, in the first instance, on the prevention of such conditions; that is, on the eradication of severe harm inflicted on people ‘against their will’ and ‘without their consent’ (Barry, 1998a,b, 231, 207).<sup>2</sup>

I take cosmopolitanism ultimately to connote the ethical and political space which sets out the terms of reference for the recognition of people’s equal moral worth, their active agency and what is required for their autonomy and development (see Held, 2002b).<sup>3</sup> It builds on principles that all could reasonably assent to in defending basic ideas which emphasize equal dignity, equal respect, the priority of vital need, and so on. On the other hand, this cosmopolitan point of view must also recognize that the meaning of these cannot be specified once and for all. That is to say, the connotation of these basic ideas cannot be separated from the hermeneutic complexity of traditions,



with their temporal and cultural structures. The meaning of cosmopolitan regulative principles cannot be elucidated independently of an ongoing discussion in public life (Habermas, 1996). Accordingly, there can be no adequate specification of equal liberty, rights and vital interests, without a corresponding institutionalization of ‘the public use of reason’ in uncoerced national and transnational forms of public dialogue and debate (McCarthy, 1999). The institutionalization of cosmopolitan principles requires the entrenchment of accessible and open public fora.

### **Cosmopolitan Realities**

After 200 years of nationalism, sustained nation-state formation and intensive geopolitics, cosmopolitan principles and political positions could be thought of as out of place. Yet, in certain respects, cosmopolitanism defines a set of norms and legal frameworks in the here and now — and not in some remote future. Cosmopolitanism is already embedded in rule systems and institutions which have transformed the sovereign states system in a number of important respects.

The principles of egalitarian individualism, reciprocal recognition and impartialist reasoning find direct expression in significant post Second World War legal and institutional initiatives and in some of the new regulatory forms of regional and global governance (Held, 2002a). To begin with, the 1948 UN Declaration of Human Rights and subsequent 1966 Covenants of rights raised the principle of egalitarian individualism to a universal reference point: the requirements that each person be treated with equal concern and respect, irrespective of the state in which they were born or brought up, is the central plank of the human rights world-view (see UN, 1988). In addition, the formal recognition in the UN Declaration of all people as persons with ‘equal and inalienable rights’, and as ‘the foundation of freedom, justice and peace in the world’, marked a turning point in the development of cosmopolitan legal thinking (UN declaration, preamble). Single persons are recognized as subjects of international law and, in principle, the ultimate source of political authority (see Weller, 1997; Crawford and Marks, 1998). Moreover, the diverse range of rights found in the International Bill and regarded as integral to human dignity and autonomy — from protection against slavery, torture and other degrading practices to education and participation in cultural, economic and political life (irrespective of race, gender or religious affiliation) — constitute the basis of a cosmopolitan orientation to politics and human welfare. Human rights entitlements can trump, in principle, the particular claims of national polities; they set down universal standards against which the strengths and limitations of individual political communities can be judged.



The human rights commitment to the equal worth of all human beings finds reinforcement in the acknowledgement of the necessity of a minimum of civilized conduct and of specific limits to violence found in the laws of war and weapons diffusion; in the commitment to the principles of the Nuremberg and Tokyo war crimes tribunals (1945–46, 1946–48), the Torture Convention (1984) and the statute of the International Criminal Court (1998) which outlaws genocide, war crimes and crimes against humanity; in the growing recognition of democracy as the fundamental standard of political legitimacy which finds entrenchment in the International Bill of Human Rights and regional treaties; in the development of new codes of conduct for IGOs and INGOs, concerning the transparency and accountability of their activities, and in the unprecedented flurry of regional and global initiatives, regimes, institutions, networks and treaties seeking to tackle global warming, ozone depletion, the pollution of oceans and rivers, and nuclear risks, among many other factors (see Held, 2002a for a survey).

Cosmopolitan ideas are, in short, at the centre of significant post Second World War legal and political developments. The idea that human well-being is not defined by geographical or cultural location, that national or ethnic or gendered boundaries should not determine the limits of rights or responsibilities for the satisfaction of basic human needs, and that all human beings require equal respect and concern are notions embedded in aspects of contemporary regional and global legal and political thinking, and in some forms of transnational governance (Beitz, 1994, 127; see Held *et al.*, 1999, Chapter 1 and the Conclusion). There has been a significant shift in emphasis, as one observer has noted, ‘in the character and goals of international society: away from minimalist goals of co-existence towards the creation of rules and institutions that embody notions of shared responsibilities, that impinge heavily on the domestic organization of states, that invest individuals and groups within states with rights and duties, and that seek to embody some notion of the planetary good’ (Hurrell, 1995, 139). Yet, while there may be cosmopolitan elements to existing international law, these have, of course, by no means generated a new deep-rooted structure of cosmopolitan accountability and regulation. The principle of egalitarian individualism may be widely recognized, but it scarcely structures much political and economic policy, north, south, east or west. The principle of universal recognition informs the notions of human rights and other legal initiatives such as ‘common heritage of humankind’ (embedded in the Law of the Sea (1982)), but it is not at the heart of the politics of sovereign states or corporate colossi; the principle of impartial moral reasoning might be appealed to justify limits on reasons of state and the actions of IGOs, but it is, at best, only an incidental part of the institutional dynamics that have created such chronic political problems as the externalities (or border spill-over effects) generated by many national economic and energy



policies, overlapping communities of fate in areas as diverse as security and the environment, and the global polarization of power, wealth and income.

This should not be a surprise. In the first instance, the global legal and political initiatives of 1948 onward, referred to above, do not just curtail sovereignty, they clearly support and underpin it in many ways. From the UN Charter to the Rio Declaration on the environment, international agreements have often served to entrench, and accommodate themselves to, the sovereign international power structure. The division of the globe into powerful nation-states, with distinctive sets of geopolitical interests, has often been built into the articles and statutes of IGOs (see Held, 1995, Chapters 5, 6). The 'sovereign rights of states' are frequently affirmed alongside more cosmopolitan leanings. Moreover, while a case can be made that cosmopolitan principles are part of 'the working creed' of officials in some United Nations agencies such as UNICEF, UNESCO and the WHO, and NGOs such as Amnesty International, Save the Children and Greenpeace, they can scarcely be said to be constitutive of the conceptual world of most modern politicians, democratic or otherwise (Barry, 1999, 34–35; c.f. Held and McGrew, 2000, 31–39).

Second, the cosmopolitan reach of contemporary regional and global law rarely comes with a commitment to establish institutions with the resources and clout to make declared cosmopolitan intentions and objectives effective. The susceptibility of the UN to the agendas of the most powerful states, the partiality of many of its enforcement operations (or the lack of them altogether), the underfunding of its organizations, its continued dependency on financial support from a few major states, the weaknesses of the policing of many environmental regimes (regional and global) are all indicative of the disjuncture between cosmopolitan aspirations and their partial and one-sided application.

Finally, the focus of cosmopolitan political initiatives since 1945 has been on the domain of the political. These efforts have only had a tangential impact on the regulation of economic power and market mechanisms. The emphasis has been on checking the abuse of political power, not economic power. Cosmopolitan international politics has developed few, if any, systematic means to address forms of economic domination. Its conceptual resources and leading ideas do not suggest or push toward the pursuit of self-determination and autonomy in the economic domain; they do not seek the entrenchment of democratic rights and obligations outside of the sphere of the political. Issues concerning corporate power, corporate governance and flourishing economic inequalities have to be brought back into the centre of cosmopolitan practice if this lacuna — at the heart of the struggle over globalization today — is to be addressed. Cosmopolitan theory, with its emphasis on illegitimate and unacceptable structures of power and vital need, has to be reconnected to cosmopolitan institution-building.



## Addressing the Institutional Deficit: Reframing the Market

The impact of developing cosmopolitan standards is highly differentiated and uneven across the world's regions. This creates moral and competitive problems for socio-economic agents and institutions of economic governance, and generates a conundrum: how to uphold cosmopolitan standards and values without eroding sound economic practice and legitimate corporate interests? Outside of a cosmopolitan framework there is, I think, no escape from this conundrum.

Onora O'Neill has argued recently that in the context of political turbulence, that is, against the background of rogue states or imploding polities, corporations can find that they are 'the primary agents of justice'; that is, the primary agents with responsibility for maintaining and sustaining cosmopolitan standards and virtues (2000, 21–22). She holds that both states and companies can be judged by the principles and standards they claim to uphold, and that such a judgement today must be made in relation to the principles and standards which are already developing as the universal basis of action — as a result of the spread of democratic values, human rights agreements, environmental regimes and so on. This already provides a tough matrix of social requirements even before the cosmopolitan thinker presses it further.

There is much in this position to affirm: the particular culture and practices of companies matter; the difference between a responsible or rogue corporation with respect, for example, to pollution is of great significance; and the involvement of companies in the infrastructural development of local communities can be of marked import. Nonetheless, corporations can find themselves extremely vulnerable to shifting competitive circumstances if they bear the burdens and costs of certain environmental or social standards alone. In my view, businessmen and women object less to political regulation and social reform *per se* than to the intrusion of regulatory mechanisms that upset 'the rules of the game' in some particular place or country only. Stringent environmental conditions, tough equal opportunities requirements, high labour standards, more accommodating working hours, for example, are particularly objectionable to companies if they handicap those companies' competitive edge in relation to enterprises from areas not subject to similar constraints. Under such circumstances, companies will be all too tempted to do what they can to resist such standards or depart for more 'hospitable shores', and this will be perfectly rational from their economic point of view.

Accordingly, if economic interaction is to be entrenched in a set of mechanisms and procedures that allow markets to flourish in the long run within the constraints of cosmopolitan principles and processes, the rules of the game have to be transformed systematically, at regional and global levels (eg at



the level of the EU and the WTO). This target for political and economic change provides a potentially fruitful focus, I believe, for both corporate interests and social movements concerned with widespread poverty, social standards and environmental degradation. What are the institutional and procedural implications of these considerations? The requirements of the cosmopolitan framework of accountability and regulation are many and various; there are legal, political, economic and cultural preconditions. But there is only space here to focus on the economic (see Held, 2002a,b).

The market system is highly indeterminate — often generating costly or damaging externalities with regard to health, welfare, income distribution or the environment. The ‘anti-globalization’ protestors are at their clearest and most articulate on these issues. These challenges can only be adequately addressed, and market economies can only function in a manner fully commensurate with cosmopolitan principles and virtues, if the market system is reframed. This should not be taken, as it is all too often, as an argument for either abandoning or undermining the market system — not at all. The market system has distinct advantages, as Hayek has emphasized, over all known alternative economic systems as an effective mechanism to co-ordinate the knowledgeable decisions of producers and consumers over extended territories (1976). But it is an argument for restructuring — or ‘reframing’, as I prefer to put it — the market itself. A bridge has to be built between international economic law and human rights law, between commercial law and environmental law, between state sovereignty and transnational law, and between cosmopolitan principles and cosmopolitan practices (see Chinkin, 1998). Precedents exist in, for instance, the Social Chapter of the Maastricht Agreement or in the attempt to attach labour and environmental conditions to the NAFTA regime, for the pursuit of this objective.

This position generates a rationale for a politics of intervention in economic life, not to control and regulate markets *per se* but to provide the basis for reforming and regulating those forms of power which compromise, disrupt or undermine fair and sustainable conditions for economic co-operation and competition — the necessary background conditions of the particular choices of human agents in a world of overlapping communities of fate. What is required is not only the firm enactment of existing human rights and environmental agreements and the clear articulation of these with the ethical codes of particular industries (where they exist or can be developed), but also the introduction of new terms of reference into the ground rules or basic laws of the free-market and trade system.

At stake, ultimately, are two interrelated sets of transformations. The first is the entrenchment of revised rules, codes and procedures — concerning health, child labour, trade union activity, environmental protection, stake-holder consultation and corporate governance, among other matters — in the articles



of association and terms of reference of economic organizations and trading agencies. The key groups and associations of the economic domain will have to adopt, within their very *modus operandi*, a structure of rules, procedures and practices compatible with cosmopolitan social requirements, if the latter are to prevail. The second set of transformations concerns the institutionalization of cosmopolitan principles as the basis of rightful public authority, at local, national, regional and global levels. Recognizing the complex structures of an interconnected world, cosmopolitanism views certain issues as appropriate for delimited (spatially demarcated) political spheres (the city, state or region), while it sees others — such as the environment, genetic engineering, the terms of trade and financial stability — as requiring new, more extensive, regional and global institutions to address them (see Archibugi *et al.*, 1998, Chapters 1, 10, 14).

Only by introducing new rules, standards and mechanisms of accountability throughout the global economic system, as a supplement and complement to collective agreements and measures in national and regional contexts, can an enduring settlement be created between business interests, regulatory capacity and cosmopolitan concerns (c.f. Lipietz, 1992, 119–124). While the advocacy of such a position clearly raises enormous political, diplomatic and technical difficulties, and would need a substantial period to pursue and, of course, implement, this is a challenge that cannot be avoided if people's equal interest in cosmopolitan principles and outcomes is to be adequately protected.

There are many possible objections to such a scheme and advocacy position. Among these are pressing cultural concerns that the standards and values being projected are those of western origin and, concomitantly, mask sectional interests — to the advantage, for example, of entrenched corporate and labour interests in the developed world. This point is often made in relation to ILO standards *vis-à-vis* child labour, freedom to join trade unions, equal pay for men and women for work of equal value. However, this concern is, in my judgement, misplaced and hits the wrong target.

In the first instance, dissent about the value of ideas such as equal consideration, equal liberty and human rights is often related to the experience of Western imperialism and colonialization. The way in which these ideas have been traditionally understood in the West — that is, the way in which they have been tied to political and civil rights, above all, and not, for example, to the satisfaction of fundamental human need — has fuelled the view that the language of liberty and democracy is the discourse of Western dominance, especially in those countries which were deeply affected by the reach of Western empires in the nineteenth and twentieth centuries. There are many good historical reasons why such language invokes scepticism. Understandable as they are, however, these reasons are insufficient to provide a well-justified critique: it is a mistake to throw out the language of equal worth and self-



determination because of its contingent association with the historical configurations of Western power. The origins of principles should not be confused with their validity (Weale, 1998).

A distinction must be made between those political discourses which obscure or underpin particular interests and power systems and those which seek explicitly to test the generalizability of claims and interests, and to render power, whether it be political, economic or cultural, accountable (see *Cosmopolitanism: Ideas and Trajectories* above). The framework of cosmopolitan principles and values is sound, preoccupied, as it is, with the equal liberty and development possibilities of all human beings, but it cannot be implemented plausibly without addressing the most pressing cases of economic suffering and harm. Without this commitment, the advocacy of cosmopolitan standards can easily descend into high mindedness, which fails to pursue the socio-economic changes that are a necessary part of such an allegiance.

At a minimum, this means linking the progressive implementation of a cosmopolitan regulative framework with efforts to reduce the economic vulnerability of many developing countries by eliminating debt, reversing the outflow of net capital assets from the South to the North, and creating new economic facilities at organizations like the World Bank, the IMF and the UN for development purposes (see Lipietz, 1992, 116ff; Falk, 1995, Chapter 6). In addition, if such measures were combined with a (Tobin) tax on the turnover of financial markets, and/or a consumption tax on energy usage and/or a shift of priorities from military expenditure to the alleviation of severe need, then the developmental context of Western and Northern nation-states could begin to be accommodated to those nations struggling for survival and minimum welfare (see Held (1995, Chapter 11), Giddens and Hutton (2000, 213ff) and Held and McGrew (2002) for a fuller account of these proposals).

Improbable? Unrealistic? Two points should be made in this regard. First, a cosmopolitan covenant is already in the making as political authority and new forms of governance are diffused 'below', 'above' and 'alongside' the nation-state, and as new forms of international law, from the law of war to human rights law and environmental regimes, begin to set down universal standards. Second, these standards can be built upon, locking-in cosmopolitan principles into economic life, in developed and developing countries. To meet the requirements of impartialist reasoning, they have, of course, to be pressed much further. The intense battles about globalization are helping to create an environment in which questions about these matters can be pursued in the public domain. Entrenched geopolitical and economic interests are more likely to respond to a combination of pressure and argument, rather than to argument alone. But the risk of a severe backlash (championed already by the Bush administration) is clear. Certainly, the protestors need to come to understand the complexity of the issues they are seeking to address, the



diversity of legitimate viewpoints (the difference, for example, between those who object to unbridled free trade and the positions of many developing countries seeking greater access to developed markets), and the extraordinary complexity of institutional solutions. Unless this happens, the gulf between confrontation and constructive engagement will not be bridged. In the end, whether cosmopolitan rules and regulations can be pursued successfully in the long term remains to be seen. But one thing is certain: the modern territorial state was not built in a generation, and one should not expect major and equally significant transformations — in this case to a multilevel, multilayered cosmopolitan polity — to take less time.

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## Notes

- 1 This paper was first presented at the conference, *Globalisierung und Sozialstandards*, 30/31 March 2001, held at the *Internationales Führungszentrum der Siemens AG*, Feldafing/Starnberger See, and organized by the *Deutsches Netzwerk Wirtschaftsethik*.
- 2 Another way to put this point is to ask whether anyone would freely choose a 'principle of justice' which determined that people (present and/or future generations) suffer serious harm and disadvantage independent of their consent, such as, for instance, the 30,000–35,000 children who die each day of malnutrition and disease. In the face of impartialist reasoning, this principle is wholly unconvincing. The impartialist emphasis on the necessity of taking account of the position of the other, of only regarding political outcomes as fair and reasonable if there are good reasons for holding that they would be equally acceptable to all parties, and of only treating the position of some socio-economic groups as legitimate if they are acceptable to all people irrespective of where they come in the social hierarchy, does not provide grounds on which this principle could be accepted. And, yet, this is the principle of justice people are asked to accept, *de facto*, as a, if not the, principle of distribution in the global economic order. No wonder protest levels are so intense and growing.
- 3 Contemporary cosmopolitans, it should be acknowledged, are divided about the demands that cosmopolitanism lays upon the individual and, accordingly, upon the appropriate framing of the necessary background conditions for a 'common' or 'basic' structure of individual action and social activity. Among them, there is agreement that in deciding how to act, or which rules or regulations ought to be established, the claims of each person affected should be weighed equally — 'no matter where they live, which society they belong to, or how they are connected to us' (Miller, 1998, 165). The principle of egalitarian individualism is regarded as axiomatic. But the exact moral weight granted to this principle depends heavily upon the precise modes of interpretation of other principles (see Nussbaum, 1996; Barry, 1998a, b; Miller, 1998; Scheffler, 1999). I shall not pursue these issues although the position suggested here indicates one way of linking cosmopolitan universalism with the recognition of the irreducible plurality of forms of life (see Habermas, 1996).

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