

МОСКОВСКАЯ ШКОЛА ЭКОНОМИКИ
MOSCOW SCHOOL OF ECONOMICS

COURSE

'GOVERNING THE WORLD ECONOMY'

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Summary

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

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

Each of the five sessions has two parts. The first part is an interactive lecture to introduce the material. The second part is a group exercise in which students develop the themes of the day in relation to a concrete problem.

The course is assessed in two ways. The first is participation in the five daily group exercises. The second is a one-page paper, to be submitted at the end of the week, in which each student sets

out, in English, the most important knowledge that they have gained from the course. Students who miss more than one group exercise must instead submit a two-page essay on one of the questions that are listed at the end of this outline, in addition to the one-page paper regarding the main lesson that they have learned.

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

Prelude/Opening Remarks

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

Session 1

Challenges for the Contemporary World Economy

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

- A. Ecological integrity
 - population and urbanisation
 - pollutions (air, land, water)
 - natural resource depletions (water, forests, soils, minerals, fish)
 - stratospheric ozone losses
 - biodiversity losses
 - unknown effects of bio- and nanotechnologies

- climate change
- anthropocentrism and extractivism
- general challenge: how to secure eco-sustainability in today's world economy?

B. Material security

- poverty (malnourishment, illiteracy, poor sanitation and shelter, health care deficits); whether growing or declining, relatively or absolutely, these problems still affect hundreds of millions of people around the world
- un- and under- employment
- working conditions (wages, protections, benefits)
- disease (infectious and non-infectious; abuses of the body)
- financial volatility (forex, loans, securities markets, derivatives)
- general challenge: how to secure material well-being in today's world economy?

C. Distributive justice

- countries, including North-South hierarchies, BRICS and 'Fourth World'
- urban/rural divisions
- classes (e.g. global Gini co-efficient; incomes 5%/25% = 245:1; assets 0.7% with 45.9%)
- cultures (e.g. faith and language)
- caste and Dalit discrimination
- genders and sexism
- races and racism
- generations and ageism
- disabilities and ablism
- sexualities and heterosexism
- general challenge: how to achieve fair allocation in today's world economy?

D. Solidarity

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

E. Liberty

- restrictions on the individual's belief, expression, movement, association
- widespread surveillance and invasions of privacy
- human rights regimes (global and regional as well as national)
- general challenge: how to secure human freedoms in today's world economy?

F. Cultural vibrancy

- new art forms (architecture, cuisine, music, drama, etc.)
- cultural diversity losses (e.g., in respect of language)
- pushes for assimilation
- spiritual poverty – disconnected from the wonder of life (divine or otherwise)
- fundamentalisms (religious and secular) – violence of imposing single truths
- collective sedation through consumerist entertainment
- general challenge: how to nurture creative expression in today's world economy?

G. Democracy

- conceptualisation
- citizen education
- deliberation and debate
- institutional accountabilities
- structural inequalities
- unrecognised life-ways
- general challenge: how to obtain adequate participation and control for affected people in today's world economy?

H. Peace

- arms proliferation (large/small, conventional/new, in and between countries)
- warfare (within and between countries)
- structural violences (geographical, social, cultural)
- general challenge: how to ensure positive cooperation and constructive conflict in today's world economy?

I. Moral conduct

- criminality and illegality
- tolerance of arbitrary inequalities and associated discriminations

- denials of human dignity
- deficits of care and compassion
- general challenge: how to sustain decency amidst pressures of today's world economy?

J. Conclusion

- how to govern today's world economy so that it enhances livelihoods for everyone?
- how to maximise nine core values of human flourishing in a good society: collective solidarity, cultural creativity, democratic governance, distributive justice, ecological integrity, individual liberty, material security, moral decency, and peace?
- how to negotiate between these values when they conflict?

Group Exercise. Assess the implications of international trade for a core value of a good society: cultural vibrancy, distributive justice, ecological integrity, or peace.

Session 2

Shifting Geographies of the Contemporary World Economy

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

A. The issue of geographical scale

- economy happens in spaces, domains, spheres, arenas
- modern social geography has been marked by country-centric territorialism
- contemporary social geography is increasingly transscalar (global-regional-national-local)
- contemporary social geography is partly supraterritorial

B. Globalisation

- Global relations unfold in social spaces of transplanetary extent, in which persons have direct links with each other wherever on earth they might be located.
- Globality-internationality distinction
- Globality is manifested:

- ❖ materially (in communications, travel, organisations, laws, production, markets, money, finance, military affairs, ecology, health)
- ❖ ideationally (in consciousness, imagination, symbol, language, meaning, narrative, interpretation, perception, knowledge, music, poetry, belief)
- Contemporary global connections often have a pronounced supraterritorial quality with transplanetary simultaneity (e.g. global warming, global media, global epidemics) and/or transplanetary instantaneity (e.g. emails, telecommunications). Thus substantially transcending territorial place, distance and borders.
- Intense globalisation of recent history has given globality unprecedented: scale/amount, range/scope/type, frequency/regularity, velocity/speed, intensity (depth with which experienced) and impact/consequence.

C. Regionalisation

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

D. Localisation

- Local relations unfold in social spaces of closer proximity, often involving day-to-day face-to-face contacts (neighbourhoods, districts, villages, towns, cities)

- Locality also expressed in material and ideational ways (like globality and regionality)
- Like globalisation and regionalisation, significant increases in recent history
- Translocalism: global and regional relations of localities

E. (Re-) Nationalisation

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

F. Relationship between globalisation, regionalisation, nationalisation, localisation

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

G. Qualifications

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

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

Session 3

Regimes in the Contemporary World Economy

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

A. Governance

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

B. From statism to polycentrism

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

C. Continuing importance of the state

- end of statism ≠ end of the state
- different states have different levels of governing capacity in the world economy
- old foreign policy actors (cabinets, foreign services, armed forces) are still important; but they are no longer the only parts of the state that are relevant beyond its borders
- so-called 'domestic' ministries are involved in transgovernmental networks (G7/20, ICN, NSG)
- global networks of national legislatures (GLOBE, PNoWB) and judiciaries (human rights commissions)
- unilateralism still arises (e.g. USA on Treaty of Rome, Paris Agreement, etc.) and bilateralism is still important (e.g. in trade agreements), but enhanced role for multilateralism since 1940s (though under pressure today)
- old-style international law still important, but no longer the only form of law beyond state borders, for example, with the rise of global administrative law
- states now often enmeshed with nonstate actors in multistakeholder arrangements

D. Non-state governance in the world economy

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

E. Governance through polycentric networks

- map by issue, identifying the various relevant actors in relation to the above categories
- adjust research and policy activism from single institutions to polycentric networks

F. Opportunities and challenges of polycentrism

- opportunities of more information, insight, experience, expertise for policy development

- opportunities of multiple, diverse and more creative policy responses
 - opportunities of speed, adaptability and flexibility
 - opportunities of preventing issues from being neglected
 - opportunities of forum shopping to accelerate responses
 - opportunities of relevant and high-quality policy
 - opportunities of democracy (participation and control)
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- challenges of capacity building of officials and citizens to deal with new situation
 - challenges of crowdedness – navigating the complex institutional networks
 - challenges of coordination/coherence/control (multiple agencies, overlapping mandates)
 - challenges of cost effectiveness with duplication and overlap
 - challenges of compliance
 - challenges of negotiating cultural diversity (of sectors as well as nations)
 - challenges of checking special-interest capture
 - challenges of accountability (blame games)
 - challenges of access and turnover
 - challenges of democracy (participation and control *for all affected people*)

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

Session 4

Policy Frameworks for the Contemporary World Economy

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

A. Neoliberalism; also 'Washington Consensus'

- advocates governance of economic problems through unconstrained market forces and to this end prescribes liberalisation, deregulation, privatization, tight money, and fiscal constraint; perhaps a gradual pace of implementation in order to limit disruptions of adjustment; mainstream globalization as western, modern, capitalist, free market
- illustrated in IMF/World Bank structural adjustment programmes of the 1980s and 1990s; the Uruguay Round design of the WTO; much of the mainstream economic and financial press
- possible strengths
 - economic innovation and dynamism
 - (liberal) democratic advances (at national level)
 - emphasis on individual liberty encourages personal initiative and 'tolerance' of difference
- possible objections
 - adopts an economism that overemphasises efficiency and growth to the neglect (and damage) of social and ecological aspects of globalisation
 - fails to supply adequate (global) public goods
 - produces growing inequality on scales incompatible with social justice
 - 'free trade' as an ideology of the strong?

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

- advocates subjecting global flows to strong regulatory restrictions by states, local authorities and/or regional blocs to counter alleged cultural, economic, political and ecological harms of globalisation and to steer the process in more culturally appropriate and politically self-determined ways; in more extreme isolationist and exclusionist forms advocates local self-sufficiency and/or national/regional autarky
- illustrated in imposition of capital controls by Chile, China and (in 1997-8) Malaysia; Common Agricultural Policy of the EU; local currency schemes; ALBA of Chavez-Lula-Morales-Ecuador-Peru; discourse of 'food sovereignty' and 'sovereignty over natural resources'; Brexit, Trump and other populisms
- possible strengths
 - moderating economic adjustment
 - protecting infant industries
 - providing greater security of identity (for those who find it in locality and nationhood)

- bringing governance closer to people
- possible objections
 - prone to romanticise the local/national/regional
 - tends to close localities, countries and regions to many possible fruits of engagement with the wider world
 - assumes people's interests are defined in territorial terms
 - can be used to perpetuate unjust privileges of global maldistribution
 - can perpetuate economic inefficiencies
 - is largely impracticable in the face of the powerful forces driving globalisation

C. Global social market; also 'Post' or 'Augmented' Washington Consensus

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

D. Global social democracy; ambitious reformism

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

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

F. Global transformism; radical and revolutionary designs

- regards the emergence of transscalar geography and governance as an opportunity to take social relations to a new situation beyond capitalism and/or modernity
- illustrated by
 - global socialism (with emphasis on post-capitalist relations of production based on cooperation, collective property and a logic of moral economy); new labour internationalisms with La Via Campesina, SEWA, StreetNet, Slum Dwellers International, Dalits; class-based emancipation struggles
 - eco-centrism (with emphasis on fundamental reorientation in society-nature relations); indigenous peoples; aboriginal epistemology; posthumanism
 - new spiritualities (with emphasis on postrationalist knowledge) and religious revivalisms
 - feminism of a global care economy
 - postcolonialism (with emphasis on alternative identity and knowledge politics); postmodernist identity and solidarity politics based on hybridity and transculturality; not the modern identity dynamic of binary self-other separation, hierarchy, exclusion, denial and instead recognition, respect, reciprocity, recombination

- *bem viver* (living well) paradigm resting on democracy, caring, sharing, daring, solidarity, diversity, social justice, ecological integrity, happiness
- possible strengths
 - highlights potential deep inherent flaws in modernity and capitalism
 - promotes creative imagination of – and hope for – alternative worlds
- possible objections
 - impracticability (for the moment) owing to the deeply embedded structural power of capitalism and modernity
 - underdeveloped visions of alternative society
 - in some cases may not actually generate greater ecological integrity, material well-being, social equality, cultural creativity, democracy, or social solidarity

G. Current and future trends

- current centre of debate between neomercantilism and global social market ideas; ultra-neoliberalism in retreat; global social democracy and transformism not in immediate prospect
- the future: neomercantilism and an end to global cooperation? Revival of neoliberalism? Transformism?

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

Session 5

Legitimate Governance in the World Economy

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

A. Legitimacy

- governance deficits in today's world economy substantially a result of legitimacy deficits?
- normative and sociological legitimacy
- legitimacy = a condition where the governed believe that their governors exercise authority appropriately
- without legitimacy governance occurs by coercion and/or stealth, or not at all
- legitimacy may bring governance more resources, more decisions, more compliance, more problem-solving, more standing relative to other sites of power

B. Institutional Sources of Legitimacy: Substance

- belief that authority is appropriate because of the issue that it addresses
- examples of ecology, human rights, peace

C. Institutional Sources of Legitimacy: Technocracy

- number and speed of decisions (efficiency)
- quality of knowledge behind decisions (expertise)
- successfully addressing a challenge (problem-solving)
- improving societal conditions (collective gains)

D. Institutional Sources of Legitimacy: Democracy

- transparency
- consultation and participation
- review and redress
- supporting democracy in wider society (e.g. monitoring elections)

E. Institutional Sources of Legitimacy: Fairness

- impartiality and non-discrimination (e.g. rule of law, no double standards)
- equitable sharing of burdens of governance (proportionality)
- promotion of dignity for all (e.g. human rights, sharia)
- equitable sharing of benefits and harms (distributive justice)

F. Institutional Sources of Legitimacy: Charisma

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

G. Getting to Legitimacy (or Not): (De)legitimation Practices

- institutional (e.g. constitutional reforms, accountability initiatives)
- discursive (e.g. rhetorics, images, narratives)
- behavioural (e.g. lobbying, protesting, opinion polls, expert evaluations)

Group Exercise. Imagine that you are an advisor to the leadership of a global governance institution and offer them a strategy to achieve greater legitimacy for their agency.

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Essay Questions

For students who contribute to less than four of the daily group exercises, please answer one of the following questions in a two-page written paper.

1. How far is distributive justice a problem for the world economy?
2. How has regionalisation affected the contemporary world economy?
3. To what extent is governance of today's world economy hampered by problems of accountability?
4. Assess global social democracy as a policy framework for today's world economy.
5. What is more important for legitimate governance of the world economy: effectiveness or fairness?