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GEO-GOVERNANCE IN TRADE AND FINANCE AND POLITICAL GEOGRAPHIES OF DISSENT

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GLOBALIZATION-FROM-ABOVE AND GLOBALIZATION-FROM-BELOW

The contemporary world is undergoing significant restructuring in arenas commonly demarcated as economic, political, and cultural. This restructuring, facilitated by the hegemonic doctrines of neoliberalism, is dubbed globalization. This chapter argues that globalization is first and foremost a series of processes which combine to enact new geographies – through a restructuring of scalar relations. One outcome of this scalar restructuring is that the global is interfluent with the local and the local interfluent with the global in new ways. The geographies emergent under scalar restructuring appear to be, to an important degree, jurisdictional and they rest on crystallizations of regulatory power – of governance – that have themselves been met by new geographies of popular dissent, resistance, and protest.

Globalization is an immensely complicated and "loaded" term. Recently, a good deal of ink has been spilled surveying and debating the meanings of the term (e.g., Robertson 1992; Barry Jones 1995; Waters 1995; Hirst and Thompson 1996). In general though, globalization refers to changes in the structure and operations of the world economy that are working through new geographies. Indicators of globalization are commonly taken to include: the expansion of the world capitalist market to practically every corner of the globe in this post-Soviet era; the continued rise of large transnational corporations (TNCs), transnational banks, and other conglomerates; the impact of telecommunications and data processing technologies upon increasing the speed of transactions and thus upon linking and appearing to shrink the effective "distance" between far-away places; the increasing volume and frequency of movements of ideas, money, financial products, goods, services, people; the deregulation of many markets (especially financial); and the rise of certain trans-state regulatory organizations (Roberts 1995). While for centuries there have been long-distance interactions and movements in the world-economy, the pace and scope of integration has quickened signifi-

cantly over the past 20 years or so. This globalized world economy has changed some socio-spatial relations and reinforced others as relations across scales have been altered. The territorial state is often depicted as a victim of globalization, as increasingly internationalized flows make national borders seem porous and national spaces harder to define and control. In addition, states are sometimes portrayed as in decline while the institutions of the market (notably the TNC) are on the rise. However, as several analysts have argued and demonstrated, certain states have been key agents facilitating, and even pushing, the processes of globalization (e.g., Helleiner 1994). Furthermore, states are not easily separable from capital, especially from TNCs (e.g., Tanzer 1996). To see globalization as an issue of *the* state versus *the* market (as abstracted ideal types) is to miss the very different ways restructured states (as particular historical social formations) and the various populations therein are positioned *vis-à-vis* particular discourses and practices of globalization as scalar relations are reworked.

This uneven restructuring, including both its linked geopolitical and geo-economic dynamics, has been seen by many as ideologically in line with neoliberal doctrines and the interests of transnationalized capital and certain states. The general shifts entailed in globalization have been more exactly labeled by Richard Falk (1993, 1995) as "globalization-from-above." Having as its goal a New World Order, he notes that globalization-from-above may appear as "a geopolitical project of the US government or as a technological and marketing project of large-scale capital, epitomized by Disney theme parks and franchise capitalism (McDonalds, Hilton, Hertz . . .)" (Falk 1993: 39). It is this type of globalization that has received most attention – be it celebratory or critical. Certainly, the rise of TNCs, speed-up of transactions and communications times, and concomitant spatial or scalar restructuring (the global in the local and the local in the global) are having impacts on communities across the globe. These impacts are far from being even, of course, and are highly differentiated in their effects, and the abilities of particular social groups to direct and control their imbrication in the dynamics of globalization such as those just noted varies tremendously.

The political geographies of globalization may be seen in terms of the doctrine of the rising power of the global over the local (e.g., as in the global market versus the territorial state depictions) or in terms of an emerging and more complex picture – perhaps a mosaic of power relations that cannot be captured by the characterization of the global over the local. Indeed, the debates over the changing role of the state underscore that there are contradictory dynamics at work. To be sure, recent years have witnessed a series of alterations in how the world economy (in particular) is governed. The rise of relatively effective transnational organizations for governance of a so-called "open" world economy (e.g., World Bank, International Monetary Fund, World Trade Organization), or parts thereof (e.g., European Union) has been significant. But these institutions of geo-governance (Falk 1995) did not arise "out of the blue" and they don't simply act upon states and locales, and therefore much is missed if these institutions are read simply as "global" power acting on locals. Rather they have to be seen in relation to each other, to various states, populations, and places. In addition, these institutions, along with other salient actors in the drama of globalization (certain states, TNCs, etc.), are not extra-local. They are embedded in localities, states, and in specific discourses and struggles concerning their roles.

Indeed, globalization has not proceeded without resistance and reluctance from many quarters. While the political geographies of globalization-from-above are often the subject matter of analysis and critique, the political geographies of resistance, protest and conflict surrounding globalization-from-above are sometimes less easily discerned. Falk has pointed to simultaneous and related political geographies of "globalization-from-below." At once reactive to globalization-from-above, and simultaneously drawing on quite different impulses, globalization-from-below for Falk "consists of an array of transnational social forces animated by environmental concerns, human rights, hostility to patriarchy, and a vision of human community based on the unity of diverse cultures seeking an end to oppression, humiliation, and collective violence" (Falk 1993: 39). Globalization-from-below is, for Falk, a "politics of aspiration and desire" that has as a goal not the New World Order, but rather a "one-world-community" rooted in an emergent "global civil society" (ibid.: 39). While the oppositional bifurcation implied in the terms "globalization-from-above" and "globalization-from-below" can obscure the many ways the two are connected, the terms do offer a simple starting point for thinking through the political geographies of globalization.

Falk's terms ("from-above" and "from-below") should not be elided with scalar "levels" such that "above" is paired with "global" and "below" is paired with "local." As many have pointed out (e.g., Cox 1993), and as I have tried to stress, the local and the global are intertwined. There is no global that is somehow extra-terrestrial and extra-local(s). That is, the so-called global (the global corporation, for instance) has a territorial geography that has local points of control and networks of relations connecting particular places despite any rhetoric of footlooseness or globality. As Doreen Massey (1991) has argued, the local too, cannot be seen as a neatly bounded entity existing in counterpoint to the global. Rather the local is shot through (in varying ways and with different consequences) with the global. Falk is suggesting that by realizing these scalar inter-penetrations, there are possibilities for a type of politics that is at once global and local. That is, he sees potential for "progressive" political movements to globalize "from below" (to move beyond insular localisms and nationalisms) – for example through transnational linkages and alliances – but with a very different "global" in mind from those whom he identifies as concerned with globalization-from-above.

This chapter discusses the governance of international trade and international finance and investigates the extent to which shifts to geo-governance

in these two areas have been met by a type of politics that acts in the trans-local way identified by Falk as globalization-from-below. This chapter addresses recent changes in the international trading regime – towards a more "open" system under geo-governance, through GATT and the World Trade Organization – and how these changes have been caught up in a complex political geography of resistance, protest, and critique. Then the international financial system is examined. It too has undergone a series of significant changes, becoming relatively "open" and with an emerging architecture of geo-governance, but is embedded in a very different political geography of popular protest.

GEO-GOVERNANCE IN TRADE AND FINANCE

Since January 1, 1995 the world's trading system has been regulated and governed through a newly set up institution – the World Trade Organization (WTO). The WTO, in its own words, "provides the principal contractual obligations determining how governments frame and implement domestic trade legislation and regulation. And it is the platform on which trade relations among countries evolve through collective debate, negotiation and adjudication" (WTO 1996). The WTO was set up at the concluding meeting of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994 as the successor to the GATT. The WTO is thus a new institution of governance that seeks to maintain and regulate an "open" world trading system "based on multilaterally agreed rules" (ibid.). Also quite recently, in 1994, the North American Free Trade Agreement (NAFTA) was ratified in the US, Canada, and Mexico. Taken together with other events (such as the rise of the Asia Pacific Economic Cooperation Forum [APEC]) we can point to this recent period as one marked by a discernible, if not decisive, scalar shift in the organization and regulation of international trade. From a system characterized by a mixture of consolidating free trade areas (most notably the European Union) in a sea of trade agreements negotiated between countries on a bilateral basis (with the exception of previous GATTs), the world is moving towards a system based on multilateral agreements policed and enforced by one transnational regulatory institution – the WTO.

In the case of international finance, the present relatively "open" and unregulated system has grown out of changes in the Bretton Woods framework during the 1970s and since. The internationalization of markets, the growth of new international markets, the growing variety of financial "instruments" and "products" (such as derivatives), and the increase in the sheer size of international financial flows has been astonishing. The crises in exchange rate management and in sovereign indebtedness (the so-called Third World Debt Crisis) have been met by the rising regulatory power of two Bretton Woods institutions: the World Bank and the International Monetary

Fund (IMF). These institutions have become major influences through their policies of structural adjustment which for many countries in the global South are tied to development priorities and access to international capital flows. Capital flows and markets themselves are now under a regime of minimalist, but none the less very significant, regulation centered on the Bank for International Settlements (BIS). It is through the BIS that international financiers and central bankers set up rules governing international financial markets and institutions (such as banks) in an exemplary exercise in market-orientated minimalist regulation.[1]

Given that we live in a neoliberalized world where GATT and the WTO and other G-7 affiliates set such rules as there are, what are the politics around and through all this? To state that the global shift to a more liberal trading regime has not been without protest is to state the obvious. From the Lacadon Rainforest of Chiapas to the textile mills of the US Southeast, to the Kentucky Fried Chicken in Bangalore, to Pat Buchanan's right-wing version of protectionism and the so-called "New Protectionism" of the left, the signs of discontent are evident. In Canada and Mexico, and even in the largely apathetic US, the issue of NAFTA – for or against – received a good deal of press and media attention, and generated a politics around the Agreement's potential costs and benefits (and to whom they would accrue).

When it comes to the deep and ongoing reorganization of the international financial system, the geography of protest has been different. Particular parts of the global South have seen ongoing protests against the new (old) world financial order as it has been directly experienced by millions, if not billions, in the shape of the brutal strictures of the World Bank and IMF-led Structural Adjustment Programs (Walton and Seddon 1994). In the North, while there may be a level of concern, there has been relatively little popular protest about the shift in the nature and governance of the international financial system. Rather, what are seen as specific crises, such as bank failures, become foci of critical scrutiny, but the international and more systemic context is often left unexamined (with the possible exception of the Bank for Credit and Commerce International [BCCI] closure in 1991).

POLITICAL GEOGRAPHIES OF DISSENT: TRADE AND GLOBALIZATION-FROM-BELOW

Since trade is still generally conceived of as the movement of goods and services between *countries,* the political geographies of protest surrounding recent changes in the governance of inter-*national* trade might be expected to form around territorial national identities (cf., Julius 1990). Responses to the new trading system that rely on discourses of nationalism and threats to national prosperity are numerous. In the global South a nationalist politics that resonates with anti-colonial struggles is easily invoked in response to the emerging WTO-led trading system. In the US too, much (most?) of the

anti-NAFTA sentiment was organized around a politics of "us" versus "them" and, especially in the case of Buchananism, free trade is depicted as a major threat to the continued prosperity of Americans. The fear of, and the experienced reality of, job loss as TNCs shift production facilities to lower-cost sites in other countries is a powerful motive/motif for this politics. None the less, there are alternative politics of protest around the emergent global trading system, and in some cases they more closely resemble Falk's characterizations of "globalization-from-below."

One example of such a politics might be the International Forum on Globalization (IFG), an organization that grew out of the anti-NAFTA campaigns but has since refocused and is gaining momentum. The IFG embodies many attributes of globalization-from-below as characterized by Falk and may offer a useful model for politics in the face of the sorts of scalar restructuring entailed in globalization-from-above. Recently, in the face of right-wing anti-globalization – especially in the shape of Buchananism – the IFG has tried to "emphasize the difference between its international ecological perspective on globalization, versus that of the xenophobic right" (letter from IFG Secretariat, March 19, 1996). Others affiliated with the IFG see Buchananism as symptomatic of distress in the US economy and with elements that may be redirected. For example, Kevin Danaher of Global Exchange writes, "If we can capitalize on the media attention Pat Buchanan's candidacy has focused on the inequities of globalization, we may be able to drag something positive out of Buchanan's mainly negative message" (Danaher 1995: 2).

The IFG was formed in January 1994 and is organizationally coordinated from San Francisco, California. It is built upon intra-national and transnational links between organizations that had been forged during opposition to the NAFTA and the conclusion of the Uruguay Round of the GATT. As Brecher and Costello point out, "[t]he NAFTA debate saw for the first time the emergence of globalization-from-below perspectives in the U.S. political arena" (1994: 79). The IFG analysis, despite decisively and significantly "renaming the problem" (it is now "globalization" rather than "free trade") is still focused on these trade agreements, their institutional structure of governance – especially the nature of the WTO – and their effects for local economies and ecosystems (IFG 1995). The IFG is an alliance led by "sixty activists, scholars, economists, researchers, and writers" organized to "stimulate new thinking, joint activity, and public education in response to the rapidly emerging economic and political arrangement called the global economy" (IFG 1995:1-2). While there have been, and continue to be, differences to be worked through, members of the IFG subscribe to a common diagnosis of the ills of globalization. They state:

> participants come together out of shared concern that the world's corporate and political leadership is undertaking a restructuring of global

> politics and economics that may prove as historically significant as any event since the industrial revolution. This restructuring is happening at tremendous speed, without full public disclosure of the multiple, profound consequences affecting democracy, human welfare and the natural world, and with devastating effects upon local economies and communities across the planet.
>
> (IFG 1995: 2)

The Group worked through 1994 on a position statement that was issued in January 1995. The Forum's analysis of the "globalization juggernaut" highlights the "effective takeover of global governance by transnational corporations and the international trade bureaucracies that they established" (IFG 1995: 3). The IFG is concerned to counter contemporary global restructuring which they see as following the designs of transnational corporations and as undermining democracy.

The IFG has taken up an agenda of action – holding teach-ins and organizing its first plan of action aimed at "Dismantling Corporate Power." Following an analysis informed by such IFG associates as David Korten (e.g., 1995) and John Cavanagh (e.g., in Barnet and Cavanagh 1994) among others, the Forum has, for example, published a set of working instruments for social movements (Clarke *et al.* 1995). The IFG's critique of the present world trading system focuses on the concentration of economic and political power in TNCs and the role of institutions such as the WTO in creating, sustaining, and policing an international "open" trading system in line with the interests of TNCs and unresponsive to national, regional, or local interests.

The IFG can be seen as constructing one type of a politics of globalization-from-below. By networking trans-local and trans-single issue alliances through the Internet and e-mail linkages, as well as through regular meetings and teach-ins, the IFG forms strategies and programs of action. While the IFG is predominantly North American in membership, it has links with social movements throughout the hemisphere and beyond. The IFG itself may not hold together indefinitely (given the many different agendas and potentially contradictory priorities of the constitutive groups and individuals), and its critique may not prove coherent (Sandler 1995), but the organizational form it is developing may prove an effective model. While the IFG does not meet Gustavo Esteva's ideal of a de-centered and flexibly networked trans-local alliance, a radical organizational form that he characterizes as a "hammock" (1987), it could be seen as an effort in that direction.

The reshaping of the manner in which world trade is regulated and governed – the shift to geo-governance – has entailed a reworking of scalar relations. As the WTO makes claims to the global as its regulatory space (Hanscher and Moran 1989), and as national spaces are realigned in this arrangement, there has emerged a complex and highly varied political

geography of dissent. While responses to the scalar restructuring, and the social, economic, and political disruption entailed, have been commonly organized around discourses of nationalism, and framed in terms of national spaces, there are other types of protest emerging. Drawing upon discourses of justice, democracy, and environment, efforts such as those undertaken by the IFG are indicative of possible political geographies of globalization-from-below (in Falk's sense) in the face of a shift to geo-governance in world trade.

POLITICAL GEOGRAPHIES OF CONSENT: FINANCE AND GLOBALIZATION-FROM-ABOVE

As has already been noted, the contemporary post-Bretton Woods world financial system and its governance has provoked a great deal of protest in the global South. Structural Adjustment Programs, with their austerity measures, privatization programs and mandatory cuts in social spending, have been met with resistance and protest (Walton and Seddon 1994). However, other aspects of the governance of the day-to-day business of international finance have not met with the same sorts of oppositional social and political practices. In this section of the chapter I will look at one part of the international financial system – taken broadly to include all the financial and currency markets, the international flows of capital, and so on – and its governance. I will focus on international banking and the role of the Bank for International Settlements (BIS) in supervising and regulating international banking.

Over the past 20 years the business of banking has changed dramatically. The following is an outline of some of the most significant changes and will serve as a background for the subsequent discussion. First, a large number of banks are now highly internationalized. For example, in 1993, nine of the world's 50 biggest banks conducted over 50 percent of their business overseas (*The Banker*, February 1995). Second, banks do a lot more than take deposits and make loans. They are very diversified and find their revenue coming increasingly from a range of fee-generating activities such as portfolio management. They have become, to a large extent, disaggregated. Third (and this point will be revisited later in this chapter), banks have become vast machines for the calculation, shifting, packaging and manipulation of many different types of risk and their interactions. Banks compete to generate income by being superior risk managers.

While financial intermediaries – banks, for example, calculate and "manage" the many sorts of risks they generate or encounter and the many possible combined effects of these – individual banks are *not* concerned with risks to the entire financial system. These are the concern of the regulators. Even the most ardent fans of the market agree that in today's international financial system, systemic risk has developed into a complex and serious problem. This is the OECD's definition of systemic risk:

> A systemic crisis is a disturbance which severely impairs the working of the system; and at the extreme causes a complete breakdown in it. Systemic risks are those risks which have the potential to cause such a crisis and, at the extreme, such a breakdown in the system.
>
> (OECD 1991: 14)

Given this context of internationalization and innovation around the manipulation of risk, let me now turn to the one institution that has taken responsibility for setting up some rules for the international banking game. What is it? Who does it represent? What are its goals? How does it work? And, is it any more or less accountable or democratic than the institutions governing world trade?

Anomalous BIS

The BIS is not the only institution governing international finance. It is, however, at the heart of the governance of the international financial system. Eric Helleiner (1994) has characterized the present international financial system as a "BIS-centered" regime – in contrast to the superseded Bretton Woods system. The BIS is in many ways an anomalous institution in today's world. It was established in 1930 by a Convention at The Hague signed by the governments of Switzerland, Germany, Belgium, the United Kingdom, France, Italy, and Japan, and is headquartered in Basle, Switzerland. Its structure is very similar to that of a central bank, with a Board of Directors (see Giovanoli 1989; Deane and Pringle 1995). Legal scholars don't quite know how to classify the BIS as it is a hybrid of two distinct institutional forms: the international organization and the private bank; it is also, in legal terms, both an intergovernmental organization and a limited company (Dulles 1932; Giovanoli 1989). This anomalous status reflects the equally anomalous status of many central banks, and the BIS is often referred to as "the central banks' central bank."

The BIS has three main functions. The first, and the original function, is that of supervising international settlements. In the past, the BIS managed German reparations payments and oversaw loans to Germany in the 1920s and 1930s after the failure of aspects of the Treaty of Versailles. Presently the BIS continues in this role through its being involved in managing the European Monetary System (EMS) of the European Community. A second function of the BIS is to act as a central banker for the world's central banks. It is estimated that the BIS holds between 10 and 15 percent of global monetary reserves on behalf of its member central banks. In addition, the BIS helps central banks through its actions as an economic research center and technical consultant. Third, and perhaps most significantly, the BIS

promotes international monetary co-operation. Despite the history of conflict over just what "co-operation" might mean, this has become the major *raison d'être* of the BIS. There are ten meetings each year wherein central bankers can share information and consider policy coordination. In addition, the BIS hosts meetings of central bank governors from OECD and some other countries.[2]

The BIS lies at the heart of what Stephen Gill (1995) has called "the G-7 nexus," that sets the rules in international finance – in this case banking. Through its committee on Banking Regulations and Supervisory Practices (known as the Basle Committee) the BIS has been responsible for setting up and maintaining the regulatory framework for international banking. The Basle Committee is made up of representatives from 12 countries – the G-10 countries (which *de facto* also include an eleventh country – Switzerland) and Luxemburg. The Basle Committee was established in 1975 in the wake of the failures of the Herstatt Bank, Germany, and Franklin National Bank in the US, and at a time when central bankers were becoming worried about how to regulate in an era of growing Euromarkets. Regulators were asking, "which country's authorities would be the 'lender of last resort' when it came to players in these new offshore markets?" In answer to this question, the Basle Committee came up with the Concordat of December 1975 allocating supervisory responsibility of international banks. However, it was the events of the later 1970s and 1980s, specifically bank failures (including the Banco Ambrosiano scandal, the collapse of Continental Illinois in the US, and the closure of Johnson Matthey in the UK) plus the effects of the so-called Debt Crisis (at least as it threatened lending banks), that led to the Basle Committee's major regulatory move. After lengthy and highly contentious debate (the political economy of which is nicely treated in Kapstein 1994), in 1987 the Basle Committee released a document with the title "International Convergence of Capital Measurement and Capital Standards," commonly called the Basle Accord. The Basle Accord is a tremendously significant piece of paper. As Kapstein notes:

> While the Basle Accord might appear to be no more than a supervisory guideline, it was in fact the cornerstone of a new regulatory order, one that aimed at restoring public confidence in a fragile international banking system by forcing banks that do not meet the international standard to recapitalize or shed their assets.
>
> (Kapstein 1992: 283)

The Basle Accord sets minimum levels of capital that banks must hold. Each type of asset a bank holds is assigned a different risk-weighting. For example, a loan to a corporation would be given a 100 percent risk-weight, whereas a loan to an OECD central bank would be 0 percent risk-weighted. The overall aim was that all banks should have a capital to assets ratio of at least 8 percent. The capital requirements are enforced by member countries' regulators, and the Accord allowed a few years for banks to come into compliance with the regulations. The requirements have had a real impact on the way banks do business and on how they are assessed, by market players, as well as by the regulators. For example, *The Banker*'s annual issue ranking the world's top banks now uses the amount of Tier One capital each bank holds to rank banks, whereas in the past it used a measure of size (assets).

The Basle Accord had two overarching goals. First, to protect (and enhance) the "safety and soundness" of international banks and by extension the international financial system. The Committee was concerned to guarantee stability through ensuring that systemic risk cannot become systemic crisis. A second overall goal was to ensure competitive equality. The aim was to create convergence in regulatory policies so as to ensure the utopic geography of the "level playing field" upon which banks from different countries could compete.

Like the institution from whence it came, the Accord is anomalous. The Secretary of the Basle Committee remarked that it is "not even called an agreement but rather a 'framework,' a 'statement,' a 'report,' and a set of 'recommendations.'" Legal scholars refer to the Accord as "rules" or "soft law" (Hayward 1990: 788). He goes on to point out that:

> Although not legally enforceable as a treaty, and although the Committee is not a formally constituted international organization, nonetheless the agreement is considered to be binding on the members and the agreement itself states that the Committee will continually monitor its application.
>
> (Hayward 1990: 788)

In an interview, the Secretary-General of the Basle Committee, Frederik Musch, explained how the peculiar status of the Accord is not a problem.

> It doesn't have to be enforceable, that's the nice thing about it. As long as we all agree on it and we implement it in our own countries then there's no problem. As soon as you start to make it very formal, and have to put it in law and all kinds of things, then you'll get bogged down because these laws have to be agreed upon by parliament, and you get into politics, then you're lost. So I don't think it's in the interest of the banking system to get a system as rigid as that . . . The world is better off in not digging in[to] legalities.
>
> (quoted in Laudoti 1995: 145-6)

The Basle Accord is the one effective piece of regulation that attempts to deal, in one way, with the threat of systemic crisis in the international financial system. It has, thus far, managed to be relatively effective.

However, it is significant that this regulatory activity is carried out largely out of the public eye through the BIS, which is a very secretive organization. One commentator has characterized the BIS as having a "penchant for

anonymity" (Schloss 1970: 7), while another has called it "the world's most secretive and least-known supra-national financial institution" (Westlake 1994: 14). The BIS deliberately keeps its operations quiet and actively avoids publicity. As Westlake points out,

> [a]lthough the history of the BIS – the 'central bankers' bank' – is intimately interwoven with the great financial and currency events of the last six decades, the Basle institution has successfully managed to remain in a twilight world rarely illuminated by the glare of public attention.
>
> (Westlake 1994: 14)

The Basle Committee engages in a policy of deliberate secrecy regarding its activities. The secrecy is a part of the Committee's "culture." The Basle Committee is made up of central bankers: men who, despite being from different countries, share similar backgrounds and similar economic and political outlooks; they understand each other. This is why Eric Helleiner (1994) has identified the BIS as a "nascent transnational epistemic community." A researcher who has interviewed members of the Basle Committee depicts the collegiality and secrecy as mutually reinforcing. She explains:

> [t]he sessions are closed to the public which members believe fosters openness and collegiality. One member explained that there is little problem with leaking information to the public because bank supervisors tend to be well-disciplined, and do not make public disclosures during negotiations.
>
> (Laudoti 1995: 144)

Not only is the BIS secretive, it is a fundamentally undemocratic organization. It is not made up of elected officials, but for the most part is staffed by career financiers and central bankers. Legal scholar Laudoti has compared the workings of the BIS Basle Committee to those of the "General Agreement on Trade in Services (and Related Instruments)" or GATS – part of the Uruguay Round GATT. Her analysis is worth quoting at length, not because it is necessarily sound but for what it reveals:

> The Basle Committee is an example of the "bottom up" approach to international coordination, in which national regulators are involved directly, rather than through their political bosses. The individuals representing the member countries on the Committee are senior representatives of bank supervisory authorities in 12 largely homogeneous industrialized countries. Their focus is the promotion of world banking interests, rather than the local interests of any individual member. Although they do not have the authority to bind their countries formally in a treaty or other legal form, they have official status giving them sufficient formal power to implement an international agreement

> without the need for legislative approval, as well as the professional interest to do so. Commentators agree that it is beneficial that national legislators are not involved, because this eliminates the risk that the Committee's work will be predominantly political rather than predominantly professional . . . most observers agree that the Committee is much less political than other international organizations.
>
> (Laudoti 1995: 143)

She goes on to make the contrast with GATS:

> GATS is an example of the "top down" approach, where the political bosses are directly involved in the negotiations. GATS negotiators are trade ministers of the participating countries who are, in many cases, political appointees. Their concerns are highly political trade issues, and they focus on achieving the most beneficial package for their own country, rather than the best result for the world community.
>
> (Laudoti 1995: 143)

The discursive move of separating the "political" from the "professional" and of aligning financiers with a "bottom up" approach to regulation in contrast with the "political bosses," who are seen as "top down" actors, is very important. The "professionals" at the BIS are thus scripted as engaged in a somehow more democratic process and one that has systemic considerations at the core – rather than any sort of national interest. Certainly the analyses of Kapstein (1994), Helleiner (1994) and others challenge the idea that bankers do not bring national or political interests to the BIS. The foregoing description of the BIS and Basle Committee's structure and operations, and especially its deliberative secrecy, should also make one skeptical regarding any claims that the BIS is democratic in any real sense. Certainly, Laudoti's characterization is at odds with the one presented in this chapter. I would claim that the BIS is *less* democratic and *less* accountable than even the WTO, and the WTO has seen a series of critiques and protests (such as those formulated by members of the IFG) against it. However, the very depiction of the BIS as "professional" and apolitical may be part of the explanation of why there has been relatively little protest about, or even relatively little public interest in, the operations of the BIS.

Popular protest over the regulatory regime governing international finance has been focused mainly upon the World Bank and the IMF. The Structural Adjustment Programs pushed by these organizations have caused directly experienced hardship and suffering in many parts of the global South. The political response has sometimes been formulated in nationalist terms. Structural adjustment is seen as just another example of the imposition of control by the global North over affairs in formerly colonized countries, and is depicted as a threat to fragile and hard-won national sovereignty (e.g., Ould-Mey 1996). Attempts at organizing transnationally against SAPs in the

manner suggested by Falk's globalization-from-below have been numerous and are ongoing. However, concerning the increasingly powerful role of the undemocratic BIS in the geo-governance of international finance, there has been relatively little popular protest. Transnational banking, and the international markets transnational banks participate in, is perhaps exemplary of globalization-from-above. The way in which money is (relatively) free to move around the globe seems to epitomize the technologized, deregulated, integrated world-space of a globalized world-economy. However, such a development has rested upon an architecture of geo-governance, centered on the BIS and its "minimalist" regulation to curtail the systemic risk inherent in globalized financial markets. The political geographies of systemic risk are difficult to map, and the implications of the undemocratic nature of the BIS-centered regime difficult to trace.

COMPARING TRADE AND FINANCE

In order to understand why there is so little fuss made about the secretive crystallizations of power and governance in the financial world when there is a complex political geography of protest concerning the governance of international trade, we need to consider how the domain of money and finance more generally is socially demarcated. By doing so, it may be possible to suggest some reasons that might be invoked to explain why this profoundly undemocratic mode of global governance has received so little critical scrutiny. The deliberate secrecy of the BIS is obviously a factor, but the secrecy promulgated by the BIS and central banks in general only works because of the ways in which financial matters and politics are defined and separated as domains in wider discourses and social practices. Citizens permit the secrecy and the lack of accountability in finance. The question is "why?" Let me suggest a few factors that must be considered in an explanation.

First, the world of finance just seems too complicated to many people. This is not a silly nor erroneous assessment. The financial world *is* very complicated and it seems to be getting more so. It is hard, even for practitioners, to get a clear sense of the links of cause and effect in the financial world, much less as they stretch beyond finance. It is difficult for most people to attempt to assess the costs and benefits of changes in the international financial system in order to make judgments about them. The world of finance has become demarcated as a domain of peculiar complexity, discourse concerning which is marked as being accessible only through a range of specified expert knowledges, and the regulation of which may be attempted only by those in command of such knowledges.

Second, compared to trade, the international financial system is less tangible, less visible, and perceived as being less directly connected to people's well-being (and here it should be clear that this pertains mainly to the US – it would be a different matter in Hong Kong or the Cayman Islands). The ways that consumer debt (credit card debt or mortgages, for example) enters circuits of financial capital as soon as it is created is not generally known. The ways that pension funds or insurance payments are important components in national and international equities markets are not always clear to those contributing from every paycheck in the hopes of securing a comfortable retirement.

Third, it is a peculiar fact that each successive element in the pattern of regularly occurring financial crises – such as bank collapses and closures – is always accepted as an unconnected sequence of aberrant or exceptional cases. Clearly, this is how central bankers, the BIS, and others, have depicted cases such as BCCI or Barings. However, there is little popular politics around what these failures might mean if taken as a group. Despite the acknowledgement by even the most ardent fans of the market that there is cause to worry about the build up of systemic risk in the international financial system, there seems little popular concern. One exception might be the flurry of articles in the US popular media in 1994/5 about derivatives and the threats to financial stability they entailed. In general, though, the conviction remains that regular collapses are aberrant and that the financial system is by and large stable and sound.

Fourth, in a much wider sense, although it has deep historical roots (Hacking 1991), we seem to be living in an age of new types and intensities of risks (cf., Beck 1992; Giddens 1990). The way we live in this sort of a world is partly through seeking to "manage" risks of all sorts. To effectively do so, ordinary people rely on a range of professionalized "experts," either quite directly (as with the weather forecasts or with all sorts of insurance), or less directly (as in things like auto safety, construction standards for nuclear power stations, or regulation governing new pharmaceuticals). Everyday life intersects with numerous moments in discourses of the "technics of risk" of one sort or another. This term, "technics of risk," is meant to signal the quantitative modeling and calculation of probabilities that lie at the very heart of technologized "risk management" (cf., Ewald 1991, who writes of a "technology of risk"). In an article titled "The New Religion of Risk Management" in the *Harvard Business Review*, Peter Bernstein writes:

> Without the laws of probability, no great bridges would span our widest rivers, polio would still be crippling children, and no airplanes would fly. Without life insurance, young families would have to turn to charity if their breadwinner were to die in the prime of life . . .
>
> (Bernstein 1996: 49)

and he goes on to illustrate how the laws of probability underlie capitalism's logic, stating that without the laws of probability, "[e]conomic growth would have moved forward at a snail's pace, and living standards would have been primitive compared with what we now take for granted" (ibid.). Certainly, the

science of risk definition, assessment and "management" is a central enabling feature of modernity. In a wider sense, as Hacking demonstrates, the "taming of chance" (1991: 185) by statistical analysis in nineteenth-century Europe was the key to the erosion of determinism in social life.

Fifth, the technics of risk, especially in the financial markets, depoliticizes the creation and shifting of risk. It represents risk as a "purely" technical problem rather than a social problem. In fact, as Ewald (1991) has argued, the concept of risk is always social, as it necessarily entails a concept of a population. However, in the financial markets, the applications of vast amounts of expensive technology and expensive "experts" to the technics of risk are deemed the proper response. The message is: "Leave it to the professionals with their expert systems."

CONCLUSION

The ways in which relations across scales (as well as scales themselves) are changing is the central feature of the processes denoted by the term "globalization." Scalar relations might increasingly be seen as relations between different, overlapping, jurisdictional or regulatory spaces. The emergence of trans-state organizations claiming the globe as their jurisdiction is salient among the emerging geographies of globalization. The uneven and asymmetrical relations that are variously being created and reinforced by processes of globalization-from-above, have been met by some popular protest. While such protest does not always, or even usually, spring from a recognition of the implications of scalar restructuring and of the potential for a politics that is at once global and local, some examples of globalization-from-below (to use Falk's term) can be found. However, such efforts as those of the IFG, for example, have so far not focused upon the ways in which the BIS-centered regime of governance has coalesced relations of regulatory power in a profoundly undemocratic manner.

It should not be surprising, given the complexity of the material and representational practices that comprise globalization, that the political geographies of resistance, protest, and dissent are also complex. The move to forms of geo-governance that seek to regulate global space has brought with it forms of politics that run the gamut from nativist to internationalist, from nostalgic to utopian. Falk's ideal of a globalization-from-below to match the efforts at globalization-from-above seems fragile in a world where the processes of globalization have visited deprivation on millions. However, efforts such as those of the IFG may be seen as indicators that some groups recognize the possibilities for a politics of resistance that turns elements of scalar restructuring back on themselves. Through trans-local and transnational linkages the IFG seeks to enact a (partially) globalized geography of dissent – focused on the WTO, TNCs, and the structure of governance of world trade. Such tactics have not been applied to the BIS-centered regime in international finance. Mapping the geographies of systemic risk and of their "containment" by the BIS may offer a starting point for imagining such a politics. However, for reasons suggested in this chapter, there has thus far been relatively little attention paid to this aspect of geo-governance. David Held has pointed out that:

> The very process of governance seems to be 'escaping the categories' of the nation-state. The implications of this are profound, not only for the categories of consent and legitimacy but for all the key ideas of democratic thought: the nature of a constituency, the meaning of accountability, the proper form and scope of political participation, and the relevance of the nation-state, faced with unsettling patterns of national and international relations and processes, as the guarantor of the rights and duties of subjects.
>
> (Held 1991: 204)

The meanings of such fundamental democratic concepts as consent, legitimacy, constituency, accountability, and participation are being reworked in the contemporary world. The foregoing discussion of geo-governance in trade and finance and the complex political geographies of resistance can be seen as part of broader attempts to grasp what happens when the new categories of governance are "escaping" old geographies.

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NOTES

1 A couple of caveats to the brief outline thus far presented. One: it would be a mistake to see the developments in trade and finance as exactly parellel. It is not necessarily the case that a liberal trading regime and liberal finance automatically "go together." In fact, history would suggest the contrary. Two: it would be equally mistaken to view trade and finance as discrete or even separable spheres. The nature of relations between them however, has changed in many ways as finance has become much more of a driver in the world economy.

2 The OECD was set up in 1961 by 24 rich capitalist countries as a forum for consultation regarding macroeconomic policies.

3 See Bledstein 1976 for a more general discussion of professionalism.

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6

PRODUCING GLOBALIZATION

Apparel and the Australian state

Michael Webber

In Australia debates over economic and industry policy have several layers. There is a perception that the present policy is one of deregulation – the state removing itself from interference in the operations of capital. Underlying that perception, of course, is the notion that the state is separate from capital; that these are two separable entities. There is a perception that we, a small nation a long way from the seats of political and financial power, are subject to the overwhelming force of globalization, an impersonal trend imposed on us from outside. Above all, there is the perception that globalization has forced deregulation: that an identifiable social and industrial policy, designed to protect the interests of (some) Australians, is not possible in a global era.

There are alternative interpretations of recent events. It is possible to argue that recent changes in policy are less a matter of deregulation than an element of a process of restructuring, a change in the strategy of growth away from the import-substituting industrialization of the early post-war years and into a policy of internationalization. Economics, by this argument, is not separate from politics. As this example intimates, it is also possible to argue that globalization has been the process whereby a whole host of nations have altered their strategies of growth, that we have created global pressures as much as being their innocent victims. It is, third, possible to argue that there remains the option of using state power to manage at least some elements of the economic process – indeed, the whole metaphor of restructuring implies that state complicity in a new strategy is vital.

This chapter uses the example of restructuring in Australia's textile, clothing and footwear (TCF) industries to develop these alternative interpretations. The chapter identifies restructuring as the process of shifting between national growth strategies. As such, restructuring is fundamentally a political process that reflects changes in the power of social groups, in the country's position within the world economy, and in the perceived degree of success of the old strategy. Australia's growth strategy until the 1970s achieved a distinct form of industrialization, one in which manufacturing sectors were economically and financially distinct from raw material and financial sectors.