Leadership and Global Governance in the Early Twenty-first Century*

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"Global governance" is not new. Systems of international regimes regulating and encouraging industrial development across borders have been characteristic of the last three of the four industrial eras. The outlines of a new industrial era are already clear, but many of the institutions of global governance necessary for that era have not been formed. This is especially true relative to policy questions about labor, the less industrialized regions, and the environment. History suggests that effective new international agreements can be made with the right combination of intellectual leadership with two types of political leadership: sponsorship of intergovernmental conferences and the benefactorship of experimental international institutions. Relative to environmental issues, intellectual leadership can come from scientists and scholars of public policy. Sponsorship may come from states with an interest in being considered "first movers" in environmental affairs. Potential benefactors of costly experimental international environmental agreements are harder to find. Governments of first-mover states may be able to devise means for handling the redistributive issues associated with international pollution. Simultaneously, they and other governments will have to find new means of managing other problems associated with the expansion of the industrial system: conflicts between capital and labor, between newer and older industries, between more and less industrialized regions of the world, and among leading industrial states.

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In the early 1990s *Our Global Neighborhood*, the report of the Commission on Global Governance,¹ brought worldwide attention to what many saw as a new concept. Susan Strange writes:

Ever since the end of the Cold War, in many different places around the world, scholars have set up new centres for the study of something called "global governance" ... the sudden mushrooming of these new centres suggests ... the search is on for better ways of managing society and economy than has so far been achieved through the unaided efforts of the individual nation-states. Foundations have readily provided the resources for research into "global governance" - often without any clear idea of what it may mean. New journals and a great many conferences with similar titles have proliferated. At the same time, there has been a parallel revival of interest among policymakers as well as academics in the possibilities for reform of existing international organizations from the United Nations to the World Bank and the International Monetary Fund (Strange 1996, 183).

The last sentence makes it clear just what the debate over "global governance" is really about. It is not about creating some fundamentally new sort of system of "world government," nor is it really about transcending the "the unaided efforts of the individual nation-states." Rather, it is about the creation of a system of *effective* intergovernmental institutions relevant to the current era of world politics and of the world economy. Understood in that way "global," or more properly "international" governance has been a characteristic of world affairs ever since the Industrial Revolution.

"International" governance has been characteristic of the last two centuries simply because, by their nature, industrial economies tend to grow beyond the geographical boundaries in which they first emerged. Marx and Engels wrote of capitalism, that it is "rearing down all Chinese walls," but as Karl Polanyi (1957, 49) noted, any economic system bent on an ever-increasing division of labor would have the same result; industrialism, even under a command economy, is bound to run up against territorial limits created by the existing system of sovereignties.

In *International Organization and Industrial Change* (Murphy 1994) I argue that there has been a series of stepwise changes in what Henk Overbeek (1993) and other Amsterdam School of international political economy scholars call the "paradigmatic scale" of capitalist industrial economies at the core of the world-system. Those economies grew from the regional/national economies of the early industrial revolution to the intercontinental markets that linked the western capitalist countries and the dependent Third World in the Automobile and Jet Age of the 1950s and 1960s. Each transition to a more encompassing industrial order has initially been marked by a period of relatively slow economic growth worldwide. Throughout that period rapid marketization takes place, the state seems to retreat, and somewhat fundamentalist versions of *laissez-faire* liberalism seem to triumph, as they did in the Roaring Twenties and in the Reagan and Thatcher years.

¹ This report is available on the Internet at <http://www.egg.ch/content.htm>

Up to now, a second, more significant, phase has always followed. It has been marked by the increasing role of a more socially-oriented liberalism. This second phase (or in Polanyi's terms, the second part of this "double movement") has also been associated with the consolidation of the whole range of "governance" institutions from the international level down to the shop floor. Those institutions have allowed a period of relative peace and relative prosperity over a larger industrial market area in which a new generation of lead industries become dominant.

At the *international* level the institutions of the mid-twentieth century Automobile and Jet Age were those that linked the OECD states with each other and with the dependent Third World; at the center was the UN family (including the IMF and World Bank) and the GATT. These institutions, in turn were the immediate descendants of the failed League of Nations system, the child of the European-centered Public International Unions and the turn-of-the-century Inter-American System which helped regulate and encourage the Second Industrial Revolution, the era of rapid growth from the 1890s until the First World War. The Public International Unions and the Inter-American System, in turn, had separate antecedents in the German Customs Union and the pre-Civil War "American States' Union," both of which were understood by many at the time as "international" systems that were facilitating the mid-nineteenth century era of rapid economic growth, the Railway Age, in Germany and the northern United States, respectively (Murphy 1997a; Deudney 1996).

With this history in mind, one might argue that we are at the beginning of the second phase of an interregnum between the Automobile and Jet Age and the next industrial era of rapid economic growth. We can begin to see the end of the recent era of *laissez-faire* liberalism. We already can forecast many things about that next era. We know that the core of the global economy in that era is bound to be larger than the core of the western industrial economy in the mid-twentieth century. The new core will likely include Korea, parts of Southeast Asia, and probably parts of the former Soviet Empire (the Czech Republic, Hungary, Estonia, and only slightly less assuredly, Poland and the other Baltic countries). It will include other regions as well, but probably not all the regions that are now trying to enter that core (China, the whole of Eastern Europe, Latin America, and many states of the Middle East and even South Asia).

We also are likely to be accurate if we forecast that some of the international institutions of the next industrial era are in place. The World Trade Organization along with its new regimes for dealing with intellectual property and trade in services are likely to remain the organizations that help create and define the market area in which goods of the lead industries of early twentieth century will be traded. Arguably, other institutions—including those defining international industrial standards—are also in place. But there are two sets of new or reformed international institutions that are not yet fully developed.

In the past, the entry into new industrial areas has been marked by the widespread success of that more socially-oriented liberalism mentioned above. Socially-oriented liberalism has helped create international regimes for labor and for the less industrialized world that have encouraged harmony within the newly expanded industrial world order. In the

past, the emergence of such regimes has been linked to the growing success of egalitarian social movements—for example, women's movements, labor movements, democracy movements, and anti-colonial movements—whose motivating ideologies have often been quite a bit more radical than the liberal internationalism which has been the characteristic world-view underlying “global governance.” Nonetheless, this development is consistent with the core propositions of the liberal internationalist tradition that goes back to Adam Smith and Immanuel Kant.

Both Smith and Kant expected that any putatively “republican” state that was captured solely by the interests of profit-takers would not be able to sustain a liberal, highly-productive economy. Instead, an economy based on cartels, monopolization, etc. would take hold, as it had in company-run colonies of Smith's day. This is, of course, similar to the way Susan Strange (1996) characterizes the current world-economy in her recent *Retreat of the State*. Within the logic of Smith's and Kant's argument, powerful egalitarian social movements help restore the “divided government,” the liberal, republican politics, that allow a liberal economy to be a source of prosperity, increasing human dignity and peace.

Arguably, the recent partial successes of democratic movements in the Third World, and the support given to such movements by the United Nations, may let us anticipate the international institutions that will balance conflicts with the less industrialized world throughout the next industrial era (Angelli and Murphy 1995; Bourros-Ghali 1995), but those institutions are not fully developed. Nor are the international institutions designed to deal with the labor conflicts created by a globalizing world economy, and the few recent victories of internationally-oriented labor movements should, perhaps, have liberal internationalists worried. On the leading edge of the yet-to-be developed international institutions of the next industrial era are international regimes to deal with environmental problems created by an expanding industrial world economy. In that field, social movements can point to some victories, but the new international institutions remain weak. Throughout the rest of this article, I will concentrate on environmental regimes to illustrate the process by which the remaining international institutions of the next industrial era may be created.

In many ways, the international environmental issues of the late twentieth century demand to be treated as fundamentally new problems of public policy. While Thomas Malthus may have worried about the potential for human overpopulation and Alexander von Humbolt may have promoted the scientific study of the whole earth in the early nineteenth-century, it took until after the Second World War, when the eminent British biologist, Julian Huxley, became UNESCO's first Executive Director, before environmental issues became a regular topic of intergovernmental conferences and the subject of international public policy-making (Haas 1992, 9-25). Prior to that point, issues surrounding the use of common resources (the seas) and even air and water quality most certainly had been discussed in international forums and conventions banning international trade in products manufactured by particularly polluting means have existed since the

turn of the century, but they were treated as matters of particular concern to fishermen, to factory workers, or to the poor in general (Lowe 1921). They were not considered matters that affected all humanity, let alone matters that affected all of the living world of which humanity is just one part.

Yet, when larger-scale environmental issues finally did become a focus of regular international discussion they initially did so without widespread comment among students of international administration, and without the parties involved saying that they had engaged in any fundamentally new form of intergovernmental cooperation. Governments found it easy to include these new issues under what I have called the "meta-regime" under which most intergovernmental agreements dealing with civil matters have been created since the middle of the nineteenth century (Murphy 1994, 62).

This article starts from the premise that something about the prospects for effective international environmental regulation can be learned by considering the process through which intergovernmental agreements have been formed in other realms over the last century and a half. I begin by identifying the similarities between current international environmental issues and the civil matters that have been the focus of effective intergovernmental agreements in the past. Then I consider the three types of leadership that have characterized the meta-regime under which these agreements have been established, as well as the available sources of each type of leadership relative to current international environmental issues.

Many analysts argue that international regimes which require redistribution of property or property rights in order to be effective will be particularly difficult to negotiate. In terms of the argument which I have outline here, this difficulty should be treated as a likely deficit of one of the three types of leadership. Few potential *benefactors* of intergovernmental cooperation are likely to be willing to bear the burden of underwriting new international institutions that provide significant property or property rights to the less advantaged. This problem characterizes many North-South environmental issues.

However, in the environmental realm the potential deficit of this form of leadership can be mitigated due to the political and technological characteristics of the issues involved. In fact, many international environmental issues may actually be made *more* tractable if they are connected to North-South divisions. I suggest real and hypothetical examples and then conclude by turning a final lesson from the longer history of international civil cooperation: We should not expect widespread, effective agreement on international environmental issues without concurrent agreements to manage other conflicts that arise from industrialism.

INTERNATIONAL ENVIRONMENTAL ISSUES AND KINDRED PROBLEMS OF GOVERNANCE WITHOUT GOVERNMENT

Policy analysts who focus on environmental problems that are confined within the boundaries of a single country do not have to consider the central problem faced by those trying to devise effective *intergovernmental* environmental regulation: the need to concen-

trate on devising relatively inexpensive, cooperative instruments. Within a sovereign state analysts can focus on the politics of convincing legitimate authorities to legislate wise air-, water-, land-use and resource policies, and then to enforce them using appropriate, legitimate, coercive sanctions and economic inducements in addition to the less-expensive cooperative instruments, such as 1) monitoring prior pro-environment contracts made among citizens and firms, 2) helping different social groups recognize interests in preserving the environment that they share, and 3) working with the same groups to design new regimes, new contracts, that favor the environment – contracts based on shared interests that have already been recognized. Most of the intergovernmental activity associated with the environment has used only these three cooperative instruments.

The division of sovereignty among states makes the effective use of other instruments quite a bit harder. The problem is not, as many analysts argue, that the international system lacks coercive authorities.³ The difficulty arises because even when such authorities exist, their actions can always be treated as suspect; to some states, those actions are bound to be illegitimate. A preponderant military power may be able to force many other states to do its bidding, and so can an intergovernmental organization whose approval is needed to keep severely dependent states afloat. In either case, analysts might argue that the sovereignty of the target states should be understood as “merely juridical.” Nevertheless, even the “merely juridical” sovereignty of the many entities that Robert H. Jackson calls “quasi-states”⁴ assures that the external authority’s action may, at times, be viewed as illegitimate by those it commands. This lack of legitimacy makes such international coercive authorities that there are a rather tenuous basis for the long-term public policies that most environmental problems demand. (This also might be said of international labor agreements designed to raise labor standards in all parts of world.)

I understand “authority” in the way that David V. J. Bell (1975) does, as a situation in which a political actor able to issue commands of the form, “Do this,” with the expectation that those commands will be followed. Bell defines the exercise of authority by distinguishing it from two other forms of persuasive action, the exercise of power and the exercise of influence. The exercise of power takes the form, “If you do X, I will do Y,” where X is the desired action and Y is some positive or negative sanction. The exercise of influence takes the form, “If you do X, you will feel or experience Y,” which is a claim to knowledge. I would extend Bell by arguing that in illegitimate exercises of authority, the force of the authority’s command rests upon its preponderant power rather than on some mutually accepted structure that binds the commander and commanded into a single community.

³ The number of such states is very large if we use the operational definitions implied in Robert H. Jackson’s *Quasi-States* (1990). We would need to begin with all those states whose governments can be and regularly have been an external patron. To these we should add countries whose governments rely for their authority *vis à vis* their own population on either on foreign assistance (say, those states where foreign assistance is equal to 25 percent or more of the revenue of the central government) or on taxes collected on international transactions that could not be collected at home (say, those states with inconvertible currencies who receive more than 25 percent of their total revenues from international trade and transactions). Of the World Bank’s current “low income” countries, perhaps only China and India could escape being called “quasi-states.” The group would have to be joined by higher income countries throughout the Caribbean and Central America as well as by Bolivia, Peru, Egypt, Israel, Jordan, Syria, most of the states of the former Yugoslavia, and some of the states of the former Soviet Union. All their governments are potential targets of “international authority,” foreign commands that they could not refuse without imperiling their existence.

In terms of environmental policy what is significant is that even this rather liberally defined group of states that might be subject to international coercive authority (especially through financial agencies and the action of the greater military and market powers) does not include the newly industrializing countries (large and small) or the most significant of the rainforest countries that have been the object of so much environmental concern. The lesson is, I believe, that international authority cannot be relied upon to cope with international environmental problems. Barring the extremely remote possibility of the emergence of a legitimate global governmental authority, international environmental regulation will have to rely upon the long-standing system for creating cooperative intergovernmental regimes.

Moreover, unlike the legitimate political authorities that exist in those states where a regular political process assures that the central authority responds to some version of the collective interest, the authorities that exist at an international level generally have their own particular interests foremost. The U.S., for example, may speak of the global good whenever it replaces a dictatorship in Panama, but no one would assume that the U.S. will use its authority to foster the "global good" by replacing all dictators, including those who happen to be U.S. allies. Similarly, the IMF, like any central bank, is designed to serve the good of the financial markets before any other interest.⁵

Despite the lack of legitimate coercive authority at the international level, governments have created effective and legitimate intergovernmental regulatory institutions in a host of fields, from accounting to zoology. Typically, these institutions carry out research and hold meetings aimed at discovering and promoting common interests among potentially antagonistic social forces. These have not been limited to national governments, but have included class, sectoral, and economic-regional interest groups. When governments formally agree with one another to pursue some form of intergovernmental regulation (which usually means pledging that private interests within their societies will be convinced or compelled to act in certain ways), international institutions are often given the task of monitoring adherence to the intergovernmental agreements. Occasionally the intergovernmental bodies are given the right to demand that member states impose coercive sanctions when prior agreements are violated. Much more frequently an international executive body is given the responsibility to provide specific services to some or all members, for example, the technical assistance to treasury ministries and central banks provided by the IMF. In many cases, the ultimate recipients of these services are not states themselves, but economic interests that most national governments treat as important constituencies.⁶

Thus, the oldest of the global-level international institutions, which date back to the middle of the nineteenth century, originally provided accounting, security, and technical services that made it possible for an international telegraph and railroad network to be created. The primary beneficiaries of that network were the large firms involved in the international sale of industrial goods. Similarly, today some of the most active global intergovernmental organizations provide services to the air transportation and satellite telecommunication industries, which, in turn, create the physical infrastructure of the markets used by today's global corporations.

Very early on, global-level international institutions also began providing services that helped manage conflicts between labor and capital (the regimes designed within and served by the International Labor Organization), and between newer and older economic sectors (for example, by influencing the markets for the products of temperate agriculture including cheese, olive oil, rice, wheat, and wine). Later, international institutions concerned with regulating conflicts between the more industrialized, and less industrialized

⁵ However, IMF officials can pursue the interests of financial markets in different ways that are more or less in accord with wider interests. Thus, proponents of structural adjustment "with a human face" argue that their proposals are equally, if not more, responsive to the Fund's concern for the long-term stability of financial markets. See, for example, Loxley (1986) and Urquidí (1991).

⁶ Murphy 1994, pages 108, 219, and 285-92 provides some detailed data on these means.

world were added: the world organizations concerned with decolonization and development (Murphy and Augelli 1993).

All of these conflicts dealt with by international institutions before the Second World War resemble most of the post-war international environmental problems of resource depletion and pollution in at least five ways:

1. All are problems that have been caused by, or greatly exacerbated by, the industrial system.
2. In each case, decisions about long-term investments in industry have a great deal of influence, perhaps a determining influence, over the degree to which the problem can be managed.
3. As a consequence, in each case one productive aim of governmental and intergovernmental regulatory efforts is to shape investment decisions toward more benign ends.
4. The investors who first move toward these more benign ends can become major allies in the larger regulatory effort because they have an interest in imposing similar investment costs on competitors, as long as that does not mean that the first-movers lose the advantages conferred on them by their early investment.
5. Once in place, regimes regulating each of these problems may require little enforcement. The stickiness of long-term investments makes the actions required by the regimes a matter of habit, at least until replacement investments need to be made.

Relative to the problem of the pollution of rivers, lakes, and seas the key large investment decisions include choices among different designs and different locations of sewage and garbage disposal systems, industrial plants, and refineries whose effluents may enter the waters. Key decisions also include choices among different designs of ships and tankers that will cross the waters. Other relevant investment decisions have to do with designing and marketing fertilizers used on the lands that drain into the waters. Of course, the list could be made much longer, but it is not unreasonable to assume that the larger and more long-term investments in a sewage plant, a fertilizer factory, or a tanker, any of which may be from 40 to 60 years will have the most impact. Even the most significant of these decisions can be shaped by the governmental and intergovernmental regulatory environment simply because wise firms (whether public or private) always take projections about the regulatory environment into account before making investments. Shell, for example, has a 50-year planning horizon.

In one of the firm's latest exercises, strategists concluded that the company's decisions should be made so that it could thrive in two, equally probable, future worlds:

In one ... regional conflicts plague the world: environmental problems are attacked piecemeal, and low prices shape energy use. In the other, sustainable development takes hold. International cooperation blossoms to combat environmental damage and global warming. Governments discourage fossil fuel use and promote renewable energy (Smith 1993, 74).

A critic of Shell's planning process might complain that its own decisions to explore, refine, and transport fossil fuels will have a major effect on which of these two scenarios

becomes a reality, but it may be more fruitful for environmentalists to concentrate on designing public policies that could convince Shell planners that their second, more benign world is the one in which the firm will have to act. The relevant variables identified by the planners are, after all, familiar matters of government action or intergovernmental cooperation: combating environmental damage and global warming, discouraging fossil fuel use and promoting renewable energy.

If governments instituted policies toward those ends, Shell would not only respond with its own investments that would help make the goal a reality, the firm would have reason to advocate that all other firms be held to the same, or stricter environmental standards. This interest is characteristic of all the companies that have become "first movers" on environmental issues, the firms that have been the first to make massive investments in technologies that may reduce environmental damage.

Recent policy innovations triggered by the Business Council on Sustainable Development (BCSD) exemplify this process. The BCSD brings together the leaders of a host of the world's largest firms, from Shell to the Dow Chemical Company, to Nippon Steel, to India's giant TATA, to Volkswagen. These companies have all learned from experience that it can pay to be an environmental first-mover. Generalizing from their individual experiences, they have convinced the International Organization for Standardization (ISO) to establish a Strategic Advisory Group on the Environment (which, like most ISO groups, essentially represents key companies) to prepare international standards for the "eco-efficiency" of industrial products and services. The aim is to assure that products have life-cycle analyses and environmental audits (Schmidheiny 1992, 95).

The self-interest of the BCSD firms is transparent, but it is enlightened. They believe that in a global market of Green consumers and of governments increasingly influenced by the environmental concerns of their publics, ISO standards labeling the environmental desirability of every product and service will benefit environmental first-movers over all their competitors.

ISO standards that play to the preferences of Green consumers represent only one of many ways that the self-interest of firms that have acted as environmental first-movers can be enlisted to extend the impact of cooperative international institutions involved in environmental regulation. Perhaps most significantly, the first large investors in progressive environmental practices have every interest in becoming the eyes and ears of the regulators, thus strengthening the typically inadequate monitoring systems established through intergovernmental agreement. Moreover, the longer history of international industrial regulation suggests that once the investment costs associated with a new regulation have been absorbed, the need for monitoring and taking sanctions against violators diminishes. Conforming with the regulations becomes a matter of habit; after all, the major decisions, the decisions to make large investments in the cleaner of the available technologies, have to be made very rarely. Even if a period of economic stagnation gives firms the temporary incentives to cut costs by cutting corners, the older habit of investment in conformity with "high cost" regulations is likely to return along with the prosperity that would make a new round of big investments possible.

In this light, it is instructive to compare the debates over “international labor legislation” that took place in Western Europe and the United States from the 1870s through the 1930s to current debates about global and regional environmental legislation. At the turn of the century, many of the most prominent economists from all parts of the political spectrum insisted that it would be impossible for the goals of contemporary labor reformers to be achieved short of revolution. They argued that a single state, like Germany, might reduce hours of work or provide social security for a time, but that the logic of market would assure that German firms would soon lose out to cheaper competitors. Yet, by 1933, at the height of the Depression, James T. Shotwell could write that most of labor’s original goals for the International Labor Organization (ILO) had been achieved (1934, 189, 214), and he was not being ironic: laws then on the books in most industrialized countries mandated the eight-hour day, limited child labor, allowed unions to form, and required reasonable wages, weekly days of rest, equal treatment for foreign workers, equal pay for equal work, and government safety inspections of work places.

In the 1930s, such rules were enforced by interventionist states supported by an ILO that actually had greater power to monitor international adherence to labor standards than it did after the war. By the booming 1960s adherence to such standards was more a matter of habit, part of the regularly calculated costs of doing business throughout most of Western Europe, the U.S., Canada, Australia, New Zealand and Japan.

By the 1980s, when the current long period of relatively slow growth in the world economy was already well under way, Western business groups were again apt to agitate against the excessive costs associated with labor standards accepted by the industrial countries, and many firms began shifting significant production facilities to places where these standards were not enforced. Yet, some of the latest analyses of profitable, new large-scale private investment in both older and newer industrialized countries emphasize that the most successful firms still tend to be attracted to countries where social investment is relatively high and where adherence to international labor standards is both relatively high (compared to other countries where wages are similar) and where it is increasing. The business school wisdom used to explain this pattern that modern production processes require great investments in human capital, education and health, and as a result, no wise investor will risk the capital to build massive new facilities in countries whose governments are satisfied with encouraging sweatshops (Stopford and Strange 1991). While the cynic in each of us might easily be able to imagine the ease with which modern capitalist enterprises might “reinvent” the nineteenth-century production processes that demanded much less investment in human capital (and concomitantly lower labor standards), it would probably be wise to bet that the next wave of massive investments that will take the world economy out of the doldrums will be in the newer processes of production that demand more privileged labor.

The reinforcing process of intergovernmental cooperation influencing the large investment decisions of corporate first-movers, who in turn become the advocates, eyes, and ears of the international regulators, has been central to many even more effective forms of

intergovernmental regulation for over a century. The creation of international transportation and communication networks have convinced firms to invest in plants large enough to serve the new market areas, and to become advocates of international agreements on industrial standards, intellectual property, and rules of trade that facilitate trade within the market area, just as international agreement on high labor standards have convinced companies to invest in plants that make adherence to those standards possible, and they have helped assure that the companies that became first-movers on higher labor standards pushed to see them extended to all their international competitors. The very existence of the BCSD suggests that the same process has begun to apply to international environmental standards as well.

INTELLECTUAL LEADERSHIP

Intergovernmental cooperation can convince investors to choose cleaner technologies either through incentives, disincentives, or outright bans. Most international environmental regulations ban some actions or else rest upon the possibility that actions can be banned. As many scholars, but perhaps most notably, Peter M. Haas (1990; 1992) have pointed out that natural scientists have played a key role in the formation of all international environmental regimes. Whether the problem at hand is the depletion of the "living resources of the sea," an issue that has been the focus of international regulatory efforts for almost a century (Murphy 1994, 80), or the more recent efforts to end depletion of the ozone and control greenhouse gases, scientists' projections of the cumulative effects of continuing certain practices have convinced some governments.⁷ of the need for international prohibitions.

Natural scientists have not been the only intellectual leaders who have influenced international environmental regulation. As Robert O. Keohane (1984, 51-57) argues, designing effective international institutions involves fostering new forms of cooperation between states. The intellectual task involves demonstrating to governments that they have shared interests in the outcomes that would be assured by some proposed new international regimes.⁸ The intellectual task is one of designing a regime that will avert disasters that the natural scientists foresee, or at least will convince governments that they are doing what they can to avoid those disasters that could harm their constituents. This work of proposing institutions is done by economists, lawyers, and diplomats, who, the scientists are apt to complain, oversimplify, ignore interaction effects, and refuse to recognize the pervasive uncertainty associated with all predictions in the environmental sciences.⁹

There is nothing new about such conflict-ridden collaboration between natural and

⁷ The scientists sometimes have convinced governments themselves. In most cases, however, their impact has also been through the pressure of social movements activated by or, at least, willing to use the scientists' results.

⁸ If we accept the more complex ideas about human motivation offered by Antonio Gramsci, we would have to add that the intellectual task could also be one of convincing governments that have a shared aspiration to be the builders of the social order that the new regulations would help create.

⁹ See, for example, Molnar 1992.

policy scientists. Similar cooperation between intellectual leaders, and similar tensions, have characterized the first stage in the formation of international regulatory institutions (and, one could add, the public policy process as a whole) since the middle of the nineteenth century.

The differences between the two types of intellectual leaders have always proved less significant than the values that they typically share. These can be summarized as preferences for 1) *order and control*, a desire to make society more structured and predictable, 2) *economic efficiency*, and with it what might be called the 3) *political efficiency*, that comes from de-emphasizing potentially divisive aspects of new regulatory regimes (Murphy 1994, 64-7). These ideas may be essential goals of any policy analyst attempting to discover previously unrecognized grounds for cooperation between sovereign states, but they also help explain why one ecological paradigm, what Haas (1992) calls "scientific holism" rather than the available alternatives, has come to underlie the international environmental policy discussion. On the one hand, "scientific holism" directs attention toward the "politically efficient" environmental problems that "threaten global survival" (Haas 1992, 9), a set of problems that, to the extent that we believe they exist, leave us little room to see differences in interest in the way that (say) problems of wildlife management or some of what Haas calls "Malthusian paradigm" problems of pollution control might. Yet, on the other hand, the scientific holists still believe that more complete planning, and greater attention to imposing order, can avert key ecological problems, something not accepted by what Haas calls the "philosophical holist" paradigm.

The convergence around the global problems encouraged by scientific holism has meant that it has been somewhat easier to focus international attention on problems associated with pollution of the atmosphere - ozone depletion and the emission of global warming gases - than on the, typically, less-threatening, regional problems of international pollution of shared bodies of water. As Haas's own study of the Mediterranean suggests, the levels of the various harms caused by pollution of an international waterway have to be fairly high before there is a large and cohesive community of intellectual leaders, including both natural scientists and policy scientists, ready to propose designs of international institutions that will try to limit further damage in a comprehensive way.

With knowledge of the longer history of international institutions, it is not surprising that the first international water pollution regimes would be associated with the transportation of petroleum and that they would grow out of the International Maritime Organization rather than with a new organization concerned with environmental issues. The relevant pattern had been initiated a century earlier by the social movements that pushed for the first international health institutions. They convinced shippers that communicable disease could become a problem that would impede shipping, i.e., that social movements concerned with public health would sometimes raise such a hue and cry about ships entering from disease-ridden areas, that it would be better to support a regularized, predictable intergovernmental system of quarantines, even though many shippers (and, initially, many medical professionals) were not convinced that the need for such measures had been demonstrated by the best existing science. Of course, the science pro-

moted by the social movements that advocated quarantine quickly triumphed among all health scientists, in part due to the research carried out under the initial international health regimes (Murphy 1994, 105). Similarly, in a number of cases where international institutions regulating environmental problems have begun with issues that not all scientists saw as threatening, the research carried out as a result of preliminary international agreements has quickly led to a stronger international consensus on what needs to be done.

SPONSORSHIP

No matter how the intellectual leaders advocating international environmental agreements begin, they always face an uphill struggle to turn any vision of international regulation into reality. This has been true for the designers of all international regimes. Governments, like all habit-driven actors, resist pressure to do new things, especially when the new things require cooperation with foreign citizens over whom they have no control. Keohane (1984)'s image of active international cooperation as something that comes about when states pay attention to the possibility that they may have shared interests is telling. For the most part, the intellectual leaders who propose international regimes feel, quite rightly, that their designs would be in the interest of all the states that they would like to see involved. The problem comes in getting the attention of state leaders, in getting them to sit down, focus on, and discuss the various proposals in order to recognize their shared interests.

Standard diplomatic practice provides one genetic institution suitable for achieving that end, the international conference. Ever since the middle of the nineteenth century issue-oriented, functionally-specific international conferences have been central to global and regional governance. Under the nineteenth century conference system the problem of getting governments to focus on proposals for new international regimes that would serve previously-unrecognized shared interests was solved by an institution that many political scientists might consider atavistic: Europe's princes. When Baron Pierre de Coubertin created the modern Olympics in 1900, he was simply following the fashion of Europe's most powerful aristocrats. Most often acting on their own behalf, often motivated as much by a nineteenth century progressive version of liberalism as by aristocratic *noblesse oblige*, Europe's crowned heads called governments together to form almost all of the first generation of international organizations, from the International Telegraph Union, to the original Europe-wide trade organization, to the FAO's predecessor (the International Institute of Agriculture or IIA), to the International Labor Office, to the international police union, Interpol, which were sponsored by Napoleon III, the Kings of Belgium, Italy, and Germany, and the Prince of Monaco, respectively (Murphy 1994, 77-9).

In the first quarter of the twentieth century what might be called "democratic *noblesse oblige*" began replacing the aristocratic version. Woodrow Wilson's promotion of the League of Nations had been anticipated by a half-dozen major international conferences

sponsored by his immediate predecessors and by the presidents of France and Switzerland. All three countries, even the "isolationist" U.S. continued to play similar roles through 1929, always justifying the effort involved by referring to the responsibilities for fostering international cooperation given to those progressive states that already enjoyed republican constitutions (Murphy 1994, 181-2).

Immediately after the Second World War the major allied victors, the countries that either eventually enjoyed or were considered for permanent memberships on the UN Security Council—Brazil, China, France, the U.K., the U.S., and the U.S.S.R.—split the task of hosting the international conferences needed to create the global institutions of the post-War era. Then, beginning in the late 1940s, the world organizations, and, at a regional level, older organizations, themselves became the typical sponsors of international conferences designed to create new international institutions. The General Assembly hosted the conferences that created UNCTAD and UNIDO, and the OEEC sponsored the first moves toward a European Community (Murphy 1994, 185-6).

The last two decades, when international institutions involved with environmental issues began to proliferate, have been a period in which many of the global organizations that had earlier acted as sponsors of new international regimes no longer had the legitimacy to do so. Third World governments often perceived the World Bank as partisan toward Northern economic interests, while many Northern governments made the same complaint about the General Assembly and other organizations in which the Third World had a clear majority.¹⁶ As a result, major environmental conferences have been sponsored both by one or more international organizations and by states willing to take a lead in some environmental matters; the role that Sweden played in the Stockholm Conference, that Germany and France played in the institutionalizing the World Bank's Global Environmental Facility, and that Brazil played in hosting the 1992 conference on development and the environment.

For the international organizations, the motivation for sponsoring such conferences is clear: it is what they are supposed to do, what their members give them resources (members' dues) to do. Moreover, institution building is one of the few ways that political entrepreneurs within the world organizations—from Raul Prebisch to Maurice Strong—have found to put their mark on international affairs, and sponsoring international conferences is one of the tools of institution building that they have had at hand.

On the other hand, the motivations of national sponsors of international conferences may be less easy to understand. It appears to involve something more than short-term national self-interest, some current equivalent of *noblesse oblige*. In the environmental realm it may best be understood as a desire to appear as a national first-mover in environmental affairs either to some national constituency (for example, voters influenced by the Green politics of Germany or France) or to the international community as a whole (a

This development parallels a similar set of fears about the politicization of the sponsorship of international conferences from about 1907 until the outbreak of the First World War. The Kaiser's sponsorship of meetings on such non-strategic matters as international labor legislation and geodesy could be read by Germany's potential enemies as a way of promoting German interests. Similarly, a planned 1914-15 reunion of the 1899 and 1907 Hague Conferences could not be held because the Central powers feared the politicization that might result from the traditional sponsorship by the Czar, even if he were joined by the American president.

likely part of the Brazilian calculation at different stages in the planning for the 1992 conference). It is, initially, in this role of encouraging sponsorship that international environmental social movements have been so significant. Similarly, we might expect that relative to another of the "open" issues of the emerging system of global governance—i.e., labor issues—nations with strong, internationally-concerned labor movements may become the sponsors of critically important global conferences. Denmark attempted to play that role at the Copenhagen summit on social development in 1995, and we should expect similar activities in the future.

As we move into the late 1990s there may be even less difficulty in finding adequate sponsors for international conferences that encourage states to recognize and attend to shared global environmental interests. Although financial problems remain chronic, the world organizations of the UN system have a great deal more legitimacy (they are much less likely to be seen as politicized) than in the 1970s and 1980s. Perhaps more significantly, a fairly large number of governments have some interest in being considered first-movers on international environmental regulation and there is enough overlap that most topics can be covered. For example, while it may be difficult to imagine Japan or Norway sponsoring international conferences to strengthen international bans on the hunting of sea mammals, it is easy to imagine the U.K. or the U.S. doing so, even though they might rarely be leaders in other environmental realms.

Even at a regional level, analysts can point to states that are likely to serve as sponsors of international discussions due to a desire to be seen as first-movers. The tourist industries of southern Europe give those countries such an interest relative to problems of the Mediterranean. A similar interest is shared by the tourist nations of the Caribbean, and by Australia relative to the Coral Sea. The power of Green movements give similar motivations to the Nordic countries and Germany relative to the Baltic and the North Sea, and Japan relative to the waters on its western coasts.

BENEFACTORSHIP

However, it is one thing to pick many of the bills for a big global meeting, but it is quite another to underwrite international environmental regimes for any length of time. Unfortunately, benefactors willing to pay for the costs of international cooperation over many years have been essential to institutionalization of many international regimes in the past. In the nineteenth century and early twentieth century, many of the first generation of major international organizations relied on their original sponsors to pay for the secretariat that carried out research, monitored prior international agreements, and prepared periodic international conferences. In fact, the presence of such a benefactor often seems to have made the difference between intergovernmental agreement to experiment with a proposed international regime, and the refusal of habit-bound governments to consider the regime, even if good arguments could be made that it was in their interests. After all, if Napoleon III was willing to pick up most of the bill for the Telegraph Union, Kaiser was willing to pay for the Labor

Office, or Italy's Victor Emmanuel III was willing to underwrite the work of the IIA, no one was willing to object.

In fact, in these cases one could argue that the organizations and the regimes to which they contributed only became truly institutionalized as forms of intergovernmental cooperation after political or economic crises destroyed the capacity of the original benefactor to help underwrite the institution. When the noble benefactor disappeared, member governments had to put up or shut up. In the case of these organizations, the experience of five or more years of international cooperation made members quite willing to pay all the costs of linking the international telegraph system, collecting information on labor and agriculture, and linking national police forces.

Since the Second World War, many of the initial costs of new international institutions have continued to be borne by the institutions' original sponsors. International organizations have acted as the benefactors of international organizations, by providing staff, space, and operating funds for months or even years. Thus, for example, the United Nations Relief and Rehabilitation Organization provided much of the initial support for UNICEF; the UN Secretariat underwrote much of the UN's early work on population planning, and the World Bank provided initial funding for hybrids like the International Fund for Agricultural Development.

In many other cases, a single state, the U.S., acted as the key benefactor. This has especially been the case when the form of international cooperation demanded large transfers of funds, as in the case of European recovery under the OEEC and the Marshall Plan, as well as with the IMF and World Bank, whose earliest subscriptions in internationally negotiable currencies came from the United States.

Various theories of hegemony have been used to explain American benefactorship of Western cooperation in early post-War years. Some of the most convincing are those that rely on Antonio Gramsci's ideas about the consolidation power over large populations and territories.¹¹ America's post-War leaders, the argument goes, were not pursuing the short-term self-interests that underlie so much foreign policy behavior. Instead, they were pursuing a more long-term aspiration for a world structured under American leadership, an aspiration at the heart of American elite ideology for generations (Augelli and Murphy 1988, 58-70), but one that had never before been a realistic option for such an isolated country.

To construct that world, to create American hegemony (in Gramsci's sense of the word) required U.S. policy-makers to be willing to forgo narrow, short-term advantages in order to pursue the collective interests of the Western bloc. Arguably then, from this point of view, the entire problem of the decline of American hegemony stems from the fact that the accumulated debt of the U.S. government and the long-unattended concerns of many U.S. citizens mean that now no U.S. government would be in the position to act as such a major benefactor of international cooperation. Moreover, no other state is in the position that the U.S. government was in 1945.

¹¹ The best one-volume introduction to the wide range of such theories is Gill (1993). The volumes edited by Rapkin (1990) and Overboes (1993) provide an excellent complement.

Unfortunately, in the absence of a state willing and able to seek a Gramscian sort of hegemony, it can be extremely difficult to build international institutions that require significant funding. This is one reason that the so-called "North-South dialogue" of the 1970s and early 1980s got so bogged down. It may very well have been the case, as the authors of the second Club of Rome Report (Tinbergen 1976) and the Brandt Commission (1980; 1983) argued, that there were international institutions that could have served Northern and Southern collective interests in returning to the rapid economic growth of the 1960s, but such institutions could not be formed in the traditional way of getting governments to agree to something as an experiment and then relying on a benefactor to keep them operating for as long as was needed to prove that the experiment was worthwhile. Taken together, the experiments proposed by both groups would have required something on the order of a five- or six-fold increase in aid funds from the U.K., Japan, and a number of other donor countries. If one thinks about the size of the lobbying effort needed by any group that secures the equivalent, say, 50 billion dollar allocation in the U.S. budget each year, one might get a sense of how unrealistic such a call was, especially since this was not the experimental amount to be borne by a benefactor over a short period of time, but the regular dues to be expected each year.

Unfortunately, the UNCED Conference made the same unrealistic call for a similar level of ongoing new redistributive funding as part of its proposed global compact (Murphy 1992). Because there is no state that would be able to bear that cost, especially as a benefactor, the longer experience of the creation of effective international regulation suggests that it may be unrealistic to imagine that the regimes that would rest on that compact will ever be formed (cf. Sell 1996). Perhaps the best that can be hoped for in international environmental cooperation is agreement on the relatively cost-free kind of eco-labeling encouraged by the BCSD. After all, in most recent UNEP trade talks, which focused on just those sorts of measures, officials were delighted to find that the agenda was one in which "there was so much agreement between industrialized and developing countries." By focusing on the kind of measures that have been typical of international regulation for over a century, the meeting became one of the few recent international environmental forums that "did not degenerate into North-South conflict" (UNEP 1994).

CREATING RESOURCES

Nonetheless, the longer history of international civil cooperation suggests that something more may be possible. Many of the international civil institutions created in over the last century can be thought of as having created resources that were then allocated by politically efficient means that often hid the redistributive element. For example, the traditional international intellectual property regime not only created a form of property in the monopoly rights given to inventors, authors, and trademark owners, it also created a duty on the part of patent owners to "work" their patents in every international market, or else

lose the right to maintain it. Thus, if Thomas Edison had not produced his light bulbs in Denmark, or at least, sold his rights so that a local firm could produce Edison bulbs, the invention would have been public property. Compared to an absolute system of patents (the kind of system that always seems to be advocated by the technology leaders, whether in Britain in the 1850s, Germany in 1910, or the U.S. today), the actual international regimes have, through the requirement that patents must be worked, lowered the price of technology to industrializing nations. The current Biodiversity Treaty with its sections on intellectual property, which will be subject to a great deal of interpretation, also may eventually serve to create similar resources for industrializing nations, at least as compared to absolute system of intellectual property envisioned under the Uruguay Round of the GATT.

Two generations after the first global intellectual property regimes were put in place, international institutions also created resources through the drawn-out process of renegotiating Germany's war debts. Resources created by fiat, the war debts themselves, were reduced by fiat, although with much hand-waving about responsible international financial practices and with the agreement of international bankers and captains of industry. It was, nonetheless, a politically efficient move that obscured the (new) redistributive elements from the mass publics within Belgium, France, Italy, and the U.S., and (more significantly) from their elected representatives, many of whom most certainly would have objected.

In 1991, the distinguished Mexican economist and long-time policy maker working with and within the UN, Victor Urquidí (1991, 7) argued that something similar should be done in order to assure some level of redistribution to the less industrialized world:

The essence of the [current] problem, so clearly foreseen by Keynes at the time of the German reparations ... is that for the debt to be repaid ... the debtors must develop a sufficiently large export surplus.

In the 1980s, the recession-induced collapse of world markets for Third World goods made that impossible. Therefore,

many countries went into default, which made them ineligible for loans or other forms of financial assistance. Others kept on meeting their interest payments at the expense of growth and development. What came to be termed the 'reverse transfer,' that is the net out-transfer of financial resources from the developing to the industrialized countries, was the equivalent of reparations payments as if a war had been lost. In fact, the war on poverty, the great struggle for development, had to be given up.

Urquidí's position has not been taken up in this wholesale form by advocates of North-South compromises on environmental issues; although those relatively small attempts at "debt for nature" swaps that leave the less industrialized country effective sovereignty over the new nature preserves reflect the same logic.

Other cases where international institutions have created resources and redistributed

them could also be cited. For example, the Bretton Woods institutions used the initial deposits of gold and hard currencies by the U.S. (and the very few other original members whose money was convertible) to create a pool of loan money that the Fund and Bank immediately were able to expand both by fiat and by borrowing. As a result of this precedent, the Keynesian proposal to use additions to Fund reserves as a pool of funds for development assistance remained a hardy perennial in discussions of international public finance until the floating exchange rate system appeared in the early 1970s. The new system made this "reserve-expansion/foreign assistance link" proposal somewhat irrelevant in recent discussions of North-South environmental issues. Nevertheless, it might be a better use of UNEP analysts' time to concentrate on developing proposals of this sort rather than on finding new ways to importune reluctant donors and point out their inconsistency in endorsing multilateral programs without providing the necessary financing.

Programs analogous to the "link" would establish regular (even if initially, small) sources of development finance linked to some growing aspect of the world economy. The work of Ruben P. Mendez (1992) of Yale University and the UNDP suggests some possible directions. The most interesting are those that could be connected back to the traditional, proven way in which benefactors have played a role in extending the activities of world organizations by allowing new programs to be demonstrated in practice before all states are required to bear their part of the burden.

A recent Norwegian initiative to impose a carbon tax on North Sea oil (Cooper 1992) is a case that could be easily be linked to such a process. The states that might be willing to impose such a carbon tax include the "like minded" pro-development oil producers (Canada and Mexico as well as Norway), similar countries with significant roles in the oil trade (for example, the Netherlands and Finland, and perhaps those OPEC members that do not have a strong interest in maximizing current production). They might be joined by the oil companies with executives on the BCSD (Chevron, ENI, and Shell). All might agree to impose a small unit fee on the oil they process and then give the funds to the GBF. The retail vendors of oil thus "taxed" would be able to advertise to Green consumers, explaining the major benefit to the environment that derives from a slight increase in price. If some firms' expectations about the significance of the Green segment of the market are correct, then the forces of the market would generate significant development funds. Moreover, governments committed to a Green industrial development path would have an incentive to join in imposing the tax on all the oil sold in their countries. This, along with the pressure of consumers, might initiate the kind of bandwagon effect that has never started relative to the 0.7 percent aid target, the unrealistic target that the Club of Rome, the Brandt Commission, and the UNCED all embraced.

Of course, one thing that should be noted about such a proposal—which is also true about all the ways in which international institutions have created resources—is the reliance on the special power of some social group, a power that is amplified at the same time that it is somewhat hidden by the international institution. In this last example, it is the (hypothetical) power of Green consumers. In the case of the renegotiation of war

debts and the original funding of the Bretton Woods institutions it was the power of international financial interests, a power that was never there to back the "reserve-expansion/aid link." In the case of the original intellectual property regimes, it was a balance of powers of inventors (more concretely, firms with high research and development budgets) with those of the governments of industrializing countries in which those firms expected to develop new markets.

We might hypothesize that one of the most reliable sources of power that could be amplified by international institutions concerned with environmental issues is that of environmentalist social movements and environmentally-concerned citizens and governments. It may be worthwhile to speculate about all the possible international institutions that could help solve the redistribution problem associated with creating effective North-South environmental regimes by thinking of ways to use that power to create resources.

Absolute Greening at Home in Exchange for Greater Greening Abroad

Current Norwegian policy can again provide a starting point for thinking about such policy innovations that rely on more than the power of Green consumers. Under current Norwegian air pollution standards, a number of firms are faced with the problem of making major investments to eliminate the last five to ten percent of various greenhouse gases discharged from plants that are already some of the cleanest in the world. As is often the case with the economics of reducing effluents, the marginal cost of cleaning up these pollutants increases markedly with the percentage of pollutants already eliminated. Consequently, the Norwegian firms have negotiated with their government to transfer technology and help build plants in China that will reduce substantially more of the same greenhouse gases than similar levels of investment at home (Sandvold 1993).

Economists might note that this could be understood as one of many types of schemes to reduce effluents that could be thought of as involving some kind of exchange of "rights to pollute." Usually, however, that idea applies within a sovereign entity where all polluters can be sure that they will be forced to abide by some standard. In most international cases, in contrast, we would expect industrializing states to reject international pollution standards unless wealthy countries compensate poorer ones for the opportunity costs compliance. In this case, we would expect that the Chinese plants would have continued to use older, more-polluting practices if the Norwegians had not assisted.

The lesson can be generalized, at least as long as environmental movements are willing to exchange a higher pollution reduction abroad for a lower reduction than they could otherwise get at home. This probably would not be seen as a reasonable exchange if the region in question was wholly within the country where environmental movements were strong: U.S. Audubon Society members probably would not campaign to have the U.S. government sell the Cape Cod National Seashore to developers in order to buy and preserve ten or twenty times the length of pristine shoreline in southern Mexico. Yet, it would be reasonable for Northern environmentalists to promote schemes affecting common resources that both Northern and Southern countries pollute.

Many international seas, lakes, and rivers fall into this category. Finnish, Swedish, and German environmentalists, for example, would have reason to support national legislation that would allow companies in their countries to invest in cleaning massive amounts of Estonian, Latvian, Lithuanian, and Russian effluents into the Baltic in lieu of completely eliminating effluents from their own, already much cleaner, ships and plants. In fact, one might argue that the North-South logic of such exchanges is so compelling that it may be easier to negotiate effective international regimes for cleaning up bodies of water that lie across North-South divides than to negotiate effective regimes to clean up bodies of water bordered only by states that share a high degree of privilege. For example, effective regimes for the Baltic or the East Asian seas may be easier to achieve than a regime for the Arab/Persian Gulf. On the other hand, in cases where the wealthy states on both sides of a body of water have strong environmental movements and—usually as a result—a national commitment to being a first mover in environmental regulation, the process of negotiating international regulations should be easier.

In the many North-South situations, the Northern governments and the Northern environmental movements willing to make the required trade-offs would, by their actions, contribute to what Daniel Duedney (1993) has dubbed the “world domestic politics” of “global environmental rescue” in a very concrete way. Rather than just “thinking locally and acting globally,” for example, worrying about the pollution of common resources and reducing their local contribution to it, they would be thinking about global (or regional) international problems with the logic of domestic politics, the logic of optimal feasible compromises and of getting the greatest “good” for each expenditure of political resources.

CYCLES OF EFFECTIVE INTERNATIONAL POLICY

Even after I have invoked this kind of benign Realpolitik that would have Northern environmental groups husbanding their power carefully targeting it to sites around the world, a critic might still charge that the bulk of my argument is all too congruent with various relatively rosy liberal scenarios about the interaction between the concerns of industrialists and environmentalists that have been painted by groups like the BCSD and the Japanese Ministry of International Trade and Industry (MITI) when it concluded that, “environmental concerns will drive the next generation of economic growth,” and, therefore, more government money had to be spent in the “strategic repositioning of Japanese industry” to take advantage of this development (Menon 1992, 5). This kind of argument rests on the assumption that economic growth occurs in waves and that the initial investment environment created by governments influences the nature of successive waves.

Of course, many economists do not accept this view of economic growth. For example, while Richard N. Cooper (1992), who served on the U.S. National Academy of Sciences panel that prepared the U.S. response to UNCED, agrees with his colleagues at

the BCSD and MITI that some of the actions needed to diminish global warming might provide a net economic gain in the short-run as well as the long-run, he does not believe that all the costly investments required in the short-run will “pay off” simply by “returning the world economy to a high-growth phase.” Because Cooper does not see growth as occurring in cycles, he sees some of the actions demanded at UNCED as requiring unacceptably large short-run costs.¹²

My own work on the longer history of international institutions makes me believe that there is some validity to arguments about long waves of economic growth. At least twice in the past, in Europe in the 25 years before the First World War and throughout the OECD world in the 25 years after the Second World War, there appear to have been waves of economic growth and industrial transformation that appear to correspond to the predictions of liberal internationalists going back to Adam Smith. International cooperation helped create larger market areas which, in turn, encouraged investors to develop new and much more productive technologies (and whole new industries) that led economic growth in these periods of relative peace and relative prosperity. Once before that, in the mid-nineteenth century’s Railway Age, the integrative institutions of nations that were coming into being—the pre-Civil War United States and the German nation that was emerging within the German Customs Union—also seemed to reflect the same pattern.

Unfortunately, the same research suggests that the problem of creating the regulatory environment for a new cycle of growth is not just one of establishing a few clever international agreements and priming the pump with some public investment. Before each of the prior growth phases could begin, a whole host of conflicts associated with industry had to be managed. New institutions, many of them international, had to be created to mitigate the conflicts over the control of industry that divide labor and capital, the conflicts over compensation in sectors of waning importance that divide older and newer industrial regions, the conflicts over investment opportunities and local autonomy that divide the industrialized and the non-industrialized world, and the conflicts of prestige that divide industrial centers.

Long-wave theorists would argue that international environmental issues have come to the fore in a period of relative stagnation, the period of slow growth that began almost simultaneously with the Stockholm Conference. It certainly may be possible to imagine scenarios that are both rosy and reasonable in which international environmental management improves along with the world economy, but we should recognize how broad the international policy agenda must be if we are to make that imagined world real.

At this point, the conflicts over the control of industry that divide labor and capital and the conflicts over investment opportunities and local autonomy that divide the industrialized and the non-industrialized world are (along with environmental issues) the most intractable political impediments to a deeper and wider “globalization” that would fulfill

¹² This argument about the nature of long-term economic growth was at the core of the difference between the Bush administration and its OECD partners at UNCED.

the liberal internationalist vision of Smith or Kant. The last fifteen years of *laissez faire* globalization have been marked by increasing global inequality, especially between different regions of the world (Korzeniewicz and Moran 1997). And, of course, the difficulties in finding benefactors for new international environmental institutions pale in comparison to what the difficulties might be in finding benefactors for international institutions with the ability to begin to reverse that trend via redistributive means. This suggests a challenge to economists to think creatively about ways in which the rules of the world economy could be adjusted so that growth in the core fosters even faster growth in the periphery.

International labor agreements, especially agreements aimed at raising labor standards and establishing rights to organize in newly industrializing states may, in fact, be easier to negotiate. But, the history of international institutions in this field should serve as a caution. In the past, international regulatory efforts have rarely served working people in all parts of the world. They have, instead, tended to privilege workers in the industrialized world while harming those in the less industrialized nations. It is probably true that a century ago workers in the advanced newly industrializing countries of Scandinavia really did benefit from the self-interested international labor legislation promoted by the German Kaiser to encourage social order within his nation where both industry and labor movements were more advanced. Equally, it may be true that workers today in South Korea or Malaysia will, in the end, greatly benefit from international labor pacts pushed by the American government responding to domestic social forces with interests similar to those that motivated the Kaiser a century ago. But, as Robert W. Cox (1996, 47) reminds us, the first movement for international labor regulation was, actually, "part and parcel of the nationalistic movement which was bringing European states into conflict both within Europe and more especially in the areas of imperial expansion beyond Europe."

Each of the dimensions of global governance in the early twenty-first century should be given equal attention if we wish to avoid the breakdown of global governance that took place at the beginning of the twentieth.

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