The debate that raged between social democrats and revolutionary Marxists for much of the twentieth century was long and bitter.¹ Social democrats defended national reforms, supposedly capable of instituting a just capitalist order. Adherents of revolutionary Marxism, in contrast, insisted that that the property relations defining capitalism necessarily involve exploitative production relations on a world scale. In my view, Marxists had the far stronger arguments. But, in the countries of the industrialised West, at least, social democracy won the debate politically, attaining a hegemonic position on the Left and Centre-Left.

Today, this debate is a distant memory. It has become increasingly difficult to distinguish social-democratic parties from their traditional rivals on the Right and Centre-Right. Whatever their rhetoric outside of office, once elected, social-democratic

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parties have consistently attempted to cut social welfare programmes, increase the so-called ‘flexibility’ of labour markets, and serve the interests of financial capital.

Theorists associated with the social-democratic tradition have responded to this development in three main ways. One group echoes Thatcher’s ‘there is no alternative’ war cry. On their view, globalisation makes the above policies all but inevitable. Any divergence from ‘fiscal responsibility’ will invariably and almost instantly be punished by global capital markets. On this view, social democrats must be content to lessen somewhat the social costs associated with neoliberal policies.

A second group of theorists, horrified by the accommodations to neoliberalism made by social-democratic parties, holds that ‘globalisation’ is an ideological category, not an irresistible force. For these thinkers, the extent of global economic integration has been wildly overestimated. Most economic activities continue to be contained within national borders, and states continue to have the power to regulate economic life and further social-democratic values. The turn away from traditional social-democratic policies is thus not due to the lack of feasible alternatives, but to a political balance of forces in which financial capital predominates. With a different political balance of forces, neoliberalism could be reversed and authentic social democracy revived.

Adherents of a third viewpoint agree with the first set of theorists on one essential matter: the rise of globalisation has indeed undermined the pursuit of traditional social-democratic policies on the national level. But they share the misgivings of the second group regarding the accommodations to neoliberalism made in the name of globalisation. Refusing to abandon the values of social democracy, they argue that the proper response to globalisation is the institutionalisation of those values on a global level. I believe that the most powerful defence of this third perspective is found in David Held’s *Democracy and the Global Order*. The present article is devoted to a critical examination of the transformations in the global economy called for by Held and other defenders of what he terms ‘cosmopolitan-democratic law’.

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2 Giddens inclines to this position in his contributions to Hutton and Giddens (eds.) 2000.
3 See Hirst and Thompson 1996 and the articles collected in Boyer and Drache (eds.) 1996.
4 Other defenders of cosmopolitan ethics are surveyed in Jones 1999.