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## Perils of Elite Pacting

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# Perils of Elite Pacting

*Patrick Bond*

**W**e are critics of the G8 and all that it represents. But are we also sometimes at risk of losing our footing, tumbling down what Munck (2006) calls ‘a slippery path for social movements that are being bamboozled by neoliberal globalisation into a controlled environment where even critical voices serve the overall purpose of stabilising the existing order’? That path leads to the G8 mainly via the Bretton Woods Institutions, World Trade Organization and United Nations agencies. These institutions are the core of ‘global governance’ in most conceptions of ‘cosmopolitan democracy’. It is here that the role of civil society lies ‘in the service of imperialism’ (Petras and Veltmeyer 2002).

In contrast, consider a ‘double movement’ at the global scale, in the way Polanyi (1957) expected: a backlash when ‘the extension of the market organisation in respect to genuine commodities was accompanied by its restriction’. The backlash is led by activists applying pressure against the sources of neoliberal pressure in Washington, Geneva and the world’s financial capitals, sometimes via the United Nations. There, borrowing Antonio Gramsci’s ideas, we encounter the trenches and apparently permanent fortifications of multilateral institutions, inter-



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national law and geopolitical alignments. These are overwhelmingly disadvantageous sites of struggle for social-change activists given the present balance of forces, yet many large NGOs and citizens' networks insist that on the global terrain, the battle to *reform* the institutions and rules of economy and geopolitics can still be won, notwithstanding all evidence so far to the contrary.

Hence some frank acknowledgement of difference is long overdue, for analytical reasons and also strategic purposes. After all, given the character of capitalist political-economic dynamics and geopolitical power relations, collaborative relations with dominant neoliberal elites in the G8 and multilateral agencies have simply not paid off, during at least a quarter-century of systematic reform attempts. If one takes merely the World Bank's twists and turns on issues such as transparency, participation, environment, gender, corruption and post-Washington Consensus ideology, it is apparent that multilateral agencies can take a step forward and then several sideways and even backwards, leaving power relations and neoliberal development strategies largely intact. At the same time, half-hearted forms of consultation arranged by the multilateral institutions serve to keep larger questions of macroeconomics and the parameters of social policy out of bounds.

In this context of perpetually failing elite pacts, ideology is a difficult matter to pin down, given how many fads and fashions there are. Anti-corruption, for example, is only the latest gimmick adopted by a World Bank president to acquire legitimacy. On the left, in what may be perhaps termed the movements for global justice (from where I write, cf. Bond 2005, 2006a, 2006b), many of

the organisations and spokespeople are split between 'autonomist' and 'socialist' politics. Other forces in civil society have become the product – and ongoing generator – of Third World nationalist ideas. Moreover, a large share (probably the majority) of NGOs, trade unions, progressive religious organisations and academics aligned with civil society might best be considered 'post-Washington' social democrats.

It is in the latter group that we often find leading civil society organisations joining global elite debates, including those around the Millennium Development Goals and 'Make Poverty History' campaigning. Moreover, since 2001 a global convergence of activists and strategists has appeared at the World Social Forum (WSF) meetings. Within and often beyond the WSF, a more robust mode of global justice and peace work is associated with *sectoral* processes of a transnational character. These different terrains of struggle make ideological analysis that much more complicated, given the shifting analyses, strategies, tactics and alliances associated with diverse transnational movements, especially when wide opportunities are presented to join existing (or emerging) political blocs.

There appear to have emerged at least five distinct and largely coherent ideological categories associated with, if not historic 'bloc' formation, at least increasingly universal political orientations:

- Global justice movements (often combining traditions of socialism and anarchism/autonomism);
- Third World nationalism (with varying political traditions);

- Post-Washington Consensus (often espousing a limited version of social democracy);
- Washington Consensus (neoliberalism); and
- Resurgent rightwing (neoconservatism).

The five currents are recognisable by the political *traditions* from which they have evolved, their political-economic *agenda*, leading *institutions*, internal *disputes* and noted public *proponents*. Semantics need not detain us at this stage, but it is critical to recognise that these are fluid categories. Across the world, many individuals have moved, not merely rhetorically, but also substantively, from one camp to another.

Civil society forces are located in each camp, of course, but the crucial question is where fusion or at least critical mass may emerge to direct social resources. Whereas global justice ideologies are nearly exclusively forged by non-state actors, notwithstanding a recent state-based leadership revival from Fidel Castro, Hugo Chavez and Evo Morales in Cuba, Venezuela and Bolivia, there are important NGO links to progressive Third World nationalism, especially the Malaysian-based Third World Network, and agencies such as the South Centre, sometimes linking the two sides. Most large transnational civil society agencies, trade unions and environmental groups are intrinsically 'post-Washington'. But it is to the internecine conflicts within and around the global elites that we now turn.

### *Establishment power and vulnerability*

The major problem we all confront is the surprisingly coherent alliance of neoliberal and neoconservative ideologies within the world ruling elites over the last few years. The neolib-neocon fusion is personified by the new leaders of multilateral institutions:

- the European Union chose Spanish neo-conservative Rodrigo Rato as International Monetary Fund managing director in mid-2004;
- the new head of UNICEF, chosen in January 2005, was Bush's agriculture minister Ann Veneman, although the USA and Somalia are the only two out of 191 countries that refused to ratify the United Nations Convention on the Rights of the Child;
- in February 2005, the outgoing head of the World Trade Organization, Supachai Panitchpakdi from Thailand (who served US and EU interests from 2003-05), was chosen to lead the United Nations Conference on Trade and Development;
- Paul Wolfowitz – the architect of the illegal US/UK Coalition of the Willing war against Iraq – was appointed by Bush to head the World Bank in March 2005;
- the European Union's hard-line trade negotiator Pascal Lamy became director of the World Trade Organization a few weeks later;
- the former World Bank economist Kemal Dervis took over the United Nations Development Programme;

- to ensure that Washington's directives to Kofi Annan continued to be as explicit as possible, Bush appointed John Bolton as US Ambassador to the UN from mid-2005 until he was forced to resign in late 2006 because the Congress would not approve his appointment; and
- so that Washington controlled Kofi Annan's replacement, South Korea's former foreign minister Ban Ki-moon, Bush appointed Zalmay Khalilzad, the oil executive who was Bush's ambassador to Iraq.

It is in this context of an adverse balance of forces that we can understand the recent debacles of global governance: the inability to expand the UN Security Council in September 2005; the breakdown of the Doha Round of World Trade Organization negotiations in July 2006; and the relative shrinkage of Africa's voting power within the IMF board of governors in September 2006. The question, under the circumstances, is whether global governance reforms are indeed possible.

### *Elite pacting and top-down reformism*

We are now witnessing and also foreseeing the futility of reform proposals while the neoliberal/neoconservative fusion prevails as the dominant bloc. This approach is emblematised by Wolfowitz. Under his leadership, the Bank's main self-declared internal reform is against rampant project corruption whose historical costs to the institution were conservatively estimated at USD 100 billion.

The Bank strategy recalls other recent reform failures. In the case of the ill-fated 1998–2001 World Commission on Dams (WCD) co-hosted by the World Bank, for example, its chairperson, Kader Asmal, despaired at the 2003 findings of the World Panel on Financing Infrastructure (mainly implemented by the Bank), which was led by former IMF Managing Director Michel Camdessus. The Bank/IMF renaming of structural adjustment programmes – Poverty Reduction Strategy Papers (1999 to the present) – entailed increased citizen participation, but also proved to be a dead end in all the cases civil society researchers have carefully considered. Other foiled Bretton Woods Institution reform initiatives include the 1999–2003 Structural Adjustment Participatory Review Initiative (Sapri), which failed when Bank staff walked out of the process.

The crucial 2002–04 Extractive Industries Review (EIR) was similarly constructed as a multi-stakeholder project but the Bank's seriousness about the mineral/petroleum/timber industries' problems was thrown into question during the process. The World Bank recently announced that it would re-engage in contentious water projects such as large dams in what it refers to as a 'high risk/high reward' strategy. In 2002, the Bank dismissed its 'risk-averse' approach to the forest sector when it approved a new forest policy. The World Bank is also considering support for new oil, mining, and gas projects in unstable and poorly governed countries, against the recommendations of its own evaluation unit. When the EIR surprisingly recommended a phasing-out of all Bank fossil fuel investments, the Bank not surprisingly rejected that option.

Ultimately, nearly all civil society initiatives with the World Bank and IMF have been disasters, with Civicus withdrawing from its controversial 2003–05 initiative to rebuild relations. The institutions' 2006 annual meetings, normally a site of intense collaboration with mainstream civil society groups, were marred by police repression and unprecedented denial of visas and immigration rights at the host site, Singapore. A successful boycott call made by social and environmental groups there reflected how adverse contemporary political power relations had become.

Other futile global governance reforms recently have been attempts to improve United Nations Security Council reform, the handling of governance/democracy implementation (especially at local levels) and Millennium Development Goal advocacy. None have had satisfactory results. For example, the MDGs are, in David Held's view (2005), 'the moral consciousness of the international community', yet in reality they were generated non-transparently by the elite United Nations, itself simultaneously moving to embrace the Washington Consensus with its pro-corporate Global Compact, endorsement of 'Type 2' Public-Private Partnership privatisation strategies and collaboration with the World Bank. Held concedes that 'there may have been no point in setting these targets at all, so far are we from attaining them in many parts of the world', but global justice activists worry that their main flaw is that the institutions that set the goals are so far from the people who need to own the struggles and their victories. They are, as Peggy Antrobus of the feminist economics network DAWN renames them, 'maximum distraction gimmicks'. Likewise, for the

most important global-scale problem, climate change, it is timely to query whether UN processes are providing, as Held desires, a 'sustainable framework for the management of global warming'. Kyoto definitely wasn't the answer (Lohmann 2006).

### *Bottom-up strategies for deglobalisation and decommodification*

In contrast, the strategic formula is to build durable and relatively democratic mass movements informed by internationalism, combined with demands upon the national state to 'lock capital down' (Bond 2003). The spirit entails what Walden Bello (2002) has called 'deglobalisation' (of capital). South African and other activists have won dramatic victories in deglobalising the Trade Related Intellectual Property Rights regime, by demanding generic anti-retroviral medicines instead of branded, monopoly-patented drugs. Similar struggles are underway to deglobalise food, especially given the Genetically Modified Organisms threat from transnational corporations, to halt bio-piracy, and to kick out the water and energy privatisers. These are typically 'non-reformist reforms' insofar as they achieve concrete goals and simultaneously link movements, enhance consciousness, develop the issues, and build democratic organisational forms and momentum.

Of course, this is a matter for nuanced scale politics, determining whether local community, subnational, national or regional strategies can best mitigate and reverse global economic tyranny for particular issues. But the main reason to deglobalise is to gain space to fight neoliberal commodification. To il-

illustrate, the South African de-commodification agenda entails struggles to turn basic needs into genuine human rights, including: free anti-retroviral medicines to fight AIDS (hence disempowering Big Pharma); 50 litres of free water per person per day (hence riding Africa of Suez and other water privatisers); one kilowatt-hour of free electricity for each individual every day (hence reorienting energy resources from export-oriented mining and smelting to basic-needs consumption); extensive land reform (hence de-emphasising cash cropping and export-oriented plantations); prohibitions on service disconnections and evictions; free education (hence halting the General Agreement on Trade in Services); and the like. A free 'Basic Income Grant' allowance of USD 15 per month is even advocated by churches, NGOs and trade unions. All such services should be universal (open to all, regardless of income levels) and to the extent feasible, financed through higher prices that penalise luxury consumption. This potentially unifying agenda could serve as a basis for wide scale social change, in the manner achieved even briefly in Scandinavian social policy (Esping-Andersen 1991).

What is apparent, without doubt, is the need to transcend elite pacting that has delivered so little, and that offers so little hope in the context of such adverse power balances. With the last word in that respect, Walter Rodney (1972), who was later assassinated, was unforgiving about both state elites and what is today a new cadre of NGO global deal-seekers, namely:

...the minority in Africa which serves as the transmission line between the metropolitan capitalists and the dependencies

in Africa. The importance of this group cannot be underestimated. The presence of a group of African sell-outs is part of the definition of underdevelopment. Any diagnosis of underdevelopment in Africa will reveal not just low per capita income and protein deficiencies, but also the gentlemen who dance in Abidjan, Accra and Kinshasa when music is played in Paris, London and New York.

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## Appendix: Five international ideological currents

Political current:	Global Justice Movements	Third World Nationalism	Post-Washington Consensus	Washington Consensus	Resurgent Rightwing
<b>Tradition</b>	socialism, anarchism	<i>national</i> capitalism	(elite) social democracy	neoliberalism	neoconservatism
<b>Main agenda</b>	'deglobalisation' of <i>capital</i> (not of <i>people</i> ); 'globalisation from below' and international solidarity; anti-war; anti-racism; indigenous rights; women's liberation; ecology; 'decommodified' state services; radical participatory democracy	increased (but fairer) global integration via reform of interstate system, based on debt relief and expanded market access; reformed global governance; regionalism; rhetorical anti-imperialism; and Third World unity	fix 'imperfect markets;' add 'sustainable development' to existing capitalist framework via UN and similar global state-building; promote a degree of global Keynesianism; oppose US unilateralism and militarism	rename neoliberalism (PRSPs, HIPC, PPPs) with provisions for 'transparency'; self-regulation and bail-out mechanisms; coopt potential emerging-market resistance; offer financial support for US-led empire	unilateral petro-military imperialism; crony deals, corporate subsidies, protectionism and tariffs; reverse globalisation of people via racism and xenophobia; religious extremism; patriarchy and bio-social power
<b>Leading institutions</b>	social movements; environmental justice activists; indigenous people; autonomists; radical activist networks; leftist labour movements; liberation theology; radical think-tanks (e.g. Focus on the Global South, Global Exchange, IBASE, IFG, IPS, Nader centres, TNI); radical media ( <i>GreenLeft Weekly</i> , <i>Indymedia Pacifica</i> , <i>Pambazuka</i> , <i>zmag.org</i> ); semi-liberated zones (Bolivarian projects, Kerala); sector-based or local coalitions in the WSF	Non-Aligned Movement, G77 and South Centre; self-selecting regimes (often authoritarian): Argentina, Brazil, China, Egypt, India, Indonesia, Kenya, Libya, Malaysia, Nigeria, Pakistan, Palestine, Russia, South Africa, Turkey, Uganda, Zimbabwe, with a few – Bolivia, Cuba, Ecuador and Venezuela – that lean left; <i>Aljazeera</i> , supportive NGOs (e.g. Seatini, Third World Network)	some UN agencies (e.g. Unicef, Unifem, Unrisd, Wider); some INGOs (e.g. Care, Civicus, IUCN, Oxfam, TI); large enviro. groups (e.g., Sierra and WWF); big labour (e.g. ICFTU and AFL-CIO); liberal foundations (Carnegie, Ford, MacArthur, Mott, Open Society, Rockefeller); Columbia U. economics department; the Socialist International; Norway	US state (Federal government, Treasury, USAid); corporate media, IT and financiers; World Bank, IMF, WTO; elite clubs (Bildergurgers, Trilateral Commission, World Economic Forum); some UN agencies (UNDP, Unctad, Global Compact); universities and think-tanks (University of Chicago economics, Cato, Council on Foreign Relations, Adam Smith Inst., Inst. of International Economics, Brookings); BBC, CNN and Sky; most of G8	Republican Party populist and libertarian wings; Project for a New American Century; right-wing think-tanks (AEI, CSIS, Heritage, Manhattan); Christian right institutions and media; petro-military complex and industrial firms; the Pentagon; rightwing media (Fox, <i>National Interest</i> , <i>Weekly Standard</i> , <i>Washington Times</i> ); proto-fascist European parties - but also Zionism and Islamic extremism

<b>Political current:</b>	<b>Global Justice Movements</b>	<b>Third World Nationalism</b>	<b>Post-Washington Consensus</b>	<b>Washington Consensus</b>	<b>Resurgent Rightwing</b>
<b>Internal disputes</b>	role of state; party politics; fix-it vs nix-it for int'l agencies; gender and racial power relations; divergent interests (e.g. Northern labour or environment vs Southern sovereignty and indigenous rights); tactics (e.g. merits of symbolic property destruction)	degree of militancy versus the North; divergent regional interests; religion; large vs small countries; internecine rivalries	some look left (for alliances) while others look right to the Washington Consensus (in search of resources, legitimacy and deals); which reforms are optimal	Differing reactions to US empire due to divergent national-capitalist interests and domestic political dynamics	Disputes over US imperial reach, religious influence, and how to best protect culture, patriarchy, and state sovereignty
<b>Exemplary proponents</b>	<p><b>POLITICAL SOCIETY:</b> R. Alarcon, F. Castro, H. Chavez, R. Correa, E. Morales</p> <p><b>CIVIL SOCIETY:</b> C. Abugre, Z. Achmat, E. Adamovsky, M. Albert, T. Ali, S. Amin, C. Augiton, D. Barsamian, A. Ben-Bela, M. Barlow, H. Belafonte, W. Bello, A. Bendana, M. Benjamin, P. Bennis, F. Betto, H. Bonafini, A. Boron, J. Bove, J. Brecher, R. Brenner, D. Brutus, N. Bullard, A. Buzgalin, L. Cagan, A. Callinicos, L. Cassarini, J. Cavanagh, C. Chalmers, N. Chomsky, T. Clarke, K. Danaher, M. Davis, D. Dembele, A. Dorfman, A. Escobar, L. Flanders, R. Fisk, E. Galeano, G. Galloway, S. Gill, S. George, D. Glover, A. Goodman, M. P. Giyose, A. Grubacic, M. Hardt, D. Harvey, D. Henwood, J. Holloway, W. Kaara, B. Kagarlitsky, J. Kelsey, N. Klein, J. LeCarré, S. Longwe, M. Lowy, M. Mamdani, Marcos A. Mittal, G. Monbiot, M. Moore, L. Nacpil, R. Nader, V. Navarro, A. Negri, T. Ngwane, N. Njeh, A. Olukoshi, O. Ongwen, G. Palast, L. Panitch, M. Patkar, J. Perkins, J. Pilger, A. Roy, E. Sader, D. Sari, J. Sen, C. Sheehan, V. Shiva, I. Shivji, J. Singh, B. Sousa Santos, W. Soyinka, A. Starr, J. Stedile, H. Sumnono, T. Teivainen, A. Traoré, V. Vargas, H. Wainwright, N. wa Thiong'o, L. Wallach, I. Wallerstein, P. Waterman, M. Weisbrot, R. Weissman, C. Whitaker, E. Wood, H. Zinn</p>	<p><b>POLITICAL SOCIETY:</b> J. Aristide M. Gaddafi HuJ N. Kirshner R. Mugabe D. Ortega V. Putin</p> <p><b>CIVIL SOCIETY:</b> Y. Akyuz Y. Graham M. Khor Y. Tandon</p>	<p><b>POLITICAL SOCIETY:</b> M. Bachelet G. Brundtland S. Byers J. Fischer W. Maathai T. Mkandawire M. Robinson G. Verhofstadt K. Watkins</p> <p><b>CIVIL SOCIETY:</b> A. Adedeji N. Birdsall Bono B. Cassen P. Eigen B. Geldof A. Giddens W. Hutton P. Krugman K. Naidoo D. Rodrik J. Sachs W. Sachs A. Sen G. Soros N. Stern J. Stiglitz J. Sweeney</p>	<p><b>POLITICAL SOCIETY:</b> B. Bernanke T. Blair G. Brown M. Camdessus E. Cardoso J. Chirac H. Clinton K. Dervis L. da Silva V. Fox S. Fischer A. Greenspan A. Krueger P. Lamy M. Malloch-Brown T. Mbeki A. Merkel H. Poulson R. Prodi S. Royal M. Singh P. Supachai</p> <p><b>CIVIL SOCIETY:</b> B. Clinton T. Friedman W. Gates H. Kissinger K. Rogoff M. Yunus</p>	<p><b>POLITICAL SOCIETY:</b> E. Abrams K. Adelman G. W. Bush D. Cheney R. Gates N. Gingrich J. Haider S. Harper J. Howard Z. Khalilzad B. Ki-moon I. Paisley J. M. le Pen J. Negroponte E. Olmert R. Rato O. Reich C. Rice K. Rove A. Scalia R. Tobias A. Veneman P. Wolfowitz</p> <p><b>CIVIL SOCIETY:</b> Z. Brzezinski P. Buchanan A. Colter J. Falwell W. Kristol R. Limbaugh R. Murdoch G. Norquist M. Peretz R. Perle R. Scaife</p>