Let me start with a definition of globalization. Political economists would likely tell us that globalization describes a world economic order in which capital, trade, production and information flow to their logical destinations, without being artificially constrained by national boundaries and national policies. If a particular country or community enjoys a comparative advantage in terms of, say, raw materials or cheap labour, it will attract a certain combination of the factors of production. If another offers a highly educated and highly skilled workforce and proximity to major markets, it will attract a different combination. Likewise with capital: investors will appraise exchange rates and the risks of investing in this country or that and off they go: far from being constrained by national borders, they are positively wooed by governments desperate for new projects and more jobs. And likewise with other factors of production: intellectual property, management skills, political connections, brand names and physical security. All of these become globalized; all find their way to markets where willing sellers await willing buyers. And we
all live happily and profitably ever after, buying Levis in far-off places, watching CNN around the world, using bank cards to access exotic currencies.

There is something postmodern in this account of globalization — reason enough to trigger my discontent, if not yours. But in fact, globalization has had a long and chequered career. The Hudson’s Bay Company, the East India Company — and their rivals from Holland and France, and all over Europe — began the process four hundred years ago with one powerful insight: there is a lot of money to be made by exporting capitals goods and know-how to distant parts of the world where they can be exchanged for commodities and services in short supply at home.

In certain respects, the great mercantile companies of the seventeenth and eighteenth centuries closely resembled the transnational corporations of our own time. They were able to escape from the feeble constraints of national sovereignty into the virtually unregulated spaces of transnational commerce; they were largely indifferent to public morality — and in turn were sometimes ruined by corruption, treachery and greed; and though they came seeking profit, they often left trailing conflicts of religion and culture. Like today’s globalization, the expansion of world trade three or four hundred years ago ushered in a period of great institutional and legal creativity. Much of the machinery of transnational trade was invented during this period — the joint stock company, marine insurance, international arbitration, bills of lading, the stock market, international currency exchanges. And finally, like the globalization of the late twentieth century, this early wave of globalization left in its wake winners and losers; it transformed social relations, as well as patterns of production and consumption; it disturbed ecosystems and distributed deadly diseases; and it expanded the cultural horizons and political aspirations of people everywhere. But at the core of it all, globalization — then as now — was about wealth and dreams of wealth.

So globalization has had a long and chequered history; truth to tell, it also has a chequered present and future. That present and future is largely driven by technology. By substituting machine la-
bour and digital intelligence for animal labour and human intelligence, technology has utterly changed the way we produce things. This in turn makes possible mass production which in turn leads to mass consumption which in turn leads to continuous expansion of the markets needed to consume ever-increasing outputs which in turn leads to globalization. Or so some people argue. And technology has changed not only the scale but also the site of production. Depending on which is most efficient, we can consolidate production functions under a single roof, distribute them across a local network of just-in-time suppliers, or disperse them globally. And finally, I have to mention that technology has shaped that distinctive and dominant institution of the current era: the transnational corporation with its extended family of subsidiaries, networks, alliances, suppliers and customers. I will have a lot to say about these corporations later in this lecture.

For now, I want to return to the political economists’ account of globalization: the smoothly organized world economy of comparative advantage, division of labour, efficiency and profitability. This, to say the least, is a sanitized version of globalization. It leaves out a lot. For example, while money, goods, and services move ever more freely, ordinary people do not. True, there has been some globalization of human misery. If Vietnamese boat people or Somali intellectuals wash up on our shores, we give them refuge. If villages are destroyed in Bosnia or dissidents are executed in Nigeria, we can watch more-or-less in real time. But almost everywhere in the peaceful, wealthy part of the world — Canada being a marginal exception — barriers to immigration are rising, foreign aid budgets are falling and a sense of global responsibility for local atrocities and barbarism is receding. Globalization is about money, not sentiment.

Nor is globalization really about culture. True, new export markets have opened up for the American entertainment industry. But there are no offsetting flows into America of, say, Beijing opera or South Indian dance or even French movies or Italian pop music. No: that is not quite true. For anyone who is particularly interested, because of family heritage, academic specialism, or exotic taste, there is probably better access to more cultures than ever before. But es-
sententially, culture has become a valuable commodity, whose distribution is shaped by the inexorable logic of the global marketplace: efficient sources of production and channels of distribution, high technology, large capital investments and the comparative advantage of the English language, all of which have led to increased market share for a very narrow range of cultural products.

Nor, alas, has globalization contributed much to the universal practice of democracy and human rights, although once again the record is somewhat mixed. Some countries have carved out their niches in the global economy by suppressing trade unions and political opposition (they call it “enforcing social discipline”), exploiting women and children (euphemistically referred to as “an expression of traditional culture”), degrading aboriginal populations (otherwise known as “modernization”) and running great engines of official corruption (“protection of national interests against foreign exploitation”). Nor are these strategies, in more polite forms, unknown in the industrialized democracies themselves.

To be fair, such abuses did not begin with globalization, although they often become more extreme in its wake. And in some countries, globalization may have actually helped to limit abuses. After all, most of the world is now within reach of television crews, the internet and fax machines; abuse is more difficult to conceal, and easier to publicize; and publicity has made abusive governments more susceptible to pressures from their trading partners and to consumer boycotts orchestrated by social movements abroad. Indeed, to the extent that globalization has contributed to greater affluence and education, it may even have strengthened internal, as well as foreign-based, resistance. But while giving globalization its due, as the Chinese and Indonesian cases make clear, free markets and free trade do not automatically produce free societies.

Nor has globalization been very kind to the environment, which is global if anything is. The industrialized world has so far been the greatest culprit. Having depleted its own resources, it has helped itself to everyone else’s; having polluted its own environment, it has encouraged similar behaviour elsewhere. But the rest of the world is doing quite well on its own. Korea and Brazil, for ex-
ample, seem determined to show that they are at least as capable of environmental degradation as the most advanced economies. All of that is very much a negative aspect of globalization. On the other hand, as I suggested with regard to democratic rights, globalization has also given us new ways of bringing these ills to the attention of the world, and consequently new strategies for resisting, if not reversing, them.

To sum up this part of my analysis, and to identify the first of those discontents I promised you: globalization has been too preoccupied with economics, too remote from human concerns. The free movement of peoples, the preservation and dissemination of most cultures, respect for democratic values and protection of the environment have by no means been globalized. On the contrary, despite opening up some new channels of publicity and protest, globalization has often made things worse rather than better.

Now I want to take you on the second leg of “Discontent: The Global Tour.” I have just tried to show how globalization has produced negative rather than positive outcomes in various realms of social and economic life. Now I want to suggest that different countries experience globalization in different ways. It is not the same for the great economic powers, such as the United States, as it is for the Asian tigers — now a somewhat tamer species — or for semi-peripheral countries such as Canada. Nor, indeed, is globalization the same for all regions within a given county. New York, the corporate headquarters of the global economy, has had a different experience from, say, Buffalo; Toronto, the Canadian epicentre of finance and manufacturing, has not experienced globalization in the same way as Vancouver, the Pacific gateway for outward-bound natural products and inward-bound members of the Chinese diaspora. And to extend my point to its logical conclusion, globalization has had different effects for different people in any given community — for unemployed workers, corporate directors, small business people, software designers, and people in the arts.

Hence the next of the discontents I intent to inflict on you tonight: globalization has helped to redefine our place in the world, as countries, as communities, and as citizens. As we take stock of
our new locations, some of us will see the changes as exhilarating and highly profitable, others as traumatic and deeply destructive. You will have trouble convincing a terminally unemployed steel worker in Sydney, Nova Scotia, for example, that he should reconcile himself to the irrefutable logic of the international division of labour. Explain to a 25-year-old currency trader in London that she has earned her six-figure bonus by destroying families in Kuala Lumpur or Coquitlam and she will chuckle all the way to the bank.

Globalization is clearly too complex, too diffuse, too divisive to be understood as a single narrative. But that is the way we are invited to read it in the official version: not merely as profitable for some people in some places under given circumstances, but as universally beneficial, as totally rational and even as inevitable. What discontents me about this official version is that it is the winner’s version, not the loser’s version, not even the bystander’s version. It is not only incomplete but misleading, and not only misleading but callous. It has written too many people out of history, out of prosperity, out of democracy. And that is the nature of my second profound discontent.

Which brings me directly to my third. I am very much concerned that my county, my community, my children may be marginalized by globalization. I find myself a little startled to be saying those words. I am not here to wave the flag. I have no intention of rehashing the fight over NAFTA. And I am certainly not about to lead a children’s crusade against global capitalism. I have a much more modest project in mind. I want to explore more closely how Canada’s particular location within the global economic system may operate to our disadvantage in quite a serious way. Call this a contingent discontent: if I am wrong, as I hope I am, I will strike it from my list.

Let me begin by reiterating that I am going to talk not about national politics, but about corporate politics; and I am going to talk not about the poor and downtrodden, but about some of the most privileged people in our society. My concern is that current developments in the structure and governance of transnational corporations may adversely affect Canadians who work in them and with then.
I have already said that these corporations are the most visible and active agents of globalization: they drive it, they profit from it, they epitomize it, and they largely determine how Canada experiences it. Subsidiaries of transnationals account for something like 20% of the total book value of Canadian business apart from financial institutions, 30% of our industrial production, 50% of our largest corporations and 60-70% of our exports, about half of which are intrafirm transfers. These transnationals already dominate many sectors of the Canadian economy — petrochemicals, pharmaceuticals, publishing, automobile manufacturing. As globalization proceeds apace, they are likely to dominate many more — including banking, telecommunications, retailing and transportation. As I indicated, this is not a rant about foreign ownership nor the prelude to a romantic tale about how Canadian companies are better corporate citizens than their foreign counterparts. Rather, these familiar statistics are intended only to make the case that what goes on within these transnational corporations is of enormous importance to Canadians.

Here is what seems to be happening. Globalized production exploits the well-known advantages of economies of scale and the division of labour. Instead of having plants in a dozen countries each turning out a wide range of products in small quantities to serve local needs, a smaller number of plants can be assigned specialized mandates to turn out one particular product or parts of a product, in much larger numbers and at lower unit costs, to serve the entire regional or world market. This affects how transnationals organize themselves. Research and development and product design were always centralized. However, thanks to information technology, head office can also directly oversee many additional corporate functions which used to be performed by local subsidiaries. Finance, inventory and customer services can be controlled by a distant head office. Advertising campaigns can be developed at a central location and beamed across borders. Capital can be raised by offering shares in London, New York or Tokyo which are accessible to investors around the world and around the clock, without the cost and bother of listing on local exchanges elsewhere.

Thus the logic of globalization is leading to a concentration
of certain key functions at or near corporate headquarters. This produces greater coherence and efficiency in decision making. As a necessary corollary, the subsidiaries of these transnationals perform fewer of these functions, and those they still perform, they perform with less autonomy. In fact, it is no longer necessary for subsidiaries in many countries to speak in the local vernacular on behalf of the parent firm, as it seeks to penetrate local markets, deal with local laws and policies, and transact business with local suppliers and unions. Now, with free trade, deregulated labour markets and growing competition for global investment, formal entry barriers and idiosyncratic performance requirements have largely disappeared. International marketing and brand name strategies have helped to facilitate local acceptance of standard goods from around the world. Even local laws present much less of a problem: a transnational legal system is starting to emerge in key areas such as intellectual property, insolvency and contract law. For all of these reasons, many transnationals feel they no longer need a full-blown local management structure, with prestigious local board of directors, a resident high-octane CEO, and a full range of locally-recruited specialists.

While these forces are at play everywhere, Canada is a special case. Foreign transnationals are particularly prominent in our economy; they are mostly American-based; and they operate under the umbrella of NAFTA. Back at head office, it must seem extremely “sensible” to bring Canadian subsidiaries under direct supervision and detailed control. We are right next door; we mostly speak the same language, read the same magazines and watch the same soaps; business, finance and industrial relations practices in the two countries are rather similar; most of our political and legal institutions look pretty familiar to Americans; and of course, it is relatively simple to move information, know-how, components, finished goods, experts, money, merchandising strategies and advertising copy across the border. Why, people at head office ask, should Canadian operations report through autonomous corporate structures when those in California or Kentucky do not?

As a result, changes in the governance structures of multinationals are being felt especially in Canada. Most of the large Cana-
dian subsidiaries, which used to be publicly-held companies, have been “taken private;” in many of them, extensive restructuring and rationalization has produced a more focused and leaner Canadian operation; and significant head office functions which used to be performed in Toronto or Montreal now reside in Chicago or, more likely, New York.

This last point is more important than it might seem at first blush. Economic geographers have called attention to the importance of high-end, high value-added “producer services” essential to corporate decision-making. These include software and product designers, accountants, management consultants, lawyers, market researchers and advertising agencies. Such services, like the corporate head offices they serve, tend to cluster in so-called global cities. This concentration of producer services in turn shapes the local labour market, creating a demand for real estate, luxury restaurants and clothing stores and so on all the way down the food chain to security guards and nannies. Wonderful, if you happen to have a lot of head offices. Not so wonderful if head office functions and producer services are actually starting to move out of Canada and back to the United States. Not wonderful at all: some of our largest and wealthiest cities — mine for example, and yours — will be hit hard. Indeed, the signs are beginning to appear already: Canada’s major accounting, consulting and advertising firms have mostly become branch plants; the legal profession may not be far behind, if the experience of European law firms is any precedent. Likewise, many Canadian software and design companies are being absorbed into larger U.S.-based enterprises which have closer connections with their most important clientele: transnational companies.

Nor does the story end there. Corporations tend to give at home, to display their philanthropy somewhere near head office; if there is no Canadian head office, or only the pale shade of a head office past, Canada can expect less corporate generosity just at a time when we likely need it most. Similarly, senior executives often provide civic leadership, and lend corporate support to efforts to improve local government and infrastructure; with fewer senior executives living here, we can predict that civic enterprises will have a
harder time of it. That certainly is the experience in American cities which, for similar reasons, no longer house regional headquarters.

But most of all, if Canadian subsidiaries have less autonomy, if their leadership has been depleted or disbanded, how will they make their weight felt in the corporate politics of the transnational corporation itself? When decisions are being taken to open or close a plant, to invest or disinvest, to assign or withdraw a product mandate, who will make the case on behalf of the Canada operation? Not the directors of the Canada subsidiary; not the nominal Canadian CEO reporting to some division manager who does not even have a seat on the board; not the Canadian executives, connected umbilically to head office by e-mail. The phenomenon I am describing is not unique to transnational companies. It is what frustrates people in Winnipeg or Hamilton when they are unable to influence head office decisions in Montreal or Toronto. But in the case of foreign transnationals, especially American transnationals, the stakes are higher and the risks of being marginalized within the corporate decision-making process are greater.

I do not wish to overstate my case, though you may think it is a bit late for such a disclaimer. My argument has been that transnational corporations themselves, so crucial to globalization, so dominant in the Canadian economy, are undergoing changes in their structure and governance which may damage some of the most advanced and strategic elements of our economy. True, if Canada’s workers and natural resources continue to be regarded as valuable assets by transnational corporations, other elements of the economy may perhaps flourish. But if we all hew auto parts and draw oil, this will hardly assure Canada a leading role in the global economy.

Typically Canadian, some of you will say: we always underrate our own country. Of course, we will grow our own transnational corporations, with their own head offices in our leading cities, with their own producer service networks and their own food chains. I wish. But so far we haven’t done much in that direction, not as much as Sweden, say, or Holland. As of a couple of years ago, only three of the top 100 multinationals in the world were based in Canada and only one of those was actually growing. Worse, Canadian-based mul-
transnationals often find that they must move important functions abroad to be close to their customers; some end up shifting corporate headquarters as well; and all too many end up in the pocket of larger, wealthier, more aggressive foreign transnationals. Here we have my third discontent: Canada will not be able to keep hold of the high-end value-added producer services which cluster in and around head offices and which are so crucial to success in the new globalized economy.

And now my fourth. Globalization is not only a new reality; it is a new paradigm, a new way of understanding reality. This has a serious and disempowering consequence: we cannot imagine how things might be otherwise, how we might create a more humane form of globalization or at least one which is not quite so harmful for so many people. There is a sense that globalization and all its works are almost a force of nature, incapable of being changed by the puny efforts of mere men and women. We did not always have such a passive view of the world economic order. For the thirty or so years after the war most governments in most industrialized democracies, most of the time, seemed to share the basic social democratic belief that the state can and should try to make things better, especially for those most in need. With varying degrees of enthusiasm, conviction and follow-through, most governments were committed to promoting full employment, evening-out the business cycle, mitigating the worst inequalities of income and opportunity and — specifically — managing relationships with the rest of the world economy. This translated into a series of programs through which — hard as it may be to remember — states sought to shield individual citizens from the worst consequences of capitalism, from diseases, old age, childhood and other natural disasters. The state actively intervened to prevent the abuse of power in the market place and the workplace, to guarantee universal access to education, housing and health care, to support science and the arts, and to redistribute wealth, at the margins, through progressive taxation and social benefits.

All of this happened, so it seems in retrospect, with a remarkable degree of consensus across national boundaries and party lines. But somehow the postwar social democratic consensus has disap-
peared, or possibly, it has been disappeared. People have become convinced that taxes are too high, that governments are incompetent and profligate. They want government out of their pockets, “out of their faces,” out of the market place, even out of politics. And even if the state is conceded some residual role — as a nightwatchman, as the last-resort supplier of collective goods — then someone is sure to argue that whichever government has the money hasn’t got the constitutional power, or vice versa. Not surprisingly in this climate, most governments are no longer willing or able to sustain former levels of state expenditure and benign state activism.

How did this happen? I am going to suggest that in part the state has stumbled under the weight of its own ambition. Many social democratic interventions — however well-meant — did not produce the hoped-for results: welfare, public housing, and town planning are three cases in point. In part, too, confidence in state action was systematically undermined by a coalition of populists and neo-conservatives, the one with an touching faith that for every complex problem there is a simple solution, the other with an equally touching faith that that simple solution is the market. Honorable mention goes as well to powerful corporations which have no touching faith at all, but would prefer not to be disturbed in their pursuit of profit and power. But it was globalization which finally put paid to the activist state. Or, more accurately, globalization finished off the social democratic version of the activist state. The new version of the state, the globalized version, is activist as well, but in a very different way.

Indeed, it could hardly be otherwise. After the war, states established the Bretton Woods mechanism for regulating international flows of capital, to enable them to maintain some control over exchange rates, and domestic fiscal and monetary policies. It was a pretty good system for its time, some say that it was the basis of the post-war recovery, and of prosperity which lasted until the 1970s. But then states decided to demolish Bretton Woods, and to create a new international regime, a new system of unregulated global financial markets. This is a critical point. In the new system, states simply cannot pursue the Keynesian financial strategies which supported
the old, social democratic initiatives. Instead, they have give currency speculators and bond traders the right to pass judgment on, to veto, their tax policies and interest rates and thus, in essence, all future government initiatives. Likewise, states decided to negotiate free trade treaties, abolish tariffs, adhere to international conventions on double taxation and copyright, and regulate foreign investors as feebly as they regulate their own. All of these further narrowed the range of domestic policy options. But remember: this is something that states did to themselves, through the exercise of their sovereign powers, which sounds a lot like state activism to me. Anyone who thinks otherwise ought to be forced to sit down and read the hundreds of statutes which had to be amended in order to implement the NAFTA.

Nor are these the only new ways in which the state has become active, now that it is giving up on market regulation and social welfare. Much of the current political agenda in fact involves aggressive use of the state’s coercive powers: more police and prisons; welfare “reform” through forcing people into marginal jobs or workfare; more effective controls on illegal immigration; and the radical “restructuring,” of local governments, health care, education and labour market institutions by fiat, stealth and misrepresentation. I think it is fair to say that government not only continues to be activist: it is positively belligerent. Globalization is clearly not the only reason for this awesome mobilization of state power. However, globalization has created powerful incentives for states to deflect the insecurity and anger caused by the end of the welfare state, to restore labour market discipline, to lower taxation levels; and by doing all these things, to create attractive conditions for investment. To this extent, globalization is not merely a by-product of the new state agenda, but a cause.

Overall, then, in the past twenty years or so, as globalization has proceeded apace, the state has abandoned benign activism in favour of coercive activism, social democratic intervention in favour of neo-conservative intervention. You may by now have guessed that I intend to add this change to my list of discontents. This would be an astute guess, but only partly accurate. What troubles me most
about all this is not the demise of the welfare state, for which I confess nostalgic hankerings, nor even the rise of neo-conservatism, which rather puzzles me. But political pendulums swing; consensuses dissolve, new ideas come to the fore and old ones fade away: all of that I readily accept as part of the democratic process. That’s not what is going to go on my list. No: the discontent I want to speak to here is of quite a different order.

What troubles me most is the idea that globalization may be able to make the pendulum stop swinging, to end political debate, to prevent new consensuses from emerging in the future. If globalization does that, our democratic rights will have been diminished, and we will all be very discontented indeed, regardless of our current political preferences.

How might globalization interfere with democracy? Broadly speaking, there are two answers, the one intellectual, the other institutional.

The intellectual answer first, though I concede it is the more contentious. We are experiencing something I will call “globalization of the mind” — the paradigm of which I spoke earlier. All over the world, knowledge-based elites – politicians, civil servants, academics, business executives, journalists — have come to believe that open economies and minimal governments are the only option. Attribute this consensus to the financial and moral failure of social democracy. Suspend disbelief and acknowledge that neo-conservatism makes a powerful intellectual case. But let’s be realistic: proponents of the open economy of neo-conservative policies, of globalization have also proselytized extensively and expensively. They have managed to embed their idea in business practices, treaties, political platforms, legislation and editorial effusions. And they have pretty much got the rest of us used to the idea that any departure from the global consensus is not only unwise but ultimately impossible. Nobel Prizes in Economics are awarded so predictably to Chicago-school economists one is almost convinced that they confer the same blessings on humanity as the laureates who end wars, write sublime works of literature, or plumb the secrets of the physical universe. We have reached “the end of history” said Francis Fukuyama, awarding game,
set, match and permanent possession of the trophy to the neo-conservatives. “There is no alternative”, said Mrs. Thatcher again and again, which proved to be a self-fulfilling prophesy until British voters decided there was after all.

Still, globalization of the mind has its limits. Though apparently consensced, minds are notoriously reluctant to stay that way. Oppositional social movements have become organized on a global scale. Ideas such as human rights and environmental responsibility are now advocated around the world, even if they are not yet practiced everywhere. And even some prominent standard bearers for globalization — at the World Bank, the OECD, the World Economic Forum in Davos — have recently expressed alarm about its failure to improve the lives of so many people in so many countries, from those with the most affluent and open economies to those with the least.

Precisely became neo-conservatism is unlikely to be sustained by faith alone, true believers have tried to institutionalize it, to make it part of the fundamental constitution both of states and of the world economic system. An initial step in this process, as I mentioned a few moments ago, was the dismantling of the Bretton Woods system, which to some extent shielded member states from the full impact of global economic forces and ensured that they could follow policies driven by domestic concerns and determined through democratic practices. Next came the conversion of the World Bank and the IMF — originally creatures of the Bretton Woods system — into enforcing agents for the doctrines of globalization. To maintain access to these important credit facilities, countries had to agree to suppress government spending, adopt free market policies and subscribe to free trade principles. Those principles, of course, are also enshrined in the GATT and its successor, the World Trade Organization, which seeks to make free trade in goods and services an irreversible feature of the global economy. Now complementary step are being taken, in the proposed Multilateral Agreement on Investment to ensure that capital can flow forever across state boundaries, without obstruction by anything so parochial as national policies protecting domestic financial institutions or cultural domains.

Similar constitutional arrangements are being put in place at
the regional level. The EU is entrenching economic orthodoxy by bringing its members into a common currency protected by a common fiscal and monetary regime. The NAFTA, while less overt or elegant in its institutional arrangements, has in effect achieved hub-and-spoke integration of the three partner economies, with the United States permanently enshrined as the hub.

I have called these arrangements “constitutional” in character. By that I mean to convey that the global trumps the local. When countries adhere to international treaties, when they take out membership in international organizations, when they sign on for arrangements which promote free trade and facilitate globalization, they are committing themselves to alter their domestic policies to conform with the assumptions of the new world economic order. To take a couple of examples, Canada had to amend its copyright laws in ways which favour foreign rights-owners, and to amend its patent laws to advantage foreign pharmaceutical manufacturers, thereby prejudicing its educational institutions and imposing huge costs on its medicare system. In the long run, it might be argued, Canada will be the winner. Maybe so, maybe not. But my point is that such decisions are no longer made one-by-one through our own democratic political processes. They are forced on us *holus bolus* as a condition of membership in the globalized economy.

It is true that globalization is not entirely to blame for these attempts to constitutionalize the neoconservative version of political economy. There are domestic forces working to the same end. Nonetheless, globalization adds another level of complexity, obscurity and subtlety. In fact, it is their subtlety, their invisibility, their complexity which makes global constraints so effective. It is not just that the NAFTA initially required that we amend hundreds of federal statutes. It is that every other statute which affects the economy, every significant government policy, is potentially the subject of a complaint by our trading partners in NAFTA, the WTO and the MAI. Yes, these complaints can be sent onto trade tribunals; but their procedures are slow, they operate in a highly politicized context, and they lack remedial powers. Even if we were to win most of our cases, even if we were to win all of them, over the years we are likely to
become litigation-averse, to refrain from even contemplating policies which might trigger further complaints. In fact, we may already be not too far from that point.

This leads me to a final observation about the way in which the institutions of the global economy can exert virtually constitutional power over domestic institutions. Because national economies and policies are now so deeply enmeshed in complex global and regional trade regimes, we can no longer treat specific issues as if they had nothing to do with each other. I am not an expert on salmon, though I have consumed my fair share on the banquet circuit. However, I can see that although fisheries are not linked legally or logically to lumber, telecommunications or banking, negotiations about one will almost certainly affect the other. Likewise, a strong stand on international human rights will almost certainly affect trade with the countries we criticize. In effect, then, globalization not only shapes foreign policy; it preempts domestic debate, and effectively ensures that some domestic interests outrank others.

Of course these are not constitutional constraints in the formal sense: national sovereignty remains unimpaired. Governments retain the right to terminate their treaty obligations by appropriate notice. In principle, they are perfectly free to resign from the world trading system and resume control of their own economies. However the reality is otherwise. The consequences of resigning and going it alone, especially for a country like Canada are likely to be traumatic. It is in that sense that globalization has constitutional force: it constrains the way in which state power is exercised just as effectively as any constitution -- and maybe more so.

Here we arrive at the crux of my fourth discontent: the governance of the global economy is not democratic. In the global economy, there are only markets: no elections, no voice of the people, no institutions of accountability, hardly any politics at all. As a result, important social and economic decisions affecting our lives which used to be taken democratically within states, are now being taken globally, effectively beyond the reach of any state and of any democratic process whatsoever. This is a pretty profound discontent, if you happen to value democracy.
Now I have to be fair. In most democracies, markets often trump politics, principles are sacrificed, and some groups are favoured over others. Perhaps it is a bit unrealistic, or at least bit premature, to expect more from the global economy. Perhaps, given time, given more experience with globalization, democratic institutions will emerge at the global level.

Those are pretty large “perhapses.” Let’s examine them in the context of the European Union, the most ambitious experiment to date in creating a transnational economic space with a social dimension and with democratic institutions. The EU, of course, has its own directly elected parliament. However, that parliament has not yet acquired ultimate control over economic, social and cultural policies, and still remains subordinate to the member states, and to the EU’s own extensive bureaucracy and judiciary. In fact, it looks like becoming more subordinate rather than less so. As globalization has helped to destabilize the EU economies in recent years, as unemployment, exclusion and alienation have become important features of the European political landscape, national democratic processes are increasingly used to frustrate EU initiatives. Only a few years ago an economically-integrated European social market looked like progressing inexorably to a politically-federated democratic Europe; today things are much less certain.

Nor, to be blunt, does NAFTA hold out much promise as a model of supranational democracy. It is pretty overtly an agreement of sovereign states to work towards regional economic integration, without social, cultural or political integration. NAFTA aspires to nothing even so modest as the European parliament. Its few transnational institutions of accountability — such as those established under the labour side-accord — seek only to hold each county to compliance with its own laws.

If we cannot manage serious accountability regimes even in North America, if enlightened and sophisticated Europe cannot create transnational democracy, what hope it there for the global economy?

Well, I have just about run out of discontents, not to say time. I want to conclude by applying a famous epigram of Gramsci, an
Italian philosopher and critic of Mussolini who, admittedly, would have been no fan of globalization. Gramsci believed in pessimism of the mind but optimism of the spirit. I have dispensed enough pessimism for one Saturday night, I fear; now I need just a few moments to administer a modest dose of optimism.

Optimism, oddly, has not much to do with idealism. Rather it stems from some practical problems of globalization which are leading even its proponents and proprietors to see the benefits of accountable and — ultimately — democratic institutions. There is a growing concern that a totally deregulated global economy may be too much of a good thing. Great banking houses are destroyed by rogue bond traders; commodity exchanges are destabilized by brazen crooks; whole economies disappear into Swiss bank accounts; and all the stock markets of Europe and America are turned chaotic by the butterfly wings of currency speculators half a world away. None of this is good for business.

Structures are needed to prevent fraud and corruption and to ensure sensible trading practices. They are needed to suppress some of the most profitable aspects of the global economy — the trade in narcotics, terror, dirty money and sex. They are needed to respond to increasing consumer resistance to products made by sweated labour or wrenched from fragile ecosystems. What will those structures look like? Perhaps they will resemble existing transnational institutions which already provide facilities for bank clearances, coordinate technical product standards and lay down rules for shipping and air transport. Perhaps non-governmental regimes will promulgate and enforce codes of conduct. Perhaps we will end up with something more closely resembling public legislation, with agencies such as the WTO promulgating and enforcing internationally-agreed social clauses and environmental standards.

None of these arrangements are comprehensive, some are of dubious efficacy, and for sure all are a long way from perfect accountability and true democracy. But the slow accretion of regulatory regimes may ultimately produce more comprehensive and representative institutions. After all, the social state itself emerged only gradually from 200 years of fitful experimentation. Perhaps we may
find ourselves some day with global accountability and global politics — even global governance — as well as sound global markets and increasing global prosperity. Personally, I would welcome that day. Hard choices would have to be made, but things would no longer seem quite so inevitable; at least we would be spared fatuous odes to the power of greed and long, boring lectures on our discontents. Instead — I hope — we would have serious debates and democratic decisions and a new globalization which is more inclusive, humane, and responsible.
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