University of Warwick institutional repository: http://go.warwick.ac.uk/wrap

A Thesis Submitted for the Degree of PhD at the University of Warwick

http://go.warwick.ac.uk/wrap/4090

This thesis is made available online and is protected by original copyright. Please scroll down to view the document itself. Please refer to the repository record for this item for information to help you to cite it. Our policy information is available from the repository home page.
Cosmopolitan Ethics in Global Finance?
A Pragmatic approach to the Tobin Tax

By

James Brassett

A thesis submitted in partial fulfilment of the requirements for the degree of Doctor of Philosophy in Politics and International Studies

University of Warwick
September, 2006

Word Count: 78,000
# Table of Contents

Acknowledgements

Summary

0. Introduction

0.1. Cosmopolitanism and Global Finance
   0.1.1 Cosmopolitanism as an Ethical Paradigm
   0.1.2. Cosmopolitan Approaches to Global Finance

0.2 Towards a Grounded Ethical Critique: the Tobin Tax as a case study of cosmopolitan ethics in global finance
   0.2.1 Central Research Questions
   0.2.2. Secondary Research Question

0.3 Pragmatism as a Theoretical Framework
   0.3.1 Richard Rorty: post-modernist liberal conversation?
   0.3.2. Cosmopolitan Ethics in Global Finance: A Pragmatic Praxis

0.4 Research Process

0.5 Thesis

0.6 Chapter Outline

1. Cosmopolitan Ethics in Global Finance: Possibilities, Problems and Limits

1.1 Global Finance, Policy Reform and Ethical Challenges
   1.1.1 Global Finance: a basic introduction
   1.1.2 Reforming the Global Financial Architecture?
   1.1.3 What’s missing? Political and Ethical Challenges

1.2 Cosmopolitan Approaches to Global Finance?
   1.2.1 Extending Democratic Principles to Global Finance
   1.2.2 Building a Global Public Sphere for Finance?

1.3 Problems for Building ethics into GFA Reform
   1.3.1 Scepticism towards ethical reform in global finance
   1.3.2 Post-structural Critiques of Cosmopolitanism and Global Finance

1.4 Unpacking Cosmopolitan Global Finance, Identifying Routes Forward
   1.4.1 A Turn to Practice: Cosmopolitanism(s) and the Tobin Tax
   1.4.2 Engaging Universality: What is Global about Global Finance?

Conclusion

2. Ethics and IPE: Towards a Pragmatic Praxis

2.1 Ethics and IPE: some theoretical cul-de-sacs
   2.1.1 Dichotomies between Positive and Normative, and Politics and Ethics
   2.1.2 Undermining the Positive-Normative Distinction
   2.1.3 Towards a Pragmatic Approach

2.2 Rorty’s Pragmatism: From Philosophy to Politics?

2.3 Engaging Criticism, Constructing Cosmopolitanism
   2.3.1 Engaging Criticism
   2.3.2 Constructing Cosmopolitanism

2.4 Ethics as Conversation?

Conclusion

3. Vocabularies of the Tobin Tax: From Economics to Politics and Ethics

3.1 Vocabularies of the Tobin Tax

3.2 The Economic Vocabulary of the Tobin Tax
   3.2.1 Economic arguments for the Tobin Tax
Acknowledgements

This project would not have been possible without the guidance, support and critique of my supervisors Richard Higgott and Jan Art Scholte. Both have encouraged my work from an early stage and supported its development beyond the confines of the thesis. Richard has given me the confidence to develop my work across academic disciplines. And his sensitivity to the ‘human’ side of academia has been invaluable throughout. Jan Aart has been a formidable intellectual spur. At several key points he has provided inspiration and direction to the project. I thank them both for their time and energy.

The social basis of this research has been the friendship and intellectual challenge provided by colleagues. While a number of relations and conversations have impacted on my thinking, it is fair to single out Dan Bulley. Dan has been a constant companion throughout the period of my PhD and I count his friendship as one of the highlights my time at Warwick.

Numerous financial debts have been accrued. The Warwick Post-Graduate Research Fellowship paid my fees and maintenance. The Centre for the Study of Globalisation and Regionalisation provided employment and research funds at crucial stages. The Department of Politics and International Studies provided employment and funds in support of conferences. GARNET provided generous funding for a period of research in the University of Amsterdam. And my Dad has been generous enough to meet numerous shortfalls.

Good friends have been my Dad, Heather Connolly, John Croden, Eliza Gaffney, Rosalba Icaza, Andres & Susanna Moles, Owen Parker (who courageously read the final draft), Justin Robertson, Paola Rabotti, Marcelo Saguier, Tim Sinclair, Will Smith and Maja Zehfuss. Denise Hewlett and Domenica Scinaldi made it fun to go to work!

While a PhD can have its ‘moments’, they have been made trivial by the love and support of my wife Olivia. I thank her for her time, care, sympathy, compassion, honesty and humour. But mostly, I just thank her for making me happy, it really does improve matters!
Summary

The thesis provides a critical analysis of the problems and possibilities for developing cosmopolitan ethics in global finance. With reference to ideas and debates within the campaign for a Tobin Tax, it is argued that cosmopolitanism is a promising, but limited, agenda for global reform. Extending principles of justice to support the re-distribution of wealth from financial markets towards an expanded program of global welfare provision is laudable. Likewise, the possibility of improving accountability mechanisms and fostering democratic inclusion in the global financial system should be supported. However, the thesis identifies and reflects upon some important ethical ambiguities relating to financial, institutional and democratic universalism. A requirement for capital account convertibility, a cash-based approach to global justice and proposals for state-centric world authority to administer the Tobin Tax infers that the proposal would entrench many of the logics its supporters might oppose. The thesis develops a pragmatic approach to these questions based on the philosophical pragmatism of Richard Rorty. A pragmatic approach acknowledges the historical and cultural contingency of cosmopolitanism, but questions how the ambiguities and tensions that pervade global ethics can be engaged. In this sense, and developing Rorty’s concept of sentimental education, it is argued that the Tobin Tax campaign has generated a broad-based public conversation about global finance, increasing sensitivity to the suffering caused by global finance and the ways in which it might be changed. While such conversation may not solve all the dilemmas identified, it does allow for increased awareness of the ambiguity of ethics. The thesis points to a number of instances in the campaign where the constitutive ambiguities of the Tobin Tax have been questioned and alternative practices suggested. A pragmatic approach to the Tobin Tax campaign therefore situates cosmopolitan ideas in the extant dilemmas and indeterminacies of global ethics, looking to suggest alternatives where possible.
0. Introduction

...once we have become fully aware of our intellectual tradition with its deep split between head and heart and its not always beneficial consequences, the first step toward healing that split has already been taken. Down the road, it is then possible to visualise a kind of social science that would be very different from the one most of us have been practicing: a moral social science where moral considerations are not repressed or kept apart, but are systematically commingled with analytic argument, without guilt feelings over any lack of integration; where the transition from preaching to proving and back again is performed frequently and with ease; and where moral considerations need no longer be smuggled in surreptitiously, nor expressed unconsciously, but are displayed openly and disarmingly.


Twenty-five years after Albert O. Hirschman’s invocation towards a moral social science political economists and writers in their new ‘disciplinary’ home International Political Economy (IPE) are recognising the problems and elucidating the possibilities of Hirschman’s ‘durable tension’. In their critique of positivism neo-Gramscian’s have exposed the ‘deep split between head and heart’ in many approaches to IPE and insisted upon “an ethical dimension to analysis, so that questions of justice, legitimacy, and moral credibility are integrated sociologically into the whole and into many of its key concepts.” (Gill, 1991: 57). For her part Susan Strange (1991:171) recognised the problem was a two way affair. Globalisation also requires moral philosophers to extend their purview: “[t]he horizons of moral philosophy, as of the social sciences no longer end at the frontiers of the state.” And Richard Higgott has noted the importance of working across theory and practice in the evolving politics of global governance. As he argues,

Politics, in the context of the emerging global conversation about governance, needs to be understood as not only the pursuit of effective and efficient government, but also as a normative, indeed explicitly ethical, approach to the advancement of a more just agenda of global economic management. (Higgott, 2000: 133).
But despite such integration IPE theorists have not reflected deeply upon the question of ‘ethics’? In the race to discredit the ‘scientific’ assumptions of previous work and usher in a greater reflexivity to the relationship between theory and practice in IPE, morality and ethics have been introduced in a straightforward, almost caricatured fashion. As above, ethics is taken as an ‘inherently good thing’, as a panacea for the ills of hard headed materialism, or a positive increment to the (power) politics of global economic governance.

A fundamental contention of this thesis is that ethics – like positivism and power politics – should be a subject of critical scrutiny for IPE theorists. While Hirschman is correct that “moral considerations need no longer be smuggled in surreptitiously” such considerations do not necessarily act to simplify and/or improve matters. Ethics, like politics, is contested terrain and it is only by working through ethical arguments critically and sensitively that IPE will benefit from such inter-disciplinary engagement.

This thesis critically assesses cosmopolitanism as an ethical approach to global governance in general and global finance in particular. Specific cosmopolitan proposals regarding justice and democracy are addressed in the context of an actually existing campaign for global financial justice: the campaign for a Tobin Tax. The aim is to engage the ethical dilemmas that pervade global ethics and in so doing increase sensitivity to these very dilemmas.

The Introduction establishes the subject area, research objectives, theoretical framework, research activities, central thesis and chapter structure. It is divided into six sections. Section 1 defines cosmopolitanism and analyses how cosmopolitan ideas increasingly provide an account of global governance in general and global finance in particular. It briefly outlines the scope of the debate in IPE and identifies some key weaknesses. Section 2 argues that current debates fall short of a grounded ethical critique of cosmopolitanism in global finance and proposes to operationalise cosmopolitan ideas via a case study of the Tobin Tax. Section 3 establishes the theoretical framework that draws on the philosophical pragmatism of Richard Rorty. It is argued that a praxeological method – in Rorty’s (1979: 378) terms, a conversation - allows for a movement back and
forth between cosmopolitan arguments regarding global justice, global democracy and global civil society and the substantive possibilities, ambiguities and ethical limits provided by the Tobin Tax. Section 4 details the research process and how it consolidates the central theoretical claims of the thesis. By engaging in participant observation of civil society discussions of the Tobin Tax within social forums and NGO campaigns the substantive content of cosmopolitan ideas can be engaged. Section 5 outlines the central argument of thesis: A cosmopolitan approach to global finance must recognise a number of potential ethical ambiguities regarding financial, institutional and democratic universalism. However, through developing a pragmatic approach, the ethical possibilities which remain once the pretence to universality has been dropped are highlighted and pursued. In particular, the sentimental aspects of global finance and the potential alternatives to a monolithic image of global finance are important elements in an evolving conversation about the ethical reform of global finance via a Tobin Tax. And finally Section 6 outlines the chapter structure of the thesis.

0.1 Cosmopolitanism and Global Finance

Cosmopolitanism has undergone a recent resurgence across the social sciences (Beck, 2006; Caney, 2005; Held, 1995; Habermas, 2001; Linklater, 1998; Nussbaum, 1996; Pogge, 2002). Cosmopolitan ideas have been deployed to make sense of, critique, and improve practices of global governance (Bohman, 1999, 2004; Held, 1995; Falk, 1998). Notwithstanding the fact that 'governance' is a contested concept (Higgott, 2000; Murphy, 2000), the project to extend cosmopolitan reform is important because it introduces questions of ethics and justice into the previously technical, bureaucratic, but nevertheless, politically salient field of global economic and legal organisation. In particular, this thesis addresses a nascent extension of cosmopolitan ideas regarding autonomy, legitimacy, democracy and justice to the reform of the global financial architecture (Coleman and Porter, 2000; Germain, 2001, 2002, 2004; Porter, 2001; Porter and Wood, 2002; Scholte, 2002b; Thirkell-White, 2004). The possibility for a cosmopolitan reform of global finance is the broad concern of this thesis.
This section first establishes a working definition of cosmopolitanism. It then identifies some of the key ways that cosmopolitan thinking has been applied to global governance and global finance. And it then addresses the central responses to such arguments within IPE.

0.1.1 Cosmopolitanism as an Ethical Paradigm

Cosmopolitanism has a long theoretical lineage stretching back through Christian Theology, Kantian critical theory and on to present day articulations of global democracy (See Brassett & Bulley, 2006; Vertovec and Cohen, 2002). The word is made up of cosmos and polis. This very combination is a contradiction since the concept of polis is based on an exclusive demarcation of political community, whereas cosmos refers to the universal. However, it may be argued that this very contradiction has allowed for an area of creative ambiguity, permitting numerous interpretations.

Broadly speaking cosmopolitanism “refers to the consciousness of being a citizen of the world whatever other affiliations we may have” (Fine, 2005: 243). A common distinction is made between moral cosmopolitanism, which is concerned with the expansion of the scope of ethical concern, and political cosmopolitanism, which is concerned with envisaging institutions that might better organise world society (Beitz, 1999: 287; Dallmayr, 2003). But again the two sides often cross over to make cosmopolitanism a fertile and adaptable ethical tradition. For instance, there are few moral cosmopolitans who have not at some stage made a political intervention. And, vice versa, it is difficult to conceive of a political cosmopolitan who did not have occasion to reflect on the moral underpinnings of their agenda.

In the past, cosmopolitan ideas have been associated with grand projects such as the construction of a world federation of republican states (Kant, 1948), and even the possibility of creating a world state. In more contemporary articulations cosmopolitans have celebrated the historical evolution of norms against harm (Linklater, 2001, 2002; Bohman, 2004), human rights (Pogge, 2002, Rorty, 1998b) and various elements of liberal democracy (Archibugi et al. 1998; Held,
1995, 1997). In particular, a number of cosmopolitan thinkers have developed a sophisticated ethical praxis which addresses how norms of citizenship, liberty and autonomy can be generalised in a changing global context (See Linklater, 2006). And a number of models including cosmopolitan democracy (Archibugi and Held, 1995), post-Westphalian order (Linklater, 1998), ‘Republican Cosmopolitanism’ (Bohman, 2004) and a purported ‘cosmopolitanization’ of the world (Beck, 2006) have been articulated.

With such a broad range of ideas and potential applications it is perhaps hard to define what cosmopolitanism actually is? Indeed, cosmopolitans have diverged on a number of issues. Many have diverged over whether the use of force is necessary/desirable to achieve their ends (See Smith, 2006). Some have advocated the legal entrenchment of democracy (Held, 1995; Falk, 1998), while others have sought to locate democracy in a more creative realm of ongoing dialogue and deliberation (Bohman, 1999; Patomaki, 2003). And there is an ongoing debate about how and to what extent ‘justice’ can be extended beyond state borders (Buchanan, 2000; Caney, 2005; Rawls, 1999)

In the face of such a plurality, this thesis understands cosmopolitanism as an ethical ‘paradigm’. Rather than tying cosmopolitans to any one agenda, cosmopolitanism is perhaps better viewed as broad research area whose proponents are motivated by certain common ideas (Fine, 2006). These ideas might be that of the world citizen, human rights, the avoidance of harm, or global democracy and they may lead in starkly different directions. But it is argued that they share a common concern: the scope of ethical concern should not be limited by parochial boundaries. As Kok-Chor Tan (2004:1) argues, “From the cosmopolitan perspective, principles of justice ought to transcend nationality and citizenship, and ought to apply equally to all individuals of the world as a whole.” Underpinned by such concerns, the cosmopolitan paradigm offers fertile ground for developing a nuanced and sophisticated ethical approach that is embedded in contemporary social realities.

The thesis follows the social theorist Robert Fine (2003; 2006) who seeks to de-centre cosmopolitanism from its doctrinal elements and instead pursue the
important role of cosmopolitan thinking in the academy and beyond. On this view, cosmopolitanism is not understood as something that can be proved or disproved. Rather, it is to be seen as a 'way of thinking' that influences the academy and policy makers to different degrees and with varying amounts of ethical appeal. As Fine critically surmises, even though there are faults, apparent contradictions and dilemmas inherent in cosmopolitanism, this should not detract from an appreciation of the importance and impact of cosmopolitans and their ideas:

In one case they begin by asking specific questions on important matters, for example, the prevention and punishment of genocide, and end with the utopian project of overcoming the structures of wealth and power associated with the modern system of nation states. In another, their project appears liberal or even conservative, designed to make fine adjustments to international institutions in the hope that all will then be well with the world. Sometimes they look utopian and liberal at the same time: constructing a new world order and expressing the phenomenology of a privileged class whose experience of global mobility is a far cry from that of stateless refugees. Yet for all the defects of the new cosmopolitanism as a doctrine, I would conclude by saying that today cosmopolitan thinking plays an indispensable part in the social sciences and that this makes it all the more urgent, as it were, to take the 'ism' out of the cosmopolitan. (Fine, 2003: 466).

0.1.2. Cosmopolitan Approaches to Global Finance

An increasingly salient articulation of the cosmopolitan paradigm has sought to respond to contemporary global changes by articulating reform agendas towards global governance. Writers like David Held, Tony McGrew, James Bohman, and Richard Falk have, in different ways, sought to respond to current global political and ethical questions by articulating a set of legal and democratic reforms to existing and potential global institutions.

Cosmopolitan arguments for the reform of global governance proceed with some straightforward and powerful assumptions. Changes in the extent and intensity of global social relations provoke a set of questions to state-centric political theory. For example, what is the appropriate constituency for global environmental
change? How can systems of welfare survive when large global capital is in a position of unfettered mobility? And why do we retain national systems of accountability and legitimacy when it is increasingly global institutions that make the decisions? David Held (1995: 21) expresses the dilemma as one which unravels previous conceptions of the congruence between territory, community and political legitimacy and brings into question the very possibility of democracy:

As substantial areas of human activity are progressively organized on a global level, the fate of democracy and of the independent democratic nation-state in particular, is fraught with difficulty. In this context, the meaning and place of democratic politics, and of the contending models of democracy, have to be rethought in relation to overlapping local, national, regional and global structures and processes.

The response, therefore, made by many cosmopolitans is to articulate forms of multi-level governance that promote maximal accountability and facilitate the inclusion of as many relevant actors as possible. While liberal cosmopolitans develop accounts of the appropriate cosmopolitan legal structures that would underpin this system (Archibugi & Held, 1995), others, like the deliberative cosmopolitans, have been more concerned with the practice of building cosmopolitan public spheres (Bohman, 1999; Dryzek, 2006; Habermas, 2001). These arguments build upon actually existing sites of interaction between global civil society and global economic institutions, promoting cosmopolitan reasons and cosmopolitan publicity (Bohman, 1999). Both approaches assume that the cosmopolitan ethical reform of global governance is both possible and desirable.

Again with a broad domain of interest that encompasses the governance of security, ecology, trade, finance, communications, and citizenship it may be hard to grasp what is at stake? This is not a critique so much as an exhortation to build up the cosmopolitan armoury by further developing these different areas within the paradigm. In this vein, the thesis examines the specific domain of global finance and the problems/possibilities that face cosmopolitan agendas.
A number of recent approaches have sought to extend cosmopolitan principles to the reform of global finance (Coleman and Porter, 2000; Germain, 2001, 2002, 2004; Porter, 2001; Porter and Wood, 2002; Scholte, 2002b; Thirkell-White, 2004). While the complex and technical nature of finance may strike many ethical theorists as a strange place to begin an ethical discussion, it is clear that the dimensions and scope of contemporary global finance make it no less important in ethical terms. Global finance is a paradigm case of globalisation. In temporal terms the rise of global finance in the second half of the twentieth century reflects the time line of many accounts of accelerated contemporary globalisation (Held et al. 1999; Scholte, 2005). In terms of size and speed global finance provides a good illustration of the importance and impact of global economic interdependence (Strange 1986; Cohen, 1996; Coleman, 2001; Scholte, 2002a). And for cosmopolitans concerned with the migration of authority away from states, the role of bodies like the IMF, the World Bank, and the Bank for International Settlements (BIS) in the setting of financial rules policies is a major challenge (Cerny, 1994; Pauly, 1997; Underhill, 1997).

In response, cosmopolitans have suggested that the global financial architecture should be reformed to increase transparency, participation, representation, and fairness (Coleman and Porter, 2000; Scholte, 2002a, b). For his part Randall Germain (2004) has advocated the development of deliberative principles in line with the work of James Bohman (1999, 2004). He suggests that an "ethic of inclusion" — of developing states and civil society — can be fostered alongside current changes associated with the reform of the global financial architecture. And Heikki Patomaki (2001) has drawn on Rawlsian theories of justice to advocate a re-distribution of revenue from financial market actors to the global south.

Chapter One argues that within IPE the response to these ideas has been mixed. Existing critiques of ethics in global finance have tended to portray it as "important" but at best unlikely and at worst, merely the legitimising rhetoric of power (Best 2003; Coleman & Porter, 2000; Underhill & Zhang, 2003: 379-380). As Chapter Two argues this emerges from a history of difficulty with engaging ethics and "the ethical" in IPE. Numerous theoretical traditions provide grounds
to dismiss talk of ethics in the context of global finance. For ‘positive economists’ talk of ethics – or normative theory - is often taken as a hallmark of bad social science. Such a positive-normative dichotomy is retained in the titles of influential texts in that discipline (Friedman, 1966; Lipsey and Chrystal, 1995). For neo-realists the appropriate dichotomy is between politics and ethics. Despite laudable ambitions the hopes of cosmopolitans will always be trumped by power politics. And for their part writers in the Marxist tradition have confirmed the argument albeit in more sophisticated terms. For instance, in a criticism of Germain, Tim Sinclair (2001: 442) argues,

“In a sense there has already been a “private reform” of the IFA [International Financial Architecture] whether this is endorsed in Basel II or not. Lack of real substantive progress on the architecture proposals could be said to have been sidelined by the development of a new quasi-regulatory structure. Even if Randall D. Germain is correct and the politics of inclusion are now characteristic of some features of the IFA, it is not clear that the official IFA is where the substance of regulation now lies.”

While questioning feasibility, these critiques fail to question the substance of cosmopolitan ethics. While it may be argued that historical power structures, vested interests and privatised forms of capitalist governance present important obstacles to the realisation of ethics, these critiques fail to undermine cosmopolitanism itself as the appropriate normative framework.

On the one hand, the critique fails to question the content and normative hopes of cosmopolitans. Even though it may hard – perhaps impossible - to realise a more cosmopolitan ethical approach to global finance, neither dichotomy (positive/normative or power/ethics) provides good reason to question the appropriateness of the cosmopolitan version of ethics.¹ On the other hand, existing critiques fail to interrogate the implications of a widespread acceptance of cosmopolitan principles amongst policy actors, academics and activists within global civil society. This goes back to the point raised in part one: cosmopolitanism is an increasingly embedded and influential way of

¹ While Best (2003) has suggested that a more situated Aristotelian version of ethics/global finance may be developed, this is developed as a critique of the ‘rhetoric’ of ethics, not cosmopolitan ethics per se.
thinking/acting in the world that should be scrutinised. In short, when faced with such scepticism, the committed cosmopolitan could well be forgiven for taking the attitude, “OK. So I need to try harder then!” Another approach is required.

0.2 Towards a Grounded Ethical Critique: the Tobin Tax as a case study of cosmopolitan ethics in global finance

We need a framework that can comprehend cosmopolitan legal forms in terms of their limits. This is not to deny them all veracity or value, but neither is it to see them as milestones along a unilinear journey with a recognized beginning and identifiable and achievable end. (Fine, 2003: 465).

The preceding section outlined the research topic of this thesis, namely: the problems and possibilities for developing cosmopolitan approaches to global finance - and identified some of the current limitations with the way in which the subject is considered in IPE. Broadly speaking current questions turn on a dichotomy between cosmopolitan proposals and certain political ‘realities’ – state power, private interests, elitist decision making, etc. - which render cosmopolitanism unlikely. What is missing is any form of ethical critique. This thesis is therefore concerned not only with the possibilities for developing a cosmopolitan approach to global finance but also with the potential constitutive ambiguities and ethical ‘limits’ within such a project (Brassett and Bulley, 2006; Connolly, 2000; Parker and Brassett, 2005; Vaughan-Williams, 2006).

This section will outline the central research question and relevant sub-questions in the context of an argument for developing a grounded ethical critique of cosmopolitan global finance. It will then make a brief case for the development of a pragmatic approach that will be continued in the next section.

0.2.1 Central Research Questions

The possibility of developing a cosmopolitan approach to global finance is an important and original area of scholarly research. On the one hand, global debt, instabilities in financial markets and low levels of democratic inclusion/transparency in decision making procedures suggest a number of
ethical 'bads' which require some form of address (Porter and Wood, 2002; Scholte 2002a,b). On the other hand, the potential benefits of a stable, inclusionary and redistributive global financial architecture are normative possibilities that imply massive corrections to current levels of poverty and welfare provision (Eichengreen, 1999; Patomaki, 2001; Bello et al. 2000; ul Haq, 1996).

However, as currently constituted the discussion of cosmopolitan approaches to global finance is extremely nascent. Moreover, as argued above there are some general and repeated difficulties with the way in which ethics and the ethical are engaged within IPE (See Chapter Two). This thesis therefore seeks to develop a grounded ethical critique of cosmopolitan global finance. What does this mean? Firstly, much of the debate over cosmopolitanism in global finance has been carried out at an extremely broad level. As Chapter One argues, general changes in a number of quite large institutions have been seen as relevant to the emergence of cosmopolitan ethics in global finance. For instance, Randall Germain (2004: 232) speaks of an emerging ‘global public sphere’ comprised of a global institutional framework, international financial markets, the global media and global civil society.

While important for making an initial graft from ethical theory to the rather more technical subject of global finance, such generalities may detract from developing detailed critical knowledge of a grounded empirical case. In addition, the discussion thus far has tended to follow the discourse of cosmopolitan democracy instead of other equally significant discourses like cosmopolitan justice (Coleman and Porter, 2000; Germain, 2001, 2002, 2004; Porter, 2001; Porter and Wood, 2002; Scholte, 2002b; Thirkell-White, 2004).

To rectify these generalities and potential blind-spots the thesis therefore proposes to develop a case study of the Tobin Tax campaign as a way to ground the substantive concerns of cosmopolitan authors. The Tobin Tax is a well known proposal to place a small tax on foreign currency transactions (Tobin, 1978). Over the course of the civil society campaign the proposal has expanded to include rather more political than technical issues (Singh, 2000: 200), the
possibility of global re-distributive justice as a result of the potentially vast revenues (Spahn, 1995) and, in some articulations, it sustains a logic of emancipation via the construction of global democratic institutions (Patomaki, 2001). The proposal was at the heart of early initiatives to reform the International Financial Architecture (IFA) and has been a focus of numerous attempts to lobby global institutions (Porter, 2005:146). For these reasons a case study of the Tobin Tax suggests a useful way of to animate and extend cosmopolitan concerns with justice (Pogge, 2002), democracy (Held, 1995) and civil society (Bohman, 1999). Such a case study embeds cosmopolitan ethics in political practice enabling us to think through the possibilities, ambiguities and limits of the paradigm.

Secondly, it is argued that cosmopolitanism has been given something of an 'easy ride' by existing critiques from within IPE. Many have been content to simply write it off as unlikely. And only a few have gone on to develop what they regard as more feasible ethical alternatives, even if they do this from largely political-realistic or Marxist perspectives (Best 2003; Underhill and Zhang, 2005). Instead, this thesis develops an ethical critique of cosmopolitanism in global finance that draws on more constitutive conceptions of theory/practice (Rosamond, 2003; Walker, 1993). That is to say, the thesis is concerned by the possibilities, constitutive ambiguities and ‘ethical limits’ that may be contained within a cosmopolitan approach to the reform of global finance.

The thesis is therefore an exercise in critical reconstruction, identifying possibilities and limits in the paradigm. The aim is to provide a grounded ethical critique of cosmopolitan ethics in global finance by operationalising key proposals and themes via a case study of the Tobin Tax. The central research question and sub-questions can be summarised as follows:

1. Taking as a case study the civil society campaign for a Tobin Tax what ethical possibilities, ambiguities and limits are constituted by cosmopolitan ethics in the context of global finance?
   a) How has global justice been understood by cosmopolitan theorists and Tobin Tax advocates? Are there any ethical problems with their understanding?
b) How has global democracy been understood by cosmopolitan
theorists and Tobin Tax advocates? Are there any ethical
problems with their understanding?
c) How as the ethical agent of global civil society been understood
by cosmopolitan theorists and Tobin Tax advocates? Are there
any ethical problems with their understanding?

0.2.2. Secondary Research Question

With these questions in mind the research agenda is clear. The aim is to make the
discussion of cosmopolitan ethics in global finance more sophisticated by
grounding it in a specific case study – the Tobin Tax – and render it more
sensitive to the potential ethical problems it may face by subjecting its
constitutive ambiguities to critical scrutiny. For instance, one argument advanced
throughout the thesis, is that forms of financial, institutional and ethical
universalism are found to pervade many cosmopolitan arguments in a way that
militates against small, contextual experiments in finance/ethics. In this sense,
cosmopolitan approaches may act to re-produce the very things they criticise?
However, the thesis is not an exercise in ethical critique for its own sake. The
normative aim of grounding this discussion is to identify potential routes beyond
the current conjuncture and suggest alternative practices that may further the
development of cosmopolitanism in global finance.

To that end, the thesis is guided by a secondary research objective which is to
develop a pragmatic approach to these dilemmas in order that they might be
engaged and overcome. Specifically the work of Richard Rorty (1979, 1989, and
1998) will be developed and deployed as a theoretical framework for addressing
these questions. Thus my secondary research question can be summarised as
follows:

1) How can the philosophical pragmatism of Richard Rorty be developed to
engage with the constitutive problems and possibilities of cosmopolitan
global finance via a Tobin Tax? What would a pragmatic
cosmopolitanism entail?
0.3 Pragmatism as a Theoretical Framework

The theoretical framework develops from the philosophical pragmatism of Richard Rorty (1979, 1989, 1998b). Throughout the thesis pragmatism acts as both a ‘background’ method and a set of normative arguments regarding the potential for a reconstruction of cosmopolitanism. In this way, the theoretical framework can be understood as a pragmatic praxis. This section will briefly summarise the reading of Rorty developed before moving on to elaborate on the specific ways in which his arguments are deployed in the thesis.

Rorty argues that knowledge, like all human activity, is both historically contingent and malleable. Rorty’s concern with the contingency of knowledge leads him to the conclusion that there can be no transhistorical, transcultural ‘Truths’ that guide us. He therefore argues that the ultimate end of philosophical discourse is to carry on the ‘conversation of mankind’ (1979: 394). But giving up on Truth does not mean succumbing to relativism. For Rorty, the contingency of liberal values - like sympathy for human suffering - does not mean that we cannot continue to advocate them (1989). They are simply the best thing we have so far come up with and we should value them as such.

His version of pragmatism therefore works at the cusp of critical and reformist politics. Rorty continues to support ‘public’ attempts to build institutions that foster freedom and sympathy, while retaining sensitivity to the importance of ironist - or post-structural - thought in the private realm of the individual (1989). And it is this public-private split has been the target for some of the stronger critiques of Rorty’s position. Many have argued that Rorty cuts off the critical thrust of his arguments by privatising irony (Cochran, 1999; Fraser, 1991). Against such critiques the thesis argues that Rorty’s attempt to resolve the benefits of liberalism and post-structuralism by employing a public-private split actually contains far more flexibility and nuance than many of his critics would allow.
0.3.1 Richard Rorty: post-modernist liberal conversation?

Rorty adopts an anti-essentialist position regarding language. Essentialism is the view that there is some pure essence to reality that we can grasp, if only we get the correct epistemological approach. Rorty doesn’t critique this image because he thinks epistemology has so far got it wrong. He simply doesn’t understand what it could mean to get it ‘right’. He doubts the very idea of “Truth” as the correspondence between words and reality. For Rorty ‘words’ and ‘sentences’ are not more or less accurate representations of the essential reality of the world. Rather they are aspects of larger more or less coherent ‘vocabularies’ that have been developed to help us cope with the world. As he argues (1998a: 1):

“We think that there are many ways to talk about what is going on, and that none of them gets closer to the way things are in themselves than any other. We have no idea what “in itself” is supposed to mean in the phrase “reality as it is in itself.” So we suggest that the appearance-reality distinction is dropped in favour of a distinction between less useful and more useful ways of talking”.

By dropping epistemology Rorty argues that we should see the ultimate end of philosophy as a conversation between mankind. For him it is more useful to talk in terms of ‘vocabularies’ like liberalism, a vocabulary that sees ‘cruelty as the worst thing we do’, than to completely dispense with it because of the kinds of limitations that Ironists identify. These limitations are the potential violence of invoking universal subjects like citizen, class, and human, which writers like Nietzsche, Foucault and Derrida identify. Instead, Rorty argues that hostility to particular forms of solidarity does not mean hostility to solidarity as such. He therefore seeks to play off vocabularies against one another, looking to how they can be improved via re-description. And the end of this conversation is straightforward, namely: moral progress. But moral progress is not seen as a movement towards some ultimate truth. Instead, moral progress is understood as a progress of sentiments, an increasing ability to see the differences between people as morally irrelevant. As Rorty argues,
...it is best to think of moral progress as a matter of increasing sensitivity, increasing responsiveness to the needs of a larger and larger variety of people and things. Just as pragmatists see scientific progress not as the gradual attenuation of a veil of appearances which hides the intrinsic nature of reality from us, but as the increasing ability to respond to the concerns of every larger groups of people... so they see moral progress as a matter of being able to respond to the needs of ever more inclusive groups of people. (1999: 81).

However, such a conversation has been argued to run the risk of moral relativism. What if by including more and more people in the conversation, we open ourselves to radical or anarchistic possibilities? If there are no philosophical foundations that can judge between vocabularies surely this would de-stabilise the liberal institutions that Rorty favours?

On one level, Rorty simply refuses to take the charge of relativism seriously (1991b). He does not accept that there is anything that could or (importantly) should count as proof of humanity. When we value arguments for human rights, it is not because they have transcultural, transhistorical validity but because they chime with a particular set of historical sentiments that we have learnt to value (1998b). Cutting to the chase, Western liberals are more prone, given their awareness of events such as the Great Depression, the Holocaust, Hiroshima, and the Cold War to see cruelty and humiliation as morally wrong and to defend stories like human dignity as morally right than at any point previously. To tie such positive developments to something larger like ‘Reason’ or ‘Truth’ or ‘Essence’ would itself be a relativist, or worse, an imperialist act. For Rorty, attempts to build a “Truthful” account of human rights can be no more than a summary of the sentiments Western liberals have developed in time and space (1991a, 1998b). While some may want to enter a discussion of whether this is philosophical relativism, Rorty argues that if we want to make a difference to the world around us, it is more useful to get on with the business of expanding these sentiments (1989, 1998b).

On another level though, Rorty concedes that the kinds of ironist theorising he celebrates could well pose a problem to the liberal institutions he supports. He therefore invokes a public-private split. While writers like Rawls and Habermas
appear as socially useful philosophers, philosophers who can do the job of anticipating fairer institutions, Rorty concedes that writers like Nietzsche and Derrida have been straightforwardly hostile to liberal institutions. So he argues that the latter type of thinker should be understood as private ironists: useful for liberalism in so far as they expand the scope of, and possibilities for, individual perfection. For Rorty, a liberal ironist meets three basic requirements:

(1) She has radical and continuing doubts about the final vocabulary she currently uses, because she has been impressed by other vocabularies, vocabularies taken as final by people or books she has encountered; (2) she realizes that argument phrased in her present vocabulary can neither underwrite nor dissolve these doubts; (3) insofar as she philosophizes about her situation, she does not think that her vocabulary is closer to reality than others, that it is in touch with a power not herself" (Rorty, 1989: 73).

While these are no doubt important ethical qualities – certainly in terms of fostering a level of critical distance and reflexivity – Rorty argues that Irony is best regarded as a private matter. It relates best to the question of what to do with one’s aloneness, of how one weaves and re-weaves the cobwebs of meaning that make up a ‘self identity’. The separation is simple and straightforwardly commonsensical. Habermas gives a good account of how to continue the shared social effort to make our institutions more just and less cruel. Derrida, who would be less useful for such projects, is more useful for retaining sensitivity towards the infinite possibilities for self-creation that may exist. It is not a question of either-or, but both-and.

However, numerous criticisms have been levied at this perceived resolution. Feminist scholars have seen it as yet another reification of the hierarchical public/private split. For those like Nancy Fraser (1991: 261) who see the question of self-creation to be a fundamentally public political issue, Rorty’s is little more than an apology for the status quo. In a similar way Molly Cochran (1999: 173-211) has problematised the dichotomy by arguing for a synthesis between Rorty’s private Irony, which she sees as a powerful imaginative tool, and Dewey’s more transformative conception of the public sphere, as an arena of ethical growth for its own sake.
While sympathetic to these critiques, the thesis argues that too much has been read into the separation. For anyone who reads Rorty as offering a ‘theory’ of politics then the public-private split is deeply pernicious. However, if we read Rorty as offering suggestions for alternative ways of thinking, where attention is directed away from old philosophical problems, in order to open new possibilities, the split is banal. This point can be elaborated in two ways.

On the one hand, Fraser may have missed the point? Rorty’s notion of the private is an existential area that addresses the question of what to do with one’s aloneness. It neither defines a space in the sense of a house or kitchen. Nor does it restrict from forming public grievances around private issues. On the other hand, and following on from this point, Rorty’s public-private split is not fixed. Indeed, he explicitly leaves room open for moral progress to occur through the chance “coincidence of a private obsession with a public need” (Rorty, 1989: 37). In one interview (1995: 62) he argued, “I don’t think private beliefs can be fenced off [from the public sphere]; they leak through, so to speak, and influence the way one behaves toward other people.” And in another (2002: 62-63) he categorically retorts,

“My public/private distinction wasn’t an explanation of what every human life is like. I was, instead, urging that there was nothing wrong with letting people divide their lives along the private/public line. We don’t have a moral responsibility to bring the two together. It was a negative point, not a positive recommendation about how everybody should behave.”

0.3.2. Cosmopolitan Ethics in Global Finance: A Pragmatic Praxis

The important point that emerges from such recognition is that the tensions in Rorty’s work – indeed the very tensions that pervade liberalism - actually become creative. By taking Rorty’s public-private split as a negative warning, a point about what political theories/projects should not do, the dynamism and fluidity of cosmopolitan ethics can be explored. The space is cleared to continue a conversation that includes both public cosmopolitan and (more or less) private ironic approaches.
In concrete terms, while an ironic disposition may be ill suited to suggesting alternative institutional or theoretical ‘frameworks’, it can nevertheless provide a fruitful set of questions to public vocabularies. Going back to Rorty’s idea of re-description, the thesis therefore proposes to animate Rorty’s notion of philosophy as conversation, by playing off cosmopolitan vocabularies against Ironic critiques, re-describing terms in the vocabulary where possible/desirable. Thus it is in the very limits of this conversation that alternatives become thinkable. Such a pragmatic praxis has three key elements that draw together the discussion of cosmopolitan global finance via Tobin Tax.

Firstly, it is important to develop an understanding of the different vocabularies involved. The thesis identifies three different but inter-related vocabularies of the Tobin Tax – economic, political and ethical (See Chapter Three). Initial accounts of the tax sought to prove or disprove its economic validity (Tobin, 1978). More recent arguments attempted to construct a political rationale for the tax. For instance, some authors have identified the radical possibilities of the tax to grant states the ability to resist capital markets (Patomaki, 2001; Singh, 2000). And finally, an emerging vocabulary of the Tobin Tax seeks to justify the proposal on ethical grounds (War on Want, 2002). Importantly, the pragmatic view of ‘ethics as a conversation’ does not require us to seek resolution on the ‘true’ depiction of the tax. Rather a pragmatic praxis would play them off against each other, seeking to open alternatives for cosmopolitan ethics in global finance.

Secondly, building on the notion of Ethics as Conversation, Chapters 4-6 introduce different cosmopolitan contributions to this conversation. It is argued that the vocabulary of cosmopolitan justice (Chapter Four) and the vocabulary of cosmopolitan democracy (Chapter Five) can be set in conversation with critical and post-structural critiques of the Tobin Tax proposal. As the next section suggests, this is not simply a removed scholastic exercise, it draws upon and is developed by the empirical activities of policy actors. Importantly, the same critiques of universalism that post-structural theorists levy against cosmopolitanism are often produced in civil society critiques of the Tobin Tax, by either grass roots or south-ist articulations of financial reform (See Chapter Six). From a pragmatic perspective, such a conversation illustrates the limits and
indeterminacies of cosmopolitan global finance as well as suggesting alternatives within an emergent and expanding democratic space of global civil society. And thirdly, by recognising the constitutive ambiguities of the Tobin Tax campaign, we might identify some different and alternative ways to forward the discussion on cosmopolitan ethics in global finance (Chapter Six).

At one level, and drawing on Rorty's (1998b) notion of sentimental education, it is argued that the campaign for a Tobin Tax has actually done a great deal to illustrate the forms of suffering engendered by global finance. Discussions of global financial reform are no longer the preserve of IMF employees and the occasional well educated and well funded NGO activist. Thanks to the Tobin Tax campaign it is now also on the agenda of discussion for untouchables in Mumbai and factory workers across France. At another level, the campaign itself has born witness to a growing awareness of the ambiguities of universal categories contained within global justice and democracy. Thus new forms of suffering can be illustrated in the campaign for a Tobin Tax proffering a glimpse of alternative and non-universal reforms that might be couched in terms of 'pragmatic cosmopolitanism' (See Chapter Six).

In this way a specific case study of the Tobin Tax animates and develops broad theoretical ideas like cosmopolitanism and pragmatism in such a way that the findings of the thesis can be generalised and extended to broader subjects. Indeed, as Section 5 argues the central thesis is one that can be extended to other global justice campaigns like Trade Justice and various proposals to eradicate Agricultural subsidies. In particular, the next section will illustrate how the skills gained in the course of the research process are transferable within the range of subjects covered by global civil society.

0.4 Research Process

This section will summarise the research process. As the praxeological aspects of the theoretical framework have indicated the thesis aims to situate ethical theory in an empirical and political context. Thus, as well as developing a strong
Theoretical component, the research process has involved a large degree of empirical data gathering techniques.

The period of the research ran from 2002-2006 and looked at the civil society campaign for the Tobin Tax. Two specific data gathering techniques were employed. Firstly, a significant amount of primary data – speeches, public Q & A’s, campaign materials including videos, pamphlets and expert reports – was gathered during participant observation of NGO campaigns and public discussions at the European and World Social Forums. On a number of occasions this involved taking part in campaign meetings as a member of ATTAC and as an independent observer with declared linkages to the University of Warwick. And secondly, the research process involved a large degree of textual analysis of primary documents including civil society reports on the Tobin Tax. Both of these techniques were engaged over the time period from 2002-2006 and were focused on three main points 1) the evolution of the War on Want Campaign for a Tobin Tax in terms of re-distributive justice 2) the Network Institute for Global Democratisation campaign for a Tobin Tax as part of broader structure of global democratisation, 3) the way in which the specific proposals of these campaigns are engaged in public discussions at the European and World Social Forums.

A coincidence of using this time frame was that the British based War on Want campaign – led by David Hillman and Sony Kapoor – emerged as the major player in the Tobin Tax campaign (See Chapter Six). It re-ignited interest from European NGO’s like ATTAC that had been waning somewhat, and the research documents developed in this period have gone a long way towards changing the notion of the Tobin Tax from a global tax to a UK based stamp duty geared towards providing development funding.

In this way, the politics of cosmopolitan ethics via a Tobin Tax could be gleaned first hand in the mix of institutional battles, funding possibilities and rival campaigns. The aim of collecting such data is not to provide proof for or against cosmopolitan ethics. Rather it is to situate cosmopolitan ideas in the context of an actually existing campaign – the Tobin Tax – which makes strong arguments regarding the possibility of global justice and global democracy. Moreover, it
further animates a core proposition of many cosmopolitan arguments that global civil society can act as an ethical agent for cosmopolitan reason in the face of global economic and legal institutions. Whether these assumptions are sustained by the concrete political practice of the campaign is a critical question.

My central research findings were twofold. Firstly, the contribution of civil society campaigns to the discussion of global justice and global democracy is large. Campaigners extend ideas like global re-distributive justice in a practical and engaged way. Indeed one of the limitations with cosmopolitan arguments like Pogge’s (2002) conception of global justice is that it deals with a largely hypothetical proposal – the Global Resources Dividend – whereas NGOs have to address the day-to-day issues of ‘selling’ an idea like the Tobin Tax. This brings an important strategic dimension to cosmopolitan ethics that is not always recognised.

And secondly, the realm of civil society discussion is far more contested than many proponents allow for. On any one issue relating to the Tobin Tax there are countless positions. At one level, this undermines any straightforward celebration of global civil society as the ethical agent of a more cosmopolitan future. At another level, the conversation which emerges from the conflicts and tensions of civil society is actually far more diverse than the academic discussion of the Tobin Tax would suggest. In fact the content of this emerging conversation forms a central part of the thesis developed in the next section.

0.5 Thesis

My central thesis is that a cosmopolitan approach to global finance and the Tobin Tax faces a number of ethical ambiguities regarding financial, institutional and democratic universalism. However, the ethical possibilities which remain after the pretence to universality is dropped can be highlighted and developed. Drawing on Rorty, the ‘sentimental’ aspects of global finance and the potential alternatives to a monolithic image of financial reform are argued to be important elements in an evolving conversation about global finance that should be highlighted and supported. This argument can be outlined in detail.
Cosmopolitanism is, to be sure, an important addition to the lexicon of global governance scholarship in general and global finance in particular. Arriving on the back of widespread acknowledgement of the limitations of the Washington Consensus and bolstered by the newfound zeal for 'legitimacy' among policy actors in the global financial architecture, cosmopolitanism represents a promising avenue for introducing ethics to global finance (Higgott, 2000). Subject areas that were previously dominated by technical and economic expertise and which centred on fiscal rectitude and informational transparency have started to incorporate democratic inclusion and civil society participation into their list of concerns (Thirkell-White, 2004). This might be described as a 'good in itself'.

However, the analysis of cosmopolitan ethics in global finance via a Tobin Tax exposes some serious ethical limits. These limits are briefly summarised before offering a pragmatic take on their implications for cosmopolitanism in general and the Tobin Tax in particular.

In terms of cosmopolitan justice via the Tobin Tax two key ambiguities are identified (See Chapter Four). Firstly, to operate correctly, the Tobin Tax requires a developed and integrated financial system in which to operate. Advocates in partially or non-developed financial systems are therefore faced with a curious aim: to push for capital account convertibility in order to then 'rein it in'. This would seem like a paradoxical agenda for many states where the debt repayment schedule far outstrips the welfare budget in the first place. Adding further financial openness to these economies – even if tempered – is unlikely to deal with the lack of indigenous economic development or overall financial strength (See Rodrik, 1998). And secondly, regardless of whether or not the tax can be implemented uniformly or universally, it is clear from all estimates that the majority of the revenue will be levied in the North. Thus, if 'cash' is to be redistributed it will have to flow from the North (usually states) to the South (usually states). As Chapter Four argues, such a move could well reproduce the problems traditionally associated with ODA and risk reducing the subjectivity of developing states to being mere 'recipients' of cash (Doty, 1996; Edkins, 2000).
To qualify, this is not the common Marxist riposte that ethics is simply a rhetorical strategy to shore up specific ideological interests – although that critique of the Tobin Tax is regularly made in social forum meetings. Rather it is argued that the proposal – like Pogge’s GRID (2002) – is silent on its most central paradox: despite claims to critique the system of global capitalism, it ultimately reproduces the logic of that system and fails to explore the multiple alternatives to financial universalism that may be constructed. In this way, a clear limit is produced within the cosmopolitan construction of global justice as redistribution: the limit of universal capitalism.

In terms of cosmopolitan democracy via the Tobin Tax, the following ambiguities are identified (See Chapter Five). Firstly, the Tobin Tax is levied by states on a state-centric tender. For a cosmopolitan tradition bent on thinking outside the polis, this would surely represent a contradiction. The supposed re-articulation of citizenship is still dependent on the same logic of representation and accountability that defines the state-centric, inside/outside logic of political theory that many cosmopolitans seek to escape (Walker, 1996, 2003). And secondly, the principle of consensus at the heart of cosmopolitan democracy via the Tobin Tax all too easily falls down on a universalist proposition: some form of world government. Even in Heikki Patomaki’s (1999, 2001) more sophisticated and dialogical model, his proposed Tobin Tax Organisation (TTO) is still a world authority. The possibility of financial reform by de-linking or setting up local autonomous or regional authorities is either ignored or seen as a stepping stone on the way to full global co-ordination.

Such a project (re)legitimises a system of financial universality that is based on speculation against currencies. Even though this approach sets out to be more democratic and dialogic in its pursuit of such goals, we should perhaps not ignore the important role of Euro-centric historical experiences in making this possible. As Winfried Thaa (2001: 504) argues, such agendas “tend to overlook that political deliberation, agency and practice presuppose commonalities such as historic experience, communication based on everyday language, and commonly accepted institutions.” Crucially, the trust in institutions that is required to support such a project is most clearly felt within the cultural history
of Keynesian welfare systems and ongoing attempts to re-construct them in a Post-Bretton Woods financial system.

Drawing these arguments together, cosmopolitanism is a promising, but limited, agenda to reform global finance. Problems of historically contingent power structures and the multiple silences of financial knowledge raise questions as to whether any ‘one agenda’ of institutional reform could ever make finance more ‘ethical’. Using the Tobin Tax campaign to illustrate, it is argued that deep ambiguities pertain to cosmopolitan ethics in global finance. The institutional project of ‘inclusion’ and the practical solution to poverty proposed – *throw money at it* – fall shy of an appreciation of the complexity and context(s) of injustice. Further, it reifies the financial system as a single unitary whole which we must react to, failing to explore alternatives that may arise in the context of partially or non-developed financial systems.

However, from a pragmatic perspective the conversation is of value per se. Just as cosmopolitans like Bohman (1999) celebrate campaigns that publicise ‘cosmopolitan reasons’ to a larger audience including global institutions, a pragmatist is able to find value in a ‘limited’ agenda like a cosmopolitan Tobin Tax because it illustrates an imaginative way of organising global finance. Moreover it is precisely in the contests over the ambiguities of cosmopolitan ethics that imaginative new directions may be found.

The central argument is that the Tobin Tax is best understood as a tool of sentimental education (See Chapter Six). It provides a simple heuristic metaphor for understanding globalisation and a way to change it. The power of this metaphor has led it to occupy centre stage in a burgeoning global civil society and it is repeatedly included in discussions at the World Social Forum. Importantly, the ambiguities of cosmopolitan global finance – entrenched financial universalism and poor attention to democratic initiatives that fall outside of global/universal mechanisms – are highlighted within the campaign itself. In discussions that continue in social forums, in public meetings of NGO’s, and (even) the stylised narratives of charities, the opacity and technicality of finance can be de-naturalised via a sentimental re-description.
Simply stated, it is a good thing that larger and more diverse audiences are involved in a conversation about the potential suffering caused by global financial crises and the apolitical nature of technocratic financial governance. Public education on such issues is severely lacking (Scholte, 2002a, b). From a pragmatic perspective the task is to engage with such debates in order to identify their constitutive ambiguities and internal contradictions. This is not done as an exercise in critique for its own sake, but as an opportunity to identify alternative possible futures for global finance. Working at the limit of current ethical reasoning creates the space to suggest alternatives. Such discussions can disturb the black box of global finance and open it up to the broad based democratic conversation that cosmopolitans seek. While there may be no guarantee of the outcome of such conversation the thesis highlights a number of ways in which it can act to expand our vocabulary, identifying limitations in the current vocabulary and proffering alternatives that might be developed.

0.6 Chapter Outline

The argument is made over six chapters. Chapter One introduces the broad subject matter of the thesis. In the wake of the debt and currency crises at the close of the 20th Century, global financial regulation became a popular subject amongst politicians, bureaucrats, the media and academic economists (Goldstein, 1999; Meltzer, 2000). Discussions over prudential financial management, transparency, accountability and (latterly) correct sequencing of capital liberalisation were increasingly couched in terms of the metaphor of a Global Financial Architecture (GFA) (e.g. Noble and Ravenhill 2000). Within IPE, certain scholars (Germain, 2004; Coleman & Porter, 2000; Scholte, 2002b) have introduced normative and ethical dimensions to this previously technical discussion. In particular, the question of the possibility of cosmopolitan reform of the GFA has been highlighted. Chapter One introduces the broad contours of the discussion.

Liberal cosmopolitans (Coleman & Porter, 2000; Held, 1995) have sought to extend democratic values via the identification of legal rules to enhance accountability. Others, who might be termed 'deliberative' or 'republican'
cosmopolitans (Bohman, 1999; Germain, 2004), have sought to extend ‘inclusion’ via a sophisticated theorisation of the ‘global public sphere’. Both approaches suggest that the subject of cosmopolitan ethics in global finance is an important emerging area for theorists who wish to address normative and practical applications of the cosmopolitan paradigm. However, it is argued that there are ultimately a number of limitations in this emerging literature.

Firstly, the debate rests on a ‘one-eyed’ view of cosmopolitanism as a democratic paradigm. While democracy is an important component of cosmopolitan approaches, there is an equally venerable and arguably more challenging tradition of cosmopolitan ‘justice’ or ‘redistribution’ (Beitz, 1979; Buchanan, 2000; Caney, 2005; Pogge, 2002). And secondly, the debate is currently operates at an abstract and theoretical level. The chapter therefore proposes to operationalise the discussion of cosmopolitan global finance via a case-study of the Tobin Tax. On one level, as was argued above, this move may take us beyond the current level of IPE critique that views cosmopolitanism as simply ‘unlikely’. The development of a grounded ethical critique of cosmopolitan ethics in global finance is qualitatively different to knockdown discussions of viability. On another level, the chapter defers to those existing critiques of the metaphor of a global financial architecture itself. Writers like Jacqueline Best (2003), Marieke De Goede (2005) and Paul Langley (2004), have each questioned the universalism inherent in monolithic images like the GFA. They question whether the myth of the universal veracity of liberal markets is potentially smuggled into a broad signifier like the GFA.

In response, the chapter draws on Jan Aart Scholte’s (2005) argument for a socio-spatial conception of globalisation as a way to progress. It is argued that a spatial conception of the GFA – local, national, regional, global - that emphasises the multi-dimensional nature of global financial governance is capable of meeting those critics who see the GFA debates as inherently universalistic. Sensitivity to the complexity and multiplicity of actors, institutions, and practices within the GFA can open space for ethical reflection, beyond any uncritical celebration of financial universalism.
Chapter Two establishes the theoretical framework by building from critical IPE. IPE offers a range of theoretical tools relevant for the study of cosmopolitanism in global finance and a case-study of the Tobin Tax. While ethics has waxed and waned as a concern for IPE theorists (See Tabb, 1999; Watson, 2005) certain strands of critical IPE – neo-Gramscian and post-structuralist – have placed ethics and the difficulty of ethics at the heart of their work. While sympathetic to such approaches this chapter introduces the philosophical pragmatism of Richard Rorty as a framework for research. Specifically the elaboration of a pragmatic praxis becomes a central contribution of the thesis.

Two trends in theoretical approaches to IPE have placed 'ethics' in the somewhat awkward position of valuable, but unlikely. The rationalisation of method during the neoclassical revolution and the empiricist tradition of positivist IPE – neorealism and neo-liberalism – both served to exclude ethics (Higgott, 2002; Strange, 1995; Tabb, 1999; Watson, 2005). On this logic 'ethics' is understood something that may, or may not be, 'added' to enquiry. This approach is criticised by critical IPE theorists who stress the social embeddedness of economic relations (Gill 1991; Watson, 2005). For them rationality is a socially constructed quality that must itself be the subject of scrutiny. And by stripping IPE of its rationalist pretensions critical IPE opens the space for ethical deliberation. For critical IPE ethics is always-already part of the core of IPE. As Matthew Watson (2005: 33-34) argues,

We bear the imprints of our economic relations in all aspects of our social life. The socializing effects of those relations shape who we are, how we act, how we think before we act, and the broader truth regime within which we locate ourselves as meaningful actors. As such, the economic relations in which we are embedded are imbued with a fundamentally moral character.

However, such constitutive approaches create their own indeterminacies. An impasse is identified between critical or neo-Gramscian IPE that seeks to identify and foster agendas that lead to a more ethical, or cosmopolitan future (Gill, 1991; Murphy, 1994) and post-structural approaches that question the desirability of 'ethics' per se (Hutchings, 2006; Walker, 1993). The chapter illustrates this impasse by suggesting a post-structural critique of Stephen Gill’s (1991)
argument for a more ethical version of IPE. It is argued that while theoretically provocative this impasse is ultimately unhelpful. The philosophical pragmatism of Richard Rorty is suggested as a route beyond the impasse.

The chapter introduces a reading of Richard Rorty’s pragmatism that applies his arguments regarding contingency and experimentalism to the discourse of cosmopolitanism. Importantly, the thesis holds onto the dynamism inherent in Rorty’s view of philosophy as a ‘conversation between mankind’ (1979). This is done via a re-reading of his public private-split invoked to harness the imaginative promise of post-structural thought without foregoing the practical advantages of liberalism (Rorty, 1989). In particular, the tensions between public vocabularies of cosmopolitan ethics – vocabularies which focus on institutional reform, re-distributive justice, and democratic inclusion – are set in play with private and ironic attitudes that seek to de-construct the subject of cosmopolitan ethics in global finance. On this view the Tobin Tax campaign itself becomes the fulcrum of a debate over the ethical limits of global finance. Ideas regarding universal financial systems, global regulatory authorities and global justice require scrutiny as to their western, imperialist and limiting features. Subsequent chapters flesh out this conversation in greater detail.

Chapter Three establishes a historical account of the campaign for a Tobin Tax. The Tobin Tax has been discussed across disciplines, political arenas and civil society campaigns. The idea for a small tax on foreign currency transactions was initially debated as a purely economic & technocratic reform (Tobin, 1978; Spahn, 1995). As such this chapter commences with a detailed presentation of key economic arguments for and against the Tobin Tax. Following the financial crises of the late 20th Century, the Tobin Tax has been picked up by civil society groups and politicians seeking to regulate the GFA according to principles of justice ‘broadly understood’ (Cassen, 2003; Porter, 2005). The chapter suggests that ethical arguments for a Tobin Tax are currently under-developed; prompting recourse to the cosmopolitan arguments identified in Chapter One.

Section 1 looks at Tobin’s original proposal and assesses some of the main critiques of the idea which emanate from economic theory. Many points focus on
the efficiency and effectiveness of the Tax for deterring speculation. Indeed, a
central critique is that, if imposed, the tax could actually increase instability by
reducing the margins of effective trade; inferring that only larger trades can be
profitable. The section concludes by outlining the central augmentation of the
tier for normal trading/revenue collection + a high tier that acts as a ‘circuit
breaker’ in speculative attacks, is now the default position of many campaigners.

Section 2 looks to the emerging ‘political’ and ‘ethical’ dimensions of the
campaign. Civil society activists have put the Tobin Tax at the centre of
campaigns to ‘contest’ or ‘reform’ globalisation and the GFA. Groups like
ATTAC, War on Want and New Rules for Global Finance campaign for the
Tobin Tax and extend the intellectual arguments for it. Many commentators have
interpreted this emergence as a direct political challenge to the power and
authority of markets (Helleiner, 2001; Patomaki, 2001). Interestingly, many of
these groups deploy moral or ethical arguments for the Tobin Tax that are worthy
of closer examination.

Thus the chapter questions how ethical arguments for the Tobin Tax are made.
Do moral arguments bolster the case? Are they deployed as part of a broader
view of Global Ethics? Are there any problems with this ‘ethical turn’, e.g. that
the Tobin Tax could be tied to a narrow discourse of Northern charity?
Addressing such questions necessarily draws us to the heart of what is at stake in
cosmopolitan global finance: what are the proposals? What are the weaknesses?
What are the contradictions? And what are concrete experiences of these
actually-existing cosmopolitan publics? Theoretical debates are therefore
animated.

Chapter Four addresses the broad discourse of cosmopolitan justice and
operationalises it via the Tobin Tax. Cosmopolitan arguments for global
redistribution emerge from critiques of John Rawls’ account of social justice.
Post-Rawlsian arguments critique the limitation of the scope of social justice to
members of specific - basically Westphalian – communities. They look to
interdependence and the potential of global capitalism to harm individuals as
important considerations for social justice. Such arguments tie neatly with the central arguments for a Tobin Tax. However, the chapter identifies a number of ethical ambiguities relating to financial and ethical universalism.

Section 1 introduces Rawls’ account of social justice and identifies some of the most prominent critiques of it. Post-Rawlsians have been keen to get beyond the state-centric cartography and think about global, or cosmopolitan, social justice. In particular, Thomas Pogge (2002) is an important contemporary advocate of global re-distribution and his arguments lend support to the Tobin Tax. Pogge argues from an assumption of a negative duty ‘not to harm’ that the current situation of global capitalism and global poverty is unjust and ‘easily’ changeable. His ‘Global Resources Dividend’ rests on a critique of historical-institutional harms of the poor by the rich, and argues that a small levy of 1% from the wealthiest people could end global poverty. As Section 2 argues, Pogge’s GRD is very similar in scope to the Tobin Tax. His proposal is a modest reform; it targets global wealth, not any particular state; and it stresses an approach based on justice not charity.

However, Section 3 identifies a number of ethical ambiguities in the Tobin Tax proposal that infer upon cosmopolitan justice. A requirement for capital account convertibility, a cash-based approach to global justice and the ambiguities inherent with identifying groups like ‘we’ who owe something to ‘them’ living in ‘poverty’ is criticised. At the very least such ambiguities place cosmopolitan justice via the Tobin Tax in question and the chapter concludes by asking whether perhaps democratic practices might mediate some of these issues?

Chapter Five therefore moves to the vocabulary of cosmopolitan democracy. Liberal cosmopolitans like David Held (1995) and deliberative democrats like James Bohman (1999) are increasingly influential. Liberal arguments for autonomy and deliberative arguments for non-domination offer a promising line of support for the Tobin Tax. Moreover, the account of global civil society provided by liberal cosmopolitans and Bohman’s ‘cosmopolitan public sphere’ highlight the ethical value of the Tobin Tax ‘campaign’ itself. This leads to a discussion of the advocates such as ATTAC and War on Want in the next section.
Held (1995) supports democratisation along a scale of institutional forms to ensure that autonomy is defended from the forces of globalisation. Held cites financial globalisation as a trend that creates new ‘communities of fate’. He envisages that global civil society will subject the institutions of global governance to popular scrutiny. For his part, James Bohman (1999, 2004) elaborates a deliberative conception of cosmopolitan democracy. He begins from a principle of freedom as ‘non-domination’ and the assumption that individuals should deliberate on any institution/policy that affects them. And he critiques the democratic deficits in global institutions. Most importantly, he argues for the development of a cosmopolitan ‘public sphere’. These ideas can be tied to the campaign for a Tobin Tax. Arguments for ‘autonomy’ and ‘freedom from domination’ imply support for the Tobin Tax. If material capacity is one aspect of human autonomy then global re-distribution is required to ensure this. Likewise, ‘non-domination’ would require that individuals are protected from currency market speculation.

However, despite the worth of cosmopolitan democratic arguments in support of the Tobin Tax some key ethical limits are identified. Firstly, the Tobin Tax is levied by states on a state-centric tender. It is questioned whether and how such a mechanism legitimates the system of currency speculation that cosmopolitans and Tobin Tax advocates might oppose. And secondly, the cultural contingency, or ‘euro centrism’ of the Tobin Tax means that ideas about democratic consensus are put in question.

On the one hand, the trust required to build re-distributive systems on a global scale is most easily found in western states with a history of successful welfare states. On the other hand, proposals for global re-distributions often run the risk of producing some form of world government. Even in Heikki Patomaki’s (1999, 2001) more sophisticated and dialogical model, his proposed Tobin Tax Organisation (TTO) is still a world authority. The possibility of financial reform by de-linking or setting up local autonomous or regional authorities is either ignored or seen as a stepping stone on the way to full global co-ordination.
Finally Chapter Six develops a pragmatic cosmopolitan approach to these issues. It develops an account of the campaign for the Tobin Tax, arguing that the ongoing discussions in global civil society can be celebrated for illustrating the harm done by global finance. Moreover, the chapter identifies some of the sophisticated elements of this conversation. The ethical dilemmas of cosmopolitan justice are well illustrated in the fact that Northern, White, Bourgeois, NGO activists are leading the campaign. Moreover, the conversations that go on within social forums and the public meetings of ATTAC illustrate the widely held doubts over advocating only piecemeal reforms of global finance. However, from a pragmatic perspective increasing knowledge of such ambiguities can be seen as part of the ‘sentimental education’ required to understand and change global finance.

The chapter argues that the Tobin Tax is best understood as a sentimental metaphor that disturbs the black box of global finance and opens up the possibility of popular discussion of global finance/ethics. A narrative of the campaign for the Tobin Tax is developed using pragmatism as a theoretical guide. It argues that idea of the Tobin Tax provides a simple heuristic device to understand the complex and arcane practices of global finance. The overnight growth of ATTAC in France on a mandate to tax financial markets for the aid of citizens is a testament to this quality. As ATTAC grew and its reach spread, its practices of public education – or sensibilisation – meant that the Tobin Tax was increasingly deployed as group discussion tool (Cassen, 2003; Birchfield and Annette Freyberg-Inan, 2005). And the involvement of ATTAC in the establishment of the World Social Forum has important implications for the development of cosmopolitan public spheres.

In particular, the chapter focuses on the British Charity War on Want and its establishment of the Tobin Tax Campaign (www.tobintax.org.uk). The network of more than fifty charities has developed a European campaign for the Tobin Tax. On many levels, War on Want elaborate a piecemeal version of the tax. The tax is set at a very low rate (Kapoor, 2003; Spratt, 2005); ambitious reforms of global financial institutions are not advocated; and arguments for global re-distribution are only superficially about justice (in Pogge’s sense) and rather tend
to (re)produce the charity discourse of international development aid. Despite this, it is argued that the involvement of such groups in the social forum movement presents the possibility of open public discussion of these issues. Sentimental education in global context involves the confrontation between conservative and radical conceptions of the tax (See Patomaki, 2005). It therefore provides an insight into the politics of actually existing cosmopolitan publics; showing how fluid, open to disagreement, and experimental the project is. Politicising and engaging the limit of cosmopolitan ethics in this way is a central contribution of a pragmatic approach to the Tobin Tax.
1. Cosmopolitan Ethics in Global Finance: Possibilities, Problems and Limits

Introduction

Global finance is commonly regarded as a technical, arcane and somewhat dry subject (Sinclair, 2005: 4). For these reasons it may not appear as a natural starting point for ethical discussion. However, in recent decades the governance of global finance has increasingly been the subject of political controversy and scrutiny. Major financial crises in the late 20th century have focused the attention of policy makers on the growing criticism of what might be termed the globalisation 'project' per se (Gill, 2000; Higgott, 1998, 2000). In response, a new policy discourse has emerged that seeks to legitimise a 'New International Financial Architecture' (NIFA) or 'Global Financial Architecture' (GFA) (Eichengreen, 1999; Goldstein, 1999; Kenen, 2001; Meltzer, 2000). Discussions over the reform of the global financial architecture are further developed in IPE. (Armijo, 2002; Best, 2003, 2003a; Noble and Ravenhill, 2000; Underhill and Zhang, 2003; Woods, 2001). And certain scholars have addressed the debate over the reform of the GFA by outlining normative arguments and objectives that are either similar to, or explicitly cosmopolitan (Coleman and Porter, 2000; Germain, 2001, 2002, 2004; Porter, 2001; Porter and Wood, 2002; Scholte, 2002b; Thirkell-White, 2004).

As the Introduction has already argued, cosmopolitanism is hard to define. While numerous interpretations and extensions of the paradigm exist it is perhaps better to think about cosmopolitans as motivated by a basic desire to expand the scope of ethical concern in order to reduce suffering (Linklater, 2006; Rorty, 1991c). This can be via different avenues like the extension of human rights laws (Bohman, 2004) democracy (Held, 1995; Bohman, 2005) and conventions against harm (Linklater, 2001) or, it may result from political activism by advocacy groups (Bohman, 1999). Existing cosmopolitan approaches to global finance have highlighted the need to build principles of fairness and accountability into the ‘institutions’ of global financial governance (Coleman and Porter, 2000; Porter and Woods, 2002). Others go further to address the
possibility of building international public spheres around financial issues (Germain, 2001, 2002, 2004; See also Scholte, 2002c). By fostering an ethic of participation, it is argued that NGOs can generate sufficient publicity to open up global finance to a broader audience, thus making it susceptible to reform. And IPE scholars have made studies on specific issues like debt (George, 1988, 1992) and taxation (Palan, 2002) which arguably have a bearing on cosmopolitan approaches to global finance.

However, the idea of developing ethical approaches to global finance and the possibility of legitimising the GFA have been subject to scepticism and critique in IPE. A sceptical view (Best, 2003; Underhill and Zhang, 2003; Sinclair, 2001) would argue that the interests of major powers and/or private interests will tend to over-ride ethical concerns in the governance of global finance. Sophisticated versions of this thesis argue that the increasing prevalence of privatised governance via industry self-monitoring means that no amount of public involvement will get close to the actual substance of global finance (Coleman and Porter, 2000; Sinclair, 2001). But while these arguments pose serious challenges to the feasibility of cosmopolitan approaches to global finance, the chapter argues that they are not ethical critiques. Each leaves unquestioned the normative ideal of cosmopolitanism as a framework for global finance, i.e. they agree it is a good idea but think it ultimately unlikely.

Meanwhile, a more pressing critique hails from post-structuralism. For post-structural authors (De Goede, 2005: 147-149; Langley, 2004) there is a totalising universality in the metaphor of the GFA that both imposes an ethical limit and silences alternative ethical/financial futures. By thinking in terms of a single unitary image of global finance reformist accounts may lose sight of the contingency and contestability of financial arrangements. Extending this point it can be argued that when cosmopolitan ethical approaches attach themselves to policy debates like GFA reform they may re-produce that which they question. This relates to the self limiting aspects of cosmopolitanism described by Rob Walker (2003: 268), who argues that:
In some very important respects cosmopolitanism must be read as a constitutive aspect of the problems that many of those attracted to cosmopolitanism seek to address. In its most familiar forms especially, cosmopolitanism works well, within the permissible discourses of the modern sovereign state, and works precisely so as to entrench the statist accounts of political possibility and impossibility.

A potential self-limiting aspect of cosmopolitan approaches to global finance may therefore be the entrenchment of not only statist, but market-centric accounts of political possibility (See De Goede, 2005). The chapter responds to these points in turn. First, the dominance of power politics and private governance arrangements does not mean that ethics should be written off in global finance. If anything such obstacles only increase the need for ethical theorising to combat these problems. And second, it is agreed that universalism is a serious issue. An unquestioned financial universality can blind reform to the contingency and ambiguity of lived experiences. It can reduce the ethical reform of global finance to a straightforward 'program' that fails to question what finance 'is', i.e. are open financial systems (even if regulated) natural or desirable in every context?

However, the chapter argues there is no reason why a cosmopolitan approach to global finance must reify financial universality. By unpacking cosmopolitan approaches to global finance we can suggest some alternatives. At one level, it is argued that cosmopolitanism should be operationalised via a practical case study. Currently nascent articulations of cosmopolitan ethics in global finance draw on predominantly democratic arguments. In this way, the tradition of cosmopolitan justice, including Charles Beitz (1979) and Thomas Pogge (2002), is left underrepresented. Therefore it is argued that by developing a case study of the Tobin Tax (Tobin, 1978) we can explore both the re-distributive and democratic aspects of cosmopolitan ethics (See Chapters 3-6). At another level, the question of 'what is global?' in global finance needs to be unpacked. Current articulations tend to equate 'global finance' with International Institutions + Finance (Germain, 2004: 232) thus confirming the critique of financial universalism. But, drawing on the work of Jan Art Scholte (2005), it is argued that globalisation is better understood as a multi-dimensional (economic, social, political, discursive)
and multi-level (individual, local, national, regional, global) process that re-spatialises life in transplanetary and supra-territorial terms. On this view, *global* finance is not some universal monolith. Rather it is understood as a socio-spatial context in which to critically think through cosmopolitan ethical proposals for financial reform.

The chapter is in four sections. Section 1 introduces global finance and outlines certain key political and ethical challenges. Section 2 introduces prominent cosmopolitan responses. Section 3 surveys the existing critical literature on the possibility of ethics in global finance. And Section 4 will set out the parameters of a practical and theoretical response. To this end, the Tobin Tax is suggested as a suitable case study of cosmopolitan global finance. And the idea of cosmopolitanism in global finance is pluralised via recognition of the complexity and dynamism of global finance across multiple levels of social life.

### 1.1 Global Finance, Policy Reform and Ethical Challenges

This section is in three parts. Part 1 provides a basic introduction to global finance. It defines finance in general terms and highlights some of the relevant changes in its operation and governance. Most significantly, finance in the 21st Century has attained a significantly global character that will be further addressed in Section 4. Part 2 discusses some of the themes of the global policy debate over reforming the GFA. A prime interest in ‘crisis prevention’ has focused the GFA reform debate on a rather limited mandate of stability and transparency. And finally, Part 3 outlines some of the key ethical challenges pertaining to global finance. While the ethical dimensions of global finance have been less prevalent in the mainstream policy debate, they are nonetheless important for it.

#### 1.1.1 Global Finance: a basic introduction

At the outset it is useful to give a general introduction to global finance. Finance is the part of the economy that mediates between savings and investment. This is usually done via the creation of credit. Indeed, Stopford and Strange (1991: 35)
define the financial system as the “the system under which credit is created, allocated and put to use”. An effective financial system, so the economic logic runs, is able to provide a pool of (liquid) capital for investors while maintaining levels of return for savers. And a plethora of instruments exist to provide for – and profit from - these operations. As Jan Aart Scholte (2002a: 4) details:

A host of mechanisms have developed to connect savings and investments. Many take the form of deposits in and loans from banks. Others are securities: that is, stocks and debt instruments like bonds, notes and money market tools. Then there are financial derivatives: that is, forwards, options, swaps and other such contracts that relate to future levels of foreign exchange rates, interest charges, securities prices, stock market indices, and other financial indicators. Insurance arrangements constitute still another large field of financial activity, where people pay in today to cover possible needs for payouts tomorrow.

For this complex set of financial instruments there is a long list of important variables: interest rates, exchange rates, political stability, etc. And these variables are interdependent. For example, a high interest rate/low inflation policy in one country can induce liquid capital from overseas which would in turn put upward pressure on the exchange rate, increasing the cost/reducing the saleability of exports, threatening low growth, low employment and potential instability.

In this interconnected model, profit signals for financial market participants can sometimes be removed from trends in the ‘real economy’ of production and trade (Soederburg, 2002: 6). This is partly due to the size and speed of financial markets that allow for – and encourage - quick speculative trades in derivative products, without getting bogged down in long-term investments, occasionally with negative consequences (Goldstein 1993: 4). For example, strong faith in risk-models mean that hedge funds are encouraged to bet large on very small margins. (De Goede, 2001).

While somehow detached from the ‘real’ economy then, the size of finance ensures it’s social and economic importance. Finance is huge. Numerically it is much larger than world production and trade put together. As the Bank for
International Settlements (BIS, 2004: 4) details, the value is still growing in areas like foreign exchange: “The 2004 survey shows a large increase in activity in traditional foreign exchange markets as compared to 2001. Average daily turnover rose to $1.9 trillion in April 2004, up by 57% at current exchange rates and by 36% at constant exchange rates.” At such levels it would take foreign exchange markets less than a month to trade the value of annual world GDP.

Such size is facilitated in part by the global structure of the market. A combination of rapid technological innovation and progressive liberalisation of financial sectors across the world have meant that banks, hedge-funds, stock traders, and even individuals can now operate in global markets in continuous time 24 hours a day, 7 days a week (See Cohen, 1996). In the late 20th century, the ideology of open markets was synonymous with a global financial sector that promised growth and prosperity in limitless proportions (Germain, 1997; Strange, 1986). And, in response, financial firms have gone global to meet such promised opportunities. For instance, in the case of derivatives markets William Coleman (2001: 2) notes:

...these markets are truly global in that they transcend borders; in fact, derivatives are financial instruments whose very purpose is to take some of the financial risks out of investing across borders. [...] these markets are dominated and controlled by a relatively small number of complex, global financial services firms that are active in most of the principal financial centres of the developed and developing world.

Technology, profit seeking, ideology and political policy have therefore combined to allow finance to globalise rapidly. In this context one of the key areas of debate on global finance in 20th Century concerned the question governing global finance (Ruggie, 1982; Underhill, 1997). While the concept of governance is contested terrain – some argue that states are now less powerful, while others note their increasing power vis-à-vis labour with the effective depoliticisation of financial issues (Burnham, 2001) - it is clear that the size, transborder scope, and speed of financial markets mean that a national or, territorially demarcated cartography is not of itself sufficient to regulate them. As Scholte (2002a: 9) affirms,
...localities, countries and regions are by no means irrelevant in today’s banking, securities, derivatives, and insurance industries: twenty-first century finance has not become purely global and nonterritorial. However, many financial activities are now considerably global, including in ways that largely transcend territorial geography. As such, they also transcend the traditional scope of the territorial state and pose considerable challenges for effective governance.

1.1.2 Reforming the Global Financial Architecture?

The question of governance is further underlined by the history of frequent and intense instabilities in global finance. In the last decades of the 20th Century a number of financial crises caused severe damage in developing and developed economies alike. The Asian financial crisis in particular prompted a major re-think of global financial governance, not least because it occurred in a set of countries that were generally seen to be model students of IMF policy (Bruce Hall, 2003; Higgott, 1998; Wade, 1998). As Leslie Gelb, then President of the Council on Foreign Relations, remarked: “No event of the past 50 years has generated more calls for a re-examination of the institutions, structures, and policies aimed at crisis prevention and resolution than the Asian/global financial crisis that began in Thailand in July 1997.” (Goldstein, 1999: 3). And, as a result, a number of policy reform proposals were put together in a series of debates over the reform of the global financial architecture (Eichengreen, 1999; Goldstein, 1999; Kenen, 2001; Meltzer, 2000).

Part 2 now identifies the broad themes of the GFA reform debates. It is argued that the reformist moves to encourage stability and transparency may indeed help the declared policy objective of ‘crisis prevention’. However, the broader political and ethical dimensions of GFA reform regarding accountability and legitimacy were less developed. As Leslie Elliott Armijo (2002a: 3) argues, “a debate over the future financial architecture that continues to be overwhelmingly dominated by the preferences of interests located within the United States may not produce a reform blueprint that can last. [...] Unfortunately, the most influential positions in the contemporary debate largely ignore the questions of international political feasibility and long-term political sustainability…” A
space is therefore opened for cosmopolitan approaches to global finance concerned with democratic legitimacy that will be addressed in Section 2.

Within IPE the debate on GFA reform has been criticised extensively for working within a limited mandate that produced only minor reforms while re-enforcing orthodoxies regarding capital convertibility (Best, 2003a; Bruce Hall, 2003; Langley, 2004; Sinclair, 2001; Soederburg, 2002). This is due to the fact that for policy actors and policy relevant economists concerned with the GFA reform, the solutions to financial instability depended in large part of the problems identified. Thus, because GFA reform was instigated as a reaction to a series of financial crises then, crisis prevention became the central goal. In this vein, a number of discursive moves were made which marked out the crises as a deeply abnormal and chaotic episode. As Morris Goldstein (1999: 6) recounted in one of the key GFA documents published by the Council on Foreign Relations:

...financial crises swept through the developing world like a hurricane. Indonesia, South Korea, Malaysia, the Philippines, Hong Kong, Russia, and Brazil were among the hardest hit, but few developing countries emerged unscathed. In the crisis countries, currencies and equity prices plummeted, economic growth turned into recession, wealth evaporated, jobs were destroyed, and poverty and school dropout rates soared.

While a laudable reflex, this move to identify the nefarious nature of financial crises is at the same time concerned with justifying specific and particular courses of action. By marking out financial crises as something 'other', abnormal and foreign, it therefore became easier to regard the reform objective as one of straightforward prevention. For its part the IMF reproduced this discourse: “Improving the prevention and management of crises means tackling sources of vulnerability, increasing transparency, and promoting adherence to international standards of good economic citizenship.” (IMF, 2001) According to this view, global finance has faltered because (developing) states have failed to adhere to neo-liberal reforms. Thus the appropriate response must involve certain conditionalities for developing states and market actors. As Goldstein (Ibid.7) asserts,
If we are to make real headway in improving crisis prevention and management in the developing world, we must put the primary responsibility back where it belongs: on emerging economies themselves and on their private creditors, which dominate today's international capital markets. If the behaviour of debtors and creditors does not change, the poor track record on financial crises will continue.

The effect of such logic is 1) to construct non-crisis periods as normal, thus re-legitimising global finance (De Goede, 2005: 147-149), and 2) to reduce GFA reform objectives to a set of technical adjustments. As Paul Langley (2004: 70) argues, “Demands for governance reform follow from economic rationalist assumptions about the benefits of liberalized capital markets, viewed as necessary if these perceived benefits are to be reaped by developing and developed state-societies alike.” Thus the G7 finance ministers issued statements about strengthening global financial institutions (Group of 7, 1998). The G-22 produced three statements on strengthening the GFA that were intended to consult more openly, if technically, with developing states (Group of 22, 1998, 1998, a, 1998, b). And the Council on Foreign Relations (1999: 83) produced the findings of its own task force which argued that,

Information and data shared openly and rapidly are the best devices to curb excesses, to limit exposures, and to cause corrective actions before impending crises become actual crises. [...] Rapid and reliable information, greater transparency, and more aggressive IMF whistle-blowing in turn provide a foundation for the development of a much more effective early warning and early action system.

While there were some informal institutional innovation in the G22 and the Financial Stability Forum (FSF), and a set of standards and codes on best practices, the real output has been viewed by many within IPE as an exercise in consolidation, not reform. As Jacqueline Best argues, “Unlike neoliberalism, this new financial architecture recognises the limits of a disembedded global economy. Yet, rather than seeking to reign in the forces of liberalisation by re-embedding international finance in the norms and practices of particular states, advocates of this new regime seek to embed a new universal set of financial norms and institutions” (Best 2003a, 378-9). The point is that even if the GFA
reform objectives make sound economic sense, they risk their own democratic and political legitimacy by proceeding in a technical and economistic fashion. As Armijo (2002a: 53) forcefully concludes,

The current minimalist and hegemonic post-Bretton Woods international financial architecture makes it difficult for elected leaders in poor countries to maintain both domestic mass democracy and external economic integration, because the PBW financial architecture requires developing publics to endure precisely those extremes of economic volatility that Western democracies made clear to their leaders in the 1930s they would no longer tolerate.

1.1.3 What’s missing? Political and Ethical Challenges

The point of this brief overview of the GFA reform debates is to give a flavour of the technical and managerial logics that pervade the governing circles of global finance. Part 3 will now argue that what is missing from such discussions is in many ways, what most important politically and ethically speaking. As Higgott (1998, 2000) has argued, the understanding of governance as a technical issue of institutional policy management, which lies at the heart of the global financial institutions, negates a potentially more expansive understanding of global governance as politically contested and contestable. In the field of global finance, for instance, the ethical dimensions of GFA reform have been poorly recognised yet hold massive implications for the legitimacy of GFA reform. As Underhill and Zhang (2003: 79) argue,

...the international financial order derives its legitimacy not only from its potential contribution to improved investment opportunities and economic efficiency but, more fundamentally, from its ability to ensure redistributive justice, social fairness and democratic accountability on a global scale. The key issues in the international financial architecture go beyond policy transparency, regulatory adequacy and risk management, and concern broader questions about the ends of public policy in the domain of global money and finance.
Some major political and ethical challenges can be identified that build from and extend the mainstream concerns with crisis prevention highlighted above. Specific concerns include the way that financial instabilities and debt foster radical material and democratic inequality and underpin a largely undemocratic financial system. Thus, in opposition to the mainstream view of GFA reform, if 'normal finance' is wrought with ethical concerns then what is the attraction of a reform agenda that identifies and targets only abnormal episodes? All that can be provided here is a broad summary of the ethical challenges facing the governance of global finance, paving the way for consideration of key cosmopolitan arguments in Section 2.

Instabilities in global markets for debt, currencies, equities and their derivatives have direct and material consequences for populations on the receiving end. As Susan Strange (1986: 2) observed some twenty years ago, “A currency change can halve the value of a farmer’s crop before he harvests it, or drive an exporter out of business. A rise in interest rates can fatally inflate the cost of holding stocks for the shop-keeper. A takeover dictated by financial considerations can rob the factory worker of his job.” Such instability is not then just an economic problem. It poses a serious threat to human welfare and the capacity of states to ensure social justice and brings into question norms of state-centric welfare provision (Devetak and Higgott, 1999).

The fallout from many financial crises involves job losses, poverty and major social adjustments including mass migration to cities, a potential fire-sale of domestic owned capital at knockdown prices and the threat of long term low inflation and high unemployment. As the British NGO War on Want (2002: 3) attests,

The poor have been affected by unemployment, cuts in wages, rising prices of essential commodities, and reductions in social services. Children were taken out of school, food has been in short supply, and levels of violence and prostitution have risen. Unemployment and the increased competition for survival have led to community breakdown. There has been a rise in political instability, with food riots and ethnic tensions in Indonesia, farmers protesting in Thailand and worker discontent in Korea.
In the context of large profits in the banking sector such social impacts mean that the global financial system has acted to foster large levels of inequality. This is nowhere more evident than in the case of debt. In the global south, debt as a proportion of GDP has spiralled in the 20th Century. A major escalation occurred during the oil price hikes of the 70’s. The huge sums that oil-producing countries pocketed during the shocks were deposited in US banks and, as interest rates plummeted, the banks recycled these ‘petro-dollars’ to the South. These loans were made with scant attention to the recipient’s ability to repay and – more nefariously – with little account of the human rights record of particular leaders (George, 1988, 1992). As interest rates increased again, the phenomenon of compound interest meant that many southern states began to pay back in interest more than they had actually borrowed in the first place. Indeed Jubilee 2000 estimates that African countries currently spend more than four times on Debt as healthcare.

In this way, financial instabilities and debt create material inequalities between creditors and debtors. However, a further ethical challenge arises when we consider political inequality. The ethical challenges of global finance are compounded by the lack of participatory democratic avenues for reform. To date the governance of global finance has been dominated by the interested actors of the northern, white, male, bourgeois, educated elites (Armijo, 2002a; Scholte, 2002b). Decision making has been the job of state leaders acting on the advice of their treasury ministers working in close co-ordination with the major investment banks, hedge-funds and market players (Underhill, 1997). The list of people, communities, faiths, frameworks of knowledge, modes of existence and environmental interests excluded from the decision-making level of the GFA is enormous. Gender issues including the differential access to credit between men and women are rarely (and then only problematically) recognised in mainstream financial policy (Weber, 2002). In terms of class, the upper levels are far more likely to have their interests recognised. For example, Western nations have successfully operated a differential approach to tax collection between labour and capital in recent decades. And in terms of state representation, southern states listen while the G8 speak. As Scholte (2002a: 17) affirms,
most states have been excluded from the G7, the G10, the G20, the OECD, and transstate networks of national officials. At the same time weighted votes have in effect given a handful of states a collective veto in the Bretton Woods institutions. Most of the world’s people have therefore been only marginally, if at all, represented by their states in the governance of global finance.

The ethical challenges facing global finance are therefore huge at a time when the effective de-politicisation of decision making has meant that opportunities for reform appear to be minimal. What is clear is the mainstream view that stability, informational transparency and better policing of developing states are insufficient to address these challenges. It is in this context that the thesis now introduces the possibility of cosmopolitan ethics in global finance.

1.2 Cosmopolitan Approaches to Global Finance?

Cosmopolitan approaches to global finance are nascent. Sustained attempts to scrutinise global finance according to cosmopolitan principles have only emerged in recent years (Coleman and Porter, 2000; Germain, 2001, 2002, 2004; Porter, 2001; Porter and Wood, 2002; Scholte, 2002b; Thirkell-White, 2004). So far the work has addressed the problems of 1) finding and applying cosmopolitan democratic standards to finance, and 2) exploring the contours of an evolving public sphere and its capacity to foster political equality. It is argued that while neither approach comprehensively meets all the ethical challenges posed by contemporary global finance the development and extension of such approaches represents an interesting and worthwhile first cut. Thinking through the problems and possibilities of cosmopolitan ethics in global finance is an important ethical move in a domain marked out by instrumental and technocratic closure.

1.2.1 Extending Democratic Principles to Global Finance

The principle intellectual spur for cosmopolitan approaches to global finance can be found in the work of David Held (1995, 1997). Although his ideas will be analysed in more detail in Chapter Five, it is useful to briefly introduce the logic of his argument here.
Held argues that globalisation presents a number of economic, social and political challenges that require cosmopolitan responses – understood as the preservation of individual autonomy, via legal reforms and maximal democratic accountability (1995). For Held, processes of globalisation blur the association between national policy and national electorate, challenging the principle of self determination and prompting a need to re-construct systems of political governance. Indeed, globalisation has become an important issue for cosmopolitans in the post-Cold War order. As Andrew Linklater (1999: 474-475) argues, “Globalization increases the opportunities for, and incidence of, transnational harm (injury to individuals or groups which is caused by other societies or transnational corporations, and injury which is spread across frontiers by market forces and by global trends which harm the environment).” The response of cosmopolitan democrats is to argue that, if lives are strongly influenced by a number of cross cutting ‘communities of fate’ (e.g. financial, environmental, etc.) that are not controllable by national governments alone, then the task is to re-construct democracy at levels above, below and regional to the state.

Such arguments are intuitively extendable to global finance. On one level the impact of global financial activity on the affairs of states is an important question (Andrews and Willett, 1997). As the previous section argued, financial crises and debt can manifest a serious threat to national economies and welfare systems, even within developed states. There is therefore perhaps a need to re-construct conceptions of democratic self-determination to take account of the negative effects of financial interdependence?

On another level the institutions of global financial governance already exist and make policy that has a direct consequence for everybody’s lives. Making such institutions democratically accountable is a pressing avenue of enquiry (Woods, 2001). These ideas are developed critically and comprehensively by William Coleman and Tony Porter. In their article, International Institutions, Globalisation and Democracy, they argue that, while laudable, Held’s cosmopolitan democracy exhibits too little sensitivity to functional differences across different sites of supranational authority (2000: 378). In particular they
note some specific challenges in global finance that are fundamental to the
development of cosmopolitan democracy. As they contend (2000: 378),

"...this variation is due not only to differences in the pace of
globalisation across issue areas. It derives as well from variations in
the relative importance of three related, but sometimes
underestimated challenges to democracy: the increased
international importance of private authority, of technical authority
and the unequal distribution of power among states. It is important,
therefore to develop criteria for democracy that can be practically
applied to the very different institutions, which we are likely to
continue to see across supranational sites of authority." (Emphasis
added.).

Coleman and Porter concur with Held that the migration of authority from state
to supranational organisations has fostered deep questions of legitimacy in
modern political systems: "[a]s the institutions created by states in this way
increase in strength and autonomy, they can further erode citizens' input into
policy processes." (Ibid: 380). But they question whether there can be easy
resolution of such questions in global finance, where regulation has come to rely
heavily on expert exclusionary knowledge like risk analysis (See also Underhill,
1997). They argue that this "reliance on technical knowledge in supranational
policy making is, in turn, a contributor to a third challenge to democracy: the
growing importance of private authority." (Ibid: 381). Such authority challenges
basic norms of political legitimacy and accountability because citizens have very
little direct channels through which to hold such de facto policy makers to
account.

On this view, the reform of the GFA according to democratic principles may
require a re-thinking of the very concepts of democracy and accountability?
Principles of autonomy and (legalistic) democracy may have trouble cutting into
the privatised authority and asymmetrical power relations that pervade the
already existing regimes of global finance?

In response Coleman and Porter (Ibid. 388-390) identify six underlying
principles of democracy that can be applied more effectively to global finance:
1) Transparency Can all interested observers inform themselves fully on the core
questions and tradeoffs under consideration? 2) *Openness to direct participation;* 3) *Quality of discourse* (to what extent is legislative debate legitimised through evidence of ethical reflection and contested practice as well as administrative norms?); 4) *Representation;* 5) *Effectiveness;* and 6) *Fairness.* Applied to finance – and in line with much of what has been argued - these criteria render the following results:

- *Transparency* traditionally has been low due to traditions of secrecy and the highly technical character of the issue area. This tradition has been changing significantly in recent years, due to the emergence of private sector transparency in prudential regulation.

- On *openness to participation* and *representation,* power asymmetries are evident with the dominance of G10 officials. In recent years, there have been a number of steps taken to integrate emerging market regulators, for example through various regional committees and the G20, but in almost all cases this involvement is much more informal and peripheral than the G10 involvement, and is at the pleasure of the latter.

- On *quality of discourse,* the institutional fragmentation of the issue area reduces significantly the opportunities for raising important political issues such as the desired choice of systemic risk/regulatory cost tradeoff, the distribution of risks and post-crisis costs, and the feasibility of certain policies...

- On *effectiveness,* despite considerable strengthening over recent decades, the informal nature of the prudential regimes has reduced its capacity to promote compliance with strong detailed rules.

- Discourses of *fairness* are virtually absent from this issue area... [...] ...Some moves have been made to address asymmetries of power by including emerging market regulators. These and other institutional initiatives are not accompanied, however, by reflective discussion of principles of fairness that could govern them – rather they are *ad hoc,* technically driven, or done behind closed doors. (Ibid. 392-393).

Thus the findings of this approach with respect to the reforms of the global financial architecture discussed are similarly negative. As well as the poor reflection of social costs of financial instability in the official debate, Coleman
and Porter point to the inadequacy of attempts to improve democracy in the global financial architecture via the inclusion of emerging states. When organisations like the G7, the G22 or the FSF did make an effort to include developing states, it could only be done within a technical discourse and with the backing (leadership?) of the US, even - or especially - when translated through the more global body of the IMF (See Momani, 2004).

To summarise, Coleman and Porter persuasively develop the utility of cosmopolitan critique in the context of global finance. Developing an ethical consideration of the broad flaws in the GFA reform debate identified in 1.1.2 is an interesting application for cosmopolitanism in global finance. However, if this is a useful extension of cosmopolitan critique, there is another approach – not exclusive to this one – that looks at the normative possibilities within the emerging public sphere. This argument is arguably more normative than Coleman and Porter and suggests the positive futures of global finance that may be envisaged.

1.2.2 Building a Global Public Sphere for Finance?

Randall Germain (2004) takes a more sociological view of the emerging debates on reforming the GFA to argue that accountability can best be improved via an ethic of participation within an emergent global financial public sphere. Germain defines this public sphere as,

"...that arena of public deliberation concerning financial issues bounded by four key globally institutionalised configurations of power. These are a government-led (or inter-state) institutional framework at the global level, the set of globally integrated financial markets, a global media increasingly interested in financial issues, and those associations within civil society that advance and debate issues broadly associated with finance." (2004: 232).

Germain is interested in the evolution of norms of communication between regulatory institutions, markets, the media and civil society. It is argued that such norms provide a sphere in which courses of action although not legitimised in a traditional political sense of consensus and oversight, are at least debated and
scrutinised in informal ways. In this way, he argues that “...the basis for rethinking accountability at the global level already exists”:

The governance structure of finance is now more globalised and inclusive than at any time prior to 1999, with emerging market economies and their public authorities increasingly involved in a genuine manner across a broad range of norm building activities. These activities and their consequences are more widely communicated both to the authorities involved and to a larger and more financially literate cross-section of the population. Such extended communication facilitates a wider and deeper debate about the core principles upon which financial systems and their key incentives are built. (Ibid: 242).

But if such a normative argument seems unduly positive – particularly in light of Coleman and Porters critique – it should be stressed that the public sphere is to be seen as an unfinished project. It is a way of conceiving of the global financial architecture that renders it malleable: open to critique and improvement along ethical lines. It is therefore an avowedly reformist and politically engaged agenda. As Germain (2004a: 28) states,

It is not a transformative space of its own accord; rather it must be itself transformed from a ‘weak’ into a ‘strong’ public if it is to provide an enabling environment that can be used in particular ways, whether to protect, preserve or unseat established privileges. Mapping the global financial public sphere, in other words, only provides us with a first cut at some of the mechanisms of governance in the 21st century. But at least it directs attention to the actual way in which the ensemble of governance operates today, thereby establishing the limits of the possible in terms of financial governance.

On this view, the related projects to build a ‘strong public’, to foster an ethic of participation and to establish new lines of accountability, are to be seen as examples of political praxis. Likewise, the cosmopolitan criteria of democracy that might be applied to global finance are open and contestable. Each approach points to new possibilities for global finance that envision democratic legitimacy and political equality as normative objectives.
In comparison to the unreflective, technical, closed procedures and discourses of existing global financial governance arrangements, the cosmopolitan project is undoubtedly a step towards building the normative dimension(s) of global finance. However, as the next section argues cosmopolitan global finance is not without its critics.

1.3 Problems for Building ethics into GFA Reform

There is then an emergent set of approaches that seek to subject the practices and governance of global finance to broadly cosmopolitan principles. However, cosmopolitan proposals are thus far nascent and somewhat limited. And, as Coleman and Porter themselves argue, there is good reason to be sceptical that cosmopolitan ideals can be realised within the GFA due to structures of technical knowledge and private interest. This section outlines some of the central problems for building ethics into global finance that have been levied in IPE, before outlining practical and theoretical responses in Section 4. Part 1 addresses what might be described as the sceptical view of ethics in global finance. For sceptics, the possibility of ethics in global finance must be seen as remote due to the prevalence of power politics and private interests. And Part 2 addresses those post-structural critics who argue that the very terminology of global financial reform is silent on the contingency and plurality of financial knowledge/history.

1.3.1 Scepticism towards ethical reform in global finance

A common critique of ethics in global financial governance, indeed in international politics more broadly, is to point to a perceived idealism. For some the idea of realising cosmopolitan ideals regarding standards of human rights, democracy and justice within the global finance is simply naïve and unlikely (See Higgott, 2004: 19). Traditional IR concerns with state self-interest mean that there is a significant structural imbalance between power and ethics, and between the interests of states and the interests of individuals (Carr, 1964). More sophisticated versions of this argument posit that those reforms which cosmopolitans can point to – like the development of the G22 or the inclusion of
emerging states in the Financial Stability Forum – act to increase the hegemony of particular states (Sinclair, 2001).

A broad range of IPE theorists have pointed out that GFA reforms act to privilege private interests, particular states, or the ideology of neo-liberalism. These criticisms repay analysis because they have a direct correlation with cosmopolitan agendas that develop upon such reforms. For instance, Underhill and Zhang (2003: 379-380) argue:

While the formation of the G-20 and the Financial Stability Forum (FSF) might have rendered the international decision-making process more inclusive, the membership and structural hierarchy of these forums have left no doubt that the global financial system will continue to be run by the leading industrial nations. The G-20 and the FSF still excludes the majority of developing countries. Even the emerging markets that are included realise that they have different interests from and lack of collective bargaining power vis-à-vis the dominant members. […] at the epicentre of global financial governance remains the G-7.

This view meets the idea of GFA reform with the question: what reform? As Underhill and Zhang forcefully (Underhill and Zhang, 2003: 380) attest: “The marginalisation of the normative dimensions of the global financial governance has reflected the narrowness of the institutional processes by which the agenda has been formulated.”

Critical IPE approaches extend this argument about the institutional narrowness of GFA reform by addressing the role of private interests in global financial governance (Underhill, 1997). For his part Tim Sinclair (2001) has highlighted the importance of the enduring private financial architecture. On this view, no amount of institutional reform to draw in – or include – developing states will get over the fact that the policies that are being tinkered with are market inspired policies that work according to logics which favour private accumulation. In the case of banking regulation he argues,
In a sense there has already been a “private reform” of the IFA whether this is endorsed in Basel II or not. Lack of real substantive progress on the architecture proposals could be said to have been sidelined by the development of a new quasi-regulatory structure. Even if Randall D. Germain is correct and the politics of inclusion are now characteristic of some features of the IFA, it is not clear that the official IFA is where the substance of regulation now lies. (2001: 442).

This is a difficult critique for cosmopolitanism to consider. If financial market actors increasingly regulate their own activities then what is the likelihood that the ‘inclusion’ of a few more states/people in the debate will actually change anything?

A final sceptical tradition in IPE has its routes in Marxism. On this view ethics and morality is simply an ideological smoke-screen for the existing hierarchy (See Jahn, 2005). In this vein, Jacqueline Best has forthrightly argued that the only moral that can be gleaned from the GFA reform debate is the moral of neo-liberal universalism. In a review of three of the major reports on the reform of the global financial architecture – Eichengreen (1999), Goldstein (1999), and Kenen (2001) - she argues that despite a general recognition of the limits of the market, all three reports seek to make the market the final arbiter:

Each is ultimately only able to resolve these tensions on a normative level by developing a moral argument for the universal value of the market. They thus stave off the threat of a wider political debate about financial reform by appealing to a universal conception of economic good – framed either in terms of moral judgment, moral development, or the virtue of prudence. (2003: 581)

On this view ethics and morality is deployed as rhetoric to cover the continued dominance of the market. While it is unclear if this critique can be extended to cosmopolitan approaches to global finance, it does provide a central question to cosmopolitans that will be developed in Part 2: How critical is cosmopolitan global finance?
In summary, the sceptical position on ethics in global finance offers an interesting and important challenge to the possibility of building cosmopolitan ethics into global finance. State power, private self interest and the ideology of market fundamentalism mean that cosmopolitans should be wary of optimism. However, it should be noted that the sceptical position does not actually criticise cosmopolitanism as the appropriate normative framework for GFA reform. For the most part sceptics emphasise the difficulty of implementing ethics in the context of powerful states, privatised governance and technocratic knowledge frameworks. If anything the sceptical position is actually a spur to develop an ethical agenda to combat the problems identified: powerful states, entrenched neo-liberal logic, the manipulation of moral argument to further economic universalism. All it infers is that, to be convincing, an ethical framework must also provide some idea of how it would be realised in practice, how it would differ from current practices. It does not undermine ethics per se. Thus Part 2 moves on to address a critique of GFA reform that may hold important implications for cosmopolitan ethics in global finance, namely: post-structuralism.

1.3.2 Post-structural Critiques of Cosmopolitanism and Global Finance

Jacqueline Best’s scepticism towards moral argument raises an interesting problem for any ethical approach to global finance: how critical is it? To what extent does it undermine the dominant image of global finance it seeks to reform? Best retains the hope that by exposing the ‘rhetoric’ of morality we can go beneath the surface and undermine the universal logic of the market. However, post-structural authors do not share this optimism. On one level, post-structural authors have attacked cosmopolitanism itself. On another level, post-structural writers have problematised the very signifier ‘global finance’ in debates about GFA reform. Part 2 now identifies the relevance of each critique for the question of building cosmopolitan ethics in global finance.

For post-structuralists, ethics is not something that is ‘added’ to world politics. Rather, as Walker argues (2003: 68) cosmopolitanism should be read as a constitutive element of the problems it seeks to address. Simply put, by defining
'what the problem is' and suggesting 'ways to solve it' any ethical framework must thereby identify the boundaries of possible futures. For instance, in a critique of what he calls the "cosmopolitan ideal", Nick Vaughan-Williams (2006, forthcoming) draws out three points of weakness. First, he identifies the problem of an implicit, and often explicit, teleology in cosmopolitan thought that poses a linear progression from polis to cosmopolis. Second, and relatedly, he critiques the Euro-centricity of the cosmopolitan ideal, whose "narrative of the unfolding of nature leading to the victory of reason that in turn leads to the emergence of a society of nations cannot be read outside the context of modernity and European colonialism". And finally, he argues that cosmopolitanism actually re-produces the state-centric political narrative it seeks to overcome.

Taking the example of cosmopolitan hospitality towards foreigners – a key tenet of many attempts to increase the scope of ethical concern – he argues that this hospitality is always-already limited, conditional upon and policed by the laws of the state. While hospitality would at first sight appear to increase the rights of a 'citizen of the world' over and above the state, in fact, the limited hospitality of the 'cosmopolitan ideal' simply reprises the centrality of the state in our thinking of the ethics in world politics. Cosmopolitanism actively produces the ethico-political problems it apparently seeks to resolve. Again, although Held recognises and responds to these problems through increasing universal hospitality in a context of global Cosmo political governance, the state still remains at the heart of his ideal. And "[t]his is problematic since it is precisely the state that produces the foreigner, immigrant, exiled, deported, or stateless person in need of greater levels of hospitality in the first place."

The implication of this kind of thinking is that cosmopolitan ethics in global finance may actually reify the world it seeks to reform? For instance, post-structural authors have criticised the 'totalising' qualities of the global financial architecture debate. From a post-structural perspective, such signifiers reify global finance as a homogeneous system that requires technical solutions. The historically contingent, plural and discursive contests that produce (global) finance are the central political concern for such authors.
For instance, Marieke De Goede (2005: 147) argues, the “assumption that re-
regulation of financial markets on a global scale and through state co-operation is
the only viable response to liberalized finance is flawed, for three reasons.” First,
such regulation has the effect of de-politicising financial practices by marking
out a realm of ‘normal finance’ beyond politics. This is evident in the daily use
of unquestioned financial statistics in the media. Second, in a related point,
atttempts to regulate global finance typically seek to avoid crisis thus constructing
non-crisis periods as ‘normal’. And thirdly, she identifies a “degree of defeatism”
in attempts to re-construct the Golden Age of Bretton Woods. An all or nothing
logic seems to re-strict the scope of possible solutions: “the representation of
finance as a homogenous and clearly bounded system attributes to the power of
financial institutions a degree of effectiveness and autonomy it seems impossible
to refuse”. (Ibid: 149). This view is echoed by Paul Langley (2004: 71) who
argues that the GFA reform debate

constitutes […] another particular instance in the contested,
contingent and fragmentary development of contemporary global
financial governance, whereby shifting networks of discursively
formed coalitions have forged identities and alliances and
marshalled change based upon more or less fundamentalist
visions of neo-liberalism.

The relevance of this argument for cosmopolitan ethics in global finance is the
suggestion that by entering GFA reform debates, cosmopolitans like Germain
may give up the possibility of a critical ontology of global finance. Indeed, as
was illustrated in Section 2, Germain (2004: 232) speaks of the global financial
public sphere as a combination of “a government-led (or inter-state) institutional
framework at the global level, the set of globally integrated financial markets, a
global media increasingly interested in financial issues, and those associations
within civil society that advance and debate issues broadly associated with
finance.” There is therefore little attempt to articulate the contested status of
modern finance or seek alternative possibilities.
The final section will map out a response to these questions by operationalising the question of cosmopolitan ethics in global finance via a case study of the Tobin Tax.

1.4 Unpacking Cosmopolitan Global Finance, Identifying Routes Forward

...money, capital, and finance are not unmediated economic realities that can be taken as a starting point to academic inquiry but have been made possible through contested historical articulations and practices of valuation. (De Goede, 2005: xv).

Drawing the strands of this chapter together, there are two principal problems facing the idea of cosmopolitan ethics in global finance. First, as has been remarked, cosmopolitan approaches to global finance are currently few in number and fairly nascent. This is due in part to a general scepticism towards ethics and the ethical in IPE. But, this section argues, it is also a fault of cosmopolitan theorists who have stopped short of an explicit engagement with the ethical challenges of global finance. And secondly, as the post-structural critique infers, there is a fundamental question about the ontological rendering given to global finance. Ambiguities over the historical evolution and mutability of accepted financial practices are often effaced by the signifier global finance. The very possibility of cosmopolitan global finance may therefore contain a universal violence that is hard to accept. This final section proposes a twofold response to these issues that will form the basis of an elaboration and development of cosmopolitan ethics in global finance in subsequent chapters.

Part I argues that many of the problems with the idea of cosmopolitan ethics in global finance herald from its level of theoretical generality. Simply put, there are numerous forms of cosmopolitan theorising that have not been applied to global financial issues and those which have been suffer from a lack of practical specificity. In this sense, it is perhaps understandable that IPE theorists display some scepticism towards ethics in global finance. However, if we instead develop a grounded ethical critique there may be routes forward? As such the thesis therefore develops a case study of cosmopolitan ethics in global finance via a discussion of the Tobin Tax.
Part 2 addresses the question of ontology. While the problem of universality is indeed a serious ethical issue, it is argued that this should not restrict us from imagining non-universal renderings of global finance. There is no reason to suggest that the ‘global’ and the ‘universal’ must be conflated as post-structuralism perhaps suggests. By drawing on the work of Jan Art Scholte (2005), it is argued that globalisation is better understood as a multi-dimensional - economic, social, political, discursive - and multi-level - individual, local, national, regional, global - process that re-spatialises life in transplanetary and supra-territorial terms. On this view, global finance is not some universal monolith. Rather it is understood as a socio-spatial context in which to consider ethics.

1.4.1 A Turn to Practice: Cosmopolitanism(s) and the Tobin Tax

Current articulations of cosmopolitanism and cosmopolitan ethics in global finance have operated at a level of generality that mean it is difficult to think through and engage with their limitations in a concrete political context. Two problems follow. First, there seems to be an undue emphasis on cosmopolitan democracy. This overlooks a long tradition of cosmopolitan ‘justice’ and redistribution that could hold important implications for the study and practice of global finance. As Held and McGrew (2002: 14) argue this bifurcation is symptomatic of broader trends in the normative literature on global governance:

This literature embodies two distinct (and largely discrete) discourses: one concerned with the democratization of global governance, and the other with the problems of global justice. The first seeks to specify the principles and institutional arrangements for making accountable those global sites and forms of power which presently operate beyond the scope of national democratic control. […] By contrast, the discourse of global social justice is concerned primarily with the elaboration of justificatory arguments and normative principles. In particular the emphasis is on elaborating the moral reasoning behind the pursuit of global re-distributive justice.

Secondly, by employing a theoretical scope that intimates what accountability might mean, or what a global financial public sphere might look like, the
concrete and situated implications of cosmopolitanism can sometimes be lost. Thus it is easy for sceptics to inveigh that the idea of cosmopolitan global finance is simply unlikely. An approach which is rather grounded in practice might permit the development of cosmopolitanism as an embedded way of thinking about the world and thus contribute to the paradigm itself.

As currently developed, the arguments and propositions contained within the civil society campaign for a Tobin Tax highlight a number of issues that are central to cosmopolitan ethics in global finance. First, advocates now stress the idea of global re-distribution (War on Want, 2002a). While initial incarnations of the tax saw it as a simple technical reform aimed at dampening incentives to speculate on currency transactions, recent discussion has turned fully to the revenue raising potential of the tax (Spahn, 1995). In this way, the idea can connect with discourses of cosmopolitan justice. A long line of theorists including John Rawls (1999), Charles Beitz (1979) and Thomas Pogge (2002) have attempted to justify frameworks of global re-distribution. However, their work has remained primarily a concern for analytical political theorists. The chance to operationalise cosmopolitan justice - to think through its possibilities and limitations in an empirical context - is an interesting extension of the paradigm.

Tobin tax advocates now attach a large group of democratic and emancipatory ideals to the proposal (Patomaki, 2001). On one level, the tax is held to be a direct political response to global finance and its perceived negative impacts for democracy (Helleiner, 2001). This marks out some clear similarities with David Held’s model of cosmopolitan democracy as a response to globalisation. On another level, the fact that the tax would have to be co-ordinated amongst many organisations, states, central banks, regional governance groupings and financial market organisations – means that questions of democratising the global financial public sphere are readily attached to the Tobin tax. And thirdly, more reflexively, the development and practices of the Tobin tax campaign itself means that it provides an example of an actually existing cosmopolitan public or global civil society. By following the campaign, observing how the discourse of the tax is shaped and augmented by different actors for different purposes, insight can be
gained into the concrete political realities of global civil society. General cosmopolitan ideas that global civil society can foster the development of cosmopolitan reason (Bohman, 1999) can be animated and critically assessed by appeal to the actual politics of a single campaign.

1.4.2 Engaging Universality: What is Global about Global Finance?

Having identified the Tobin Tax campaign as a suitable case study of cosmopolitan ethics in global finance, it is necessary to engage with the second major question identified: the problem of reifying a (potentially violent) universal ontology. One way to engage this problem is to ask the question: what is global about global finance?

This section elaborates a conception of global finance that includes local, national, regional, and global level processes and reflects upon the plurality of potential experiences and futures that it permits. On this view, there is no sense in which global is conflated with universal finance. Rather, global is a socio-spatial context in which different forms of finance exist.

Globalisation is an often-used yet radically under-specified term. It has variously been understood as economic liberalisation, Americanisation, Internationalisation or relative de-territorialisation (Brassett and Higgott, 2003). While causal dynamics differ between each perspective there is commonly some notion of heightened economic, communicative, and political interconnection. However, much debate over globalisation has turned on a "states vs. markets" dichotomy (Hirst and Thompson, 2000; Ohmae, 1995). This zero-sum contest belies a capacity of the state to secure a gradual transformation in state-market relations; or, a positive-sum diffusion of power amongst non-state actors operating in multiple sites of authority (Higgott and Ougaard, 2002).

Instead, a spatial conception of globalisation may take us beyond this dichotomy to emphasise the multi-level nature of global finance. This is most evident if we address the question of global financial governance. In global finance there is an increasingly important politics of governance that focuses on technical issues of
regulation (Underhill, 1997). Such regulatory governance does not fit into any neat dichotomy like global or national. Rather, the governance of global finance increasingly exhibits a multi-level, multi-actor, public-private mix of regulatory activity. To look at ‘governance’, as opposed to ‘governments’, allows a more expansive view of politics that appeals to the spatial complexity of the GFA. As Jan Aart Scholte affirms, this view does not give up on the state:

The end of statism in no way entails the end of the state itself. However, governance now also involves suprastate (regional and transworld) regimes that operate with some autonomy from the state. In addition, many substate (municipal and provincial) governments today engage directly with spheres beyond their state. (2004: 3-4).

On this view, global finance includes individuals, local communities, national, regional and global levels (Baker, Woodward and Hudson, 2005). Importantly this is a complex of social relations. Finance does not happen in a vacuum: free from human interaction. Instead historical, cultural and intellectual structures pervade the GFA such that there is a reciprocal interdependence across levels and between actors both public and private. For instance, the use of a micro-credit arrangement by local women’s group in Kerala may have been set up by a World Bank initiative, based on a financial model developed in MIT and secured with funds from an investment bank in Switzerland. Governance involves a disciplining of the women according to structures of knowledge and institutional power that cut across levels.

Many financial arrangements are carried out on a local level, often involving face-to-face interactions and contact. This human interaction - sometimes missed in depictions of global finance - is most obvious in the endurance of local “high street” banks and building societies despite the possibility of banking via the telephone or Internet. It can also be seen in the success of co-operative banks. And Local Exchange Trading Schemes (LETS) can be held up as examples of successful localised financial arrangements/systems. As De Goede (2005: 166-7) comments: “LETS are local currencies that enable the exchange of services and products within a community of members without the intervention of “real money”, and they are usually based on a standard of value in terms of labour
time, such as the successful Ithaca Hours Scheme in upstate New York.” In addition, local states like Porto Alegre in Brazil have pursued ambitious forms of public involvement like the ‘participatory budget’ in order to embed economic policy in local communities.

National financial processes and governance arrangements persist and indeed thrive in a globalising context (Burnham, 2000). Much saving and investment is carried out in the country of residence. And central banks maintain a level of governance within their state borders well beyond anything, which global institutions can claim. More obviously, the denomination of legal tender is via national currencies. However, as many have argued, changes in the structure of global finance have been accompanied by a shift in the capacity - or the willingness - of national financial authorities to underwrite the ‘public good’ (Cerny, 1994; Garret, 1995). Some have interpreted this as leading to a diminution of national level finance. However, it is perhaps better to think in terms of a pluralisation of actors - both public and private - and positive sum diffusion of power to regional and global levels (Scholte, 2002b). In this way, and ethically speaking, the public good can be ensured in multiple ways and in different contexts.

This might be done – pace cosmopolitan theory - via democratic representation and the limitation of private actors in financial regulatory decision-making (Coleman and Porter, 2000). Alternatively, an interconnected and regionally focused network of banks could supplement Central Banks. Indeed, the governance and organisation of financial markets has increasingly occurred on a regional level (Baines, 2002). In a European context the European Central Bank has been established to administer monetary policy within the Euro-zone. In addition, mergers and acquisitions have led to an increased incidence of European financial services providers and the evolution of regulatory practices in their wake. Outside of Europe there have been further and successful initiatives within ASEAN and NAFTA to bring greater regional co-ordination to financial governance, albeit via trade oriented bodies (Deiter and Higgott, 2003).
Finally, global level financial activities by banks and governance by bodies like the IMF, the World Bank and the BIS have increased. Global level financial governance does not simply mean the opposite of national finance. Nor does it mean that private interests dominate as some might suppose. Indeed as Susan Strange (1986) emphasised, the expansion of the ‘euro-dollar market’ and the re-establishment of the City of London as a financial hub were entwined with the policy activities of states. However, it is fair to say that private interests enjoy a role in decision making over aspects of regulation that is relatively greater than in previous periods. Independent Central Banks operate according to monetarist principles of low inflation and a concomitant promotion of fiscal rectitude by treasuries that has seen increasingly homogeneous regional and global policy trends (Sinclair, 2000). And where regulation is required, such as with capital adequacy, it is often left to the expert knowledge frameworks and internal monitoring systems of private banks (Sinclair, 2001).

Indeed, it is partly for these reasons that cosmopolitanism can be an important addition to the discussion of global finance. The project to think through the problems and potentials for ethical reform of the global financial architecture is important and pressing. A spatial conception unlocks the multiplicity of actors and structures within global finance. It recognises the important and creative realm of local financial arrangements. And it notes the persistence of national systems of (public) financial governance. The financial crises of the late 20th century prompted discussion and – in the case of Chile and Malaysia - the implementation of capital controls (See Rodrik, 1998). However, there are significant instances of decentralised financial markets combined with private-global mechanisms of control and supervision (Germain, 1997). Such developments provoke a clear ethical question of how to re-embed finance and develop alternative ethical futures within global finance.

Importantly, this multi-level understanding does not rehearse the universal fallacy – how do we respond to global finance? Instead, it permits multiple questions concerned with the project to build alternative and more ethical financial futures.
Conclusion

The chapter has reviewed the subject of global finance with attention to its key ethical challenges and chances for resolution. It was argued that cosmopolitanism represents an important intervention in GFA reform debates which requires development. Notwithstanding a general level of scepticism towards ethics in IPE the parameters for thinking through cosmopolitan ethics in global finance were outlined. At one level, a turn to practice in the form of the campaign for a Tobin Tax allows both a way to operationalise cosmopolitan global finance as well as to incorporate other facets of the cosmopolitan paradigm like global justice into the discussion. At another level, it was argued that a more critical ontology of ‘the global’ is required. Problems involved with any universal ontology of global finance include the reification of a dominant neo-liberal model of GFA reform and a concomitant marginalisation of alternative possible futures. It was argued that cosmopolitanism can adapt to such issues by adopting a spatially sophisticated and multi-dimensional social ontology of global finance.

Having mapped the central questions and problems that this thesis will address, the next chapter will go on to outline the theoretical framework that will underpin discussion. This will then be used to begin a case study of the Tobin Tax in Chapters 3-6.
2. Ethics and IPE: Towards a Pragmatic Praxis

Introduction

Chapter One identified the central concern of this thesis: to critically analyse the possibilities and limits of cosmopolitan ethics in global finance via a case study of the Tobin Tax. Chapter Two will now develop the theoretical framework of the thesis by addressing the question of ethics in IPE in general, and Richard Rorty’s (1979, 1989) philosophical pragmatism, in particular. The chapter presents a critique of the way in which previous IPE approaches have considered ethics and ethical concerns, before suggesting the ways in which Rorty’s thought can contribute. After outlining the main themes of Rorty’s work and addressing some of the central criticisms of it, the chapter points to the praxeological elements of his Oakeshottian view of philosophy as a voice in the “conversation of mankind” (1979: 264), as a means to operationalise cosmopolitan ethics in global finance. By treating articulations of global justice and democracy as contributions to a conversation about global ethics - articulations that have a clear resonance in the Tobin Tax campaign - we can productively converse by critiquing and extending such contributions.

The Chapter is in four sections. Section 1 addresses limitations with current framings of ethics in IPE. As Chapter One noted there is a tendency within IPE to be sceptical about the possibility of cosmopolitanism in global finance. Such scepticism is an example of a broader and more fundamental set of misconceptions regarding ethics in IPE. Three main theoretical cul-de-sacs are identified. First, ethics is sometimes marginalised via a separation between positive and normative theory. This trend is especially evident in Economics (Friedman, 1966) but is also found to be common in the positivist paradigms of IPE – Realism, Liberalism and Marxism. Second, ethical considerations are sometimes introduced as an inherently ‘good thing’ that can be ‘added-on’ to research once the stuff of world politics is understood (Strange, 1991). While more optimistic regarding the possibility of ethics in IPE this approach maintains a problematic distinction between ethics and politics. Third, the arguments of neo-Gramscian and post-structural IPE theorists are considered. For such
theorists, theory is itself constitutive of social reality and thus carries intrinsic ethical dimensions. However, an impasse is identified between neo-Gramscians who celebrate the emancipatory potential of constitutive theory (Gill, 1991) and post-structuralists who find the recognition of contingency potentially debilitating (Brassett and Merke, 2005). Rather than choosing between each position, the thesis argues that we should instead explore the philosophical pragmatism of Richard Rorty. Pragmatism drops the idea of a theory as a way out of contingency and uses it as one (fallible) tool for engaging problematic social situations (Brassett and Higgott, 2003).

Section 2 provides a sympathetic summary of Richard Rorty’s version of pragmatism. Rorty argues that the recognition of the contingency of knowledge/ethics is neither emancipatory nor debilitating. Rather, it infers a radical responsibility to find imaginative ways to reduce cruelty and increase sensitivities towards suffering (Rorty, 1989). The view is neither optimistic nor pessimistic in terms of outcome. Instead it is concerned with finding new and imaginative ways to construct solidarity against suffering (Rorty, 1998b). A key outcome of Rorty’s philosophy is to view the ultimate end of philosophy as a contribution to the “conversation of mankind” (1979: 264). It is argued that this metaphor of conversation, combined with Rorty’s arguments regarding re-description, offers some interesting ways to engage the question of cosmopolitan ethics in global finance.

Section 3 engages some of the principal critiques of Rorty, namely: relativism, ethnocentrism and methodological critiques of his public/private split. This is done via a consideration of how ‘sentimental education’ (1998b) can contribute towards the contingent construction of cosmopolitan ethics in global finance. His argument (1998b: 172) that the growth of the ‘human rights culture’ owes little to “increased moral knowledge” and everything to hearing “sad and sentimental stories” offers important suggestions of how to engage global reform in uncertain and ambiguous circumstances. For instance, from a pragmatic perspective, the idea that a rational and truthful account of global justice is required is flawed on two grounds. First, as post-structural theorists would contend, any such ‘truthful’ account can retain a totalising universality that is silent, indeed potentially
violent, towards a plurality of alternative possible futures (Vaughan-Williams, 2005). And second, as Rorty would contend, it is not epistemic validity, but emotional attachments that do the hard work of constructing the solidarity to reduce suffering in diverse contexts (1998b: 172). This view is not a panacea for the ills of global politics – if such a thing could exist. Rather it is an engaged and reformist ethic that recognises that “we have to start from where we are” (1989: 198).

And finally, Section 4 outlines the contours of a pragmatic praxis that will underpin Chapters 3-6. It reprises the basic themes drawn from pragmatism that are useful for engaging the campaign for a Tobin Tax as a case study of cosmopolitan ethics in global finance. In particular, Rorty’s notion of philosophy as a contribution to the ‘conversation of mankind’ is developed as the background method of the thesis. By dropping crude distinctions between positive and normative theory and between politics and ethics, a pragmatic praxis can engage in a grounded ethical critique which takes cosmopolitan proposals seriously but also works them through in terms of their constitutive limits and ethical ambiguities (Parker and Brassett, 2005). Such a pragmatic praxis does not propose a solution. It suggests ongoing experiments to foster solidarity against suffering and protect freedoms for individual self-creation.

2.1 Ethics and IPE: some theoretical cul-de-sacs

This section sets the context of the chapter by identifying certain limitations with the framing of ethics in IPE. Part 1 briefly addresses the problematic separation between positive and normative theory and between politics and ethics in many theoretical traditions within IPE. And Part 2 looks to the more promising constitutive theories of critical IPE. However an impasse is identified between neo-Gramscians who celebrate the emancipatory (cosmopolitan?) potential of constitutive theory and post-structural scholars who find it debilitating (Brassett and Merke, 2005). Rather than choose between ‘camps’, it is argued in Part 3 that we should explore the American tradition of pragmatism.
For pragmatists there is unlikely to be any resolution of such debates, just a responsibility to think through the problems and possibilities of ethics/politics. As Richard Bernstein (1991: 9) argues,

> Although we can distinguish ethics and politics, they are inseparable. For we cannot understand ethics without thinking through our political commitments and responsibilities. And there is no understanding of politics that does not bring us back to ethics. Ethics and politics as disciplines concerned with *praxis* are aspects of a unified practical philosophy.

### 2.1.1 Dichotomies between Positive and Normative, and Politics and Ethics

The first theoretical cul-de-sac for the question of ethics in IPE is a common desire to distinguish between positive and normative theory. Within economics for instance, positive theory is held up as correct scientific method while normative theory is portrayed as a laudable but scientifically unhelpful reflex. As Milton Friedman (1966: 4) highlights,

> “Positive economics is in principle independent of any particular ethical position or normative judgements. As Keynes says, it deals with “what is”, not with “what ought to be”. Its task is to provide a system of generalizations that can be used to make correct predictions about the consequences of any change in circumstances. Its performance is to be judged by the precision, scope, and conformity with experience of the predictions it yields.”

Such positive theory is celebrated for its scientific qualities. With the correct specialisation, abstract signifiers like ‘land’, ‘labour’, and the ‘rational economic actor’ can be rendered as quantifiable variables in complex formulae. As the historian of economic ideas, William Tabb (1992: 92) comments, “The ability to calculate rates of change using calculus lent a new exactness to economic analysis and started the profession down the road to its obsession with mathematics as the language of its science.” Indeed, key texts in Economics still see positivism as a defining feature of the discipline (Lipsey and Crystal, 1995). While such scientific aspirations are common amongst economists, they are also evident within the positivist paradigms of IPE – Realism Liberalism and Marxism. During the evolution of IPE as a discipline, positivism became the
dominant epistemology and was bolstered by the methodologies of behaviourism and empiricism (Higgott, 2002; Strange, 1991). For those in what might be termed the American wing of the discipline, what is required is verifiable data based on material observation (See Katzenstein, Keohane, and Krasner, 1998). It is not hard to see why this approach is problematic for the question of ethics in IPE. Rendering IPE as a predictive or explanatory science that derives legitimacy from objectivity, means that ‘softer’ issues like ethics simply fall outside the scope of the discipline.

A second theoretical cul-de-sac is altogether more optimistic about ethics in IPE. This attitude begins from a critique of rationalism to argue that many of the disciplinary separations we take as normal should be overcome. Susan Strange, a key proponent in the formation of IPE as a discipline, was explicit that ethics should be re-integrated into the study of political economy. In a critique of the dominant paradigms (1991: 171) she argued,

"...both realism and neo-realism in the study of international relations, and liberalism and neo-classical notions of equilibrium in the study of economics, will prove to be blind alleys and should be abandoned. They are both culs-de-sac, strade senza uscita, no through roads – for IPE. Sooner or later, it will be necessary to go back and start at the beginning if we are to achieve a genuine synthesis of political and economic activity. [...] Going back to the beginning, for me, means starting with what used to be called moral philosophy. As I understand it, moral philosophers were concerned with fundamental values – how they could be reflected in the ordering of human society and how conflicts between them could be resolved. They were – some still are – interested in analysing both the mix of values in any society and their distribution. The only difference now is that we have, in some sense at least, a global society and, sustaining it, a virtually worldwide political economy. The horizons of moral philosophy, as of the social sciences no longer end at the frontiers of the state."

This integrationist view has proved influential. Indeed, many now regard IPE’s (inter-disciplinary) concern with political and normative reflection as a key reason for its success (Higgott, 2002; Langley, 2002; Underhill, 2000). In addition, a recent revisionist school of political economy (Tabb, 1999; Watson, 2005) has sought to return to the writings of classical political economists like
Adam Smith to recover the moral component of their work. As Smith wrote, “Justice [...] is the main pillar that upholds the whole edifice. If it is removed, the great, the immense fabric of human society [...] must in a moment crumble into atoms.” (Cit. Tabb, 1999). Thus there is a general feeling from different streams of IPE that ethics can, indeed must, be considered a key element of a reconstructed discipline.

However, we must be careful not to produce a further dichotomy between politics and ethics. There is danger in portraying ethics as an inherently ‘good thing’ that can be added-on to the study of IPE once we have worked out the ‘stuff’ of world politics. As Rob Walker (1993: 50) argues for the case of ethics and IR: “Ethics comes to be understood as an achieved body of principles, norms and rules already codified in texts and traditions.” And he continues.

This image is especially troubling because it is sustained by a series of additional dichotomies that are regularly denounced as implausible guides to the subtleties and complexities of human affairs. An opposition between utopianism and realist power politics, the Cartesian divide between matter and consciousness and the positivist injunction to separate the normative from the ethical... (Ibid. 50-51).

On this view, the dichotomy between ethics and politics may be re-enforced by the separation between positive and normative theory. Thus the task becomes one of undermining any such dichotomy. As Chris Brown (2002: 148) argues in the case of IR, “The idea that there is, or could be, a clear divide between normative and positive theory is profoundly misleading; all theories of international relations are, simultaneously, both positive and normative theories.” The corollary of this view is that all theories of ethics are at the same time theories of power. Caution is therefore required.

2.1.2 Undermining the Positive-Normative Distinction

Extending from the weaknesses identified above critical theorists of IPE undermine the central assumptions of positivism - the separation of fact and value, observer and observed, and appearance and reality. In the process they
have undermined the positive-normative dichotomy and presented new possibilities for developing ethics in IPE. However, this section suggests that the implications of such constitutive theory are not as clear cut as may be supposed. Instead it suggests that a clear impasse can be identified between neo-Gramscian and post-structural approaches over the status of ethics in IPE.

Neo-Gramscians critique positivism for taking the world as it is found, without first questioning how it was constituted in that way. For instance, Robert Cox (1986: 208) proposes a theory of IPE that “...does not take institutions and social and power relations for granted but calls them into question by concerning itself with their origins and how and whether they might be in the process of changing...” A key theme in critical IPE is the connection between knowledge and interest. As Cox (1986: 207) affirms, “theory is always for someone and for some purpose.” Subjects are not separated from objects producing value-free knowledge. Every theory has, implicitly or explicitly, a set of values and norms that tell us which facts are to be analysed. Thus one of the central propositions of critical IPE is to undermine the possibility of a value-free problem-solving theory. In particular, critical IPE has attacked simple dichotomies like ‘states’ and ‘markets’ when the two have a complex historical inter-relation (Langley, 2002; Underhill, 2000). Values are implicitly part of theory.

In a similar vein post-structural approaches emphasise the relation between knowledge and power. As Michel Foucault suggests, “There is no power relation without the correlative constitution of a field of knowledge, nor any knowledge that does not presuppose and constitute at the same time power relations.” (Cit. Edkins, 1999: 53). For post-structuralists, language is more than a verbal representation of reality. It constructs social reality. The positivistic separation between observer and observed is therefore undermined since language - the means for academic communication - is found to be a part of the ‘problem’ we seek to solve.

If ideas like the ‘market’ are communicated through language, then the resultant discourse will help to construct the ‘market’ in certain ways. As Cameron and Palan (2004: 45) suggest, “...the terms and concepts we use – national, state,
global, included, excluded, rich, poor, and so on – are in themselves forms of institutionalization that require considerable energy to maintain even a semblance of continuity.” On this view theory becomes a constitutive element of social reality and infers the possibility for a more sophisticated thinking of its ethics/politics.

However, an impasse arises between neo-Gramscian and post-structural arguments over the status of ethics. While neo-Gramscians and other critical theorists celebrate the ‘progressive potential’ of constitutive theory (Linklater, 1992; Neufeld, 1995; Gill, 1991) post-structural authors challenge the possibility for failing to reflect on the constitutive ambiguities of ethical theory itself (See Walker, 1993). The point can be illustrated via a close critique of the neo-Gramscian writer Stephen Gill. Optimistically, Gill’s approach “insists upon an ethical dimension to analysis, so that questions of justice, legitimacy, and moral credibility are integrated sociologically into the whole and into many of its key concepts.”(1991: 57). As he states,

...the normative goal of the Gramscian approach is to move toward the solution to the fundamental problem of political philosophy – the nature of the good society and thus, politically, the construction of an ethical state and a unitary society in which personal development, rational reflection, open debate, democratic empowerment, and economic and social liberation can become more widely available. (1991: 57).

Broadly speaking this recognition of an ethical content to theory and the desire to integrate “justice, legitimacy, and moral credibility” into the sociology of IPE is promising. Gill’s “normative goal” to integrate reflection on the philosophical problem of the “good society” with the political question of how to realise it in practice is also promising. However, there are questions that can be raised about the content of these ethical tropes. Justice can be economic or cultural; legitimacy can be rational or ethnocentric, legal or symbolic. At best it might be considered that this proposed ethical turn is poorly developed. At worst, and from a post-structural perspective, it might be argued that culturally specific western assumptions are allowed to masquerade as universal reason?
A “unitary society”, “personal development”, “rational reflection”, “open debate”, “democratic empowerment”, and “economic and social liberation” are historically contingent social democratic ideals. They are not a priori universals. Perhaps for these reasons Gill is quick to qualify.

It is important to emphasize here that this is a rather negative definition, concerning minimum conditions, of the “good society,” and it offers no promises nor prescriptions for the form that such a society might take: historical structures can be changed by collective action in a “war of position” but there is no historical inevitability. The key contrast here would be with teleological Marxism, with its promise of possible utopia(s), or Francis Fukuyama’s much-publicized dystopia of the “end of history”: the eventual unfolding of the logic and the spirit of liberal democratic capitalism. In Gramscian terms, telos is “myth:

And he includes a note from Robert Cox,

> It is a normative force but not a normative plan or set of normative criteria. It can generate movement but not predict outcome. Thus the normative element is crucial but not as normative teleology. (Ibid: 57).

But this qualification is a hedge. Ethics is downgraded to a minimal venture – a quest for basic conditions where people can realise their own sense of the good. Gill (and by inclusion Cox) is comfortable talking about what ethics is not. It is not teleology. It is “not a plan” or “criteria”. It can “generate movement” but doesn’t “predict outcome”. “It” is crucial but definitely not as “teleology”. Such qualifications question whether this is ethics or a spiritual underpinning for historical-materialism? A post-structural critic could well be forgiven for feeling that Gill expresses rather than overcomes the limitations of constructing an ethical theory of IPE. While the move is promising then, there is more that needs to be questioned about the content of ethics and how this content then infers upon the world we seek to observe/construct.

2.1.3 Towards a Pragmatic Approach

Critical theory undermines the scientific pretensions of IPE by demonstrating the intrinsic relationship between certain types of ‘technical knowledge’ and the
contingent socio-historical power relations that underpin them. Neo-Gramscians use this understanding to extract the emancipatory potential of theory via a reconstruction of method that emphasises the ethical possibilities of IPE. Indeed this ‘next stage’ of theory bares many similarities with the cosmopolitan desire to realise principles of democracy, liberty, and equality (Linklater, 1992). However, from a post-structural perspective, this attitude – while laudable – should be treated with suspicion. For post-structural writers the awareness of contingency should be extended to ethical theory itself and the ambiguities that pervade terms like ‘good society’. From a post-structural perspective such ambiguities restrict or undermine the very possibility of “ethics” (Campbell and Shapiro, 1999: xxi).

The unproblematic usage of highly complex and sometimes badly-thought through terms like ‘ethics’, ‘cosmopolitan’, and ‘justice’ makes post-structural writers uncomfortable. Indeed, on some readings, they turn against ethical theory as such in favour of critique. Indeed, as David Campbell surmises:

> What is urgently required is not the construction of a theory, much less a theory of international relations, or perhaps even less a theory of ethics for international relations... What is required is an ethos of political criticism that is concerned with assumptions, limits, their historical production, social and political effects, and the possibility of going beyond them in thought and action. (Campbell, 2005: 133).

How should we respond? Do we construct a theory of IPE in the hope of developing an ethical IPE? Or do we maintain a suspicion towards the very idea of theory, opting instead for ‘ethos of political criticism’? The next section advocates the development of a pragmatic approach based on the philosophical pragmatism of Richard Rorty (1979, 1989). Pragmatism treats knowledge as a practical resource. For pragmatists the task is not to find final answers, better arguments that somehow cut beneath the surface of reality to the Truth beneath. Instead, different ways of thinking can suggest different ways to progress and the impasse in critical theory is less interesting/useful than the creative tensions which it highlights (George, 1994).
2.2 Rorty’s Pragmatism: From Philosophy to Politics?

Richard Rorty attempts to rescue philosophy from itself. He suggests that the ‘good’ elements of western philosophy – a respect for individuality, reason, freedom, and fairness – have been overtaken by the ‘bad’ elements: scientific method, and disciplinary arrogance. He first seeks to strip philosophy of all the ‘bad’ parts before trying to rescue the ‘good’ parts by dispensing with epistemology, embracing hermeneutics, and reconstructing liberalism as “an endless, proliferating realization of Freedom” (Rorty, 1989: xvi).

This section addresses Rorty’s critique of philosophy before engaging his re-description of pragmatism as ethical-political reformism. The argument suggests that Rorty has intimated, but not sufficiently developed, a pragmatic move from philosophy (understood as a Kantian ‘tribunal of pure reason’) to politics (understood as the contingent, fallible and experimental interplay between alternative standards of the good).

Philosophy and the Mirror of Nature (1979) is a root and branch attack on the epistemological basis of modern, Anglo-American, philosophy. Rorty’s prime target is the idea that there could be firm foundations for philosophical enquiry and he attacks both the ‘truth’ of this idea and the special place that philosophers have adopted for themselves on its back.

Philosophy as a discipline […] sees itself as the attempt to underwrite or debunk claims to knowledge made by science, morality, art, or religion. It purports to do this on the basis of its special understanding of the nature of knowledge and of mind. Philosophy can be foundational in respect to the rest of culture because culture is the assemblage of claims to knowledge, and philosophy adjudicates such claims. It can do so because it understands the foundations of knowledge, and it finds these foundations in a study of man-as-knower, of the “mental processes” or the “activity of representation” which make knowledge possible. (Rorty, 1979: 3).

For Rorty (1979: 3-4), this view of philosophy runs through Locke who developed an understanding of “mental processes”, Descartes who worked with a notion of “the mind” as a separate/separable entity, and finally Kant to whom,
"We owe the notion of philosophy as a tribunal of pure reason, upholding or denying the claims of the rest of culture..." When mixed with the scientific rigour of writers like Russell and Husserl "Philosophy" (with a capital ‘P’) "became for the intellectuals, a substitute for religion" (Ibid: 2). But, Rorty argues, in the twentieth century this self-image has become increasingly difficult to sustain. The more scientific and rigorous that philosophy became "the less it had to do with the rest of culture and the more absurd its traditional pretensions became." (Ibid: 5).

Instead, Rorty draws on the work of Wittgenstein, Heidegger and Dewey who he describes as the "three most important philosophers of our century" (Ibid: 5). Each of these philosophers began by trying to continue the "foundational" version of philosophy. Each ended by discarding the Kantian conception of philosophy and warning others against it. "Thus their later work is therapeutic rather than constructive, edifying rather than systemic, designed to make the reader question his own motives for philosophizing rather than to supply him with a new philosophical program." (Ibid: 5-6). These philosophers it is argued give us "new maps of the terrain" which ignore the concerns of previous thinkers. On the one hand, Rorty goes to the heart of all that is 'sacred' in modern philosophy; taking down the idols because they fail on their own terms. On the other hand, he points toward a new way of 'doing philosophy'. At the end of Philosophy and the Mirror of Nature (1979: 389-390), he exhorts us to retain what is best in the "conversation of mankind":

If we see knowing not as having an essence, to be described by scientists or philosophers, but rather as a right, by current standards, to believe, then we are well on the way to seeing conversation as the ultimate context within which knowledge is to be understood. Our focus shifts from the relation between human beings and the objects of their inquiry to the relation between alternative standards of justification, and from there to the actual changes in those standards which make up intellectual history.

The emphasis comes full circle to human practices. If we drop the relation between ‘appearance’ and ‘reality’ in favour of the relation between ‘reasoning human beings’ as the basis of knowledge and ethics, then we can start to view
justice as a quality that is constructed by us and for us. The practical implications of such a view are twofold. First, we should judge moral frameworks in terms of their outcomes as much as on their internal consistency or ‘universal veracity’ i.e. what are the outcomes of putting Rawlsian ideas into practice? Second, and more interestingly, any divide between ethics and politics is broken. Ethics is political: negotiated as a relational human construct. And politics is ethical: a process of contest that has direct ethical outcomes. Rorty argues that such an attitudinal switch prompts us to see philosophy as a ‘voice’ in the conversation of mankind – not a subject. This voice is open to chance, instability, discontinuity and change. There is no foundation - outside of space and time - that can serve as a privileged vantage from which to judge human affairs. Ethics/politics is always–already relational. But dropping foundations does not mean dropping values, or the notion of progress altogether. As he concludes:

The only point on which I would insist is that philosophers’ moral concern should be with continuing the conversation of the West, rather than with insisting upon a place for the traditional problems of modern philosophy within that conversation. (1979: 394).

This passage is an intensely problematic resolution to the argument. Rorty argues that the Western voice in the conversation of mankind is (self-evidently) the best thing we have achieved and we should continue to develop it, even in light of growing doubt over its central foundations. And this is the crux of the problem. If justice is relational then how can a sense of right and wrong be retained? If there are so many problems with the discourse of modern philosophy then how can we continue to support its Western home? What of the suspicion of many post-structural theorists that it is actually Western imperialism at the root of many global problems? And practically speaking: if we drop the ‘traditional problems’ of modern philosophy, what replaces them? If it is hope – as Rorty (1999) has implied – then how is such hope created?

We should not understate the precariousness of Rorty’s position. At the same time as he lambastes the canon assumptions of western philosophy, he celebrates the Western ‘voice’ in the conversation of mankind as the likely saviour. At the same time as he draws on writers like Heidegger, Gadamer, Nietzsche, and Foucault, he
turns away from their sometimes anarchistic implications to assert the worth of liberal values like individualism, liberty, and justice. The position draws attack from both sides: analytical liberal theorists charge him with relativism and disgruntled post-structuralists chide him for not following through on the implications of his argument. On any reckoning, Rorty’s resolution of such opposite tendencies must be either one of the cleverest pieces of philosophical argument in the 20th Century, or, as many believe, a piece of sophistry. The thesis makes a qualified argument in favour of the former. Qualified in so much as, Rorty’s philosophical position should be valued – as he values others - on how it translates to politics.

The adoption of an agnostic attitude towards Truth (capital – T) implies a sense of self-doubt about ultimate ends. But rather than dispensing with all political projects, Rorty heralds that such self-doubt – such *Irony* - is itself a valuable spur to realise liberal goals to reduce suffering and increase welfare. For Rorty, ‘liberal irony’ mediates the extremes of Platonism and post-structuralism by refusing to accept that the public and private should be fused in theory. Rorty (1989: vii) posits,

Skeptics like Nietzsche have urged that metaphysics and theology are transparent attempts to make altruism look more reasonable than it is. Yet such sceptics typically have their own theories of human nature. They, too, claim that there is something common to all human beings – for example, the will to power, or libidinal impulses. Their point is that at the “deepest” level of the self there is no sense of human solidarity, that this sense is a “mere” artefact of human socialization. So such skeptics become antisocial. They turn their backs on the very idea of a community larger than a tiny circle of initiates.

For Rorty, the opposition between these two strands of thinkers is unnecessary. One type seeks to explore what private perfection might be like. The other – people like Rawls and Habermas - is engaged in a shared social effort: “the effort to make our institutions and practices more just and less cruel.” (Ibid. xiv) Of course, along the way the two types of writer have ruffled each other’s collar. Each side has done a good job of setting their project in terms of an opposition towards the other. But Rorty argues that to conclude from these frictions that we
must choose between camps would be to make a theoretical problem out of a

dispute between personalities. Instead he argues, “We shall only think of these
two kinds of writers as opposed if we think that a more comprehensive
philosophical outlook would let us hold self-creation and justice, private
perfection and human solidarity, in a single vision.” (Ibid. xiv). For Rorty “[t]he
vocabulary of self-creation is necessarily private, unshared, unsuited to argument.
The vocabulary of justice is necessarily public and shared, a medium for
argumentative exchange.” (Ibid. xiv).

If we accept Rorty’s position that nothing will synthesise the public and private
at the level of theory, then we could start to use writers like Marx or Heidegger,
Habermas or Foucault rather like “tools” which are “as little in need of synthesis
as paintbrushes and crowbars” (Ibid. xiv). Rorty sketches a figure of the liberal
ironist for whom “cruelty is the worst thing we do” and seeks to show how they
can face up to the contingency of their own beliefs and desires. The desires of
the liberal ironist are “ungroundable” in the same ways as philosophy has no
firm foundations for making claims to knowledge. All that they can do is to
distinguish between “less useful and more useful ways of talking” (1998a: 1).

Rorty concedes that his argument that knowledge and justice are contingent
social constructs is often viewed as “intrinsically hostile not only to democracy
but to human solidarity” (Ibid. xv). But he argues, “Hostility to a particular
historically conditioned and possibly transient form of solidarity is not hostility
to solidarity as such.”(Ibid. xv). There is nothing to suggest that post-
metaphysical forms of solidarity could not exist. There is nothing to suggest that
solidarity cannot be “imagined” in alternative ways.

For liberal ironists, justice is an (infinitely) ongoing project of contest and
deliberation not a final destination. As he suggests, “Ironists who are inclined to
philosophize see the choice between vocabularies as made neither within a
neutral and universal metavocabulary nor by an attempt to fight ones way past
appearances to the real, but simply by playing the new off against the old.” (Ibid:
73).
This act of playing the old off against the new infers a (plural) process of re-
description. It therefore retains the experimentalism of Dewey but allows the
space for ways of thinking the political which do not subsume ‘every’ individual
into the public sphere. If other vocabularies come along that match up, or improve
on current ones – as did feminism and environmentalism - then liberals can re-
describe their own vocabulary. Re-description is a reform minded experimental
approach to achieving solidarity; a solidarity that “...is to be achieved not by
inquiry, but imagination, the imaginative ability to see strange people as fellow
sufferers. Solidarity is not discovered by reflection, but created. ... [It] is a matter
of detailed description of what unfamiliar people are like and of redescription of
what we ourselves are like.” (Ibid: xvi).

2.3 Engaging Criticism, Constructing Cosmopolitanism

By stripping philosophy of its foundations Rorty suggests an imaginative and
engaged approach to political reform that focuses on the alleviation of
cruelty/suffering. This is to be pursued via the creation of post-metaphysical
forms of solidarity, the construction of ‘we-feeling’ and a sentimental education
highlighting that the differences between people are not morally relevant. In this
sense, and as he suggests, ethics becomes an engaged and fallible conversation
rather than an abstract set of principles to be applied:

The view that I am offering says that there is such a thing as moral
progress, and that this progress is indeed in the direction of greater
human solidarity. But this solidarity is not thought of as
recognition of a core self, the human essence, in all human beings.
Rather, it is thought of as the ability to see more and more
traditional differences (of tribe, race, customs, and the like) as
unimportant when compared with similarities with respect to pain
and humiliation – the ability to think of people wildly different
from ourselves as included in the range of ‘us’. (Rorty, 1991b:
214).

In this sense pragmatism regards ethics as a quality to be constructed. Moving
back to the broad subject of the thesis, cosmopolitanism can be seen as a project
to be pursued, rather than a fact to be deduced from universal traits. The
approach certainly offers some interesting possibilities for engaging with the
question of cosmopolitan ethics in global finance. A pragmatic approach would get beyond the current mood of scepticism towards to cosmopolitanism by viewing it as a contingent voice in a conversation. As Rorty argues, “Pragmatists are entirely at home with the idea that political theory should view itself as suggestions for future action emerging out of recent historical experience, rather than attempting to legitimate the outcome of that experience by reference to something ahistorical.”(1999a: 272).

Furthermore, Rorty’s conception of Irony – a sense of doubt about our final vocabulary – provides a mechanism for remaining attuned to the areas where cosmopolitanism gets it wrong. It is a simple and alluring proposition that once truth is dropped as a goal of enquiry the task of the ethical theorist becomes one of engaging in the trial and error dialectic of suggesting possibilities while remaining sensitive to their limitations. Again as Rorty argues:

We remain profoundly grateful to philosophers like Plato and Kant, not because they discovered truths but because they prophesized cosmopolitan utopias – utopias most of whose details they have gotten wrong, but utopias we might never have struggled to reach had we not heard their prophecies. (1998b: 175).

However, before proceeding to map out a framework to operationalise a pragmatic approach to cosmopolitan ethics in global finance, the following section engages some of the principle critiques of pragmatism. These include the question of relativism/ethnocentrism, the question of political content posed by Richard Bernstein, and the (common) methodological question of the utility/violence of Rorty’s public/private split. After responding to each of these critiques it is argued that a key contribution of pragmatism to development of cosmopolitan ethics can be read in Rorty’s depiction of ‘sentimental education’.

2.3.1 Engaging Criticism

There are three lines of critique that are commonly levied at Rorty. First, critics have been concerned by whether Rorty turns out to be a relativist, or if the ethnocentric position he adopts is in fact far more pernicious. Second, numerous
arguments have been deployed to critique his public/private split. Feminists have seen it as another liberal attempt by liberals to close down of the political whereas post-structuralists have chided Rorty for not following through on the implications of his own critique. And finally, Richard Bernstein has asked important questions about the actual political content of Rorty’s liberalism.

Firstly, Rorty’s neat definition of liberalism as the community of people who agree with Judith Shklar that “cruelty is the worst thing we do” leaves under-represented a long tradition of reason-giving liberal argument (1999: xv). His extension that such work is little more than the summation of a particular set of liberal sentiments arrived at through historical chance has prompted many to ask what, if anything, we can say to people who are not part of that historical community (Geras, 1995). This point brings us to the question of moral relativism. If all knowledge is a product of contingency then surely all claims about ethics are equal? Crudely, what would Rorty say to a Nazi? Why is liberalism better? What does better mean?

On this question of first impulse Rorty has somewhat burnt his bridges with regard to entering any debate about human essence, or, rational criteria of persuasive argument. He simply refuses to accept that there is anything that could or (importantly) should count as a proof of humanity. When we value arguments for human rights it is not because they have trans-cultural, trans-historical validity but because they chime with a particular set of historical sentiments that we have learnt to value. Western liberals after the Great Depression, Holocaust, Hiroshima and Cold War are more prone to see cruelty and humiliation as morally wrong and to defend stories like human dignity as morally right, than at any point previously. For Rorty, attempts to build a “Truthful” account of human rights can be no more than a summary of the sentiments western liberals have developed in time and space. The charge of ethno-centrism is fully appreciated by Rorty who characterises his position as “anti-anti-ethnocentrism” (Rorty, 1991:204). His argument is simply that there are good reasons to believe that liberal societies of the secure west are morally superior to what they were 50 or 100 years previously.
Secondly, a number of critics have undermined the public-private split. For Rorty, the separation is simple and straightforwardly commonsensical. Habermas gives a good account of how to continue the shared social effort to make our institutions more just and less cruel. Derrida, who would be less useful for such projects, is more useful for retaining sensitivity towards the infinite possibilities for self-creation that may exist. It is not a question of either-or, but both-and. However, numerous criticisms have been levelled at this 'perceived' resolution. Feminist scholars have seen it as yet another reification of public politics over private politics. For those like Nancy Fraser (1991) who sees the question of self-creation to be a fundamentally public political issue, Rorty's is little more than an apology for the status quo. In a similar way Molly Cochran (1991) has problematised the dichotomy by arguing for a synthesis between Rorty's private irony, which she sees as a powerful imaginative tool, and Dewey's more transformative conception of the public sphere, as an arena of ethical growth for its own sake. Such critiques repay analysis because they hail from the pragmatic tradition itself.

While sympathetic to these critiques, it is arguable that too much has been read into the argument. For anyone who reads Rorty as offering a 'theory' of politics then the public-private split is deeply pernicious. However, if we read Rorty as offering suggestions for alternative ways of thinking, where attention is directed away from old philosophical problems, in order to open new possibilities, the split is banal. On the one hand, Fraser has missed the point. Rorty's notion of the private becomes an existential area, where we can ask the question of what to do with one's aloneness? It neither defines a space in the sense of a house or kitchen as Fraser supposes. Nor does it restrict us from forming public grievances around private issues. On the other hand, and following on from this point, Rorty's public-private split is not fixed. Indeed, he explicitly leaves room open for moral progress to occur through the chance coincidence of a "private fantasy with a public problem." In one interview (1995: 62) he argued, "I don't think private beliefs can be fenced off [from the public sphere]; they leak through, so to speak, and influence the way one behaves toward other people." And in another (2002: 62-63) he categorically retorts.
I didn’t say everybody had a public/private split, but some people do. There is a spectrum here. Some people have no public consciousness. This is the case of the sociopath; he simply doesn’t think there are any moral subjects out there. There are a lot of other solitaries: hermetic poets who don’t care if they have an audience. At the other extreme, there are people who have an entirely minimal inner life. Their happiness consists entirely of being the soccer coach or being the pater familias, or being chair of the Rotary club. My public/private distinction wasn’t an explanation of what every human life is like. I was, instead, urging that there was nothing wrong with letting people divide their lives along the private/public line. We don’t have a moral responsibility to bring the two together. It was a negative point, not a positive recommendation about how everybody should behave.

Thirdly, the concrete political agenda of pragmatism has been criticised as empty. In a review of *Contingency Irony and Solidarity*, Richard Bernstein argues that, “For all Rorty’s manifest concern with liberal democracy, public responsibilities, and utopian politics, it is curious how little politics one finds in this book.” (Bernstein 1991: 283). And he continues, “Even if one shares Rorty’s liberal biases, there is little agreement about what counts as cruelty in liberal societies or what is to be done to diminish cruelty.” (Ibid. 284). And he neatly surmises the point in a later piece:

Inspirational liberalism may be a healthy antidote to legalistic rights-based liberalism and to the abuses of the infatuation with theorizing by postmodern cultural critics. But without pragmatic toughness and a concrete programme for reform, [Rorty’s] liberalism too easily degenerates into an empty rhetorical hand waving. (Bernstein, 2003: 138).

According to Bernstein there is thus a requirement to pick up and extend the praxeological aspects of pragmatism. While Rorty does not readily identify the concrete political agenda that Bernstein seeks, he nevertheless provides the tools to critically analyse such an agenda. By breaking down the artificial separations between theory and practice, ethics and politics, Rorty encourages us to examine how the co-constitution of theory/practice might be engaged to increase sensitivity to suffering and reduce levels of cruelty (where cruelty and suffering are understood as continuously changing qualities).
In this sense, a task for a pragmatic praxis is to operationalise the conversation that Rorty proposes by developing the praxeological content of pragmatism. In the final section it is argued that there is much in Rorty that can animate a conversation about cosmopolitan ethics in global finance. Firstly, by regarding the possibility of cosmopolitan ethics in global finance via a Tobin Tax as a conversation, it is possible to suggest vocabularies like cosmopolitanism and then subject them to Ironist critique. As this section has argued, there is a large degree of creative tension in Rorty’s public-private split that is ripe to be exploited. And secondly, as the next section will argue, there is much in Rorty’s account of sentimental education that re-focuses the debate over the Tobin Tax. Thus pragmatism acts as both a background method and a set of normative propositions.

2.3.2 Constructing Cosmopolitanism

Revisiting Rorty’s account of human rights can show how pragmatism might contribute to the construction of cosmopolitan ethics. In Human Rights, Rationality and Sentimentality Rorty qualifies the broad interest in human rights discourse by arguing that it should be seen as a culture: a culture that we should fully support and seek to expand. In this way he undermines the universalism of human rights discourse. And he argues that after dropping epistemology “[t]here is a growing willingness to neglect the question “What is our nature?” and to substitute the question “What can we make of ourselves?” (Rorty, 1998:168). Adding: “We are much less inclined to pose the ontological question “what are we?” because we have come to see that the main lesson of both human history and anthropology is our extraordinary malleability.” (1998b:168-169).

Rorty takes the contingent, ironic but still creative and constructive position that a “human rights culture” exists and should be expanded. Against those who would argue that we need a deeper sense of moral knowledge, a truth that can answer problematic questions in any set of circumstances, Rorty emphasises the contingency of politics and retorts: “…on the pragmatist view I favour, it is a question of efficiency: a question about how best to grab hold of history – how best to bring about the utopia sketched by the Enlightenment” (1998b: 172).
And he continues:

We pragmatists argue from the fact that the emergence of a human rights culture seems to owe nothing to increased moral knowledge, and everything to hearing sad and sentimental stories, to the conclusion that there is probably no knowledge of the sort Plato envisaged.

[...] In short, my doubts about the effectiveness of appeals to moral knowledge are doubts about causal efficacy, not about epistemic status.” (1998b: 172).

In this way, pragmatism might start to see cosmopolitan ethics more in the role of ‘narrative’, as an embedded way of thinking about the world that connects the past with the future. Thus cosmopolitanism does not need to confront common post-structural critiques of an exclusive universalism. It can be seen as an ‘attempt’, an approach to global ethics that is contingent, fallible and open to critical reconstruction.

Rorty argues that we should drop the supposition that people who do not fit within the ‘human rights culture’ are necessarily less knowledgeable. Instead, it would be better to see such people as deprived of “security” and “sympathy” – where security means “conditions of life sufficiently risk-free as to make one’s difference from others inessential to one’s self respect, one’s sense of worth.” And where sympathy refers to the kind of reactions that people have to books like Uncle Toms Cabin; “the sort that we have more of after watching television programs about the genocide in Bosnia.” (1998b: 180). Although he acknowledges that that many people consider sentiment to be too weak a motivation, Rorty argues that this is more from insecurity:

This idea that reason is “stronger” than sentiment, that only insistence on the unconditionality of moral obligation has the power to change human beings for the better, is very persistent. I think that this persistence is due mainly to a semiconscious realization that if we hand our hopes for moral progress over to sentiment, we are in effect handing them over to condescension. For we shall be relying on those who have the power to change things – people like the rich New England abolitionists or rich bleeding hearts like Robert Owen and Friedrich Engels – rather than something that has power over them. (1998b: 181).
The implications of sentimental education are important and as yet barely articulated in either the scholarly or policy community concerned with the reform and maintenance of globalisation. A pragmatic praxis would promote the experimental interplay of different actors working at multiple levels - both public and private - to achieve this end. It is not that there is one rightful outcome or, as many neo-Marxists argue, one rightful agent. Rather, the process itself could be of ethical value in its ability to foster a change in sentiments over time. A key argument therefore is that, from a pragmatic perspective, cosmopolitan ethics in global finance becomes a quality – or set of qualities – to be constructed. In line with the development of a grounded ethical critique this process of construction is entirely open to the constitutive ambiguities and limits of ethics. Indeed, the public-private split in Rorty’s work is in large part a recognition that such tensions exist within liberal discourse. Taking them to the level of global finance is therefore a suitable extension of Rorty’s pragmatism.

2.4 Ethics as Conversation?

“Philosophy” is not a name for a discipline which confronts permanent issues, and unfortunately keeps misstating them, or attacking them with clumsy dialectical instruments. Rather it is a cultural genre, a “voice in the conversation of mankind” (to use Michael Oakeshott’s phrase) which centres on one topic rather than another at some given time not by dialectical necessity, but as a result of various things happening elsewhere in the conversation. (1979: 264).

It is important to be clear that what is being established is not a ‘Method’. Rorty would be highly cautious of any ‘system’ of thought that attributed any power to logic itself. Instead what is developed here is but one way of applying a global pragmatic praxis to the subject of cosmopolitan global finance. The idea of ‘Ethics as Conversation’ is a basic methodological ‘prop’ which Rorty provides, that can be useful for couching the discussion. Rorty argues that once we give up on the idea of Truth as correspondence to reality then we can start to see conversation as the ultimate context of knowledge/ethics. In this way descriptions of reality are not to be considered more or less true. Rather they construct reality. And the responsibility of the philosopher – or in this case the IPE theorist – is to play off different vocabularies and where possible re-describe
aspects of particular vocabularies. This act of playing off and/or re-describing vocabularies is not designed to get us closer to truth. All we can do is attempt to reduce cruelty and increase sensitivities to suffering via experimental constructions of solidarity. As Rorty surmises in *Philosophy and Social Hope*,

...it is best to think of moral progress as a matter of increasing sensitivity, increasing responsiveness to the needs of a larger and larger variety of people and things. Just as pragmatists see scientific progress not as the gradual attenuation of a veil of appearances which hides the intrinsic nature of reality from us, but as the increasing ability to respond to the concerns of ever larger groups of people...so they see moral progress as a matter of being able to respond to the needs of ever more inclusive groups of people. (Rorty, 1999:81).

Such a view can be adapted to the discussion of the Tobin Tax as a case study of cosmopolitan global finance in the following ways. Firstly, the thesis identifies three different but inter-related vocabularies of the Tobin Tax – economic, political and ethical (See Chapter Three). Initial accounts of the tax sought to prove or disprove its economic validity. More recent arguments attempted to construct a political rationale for the tax. For instance, some authors have identified the radical aspects of the tax for proffering states the ability to resist capital markets. And finally, an emerging vocabulary of the Tobin Tax seeks to justify the proposal on ethical grounds. Importantly, the pragmatic view of Ethics as conversation means that we do not need to seek resolution as to which is the 'true' depiction of the tax. Rather a pragmatic praxis would seek to play them off against each other, seeking to open alternatives for likely reform.

Secondly, building on the notion of Ethics as Conversation, Chapter 4-6 introduce different cosmopolitan voices to this conversation. It is argued that the vocabulary of cosmopolitan justice (Chapter Four) and the vocabulary of cosmopolitan democracy (Chapter Five) can be set on conversation with critical and post-structural critiques of the Tobin Tax proposal. Such a conversation not only illustrates the limits and indeterminacies of cosmopolitan global finance. It also presents the possibility of moving beyond existing constructions of cosmopolitan global finance via a Tobin Tax. And thirdly, by recognising the
constitutive ambiguities of the Tobin Tax campaign, we might draw out different ways to forward the discussion of cosmopolitan global finance (Chapter Six).

At one level, and drawing on Rorty’s notion of sentimental education, it is argued that the campaign for a Tobin Tax has actually done a lot to illustrate the forms of suffering engendered by global finance. At another level, the campaign itself has born witness to a growing awareness of the ambiguities of universal categories contained within global justice and democracy. Thus new forms of suffering can illustrated in the campaign for a Tobin Tax proffering a glimpse of alternative and non-universal reforms that might be couched in terms of Pragmatic Cosmopolitanism.

Conclusion

The chapter presented the philosophical pragmatism of Richard Rorty as the theoretical framework of the thesis. Section 1 identified certain limitations with the current framing of ethics in IPE. It was argued that dichotomies between positive and normative theory, on the one hand, and politics and ethics, on the other, are unhelpful for developing a grounded ethical critique. While critical theories of IPE including neo-Gramscian and post-structural approaches were argued to undermine such dichotomies, they too produce their own question-mark over ethics.

Briefly, should we follow the critical emancipatory ethics proposed by neo-Gramscians or the more questioning, uncertain critique of post-structural theorists? It was suggested that this impasse is as unhelpful as previous dichotomies and so the chapter turned to the philosophical pragmatism of Richard Rorty to find a route beyond such problems. Section 2 presented a sympathetic summary of Rorty’s thought. Themes in Rorty’s work such as such as contingency, conversation and the expansion of solidarity against suffering were introduced and celebrated. It was argued that many of the ambiguities regarding ethics and IPE are re-fashioned if we start to regard them – as Rorty does – as political rather than philosophical questions.
Section 3 dealt with some of the prominent critiques of Rorty. It argued that enduring tensions in his work between the public and the private in particular are actually very creative elements in an evolving conversation about global ethics. This image breaks with the search for foundational knowledge entirely and embraces the politics of global ethics in a reformist way. As Rorty argues,

To keep the conversation going is a sufficient aim of philosophy, to see wisdom as consisting in the ability to sustain a conversation, is seeing human beings as generators of new descriptions rather than beings one hopes to be able to describe accurately. (Rorty, 1979: 378).

And finally Section 4 drew the points of the chapter together by outlining the central ‘methodological’ and normative implications of using Richard Rorty’s pragmatism as a theoretical framework for a study of cosmopolitan ethics in global finance via a Tobin Tax. By using Rorty’s notion of conversation as background ‘method’, or organising metaphor, playing on the tensions between public and private, and developing his arguments regarding sentimental education, the study of cosmopolitan ethics in global finance can be animated in a grounded, engaged and reformist way. This will be the task of chapters 3-6.
3. Vocabularies of the Tobin Tax: From Economics to Politics and Ethics

Introduction

Chapter One identified the central concern of the thesis: to critically analyse the possibilities and limits of cosmopolitan ethics in global finance via a case study of the Tobin Tax. Chapter Two established the theoretical approach that will underpin the case study, a pragmatic praxis, and identified a background method in Rorty’s notion of ‘Ethics as Conversation’. Employing this method, ‘descriptions’ of the Tobin Tax are not regarded as valuable because of a correspondence with reality. Rather they are rendered as alternative voices in an ethical/political conversation. To that end, Chapter Three will extend this argument by presenting a historical narrative of the Tobin Tax in terms of three separate though inter-related vocabularies - economic, political and ethical. This history will clear the ground for engaging a conversation on cosmopolitan ethics in global finance via the Tobin Tax in subsequent chapters. Briefly, it is argued that a new vocabulary of democracy and justice has started to dominate discussions of the Tobin Tax and that these require scrutiny insofar as they extend the cosmopolitan project.

Chapter Three proceeds in three sections. Section 1 will briefly outline Rorty’s understanding of language and show how it can be applied to the Tobin Tax. By giving up on essentialism – the idea that the written word corresponds to some non-linguistic essence – Rorty allows us to view different vocabularies as ‘more or less useful’ for achieving socially agreed objectives (Rorty, 1998a: 1). While the identification of such objectives is a matter of ethical conversation (see Chapters 4-6), this chapter lays the groundwork by identifying the development of three separate though inter-related vocabularies of the Tobin Tax – economic, political and ethical. An effect of this move to vocabulary is to bypass the common (and somewhat over-worked) question: is the Tobin Tax feasible (Kapoor, 2003; Kenen, 1996; Garber and Taylor, 1995; Schmidt, 1999)? Instead a pragmatic approach asks: How do different ways of talking about the Tobin Tax instantiate different ethical possibilities/limits? And how might they be engaged?
Section 2 surveys the economic arguments for and against the Tobin tax. Economic approaches have tended to focus on the rationales and feasibility of the Tobin Tax. Key debates include the potential for capital market stability after Bretton Woods (Tobin, 1978) and the technical feasibility of foreign currency market intervention (Kenen, 1996; Mende and Menkhoff, 2003; Schmidt, 1999). The section traces a line through these debates that culminates in Paul Bernd Spahn’s (1995) argument for a two-tier version of the tax. It is argued that, certain refinements notwithstanding, Spahn’s essential model serves as a blueprint for many contemporary advocates (e.g. Kapoor, 2003; Patomaki, 2001).

Using Rorty, it is argued that disagreements over the feasibility of the tax can only be maintained by employing an essentialist theory of knowledge. Instead, this thesis prefers to remain agnostic about a policy proposal that has never been implemented. This is not just a philosophical point. It is also a straightforward recognition of the political contingency pertaining to economic theory and policy practice (Higgott, 1999). If activated the Tobin Tax would cease to be a technical question alone and would require sophisticated governance systems and the factor of political opposition or support cannot be predicted (Patomaki, 2000). Therefore the work of groups like the Network Institute for Global Democratisation (NIGD) and War on Want is particularly relevant. These groups concentrate on the period before and after any possible implementation. How would the tax be administered? How would the funds be distributed? Such thinking takes economic arguments seriously, but sets them in broader context of governance and justifiability.

Thus, finally, Section 3 considers the various political and ethical vocabularies that are emerging around the Tobin Tax campaign. A collection of advocates ranging from within global institutions like the UN through to NGO’s, civil society networks and critical academics have emerged to present arguments that go beyond the technical economic vocabulary (Porter, 2005: 145-147). Some advocates stress the potential autonomy of states to set monetary policy (ATTAC) and the democratic possibilities of global co-ordination (Kaul and Langmore, 1996; Patomaki, 2001). There is also increased discussion of the global re-distributive qualities of the tax (War on Want, 2002a, Kapoor, 2003).
Indeed, a discursive shift from technical economic considerations to the political and ethical 'possibilities' contained within alternative framings of the tax can be discerned. As Heikki Patomaki (2000: 79) argues,

A currency transactions tax would defend and develop the autonomy of states, and, in particular give more room for manoeuvre of their economic policies. However, whereas a Tobin Tax regime can be seen as defending some aspects of state sovereignty, it also opens up new, path breaking global ethico-political problems of governance. Suddenly, the politics of globalization seems to be also about authority, democracy, social responsibility and justice.

However, the Chapter argues that it is precisely this ethical vocabulary that is currently under-scrutinised by advocates. Too often the Tobin tax is portrayed as an unquestionable moral imperative (War on Want, 2002a). And it is presented by some as the (mythical) single answer to all the problems of globalisation and global finance. Such an approach arguably (re)produces the dichotomy between ethics and politics addressed in Chapters One and Two by constructing global finance as 'bad', and the Tobin Tax as 'good'. Instead, the requirement is to assess the ways in which an ethical goal like the Tobin Tax acts to constitute the political world it seeks to reform. Straightforward assertions of the normative value of the Tobin Tax require scrutiny. Thus the chapter concludes by identifying how thinking about the Tobin Tax can be developed via a conversation about cosmopolitan ethics in global finance.

At one level, recent arguments for the Tobin Tax rest on a conception of global justice as fairness, or doing the right thing by the victims of financial crises (Caney, 2006: 126-7; Kapoor, 2003; Patomaki, 2001: xix). These ideas follow in the tradition of Rawlsian justice. The chance to operationalise this tradition via an appeal to the experiences of the Tobin Tax campaign may be an important contribution to the development of cosmopolitan ethics in global finance (See Chapter Four). At another level, arguments for a Tobin Tax and the political activities of civil society advocates both hold important implications for global democracy. Firstly, the democratic potentials of the Tax are celebrated by advocates in a way that echoes cosmopolitan democracy (Patomaki, 2001) (See
Chapter Five). And the act of contesting global finance in the public sphere, suggests a reflexive question of the democratic impact of the civil society groups themselves (Chapter Six). In this way, cosmopolitan ethics are embedded in the concrete experiences of a political and economic campaign.

3.1 Vocabularies of the Tobin Tax

This section briefly reprises Rorty’s anti-essentialism and then relates it to the Tobin Tax. The purpose is to establish how and why subsequent sections develop a historical narrative of the Tobin Tax via three separate though inter-related ‘vocabularies’ – economics, politics, and ethics. This is done in order to explore how different vocabularies of the Tobin Tax instantiate alternative ethical possibilities and limits. Thus, instead of rehearsing the common concern of previous debates with the technical feasibility of the tax, the pragmatic approach developed in subsequent chapters is concerned with finding new and imaginative ethical possibilities within the campaign/conversation itself.

Rorty adopts an anti-essentialist position regarding language. Essentialism is the view that there is some pure essence to reality that we can grasp if only we get the correct epistemological approach. Rorty doesn’t critique this image because he thinks epistemology has so far got it wrong. He simply doesn’t understand what it could mean to get it ‘right’. He doubts the very idea of “Truth” as the correspondence between words and reality. For Rorty ‘words’ and ‘sentences’ are not more or less accurate representations of the essential reality of the world. Rather they are aspects of larger more or less coherent ‘vocabularies’ that have been developed to help us cope with the world. And the choice between vocabularies or, more accurately, the contingent and experimental interplay between, and re-description of, different vocabularies is motivated by the pragmatic desire to reducing cruelty and increase sensitivity to suffering. Thus, despite regular accusations and attributions of moral relativism, for anti-essentialists there remains a lot at stake in the choice of vocabularies. As Rorty (1998a: 1) comments:
We think that there are many ways to talk about what is going on, and that none of them gets closer to the way things are in themselves than any other. We have no idea what “in itself” is supposed to mean in the phrase “reality as it is in itself.” So we suggest that the appearance-reality distinction is dropped in favour of a distinction between less useful and more useful ways of talking.

As Chapter Two identified, over time different vocabularies can rise and fall. In addition they can change over time by being played off against each other, or, by being re-described. Often this change is haphazard and dependent on chance or, perhaps, “the accidental coincidence of a private obsession with a public need” (Rorty, 1989: 37). And sometimes it is the result of a long-term, trial and error approach by committed reformers.

From a pragmatic perspective, the choice between vocabularies is not one made between truth and falsity, but rather between their relative utility at achieving certain (moral) purposes. Indeed, Chapter Two inferred that playing vocabularies off against each other, and the related idea of re-description, can become important routes for intellectual and moral development. However, before the possibility of such moral development can be considered, it is first necessary to re-describe the history of the Tobin Tax debate as the evolution of, and conversation between, three separate, though inter-related vocabularies - economics, politics and ethics. Again, any choice between these vocabularies should not be made in terms of which one gets the ‘nature’ of contemporary global finance ‘right’. Rather, it should be made in terms of which one allows for the imagination of alternative futures for contemporary global finance. As Rorty (1989: 48-49) argues,

> Once we realize that progress, for the community as for the individual, is a matter of using new words as well as arguing from premises phrased in old words, we realize that a critical vocabulary which revolves around notions like “rational”, “criteria”, “argument” and “foundation and “absolute” is badly suited to describe the relation between the old and the new.

On this view, the worth of the Tobin Tax proposal may not be in its ability to rationally diagnose the true nature of global financial and political problems.
Rather, it may be its ability to suggest ethical alternatives that link the past and the future? A basic premise of this chapter is that while economics has generated remarkable knowledge and insight into the technical feasibility of the Tobin Tax, it may be that political and ethical vocabularies of the Tobin Tax are 'more useful' for moving the conversation onto the question of cosmopolitan ethics in global finance.

The following sections will now explore some of the key arguments for and against the tax phrased in each vocabulary. And it can be noted that the vocabularies fall in a rough chronological order. Briefly, the Tobin Tax emerged in the discipline of economics in the 1970s. While the debates were heated and diverse they quickly slowed down by the 1980s. The proposal then experienced a resurgence of interest after the financial crises in the 1990s. Debates over the reform of global finance saw global bodies, like the UN, and NGO’s, like the Halifax initiative and ATTAC, begin to advocate the Tobin tax for reasons of political reform, or, as an ethical challenge to the dominant neo-liberal construction of globalisation. In the present it occupies a relatively stable position at the heart of civil society discourses against globalisation.

3.2 The Economic Vocabulary of the Tobin Tax

This section introduces the Tobin Tax and discusses the way it has been debated within economics. Part 1 considers the economic arguments for the tax: its potential to provide financial stability and reduce downward pressure on interest rates. Part 2 will then consider economic arguments against the Tobin Tax. Critics have questioned various aspects of the Tobin Tax proposal including the feasibility of a 'universal' levy; the possibility of evasion by traders moving offshore; the difficulty of taxing derivatives; and the Tobin Tax’s potential to destabilise foreign exchange markets by reducing liquidity. And finally, Part 3 notes how these critiques have provoked technical augmentations to the proposal, most famously exemplified in the argument made by Paul Bernd Spahn (1995) for a two tier rate of taxation: the Spahn tax. The Spahn tax has been adopted by many Tobin tax advocates as the dominant articulation of the proposal and they have built their arguments around it.
3.2.1 Economic arguments for the Tobin Tax

James Tobin first made a proposal for a small tax on foreign exchange transactions in a 1972 lecture series at Princeton. By his own admission the “idea fell like a stone in a deep well”. But, he re-made the proposal several times throughout his life stating that: “If I cast it in the water again, it is because events since my first try have strengthened my belief that something of the sort needs to be done.” (Tobin, 1978: 155). These events were the steady decline of the dollar, the difficulty of co-operating between the ‘Big-3’ economies and the painful process of monetary co-ordination in Europe.

Tobin was concerned that the promises of monetarism had not materialised. He proposed a moderate reform, “to throw some sand in the well greased wheels” of global currency markets (Ibid: 158). As he summarised: “The proposal is an internationally uniform tax on all spot conversions of one currency into another, proportional to the size of the transaction. The tax would particularly deter short-term financial round-trip excursions into another currency.” (Op Cit.).

Tobin argued that a proportional tax - as little as 1% - could only be overcome with an 8 point differential in the annual yields of Treasury bills or other deposits denominated in dollars or Deutschmarks. The corresponding differential for one-year maturities would be 2 points. It is important to emphasise that Tobin was less concerned with capital mobility in general – in fact he saw it as potentially beneficial. Echoing Keynes, he was concerned with excessive short-term speculation divorced from the real economy:

The impact of the tax would be less for permanent currency shifts or for longer maturities. Because of exchange risks, capital value risks, and market imperfections, interest arbitrage and exchange speculation are less troublesome. Moreover, it is desirable to obstruct as little as possible international movements of capital responsive to long-run portfolio preferences and profit opportunities. (Ibid: 158).

Thus, for Tobin, the tax represented an attempt to moderate and improve the quality of global capital mobility. In this he was chiefly intent on undermining
the prevailing mood of monetarism in the academic and policy making elites. Against monetarist orthodoxy he identified 4 reasons why floating exchange rates were not, of themselves, sufficient to stabilise the system.

1. "...in a world of international capital mobility flexibility of exchange rates does not assure autonomy of national macroeconomic policy. The Mundell-Flemming models of the early 1960s showed how capital mobility inhibits domestic monetary policy under fixed parities and domestic fiscal policy under flexible rates. Moreover the availability of the remaining instrument of macroeconomic policy in either regime is small consolation." (Ibid: 155).

2. "...the liberation of domestic monetary policy under flexible rates is in large degree illusory. One reason is the attachment of central bankers to monetarist targets irrespective of exchange rate regimes and the openness of financial markets. More fundamentally, monetary policy becomes, under floating rates, exchange rate policy. The stimulus of expansionary monetary policy to domestic demand is limited by the competition of foreign interest rates for mobile funds. Thus much – in the limit, all – of the stimulus depends on exchange depreciation and its effects on the trade balance..." (Ibid: 155-156).

3. "...governments are not and cannot be indifferent to changes in the value of their currencies in exchange markets, any more than they did or could ignore changes in their international reserves under a fixed-parity regime. [...] the uncoordinated interventions that make floating dirty are the governments’ natural mechanisms of defence against shocks transmitted to their economies by foreign exchange markets. (Ibid: 156).

4. "...another optimistic hope belied by events was the belief that floating rates would insulate economies from shocks to export and import demand. The same Mundell-Flemming type model that told us the relative impotence of fiscal polices and non-monetary demand shocks under floating rates also implied that trade balance shocks would be absorbed completely in exchange rates without adjustment of domestic output or prices. This will, of course, not be the case if the trade balance moves the wrong way [...] or if, for any of the other understandable reasons enumerated above, governments intervene to prevent full exchange rate adjustment. It will not be the case anyway if exchange rate movements have consequences for asset demands and supplies, as they will, either via the capital gains or losses they produce for agents with long or short positions in foreign currency or via the expectations of future exchange rate movements which they generate." (Ibid: 156).
Against monetarist arguments that floating exchange rates would act as a dispassionate 'signal' to market participants, allowing for a continuous and efficient adjustment to relative interest rates, Tobin asserted the deflationary pressures of the system. 1) Macroeconomic autonomy is reduced because of the 'Unholy Trinity'. 2) In such circumstances, an ideological adoption of monetarist targets combined with competition for mobile funds has meant that governments compete for mobile capital by increasing interest rates. 3) As a result governments are forced to intervene in various ways to defend their monetary/exchange rate policy – (a free float is virtually always 'dirty'), and 4) The size of the foreign exchange market means that its behaviour and impact is, in part, autonomous of the real economy of production and trade.

It is important to recognise that Tobin's critique and proposal were both relatively moderate. As Tobin (Ibid: 157) cautioned: "My message is not, I emphasize again, that floating is the inferior regime. It is that floating does not satisfactorily solve all the problems. One big reason why it does not is that foreign exchange markets are necessarily adrift without anchors." And he continued,

What we have is an incredibly efficient set of financial markets in which various obligations, mostly short-term, expressed in various currencies are traded. I mean the word "efficient" only in a mechanical sense: transactions costs are low, communications are speedy, prices are instantaneously kept in line all over the world, and credit enables participants to take large long or short positions at will or whim. Whether the market is efficient in the deeper economic-informational sense is very dubious. In these markets, as in other markets for financial instruments, speculation on future prices is the dominating preoccupation of the participants. (Ibid: 157).

In such a context, Tobin argues, it is simply very unlikely that exchange rates will act as an effective price signal that can allow global markets to “adjust” savings and investments to the “rational equilibrium” where the true comparative advantage of nations is reflected. Capital is unlikely to allocate efficiently when there are substantial incentives to speculate on future prices. And governments are less able to use macro-economic policy to shape their economic fortunes given the logic of the 'Unholy Trinity' and the ideological preference for
monetarism. So his tax is proposed as a middle way between Bretton Woods-style capital controls and monetarism.

It would be an internationally agreed uniform tax, administered by each government over its own jurisdiction. Britain for example, would be responsible for taxing all inter-currency transactions in Eurocurrency banks and brokers located in London, even when sterling was not involved. The tax proceeds could appropriately be paid into the IMF or World Bank. The tax would apply to all purchases of financial instruments denominated in another currency – from currency and coin to equity and securities. (Ibid: 158-159).

Although Tobin concedes that the uniformity of the tax would mean a regrettable cost to trade, since he would tax currency used to pay for goods in another country, it would be negligible and difficult avoid since financial transactions could be easily disguised as trade. And he maintains that the tax is a moderate reform: “The purpose is to moderate swings in major exchange rates, not to break links between closely related economies.”(Ibid: 159). While he concedes that the tax may be imperfect, he supports it nonetheless because of its ability to deter – or dampen – speculation: “At least the bank facilities which are so responsible for the current troublesome perfection of these markets would be taxed, as would the multinational corporations.” (Ibid: 159).

3.2.2 Economic Arguments against the Tobin Tax

It should be noted that Tobin did not spend long developing or advocating his idea for a levy on foreign exchange trading. It arises in two lectures and a few later papers where he was asked to comment on the idea. It should also be noted that he did not actually support every interpretation of the tax and was reticent about the adoption of his name, noting that supporters “often seemed to expect more from the Tobin Tax than it could deliver” (Tobin, 1996: x). However, despite this reticence, the idea has caught on and we should address the principal economic arguments that have been used against the initial proposal. These demonstrate the primary technical concerns of economists and it was such arguments that paved the way for the development of the Spahn Tax that is now the default choice of many within the Tobin tax campaign.
Economic arguments against the tax can be divided into three general themes: 1) Liquidity & Effectiveness 2) Enforceability, and 3) most problematically, Coordination Problems.

Liquidity and Effectiveness

Common critiques of the Tobin Tax turn on a restatement of monetarist orthodoxy about non-interference in markets. As Barry Eichengreen and Charles Wyplosz (1996: 15) remark,

Most economists are instinctively skeptical about taxing international financial transactions as a way to enhance the operation of the international monetary system. Holders of the union card are taught to prize the efficiency of the market and to regard intervention through taxation and controls as welfare reducing. They are trained to anticipate the incentive of market participants to evade taxes and circumvent administrative restrictions.

The normative content of much economic theory after the neo-classical revolution is that free-markets are ‘best’ able to ensure the ‘efficient’ allocation of capital, thus ensuring the optimum spread of productive resources across the global economy. A ready pool of liquid capital will give a global economy speed of adjustment in relation to dips in productiveness. Thus the Tobin Tax seems particularly susceptible to monetarist critiques. And, even if the tax could deter speculation and hedging activities around moderate currency price differentials, the knock-on effect could be to move such actors to speculate on larger differentials. In effect, currency crisis could become the goal of market actors instead of an unhappy side effect of their activities:

Tobin’s idea was to guide decision making in the [foreign exchange] market in such a way that the overwhelming amount of short-term transactions would be restricted in favour of longer-term oriented transactions. Although this guidance objective could be adequately addressed by a proportional tax on all [foreign exchange] transactions, the academic discussion has revealed a non-trivial price: the reduction in short-term transactions can markedly reduce market liquidity which will, in turn, most probably increase volatility. (Mende and Menkhoff, 2003: 228).
Since Tobin's primary objective was to smooth fluctuations in the foreign exchange market, the potential for the tax to generate greater volatility by distorting trader objectives is a major challenge for protagonists of the Tobin Tax. By reducing the margin of effective trade the Tobin Tax could effectively increase the amounts speculated on larger differentials.

Enforceability

A second – and related - critique of the Tobin Tax is that it may be easy to evade (See Garber, 1996). At one level, it has been argued that should a country try to implement the tax individually then traders would simply migrate offshore. Rodney Schmidt (2000: 215) cites Frankel (1996:156) on this point: "...enforcement is a big problem. Certainly if some countries adopted the Tobin tax but others did not, the foreign exchange trading would move to where it was not taxed." (See discussion of Spahn below 3.1.3). At another level, while Tobin intended his tax to be limited to spot transactions, it has been argued that he has underestimated the substitutability of spots for derivatives like forwards and put-options (Kenen, 1996). As Schmidt (2000: 215) states,

In today's 24-hour global marketplace [...] foreign exchange traders can hide positions by shifting them between branches in different time zones and so always remain within working hours, or they can use derivative financial instruments that do not show on balance sheets. Finally traders can avoid the foreign exchange market altogether by buying and exchanging securities, such as bonds or treasury bills, denominated in different currencies.

Indeed, despite a general enthusiasm for the Tobin Tax, Joseph Stiglitz remarks: “My main reservations are that there are some very difficult problems with implementation particularly associated with derivatives and options.” These critiques highlight a fundamental issue for discussions of the Tobin Tax: the complexity and changing makeup of global financial markets.

---

2 Interview with Joseph Stiglitz for German television (ARD. Monitor), broadcast on the 13th of May 2002. Interview by Sonia Mikich
Co-Ordination Problems

Finally, and leading on from questions of enforceability, a major problem with the original formulation of the tax is the difficulty of co-ordination on a universal scale. If, as Tobin argues, all states need to sign up to the tax, then one state – like the US or UK – could veto the whole agreement. Indeed, the United States has proved a major critic of global taxation and used the Tobin Tax specifically as a reason for not paying UN dues. On this reading, the availability of just one jurisdiction where the tax did not apply would prompt foreign exchange traders to relocate there. Thus, the general impact of the tax would be reduced since the market would bifurcate and currency speculation could continue un-checked. Further aspects of such co-ordination problems – only partially addressed in the economic vocabulary – are therefore the problem of political will, and the question of how the revenues from such a tax should be assigned, i.e. one aspect of co-ordination must rely upon the potential incentive of revenue distribution.

3.2.3 Towards a Spahn Tax?

In response to these fundamental critiques of the Tobin tax Paul Bern Spahn (1995) articulated an augmented version the tax in a working paper for the IMF. In *International Financial Flows and Transactions Taxes: Survey and Options*, Spahn outlined a two-tier tax, which has become the model that many Tobin Tax advocates use. It pits a low level transactions tax, whose key function would be to raise revenue, and a high level surcharge that would act to break trading in the event of a speculative attack. Spahn (1995: 4) agrees with many of the critiques of the Tobin tax outlined above, “Analysis has shown that the Tobin tax as originally proposed is not viable and should be laid aside for good.” And he argues that this results from a number of basic problems associated with the proposal:

1. ...it is virtually impossible to distinguish between normal liquidity and speculative “noise” trading. If the tax is generally applied at high rates, it will severely impair financial operations and create international liquidity problems, especially if derivatives are taxed as well.
2. ...because of the high substitutability of financial products, it would be vain to tax only spot transactions. This would create tax loopholes and reduce the effectiveness of the tax as an anti-speculation device. However, the inclusion of derivatives, in particular of forward transactions, poses substantial conceptual problems as no fixed relationship between cash and derivative transactions can be established readily.

3. ...even with a very low rate, the tax would raise substantial revenue given the high and increasing volume of trading. The high level of revenue generated eventually by a low-rate-tax may constitute a considerable problem for tax assignment.

He thus concurs with much of the criticism of Tobin's original proposal. And his last point notes the question that runs throughout the thesis, of how we decide about ultimate ends of the tax revenues? However, although Spahn opens the door for such questions his basic proposal is technical and economic. His simple suggestion is that since a high rate tax may deter speculation but would destabilise the markets, and a low rate tax would have no effect on speculation, “One possible solution would be to consider both a low rate transactions tax plus a surcharge as an anti-speculation device, whereby the latter would be triggered only during phases of exchange rate turbulence and based on well-established criteria.”(1995: 30-31). In this way a tax on currency transactions could act as both a revenue raising device and a circuit breaker that would close the market down should a speculative attack begin. Like Tobin, market control is therefore a key aim for Spahn (1995: 30-31):

The former would function on a recurrent basis and raise substantial and stable revenue without necessarily impairing the normal liquidity function of world financial markets. It would also serve as a monitoring and controlling device for the exchange surcharge, which would be administratively attached to it.

Spahn envisaged a low rate currency transactions tax of one basis point – 0.01% - that would raise the cost of capital only slightly and would have a neutral impact on the volume of currency transacted. He argued that the tax could be extended to derivative trades at around half the standard rate to allow them to function, but deter the easy substitution of foreign exchange for derivatives by traders for speculation purposes. On the one hand, he envisaged revenue on the
then $1 trillion a day market of around $25 billion. On the other hand, the exchange surcharge would have a different – *perhaps symbolic* – objective:

The exchange surcharge would be administered in conjunction with the underlying transactions tax, but it would pursue a different objective and function. The objective would be to tax negative externalities associated with excessive volatility *per se*. For normal operations, the tax would be zero, which would secure the liquidity of the markets and allow efficient trading. Only during phases of speculative trading would the tax be levied, yet it would bite rather hard under these circumstances. [...] Ideally, revenue from the exchange surcharge would be nil, if it is to achieve its objective. (Ibid: 32).

Finally, and perhaps most significantly, Spahn responds to the difficulty posed by the requirement for a universal levy in Tobin’s original proposal. While he agrees that a global or multilateral system would be preferable, he argues that his own two-tier tax could be adopted on a unilateral basis:

Provided the underlying transactions tax has a very low (or zero) rate, the exchange surcharge itself is unlikely to deter normal financial business because it is evoked only occasionally or, perhaps, never.

Moreover, all transactions in highly liquid home currency would have to be settled on an account with the central bank. This would give the bank the option to administer the surcharge unilaterally and to discount the tax from the total amount settled, even on an asymmetrical basis. (Ibid: 35).

Despite complications then the basic point is that “While not ideal, the unilateral adoption of the scheme seems to be feasible.” In this way, it seems that the economic debates surrounding the Tobin Tax have somewhat run their course. While questions can be raised and re-raised along the spectrum outlined here, significant and fundamental critiques of the tax have been made and met. Practical questions about the feasibility of implementation have also received a boost from the work Rodney Schmidt (2000), who argues that the existence of new bodies like the Continuous Linked Settlement (CLS) bank means that if the tax is levied on *payments made* between banks, rather than the trade itself, there is almost no scope for evasion.
It is now possible to automatically, electronically and seamlessly match gross payments to the originating individual foreign exchange transactions, and tax them both onshore and offshore, regardless of the financial instrument used to define the terms of the transaction or the location of the parties to the transaction. (Schmidt, 2000: 230).

It can therefore be argued that important questions now concern the implementation stages of the Tobin Tax - building the political support and constructing the organisational infrastructure. And such questions necessarily carry us into broader debates about politics and ethics. As Kavaljit Singh (2000: 200) argues, “The issues raised by the Tobin Tax are more political than technical or administrative.” And a key campaigner for War on Want, Sony Kapoor, concurs; now the case for economic feasibility has been made, what “is required is the political will to implement currency transactions taxation and provide the necessary legal enforcement to ensure payment and penalise evasion.” (2003: 40). As the next section will argue, such questions have helped to construct new vocabularies of the Tobin Tax which move beyond questions of economic logic and technical feasibility and address issues of a political and ethical nature.

3.3 Political and Ethical Vocabularies of the Tobin Tax

To be sure, the economic vocabulary of the Tobin tax has generated what Rorty might describe as a ‘useful’ discussion of the possibility of regulating/reforming global capital mobility in the wake of the decline of Bretton Woods. Involving top level academic and policy oriented economists in a debate that revolves around moderating the excesses of neo-liberal financial capitalism is certainly in line with Rorty’s project of contingent reform.

However, the economic vocabulary has settled on the rather straightforward issue of feasibility. Numerous studies and analytical papers concern themselves with making the case that the Tobin Tax would work or would not work. On a pragmatic understanding there are significant limitations with such a debate. Firstly, it assumes the possibility of an intrinsic financial reality that the Tobin Tax either coheres with or does not cohere with. Such a view ignores the way in
which economic theory is itself a constitutive element of the “world” it seeks to engage (Cameron and Palan, 2004; De Goede, 2003). And secondly, from an IPE perspective, if activated the Tobin Tax would cease to be a technical question alone and would require political governance. Factors like political opposition or support simply cannot be predicted and must be worked out in contingent and experimental circumstances. Other vocabularies are required.

This section therefore turns to the political and ethical vocabularies of the Tobin Tax that have emerged since the GFA reform debates of the 1990s. The Tobin Tax campaign has received varying degrees of support from the UN, significant NGOs like the Halifax Initiative, ATTAC and political scientists like David Held (2005) and Heikki Patomaki (2001). While many proponents reprise key elements of the economic vocabulary, certainly in their use of the Spahn Tax (see below), a key element of these vocabularies is that, while they accept the importance of the question of feasibility, participants use the Tobin Tax to highlight the political, ethical and moral dimensions of global finance. As one advocate, Robin Round comments:

...I agree with those who say that the Tobin Tax is not a panacea for our development ills and our financial woes. We must be very, very clear on that in all our discussions. But it is one aspect of what must be a fundamentally reformed global financial system. The guiding principles of this system should be human rights over investors’ rights, people before markets, the equitable re-distribution of wealth, and democratization of economic decision-making. (Cit. Desir and Ford, 2000: 103).

On this view, the Tobin Tax and the campaign which surrounds it become part of a broader discussion about the ethical possibilities and limits of current global arrangements. And in this way the ground is cleared to introduce cosmopolitan arguments to the discussion in subsequent chapters. Part 1 establishes the historical context for the emergence of the contemporary Tobin Tax campaign and the place it occupied in the GFA reform debates. And Part 2 identifies three important subjects in the new vocabularies: 1) Political Autonomy, 2) Global Justice, & 3) Global Democracy.
A key argument arising from this chapter is that political and ethical vocabularies of the Tobin tax can sometimes be deployed with an under-elaborated conception of justice and ethics. In activist circles, ethical arguments can easily become simple rhetorical assaults on the amorphous 'bad' that is global neo-liberalism. Likewise, the Tobin Tax is often presented as an unambiguously moral answer to the questions raised by globalisation and global finance. For these reasons the Chapter concludes by identifying points for critical development in the ethical vocabulary. Simply put, for the conversation about the ethical reform of global finance via a Tobin Tax to continue a greater level of theoretical and critical scrutiny is required.

3.3.1 GFA Reform and the Emergence of the Tobin Tax Campaign

As Chapter One recounted, the question of reforming the Global Financial Architecture gained prominence in policy circles in response to the financial crises of the late 20th Century (Eichengreen, 1999; Goldstein, 1999; Kenen, 2001; Meltzer, 2000). These reform debates were conducted at a time of growing scepticism and critique of the globalisation project in general. This is the context in which the Tobin Tax (re-) emerged as a fitting, if ambitious, reform proposal.

Initial political support for the Tobin Tax worked at the intersection of international organisations and technical experts. And as Tony Porter (2005: 145) details there has been a degree of support from certain states,

Discussion of the Tobin tax first garnered significant international attention at the World Summit for Social Development in 1995. In addition to those civil society actors promoting the idea at that conference there were initial expressions of interest from the Swedish, Australian, Canadian and French governments.

Indeed the Tobin Tax has been a common feature of debates about raising funds for development. Around the same time the UN Development Program sponsored an edited volume entitled The Tobin Tax: coping with financial volatility, in which a number of prominent economists concerned with financial reform began to discuss the idea relatively favourably (Ul Haq et. al., 1996).
Such mood swings in favour of the Tax came at a period of optimism about the possibility of reforming globalisation. Porter argues that there was a growing sense that the political will of key policy actors might be enough to put the Tobin Tax onto the political agenda. But he recounts the difficulty that many policy protagonists encountered when engaging economists over the issue: “While the [Halifax] summit held in the wake of the Mexican Peso crisis that had ignited in 1994, was indeed preoccupied with how to stabilise global finance, the Canadian government dropped its initial consideration of the Tobin tax after it was panned by officials in the finance ministry” (Ibid: 146). Indeed a pattern of initial public zeal followed by a quick recognition of the technical complexities/ambiguities of the Tobin Tax has been repeated a few times in the history of the campaign (Griesgaber, 2003). Moreover, there has been strong opposition from powerful states. Famously the US government listed the UN’s support for the Tobin Tax as a reason for withholding its subsidies. As one American campaigner noted at the time, “The right wing of the Republican and the Democratic Parties have already tagged this [Tobin Tax] with what they think is the kiss of death: a United Nations Tax” (Terry Provance, in Desir and Ford, 2000: 24).

However, such problems have not prevented a number of civil society groups from adopting the Tobin Tax as a key focus of their activities. Proponents have included prominent NGO’s and coalitions of various civil society actors. The Halifax Initiative was set up around the time of the Halifax summit on the reform of the global financial architecture. The French NGO ATTAC was set up in 1998 and listed itself as an “international movement for democratic control of financial markets and their institutions”. And Tony Porter (Ibid: 146) refers to New Rules for Global Finance Coalition; “a coalition of development, human rights, labour, environmental, and religious organisations and scholars dedicated to the reform of the global financial architecture” (www.new-rules.org).

In Germany, the think tank WEED has produced a number of studies on the way in which the Tobin Tax can raise revenues for various objectives of the global justice campaign. The British NGO, War on Want, established the Tobin Tax Network in order to lobby the UK and European parliaments to introduce the Tax. And the Network Institute of Global Democratisation (NIGD) has produced
a number of research projects concerned with the Tobin Tax and pushed the campaign forward at the World Social Forum.

Such groups have backed the Tobin tax for numerous reasons. Some such as ATTAC, Halifax and War on Want have used it as a tool for lobbying. Others including ATTAC and NIGD have further employed it as a mechanism for fostering public discussion. Such groups have produced and sponsored numerous expert studies of the Tobin tax ensuring that the idea has been updated in view of particular circumstances. For instance, War on Want has adapted the Spahn tax to emphasise the lower rate of taxation as a revenue raising device for the UK Treasury and its foreign aid budget (Spratt, 2005). Other studies have sought to address the relevance of the Tobin Tax to developing countries or international organisations like the European Union (AFRODAD, 2000; Patomaki, 1999). All such groups have brought political and ethical dimensions to the Tobin Tax debate, which were not fully evident in the economic vocabulary.

Of course, a straightforward economic or realist analysis could argue that despite the activities of such groups they will continue to be politically ineffective, particularly given US opposition. However, the discursive shifts within global financial governance are of significance even if the Tobin Tax is not adopted. The fact that it is on the agenda of global financial reform means that it lies within the ‘arc of possibilities’ and therefore constitutes a clear (ethical) limit.

Likewise, there is much to be said about the internal politics of global civil society in the adoption of the Tobin tax. Indeed, as Porter notes, the development of this civil society movement “to engage the technical questions about the Tobin tax’s feasibility and implementation are significant in indicating the broadening of the range of financial governance issues of concern to civil society beyond debt relief.”(Ibid: 146). In this way, it can be argued that the Tobin Tax campaign contributes directly to the evolution of a ‘global public sphere’ for finance. The next part will identify the significant political and ethical dimensions of the civil society campaign.
3.3.2 Autonomy, Justice and Democracy

Once the Tobin Tax was adopted by global civil society, it ceased to be purely a question of technical economic feasibility or non-feasibility. While civil society groups have not ignored these questions, they have sought to supplement them with appeals to political autonomy, justice and democracy in the face of certain ill effects of globalisation. While the move is nascent, it does suggest ways in which the discussion of cosmopolitan ethics in global finance can be developed.

As Heikki Patomaki (1999: ii) argues,

Twenty years after Tobin’s original proposal, new rationales for the tax have risen: it would yield huge revenues both to the states and the world community; and it is also seen, more and more often, as an invaluable element in restoring democratic values and accountability.

In this way the civil society campaign for the Tobin Tax has gone beyond the economic debate over feasibility, identifying political and ethical vocabularies of the Tobin Tax. An important first step was to ‘politicise’ the tax. Against economic arguments that celebrated the ‘reformist’ character of the tax, civil society activists heralded the idea as a way to resist the structural power of markets. In this context, re-distributive and democratic possibilities are developed.

Political Autonomy

A common theme of many civil society arguments is to emphasise the political nature of the Tobin Tax as a way of reigning in the forces of global finance thereby granting some room for manoeuvre to national governments. This argument builds on previous points made within the economic vocabulary to identify important questions relating to financial citizenship and democracy.

As section 1 recounted, the possibility of restoring macro-economic autonomy was already part of Tobin’s (1978) original proposal. As he suggested, the proposal could restore some degree of control to states over monetary policy. Capital mobility can inhibit domestic monetary policy under fixed parities and domestic fiscal policy under flexible rates. A small anchor on currency markets
could reduce the elasticity of speculators to changes in interest rates or fiscal policy and restore some independence to states. Thus the tax was designed as a third way between the full capital controls of the Bretton Woods system and the unchecked - and imperfect - mobility of capital and currency under monetarist arrangements. As Kavaljit Singh (2000: 198) notes:

...[the] Tobin Tax is expected to preserve the autonomy of national authorities in formulating monetary policy and also insure insulation from the deleterious effects of volatile international financial markets. Such autonomy is particularly valuable for the developing countries, as they are more vulnerable to external capital flows.

However, some civil society campaigners have revisited this aspect of the Tobin Tax and have sought to politicise it by setting it in terms of the structural power of financial markets. In the wake of the financial crises of the late 20th Century many civil society groups sought to capitalise on a perceived sense of powerlessness that many felt. As senior policy adviser for War on Want, Sony Kapoor (2003: 15) recounts:

Speculation, [...] exacerbates the depth of each crisis. Each crash seriously increases unemployment and causes severe cuts to public services, creating poverty and disadvantaging the poorest sections of society. In response to this, campaigning organisations began to work on this issue from the late 1990s, signalling their deep concern that a small set of players in the market could play a part in causing such devastating economic damage.

Importantly, an ideological component has been introduced to many civil society accounts. Often to the chagrin of economists, groups like ATTAC have questioned the (political) authority of markets to decide social outcomes. Indeed the very name ATTAC – which translates as the Association for The Taxation of financial markets for the Aid of Citizens – is a sign that the power aspects of global finance are equally (or more) important than the economic feasibility. As the International Platform of ATTAC (1999)

Financial globalization increases economic insecurity and social inequalities. It bypasses and undermines popular decision-making, democratic institutions, and sovereign states responsible for the
general interest. In their place, it substitutes a purely speculative logic that expresses nothing more than the interests of multinational corporations and financial markets.

For ATTAC the Tobin Tax is not then just a case of better economic rationality, it is also a mechanism for confronting the political and ideological power of financial markets. "Such a measure fits with a clearly anti-speculative perspective. It would sustain a logic of resistance, restore manoeuvring room to citizens and national governments, and, most of all, would mean that political, rather than financial considerations are returning to the fore." (ATTAC, 1999).

This evolving 'logic of resistance' is something that IPE scholars from different traditions have attempted to capture. For Eric Helleiner (2001), the Tobin Tax, as employed by groups like ATTAC and the Halifax Initiative, is an instrument that might provoke a Polanyian shift towards more socially embedded forms of global economic governance. And from a critical realist position Heikki Patomaki (2001: xvii), argues that the CTT may form the basis of a credible utopian project:

Many economic activities and political aspirations have been subordinated to the power of the increasingly global financial markets. The Tobin tax provides emancipatory potential that goes far beyond simply stabilising the foreign exchange markets or, for that matter, taxing transnational hot money.

Global Justice

In the NGO and charity community the Tobin Tax is often portrayed as an instrument of global justice. Chief among its benefits in this regard are the revenue raising possibilities. As Sony Kapoor (2003: 7) notes, "The CTT creates a directly quantifiable benefit in the form of a powerful income stream." While Tobin had acknowledged this in his original proposal it was not considered a focal point of the scheme and many have considered his suggestion that the IMF could collect and distribute the money, quite naive. However, civil society groups, NGO's, and the UN have focused on the revenue raising potential of the Tobin Tax as its key contribution. It is argued that large revenues could be used to fund global projects related to development like health and education. As Jo Marie Greisgraber (2003: 155) argues,
There are different options for what to do with the revenue. For example, the best, from a moral perspective, would be to give it to the poorest people on the globe for the essential common good of eradicating poverty. But, this may be the hardest to sell politically.

For the UN this revenue stream was associated with the generation of funds in support of the project of providing global public goods. This project was designed to link the economic theory of public goods with the hard but (arguably) increasingly necessary requirement to ensure some form of global coordination over issues relating to clean air, clean water, and economic stability. As Inge Kaul and John Langmore (1996: 256) identify,

> Growing interdependence among countries generates growing needs for joint action - to safeguard the environment, maintain peace and security and end global poverty. Because these "global public goods" affect all countries, it would be inadequate and inappropriate to finance them from existing funds designated for official development assistance (ODA), that is, finance them through an income transfer from richer to poorer countries. It would be more logical and effective to finance global public goods through levies and fees on international activities such as international currency transactions.

In a similar vein the Tobin Tax has been tied to various UN initiatives aimed at providing funds for financing development. In particular, Chapters 4-6 highlight and interrogate War on Want's recent moves to tie the Tobin Tax in with the recent Millennium Development Goals. However, while such moves represent an interesting re-description of the economic vocabulary on development, global justice via the Tobin tax has been elaborated in far more nuanced terms. For many global civil society activists this financing mechanism is not simply about being 'logical' and 'effective' it also requires the subjection of global finance to basic principles of justice. As Heikki Patomaki of NIGD argues,

> Justice as fairness would dictate, as a bare minimum, that, if someone accepts the benefits of a practice, he should not refuse to do his part in maintaining it. The current system of individual profits, socialised risks' fails to meet even this minimalist criterion of justice. The Tobin tax is a way to make participants pay their fair share in maintaining the global financial system. (2001: xix).
Such theoretical moves present the possibility of a serious and engaged ethical critique of the GFA. Moving beyond the political rhetoric of some arguments Patomaki questions the 'justice' of currency speculation in terms of its ability to cause crises. He suggests a mechanism whereby the Tobin Tax is levied so that financial actors are responsible for their activities – maintaining the practice on his terms. And he links the Tobin Tax into an ethical critique of the system that advocates a financial compensation for past injustices. Such a move brings a strong moral dimension to the revenue stream and offers up the possibility of a cosmopolitan version of the Tobin Tax (see Chapter Four).

An additional and strongly related reason for identifying the Tobin Tax as a source of justice is the sizeable revenues associated with it. Estimates vary widely depending on the size of the tax suggested, the size of the foreign exchange market, and the expected elasticity of currency traders to taxation. Tobin (1996: xvi) suggested that his initial proposal for a 1% tax could, on the 1995, 1.3 trillion dollar a day market, yield 312 billion dollars per year. But he notes that a lower tax of 0.1% with allowances for a tax-induced reduction of in the volume of transactions could yield the lower figure of 94 billion dollars per year. For his part, Jeffrey Frankel estimates that 0.1% tax that reduced the volume of trade by 45% would raise annual revenue of 176 billion dollars on the 1995 market (Cit. Felix & Sau, 1996: 241). However, as the preceding discussion argued, the tide of opinion on the tax rate has been heavily influenced by arguments that the tax could actually destabilise the market by reducing the effective margin of trade. For this reason, and in line with Spahn's suggestion of a two-tier tax, a number of estimates have been performed for a much lower tax rate.

Again civil society groups have been instrumental in the generation of new economic studies of the tax for ethical purposes. In a paper commissioned as part of the UNU/Wider project on 'Innovative sources of for Development Finance', and widely distributed among members of the Tobin Tax Network, Machiko Nissanke (2003: 21) estimated that setting a currency transactions tax” at 0.02 % applied to wholesale transactions would generate annual revenue of about US$ 30-35 billions annually, while CTT at 0.01 % would produce US$ 17-19
billions.” And these lower rates have been used and advocated by the NGO War on Want in their Draft Report on the Tobin Tax (Kapoor, 2003). The proposal is restated in a Briefing Paper that proposes a 0.005 % rate of tax – referred to as a ‘Stamp Duty’ – which they estimate could raise 20 million dollars per year towards the Millennium Development Goals. (Stamp Out Poverty, 2005).

While uncertainty remains as to the level and levy of the Tobin Tax, it is clear that the revenues are now a focal point for campaigners. Whether it is in the guise of increasing ODA as Stamp Out Poverty suggest, or to provide ‘global public goods’ in UNDP framing, the Tobin Tax has been linked with the possibility of realising a form of global (social) justice.

Global Democracy

Finally, a number of groups have developed upon the concept of economic democracy. In part this builds on the political critique of financial globalisation. But it also suggests the normative possibilities of global governance reform via a Tobin Tax. For instance, ATTAC have argued in dialectical terms that the erosion of democratic space due to financial globalisation requires that the Tobin Tax be seen as a tool for taking that space back. As Bernard Cassen stresses,

"To put it simply, politics and politicians have to regain control of certain areas of the financial sector in order to benefit democracy. For twenty years politicians have progressively surrendered the majority of their powers to financial markets and it is this forum where civil and political action needs to regain its meaning.” (Cit. Desir and Ford, 2000: 17).

On the one hand ATTAC have formed close links with government politicians in order to realise their democratic aspirations via conventional means. On the other hand, the network of ATTAC has been at the forefront of innovative techniques of political mobilisation that use the Tobin Tax as a tool for building a democratic public sphere. On this view, global democracy is concerned with politicising finance by opening it up to public debate, a strategy in which the mobilisation of people is a key contribution of the campaign. As Cassen (2003: 43) reflects:
Since Tobin was an establishment economist, a Nobel Prize-winner in economics from the United States at that, his proposal possessed a certain automatic initial legitimacy, serving to highlight the scandalous character of the flows of global speculation today. So for the purposes of agitation, it makes an excellent weapon. But, of course, we never for a second thought that the Tobin tax was the one solution to the dictatorship of financial markets. It was just one point of entry to attack them.

Reflexively then, the Tobin Tax campaign is itself an act of global democratisation. By drawing people together in a campaign against the anti-democratic nature of global finance, a democratic space is instantiated. For critical scholars of a neo-Gramscian variety such moves are related to the emancipatory logic of resistance politics (Birchfield and Annette Freyberg-Inan, 2005).

Finally, a number of arguments have emerged that use the Tobin Tax proposal as the linchpin of a far more ambitious normative project of global democracy. As Chapter Five will discuss in greater detail, the Network Institute on Global Democratisation has produced research that discusses how the Tobin Tax could fit within an agenda to democratise global governance. This view expands the metaphor of the Tobin Tax to include a fundamental reform of the institutions of global economic governance:

... the Tobin tax issue is necessarily connected to struggles over the way global governance is organised: either oligarchically (a few rich and powerful dictate the terms for others) or democratically (pluralistic and equal public discourse is combined with representative decision-making). Here, we see the proposal of the Council of Global Governance, CGG, to establish an economic security council of the UN as an interesting possibility. But a reconstructed Economic and Social Council (ECOSOC) of the UN might be even more democratic and functional." (Patomaki. 1999: 4).

The political and ethical vocabularies of the Tobin Tax increasingly tie up with a larger and more complex discussion of the ethics of global governance. For these reasons a careful scrutiny on the theoretical underpinnings of the proposal is required.
Conclusion: the limits of the ethical vocabulary?

The chapter has drawn a line from early economic articulations of the Tobin Tax through to more recent campaigns in and around global civil society. It was argued that the initially technical and reformist version of the tax – that sought to make global capital markets “work better” – has been augmented by recent advocates to stress political autonomy, global justice and democracy. However, it should be noted in that such vocabularies are not unproblematic.

Against the strong position of War on Want who argue that: “There are no morally significant arguments against the Tobin tax”, it might be necessary to look to the theoretical underpinnings and constitutive ambiguities of the proposal. In line with Chapters One and Two it is necessary to continue a ground ethical critique of the moral arguments for a Tobin Tax. This knits the campaign in with both the broader cosmopolitan arguments for global justice and democracy, and allows for the kind of engaged scrutiny of the limits of cosmopolitan ethics in global finance that animate this thesis.

The next chapters will each, in turn draw out an aspect of the ethics of the Tobin Tax. Chapter Four will look at the Tobin Tax as a tool for cosmopolitan justice. It will question how far the Tobin Tax is supported by cosmopolitan arguments for global re-distribution and what kind of limits are placed on the vocabulary of global justice as result. Chapter Five will then analyse how and to what extent the Tobin Tax is supported by and indeed furthers arguments for cosmopolitan democracy. And Chapter Six will develop on the constellation of civil society actors, critical academics and international organisations that have inter-weaved around a discussion of the Tobin Tax.

Drawing these ideas together it can be argued that the Tobin tax campaign is an instance of an actually existing cosmopolitan public sphere. The campaigns, debates, conflicts and tensions that pervade the campaign thus offer a concrete articulation of cosmopolitan ethics in global finance. From a pragmatic perspective the task is to recognise and engage such tensions, identifying practical ways forward.
4. Cosmopolitan Justice and the Tobin Tax

Introduction

The first 3 chapters have laid the groundwork for continuing a conversation about cosmopolitan ethics in global finance. Chapter One established the prime concern of this thesis, namely: to critically analyse the possibilities and limits of cosmopolitan ethics in global finance via a case study of the Tobin Tax. Chapter Two set out the theoretical framework, a pragmatic praxis, which treats cosmopolitanism as a contingent contribution to ethical conversation. By engaging this conversation with Ironic critique, it is argued that new possibilities can be explored. And Chapter Three cleared the historical ground for such an ethical conversation about the Tobin Tax. By charting the history of the campaign for a Tobin Tax in terms of three vocabularies – economic, political and ethical – Chapter Three argued that the theoretical content and implications of the proposal have shifted in recent decades. Specifically, it was argued that ethical arguments for the Tobin Tax are increasingly deployed. This represents an important touchstone for the conversation about cosmopolitan ethics in global finance.

Chapter Four explores the potential synergies between cosmopolitan justice and the Tobin Tax. The chapter proceeds in three sections. Section I introduces the emerging vocabulary of cosmopolitan justice. It presents the arguments of those cosmopolitans who locate their work in a critical line following John Rawls (Beitz, 1979; Buchanan, 2000; Pogge, 2002). Their key agenda has been to undermine the state-centrism at the heart of John Rawls’ theory of justice and make it applicable ‘internationally’, or ‘globally’. For his part, Charles Beitz (1979) has highlighted the importance of interdependence in the modern world economy. Similarly Allen Buchanan (2000: 705) has argued that patterns of capitalist accumulation in the global polity represent a ‘global basic structure’ that can found principles of global justice. And finally, Thomas Pogge (2002) has stepped outside state-centrism to begin his theory of justice from the point of view of human rights and cosmopolitan responsibilities. He argues that,
Existing global poverty [...] manifests a core injustice: a phenomenon that the dominant strands of Western normative political thought jointly – albeit for diverse reasons – classify as unjust and can jointly seek to eradicate. Insofar as advantaged and influential participants in the present international order grant the argument, we acknowledge our shared responsibility for its injustice. We are violating a negative duty of justice insofar as we contribute to (and fail to mitigate) the harms it reproduces and insofar as we resist suitable reforms. (Pogge, 2002: 210).

Section 2 looks at the importance of such arguments for a discussion of the Tobin Tax. On the one hand, they illustrate the limitations of state-centric approaches that either deny justice to large groups of people or privilege certain states. It is argued that this basic principle of justice has motivated many in the NGO campaign for the Tobin Tax. On the other hand, they illustrate the kind of potentials that exist within contemporary global arrangements to build ethical agendas against world poverty.

There is a fruitful synergy between cosmopolitan justice and the Tobin Tax. Thomas Pogge (2002) argues that global poverty is removable via the allocation of a very small part - 1% - of the income of the richest citizens. To ignore this fact and to ignore the role of current global capitalist system in producing poverty is against all broadly acceptable principles of cosmopolitan justice. Likewise, Tobin Tax proponents state that a small, feasible tax on the richest financial speculators could generate enough funds to address the issue of avoidable severe poverty. To ignore it would be against the principles of justice.

However, Section 3 identifies a number of ethical ambiguities and contradictions pertaining to the Tobin Tax. These call into question the cosmopolitan belief that ethical concern can be expanded by material re-distribution. Firstly, to levy the tax in all states requires a level of capital account convertibility that is not unambiguously desirable in partially or un-developed financial systems (Kim, 2003). It is argued that such a requirement enforces a structure of financial universality that risks silencing alternatives (See De Goede, 2005: 147). Simply stated, as a technical proposition the Tobin Tax requires a well developed and open financial structure to operate, silencing the question of whether such structures are themselves universally desirable.
And secondly, even if feasible, it is not clear that developing states could levy a major amount from trade in their own currency. Thus an inevitable reliance on Northern states to generate the majority of the resources implies a cash-based approach to global re-distribution that may re-produce relations of dependence. Based on this analysis, it is argued that a core failure to undermine the structure of global capitalism, in both standard accounts of the Tobin Tax and in Pogge’s schema, infers some deep ambiguities within cosmopolitan global justice. The problem is not that global justice is hard to realise. Rather, the ethical dilemmas arise when ideal theories of cosmopolitan justice construct the world in their image. Thinking through the specific case of the Tobin Tax illustrates how a well intentioned cosmopolitan proposal can reify a level of financial universalism and a cash-based conception of justice.

However, recognising such ambiguities does not mean succumbing to relativism. Firstly, one course of action is to construct a democratic argument for the Tobin Tax (Patomaki, 2001). As Chapter Five argues, the discourse of cosmopolitan democracy can help to situate and, where necessary, contest the problematic aspects of global finance reform via a Tobin Tax. And secondly, as Chapter Six argues, perhaps the problem is not one of overcoming, but of learning to live with the ambiguities of cosmopolitan global finance via a Tobin Tax? In this sense, the civil society campaign may be seen in terms of broader efforts at sentimental education that can support the development of cosmopolitan ethical sensibilities in global finance.

4.1 Cosmopolitan Justice

This section introduces theories of social justice as developed by political theorists in the tradition of John Rawls. Part 1 establishes Rawls’ basic arguments regarding the justice as fairness and then addresses certain key criticisms of the state-centrism that underpins his theory. Writers like Charles Beitz and Allen Buchanan have expressed scepticism at the desirability of limiting justice to individuals within a bounded community. They therefore attempt to give a more global scope to justice. Part 2 develops this line of thought by addressing Thomas Pogge’s development of an account of cosmopolitan
justice. Pogge begins from the assumption that the continuing fact of world poverty means that (in)justice must now be thought in global perspective. Crucially, rather than looking at justice between states – a common subject of cosmopolitan justice – Pogge prefers to locate his account in terms of individual duties not to harm. These arguments are then set in train with the rationales and objectives of the Tobin Tax in Section 2.

4.1.1 Undermining the State-Centrism of Rawls

Political theory in general and theories of justice in particular were re-ignited by the work of John Rawls. In *A Theory of Justice* (1971) John Rawls attempted to combine liberal and egalitarian approaches to justice via the construction of a social contract. Assuming an ‘original position’ in which individuals would be under a ‘veil of ignorance’ i.e. they would know nothing about their personal circumstances; Rawls questioned what principles of liberty could be agreed upon by members of a society, understood as a “co-operative venture for mutual advantage”. As Chris Brown (1992: 172) states, “The participants in the original position realise that to achieve the benefits of social co-operation it is necessary to determine principles for the distribution of these benefits – the principles of social justice.” To work this experiment Rawls employed a rationalist logic - that individuals seek to maximise their marginal gain and minimise their maximum loss - to argue that contractors would agree to a first principle that: “...each person is to have an equal right to the most extensive total system of equal basic liberties compatible with a similar system of basic liberty for all.” (1971: 302).

However, having assumed that society is a ‘co-operative venture for mutual advantage’ it is clear that this first principle will not yield some utopian ‘equality of everything’ scenario, since then the impetus for co-operation would be negated. Thus, the second of Rawls’ principles seeks to rationalise the level of inequality that contractors in the veil of ignorance would accept in the ‘difference principle’. As he suggests, “Social and economic inequalities are to be arranged so that they are both: to the greatest benefit of the least advantaged, consistent with the just savings principle and attached to offices and positions open to all under conditions of fair equality of opportunity.” (Op. Cit.).
The argument is not uncontroversial. Critics have undermined the resource-based approach to justice preferring to look at ‘capabilities’ (Sen, 1999). And some have identified a core ambiguity between liberty and equality since, a principle of equality could allow for the diminution of liberty to foster equality. Another set of critics question the state-centrism of Rawls’ approach. Many have taken issue with Rawls’ attempt to limit the conditions of justice to social relations within state boundaries. For anyone excited by Rawls’ ability to place individuals at the heart of justice, the idea that this could only apply to certain individuals was a disappointment. As Chris Brown (1992: 173) notes, “In any event, Rawls does not believe that his principles of justice can apply on a world scale, for the simple reason that these are principles of social justice, a society is a ‘co-operative venture of mutual advantage’, and no such co-operative venture exists on a world scale.”

The task for cosmopolitans has therefore been to undermine this assumption by questioning the capacity of states to achieve self-sufficiency. Charles Beitz (1979) takes issue with Rawls’ depiction of (bounded) social justice in two ways. First, he suggests that if states, or state representatives, were placed in an ‘original position’ they would be able to frame a difference-principle because of uneven resource distribution. And secondly, more strongly, he argues that the fact of global interdependence undermines Rawls’ conception of territorial states as ‘co-operative ventures for mutual self-advantage’, by assuming a capacity for self-sufficiency that is increasingly redundant.

By arguing for global redistribution on the basis of uneven resources Beitz undoubtedly taps a nerve. Since Rawls is attempting to refine the conditions of liberty by introducing only justifiable forms of inequity there is great scope for (irresolvable) debate. While natural resources do not represent a ‘surplus’ from co-operative venture, they certainly count as fiat for individual benefit/liberty by creating uneven circumstances of justice. When extrapolated to relations between states Beitz has a good point in both the assumption that state representatives in the ‘original position’ will be concerned over the distribution of vital resources and able to agree on some form of re-distributive agenda on that basis.
However, conceding this point two problems arise in the internal consistency of the argument. First, it rests on a narrow definition of the nature and requirements of development. Natural resources are not the only, nor arguably the fundamental determinant of growth. As Chris Brown (1992: 176) argues, on such an account we could even support the redistribution of natural gas from Namibia to Japan! And secondly, there is a contradiction in Beitz’s position. On his first argument he supports redistribution on the principle of states in the ‘veil of ignorance’, on his second argument (below), he clutches to the notion of making individuals the subject of justice. Which view we are to take would seem to be a choice based on persuasiveness?

Beitz’s second argument points to the fact of global interdependence. He seeks to undermine the concept of self-sufficiency deemed to be integral to Rawls’ argument and goes so far as to argue that economic trends toward interdependence point to a “global scheme of social co-operation” (1979: 144). On this view, a case can be made for viewing individuals as the prime foundation of justice, eliminating the need for a second contract between states, and eliciting the possibility of a global difference principle. This is certainly a strong cosmopolitan argument. By locating moral value in the individual Beitz questions the empirical and ethical autonomy of states and therefore problematises the fundamental assumptions of political theory and International Relations. However, the argument is undermined on two counts, one of dilution, one of internal contradiction.

Firstly, although Beitz undermines the empirical and ethical strength of states, his methodological agenda concedes that states are still the central players in the global polity and will remain a “second-best solution” for implementing any ‘global difference principle’. As Molly Cochran (1999: 28) judges, on this view: “international distributive justice applies only derivatively to states and principally to persons in the founding principles for the establishment of just social arrangements”. This is a compromise argument that surely creates more problems than it solves. How one justifies a policy on the ethical value of individuals and then persuades (different) states to administer to it, is a question that illustrates rather than solves the complexity of cosmopolitan justice.
And secondly, by attaching a universalist argument for distributive justice to empirical rather than abstract criteria Beitz opens himself to empirical refutation. If justice pertains to those areas with a high level of interdependence, what becomes of those isolated areas less integrated into the global economy? It would appear that Beitz’s argument could find a stronger case for re-distributive justice in Europe than it would in sub-Saharan Africa! However, despite these limitations, the general point has had an impact on Rawls. Simply put, if individuals to be the foundation of justice then some account needs to be provided as to which individuals are to be favoured and why. Rawls responded to critiques ranged against his account of ‘the international’ in the Law of Peoples. In it Rawls modifies his hypothetical contract so that parties representing ‘peoples’ – as opposed to individuals – are able to decide on a set of just criteria to regulate international relations. He adduces the following principles:

1. Peoples are free and independent, and their freedom and independence are to be respected by other peoples.
2. Peoples are to observe treaties and undertakings.
3. Peoples are equal and are parties to the agreements that bind them.
4. Peoples are to observe the duty of non-intervention.
5. Peoples have the right of self-defence but no right to instigate war for reasons other than self-defence.
6. Peoples are to honour human rights.
7. Peoples are to observe certain specified restrictions in the conduct of war.
8. Peoples have a duty to assist other peoples living under unfavourable conditions that prevent their having a just or decent political and social regime. (Rawls, 1999: 37).

Of course one limitation that may be identified is that individuals are still absent from this set of principles. But this critique misses the important point that Rawls is attempting to adduce liberal principles that all can agree on. Short of a major conversion in global norms towards the idea of a world state, or the possibility of a global ‘original position’ between every individual, Rawls does indeed have a point that tolerance for different peoples’ conceptions of the good would be a ‘fair’ principle of international justice. When taken in conjunction with A Theory of Justice it is clear that Rawls is striving towards a ‘realistic utopia’ (Brown, 2002).
However, one author has taken exception to Rawls's argument on its own terms. Allen Buchanan accepts Rawls's basic intuition that some account of the conditions of justice between 'peoples' should be derived, which may not start or even rest with individuals (although we might ultimately hope it would). He agrees that, "Whatever else a morally defensible international legal system will include – and I believe it will include principles for individuals – it will include principles for relationships among states, at least if it is to supply any direct normative guidance for our world, in which the international legal system gives a prominent role to states." (Buchanan, 2000: 700). But he goes on to question Rawls' conclusions, arguing that,

...the device of having representatives of peoples choose principles yields quite different principles from the ones that Rawls believes it does, once two important facts are appreciated. The first is that there is a global basic structure, which, like the domestic basic structure, is an important subject of justice because it has profound and enduring effects on the prospects of individuals and groups, including peoples in Rawls's sense. The second is that the populations of states are not "peoples" in Rawls's sense and are not likely to become so without massive, unjustifiable coercion, but rather are often conflicting collections of "peoples" and other groups. (Ibid: 700-701).

For Buchanan (Ibid: 701) these two facts explain why Rawls is unable to address questions of international distributive justice or intrastate conflict. In particular, Rawls' omission of any principle of distributive justice is "surprising and disappointing for those who recognise that global economic institutions profoundly influence the prospects of individuals and groups, including peoples in Rawls' sense".

For the purposes of the argument made here, it is Buchanan's understanding of a global basic structure that is most interesting for cosmopolitan justice. Buchanan attacks the Westphalia assumption in *Law of Peoples*, that states are autonomous both economically and in terms of their control over distribution: "A state is distributionally autonomous if and only if it can determine how much wealth is distributed within its borders" (Ibid: 702). But, he argues, the nature of the global economy is such that "states must attract and sustain capital investment"
In a context of dependency on capital states are constrained in their ability to control distribution within their borders. Buchanan argues that, "governments will be reluctant to institute more egalitarian redistributive policies, for example, by levying higher taxes on corporations or on the wealthy, if they fear this will lead to a flight of capital to other countries." (Op.Cit.).

Rawls qualifies this assumption by arguing that resources are not the primary factor in economic development. Instead the sources of wealth lie elsewhere in the "political and cultural traditions" in "human capital and knowledge" and in the capacity for "economic and political organization" (Rawls, 1992: 72). But, Buchanan argues, this misses the point. Whether a state is able to call on these kinds of capacities makes no difference to its ability to control distribution, since global economic factors are not controlled. He makes this argument by analogy to Rawls' own concept of the "basic structure" or "the way in which the major social institutions distribute fundamental rights and duties and determine the division of advantages from social cooperation" (Rawls, 1971: 7). Rawls makes the basic structure the "primary subject of justice" because its effects are profound from the start, because men are born into a set of circumstances that may exhibit "deep inequalities" (Ibid: 7). So the question arises, if this is true for domestic society then why not for global society? As Buchanan inveighs,

If there is a global basic structure - a set of economic and political institutions that has profound and enduring effects on the distribution of burdens and benefits among peoples and individuals around the world - then surely it is a subject of justice and a very important one. [...]...if there is a global basic structure, principles of justice for it will be required, just as principles are required for domestic structures. (2000: 705).

Buchanan looks to trade agreements, international financial regimes, a global system of private property rights, and a growing set of global legal institutions. For Buchanan, "The chief point is that, like a domestic basic structure, the global basic structure in part determines the prospects not only of individuals but of groups, including peoples in Rawls's sense." (Ibid: 706) It therefore cannot be ignored. As Buchanan surmises,
Regardless of whether one represents a people whose internal conception of justice is egalitarian or hierarchical, one’s commitment to protecting both the capacity of one’s society to implement it’s conception of justice and one’s commitment to securing equal status in the international community for one’s society require the choice of principles of justice for the global basic structure. (Ibid: 709).

4.1.2 Cosmopolitan Justice as Re-Distribution

Beitz and Buchanan cast doubt on Rawls’ assumptions about international distributive justice. The former finds it hard to conceive of justice without including all individuals – either via state consent, or, more strongly, due to the interdependence of social life. The latter gives us strong reasons to believe that Rawls can be interpreted differently, to think about global justice in a post-Rawlsian fashion. Even if Buchanan doesn’t develop a fully-fledged account of cosmopolitan justice, he nevertheless points to an interesting/important consideration: the global basic structure. Their ideas can be summarised in the following way.

First, a principle of justice that places individuals at its foundation cannot reasonably discriminate between individuals in different countries. Second, justice as fairness cannot ‘fairly’ ignore the social basis of injustice. A global basic structure informs the distribution of social chances in a way that requires mitigation. And thirdly, a principle of global re-distributive justice is not precluded by respect for the equality of peoples’ conceptions of the ‘good’. However, these points are currently fairly negative. They argue that theories of justice should not preclude from discussing global justice. In particular, Buchanan’s identification of a global basic structure implies that more effort needs to be devoted to the question of global justice.

Thomas Pogge provides an argument for cosmopolitan justice based on universal human rights and the responsibilities they entail. He identifies vast global (in)justices relating to human poverty and argues that basic negative duties ‘not to harm’ can be used to justify global re-distribution. As Pogge argues, despite increasingly effective moral norms protecting the weak and the vulnerable...
poverty has slipped off the radar of many justice theorists. He cites the increasing conventions against domestic violence, slavery, autocracy, colonialism and genocide as signs of moral progress. But he questions how poverty has been left out of this discussion of weakness:

Some 2,800 million or 46 percent of humankind live below the World Bank’s $2/day poverty line – precisely: in households whose income per person per day has less purchasing power than $2.15 had in the US in 1993. On average the people living below this line fall 44.4 percent below it. Over 1,200 million live on less than half, below the World Bank’s better-known $1/day poverty line. People so incredibly poor are extremely vulnerable to even minor changes in natural and social conditions as well as many forms of exploitation and abuse. Each year, some 18 million of them die prematurely from poverty-related causes. This is one-third of all human deaths – 50,000 every day, including 34,000 children under the age of five. (Pogge, 2002: 2).

How can such severe poverty continue when there is enough money (and enough food, water, medicine, etc.) to end it? And why do citizens of the affluent Western states not find it morally troubling? Pogge can provide only one answer: “Extensive, severe poverty can continue, because we do not find its eradication morally compelling.” (Pogge, 2002: 3). This is a significant double standard for liberalism to overcome.

Pogge begins by arguing that there are no good reasons to ignore poverty. One simple reason often given is that current global poverty is so enormous that nothing can be done. Pogge (Ibid: 7) retorts that, “The aggregate shortfall of all these people from the $2 PP a day poverty line amounts to some $300 billion annually or just 1.2 percent of the aggregate annual gross incomes of the income economies.” It is therefore doable. A second response is to cite the history of failed attempts to solve poverty. Indeed, official development assistance (ODA) has been hugely ineffective at reducing poverty. But Pogge (Ibid: 8) rejoins, “…if anything this is a reason to think harder about world poverty and ways of attacking it.” And he asserts:
Where corruption is an obstacle, we can try to reduce it, circumvent it, or focus our efforts elsewhere. If foreign donations of food depress demand, prices, and hence incentives for production in the target country, we can instead enhance the income of the poor. Where direct transfers to poor households create dependency, we can, targeting children especially, fund vaccination programs, basic schooling, school lunches, safe water and sewage systems, housing, power plants and networks, banks and micro-lending, and road, rail and communication links. (Ibid: 9).

He admits that such a system of 'modernisation' will always be susceptible to critique, but he asserts that if this doesn’t work then we can consider restructuring the global economic system so that it is more hospitable to “democratic government, economic justice and growth in developing countries.” (Ibid: 9). And this is where Pogge’s argument starts to resemble Buchanan’s idea of a global basic structure. Against those who would argue that the global economic order is facilitating the decline of poverty, Pogge argues the exact opposite. Pogge attacks the common prejudice that “there is nothing seriously wrong with our conduct, policies, and the global economic institutions we forge in regard to world poverty.” (Ibid: 11). And he goes on to base cosmopolitan responsibilities on "negative duties: specific minimal constraints [...] on what harms persons may inflict upon each other." (Ibid: 13). He therefore challenges the claim that "the existing global order is not causing poverty, not harming the poor." (Ibid: 13). And the point is consolidated in his Global Resources Dividend.

[The] GRD proposal is meant to show that there are feasible alternative ways of organizing our global economic order, that the choice among these alternatives makes a substantial difference to how much severe poverty there is worldwide, and that there are weighty moral reasons to make this choice so as to minimize such poverty. (Ibid: 197).

Pogge invokes three different areas of injustice that might be used in support of his argument that global economic structure violates a negative duty not to harm. These are: the effects of shared social institutions, the uncompensated exclusion from the use of (natural) resources; and the effect of a common and violent history.
When looking at the effects of shared social institutions Pogge lists three conditions that would be necessary to justify global redistribution: 1) There is a shared institutional order that is shaped by the better off and imposed on the worse-off. 2) This institutional order is implicated in the reproduction of radical inequality in that there is a feasible institutional alternative under which severe and extensive poverty would not persist. 3) The radical inequality cannot be traced to extra societal factors (such as genetic handicaps or natural disasters) which as such, affect different human beings differentially. (Ibid: 199).

Pogge asserts that the current global order does meet condition 1. He observes "...a worldwide states system based on internationally recognized territorial domains, interconnected through a global network of market trade and diplomacy." (Ibid: 199). Moreover, he notes the impact of loans, investments and sex tourism on the poor and argues that: "Their very survival often crucially depends on our consumption choices, which may determine the price of their foodstuffs and their opportunities to find work." (Ibid: 199). And he argues that these relations and the structures of power that pervade them necessitate a radical rethink of justice: "...we must be concerned with how the rules structuring international interactions foreseeably affect the incidence of extreme poverty. The developed countries, thanks to their vastly superior military and economic strength, control these rules and therefore share responsibility for their foreseeable effects." (Ibid: 200).

Condition 2 requires us to trace the causes of poverty to the structure of social institutions. Pogge notes that such a project is hard due to the dominance of explanatory nationalism – the tendency of academic research to be structured along national lines. He also argues that such a project is unattractive as it involves the possibility of “seeing oneself as connected to the unimaginable deprivations suffered by the global poor.” (Ibid: 200). But for Pogge (Ibid: 201), “The affluent countries have been using their power to shape the rules of the world economy according to their own interests and thereby have deprived the poorest populations of a fair share of global economic growth – quite avoidably so, as the GRD proposal shows.” (Ibid: 201).
And condition 3 is met quite simply because if the poor were born in the affluent countries then they would have as much chance of survival as the rest of us. The combination of these three conditions means that

...the citizens and governments of the affluent countries - whether intentionally or not - are imposing a global institutional order that forseeably and avoidably reproduces severe and widespread poverty. The worse-off are not merely poor and often starving, but are being impoverished and starved under our shared institutional arrangements, which inescapably shape their lives. (Ibid: 201).

The uncompensated exclusion from the use of natural resources has one condition: "The better-off enjoy significant advantages in the use of a single natural resource base from whose benefits the worse-off are largely, and without compensation excluded." (Ibid: 202). This argument refers to the highly uneven use of the world's resources. In a sense, this condition ties with previous points about the global economic structure, since resources are generally governed via a structure of property rights which precedes individual choices. Although the rich elites may pay for the resources they use, in the case of oil, this money goes towards corrupt autocrats who are not intent on distributing it widely.

For Pogge the question remains, "...what entitles a global elite to use up the world's natural resources on mutually agreeable terms while leaving the global poor empty handed?" (Ibid: 202). And finally the 'Effects of Common and Violent History' adds the following condition: 1) The social starting positions of the worse-off and the better-off have emerged from a single historical process that was pervaded by massive, grievous wrongs. (Ibid: 203). This condition implies more than the simple argument that we owe something to the victims of colonialism. For Pogge (Ibid: 203),

The thought is rather that we should not uphold extreme inequality in social starting positions when the allocation of these positions depends upon historical processes in which moral principles and legal rules were massively violated. A morally deeply tarnished history should not be allowed to result in radical inequality.
Pogge makes a reform proposal on the basis that the status quo can be reformed in such a way as to satisfy all three approaches. So the proposal needs to show that inequality can be traced to the structure of the global economic order. And he adds the caveat that “the status quo is unjust only if we can improve the circumstances of the global poor without thereby becoming badly off ourselves” (Ibid: 204). He formulates the proposal according to the second approach – uncompensated exclusion from resources – arguing that “The second approach narrows the field by suggesting a more specific idea: those who make more extensive use of [...] resources should compensate those who use very little.” (Ibid: 203-4). And he notes,

Modesty is important if the proposed institutional alternative is to gain the support necessary to implement it and is able to sustain itself in the world as we know it. I hope that the GRD satisfies these two desiderata by staying close to the global order now in place and by being evidently responsive to each of the three approaches. (Ibid: 205).

Thus, the GRD can be quite a small levy because radical inequality is cumulative over centuries and not simply the result of centrifugal tendencies in the global economy. As he states, “It is, then, quite possible that, if radical inequality has once been eradicated, quite a small GRD may, in the context of a fair and open global market system, be sufficient continuously to balance those ordinary centrifugal tendencies of markets enough to forestall its reemergence.” (Ibid: 205). On this view cosmopolitan justice becomes re-distribution.

4.2 Cosmopolitan Justice via the Tobin Tax?

Having reviewed some of the key debates in the development of a cosmopolitan approach to global justice in the previous section, this section will identify how the rationales and objectives of the Tobin Tax campaign cross over. It is argued that cosmopolitan justice rests on a basic assumption that the scope of ethical concern should be extended globally to all individuals. On the reading of cosmopolitan (social) justice common to Rawls, Beitz, Buchanan and Pogge given here, this involves some notion of material re-distribution on a global scale to compensate those who suffer as a result of the global basic structure. This
section seeks to animate the position by first making the case for a synergy between cosmopolitan justice and the Tobin Tax before moving on to identify certain ethical ambiguities which pervade such accounts in the next section.

4.2.1 Similar rationales/objectives

There are two basic reasons why the Tobin Tax can be seen as a useful case study of cosmopolitan global justice. First, the arguments deployed by civil society campaigners increasingly draw on rationales akin to cosmopolitan arguments. For instance, world poverty, and the role of wealthy (northern) banks in its creation are argued to unfairly prejudice the starting points for the developing south. Therefore some redress is sought via the Tobin Tax. And second, the reformist objectives of Pogge and the NGOs are very similar. A modest reform that takes a small percentage of the income of the wealthy to give to the poorest people is seen as a feasible mechanism to build justice into the global capitalist system.

Rationales

The clearest lines of similarity between cosmopolitan justice and ethical arguments for the Tobin tax campaigners emerge over their reading of the causes of poverty and the feasibility of its eradication. For instance, just as cosmopolitan theorists like Buchanan and Pogge highlight the role of global economic structures in the production of radical inequality, so campaigners for the Tobin Tax put the blame squarely with the structure of global finance. As a Network Institute for Global Democratisation (NIGD) report argues:

In addition to giving rise to growing disparities and alienation in the world, the global economic system has been, since 1997, at the edge of a crisis potentially as severe as that of the Great Depression of the 1930’s. In many sites in South-East Asia, Russia and Latin America the picture has been already gloomy enough. [...] At the heart of this crisis is the volatility, instability and irresponsibility of a global, neo-liberalised financial system. (Patomaki, 1999: 2).
Ethical arguments for the Tobin Tax are therefore born out of a sustained critique of the global structure of finance. As an early War on Want (2002: 4) paper concurs:

The financial crises of the 1990s were triggered, and their effects intensified, by currency speculation – localised shocks to the market led to large outflows in capital, the effects of which spread to other markets through a process of contagion. The lives of millions have been destabilised by financial crises, which have increased poverty and insecurity.

The basic view observes that something akin to a global basic structure exists in global finance. To the extent that this structure has an effect on poverty, Tobin Tax campaigners argue that it is negative. Moreover, a number of Pogge’s rationales for re-distribution can be used in support of the Tobin Tax.

It can be argued that global finance exhibits an increasingly “shared institutional order” that benefits the rich at the expense of the poor. And, importantly, the Tobin Tax does (like the GRD) provide evidence of a feasible institutional alternative. Indeed, just as Pogge stresses that the situation is changeable by a straightforward and minor reform, in polemic fashion, Stamp Out Poverty (2005: 2) argue that the feasibility of the idea is of paramount importance:

Our generation is the first to have the technology, expertise and resources to stamp out poverty. World leaders are calling for new money to be found. $50 billion extra each year would provide clean water, healthcare and education to the most deprived. This is not expensive. Rich countries spend $600 billion on defense and $245 billion on farm subsidies each year. We need to find new ways to raise these funds. A solution could be found in the richest market in the world – the trade in money itself. A simple stamp duty on currency transactions is practically and politically possible and would raise this urgently needed revenue.

Of course there is an issue of how to interpret Pogge’s focus on resources. On the one hand, it would be simple to just ignore this point. It is part of the experimental interplay of policy development that different mechanisms will be suggested. On the other hand it is possible to see how currency becomes a resource to be exploited by the rich. If we understand capital as a resource, then currency suzerainty is a major factor in development.
The high value of currencies like the Dollar and the Euro mean they become the denominator currency of major loans. Much business and loan debt in the Third World is denominated in hard currency. This represents a net outflow of money from the south to north and a resource for capitalist development. Moreover, currency speculation imposes a destabilising insecurity on developing states. The subsequent preponderance of short-term investments and susceptibility to currency crash mean that the wealthy both enjoy an unequal use of the resource of currency, but also benefit from structural power accorded. Dependence on foreign capital can mean that economic growth is conditional and prone to instability. And, while it may be a polemical point, many elements of the global financial system, including debt and insurance, arose from economic practices closely linked with colonialism. Extending cosmopolitan justice to finance via a Tobin Tax may therefore perhaps address the third of Pogge’s moral rationales, ‘The Effects of a Common and Violent History’.

Objectives

As well as certain similarities in moral reasoning, there are direct parallels between Pogge’s observation that in the case of world poverty: “We are violating a negative duty of justice insofar as we contribute to (and fail to mitigate) the harms it reproduces and insofar as we resist suitable reforms” (Pogge. 2002: 210) and Sony Kapoor’s (2003: 3) claim that: “…the present CTT proposition is not only possible but eminently desirable. From the world’s poorest communities, who would benefit from the revenue it can generate, to the world’s business community, who would benefit from far greater market stability, it is clear that the advantages of a CTT are so considerable that failure to make progress along this road would be very costly.” And it is costly precisely in terms of world poverty:

Desperate poverty and the acute disparity between the rich and poor countries of the world require an urgent response from many perspectives. From the humanitarian point of view, millions of lives are lost to hunger, malnutrition and water-borne diseases every year. Each life lost, or blighted, is a personal tragedy. (Ibid. 35).
Thus the principle objectives of the GRD and the Tobin Tax are the same. Pogge seeks to provide a "modest proposal" that seeks to "leave each country in control...of the resources in its territory" and moderate constructions of the Tobin Tax argue that: "...the CTT is a mainstream proposal. The base rate of the tax is conceptually identical to security transaction taxes that are already a part of mainstream financial systems. These taxes are levied in six of the G 10 economies. Two examples are the 0.5 % stamp duty reserve tax levied in the UK and a 0.002% tax on all stock transactions in the US." (Ibid. 102).

Moreover, the higher rate in the two-tier version of the tax is argued to fall in line with common features of many existing financial systems: "The higher (circuit-breaker) rate of the tax, sometimes called the surcharge rate or the second tier, acts as a means of halting excessive volatility. It is conceptually identical to the circuit breaker that was introduced in the New York Stock Exchange after the Black Monday crash in 1987." (Ibid. 102). On this view, the objective of moderate, feasible reform via global re-distributive efforts is seen as a way to introduce justice to the global financial system.

### 4.3 Ethical Ambiguities of the Tobin Tax

In its rationale to counter world poverty, its diagnosis of the causes of that poverty, and its proposal for a moderate reform of the existing system, the recent constructions of the Tobin Tax bare comparison with discourses of cosmopolitan justice. Indeed, in a recent interview Pogge endorsed the Tobin Tax, arguing that the principal opposition to the idea is political:

> It is [...] rather disingenuous to blame the unfeasibility of the Tobin Tax on the possibility of a few noncompliant tax havens when nearly all rich countries are refusing to go along. If they supported the Tobin Tax, they could do a great deal to discourage circumvention: Major players — corporations, banks and hedge funds — are unlikely to break the laws of countries on which they depend for customers and legal protection merely to avoid a small fee on foreign exchange transactions.(Pogge, 2005: 4).

But, feasibility questions aside, does the equation of justice with re-distribution exhaust ethical possibilities? Moreover, does thinking in this fashion act as a
limit on ethical possibilities for global finance? This section outlines three interrelated problems with the Tobin Tax that infer a broad set of questions for cosmopolitan justice.

Firstly, implementation of the tax requires some level of capital account convertibility that is not unproblematic for developing states. Secondly, even if feasible, it is not clear that developing states could levy a major amount from trade in their own currency. Thus the reliance on Northern states to generate the majority of the resources implies a cash-based approach to global re-distribution that may re-produce relations of dependence. And thirdly, drawing these ideas together, a core failure to undermine the structure of global capitalism, in both standard accounts of the Tobin Tax and in Pogge's schema, infers deep ethical ambiguities: global justice is all too easily conflated with inclusion in the global financial system.

Why are alternative patterns of organisation not explored? What of the argument, popular among Southern scholars, that de-globalisation is a preferable and more empowering route to development (Bello, 2005)? Indeed, there is a striking double think in arguments for cosmopolitan justice which begin by implicating the global basic structure of capitalism in the production of world-wide poverty, but then propose a piecemeal reform of this system - to take some cash from the top and re-direct it to the bottom – in order to address the problem. Why is the structure left intact?

An important aspect of the Tobin tax proposal, common to all its constructions, is that it is moderate in the sense of being a half-way point between full insulation of the domestic economy and full openness. That is to say, that the structure of knowledge that permits, indeed encourages capital account convertibility is left largely in tact, an idea that is not unproblematic for developing states. As one campaigner asserts:

The hierarchies that are part of the financial markets, and the tendency of this system to produce a concentration of wealth, inequality, poverty, capital flight and capital theft leads to the breakdown of our systems of social protection. In developing
countries the breakdown of societies robs them of the chance to keep the wealth that is produced in those locations for national development either through national use of resources or through effective taxation of income, natural resource extraction and profits. (Kohonen, 2005).

Even if the majority of campaigners address the issue from the perspective of questioning what is possible, there is a tendency to see the Tobin Tax as the solution. In this context, the campaign and mainstream discourses coincide over the Tobin Tax – with the (eternal) caveat that it is probably unfeasible. Indeed, the Global Policy Forum has published IMF working papers on the Tobin Tax that support this general proposition:

the main risks a country faces when it liberalizes its capital account are primarily associated with unpredictable and potentially large capital inflows and outflows - most notably sudden and significant reversals in capital inflows - that may have little to do with the soundness (or lack thereof) of its own economic policies. Since private sector speculators do not internalize the destabilizing impact on the country of such capital flows in their investment decisions, their actions generate a negative externality - as viewed from the perspective of the country in question - in the classic sense, and would thus call for an equally classic economic remedy, i.e., a Pigouvian tax on the externality-generating activity which, in this case, would be a tax on capital flows into or out of the country, or both. (Zee, 2000).

The argument being made here is not that, pace a Marxist critique, the campaign for global justice has been co-opted by the bourgeois ideology of the IMF. Rather, it is to argue that the question of opening up to foreign capital is never questioned in the first place. The critical and ethical edge of the Tobin Tax is blunted by a relatively unproblematic acceptance that financial universalism is a straightforward reality to which we have to respond.

The risk is not that the Tobin Tax is not radical enough – where radical is understood as forming a suitably strong resistance to the dominant power of a neo-liberalism – but rather that the potential alternatives may get silenced. As Yong Chul Kim (2003: 148) argues,
...the Tobin tax needs capital liberalization as a condition to apply it. The Tax is meaningful only when capital moves freely across national borders. [...] China and Malaysia employ domestic measure of capital control, successful in arresting speculation and volatility of capital flows through domestic policy tools and, consequently, are in no need of the global scale scheme of the Tobin tax. UNCTAD’s chief economist Yilmaz Akyuz says “Malaysia’s capital controls are now widely accepted as a success” and make it possible to have a fundamental reorientation of an economy toward a more self-reliant pattern of growth.” China has also been strongly opposed to efforts of western countries and international bodies to speed up financial liberalization of developing countries, arguing that it is necessary to strictly separate trade and investment liberalization from financial liberalization. These countries do not find any motivation to join the global design to control the free movements of capital.

A second ethical ambiguity of global justice illustrated by the Tobin Tax is the nature of re-distribution. Building on the point about financial universality there is additionally the question of how the global ethic of the Tobin Tax is played out.

On the one hand, campaigners in developing areas could well be faced with the slightly paradoxical position of advocating capital account liberalisation in order that the state then places the Tobin Tax on the currency. On the other hand, even if this were possible (if not desirable), it is clear that the majority of the funds would be accrued in the larger more developed financial markets. Thus, re-distributive justice would consist mainly of cash flows from North to South. As one (rare) study of the Tobin Tax as it applies to African countries found:

There was general agreement from the reports that a Tobin Tax alone would not be sufficient to address Africa's key problems of slow development, high indebtedness and endemic poverty. The tax is unlikely to yield sufficient revenue within the continent to be directed towards solving these problems. However, levying the tax in developed markets and channeling proceeds to developing countries through various mechanisms and programs will change the nature and impact of international financial flows to and from developing countries. (AFRODAD, 2000: 6).
But this framing of the Tax as a cash based solution to global justice creates its own dilemmas. On the one hand, it risks producing an ethical limit in the sense that under-developed countries are stripped of ethical/financial agency except insofar as they can achieve capital account convertibility. On the other hand, when War on Want frames the Tobin Tax in terms of charity – e.g. ‘The Robin Hood Tax’ – it risks alienating large sections of the Southern campaign. Again as Yong Chul Kim (2003: 147-148) argues,

people in East Asian countries simply understand the Tobin tax as being levied on the very wealthiest countries and distributed among poor countries. In short, the Tobin tax is viewed as the game between North and South, with some advocates simply motivated by ethical and humanitarian claims. But, speculative money gave people in East Asian countries ‘real’ shocks and the impact of the Tobin tax would be much more pronounced to ‘emerging’ markets than any other countries. They find themselves distanced by the way Westerners deal with the issue of the Tobin tax.

Drawing these ideas together, potential alternatives either at the local or regional level can perhaps be silenced in the dominant framing of cosmopolitan justice and the Tobin Tax. These might be local level alternatives, or regional forms of organisation. They may entail liberalisation. Or they may require slow and sequenced liberalisation of the capital account. As one report (AFRODAD, 2000: 6-7) lists, potential alternatives may include:

1) Halting financial liberalization ... 2) Imposing feasible capital and exchange controls at the earliest opportunity... 3) Distinguishing between inflows of hot money and production oriented foreign direct investment (FDI)... 4) Revisiting current and capital accounts including imports and foreign liability structures with a view to reducing current and capital account vulnerabilities. 5) Redirecting financial resources into productive purposes, including meeting human needs, away from largely speculative and unproductive outlets. At a general level this involves changes being made in domestic monetary and financial regulation to both enhance the security of investment portfolios and to direct funds to much more production and basic consumption-oriented ends.
Conclusion: From Justice to Democracy

The chapter has analysed the vocabulary of cosmopolitan justice and developed some fruitful lines of synergy with the Tobin Tax. Section 1 reviewed the emerging discourse of cosmopolitan justice in terms of a set of critical positions on John Rawls theory of justice. Thomas Pogge’s (2002) account of cosmopolitan responsibilities was identified as the most ambitious project of global re-distribution. Section 2 argued that the campaign for a Tobin Tax bares a number of similarities – both of rationale and objective with the discourse of cosmopolitan justice. However, Section 3 found a number of ethical ambiguities in the discourse of cosmopolitan justice via a Tobin Tax.

Firstly, to implement a Tobin Tax requires capital account convertibility which is not unambiguously desirable in partially or non-developed financial systems. And secondly, even if implemented, the majority of funds would be accrued in the North requiring a cash based practice of justice where funds are taken from northern states and given to southern states. It was suggested that both of these issues infer a problem with the financial and ethical universalism that reside in the Tobin Tax and cosmopolitan justice. As Chapter One argued, the problem with such universalism is that may risk silencing potential alternatives. At one level, cosmopolitans like Pogge abstract an ideal conception of what it is reasonable for individuals to do (and not to do). This view ignores - or places at one stage removed - the historical contingencies and cultural contexts from which people emerge. At another level, when such ideal theory is ‘applied’, it acts to constitute the world in a particular way. This move is potentially negative because it imposes a limit on ethical possibility, namely: universal capitalism, rather than exploring the different possibilities that might be generated in political context.

In light of these arguments the next chapter will turn to the discourse of cosmopolitan democracy to question whether, despite certain ethical ambiguities, systems of representation and accountability may be built to mitigate them. By placing justice in a social and political context cosmopolitan democracy may provide the basis for addressing, if not overcoming, such problems.
5. Cosmopolitan Democracy and the Tobin Tax

Introduction

Chapters 1-3 cleared the ground for a conversation about cosmopolitan ethics in global finance via a case study of the Tobin Tax. Using a pragmatic approach, it was argued that cosmopolitanism can be viewed as a contingent contribution to an ethical conversation about reforming global finance. Moreover, it was argued in Chapter Three that the Tobin Tax campaign is ripe for inclusion in this conversation. Increasingly, ethical arguments for global re-distribution and democratic global governance suffuse the civil society campaign. Specifically an emphasis by NGOs on global redistribution and making global financial governance more accountable reflect broad cosmopolitan ambitions. The Tobin Tax is a good case study for thinking through the ethical possibilities, ambiguities and limits pertaining to cosmopolitan ethics in global finance. Chapter Four pursued this line of thinking via an analysis of the vocabulary of cosmopolitan justice and its potential synergies with the Tobin Tax.

While important for extending Tobin Tax debates, it was argued that cosmopolitan justice is more ambiguous than may be supposed. If cosmopolitan thought seeks to place individuals at the heart of justice then there is ambiguity in the way that ‘practical justice’ – either via a GRD or a Tobin Tax - falls back on a cash-based solution to poverty, where money comes from the ‘North’ (usually states) and goes to the ‘South’ (usually states). This is not to argue that such money transfer could not be put to good use, rather it is to identify that the position does not question the principle of universal capitalism and thereby precludes those alternatives – individual, local, regional, global – that might empower people in the construction of finance/justice.

Pragmatically speaking, the question of how a cosmopolitan approach to global finance via a Tobin Tax responds to particularity – a particularity that may require Chilean style capital controls, or widespread popular education as to what finance is - means that the democratic questions of representation and inclusion should be central. As one Tobin Tax advocate, Rudy De Meyer argued: “We do
not want the Tobin Tax to become another Money Machine. The democratic and emancipatory aspects of our campaign should be clear. Therefore the discussion will now turn to the potential for a cosmopolitan democratic framing of the Tobin Tax.

Chapter Five proceeds in four sections. Section I introduces the discourse of cosmopolitan democracy. Part One outlines David Held and Tony McGrew’s articulation of liberal cosmopolitanism (Held, 1995; Held and McGrew, 1998). This approach seeks democratic global reform in accordance with the defence and preservation of individual autonomy. Its guiding logic is to extrapolate outwards the domestic polis to ensure democratic rights both inside and outside the state. In Part Two James Bohman’s (1999; 2004) deliberative cosmopolitanism based on a principle of non-domination is set out. This approach is arguably less ends-orientated than liberal cosmopolitanism. Instead, it seeks to understand and foster bottom-up processes of democratisation that employ the (ethical) agent of global civil society (See Cochran, 2002).

The reason for engaging these two distinct strands of cosmopolitan democracy is to reflect the richness of the cosmopolitan democratic paradigm. At one level, the diagnosis of how globalisation affects and undermines previous conceptions of democratic liberal politics provokes a number of questions and reform agendas relevant to the campaign for a Tobin Tax. At another level, the deliberative concern with 'opening' up exclusive and technocratic areas of decision-making provides an interesting & situated model of civil society activity. Reflexively, the approach is relevant to many of the practical issues of organising and promoting the Tobin Tax within global civil society.

Section 2 assesses the relevance of these arguments in the context of the campaign for a Tobin Tax. Cosmopolitan arguments share much in common with, and lend support to, existing democratic arguments for a Tobin tax. On the one hand, the cosmopolitan argument that global interconnectedness both infers that political 'fate' cannot be exclusively underpinned by the nation-state and

---

3 Rudy De Meyer, comments made at the Stamp Out Poverty, Progress and Action meeting, 19th November, 2005, Camden Town Hall.
requires supra-territorial regulation of trade and finance, is directly applicable to
the Tobin Tax. In this way cosmopolitan global finance via a Tobin tax is an
interesting extension of broader debates surrounding the possibilities for
cosmopolitan global governance. On the other hand, emerging arguments within
the campaign itself, which place emphasis on the possibilities for ‘emancipation’
via a Tobin Tax, lend weight to cosmopolitan democratic ambitions.

Sophisticated proposals by the Network Institute for Global Democratisation
(NIGD) (Patomaki, 1999) point to new organisations and democratic practices
that can enrich the cosmopolitan paradigm. The nexus of cosmopolitan
democracy and the Tobin Tax is therefore fertile ground for developing an
account of the possibilities and limits of cosmopolitan ethics in global finance.

However, as Section 3 argues, such cosmopolitan ‘models’ are not without their
problems. Two central critiques are discussed. Firstly, the liberal cosmopolitan
model of multilayered global governance has been criticised for reifying a state-
centric conception of politics (Walker, 2003; Vaughan-Williams, 2006). It is
argued that this problem is further (and somewhat ironically) exacerbated in
NIGD’s model of a ‘Tobin Tax Organisation’ (TTO) (Patomaki, 1999). In
addition to the fact that the tax is levied on a state by state basis, thus confirming
a statist conception of global finance, the decision making power of the proposed
authority is to be based on the power of states, above NGOs or ‘individuals’.

And secondly, cosmopolitan democracy suffers from the potential critique of
euro-centrism. It is argued that even in Bohman’s more contingent, experimental
approach a lot is assumed about the conduct of politics and the political. As
Winfried Thaa (2001: 504) argues, such agendas “tend to overlook that political
deliberation, agency and practice presuppose commonalities such as historic
experience, communication based on everyday language, and commonly
accepted institutions.” Extending this point to the Tobin Tax, a common heritage
of Keynesian welfare measures could make it far easier for western actors to
understand what is at stake in the distribution of revenue yields and trust the
establishment of bureaucratic procedures, than for non westerners who may lack
the cultural experience of successful welfare states.
However, section 4 stops short of a full-scale rejection of cosmopolitan democracy. From a pragmatic perspective, undermining the universal ‘Truth’ of cosmopolitanism, or the Tobin Tax, does not diminish its value. As Rorty (1999: 272) argues, taking truth or universality out of the equation does not render the idea of cosmopolitan democracy normatively unappealing:

“Pragmatists are entirely at home with the idea that political theory should view itself as suggestions for future action emerging out of recent historical experience, rather than attempting to legitimate the outcome of that experience by reference to something ahistorical.”

Indeed, by following through Bohman’s argument and (reflexively) examining the role of civil society in the discussion – and generation - of cosmopolitan reasons, a grounded and experimental account of the Tobin Tax may be elaborated. For instance, examples of democratic localisation via a Tobin Tax, and various strategies of de-globalisation imply that a sophisticated and nuanced conversation is ongoing within the campaign (Bello, 2005; Kim, 2003). Indeed, Chapter 6 moves on to develop a pragmatic cosmopolitan account of the conversation. Such an account retains many cosmopolitan aspirations but politicises them completely by dropping any ahistorical or transcultural claims. As Rorty (2000: 9) argues:

...democratic politics should leave truth alone, as a sublimely undiscussable topic, and instead turn to the question of how to persuade people to broaden the size of the audience they take to be competent, to increase the size of the relevant community of justification. The latter project is not only relevant to democratic politics, it pretty much is democratic politics.

5.1 Cosmopolitan Democracy

This section outlines the dominant arguments for cosmopolitan democracy made by David Held and Tony McGrew on the one hand and James Bohman on the other. Each seeks to articulate a democratic response to globalisation that mitigates the concentration of unaccountable power and (to some extent) wealth in the hands of a few. The former develops the notion of individual autonomy to
argue that evolving 'communities of fate' - ecological, financial, military - necessitate a legal reconstruction of governance to be more accountable to human rights issues. This approach envisages a multi-layered conception of democratic governance with an extensive cosmopolitan legal framework and an active global civil society. The latter envisages a political democratic response to transnational capital based on the principle of non-dominance so that those affected by an activity/policy can deliberate over its content. In the next section their arguments will be extended to the case of the Tobin Tax.

5.1.1 Liberal Cosmopolitanism

David Held and Tony McGrew are foremost among liberal cosmopolitans that respond to the perceived challenges to the nation-state model of democracy brought about by globalisation. Their brand of liberal cosmopolitanism draws from critical theory because it regards democracy as something that can be adapted to changing circumstances. But it is also very much a liberal theory as it posits the foundation of such a reconstruction to be individual rights to autonomy:

The anticipation of autonomy for each and all constitutes a regulative idea - an idea which has guided conflicts over the institutionalization of democracy. It is an idea, moreover which has provided a normative standard which could be turned against existing institutions, as it has been by the working class, feminist, anti-racist and anti-colonial activists, to reveal the extent to which the principles and aspirations of equal liberty and equal political participation remain unfulfilled. (1995: 71).

Liberal cosmopolitans argue that the contemporary relevance of the principle of autonomy is that it can serve as a comprehensive critique of the potentially undemocratic aspects of global capitalism. As Held (Op. Cit.) affirms, it is "an idea which could be drawn upon to interrogate the degree to which democracy 'made safe' for the modern world has failed to address the problems of accountability created by sites of power beyond the state, such as those generated by leading economic organizations,...". And, in this way, an argument for cosmopolitan democracy is tied directly to globalisation, defined as "[the]
historical process which transforms the spatial organization of social relations and transactions, generating transcontinental or interregional networks of interaction and the exercise of power.” (Held & McGrew, 1998: 220).

For Held (1997: 2), processes of globalisation precipitate a number of issues that don’t sit easily with national-level democracy: “How can problems such as the spread of AIDS, the debt burden of many countries in the ‘developing world’, the flow of natural resources which escape national jurisdiction, the drug trade, international crime be satisfactorily brought within the sphere of democracy?” In response to these global issues, Held and McGrew (1998: 221) argue that governance is being re-spatialised; a state-centric global political system is gradually replaced by a form of “heterarchy – a divided authority system – in which states seek to share the task of governance with a complex array of institutions, public and private, local, regional, transnational and global representing the emergence of ‘overlapping communities of fate’”.

While the subject of global governance is now a common question in political theory, perhaps what distinguishes Held and McGrew’s approach is that global change is not only a political issue, but also (in part) a condition of the possibility for thinking about cosmopolitan democracy. That is to say, liberal cosmopolitans seek to anticipate those immanent trends within contemporary globalising process which may hold forth the possibility of more inclusive and accountable systems of global governance. On this view, global communications, global technology and global wealth could be combined with the institutions of global governance to produce a cosmopolitan world. For instance Held (1997: 12) finds inspiration in the UN,

“There are forces and pressures which are engendering a reshaping of political cultures, institutions and structures. [...] one must note the emergence, however hesitatingly, of regional and global institutions in the twentieth century. The UN is, of course, weak in many respects, but it is a relatively recent creation and it is an innovative structure which can be built upon. It is a normative resource which provides – for all its difficulties – an enduring example of how nations might (and sometimes do) cooperate better to resolve, and resolve fairly, common problems.”
Perhaps on a minor re-interpretation it could be argued that institutions like the EU, the WTO or the IMF provide at least the basis for global co-ordination. If an agenda of inclusion could be attached to such institutions then a cosmopolitan world order could be considered a more or less nascent reality.

Thus, at the same time as globalisation retards democracy, Held makes the critical argument that trends and themes arising with globalisation contain the seeds of change. As well as global institutions like the UN he points to the emerging actors within transnational civil society as potential agents of cosmopolitan democracy. In this way, Held and McGrew (1998: 243) contend: “Globalization is not, as some suggest, narrowing or foreclosing political discussion: on the contrary, it is reilluminating and reinvigorating the contemporary political terrain.” Global institutions, groups and forces point “in the direction of establishing new ways of holding transnational power systems to account – that is, they help open up the possibility of a cosmopolitan democracy.” (Held, 1997: 12). And this kind of cosmopolitan democracy could develop administrative capacity at global and regional levels to compliment existing local and national forms of governance. As Held contends,

“The case for cosmopolitan democracy is the case for the creation of new political institutions which would co-exist with the system of states but which would override states in clearly defined spheres of activity where those activities have demonstrable transnational and international consequences, require regional or global initiatives in the interests of effectiveness and depend upon such initiatives for democratic legitimacy.” (Op. Cit.).

Thus, a basic quality of cosmopolitan democracy is that it locates itself within contingent and complex political changes while retaining a level of critical distance that can identify future alternatives. In particular, liberal cosmopolitans have attached their agenda to evolving discourses of global governance and, in so doing, elaborate a model similar to the multi-level, multi-dimensional image of global finance identified in Chapter One. Held and McGrew (2002: 9) define global governance as follows:
...the focus is on the evolving system of (formal and informal) political co-ordination – across multiple levels from the local to the global – among public authorities (states and IGOs) and private agencies seeking to realize common purposes or resolve collective problems. [...] It differs dramatically from the concept of world government in that it does not presuppose the idea of a central global public authority, which legislates for the common affairs of humanity. On the contrary it is defined by diverse sources of rule-making, political authority and power.

Cosmopolitan democracy is therefore 'global' in the sense that it undermines straightforward appeals to fixed, territorial political communities associated with nation states. Instead it identifies numerous and overlapping communities – of fate, faith, gender, etc. – that now exist in a supra-territorial context. And cosmopolitans seek to re-imagine the political basis of democracy by subjecting this complex global context to the normative principle of autonomy. This leads to various avenues including global institutional reforms to promote accountability and inclusion, increased recognition of the potential contribution of global civil society actors, and the possibility of a cosmopolitan legal order. Importantly states do not drop out of this equation. But they are seen as one site amongst many others where democracy is more or less achievable.

5.1.2 Deliberative Cosmopolitanism

To be sure, liberal cosmopolitanism is the most cited and most criticised version of the cosmopolitan democratic paradigm. It has spawned a plethora of extensions of the paradigm and has attracted numerous critiques that will be discussed in detail in section 3. However, an alternative articulation of the paradigm also exists which offers fruitful avenues for the discussion of cosmopolitan democracy. This approach is less concerned with the 'model' of cosmopolitan democracy and more focused towards generating a theory of situated, bottom-up processes for building democratic spaces.

James Bohman (1999: 499) begins from a similar position to Held and McGrew regarding the challenges now facing democracy: “Even as more and more polities at least claim that they are democratic, the scope of even the best
democratic government is becoming more and more limited owing to the consequences of globalization." This paradox is arguably the motivating factor of most contemporary cosmopolitans. Particular difficulties have arisen with the failure of either national Keynesianism or global monetarism to stabilise capital flows. And the situation is a major concern for political democrats because there is of course no over-arching authority that could 'command obedience' in a similar vein to the way the nation state (allegedly) once did (Op Cit.). Rather than address this problem by envisaging a world state, or a model of global governance, Bohman pursues a different option that 'builds up' from existing and complex systems of governance:

"[T]his...option seeks a practical foothold in the myriad responses to the anarchy of the international arena: the many current, cross-cutting, non-territorial and more or less decentralized forms of governance that succeed in organizing and regulating certain governments and firms. Rather than enlarging existing organizations as the basis on which to exercise political authority, this approach seeks to overcome the democracy deficit through a strategy of building up transnational agreements (and their resultant international 'regimes') as emergent norms and institutions." (Ibid. 500).

This approach has three important strands. Firstly, in common with liberal cosmopolitanism it is concerned with the question of how, practically and effectively, to re-construct democracy in an age of globalisation, stressing a reflexive strategy of incremental action. Secondly, Bohman proceeds with a thicker conception of democracy that, as the next section will argue, holds important implications for the Tobin Tax campaign. And thirdly, Bohman "sees the problem of regulation in terms of the distributive effects of continuing institutionalization" with the "...important addition that such a decentralized process must also be democratic. Such democracy is a necessary condition not only for cooperative governance, but also for global distributive justice." (Op. Cit.). In this way, the social democratic possibilities of cosmopolitanism are addressed.

Such a cosmopolitan praxis is obviously less ends-oriented than the liberal paradigm. It rather seeks to operate contingently and experimentally in order to
develop certain ethical values. Bohman is primarily concerned with the equality of political influence over decision making. This is not to argue that everyone should have a say in the making of every decision. Such an idea is not practically possible and therefore perhaps not normatively desirable. Rather he argues that at a minimum people should not be affected by agreements the making of which they have no influence over. As he contends,

"Being effective in the public sphere is not a matter of agency (of bringing about a specific outcome), but of having the reasonable expectation to be able to influence deliberation about decisions that affect one's lives. This is not just a matter of having particular opportunities or resources (however important they may be), but of capability." (Op Cit.).

For Bohman, one of the principle retardants for public functioning is the unfair distortion of communication because of power asymmetries. So while he argues that a citizen need not be able to determine the outcome of a decision "all must successfully be able to initiate communication about interests and needs." (Ibid. 503). And he contends:

Such expressive restrictions are typical in inequalities of status, race, and gender and lead to the often implicit and publicly unrecognized exclusion from participation in public life dependent on receiving uptake from others, affecting opportunities to speak in implicit norms of turn-taking, interruptions and topic changes. In all such cases, some dominant group’s control over the 'means of interpretation' restricts the socially acceptable possibilities of expression and uptake needed to create mutual obligations. Here we say that they lack access to political influence and thus to the public sphere directly related to decision-making. (Op Cit.).

On such a view, fair deliberation requires the opening up of the 'means of interpretation' so that excluded or marginal groups can understand and engage the dominant modes of financial governance. The logic contained within this is not simply the creation of mutual obligation as an end in itself. Rather there is a clear normative aspect that expands upon the concept of liberty used by liberal cosmopolitans.
Bohman draws on Sen’s distinction between “effective freedom” - where power coheres with what one would choose – and “freedom as control” to argue that institutions should be “structured to be responsive to the sort of goals and reasons that might be goals that the agent would otherwise seek to achieve through the use of her resources.” (Ibid. 504). And he posits that such an argument is social in two senses:

It is social in that it constitutes the ability to influence cooperative activities such as public deliberation and the capability to participate in a democracy, including the social dimensions of civil society or the public sphere. But it is also social in the sense that no agent or group of agents can take over the levers of power or control without violating democratic norms. (Op Cit.).

And this brings him to the somewhat elitist argument that “Even if I do not control the outcome, however, my freedom is effective when institutions produce decisions based on the sort of reasons that I could endorse.”(Op Cit.). However, he qualifies the position with the notion of reasonable consensus: “The reasonable expectation that I may influence a decision-making process that is responsive to reasons and the discipline of reasons is sufficient for a minimal criterion of freedom as ‘non-domination’.”(Op Cit.). Thus, Bohman provides a clear critical and emancipatory edge to deliberative cosmopolitanism: “I could very well not be interfered with by various macro-economic policies (and thus my negative liberty would remain intact); but the consequences of those policies could put me under the arbitrary will of economic experts and firms in no way open to my influence or accountable to my reasons.” (Op Cit.).

The agenda for Bohman is to place the hope for greater democratisation according to principles of freedom as non-domination in the evolving nexus between the institutions of international ‘regimes’ and an increasingly active global civil society. He terms this agenda, “equal access to institutionalization”:

The social foothold for this democratic norm is already present in current national and international political institutions and in national and transnational public spheres and civil society. Market Instability and inaccessible large scale institutions can be avoided only if some form of institutionalization creates access to an influence over the
social processes of globalization themselves [...] By fostering communicative interaction, such transnational public spheres and civil society have already produced self-regulating forms of co-operation among those affected by global processes.” (Ibid. 506).

5.2 Operationalising Cosmopolitan Democracy via a Tobin Tax

While Held and McGrew attempt to reconstruct a domestic image of the polis at a transnational level, seeking to insulate autonomy via the extension of rights to inclusion within more accountable ‘communities of fate’, Bohman is less willing to propose a ‘model’. Instead he locates his reform agenda within bottom up processes aimed at building democratic spaces. In this way, he sets up a basic dialectic between technocratic global institutions and morally motivated global civil society, where the construction of a more inclusive global public sphere is the aim. However, both arguments intersect on a crucial point that can lend support for the Tobin Tax: globalisation requires us to re-think the space and content of political democracy.

This section draws together cosmopolitan democratic arguments with the Tobin Tax. In Part 1, the principle of responding to globalisation via the institution of a Tobin Tax is discussed. Developing from liberal cosmopolitanism it can be argued that changes and instabilities in global financial markets warrant the kind of political accountability and control that a Tobin Tax regime could provide. Groups like ATTAC draw on similar discourses about restoring the manoeuvring power of states and the effective democratic spaces for citizens.

Part 2 outlines certain arguments emanating from the campaign which both draw upon and contribute towards the vocabulary of cosmopolitan democracy. For instance, the Network Institute for Global Democratisation as well as WEED and ATTAC have each published arguments that place the Tobin Tax at the heart of the agenda to reform global finance along democratic lines. Indeed, it is suggested that one NIGD report (Patomaki, 1999) significantly contributes to the discussion of cosmopolitan democracy by engaging the practical difficulties and emancipatory potentials of a ‘Tobin Tax Organisation’.
5.2.1 Cosmopolitan Democracy and the Tobin Tax

Cosmopolitanism provides good democratic and normative grounds for supporting a Tobin Tax. Held’s idea that governance arrangements should be structured so that they do not infringe upon the autonomy of individuals or groups – and when they do that they should be subject to democratic and legal accountability – implies the need for reforms to the system of free capital mobility and floating exchange rates. On the one hand, it is clear that severe poverty infringes upon individual autonomy. The project to globalise autonomy must therefore in some sense recognise the importance of global re-distribution. As Held (2005: 5) argues,

...development policies must challenge unequal access to the global market, and ensure that global market integration, particularly of capital markets, happens in sequence with the growth of sustainable public sectors, [...] if such measures were combined with a (Tobin) tax on the turnover of financial markets, and/or a consumption tax on fossil fuels, and/or a shift of priorities from military expenditure (running at over $950bn a year globally) to the alleviation of severe need (direct aid amounts to $50bn a year globally), then the developed world might really begin to accommodate those nations struggling for survival and minimum welfare.

On the other hand, Bohman’s argument that freedom is constrained if placed under the arbitrary will of economic experts could suggest a greater degree of (democratic) control is required, something that a Tobin Tax could potentially provide. At the moment the system of central bank negotiations via the BIS and Treasury discussion via the IMF do not really take account of the alternative and conflicting voices that might wish to contest the situation. A cautious but plausible extension of this way of thinking could support democratisation along a scale of institutional forms, where the Tobin Tax would be a step on the way to reform. Indeed, ATTAC (1999) argues:

Such a measure fits with a clearly anti-speculative perspective. It would sustain a logic of resistance, restore manoeuvring room to citizens and national governments, and, most of all, would mean...
that political, rather than financial considerations are returning to the fore.

This point can be further extended by examining Bohman's argument regarding the distributive and re-distributive consequences of global monetary regimes. At one level, the Tobin Tax could stabilise the level of speculation – allowing for a predictable and less drastic accumulation of wealth by speculators. At another level, it could provide funds for compensation when financial crises do occur, thus confirming Bohman's point that cosmopolitan democracy is a condition for the possibility of "global distributive justice."

Finally, there is much in the key signifiers of 'global civil society' and the 'global public sphere' that could lend support to the Tobin Tax campaign itself. Held's prognosis that civil society can contest, resist and generally hold transnational power systems to account ties in with many critical IPE and NGO arguments that the Tobin Tax is a way of opening up the systems of transnational economic governance to popular scrutiny. On this view the Tobin Tax would be like a stepping-stone for a social democratic turn in global policy discussions. Indeed Bohman (1999: 507) lends support to such an agenda when he introduces the idea of "cosmopolitan publicity":

Given the many problems that require the cosmopolitan uses of public reason (from global warming to economic regulation to widen disparities in well-being), establishing the bases for such cooperation in innovative forms of publicity is an urgent task. Cosmopolitan publicity helps solve these problems of cooperation by creating conditions for democratic accessibility to the process of the formation of international regimes and ultimately new institutions. Without such accessibility, there can be no basis for accountability to transnational publics.

The cosmopolitan democratic potentials of the Tobin Tax are important and as yet barely articulated except for a few allusions to the idea in fairly broad agendas for global governance reform (Giddens, 1998: 150-151; Scholte, 2005). There are clear connections between cosmopolitan arguments for resisting unaccountable global policy by subjecting it to critique in terms of autonomy and non-domination and civil society arguments for the Tobin Tax. Politicising
economic policy in this way could form the basis of support for the Tobin Tax, which seeks to moderate market speculation and restore public control. Moreover, on a minor re-interpretation, cosmopolitan arguments could be deployed in support of using the revenue potential of the Tobin Tax as the basis to actively foster democratic inclusion. Finally, there is a level of attractiveness in Bohman’s idea that publicising “cosmopolitan reasons” is a key political imperative. In this vein the next chapter argues that a key contribution of the Tobin Tax campaign is to publicise the ethical importance of global finance and the institutions that govern it to large audiences.

5.2.2 The Tobin Tax and Cosmopolitan Democracy

While the preceding section showed how cosmopolitan arguments can be deployed to justify the Tobin Tax there is perhaps a more important synergy between democracy and the Tobin Tax. Despite numerous cosmopolitan endorsements of the Tobin Tax as part of broad efforts to rein in global capital there has not been a sustained attempt to justify or model the tax. One of the central contributions of activists within the Tobin Tax campaign has been to build a critical and emancipatory agenda of global democratisation around the Tobin Tax. Whether such models depart from or merely develop cosmopolitan democracy is a critical question that will be addressed in the next section.

The Network Institute of Global Democratisation has consistently supported the Tobin Tax on democratic and normative grounds. In a working paper and book project authored by their chief researcher, Heikki Patomaki, NIGD have promoted a line on the Tobin Tax that confronts the prevailing opposition to the tax. The account is situated within contemporary power structures, but perceives the Tobin Tax as a ‘lever’ to control and democratise such structures. The argument therefore speaks to cosmopolitan concerns in terms of current political ‘realities’, engaging with neo-liberal theoretical hegemony, Realist power structures, and the difficulties of building truly democratic global institutions. In this sense, the democratic model of the Tobin Tax anticipates many of the critical problems with liberal cosmopolitanism.
Patomaki places his argument for the Tobin Tax in opposition to the standard economic critiques. He critiques the dominance of positive economics that underpins monetarist scepticism towards the tax. As Chapter Three argued, much of the opposition toward the Tobin Tax has re-stated basic economic beliefs in the distributional attractiveness of free markets. Against this view Patomaki (1999: 10) asserts:

Economic theory is based on an irrealist philosophy: it denies the existence of social beings and relations, and instead asserts a set of mostly – and in many cases explicitly – untrue or very partial assumptions, which are justified by their instrumental value for enabling simple and parsimonious models that are able to predict certain allegedly important things.

On this view the development of economic theory can be seen in terms of a general contentment with fitting abstract formula to ex-post empirical traces and a concomitant creation of evermore complex formulas. For Patomaki, this has meant a conflation of arguments for free trade with arguments for free movement of capital while reality would severely undermine the latter exercise. As he observes: “Typically and in most cases only with minor modifications, the models of economists support the thesis of optimal efficiency of free market capitalism, quite independently of the specific context under discussion.” (Ibid. 13). And he argues that this has acted to reduce economics to little more than an ideological exercise:

Obviously, the suspicion is that ideology is, indeed, the reason for the hegemony of economics. Typically, at least individually and in the short run, the free markets ideology runs in accordance with the interests of those entitled to make investment decisions in capitalist market economy... (Ibid. 14).

Thus the response for Patomaki is to engage with the historical and ‘real’ structures that might tell us more about the feasibility of the Tobin Tax. Echoing cosmopolitan concerns, Patomaki critiques the growth of financial speculation within foreign exchange markets for seemingly being divorced from and capable of upsetting trends in the real economy and polity. He cites the numerous financial crises that hit towards the end of the twentieth century as a key
justification for the Tobin Tax. And he builds on arguments by Ignacio Ramonet that “Absolute freedom of movement of capital undermines democracy and we need to introduce machinery to counter its effects…” (Ibid. 30).

Importantly however, he takes the argument beyond these common observations to highlight the democratic leverage of the Tobin Tax in the context of the very critiques of feasibility marshalled against it: principally the question of evasion. To that end, NIGD support the two tier taxation rate of Spahn and crucially, by noting the unilateral applicability of the tax they elaborate a two stage agenda whereby a state or group of states can initiate the first phase before moving towards a universal tax in the second phase. The argument begins by stressing the feasibility of taxing foreign exchange markets:

The problems of tax evasion are practical and technical. If they are used as argument against a tax, the logic must be the following: since X will be able to find ways to evade these taxes, X should not be taxed. But this is fallacious. Given that there is a case for taxing X, the right conclusion should be: X should be taxed, and the loopholes should be closed. Even a stronger conclusion might be possible: creating loopholes should be penalised, too. (Ibid. 36).

Patomaki rebuts the standard critique of evasion by arguing that the tax can be made at the point of trade. “In the case of spot transactions, the actual currency transactions are quite clear. They are also visible in the case of forward transactions: a counter party is already paying for the currency he is soon going to get from the other country.” (Ibid. 38-39). In the case of swaps – where the underlying transaction is already taxed – he argues that they should not be exempted, thus taxing them double: “This would mean throwing more sand in the wheels of global financial markets, and is well in accordance with the idea of the Tobin Tax.” (Ibid. 39). And he uses such engaged technical analysis to infer some direct ethical consequences in the form of new demands on governance.

In all cases the payment of the tax should be split into two: the seller pays half, the buyer pays the other half. […] When the tax is levied on a national basis, banks cannot avoid it by moving their dealing sites to tax free locations – to countries, whose governments do not collect the tax. (Ibid. 40-41).
But he argues, "...even in the case of a low global tax, there is a need for a supranational authority for three reasons."

Firstly, there must be a body that closely follows developments in the currency markets, quickly initiates actions when problems occur, and provides a forum for discussions and decision making concerning relevant developments in the financial markets and improves the Tobin Tax campaign. Secondly, there is also a need for a collective body that sees to it that countries really implement the principles and rules of the Tobin Tax. This body must be given power to sanction non-complying countries. Finally it must also be responsible for collecting, with the national authorities, the tax revenues, and allocating them further. (Ibid. 41-42).

This is comprehensive stuff. By undermining the principle of evasion and placing the responsibility for collection with national states, Patomaki opens up the possibility considered by Spahn that a non-universal tax could be implemented. But instead of seeing this as a second-best option, rather he sees it as a step along the way to a far more ambitious project:

1. In its first phase, the system should consist of the euro-EU and a group of other countries, or a bigger group of other countries without the EU. However constituted, this grouping should establish an open agreement – any state can join at any time – and a supranational body orchestrating the tax and collecting the revenues... (Ibid. 51).
2. "In its second phase, which should be carried out either when all major financial centres and most other countries have joined the first phase system, or at latest by, say, year 2010, a universal and uniform Tobin tax at a relatively high rate would be applied. (Ibid. 52).

In this way, Patomaki takes the Tobin Tax beyond a technical reform, an instrument of global justice – though he of course concentrates on both of these – and turns it into the apex of a political campaign for institutional reform. As a contribution to the discussion of cosmopolitan democracy it is politically grounded and, in some ways, his argument for a Tobin Tax Organisation takes us beyond the common proposals by cosmopolitans to reform existing institutions, suggesting a new body with an array of possible applications. And he notes two of the key themes of cosmopolitanism as central to the TTO:
Two ethico-political issues of organising the TTO are particularly important and delicate. First concerns the structure and decision-making rules. The second is about the allocations of resources. Democracy should play a major role in deliberations about the first, while social justice seems to be a more important consideration in the latter. (Ibid. 85)

He argues that the TTO could be crucial to the answering the question of how democratic ideals might be worked out in a “world of globalised power and inter-dependency relations”. In this regard he argues that it is important to recognise that certain non-liberal states will need to be engaged and included within the system:

Instead of any exclusion, all states should be included in the TTO. Despite possible deficiencies in the legitimacy of some states, we should assume that they represent their populations and weigh the decision-making powers of them in the TTO accordingly. The rule should be qualified majority decision-making with secret ballots. (Ibid. 86-87).

And the TTO would be dedicated to the achievement of global democracy and global social justice, not as a blueprint, but rather as a process. As NIGD (Ibid. 87) explains:

Let us suppose that the TTO would have two main bodies, the Council of Ministers and the House of Democracy. The House of Democracy should comprise representatives from those national parliaments whose members are appointed by multi-party elections and a sample of interested and concerned civil society actors, picked through a screening procedure and lottery. Even though the inclusionary, state-centric Council of Ministers would have a stronger say in decision-making, the House of Democracy should be fully empowered to set motions as well as to have control over the budget and a qualified veto power over some of the major decisions of the Council.

While other articulations exist, that set the Tobin Tax within the auspice of the UN Economic and Social Security Council, it is fair to say that NIGD’s proposal remains the most comprehensive, politically grounded and ethically ambitious
project. While it has a critical attitude towards cosmopolitan democracy *per se*, the proposal makes a significant contribution to the discourse.

### 5.3 Ambiguities of Cosmopolitan Democracy via a Tobin Tax

As the preceding sections demonstrate there are numerous points of convergence between cosmopolitan democracy and the Tobin Tax. Cosmopolitan attempts to address global democratic deficits by reforming the very institutions and processes that are causing the deficit would seem to support the Tobin Tax in conceptual terms. The idea of ‘reining in’ foreign currency speculation, restoring autonomy/power to states, building democratic supranational authorities and partially using the funds to politicise global governance can all complement the project of cosmopolitan democracy. Indeed, in some of NIGD’s more forward looking suggestions, the Tobin Tax campaign can be seen to offer up innovative new organisations of global governance that would repay cosmopolitan analysis.

However, these programmes are not without detractors. On the one hand, traditional critiques that *‘all this is simply unlikely!’* may seem particularly appealing when such scholars start envisaging organisations that will unite the world in a form of democratic revolution. On the other hand, there are a number of ethical questions to be posed in this discussion that focus on the foundational and universal assumptions of cosmopolitan democracy. It is further argued that the critique of assumptions is placed in sharp relief when extended to the Tobin Tax as a mechanism for reforming the global financial architecture. The chapter makes two critiques of cosmopolitan democracy and suggests that they are lent greater substance when they are considered in relation to the Tobin Tax.

Firstly, despite a long tradition of opposition to the idea that the state can serve as the locus of political authority, it is argued that a system of multilayered cosmopolitan global governance rests on a number of state-centric foundations. Such critiques point to the state centrism of certain foundational assumptions within cosmopolitanism to argue that very little has actually changed regarding the locus of political power and its perceived practices of inclusion/exclusion. This critique is born out by a proposal like the Tobin Tax that is placed on
national’ currencies, levied by ‘state’ central banks and organised by a supraterritorial organisation where states have the defining role in decision making. At the very least, an ethical approach to financial reform would want to say something about the arbitrariness of being born into a strong stable currency zone vs. a weak one.

And secondly, a common charge of cosmopolitan arguments – that hold on to the principle of moral universalism – is that they simply export a European model of politics. As Winfried Thaa (2001: 504) argues, such agendas “tend to overlook that political deliberation, agency and practice presuppose commonalities such as historic experience, communication based on everyday language, and commonly accepted institutions.” In the case of the Tobin Tax, for instance, the trust in institutions required to support such a project is most clearly felt within the history of Keynesian welfare systems and ongoing attempts to re-construct them in a Post-Bretton Woods financial system. Whether such a project of global reform is agreed with by those southern advocates of de-globalisation and localization is a critical issue within the Tobin Tax campaign.

5.3.1 The State-Centrism of Cosmopolitan Democracy via Tobin Tax

As Chapter One argued, traditional critiques of cosmopolitan democracy have tended to portray it as simply unlikely. Political realists stress the challenges that cosmopolitanism must face. They normally argued that ethical reform on a world scale is simply unlikely given the interests of powerful states or private interests. However, the thesis has consistently argued that such points miss the mark in terms of developing an ethical critique of cosmopolitanism. On the one hand it leaves cosmopolitanism basically untouched as the appropriate normative paradigm of world politics. On the other hand the position fails to recognise the implications of a general acceptance of this paradigm on the part of global policy makers, civil society activists and academics alike (whether they think it feasible or not).

Another line of critique has questioned the possibility of universal morality itself. Writers in the communitarian tradition have launched a number of assaults
on the foundational categories of cosmopolitanism. Writers like Sandel, Walzer, and McIntyre have undermined the notion of the 'individual' that resides in cosmopolitan theories as an abstraction that would only be understood in western contexts. Instead they posit that ethical communication is only possible within the situated and particular social mores of a community. The inference is twofold. Firstly, cosmopolitan arguments all too easily turn out as the imperialism of western thought and traditions. And secondly, attention should instead be turned to theorising the particular ethics of communities. In this they raise the question of the power of foundational assumptions.

While sympathetic to these lines of critique this debate between cosmopolitans and communitarians has certain limiting effects. On the one hand, it has produced a trend amongst cosmopolitans of seeking ever more impartial starting points. Endless qualifications of a position risk a step away from 'the political' and a dilution of the actual ethical argument. On the other hand, communitarians posit a further universal foundation in the sense of a 'particular'. That is to say in place of the cosmopolitan universal individual, communitarians make a claim to have identified the universal of ethical 'community'. In place of the abstract box of the 'individual' we are presented with the abstract box of the 'community'. Such a dichotomous debate is arguably self-perpetuating and somewhat irresolvable (Parker and Brasset, 2006).

Instead, this thesis has sought to think through the possibilities, ambiguities and limits instantiated by cosmopolitan arguments. On this view, a sympathy for the desire to expand the scope of ethical concern that inspires cosmopolitans is retained. However, it remains sensitive to the political and epistemic moves that they inevitably make. Claims to speak about the world - no matter how well intentioned – also construct the limits of the possible. In that sense, a clear internal contradiction can be found in the state-centrism of cosmopolitanism.

For post-structural authors, a significant problem with cosmopolitan models of democracy is a re-production of state-centric logics of representative democracy. By providing an account of global governance, cosmopolitan democrats inevitably make certain epistemic moves that risk reifying particular signifiers.
In short cosmopolitans risk re-producing what they seek to overcome, namely: a territorialized and state-centric bureaucracy that defers questions of ethics to institutional processes. In this sense, the critique builds on Rob Walker's (2003) argument that theories of politics must be seen in some sense as themselves constitutive of the problems they seek to solve. As James Brassett and Federico Merke (2005) argue, this is not to dispense with cosmopolitanism:

Developing the importance of actors and institutions above, below, and regional to the state, would certainly go some way towards reforming the exclusionary power of the state. But, an important distinction must be drawn: despite the theoretical depth of these approaches, from a Derridean perspective, they turn out as technical solutions to technical problems. Theoretically speaking, they construct a system within which to include (subsume?) a plurality of communities. They neither undermine the system, nor, more importantly, question the very concepts of community, justice, or democracy.

In this sense, to posit additional actors to the state does not – of itself – undermine the impact of state-centric cartographies of politics and the political. For his part, Nick Vaughan-Williams (2006) has critiqued the foundational category of citizenship that resides at the heart of much cosmopolitan discourse. Taking the example of cosmopolitan hospitality towards foreigners, he argues, that this hospitality is always-already limited, conditional upon and policed by the laws of the state. While hospitality would at first sight appear to increase the rights of a ‘citizen of the world’ over and above the state, in fact, the limited hospitality of the ‘cosmopolitan ideal’ simply reprises the centrality of the state in our thinking of the ethics in world politics. Cosmopolitanism actively produces the ethico-political problems it apparently seeks to resolve. The state still remains at the heart of his cosmopolitan hospitality and “[t]his is problematic since it is precisely the state that produces the foreigner, immigrant, exiled, deported, or stateless person in need of greater levels of hospitality in the first place.”

How does this critique inveigh upon the Tobin Tax? First and foremost the Tobin Tax is designed to be levied on national currencies. On one level, this acts to legitimise – and shore up - a system whereby financial players effectively bet
large on small margins with little benefit for the real economy. In particularly
dramatic incidence this involves widespread and often co-ordinated speculation
against a single currency. On another level, the Tobin Tax leaves unquestioned
the very notion of nationally demarcated currencies. This is ethically
questionable because currency has such a large impact on the welfare
possibilities of individuals. If you are born into a country with a strong currency
there is a greater chance of achieving financial credibility. Certainly, the welfare
possibilities for states in strong and stable currency zones are far greater than for
those in weak and unstable zones. Likewise, being born into a country with a
weak currency increases the likelihood of suffering a financial crisis or
experiencing a weak welfare state because any available funds are invested in
foreign currency reserves.

While this critique is quite ‘profound’ and it may seem unfair to criticise the
Tobin Tax for reifying structures so large and entrenched as to be almost
unchangeable, it nevertheless points to a weakness in the ethical case for Tobin
Tax. Firstly, what starts out as a seemingly quite large critical weapon against
global finance, turns out on closer examination to be something which actually
entrenches that system. Secondly, the institutional architecture, as envisaged by
NIGD, would leave states at the crucial nexus of decision making. For all the
critical worth of Patomaki’s arguments then, it seems that the edge is blunted by
an institutional proposal where the “state-centric Council of Ministers would
have a stronger say in decision-making”. And thirdly, drawing these points
together, there is a consistent failure to explore alternatives.

For example, an impressive, if ambitious, proposal for alleviating speculation on
currencies is the old argument from economics that there should be only one
single global currency (Frankman, 2002). Or else, there could be different forms
of currency that resist the idea of paying interest on loans or savings. Such Local
Exchange Trading Systems (LETS) are already well established forms of
monetary organisation that reduce and sometimes eradicate the possibility of
speculation. For those who would argue that these arguments miss the revenue
raising potential of the Tobin Tax, this is potentially a fair point. But taxing
currency is not the only way to raise revenues or effect justice. Closing down tax
havens would, for instance, have a dramatic impact on the tax receipts of many states and could be used for re-distributive purposes.

5.3.2 The Euro-centrism of Cosmopolitan Democracy via a Tobin Tax

Building from this notion of state-centrism in cosmopolitan democratic arguments there is a further question of euro-centrism. Most fundamentally the idea of the state – and its political sovereignty - as the basis of political theory are practices that emerge from European Enlightenment thought. This euro-centrism poses certain challenges to the political effectiveness of cosmopolitan ambitions. For instance in one paper Heikki Patomaki (2003: 353) argues,

...the project of cosmopolitan democracy is, among other things, about building a sense of identity of citizenry as a whole. Then the problem becomes one of transforming people and collective actors to accord with the preferred democratic world order. It is also clear that there will/would be differences between the states and areas with respect to their progress towards the requirements of the model of cosmopolitan democracy and that many actors, including many states, would also straightforwardly oppose such a development.

However, there is a deeper sense in which the euro-centrism of cosmopolitanism creates critical problems. This works at the limit of cosmopolitan ethics to question the very desirability of the conversation itself. As Vaughan-Williams (2006, forthcoming) argues, there is a lot at stake in the claim that universalism in cosmopolitanism is simply the cultural logic of European progress: “the teleological view of universal history underpinning the Kantian ideal is itself grounded specifically in Greco-Roman, Christian, and therefore Western/European thought. Kant’s narrative of the unfolding of nature leading to the victory of reason that in turn leads to the emergence of a society of nations cannot be read outside the context of modernity and European colonialism.”

The very building blocks from which cosmopolitans begin – foundational assumptions like the state, the citizen, democracy, and dialogue – are culturally tied epistemic signifiers. This is important because it infers that the very
vocabulary with which any discussion of cosmopolitan democracy proceeds is tainted by a certain history of colonialism. In short, in a Derridean sense, the other cannot be respected as other because a definition of the other – as subject, as foreign, as ‘south’ – has been imposed in a prior cultural linguistic engagement. So even when an impartialist account of the space and practice of political democracy is elaborated by Bohman, he uses language that is situated. As Winfried Thaa (2001: 504) argues, such agendas “tend to overlook that political deliberation, agency and practice presuppose commonalities such as historic experience, communication based on everyday language, and commonly accepted institutions.” When such historic commonalities are violent ethical questions must be asked.

This argument is placed in sharp relief by the question of the Tobin Tax and broader questions about the reform of global finance. Firstly, in terms of content, the idea of the Tobin Tax emerges from post-Keynesian debates about how to re-embed liberal welfare states after the demise of the Bretton woods system of fixed exchange rates and capital controls. This obviously implicates the campaign in a historically specific set of relations that are most evident amongst the economists and policy makers of the US, Britain and a number of European states. At best such contingency means that the subject of deliberation over the Tobin Tax is culturally difficult to grasp for anyone not involved in this history. At the worst, there is potential imperialism of European ideas regarding welfare.

Thus secondly, there may be difficulties for creating a global dialogue around the Tobin Tax as a basis for cosmopolitan democracy? Building from the previous point there may be a degree of resistance to the perceived euro-centrism of what Walden Bello (2005) refers to as the ‘Back to Bretton Woods Project’, i.e. those northern, white, educated economists and policy makers who ‘tinker’ at re-embedding the ‘global financial architecture’. On this view, one of the key issues in the Tobin Tax campaign is that it rests on an implicit trust that large financial and governmental institutions can solve major societal problems. For people in states where welfare systems have provided healthcare, education, defence, and sound infrastructure, the Tobin Tax is a conceivable extension of social democratic ideas. However, for those who live in countries where the welfare
state has provided little, taxed a lot but spent the majority of its finances on repaying debt, buying foreign bonds or sending its elites to foreign universities, the idea is not unambiguously attractive.

Conclusion

This chapter has elaborated how cosmopolitan democratic arguments might be used in support of the Tobin Tax. Liberal and deliberative arguments both suggest that a realm of global economic policy is developing which requires opening up to greater accountability and inclusion. While the former suggests specific reforms that might support the Tobin Tax, the latter is more concerned with the bottom up processes of publicising cosmopolitan reasons regarding non-domination. It was argued that each of these arguments lends a partial support to the Tobin Tax as a way of reining in unaccountable global power or as a mechanism for fostering positive liberty. In addition, arguments emerging from within the campaign have developed additional resources in terms of a critical and emancipatory bent.

However, a number of critiques were ranged against a cosmopolitan democratic argument for the Tobin Tax. Firstly, the model of a Tobin Tax organisation reproduces a state-centric logic of representative democracy. Patomaki is quite clear that the Council of Ministers in the TTO would have a ‘stronger say in decision making’. This defers questions of the ethical to agreement between states who may not ultimately uphold cosmopolitan reasons. And secondly, even though this approach sets out to be more democratic and dialogic in its pursuit of such goals, we should not perhaps ignore the important role of Euro-centric historical experiences is making this possible. Specifically, the trust in institutions that is required to support such a project is most clearly felt within the history of Keynesian welfare systems and ongoing attempts to re-construct them in a Post-Bretton Woods financial system.
Despite the worth of cosmopolitan democratic approaches then, recourse to the Tobin Tax campaign illustrates the question marks that arise when we engage the content of deliberative processes. However, the next chapter argues that it is precisely by engaging with such processes that alternatives may become thinkable. As Kim Hutchings (2005: 165) surmises in a critique of deliberation, To seek a mode of dialogue in which power is bracketed out […] is to underestimate the weight of moral responsibility carried in communication. This responsibility is not equivalent to the equal distribution to each person of a duty to speak for themselves and listen to others, according to the principles inherent in a shared communicative rationality. Rather, it is a responsibility, in the context of opacity of meaning and radically inegalitarian power relations, to put your own assumptions into question and strain to imagine what it might mean to be and think differently.
6. Pragmatic Cosmopolitanism: 
the Tobin Tax Campaign as Sentimental Education

Introduction

If cosmopolitanism is a name to be given to an openness to connections, to a sense that we all participate in various patterns of both commonality and diversity that are not and cannot be fixed by the lines inscribed by modern subjectivities, and that also insists on recognizing the radically uneven developments and sites in which people struggle to act in the world, then there is much to be said for it. […] I prefer to underline its status as a question, and a practice, rather than a given…(Walker, 2003: 284-285).

We remain profoundly grateful to philosophers like Plato and Kant, not because they discovered truths but because they prophesized cosmopolitan utopias – utopias most of whose details they have gotten wrong, but utopias we might never have struggled to reach had we not heard their prophecies. (Rorty, 1998b: 175).

The thesis has explored the ethical dimension(s) of global finance broadly, conceived. The central research objective has been to critically analyse the possibilities and limits of cosmopolitan ethics in global finance. This is important because it addresses a pressing question of global finance: how to understand and address its ethical vagaries? Rapid developments in global financial activity – the expansion of markets in debt, equities and currency – have exacerbated ongoing instabilities within the global economy/polity (Murphy, 2000; Higgott, 2000). And as Chapter One argued, attempts to reform global financial governance have generally rested on technical economic agendas to improve transparency via existing combinations of state-centric institutions and private market actors (Langley, 2004; Meltzer, 2000). Developing cosmopolitan approaches that seek justice and democracy is an interesting and potentially beneficial course to explore.

The subject is also important insofar as it contributes to an emerging political cosmopolitanism. To date, attempts to extend cosmopolitan arguments to global finance have been suggestive rather than concrete; intimating ways in which to think about principles of fairness and accountability in the context of global...
financial institutions and actors (Coleman and Porter, 2000). Beyond the traditional realist and/or positivist critiques of such an approach – that it is idealistic or simply unlikely, Chapter Two argued that cosmopolitan approaches to global finance should speak to ongoing political practices. The development of a grounded ethical critique of cosmopolitan ethics in global finance via an analysis of the Tobin Tax was therefore supported.

Chapters 2-5 have established a pragmatic praxis towards these questions. For a pragmatist, all knowledge is practical knowledge and a praxeological intent requires that cosmopolitan ideas about global justice, democracy and fairness should be intertwined with ongoing political agendas like the Tobin Tax. For instance, as Chapters Three and Four argued, the campaign for a Tobin Tax as currently constituted contains strong moral arguments for global re-distribution that are substantively and semantically similar to Pogge’s (2002) arguments for global justice. Thinking through the proposals and the problems and possibilities inherent in each contributes to their development as well as a critical awareness of their limitations. In this vein, Chapter Four argued that limitations in the Tobin Tax proposal can illustrate telling ambiguities in proposals for global justice. And Chapter Five found cosmopolitan agendas to democratise the global public sphere (Bohman, 1999) that are echoed in the Tobin Tax campaign re-produce a state-centric and universalistic logic of global democracy.

Drawing these points together, the thesis argues that cosmopolitanism is a promising, but limited, agenda for reforming global finance. Problems of historically contingent power structures and the multiple silences of financial knowledge question whether any one agenda of institutional reform could ever make finance more ‘ethical’ (De Goede, 2005: 147). Using the Tobin Tax campaign to illustrate, it is argued that deep ambiguities pertain to the possibility of cosmopolitan ethics in global finance. In straightforward terms, the institutional project of ‘inclusion’ and the practical solution proposed – throw money at it – fall shy of an appreciation of the complexity and context(s) of injustice. Further, it reifies the financial system as a single unitary whole which we must react to, failing to explore alternatives that may arise in the context of partially or non-developed financial systems (Op Cit.).
However, as Chapter Five suggested and Chapter Six will now explore in more detail, from a pragmatic perspective the conversation may be of value, *per se*. Just as cosmopolitans like Bohman (1999) celebrate campaigns that publicise ‘cosmopolitan reasons’ to a larger audience including global institutions, a pragmatist is able to find value in a ‘limited’ agenda like the Tobin Tax because it illustrates an imaginative way of doing global finance to a larger and larger audience. While there are certainly contests and dilemmas within the campaign, it is precisely in these contests that new and imaginative directions may be found.

My central thesis is therefore that the Tobin Tax can be understood as a tool of sentimental education. It provides a simple heuristic metaphor for understanding globalisation and a way to change it. The power of this metaphor has led it to occupy a central stage in a burgeoning global civil society and it is repeatedly included in discussions at the World Social Forum (See Patomaki and Taiveinen, 2004). And, importantly, the ambiguities that pertain to it – entrenched financial universalism and poor attention to democratic initiatives that fall outside of global/universal mechanisms – are highlighted within the campaign itself. In discussions that continue in social forums, in public meetings of NGO’s, and (even) the stylised narratives of charities, the opacity and technicality of finance can be de-naturalised. Such discussions disturb the black box of global finance and open it up to the broad based democratic conversation that cosmopolitans seek. While there may be no guarantee of the outcome of such conversation this chapter identifies a number of ways in which it can act to expand our vocabulary, identifying limitations in the current vocabulary and proffering alternatives that might be developed.

The chapter proceeds in three sections. Section I defines pragmatic cosmopolitanism and shows how the Tobin Tax can be seen as a tool of sentimental education. Section 2 highlights some instances of the practice of sentimental education in the Tobin Tax campaign, using evidence from the War on Want campaign. And Section 3 recounts some instances where the ambiguities of the Tobin Tax have been raised and alternatives identified in the public sphere of the campaign.
6.1 Pragmatic Cosmopolitanism and the Tobin Tax

This section draws the central theoretical strands of the thesis together by recounting the limitations with existing cosmopolitan arguments for justice and democracy via the Tobin Tax found in Chapters Four and Five. This discussion sets the context to re-describe the problem of the thesis as one of thinking through cosmopolitan ideas, identifying ethical limits and suggesting possible alternatives, a task addressed in the next section via a narrative of the Tobin Tax campaign.

Following on from the theoretical framework developed in Chapter Two, a pragmatic cosmopolitan approach to the Tobin Tax involves three related steps. 1) A recognition of the contingency and resultant ambiguity of many of our moral precepts, 2) an ironic disposition about what ‘we’ value and why, and 3) an experimental attitude towards the construction of solidarity against suffering. In pragmatic fashion, cosmopolitanism – and cosmopolitan arguments for a Tobin Tax – can therefore be seen rather like ‘attempts’ (amongst many others) to make global finance more ethical.

Stripping cosmopolitanism of its foundations and instead seeing it as a paradigm ‘attempt’ allows for a more suitable rendering of the Tobin Tax as a sentimental metaphor: a tool for provoking sentimental responses to the suffering caused by/within global finance and illustrating some ways in which it might be changed (Brassett, 2006). As Chapter Two argued, for the conversation to remain open it is unlikely that we will ever reach a final definition of what counts as meaningful suffering, so the suffering caused by poverty and the suffering caused by imposing (violent) subjectivities like ‘poor’, ‘financial’ and ‘citizen’ must be engaged simultaneously. Thus, as Jenny Edkins (2003: 257) notes in an analogous discussion of the relative merits of humanitarian sentiments vs. humanitarianism, “It is not an either/or contradiction but a question of doing both, somehow.”
6.1.1 The Tobin Tax as an Ethical Limit

Cosmopolitanism is an important addition to global governance scholarship in general and global finance in particular. Arriving on the back of widespread acknowledgement of the limitations of the Washington Consensus and bolstered by the newfound zeal for ‘legitimacy’ among policy actors in the global financial architecture, cosmopolitanism represents a promising avenue for introducing ethics to global finance (Brassett and Higgott, 2003). Subject areas that were previously dominated by technical and economic expertise have subsequently pushed appeals to democratic inclusion and civil society participation onto the list of reforms that had centered on fiscal rectitude and informational transparency (Murphy, 2000).

However, the analysis of cosmopolitan ethics in global finance via a Tobin Tax has exposed a number of possible ambiguities. In terms of cosmopolitan justice via the Tobin Tax three key ambiguities were identified. First, the Tobin Tax requires a well developed financial system, including capital account convertibility, in which to operate (Kim, 2003). Advocates in partially or non-developed financial systems are therefore faced with a curious aim: to push for capital account convertibility in order to then rein it in. This is a paradoxical agenda for many states where the debt repayment schedule far outstrips the welfare budget in the first place. Adding further financial openness to these economies – even if tempered – is unlikely to deal with the lack of indigenous economic development or financial strength (AFROAD, 2000). Second, regardless of whether or not the tax can be implemented or not, it is clear from all estimates that the majority of the revenue will be levied in a select group of wealthy states (Griffiths-Jones, 1996: 148). Thus, if ‘cash’, is to be redistributed it will have to flow from the wealthy (northern) states to poor (southern) states.

And thirdly, the Tobin Tax is ultimately a cash-based instrument that neither fully escapes charity or ODA models of justice, nor does it undermine the existing structures of finance. Such an agenda risks forcing a spurious and violent subjectivity upon populations, that they are either ‘Rich’ or ‘Poor’. For instance, when asked in an interview whether the proceeds from the Tobin Tax
could be directed to poverty alleviation in the UK, David Hillman replied: “No. The UK is a developed country where welfare systems are established. We have to direct funds towards poverty in the South.”

While there may be a debate over levels of poverty, this straightforward geographical division is insufficient.

In the case of cosmopolitan democracy via the Tobin Tax the following ambiguities were identified. First, the Tobin Tax is levied by states. For a cosmopolitan tradition bent on thinking outside the polis, this would surely represent a contradiction or at least a major challenge (Vaughan-Williams, 2006). The supposed re-articulation of citizenship is therefore still dependent on the same logic of representation and accountability that defines the state-centric, inside/outside logic of political theory that cosmopolitans seek to escape (Walker, 1993). And secondly, it was argued that the principle of consensus at the heart of cosmopolitan democracy via the Tobin Tax all too easily falls down on a universal proposition: some form of world government. Even in Patomaki’s more sophisticated and dialogical model, his proposed Tobin Tax Organisation is still a world authority (1999: 87). And possibilities for de-linking or establishing local autonomous or regional authorities is ignored or seen as a step on the way towards full global co-ordination. Arguments articulated within a cosmopolitan framework therefore (re)produce a (western) logic of power and identity that is not by definition the ‘answer’. As Heikki Patomaki himself surmises, a key fault in cosmopolitan democracy is a foundational use of citizenship that quickly achieves a status of blueprint model:

...the project of cosmopolitan democracy is, among other things, about building a sense of identity of citizenry as a whole. Then the problem becomes one of transforming people and collective actors to accord with the preferred democratic world order. It is also clear that there will/would be differences between the states and areas with respect to their progress towards the requirements of the model of cosmopolitan democracy and that many actors, including many states, would also straightforwardly oppose such a development. (Patomaki, 2003: 353).

---

4 Interview with David Hillman, conducted July, 2003, War on Want offices, Clapham.
However, to what extent do such ambiguities undermine cosmopolitan ethics as an embedded way of thinking and acting in the world? To be sure, there is merit in the arguments of post-structural critics that see some uses of ‘ethics’ as a means to entrench a specific logic of existence. For instance, Rob Walker (2003) has argued that Held (re)entrenches a spatial layering of power that neither escapes nor criticises territoriality as such. As William Connolly argues “territory is sustaining land occupied and bounded by violence. By extension, to territorialize anything is to establish exclusive boundaries around it by warning other people off.” (Cit. Patomaki, 2003: 354). Moreover, it is a serious critique of cosmopolitan ‘models’ that they sometimes fail to explore alternative forms of local or regional level organisation, except insofar as they contribute to the establishment of a global organisation. In this way, cosmopolitan ethics via a Tobin Tax can be seen as a limit.

However, a key argument of this thesis is that from a pragmatic perspective the ethical limits of cosmopolitanism should not be seen as an end to the story. While some versions of post-structural thought may seem to suggest that there is little to be resurrected from ethical frameworks like cosmopolitanism, as did Caputo (1993) when he declared himself to be against ethics, it is perhaps an exaggeration to reject such frameworks because they reify particular ‘subjectivities’ or because they bear a western hallmark. A cosmopolitan could well argue that the money generated from a Tobin Tax could save lives by funding much need healthcare and/or food and water. And the possibility of global democratic co-ordination would mark a modest improvement on current circumstances. Indeed many advocates of the Tobin Tax regard it in precisely this way: a beginning for global ethics not the end point. As Harlem Desir argues,

“The Tobin Tax is not the miracle cure for all the ills of the world. It does not exhaust the debate on economic regulation, on globalization and on North-South relations. But it could be the first step towards the construction of a global economy in which growth would sustain co-development and the reduction of inequalities. (Desir Cit. Desir and Ford, 2000: 36).

The space for a pragmatic cosmopolitanism therefore seems apparent.
Following Rorty, this requires us to give up on the idea of finding an ‘answer’ to the question of global ethics. Instead, it would be better to think about cosmopolitanism - and cosmopolitan ideas like the Tobin Tax - as ‘attempts’ (among many others) to reduce suffering.

[D]ilemmas we shall always have with us... [T]hey are never going to be resolved by appeal to some further, higher set of obligations which a philosophical tribunal might discover and apply."

We have to start from where we are....What takes the curse off this ethnocentrism is not that the largest such group is “humanity” or “all rational beings”... but, rather, that it is the ethnocentrism of a “we” (“we liberals”) which is dedicated to enlarging itself, to creating an ever larger and more variegated *ethnos*. (1999: 197-198).

As Chapter Two argued, if we were to unpack Rorty’s understanding of “we liberals” then the argument holds telling implications for the Tobin Tax campaign. At some level, it can be argued that campaign activists have given up on the idea of finding a ‘once-and-for-all’ answer to global ethical problems. Instead they direct their energies toward experiments in reforming global governance, forming linkages around issues and following them through in the hope of creating a constituency (witness Stamp Out Poverty’s recent move in support of Air Ticket Levies⁵). Likewise pragmatic cosmopolitanism would respond to the limits and ambiguities of the Tobin Tax with similar experiments. Understandings of suffering are contingent, changing and unlikely to be fully resolved. All we can do is continually expand the scope of what counts as meaningful suffering via ongoing practices of sentimental education and suggest mechanisms to mitigate such suffering (Brassett and Bulley, 2005). Drawing on Rorty, a cosmopolitan ethic can therefore be based on irony and self doubt,

...the self-doubt which has gradually, over the last few centuries, been inculcated into the inhabitants of the democratic states – doubt about their own sensitivity to the pain and humiliation of others, doubt that present institutional arrangements are adequate to deal with this pain and humiliation, curiosity about possible alternatives. (Rorty, 1989: 198).

⁵ www.tobintax.org.uk/?lid=10196
And it is this ‘curiosity about possible alternatives’ that creates a significant value-added. A pragmatic approach takes seriously the limits and ambiguities of developing cosmopolitan ethics in global finance. But it argues that it is only in the democratic conversation about such ambiguities that we can educate our sentiments about them and find alternatives.

The next section argues that the Tobin Tax campaign has created a viable forum in which to continue this conversation. As the campaign has spread across countries and audiences, it has proved remarkably capable of involving diverse voices in a conversation – albeit sometimes fractious – over the development of global financial ethics. In this way, it has contributed to the evolution of cosmopolitan space for imaginative deliberation over possible alternatives to globalisation and the monolithic image of global finance.

6.1.2 Engaging Ambiguity: the Tobin Tax as a sentimental metaphor

My own view is that it is not much use pointing to the “internal contradictions” of a social practice, or “deconstructing” it, unless one can come up with an alternative practice – unless one can at least sketch a utopia in which the concept or distinction would be obsolete. After all, every social practice of any complexity and every element of such a practice contains internal tensions. (Rorty, 1991: 16).

From a pragmatic cosmopolitan perspective, the task is straightforward, if infinite: to continue the struggle(s) to realise cosmopolitan ethical utopias while remaining aware of their “internal contradictions”. The product of such struggles is not to be thought of as truth, or greater knowledge, or even the ‘answer’ to global ethics. Rather, the best product we can hope for is an increasing awareness and sensitivity to the connections between people. As Rorty argues: “The best, and probably the only, argument for putting foundationalism behind us is the one I have already suggested: it would be more efficient to do so, because it would let us concentrate our energies on manipulating sentiments, on sentimental education.” (Ibid. 176).
While some of Rorty’s remarks may smack of complacency, it is fair to remember that the position is based on an honest recognition of the tensions that pervade liberalism. Rorty has never written off ironic thought. Indeed, as Chapter Two argued he has clearly opened the space to engage ironic approaches, as when he argues:

On my definition, an ironist cannot get along without the contrast between the final vocabulary she inherited and the one she is trying to create for herself. Irony is, if not intrinsically resentful, at least reactive. Ironists have to have something to have doubts about, something from which to be alienated. (Rorty, 1989: 87-88).

On this view, it can be argued that a pragmatic cosmopolitan approach to the Tobin Tax campaign performs a dual function of both celebrating the expansion of a conversation about global financial justice and engaging with the contests and contradictions that pervade that conversation.

To qualify, the pragmatic cosmopolitan approach elaborated here is subtly, but crucially, distinct from the more Deweyan version espoused by Molly Cochran (2002). For Cochran the problem with cosmopolitan democracy is not its ethical limitations, but rather its political mechanisms. She argues that writers like David Held have been too concerned with ‘top-down’ mechanisms for institutionalising fairness and accountability. Instead she looks to the deliberative democrats, like Bohman and Dryzek, who seek a bottom-up approach. However, despite her emphasis on the ‘agent’ of cosmopolitanism, Cochran stops short of a full recognition of the ambiguity and unpredictability of that agent and the ethics it espouses. As she attests:

Cosmopolitan democrats must theorize the democratic potential of bottom-up processes, but in particular, how [International Public Spheres] and their members — individuals — come together, work to resolve indeterminacies, and make their views authoritative in international decision-making. This is what a pragmatist approach to the concept of [International Public Spheres] contributes to the consideration of democracy at the transnational level. (2002: 519).
On this argument, it seems that the content of the cosmopolitan public sphere is to be valued when it is able to ‘overcome’ its indeterminacies and make its views ‘authoritative’. Just as with the cosmopolitan democrats considered in Chapter Five, there seems to be little concern placed on substantive content of deliberation: the process is perceived as an apriori good.

The pragmatic cosmopolitan approach advocated here would precisely question the content of the public sphere. By playing off cosmopolitan proposals with ironic critiques, analysis is situated within the ethical ambiguities of the campaign. For instance, the Tobin Tax does not undermine the structure of financial universalism, nor does it take us far beyond the charity or ODA models of global justice. The administration of the tax would be by states and (perhaps) governed through some cosmopolitan authority like the TTO, or the IMF. And representation would be primarily territorial with the slight caveat that civil society groups/NGOs would be given a voice in discussions.

Recognising such ambiguities is not a nihilistic position. Indeed, as Louise Amoore and Paul Langley (2004: 105-106) argue, the very opposite is the case: it is by not recognising these dilemmas that problems are created:

...within a named and assumed civil society grouping there are tensions surrounding ‘who’ is being empowered, or ‘what’ is being resisted. To deny these tensions in a search for a single galvanising manifesto or agenda is to miss the very heart of the politics of transformation.

On this view, the campaign itself can be seen as an instance of the contested politics of a cosmopolitan public sphere. This Chapter argues that it is by going to the campaign – its discourses and contests – that pragmatic cosmopolitanism can move beyond the banal but important ‘publicity’ that Bohman discusses and find the space for innovative and imaginative alternatives. And it is in this sense that the Tobin Tax is perhaps better understood as a tool of sentimental education. It is argued that the Tobin Tax and the different ways it has been used in the campaign, has played the role of a sentimental metaphor in two ways:
1) It provides a simple heuristic, a metaphor of global finance as ‘controllable’ and ‘changeable’ which is easily understood.

2) The malleability of the sentimental metaphor means that – like human rights – it can be used in diverse ways for different purposes. In this way conservative reformist articulations of the tax can co-exist alongside radical and transformative ideas, which might include critique of the tax, providing for a more sophisticated form of education.

Importantly, this twofold understanding of the ways in which the campaign is conducted allow for conflicts and alternatives to be openly debated. It is here that sentimental education can become more than mere platitude. Re-describing the Tobin tax as a sentimental metaphor allows us to engage with the ambiguities of cosmopolitan justice via concrete democratic discussion, opening up the space to make alternatives thinkable. In this sense cosmopolitanism becomes a reflexive political project.

At one level, the Tobin Tax is a remarkably effective ‘conversation opener’. This can be in terms of illustrating to broader publics the harm done during financial crises. An important technique of TT campaigners is to dramatise the social and political impact of financial crises (War on Want, 2000). It may also be in terms of straightforward communication about the vast sums of wealth involved in foreign exchange trading. Likewise, organisations including the UN have emphasised what the potential revenue could buy: medical vaccinations, disaster relief, and education resources etc (Kaul and Langmore, 1996).

At another level, once the conversation has begun there are clear instances when the ethical limits of the Tobin Tax are readily exposed within the campaign. This can be through public criticism of the tax by Marxists and post-Developmental activists in social forum discussions. It can also be via detailed technical studies of how the tax fits in different countries. As Chapter Four argued, even the advocacy of AFRODAD (2000) involved a stark appreciation of the limited applicability of the tax in Africa. And finally, the use of the tax to articulate de-globalising and local-ist resistance strategies has directly confronted the universalist models of cosmopolitan renditions of the Tobin Tax (Bello, 2002: 96; Hines, 2001: 112).
Together, these aspects of the Tobin Tax campaign combine to make it an active and fertile forum for the development of cosmopolitan and critical sensibilities towards global finance. And in this sense a pragmatic cosmopolitan would seek to support and develop the conversation.

6.2 The Tobin Tax as a Conversation Opener

Most people in a general audience would not be expected to understand the financial arguments, although very many would certainly respond to the obvious social justice principles undergirding such proposals. Staying within this campaign construct, the Tobin tax has wide appeal because both the problem and the solution are easy to grasp, and the usual audience will rarely ever have to pay that tax. This campaign-ability of the Tobin tax issue is responsible in part for the political momentum the issue currently enjoys in several countries. The campaigners' audiences are the committed and the principled general public. (Griesgraber, 2003: 152).

Griesgraber’s comments indicate that there is more going on in the activities of campaigners than the straightforward representation of ‘cosmopolitan reasons’ (Bohman, 1999). Strategies of communication are fundamental to the success or failure of campaigns. And her argument that non-technical audiences respond to the “obvious social justice principles undergirding” the Tobin Tax underlines the important ethical vocabulary of the tax. This section will address the first way in which the Tobin Tax acts as a sentimental metaphor through providing a simple heuristic, a metaphor of global finance as ‘controllable’ and ‘changeable’ that is easily understood.

The aim is to illustrate how the Tobin Tax is an effective tool for educating general audiences about the arcane world of global finance. It draws on principles underlying the tax, documentary sources on how different groups campaign for the Tobin Tax, as well as, participant observation of public discussions in social forum meetings (London, 2003; Paris, 2003 & Mumbai, 2004). Broadly speaking, it provides a narrative of the campaign and how it has developed within global civil society generally and via one campaign in particular: War on Want’s Tobin Tax Network, which has now been renamed Stamp Out Poverty.
The narrative is followed through to the position it now holds as (arguably) a rather curious perennial at the World Social Forum. This curiosity is evoked because the radical, anarchistic and subversive principles embodied in many aspects of the World Social Forum do not sit easily with a straightforward reformist proposal like the Tobin tax.

6.2.1 A Simple Idea with a Large Impact: Tobin, ATTAC and the WSF

"...many[...] have said there are two good reasons to be in favour of the Tobin Tax, firstly to slow down and reduce speculation and secondly, to increase revenue indispensable to the poorer countries. I would like to add a third reason which is to develop grass-roots organisations and a movement in this direction." (Aguiton Cit. Desir and Ford, 2000: 17).

Traditional engagements with Tobin Tax have attempted to supplant it with a certain logic – economic, political or ethical – that is used to explain its role in something larger. Typically, critical academics like to portray the Tobin Tax as a Polanyian ‘second-movement’ (Helleiner, 2001). On this view, globalisation is a shift towards market liberalisation and Tobin gave us an effective spur to re-regulate. More critical approaches then tell a story about how the progenitors of this second movement are the organic intellectuals at the helm of an historical watershed. For instance, in a study of ATTAC, Birchfield and Freyberg-Inan (2005: 1611) argue that the network “contains elements of organic intellectualism” and that the call for a Tobin Tax can be seen as a “clever discursive move” (2005:161) which allowed ATTAC to fulfil a ‘deeper’ logic of resistance:

...the emergence of ATTAC seems theoretically congruent with a Gramscian framework in that it can be seen as a response to the ideational and material forces of the latest phase of global capitalist instability. Linking the structural crisis of global capitalism to the local realities of everyday life of ordinary citizens and wage-earners is an important step in establishing connections between the material power of capital and its ideological influence on the state...

However, this thesis is unconvinced by such arguments on two grounds. First, globalisation is not reducible to a market/society split. As Chapter One argued, globalisation is better understood as a multi-dimensional (economic, social,
political, psychological) and multi-level (individual, local, national, regional, global) process that encompasses a re-spatialisation of life. Dialectics between economy and society do not tell the whole story (Scholte, 2005: 121-154). And second, from a Rortyan perspective, the thesis is sceptical of attempts to tie the Tobin Tax into a ‘critical education’ project that somehow identifies the ‘true reality’ of global capital and identifies a way to resist it, if only we all understand and agree. This is not simply an intellectual question regarding the diagnosis provided by neo-Gramscian political economy. It also opens up space for thinking through new forms of resistance by detracting from the debilitating binary of ‘us’ and ‘them’.

The narrative presents a less theorised version of events. Simply stated, the campaign can be valued for its ability to involve more and more people in a discussion about global financial governance of which they previously would have not have heard. It does not need to be tied to anything larger. As a tool of sentimental education then, the Tobin Tax is a simple idea with a large impact. As Bernard Cassen (2003: 43) recounts:

Since Tobin was an establishment economist, a Nobel Prize-winner in economics from the United States at that, his proposal possessed a certain automatic initial legitimacy, serving to highlight the scandalous character of the flows of global speculation today. So for the purposes of agitation, it makes an excellent weapon. But, of course, we never for a second thought that the Tobin tax was the one solution to the dictatorship of financial markets. It was just one point of entry to attack them.

Such strategic thinking does not fit so easily within the discourse of ‘second-movements’ or vanguard elements. Instead, it depicts an honest appreciation of the limitations of the tax as well as a celebration of its capacity to open up the opaque nature of financial markets to a larger audience. Indeed, the role of the Tobin Tax in the story of ATTAC is now a legend of global civil society.

Founded in France in 1998 after the Asian Financial crisis, ATTAC was set up with a proposal to tax financial markets as its mandate (Ancelovici, 2002; Cassen 2003; Birchfield and Freyberg-Inan, 2005). Very quickly the membership of
ATTAC grew to around 60,000 and it formed affiliate groups across the world in some 40 countries. It drew on the French tradition of popular education and public discussion became the modus operandi of ATTAC. Membership is now largely middle-class, educated and white. It includes journalists, academics, doctors, teachers amongst others (Cassen, 2003). In small public meetings held in schools and cinemas, experts are invited to talk on subjects like the Tobin Tax in an effort to make understandable the often complex and arcane world of the global economy. And this strategy is known by the French term sensibilisation a French word meaning ‘to make sensitive to’.

In addition, ATTAC has been able to form links with NGO’s and Trade Unions across the world; successfully establishing the World Social Forum (WSF) movement as a counter point to the World Economic Forum (WEF) in Davos. (See Patomaki & Teivainen, 2004). Of course, there have been important political deals and manoeuvrings that underpinned the development of the WSF movement. It is not claimed that the Tobin Tax caused the WSF. But it is a basic observation that within this political mobilisation the Tobin Tax has been a significant and changing policy symbol that expresses some of the contests and ambiguities of the actually existing cosmopolitan publics involved in global civil society. As Bernard Cassen argues,

The Tobin Tax is above all a symbol – a first attempt [...] to affect a finance system that too often places itself above or outside of the law as in the case of fiscal havens. It is this symbolism, more than its content or cost, which profoundly irritates those in the financial sector and which above all pleases citizens. That is why this measure is present in all international movements and why it is here to stay. (Cit. in Desir and Ford, 2000: 17).

However, within this symbolism, within this sentimental metaphor, neither the Tobin Tax idea, nor the groups which advocate it remain fixed or clearly demarcated quantities that fulfil a straightforward role as either cosmopolitan reason, or cosmopolitan publics. Groups like ATTAC, War on Want, NIGD, WEED, and the Halifax Initiative have contributed to thinking about global taxation in a political context – i.e. the need to secure funding, influence
institutions, gain membership, form linkages with likeminded organisations, etc. In this sense, and beyond the ‘legend’ of ATTAC, there is much to be gained in terms of an understanding of the politics of cosmopolitanism that is often missed by models and theories of justice/democracy. This is not to give up on justice by turning to politics – as Chapter Two argued it is not possible to sustain any such separation. Rather it is to expand the conversation. The next part will address the evolution of one campaign – War on Want – in the context of this evolving constellation.

6.2.2 Sentimental Education in Practice: War on Want and the Charity Discourse

War on Want is a development NGO founded in 1951, based in south London with close ties to the Labour Party and the Guardian Newspaper. It enjoys links with numerous Christian groups and faith charities and sources considerable funding from those organisations. While its campaign objectives are wide, including the promotion of human rights, trade justice, tax justice, and development, it has consistently targeted poverty as an over-riding concern. As its website introduction asserts:

"War on Want knows that poverty is political. The decisions of politicians in rich countries can mean life or death for people in developing countries. We have the power to reshape the global landscape – to ensure that people across the world can live in justice and peace." (www.waronwant.org).

The group adopted the Tobin Tax campaign at the end of the nineties, first under the direction of Steve Tibbett and then David Hillman. It embraced the campaign more comprehensively in 2002 when it established the Tobin Tax Network: a grouping of over fifty campaign agencies, charities, faith groups and trade unions, which organisations like Oxfam, Christian Aid, Unison and the united Reform Church. And it has linked up with the Make Poverty History Campaign under the title ‘Stamp Out Poverty’ (http://www.tobintax.org.uk/).

War on Want has used the Tobin Tax as a campaign tool to lobbying the Treasury and Department for International Development (DFID), as well as,
creating awareness at social forums and other public discussions. Importantly, in a number of policy documents it has actively contributed to the intellectual development of the Tobin Tax. This section will analyse some of the key activities and arguments of War on Want identifying the ways in which it contributes to the practice of sentimental education.

The Tobin Tax Network has focused on the revenue raising potential of the Tobin Tax what David Hillman describes as the "discourse of social justice".\(^6\) In a number of policy briefs the NGO has funded experts to produce detailed studies of how revenues could be leveraged to fight poverty in a way that would be acceptable to governments and business (War on Want 2002; 2002a; Kapoor, 2003; Spratt, 2005). In particular the key campaigners – David Hillman, Sony Kapoor, Avinash Persaud – have rapidly taken on a strategic edge, attempting to leave behind their self professed incarnation as the "sandal wearing brigade"\(^7\) to promote a more hardened and economically credible version of the Tobin Tax. Therefore the version of the Tobin Tax promoted by War on Want has changed markedly over the course of the campaign. Under different campaign leaders the group has shifted its focus from a universal Tobin Tax at 0.1% (War on Want 2002a) through a Currency Transactions Tax (Kapoor, 2003), to a unilateral 'Stamp Duty' on Sterling at 0.005% (Spratt, 2005).

As well as promoting an ambitious version of the Tobin Tax, the initial incarnation of the War on Want campaign, under Steve Tibbet, contained many of the democratising and transformative dimensions of the Tobin Tax highlighted by writers like Heikki Patomaki (2001). For instance, the keynote report (tellingly) entitled The Robin Hood Tax called for

> a new body under the aegis of the UN to formulate policy on the tax, to oversee compliance and to decide how to spend the revenue. The body could be called the Global Development Commission and it would necessarily involve a body to distribute the revenue, made up of independent but elected advisors,…(War on Want, 2002: 3).

---

\(^6\) Interview with David Hillman, conducted July, 2003, War on Want offices, Clapham

\(^7\) Comments by Avinash Persaud at the Stamp Out Poverty, Progress and Action meeting, 19th November, 2005, Camden Town Hall.
However, as the personnel changed at the War on Want and David Hillman took over to form the Tobin Tax Network, many of the larger aspects of the Tobin Tax were dropped and the advocacy became focused on a more straightforward ‘Currency Transactions Tax’ to raise revenue for development (Kapoor, 2003). Indeed, a recent report commissioned by Stamp Out Poverty even articulates a version of the tax that would be a unilateral lobby. It argues for a simple levy by the UK government via the central bank (Spratt, 2005). And the aim is to raise revenues to contribute towards the UK’s commitment to the Millennium Development Goals. The campaign has therefore undergone a substantive shift from Tobin’s original proposal to a unilateralist augmentation of the Spahn tax to raise revenues for foreign aid.

Despite these discursive shifts the modus operandi of the campaign has remained consistent throughout. The aim is to set up a simple narrative and re-produce for diverse audiences, namely: ‘Bankers make vast amounts of money by betting on currency. This exacerbates poverty and there exists a simple solution – the Tobin Tax - to both calm speculation and raise fund for poverty.

This narrative is often augmented with various strategic touches. For instance, War on Want are adept at bringing in famous endorsements like Jon Snow, Baroness Shirley Williams who participated in the making of the Tobin Tax video (see below). And they have used academic economists like Rodney Schmidt and financial market players like Jim O’Neil to add to the credibility of their proposal with technical audiences. But the basic narrative remains the same: an easily communicated account of what globalisation is followed by the Tobin Tax as a way to change it. In this way War on Want use the Tobin Tax as a form of sentimental education about the suffering caused by global finance and the ethical possibilities that exist.

A clear example such sentimental education can be found in the Earth to the Moon leaflet distributed at social forums and campaign presentations across the world. The cover of the leaflet shows a faceless man in a suit carrying a stack of fifty pound notes that stretches to the moon above with the phrase: “Imagine a stack of £50 notes reaching from the Earth to the Moon...” Inside the cover there
are three sides of text and a cut out postcard intended for the reader to sign and send to Gordon Brown. The text reads: “Incredible as it may seem, a pile of 50 pound notes stretching from the earth to the moon truly illustrates the astronomical size of the money market each year.” The proposition gives a direct and quantifiable image of the ‘problem of globalisation’ and continues the narrative outlined.

Millions upon millions of dollars, euros, pounds and yen are traded every day – mainly by banks. Imagine now, adding together everything that is bought and sold in the world – like all food, housing and transport. The money trade is worth more than 50 times the value of all these other markets combined. It is the richest by far, yet amazingly, this trade is not subject to any specific tax at all. Even a tiny tax on this enormous pile of money could bring millions of the world’s poorest people out of poverty.

Importantly, the leaflet also deals with some of the more arcane problems of finance under the heading: Financial Shocks. “An extremely unpleasant dimension of this huge money trade is that the economies of vulnerable countries can be ruined, as powerful financial actors target certain currencies to make vast profits.” It argues that a two-tier Tobin Tax is not only feasible but that there is an emerging political will to back it in the guise of the “historic Millennium Development Goals”: “France has already passed Tobin Tax legislation and UK Chancellor Gordon Brown, has said he is ‘open-minded’ to currency transactions taxation. But he needs to be convinced and that’s where you come in.”

The aim is to persuade the reader to send a postcard to the Treasury and then when enough postcards are received, the Treasury will arrange a meeting with War on Want. On this view, sentimental education is used. The practice of sentimental education is therefore instrumentally tied to the discourse of charity espoused by War on Want.
Playing on the same narrative War on Want launches many of its public presentations with a campaign video. The video is narrated by Jon Snow and tells a similar story about greedy bankers who are exploiting helpless and vulnerable financial systems in developing countries. One banker refers to the moment of a currency crisis as one in which like sharks traders “smell the blood” of their prey. And in an interview David Hillman referred to the making of the video as an excellent learning experience where he found out that he could communicate the problem of development, not with words, but by simply “showing pictures of starving people.” Importantly, the video ends with Steve Tibbet’s argument that there are no “morally relevant arguments against the Tobin Tax”.

To be sure there are clear limitations with the discourse of the Tobin tax elaborated in the War on Want campaign. It is geared towards a charity discourse and sometimes more focused towards elite level lobbying than issues of broad based public democracy. Indeed the aesthetics of the campaign are sometimes particularly ambiguous. Its publications portray a stark dichotomy between rich, suit wearing ‘bankers’ and poor, starving ‘black’ people. Indeed, in one particularly ironic inversion at a recent Progress and Action Meeting of Stamp Out Poverty, the power point projection system reverted to a default picture of a ‘starving black woman’ in between power-point presentations by suit wearing campaigners with laptop computers.

It could well be argued that the ‘Stamp Out Poverty’ campaign leaves unquestioned financial universalism and re-produces the Charity discourse of global justice. Perhaps this is unsurprising given that a number of its donors are indeed charities and faith groups? However, there is also a political adaptability in the way the campaign has developed. David Hillman has been able to target different audiences – civil society, Treasury, DFID - with a similar message. In this way, a conversation on global justice is opened. The final section will discuss how the tensions in this conversation can be engaged.

---

8 http://www.tobintax.org/?lid=3546
9 Stamp Out Poverty, Progress and Action meeting, 19th November, 2005, Camden Town Hall.
6.3 Exposing Ambiguities in Social Forums and Campaign Meetings

As Davidson puts it, "speaking a language...is not a trait a man can lose while retaining the power of thought. So there is no chance that someone can take up a vantage point for comparing conceptual schemes by temporarily shedding ones own." Or to put the point in Heidegger’s way, “language speaks man,” languages change in the course of history, and so human beings cannot escape their own historicity. The most they can do is manipulate the tensions within their own epoch in order to produce the beginnings of the next epoch. (Rorty, 1989: 50 Emphasis added).

While Rorty’s call to “manipulate the tensions” is pitched at the level of epochal change, it is here argued that such a method can be identified and encouraged in the Tobin Tax campaign. From the above analysis of the War on Want campaign, critics could be forgiven for wishing to dispense with the project. Not only is the Tobin Tax arguably unfeasible, but the campaign itself is publicising a rather jaundiced picture of the nexus between global justice and global financial reform.

A Marxist or a post-Structuralist could be forgiven for having deep problems with the campaign and wish to look elsewhere. However, a pragmatic cosmopolitan could highlight how the tensions within the conversation are themselves producing new possibilities. To this end, it is argued that the War on Want campaign should be seen in the context of the conversation it develops among campaigners and other advocacy groups. These groups interact and form linkages with other groups to publicise and refine the Tobin Tax proposal, as well as identify alternatives like the recent adoption by Stamp Out Poverty of the Air Ticket Levy.10

Many panel discussions at the World Social Forum are co-sponsored meaning that conservative approaches like War on Want are juxtaposed with democratic reformist agendas like ATTAC and more critical propositions made by NIGD. In addition there are clear splits between different groups. Two leading campaigners Heikki Patomaki and Sony Kapoor regularly engage in open critique of their respective positions. And finally, but perhaps most importantly, the structure of

---

10 www.tobintax.org.uk/?lid=10196
the public discussions in European and World Social Forums means that the audience are readily involved in criticising the agenda and suggesting alternatives. In social forum discussions, in technical reports, and in campaign meetings the limitations and ethical ambiguities of the Tobin Tax are exposed. While such exposure is often conflictive and can sometimes produce broader divisions along the line conservative/reformist/radical, it is suggested that critical space is also opened up for considering alternative possible futures of financial justice.

The public meeting co-sponsored by ATTAC and War on Want at the European Social Forum, 2003, was attended by approximately 200 people and the presentations and discussion were translated simultaneously into 10 languages. The meeting opened with a presentation of the War on Want video and David Hillman gave his presentation of the evolution of the Tobin tax. In an interview just previous to the presentation he identified three discourses of the tax including stability, autonomy and social justice. Bruno Jetin followed his presentation with a discussion of the technical aspects of the tax. Then the conversation was opened to the floor.

A clear ambiguity arose when one delegate took issue with Steve Tibbet’s line for the Tobin Tax video that “there are no morally relevant arguments against the Tobin Tax”. Against ATTAC’s advocacy of the Tobin Tax to curb global financial speculation and raise revenue for development, Marxists critique such ventures because they “legitimise the right of investors to speculate against a currency, a country, the producers, the workers and its people”. Just as Chapter Four argued, the moderation of the CTT reform leaves unchecked and benefits from (at least some) of the speculation it seeks to criticise.

In a similar vein, ATTAC Finland has published multi-perspective books that critique any easy claims to morality in the Tobin Tax proposal. Heikki Patomaki (2005: 17) accused the War on Want version of the tax of being about “charity”. “The aim is to get the rich countries, and the UK in particular, to establish a tax

---

on currency transactions, the revenues of which they can use also as ODA (Development Aid), on their own terms and subject to their assessment of the need.” He accuses the campaign of being “uncritical about the current practices of the ODA, assuming that it suffices to give money through the traditional channels of bi- and multilateral aid, i.e. that ODA is the way to eradicate poverty.” And he suggests (2005: 19) that such models are complicit with the current financial system by accepting “the neo-classical idea that liquidity trading is rational and will therefore enhance the efficiency of the markets”. In this way, a more sophisticated discussion of global finance is evoked.

At a recent Progress and Action meeting of Stamp Out Poverty, David Hillman billed the main point of the day – to launch their report on the Stamp Duty on Sterling - as having the strategic objective of “de-linking the two tiers” of the Spahn tax in order to “focus on the lower rate” revenue raising tier. They wanted to break the “stereotype that NGO’s are big on sympathy and empathy but low on hard headed realism.”

While the meeting was effectively a campaign oriented day, designed to focus on past successes and future challenges, ambiguities began to arise when the questions were asked. One delegate asked what the connection was between the Stamp duty and the MDGs. “Why would the UK spend the levy on MDGs instead of say, poverty in this country?” Avinash Persaud responded that it would be “hard to persuade them” But David Hillman said the money must be ring fenced for International Development as it is “historically tied to ODA” or else, he threatened, the NGO coalition would “go public”. A further question from the audience attacked the idea more fundamentally when he argued:

The problem with the Tobin Tax – which says it’s going to solve all our problems - is that it doesn’t question anything. It doesn’t question the system. Money is created out of nothing. Why do we pay interest on money? Stop tinkering with Tobin Tax and address the fundamental issues. I am a member of the campaign for interest free money.

12 Stamp Out Poverty, Progress and Action meeting, 19th November, 2005, Camden Town Hall.
13 Comments by delegate at the Stamp Out Poverty, Progress and Action meeting, 19th November, 2005, Camden Town Hall.
Such questions go to the heart of the issue of financial universalism. By undermining the entire basis of global finance, particularly the idea that charging interest, it could be suggested that this view is too radical, too transformative to even get consideration. However, it is precisely in the context of such attempts to undermine the limit of financial universalism that ethical alternatives become thinkable. For instance, it is precisely in the context of a realisation of the limited applicability of the Tobin Tax in Africa that one report (AFRODAD, 2000: 6-7) lists potential alternatives, including:

1) Halting financial liberalization ... 2) Imposing feasible capital and exchange controls at the earliest opportunity ... 3) Distinguishing between inflows of hot money and production oriented foreign direct investment (FDI) ... 4) Revisiting current and capital accounts including imports and foreign liability structures with a view to reducing current and capital account vulnerabilities. 5) Redirecting financial resources into productive purposes, including meeting human needs, away from largely speculative and unproductive outlets. At a general level this involves changes being made in domestic monetary and financial regulation to both enhance the security of investment portfolios and to direct funds to much more production and basic consumption-oriented ends.

In this way a sophisticated discussion of global finance emerges from the very limits of the campaign. Treating the Tobin Tax as a metaphor that promotes sentimental education allows us to operate at the limits of global financial knowledge, educating our sentiments about the ethical possibilities of global finance and, where necessary, undermining existing knowledge.

Conclusion

The chapter has outlined a pragmatic approach to cosmopolitan ethics developed via an engagement with the Tobin Tax campaign. Section 1 placed the argument in the context of certain limitations and ethical ambiguities within cosmopolitanism in general and cosmopolitan articulations of the Tobin Tax, in particular. It then outlined a pragmatic extension of the paradigm by re-describing the Tobin tax a sentimental metaphor.
Rather than view the Tobin Tax as a more or less accurate depiction of global financial justice — that we could all support so long as we understand the truth — it was argued that it is perhaps better to see the idea as tool of sentimental education. Section 2 illustrated the role of the Tobin tax as a sentimental metaphor in two stages 1) as a mobilising idea for ATTAC and the social forum movement in general, and 2) as ‘conversation opener’ used by War on Want and their charity discourse of the tax. Although there are obvious limitations to some of the dominant framings of the Tobin Tax, Section 3 recounted moments and events within the campaign where the ambiguities of cosmopolitan global finance via a Tobin tax were openly identified. It was argued that it is precisely in these moments of confrontation that alternatives become thinkable either by highlighting the way that the Tobin Tax is bound up with a monolithic image of global finance, or via the straightforward suggestion of better and/or complementary alternatives like LETS or de-linking.
7. Conclusion

The thesis has argued that the question of ethics should be a subject of critical scrutiny for scholars of IPE in general and those concerned with global finance and the Tobin Tax in particular. This argument was made via an analysis of the possibilities and problems for the development of cosmopolitan ethics in global finance using the case study of the Tobin Tax. The study revealed a number of ethical limitations and ambiguities in the theorisation of global justice and democracy. A praxeological method based on the philosophical pragmatism of Richard Rorty was employed to both engage with these questions, as well as identify routes beyond them.

This Conclusion is divided into four sections. Section 1 recapitulates the main arguments and findings of the thesis. Section 2 reflects upon the wider implications of these findings and the central contributions they make to both the discipline of IPE and the study of global ethics. Section 3 will discuss the research process and identify those aspects that worked well, as well as those that may be improved upon. And finally Section 4 will elaborate how the thesis leads on to a future research agenda. Briefly, the theoretical framework of pragmatism can be developed against contemporary articulations of the cosmopolitan paradigm as well as via alternative case studies of global ethics. In particular, emerging discourses of global trade justice found in both the dominant positions of leading trade negotiators associated with the ‘Doha Round’ of the WTO and more critical positions of both Southern negotiators and civil society groups can be analysed in terms of the ethical limits they generate.

7.1 Main Argument and Findings

Three broad arguments are made in this thesis. Firstly, the question of ethics should be a subject of critical scrutiny for students of IPE. Straightforward celebrations of ‘ethics’ on the one hand, as well as realist and/or positivist dismissals on the other, cannot begin to approach the importance and implications of various discourses of global ethics. Secondly, the growing popularity of cosmopolitanism as a research paradigm represents an excellent
means to animate and further the discussion of global ethics. But this research paradigm should be addressed by means of a grounded ethical critique that takes account of both the benefits and limits of cosmopolitan theory in political context. And thirdly, by developing a pragmatic approach it was argued that cosmopolitanism should be seen as a contingent and experimental ‘attempt’ to reform global governance in general and – in the case study developed – global finance in particular. This section will re-capitulate how these general arguments were born out and developed via the specific case study of the Tobin Tax campaign.

Cosmopolitan ideas regarding global justice and democracy have experienced resurgence over recent years (Held, 1995; Habermas, 2001; Linklater, 1998; Pogge, 2002). Cosmopolitan ideas have been deployed to make sense of and provide critical reform agendas for the emerging practices of global economic governance (Held and McGrew, 2002). And the thesis was particularly concerned with recent articulations of a cosmopolitan approach to reforming global finance (Coleman and Porter, 2000; Germain, 2001, 2002, 2004; Porter, 2001; Porter and Wood, 2002; Scholte, 2002b; Thirkell-White, 2004).

Chapters One and Two introduced these ideas and addressed the limitations with the dominant responses found in IPE and global governance scholarship more generally. Two basic responses were identified and critiqued. Firstly, there is a tendency towards a straightforward celebration of ‘ethics’ as an inherently good thing that we should welcome. Secondly, on the opposite view, there are those realist and critical scholars who tend to dismiss talk of ethics and ethical discourses in global finance as unrealistic or simply unlikely. Stronger versions of this position suggest that ethics can all too easily act as the legitimising rhetoric of powerful interests that acts to mask an ongoing and over-riding instrumentalism in global finance.

Each response ignores the important constitutive aspects of cosmopolitanism. Cosmopolitan ideas regarding transparency, accountability, fairness and redistribution are increasingly written in to the rules and procedures of global financial governance. Moreover, the role of cosmopolitan scholarship in the
education of business/policy elites infers that cosmopolitan theory carries an implicit political relevance which requires scrutiny. However, while cosmopolitanism represents an excellent 'hook' for developing ethical approaches to global financial governance, any straightforward celebration should be postponed in lieu of both a study of actually existing cosmopolitan ideas and an analysis of their ethical limits (Fine, 2003: 465; Rorty, 1991c; Walker, 2003: 284-285). Therefore Chapters 3-6 turned to develop a grounded ethical critique of cosmopolitan ethics in global finance via a case study of the Tobin tax campaign.

The Tobin Tax is a good case study of cosmopolitan ethics in global finance because it represents a clearly established campaign to reform global finance according to the principles of global justice and (in more recent articulations) global democracy. Moreover, its central place in a burgeoning global civil society means that the campaign itself represents an interesting example of an actually existing cosmopolitan public sphere. Chapters 4-6 identified clear ethical limits relating to financial, ethical and democratic universalism.

In terms of cosmopolitan justice via a Tobin Tax, Chapter Four argued that two fundamental limitations can be identified in the Tobin Tax campaign, which highlight important questions for cosmopolitanism. Firstly, the Tobin Tax requires capital account convertibility for its implementation. Thus a proposal that has been feted as an ethical reform of global finance actually requires a country to be exposed to global capital mobility in order that this can then be reined in. This is a somewhat paradoxical proposition that entrenches the logic of financial universalism. Secondly, even if universal implementation is not required (a popular position amongst advocates after Spahn, 1995), it is clear that the majority of revenues would be levied in wealthy, developed states. Thus, 'justice' quickly reverts to a system of charity where money is taken from richer northern states and given to poor southern states. The combination of financial universality and advocacy of 'large' solutions like cash-based re-distribution/charity infers both the creation of violent subjectivities ('financial', 'poor', 'helpless', etc.) and the preclusion of potential 'small' alternatives like de-linking, LETS and interest free money.
In the case of cosmopolitan democracy via the Tobin Tax, a number of ambiguities were identified. First, in many accounts the Tobin Tax is supposed to be levied by states. For a cosmopolitan tradition bent on thinking outside the polis, and indeed for a set of campaigners who refer to ‘global justice’, this represents a paradox. Attempts to re-articulate logics of citizenship and representation are actually dependent on the same state-centric; inside/outside organising principles of political theory that cosmopolitans seek to escape (Walker, 2003). Secondly, it was argued that principles of dialogue, deliberation and/or consensus that underpin cosmopolitan democracy all too easily fall down on a universal proposition: some form of world government. As Chapter Five argued, even in Patomaki’s highly sophisticated model, the proposed Tobin Tax Organisation is still a world authority (1999: 87). This means that possibilities for ‘de-linking’ and/or establishing local autonomous authorities is either ignored, or seen as just one step on the way to full global co-ordination. Arguments articulated within a cosmopolitan framework therefore (re)produce a (western) logic of power and identity that is not by definition the ‘answer’.

The case study of the Tobin Tax campaign therefore illustrated and developed the importance of a number of ethical limits and ambiguities constituted within cosmopolitanism. Simply stated, while an important and laudable addition to the scholarship on global governance, cosmopolitan approaches inevitably make certain epistemic moves which require scrutiny. In particular, an underlying universalism in the Tobin tax campaign re-produces many of the problems that its advocates wish to resolve. As Rob Walker (2003: 268) argues, “cosmopolitanism must be read as a constitutive aspect of the problems that many of those attracted to cosmopolitanism seek to address.”

However, Chapter Six developed a pragmatic praxis in the context of such constitutive ambiguities. Drawing from the philosophical pragmatism of Richard Rorty (1989), it was argued that by politicising the limit/ethics of the Tobin Tax, we can both illustrate the drawbacks of current constructions of global finance as well as open up the space to suggest (ethical) alternatives. This approach was termed pragmatic cosmopolitanism. While cosmopolitanism may well draw from
a contingent and time-bound set of arguments, that has previously rested on an outmoded universalism, there is every reason to believe that it can survive after the pretence to universalism is dropped (Rorty, 1991c). This argument was made in two stages.

First, the Tobin Tax can be understood as a tool of sentimental education. Any discussion of the tax serves to illustrate for diverse audiences the potential suffering caused by global finance either through financial crises or by ignoring the huge possible benefits afforded by re-distributing a small fraction of the money trade. And second, it was argued that while sentimental education might appear a rather banal benefit, the conversation that has developed within the campaign is sophisticated and important. In campaign meetings, social forum discussions and expert technical reports, the very limits and ambiguities that are contained within the Tobin Tax become a subject of critique and contest. In this way alternatives are made thinkable and ethics becomes less about problem solving and more about fostering an ongoing conversation.

7.2 Wider Implications and Central Contributions

The wider implications of this thesis are both disciplinary and theoretical. Firstly, IPE theorists who have embraced the sophisticated assumptions of critical theory and allowed ethical considerations into their research should reflect upon the question of ethics. This requires an ongoing engagement with moral philosophy as well as a continued scrutiny of advocacy campaigns that draw on ethical imaginary. And secondly, a central contribution of this thesis is to develop a pragmatic approach to ethics and cosmopolitanism that draws singularly from the work of Richard Rorty.

On the one hand, this contributes to the development of thinking about how pragmatism can contribute towards thinking about global ethics at a time when neat universal assumptions seem increasingly divorced from politics. On the other hand, a new understanding of global civil society as a space in which the substantive ethical content of campaigns is openly debated and contested has been elaborated. This section will reflect on each of these points in more detail.
7.2.1 Ethics and IPE?

This thesis questions understandings of ethics and ‘the ethical’ in IPE. As Chapter Two argued, the growth in the popularity of critical IPE over recent decades has ushered in a degree of epistemological heterogeneity that allows for such thinking. By re-politicising the theoretical assumptions and substantive concerns of IPE (Hay and Marsh, 1999) the critical scholar is increasingly required to provide a normative account of what is to be resisted and/or supported (Brassett and Higgott, 2003). Indeed, much of the neo-Gramscian literature on resistance can be seen in precisely this light (Gill, 2000; Murphy, 2000). For such approaches, a critical analysis of the prevailing logic of global neo-liberalism is understood as an essential foregrounding to the identification of appropriate modes of resistance.

However, despite a laudable emphasis on the agency of reform, Chapter Two argued that in the race to discredit positivism, neo-Gramscians may have produced the fallacy of a ‘coherent’ and ‘knowable’ ethics which can provide normative foundations for reform. A key implication of the thesis is to question the veracity and desirability of such a move. Likewise, in an analogous point, Nick Rengger (2000: 769) argues that a danger for international political theory is that it may “become seduced by the lure of thinking it can ‘help’.” The thesis has therefore underlined the constitutive ambiguities of global ethics that are left underexposed in many contemporary IPE approaches.

This is not just a theoretical point. It holds important implications for the advocacy positions of researchers and campaigners. For instance, the Tobin Tax has become so embedded in the imaginary of the globalisation debate that to speak of global justice or resistance to global neo-liberalism, very often, means to speak about the Tobin Tax. When Stephen Gill received his distinguished scholar award at the 2006 International Studies Association conference and was asked to outline the normative underpinnings of his work, he responded that he was “against injustice” and that he advocated the Tobin Tax. While he conceded that the tax was just a technical reform, he saw it as an important step on the way to justice.
Examples of this conflation of the Tobin Tax with global justice abound. Harlem Desir (2001: 5) refers to the Tobin Tax as a “question of World Economic Justice”. Heikki Patomaki (2001: xix) invokes John Rawls to argue that: “The Tobin tax is a way to make participants pay their fair share in maintaining the global financial system.” And Steve Tibbet of the British NGO War on Want states in a campaign video, “There are no morally relevant arguments against the Tobin Tax.” The point here is not that these arguments are all wrong. Rather, it suggests that the ethical limits and potential alternatives to such proposals are being overlooked as a subject of critical scrutiny. And it is this kind of scrutiny that could well be extended to other campaigns for global justice including in areas such as trade reform (See Section 7.4), environmental regulation, corporate accountability programs, etc. that all fall within the purview of IPE. In this way, IPE may become a key discipline in the study of the *politics* of global ethics.

### 7.2.2 Pragmatism and Global Ethics

The thesis makes a central contribution to the development of thinking about global ethics. The argument adds to emerging debates about how the philosophical pragmatism of Richard Rorty can contribute to the study of global ethics in general and cosmopolitanism in particular (Brown, 1999; Cochran, 1999).

The theoretical framework developed in Chapter Two and applied throughout the thesis has demonstrated the potential of Rorty’s work to engage global ethics. Rorty is often regarded as a ‘playful’ philosopher who is content to indulge in philosophical games that are increasingly self-referential and prone to sophistry. Despite certain limitations though, it was argued that Rorty’s arguments are not frivolous. Rather they are reflective of deep tensions in modern liberal thought. Following Rorty, where proclamations of ‘True’ or ‘Rational’ ethics are themselves understood as rhetorical moves and post-structuralism offers little by way of a positive program with which to combat large-scale suffering, the exhortation that we should engage with current vocabularies in political context and re-describe them to generate sentimental education is attractive.
More substantively, the thesis developed a pragmatic praxis towards cosmopolitanism and the Tobin Tax. While Rorty does not provide us with a 'theory' of global ethics, it was argued that he provides a way of addressing both 'public' liberal ethics, i.e. 'large' theories of humanist reform, as well as 'private' ironic approaches, i.e. post-structuralism, that can be useful. By playing off cosmopolitan arguments for global justice against ironic critique, a global ethics was evoked that remains sensitive to its own internal ambiguities and limits. Indeed, Chapter Six developed from this by following through Rorty's suggestion of a contingent and fallible form of cosmopolitanism, an approach he describes as 'Cosmopolitanism without Emancipation' (Rorty, 1991c), which could form the basis of a pragmatic cosmopolitanism.

Importantly, the pragmatic cosmopolitan approach developed in this thesis differs subtly, but crucially from the version developed by Molly Cochran (1999; 2002). It was argued that the Deweyan turn in Cochran's work has the effect of closing down the importance and creative potential of the public sphere she celebrates. Specifically, by failing to reflect on the ethical ambiguities of global civil society – emphasising its functionality in “making its view authoritative” (Cochran, 2002: 519) – such an approach risks silencing the ambiguities and ethical limits of global civil society. Instead, a pragmatic cosmopolitanism, based singularly on the work of Richard Rorty, is able to embrace the ironic voices within the public sphere, behaving more like a situated and embedded 'attempt' at global ethical reform. This approach points to a new way of thinking about and researching campaigns within global civil society, as an ongoing ethical conversation, rather than as a set of knock-down ethical arguments.

7.3 The Research Process

The research process for this thesis has involved a complex mix of theoretical and practical empirical work. Disciplinary and geographical boundaries have been crossed in the pursuit of a substantive ethical conversation. Such interdisciplinary and global research is intrinsically important for the development of understandings of global ethics.
For instance, it was hard to conceive of the practical importance and difficulty of cosmopolitan ethics prior to taking part in social forum discussions and public mobilisations. These events demonstrate the complexities and disjuncture that pervade the global public sphere that is so attractive in cosmopolitan theory. Moreover, through observing civil society in action, it was possible to animate the praxeological aspects of the pragmatic cosmopolitan framework developed. In particular, the crossover between Rorty’s notion of contingent and experimental reform and the way in which Tobin Tax campaigners pragmatically reflect upon and alter their positions was illuminating.

However, the complexity also raised certain questions that may be addressed in future research. For instance, in any mix of theoretical and practical research it is possible that the balance is not always right, or perhaps not always satisfying. What began as a theoretical project on global ethics quickly developed a praxeological focus that was oriented towards the substantive concerns of the Tobin Tax campaign. While this kind of cross-over is important for animating theory, at a certain point it became possible to conceive of a kind of under-theorised engagement. This is to say, the theoretical argument essentially supports the idea that cosmopolitanism should be regarded as a located and practical orientation to the reform of global governance. In that sense, there is a question mark as to how far the theory itself actually contributes to the task in hand, except in terms of understanding it.

This is not so much a negative point as a positive one about the future course of research. Good theory can inform the theorist about where their attention should be focused. It is therefore possible to pursue some of the theoretical arguments in separation from new and partially improved empirical studies. In particular, a far ‘cleaner’ mode of analysis can be suggested that focuses singularly on the discursive pronouncements of a limited category of research subjects and the ethical possibilities and limits these discourses constitute. While pragmatic cosmopolitanism remains the guiding framework of this approach, the target audience becomes larger and the number and range of subjects increases. To that end, the final section will outline a program of future research that builds from this thesis.
7.4 Future Research Agenda

The future research agenda that emerges from this thesis can be seen in two stages. First, the theoretical contributions to the study of global ethics can be consolidated. This will involve developing a critical analysis of cosmopolitanism as it is articulated in contemporary circumstances. This will focus on the work of people like James Bohman, who increasingly provides an account of global ethics, but who may produce a set of constitutive ambiguities regarding ethics and agency. And second, it is possible to envisage a set of case studies of global ethics, of campaigns and/or policy debates that have become infused with a moral language. In particular, this final section will introduce the emerging discourses of global trade justice that have been prevalent in the Doha round of the WTO trade negotiations (the so-called ‘development round’).

7.4.1 Cosmopolitanism and Global Governance

The first avenue of future research, clearly envisaged in this thesis, is the development of a critical analysis of contemporary cosmopolitan theory. As a contribution to global ethics, cosmopolitanism is often dismissed as either idealistic or unlikely. More critical, Marxist and/or post-colonial approaches have identified the potential for imperialism in cosmopolitan theory. They argue that cosmopolitan theorists commit the fallacy of reading contemporary liberal polities as the ultimate embodiment of reason, instead of envisaging new modes of political organisation (See Jahn, 2005).

However, this thesis has identified a different way to think about cosmopolitan ethics that is deeply critical but which allows for the development of alternatives. On this view cosmopolitan ethics is seen as an embedded way of thinking about the world. It is contingent and experimental and must be understood as both a diverse church as well as prone to the (re)production of particular limits (Brassett and Bulley, 2006). And it is by engaging with this body of work that a sophisticated and nuanced conversation about global ethics may be evoked.
In concrete terms, this agenda would involve the development of critical analyses of specific cosmopolitan theorists. For instance, James Bohman is emerging as a key figure in the field of theory that might be termed ‘Deliberative Global Governance’. This approach refuses the possibility of creating institutions on a world scale that are analogous to domestic polities in power and auspices. Instead, the agenda is located in the evolving (social) practices of governance that accompany and control economic globalisation. For James Bohman the aim is gain a ‘practical foothold’ in order to subject previously technocratic and elitist governance mechanisms to principles of political equality and non-domination by opening regimes to domination free communication (Bohman 1999: 500).

The worth of the deliberative model of cosmopolitanism is that it avoids many of the alleged problems with liberal cosmopolitanism, i.e. teleology, extrapolation of the domestic analogy, and deferring the political to institutional reform. The deliberative approach is therefore located in a contingent and experimental agenda of critique and reform – without presupposing a destination.

However, in thinking through this (nascent) agenda there may be some grey areas? In particular, this thesis has suggested that the key signifier of ‘global civil society’ and its role in generating cosmopolitan publicity of ‘reasons’ can be opened up to debate. Simply put, remarkably little in the way of ethical ‘content’ has been outlined for these evolving public spheres. Thus a future aim of research would be to unpack many of the arguments made about the ethics of global civil society. Juxtaposing deliberative approaches to global governance with the extant political ‘realities’ they seek to reform is an interesting and worthwhile way of developing and extending the theory.

7.4.2 Discourses of Global Trade Justice

In addition to the theoretical possibilities identified, a future research agenda might also extend the empirical approach to other case studies. Examples abound in the context of debates over the reform of globalisation. For instance, the campaigns for debt alleviation, greater availability of anti-retroviral drugs in the developing world to combat AIDS and the burgeoning tax justice campaign all
represent avenues for analysing the emergence of global ethics in concrete situations. However, perhaps the emerging discourses of global trade justice represent the most promising line of enquiry? Such discourses have a large role to play in debates conducted within the institutions of global governance as well as within the mass media and the academy.

The recent Doha Round of the WTO has been dubbed the Development Round. Its aim has been to foster greater inclusion of developing countries in the processes and benefits of the WTO (See Higgott, 2006). One of the key items on the agenda has been the liberalisation of agricultural subsidies. Northern farmers receive large subsidies to keep their crops at an affordable level that arguably restricts Southern farmers from competing on global markets. For many civil society activists, the end of agricultural subsidies is seen as a key plank in the trade justice campaign and they criticise the stand off which has emerged over the issue of how far developing markets should open in exchange (Make Poverty History, 2005).

On the one hand, such debates mark a telling moment in the expansion of the mandate of a key institution of global economic governance to include political and ethical issues and therefore mark it out as an important subject of study. In this way, the discussion of cosmopolitanism and global governance can be further developed. On the other hand, the debate itself can be a key subject of critical scrutiny in terms of the constitutive ambiguities of trade justice. And such scrutiny may help to further discussions of trade justice beyond the current binary of global liberalisation vs. local protection?

At a broad level, the research agenda would ask the question: what is meant by trade justice? As a guiding hypothesis, it is suggested that the emerging discourses of global trade justice have produced a set of ethical limits. The stand off which is emerging between those trade negotiators and NGOs who posit the normative benefits of reducing agricultural subsidies and those ‘south-ist’ campaigners (e.g. Hines, 2001; Bello, 2005) who argue for the legal protection of local production and supply chains can be seen as constructing a limit to the way in which we think about global trade justice.
Neither approach questions the logic of universal capitalism (specifically mass food consumption), nor do they address other hierarchies of power like human domination of the environment. Thus the construction of a binary logic that expresses the limit of global trade justice may be set detrimentally low. Moreover, and building on experiences from the Tobin Tax campaign, it might be further suggested that a critical examination of the complex arguments surrounding these issues within global civil society may be a resource for identifying alternatives and increasing awareness of the ethical dilemmas faced. Thus the praxis of global ethics is ripe for exploration and engagement.

Conclusion

The thesis has explored the politics of global ethics via a critical engagement with cosmopolitan theory and the Tobin Tax campaign. It pointed to a number of ethical ambiguities in each and outlined a way to engage them by developing a pragmatic praxis based on the thought of Richard Rorty.

Increasing awareness of the dilemmas which pervade global ethics, in this way, will not solve the numerous questions and problems that exist. However, it represents a credible attempt to deepen understandings, and allow for alternative practices, of global reform. In this way, the politics of global ethics may be seen more like a running conversation that contains a number of contingent and fallible attempts to reduce suffering, than as a knock down ethical argument animated by the ever decreasing hope that ‘might’ will side with ‘right’.
Bibliography


London: University of Minnesota Press.

conference of the first Inter-Parliamentary meeting on the Tobin Tax, 
European Parliament, Brussels.

the Transformation of the Social Bond. International Affairs 75(3):493–
598.

Doty, R. L. (1996) Imperial Encounters: the Politics of Representation in North-
South Relations. London: University of Minnesota Press


Edkins, J. (1999) Poststructuralism and International Relations: Bringing the 

Minneapolis: University of Minnesota Press.


Practical Post-Asia Agenda. Washington: Institute for International 
Economics.

218


http://www.nigd.org/docs/OtroSistemaFinanceiroInvitationOctober2005

224


Review of International Political Economy 11(5):880-904

International Affairs 76(4): 789-804.


War on Want Report, (2002a) *The Robin Hood Tax: Concrete proposals for fighting global poverty and promoting sustainable development by harnessing the proceeds from a currency transactions tax*. Published by War on Want. Downloaded at http://www.waronwant.org/?lid=5472.


*International Affairs* 77(1): 83-100.