

Contents

<i>List of Tables</i>	vii
<i>Acknowledgements</i>	viii
<i>Abbreviations</i>	ix
<i>Multilateral Institutions: A Brief Guide</i>	xi
1 Introduction: A ‘Critical Engagement’ Approach to Multilateral Institutions	1
Multilateralism: A Critical Perspective	4
The Structure of this Book	11
Concluding Remarks	14
2 The Structural Design of Multilateral Institutions	16
The Bretton Woods Institutions	16
The World Bank	17
The International Monetary Fund	28
The Regional Development Banks	35
The United Nations Development Programme	38
The World Trade Organisation	41
The Roles and Approaches of Multilateral Institutions:	
The Doctrine of Political Neutrality	43
The Relationship Between Multilateral Institutions	47
Concluding Remarks	49
3 The Changing Priorities of Multilateral Institutions: From Technical Aid to Good Governance	50
In the Beginning ... Modernisation Through Technical Assistance	51
The World Bank: From Structural Adjustment to Good Governance	63
The Regional Development Banks	72
The WTO and the IMF: Sustainable Development and Good Governance	80
Conclusion: Policy Changes in and among Multilateral Institutions	88

4	The Politics of Multilateral Institutions – Unpacking the Black Box	90
	Politics in Multilateral Institutions: A Framework	92
	Governance and Cross-Cutting Issues: The Fine Art of Policy Making in Multilateral Institutions	103
	The Inspection Panel Function and the ADB in Samut Prakarn	117
	Legitimacy and Representation – A Case for Critical Engagement?	125
	The Politics of Protest	135
	Policy Making in Multilateral Institutions – The Art of the State?	137
5	The Future of Multilateral Institutions	139
	Revolution, Reform or Cosmetic Change?	141
	The Privatisation of Multilateral Institutions	142
	Civil Society and the Future of Multilateral Institutions	149
	Regionalism and Multilateral Institutions	151
	Conclusion: Critical Engagement and the Future of Multilateral Institutions	156
	<i>Notes</i>	160
	<i>Internet Resources</i>	168
	<i>Bibliography</i>	170
	<i>Index</i>	179

1

Introduction: A 'Critical Engagement' Approach to Multilateral Institutions

In 1944, as the Second World War neared its end, a conference was convened by the victorious countries in Bretton Woods, in the United States. It was here that the World Bank and the International Monetary Fund were born – in the hope that they would provide the foundations of a peaceful and prosperous future for the world. Fifty years later, these two multilateral institutions occupy a dominant position in the global political economy, but they are the target of powerful attack – both in the streets and in the media. And in the course of these 50 years, they have been joined by a whole range of other multilateral institutions. In the late 1950s and early 1960s, three important regional development banks were established in Latin America, Asia and Africa. In 1965, the United Nations Development Programme was created, supplementing a number of United Nations (UN) specialised agencies some of which had already existed for decades. And in 1995, the World Trade Organisation (WTO) replaced the General Agreement on Tariffs and Trade (GATT), which had been the major framework for global trade negotiations since 1948. This constituted the last of the four pillars of the international system: the International Monetary Fund (IMF), the World Bank, the UN and the WTO – which had originally been conceived at Bretton Woods.

In the course of this period, a great deal had changed. The anniversary of the World Bank and IMF was met with a 'Fifty years is enough' campaign. And the meeting of the WTO in Seattle led to violent clashes in the street, to be followed by the formation of a loosely knit confederation of non-governmental organisations (NGOs) and activists who demonstrated against 'globalisation' in general, and its institutional manifestation (the World Bank, the IMF and the WTO) in particular. While some people see these institutions, and the multilateralism they promote, as playing an important role in the elimination of world poverty, others see them not as the solution, but as part of the problem. There has

thus, in recent years, been greatly increased public attention and criticism of the multilateral institutions. Their annual meetings, formerly of little interest to the general public, are now events that hit the headlines of major newspapers all over the world. Many civil society activists view these institutions as part of an undesirable strengthening of market-led globalisation. Mass protest has been organised around World Bank, IMF and WTO meetings, often ending in violent clashes between protesters and huge police forces called out to prevent demonstrators from disturbing the proceedings. The importance of these annual meetings as rallying points for an emerging global anti-globalisation movement, represented by civil society movements such as Association pour une Taxation des Transactions Financières pour L'aide aux Citoyens (ATTAC), should not be underestimated.

Entering the new millennium, therefore, the future direction of the multilateral system is one of the most important subjects of public debate. Regrettably, however, this debate is often ill-informed. The views of those who support these institutions and those who argue for their substantial reform or closure are often not based on a well-grounded understanding of the multilateral institutions: how they are financed and organised, and how they interact with client countries, donor countries and each other. This contributes to the failure of effective dialogue between the differing camps. This book is a modest attempt to improve the situation.

This book thus offers students, practitioners and activists a critical introduction to the major institutions that constitute the multilateral development system. The mandate of these institutions defines them as technical and functional organisations. However, we regard them as political organisations whose projects, programmes and policies have a significant impact on domestic policies in the many countries in which they are involved. We will here describe the major institutions that make up the multilateral development financing system: how they operate with respect to financing and lending, and how they are organised. We will assess the various roles that they play, and related changes in their policy concerns, such as structural adjustment, sustainable development, and – more recently – governance. This discussion will be linked to the dominant role played by economics, and how the favoured approach changed over time from a Keynesian one to a neoliberal one. The major multilateral development banks (MDBs) – the

World Bank, the three largest regional development banks, the African Development Bank (AfDB), the Asian Development Bank (ADB) and the Inter-American Development Bank (IDB), and the United Nations Development Programme (UNDP) – will be our main concerns, but we will also discuss the role of the IMF and the WTO *vis-à-vis* these institutions, and the processes and debates around them. These institutions constitute our main reference points, but we do not devote the same attention to each of them. Our main purpose is to facilitate understanding of politics and processes. For instance, in Chapter 4 when we write about the ADB, it is not only because the ADB is important (it is), but also because the political processes in this institution highlight issues of concern also for the larger universe of multilateral institutions.

Another feature of this book which may surprise some readers is the emphasis on NGOs and environmental issues. The reason for this is, however, clear. Over the two last decades NGO interaction with multilateral institutions (both directly and through member states) has been perhaps the single most important cause of reform. This NGO activity is clearly related to environmental issues. Or to phrase our argument in a different manner: it was environmental issues that first offered NGOs and civil society organisations a possibility to access and influence decision-making processes in multilateral institutions. The environment was the first rallying point for NGO activity in the World Bank and later in the regional development banks, the WTO and other multilateral institutions. This is the reason why we devote substantial attention to this particular issue-area of politics in multilateral institutions.

Our emphasis is therefore on politics within and between multilateral institutions. We argue that it is not fruitful to treat multilateral institutions as unitary actors. Just as it is widely recognised in contemporary debate that it is a gross simplification to define the nation-state as a unitary actor, the same should apply to multilateral institutions. Rather than treating each one, such as the World Bank, as a 'black box' we will highlight its internal processes and politics. This discussion will be supplemented by an analysis of the relationships between multilateral institutions, which are both competitive and collaborative. In addition, both member states and NGOs play an important role, as will be demonstrated by reference to a number of examples of the making and testing of policy in practice. The most important of these cases,

which marks the emergence of NGOs as a major force in international relations, relates to the Pelosi Amendment in the United States. Other cases we shall refer to include specific projects such as the Arun III Hydro-power project in Nepal and the Samut Prakarn Wastewater Management project in Thailand. These cases will illustrate the complex interplay between member states, multilateral institutions and NGOs in the making of policy.

The approach in this book is critical in the sense that we do not accept the policies and approaches of multilateral institutions at face value, but ask how and why these policies came into existence. However, our criticism is also matched by an argument for engagement. The normative basis of this book is our view that it is important to engage in critical dialogue, both with the member states of multilateral institutions and the institutions themselves, from an independent and informed position. We see a strong need for increased critical engagement – both by researchers and social activists – in order to bring about much needed reform of the approaches and policies of multilateral institutions. When we analyse the politics of multilateral institutions in Chapter 4 and the future of multilateral institutions in Chapter 5, we also discuss what we define as the ‘new’ opposition to multilateral institutions and the ‘politics of protest’ around annual meetings (for example Seattle, Washington DC, Prague, Gothenburg and Genoa). Such mass protest has clearly made an impact on multilateral institutions, which are slowly starting to realise that reform is needed. The process of reform will necessarily involve civil society engagement, both through mass protests and targeted and critical dialogue. However, in order to have a positive and lasting impact, both types of civil society involvement must be built on a thorough understanding of the ways in which multilateral institutions actually operate. This is unfortunately not always the case. This book is therefore, we hope, a contribution in this regard.

MULTILATERALISM: A CRITICAL PERSPECTIVE

Since 1945 foreign policy has increasingly come to involve interstate arrangements such as the UN, the MDBs, the European Union (EU), the Group of Seven and a range of other multilateral arrangements. This trend has taken place to such an extent that several researchers within the field of international relations refer

to the development of multilateralism (Scholte 2000). Multilateral responses have been generated to many of the challenges – both large and small – with which the world is faced. In this way, multilateralism has contributed to dissolving the distinction between *domestic* and *foreign* affairs, between the inside/outside, that is the hallmark of the Westphalian system.¹ There are, however, competing interpretations of what multilateralism is.

Broadly there are two different approaches: the 'rationalist' and the 'critical' (see Krause 2001). The rationalist view understands multilateralism as some sort of extension of self-interested interstate interaction. For authors such as Robert Keohane (1990: 732) and John G. Ruggie (1993: 11) multilateralism is 'an institutional form that co-ordinates relations among three or more states on the basis of generalized principles of conduct'. It is therefore different from bilateralism, a set of relations between two states, but also very different from imperialism, because it does not imply coordination between dominant and subordinate actors. This approach to multilateralism is state-centric and it treats states as autonomous and functionally equal actors operating in an international anarchy on the principles of self-interest. This rationalist view is broadly shared by both neorealists and institutionalists, although they disagree on whether multilateral institutions are merely a reflection of the distribution of power (neorealism) or whether, once established, they can have an independent effect on state behaviour (institutionalism).

A critical approach to multilateralism, on the other hand, which we favour, focuses more on the system rather than the totality of individual states, drawing attention to the underlying structures, forces and processes of world politics. This position has been developed by Robert Cox (1981, 1992 and 1997). Here, the evolution of multilateralism is seen as coexisting in a reciprocal relationship with global structural change. The critical approach therefore directs our attention toward the establishment of social order: a social order which is seen to be embedded in the nexus between material conditions, interests and ideas. A particular order is, under this interpretation, stabilised and perpetuated through 'institutionalisation'. Multilateral institutions thus reflect the power relations prevailing at their point of origin and tend, at least initially, to facilitate worldviews and beliefs (for instance in the merits of neoliberal economics) in accordance with these power

relations. This implies that power relations are embedded in all multilateral institutions, even if these are supposedly based on diffuse reciprocity and formal equality among the member countries. Ideas play an important part in such an order, but, from this perspective, they are more than just reflections of the interests of the strongest members. Ideas also serve diverse social purposes and thereby also influence how member states define their interests in multilateral institutions (see Bøås and McNeill 2003). Thus, the multilateral institutions as such matter, and not just their member states. Outcomes are determined not simply by the distribution of power among the members that constitute the institution in question, but also by the multilateral institution itself, which can affect how choices are framed and outcomes reached. All multilateral institutions are also seen as social constructions: the product of particular historical circumstances. The actors involved are political, economic and social actors, operating not just through the state's foreign policy apparatus, but also transnationally. It is this perspective that we see as the most fruitful for what we call the 'critical engagement' approach to multilateral institutions.

Multilateral institutions as socially constructed arenas for the facilitation of international order

Multilateral institutions are social institutions, and social relations make or construct people (ourselves) into the kind of beings we are (see Onuf 1998). As Kratochwil and Ruggie (1986) put it, multilateral institutions are social institutions around which the experiences of actors converge. As such, multilateral institutions possess a clear coercive quality: 'Actors who enter into a social interaction rarely emerge the same' (Johnston 2001: 488). The member states and other actors in the institutions are expected to perform certain roles; the costs to actors who choose not to participate on these terms are uncertain and possibly very high.

All multilateral institutions are originally established in order to solve problems. After the completion of the reconstruction of Europe, the 'problem' was development (or the lack of it). President Truman's inaugural speech on 20 January 1949 is commonly held to mark the beginning of the modern development practice (Nustad 2003). In this speech, scientific and expert knowledge was packaged as the solution to poverty and misery:

We must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas. More than half of the people of the world are living in conditions approaching misery. Their food is inadequate, they are victims of disease. Their economic life is primitive and stagnant. Their poverty is a handicap and threat both to them and more prosperous areas. For the first time in history, humanity possesses the knowledge and skill to relieve the suffering of these people ... our imponderable resources in the technical knowledge are constantly growing and are inexhaustible ... The old imperialism – exploitation for foreign profit – has no place in our plans ... Greater productivity is the key to prosperity and peace. And the key to greater production is wider and more vigorous application of modern scientific and technical knowledge. (quoted in Porter 1995: 66–7)

The means designed to resolve this problem were therefore the main tools of modernisation: 'scientific and technical knowledge'. The objective – increased prosperity and closer resemblance to Western societies – was the original goal of multilateral institutions, and despite all the new policies and approaches that have emerged subsequently this has remained at the heart of their activities.

What have been changed are the means, not the ends. And the changes that have taken place have been incremental, most often without any attempt to place new objectives in a logical, prioritised order. The process of change that has taken place in multilateral institutions thus resembles what Ernst Haas has called 'change by adaptation' (see Haas 1990). In order to understand these processes it is important to bear in mind that multilateral institutions are intergovernmental organisations dominated by political groups (that is, country constituencies) whose behaviour often is subjected to bounded rationality because these groups also must balance between objectives, means, interests and ideas which are not necessarily coherent. This means that, in comparison to other social units, multilateral institutions confront rather special challenges when faced with, for instance, demands to incorporate new issue-areas. The mission of a multilateral institution is never simple and straightforward because both member states and other actors in their external environment may disagree on the

interpretation of the mission (the ends) as well as on the tasks (the means) that need to be done if the mission is to be completed. In social units that function under such circumstances, organisational routines and standard operating procedures will be preferred to substantive change. Multilateral institutions will thus favour one particular way of arranging and routinising their activities. Since they have to satisfy different constituencies (that is, borrowing countries, donor countries and NGOs), multilateral institutions will try to avoid articulating explicitly competing views. Consensus therefore becomes an objective in itself, but the kind of consensus established in multilateral institutions is constructed on the power relationships prevailing in the institution in question. This means that consensus in multilateral institutions is usually artificial.

This way of reasoning also helps us to understand why the favoured approach of multilateral institutions in promoting development was that of the engineer. Development (or the lack of it) was seen as a technical issue, and not as a political question. If the challenges of development, and the new ideas supposed to resolve them, could be defined in technical terms, this increased the possibility of getting a proposal for action approved both by staff and by borrowing-country governments. Over time, a limited re-examination of the means utilised to reach their ends was made possible when new issue-areas were presented to the multilateral institutions in the same technocratic language as the old and familiar knowledge. By applying such a strategy of depoliticisation, new and potentially challenging discussions were kept within the framework of already existing standard operating procedures. It was therefore possible to treat potentially highly political questions, such as governance, as technical issues, and thereby the underlying political conflicts could, at least partly, be controlled. By this we mean the construction of artificial consensus on governance. If governance could be defined in strictly economic and technical terms, it would be easier to get acceptance for it as an issue-area for multilateral institutions.

Even though cross-cutting issue-areas such as poverty alleviation and sustainable development are supposedly prioritised issues for most multilateral institutions, they still argue for concentration of their grant and lending programmes in traditional sectors. Projects, however, should be modified by the inclusion of new social and environmental components and regulatory safeguards in order to

ensure that environmental and social damage is avoided as much as possible. The approach of multilateral institutions is still clearly of an engineering problem-solving type, with policies and project papers written in the technical language that staff, management and Boards of multilateral institutions are used to.

In the 1950s and 1960s this strategy worked remarkably well. But in the 1970s and 1980s it was gradually called into question, and by the mid-1990s it was fully apparent that new development challenges could no longer be tackled by narrow technical approaches, and multilateral institutions started to experience more severe difficulties. The issue was no longer just a matter of finding the right technical solution to a functional problem. Today, the challenge is to construct some sort of consensus around an increasingly politicised agenda constituted around a whole range of new cross-cutting themes such as governance, involuntary resettlement, and indigenous peoples. Clearly, the technocratic consensus on development has reached its limits. It is no longer in any credible way possible to define development solely in a technical and functional manner. As a consequence, the internal artificial consensus is disappearing, not only between donor and borrowing member countries of multilateral institutions, but also internally in these institutions. An increasingly political agenda will make the process of political manoeuvring between donor and recipient countries and other stakeholders (civil societies and the private sectors) increasingly difficult for multilateral institutions. A critical perspective on multilateralism can help in revealing and understanding the interplay between the underlying forces and processes of multilateralism and how these are linked by reciprocity to structures of global change.

Critical engagement

Our perspective is therefore based on two pillars that we perceive as closely connected. One is concerned with how and why the policies and approaches of multilateral institutions came into existence. In order to ask such questions, we need to understand both the historical processes that led to the establishment of these institutions in the first place, and how the structures underlying the particular world order that these institutions represent has changed over time. Crucial in this regard is the gradual dominance of the neoliberal economic paradigm. However, there is much

more to these processes than just the prominence of neoliberalism. Certain actors have not only promoted this paradigm, but also used it for the purpose of facilitating specific strategic interests. The role of the United States, and in particular the US Treasury Department, is significant in this context. Nevertheless, we cannot explain multilateral institutions by just referring to neoliberalism and the US Treasury Department. Both constitute important elements of explanations, but are far from the whole story. Both structures and agents are important, and there is a multitude of actors involved in these institutions. NGOs and social movements have played a substantial role in these processes, sometimes in opposition, sometimes in alliance with specific states or internal actors in the multilateral institution(s) concerned. In some cases smaller member states such as the so-called 'like-minded countries' have played an important part. And the responses and relative influence of different borrowing member countries is very varied; they differ both between countries and multilateral institutions. It is not easy to conceptualise power within this system. As well as being related to material resources, power can also be ideational. Also, although being an important contributor (such as the United States) gives power and influence, a big borrower can also have considerable influence. Here, we must remember that the World Bank and the regional development banks are *banks*, and what kind of customer does a bank prefer? They prefer customers who borrow a lot of money and repay their loans on time. A good customer country such as China gains influence precisely by being the kind of customer that all banks – development banks included – like to have as their client. One pillar of our critical engagement perspective is therefore a research programme whose aim is to investigate the internal politics of multilateral institutions – as it evolves in the interplay between member states, the institution itself, and NGOs. Multilateral institutions should not be treated as unitary actors.

While this is the 'critical' element of our approach, the other is 'engagement': a desire to contribute to improvement – one which is based on sober, but critical analyses of the politics, procedures and approaches of multilateral institutions. The policies and approaches of multilateral institutions are of crucial importance for the well-being of millions of people. Yet, in our view (a view apparently shared by many others) these institutions are not func-

tioning as they should. Substantial reform is needed. The current state of poverty and environmental degradation in the world should in itself be evidence that the technical and functional approach has not been a success. Development is a political process and should be treated as such by multilateral institutions. To pretend that it is not, as these institutions still continue to do, is merely a facade, and on this facade only an artificial consensus can be built. The mass protests around the annual meetings of multilateral institutions suggest that more and more people see through this facade, and as a result the credibility of multilateral institutions is reduced even more. We do not argue for these institutions to be closed down. We believe that multilateral institutions are necessary for all, not least the poor and the powerless. But if they are to fulfil their role, the institutions must be reformed. Such reform will require engagement by many interested parties. But this engagement must be built on an understanding of the ways in which the system of multilateral institutions actually operates that is informed by a critical perspective. If not, we fear that attempts at reform will be like building castles in the sand before a high tide.

THE STRUCTURE OF THIS BOOK

The multilateral institutions are complex and they perform a range of different roles. There is no shortage of technical information concerning them: their financing, lending and impact (see 'Internet Resources', pp. 168–9). What we will try to present here is a concise and coherent introduction which focuses on the key aspects of these institutions that are important for an understanding of the politics of their functioning. We will concentrate on what we consider to be their main features, and these we will present in a non-specialised language. Language is power, and in multilateral institutions a language has been developed which clearly alienates ordinary citizens from gaining insight into what is actually going on in, for example, the World Bank and the IMF. One important task is therefore to offer an analysis that shows what is happening in these institutions, to people who have not spent years working with them or studying them. In order to achieve this, we have organised the book into five chapters, each building on the previous ones. Our critical engagement perspective is integrated throughout.

In Chapter 2, we describe how multilateral institutions operate: how they are financed and how they distribute resources through grants and loans. We analyse how they are organised, and in particular we are concerned with how member countries are organised into country constituencies. We look at the basic distinction between donor and recipient countries, and also identify which are the most powerful actors within the institutions concerned. Multilateral institutions also interact with each other, and we here address the relationships between key actors like the World Bank, the UNDP and the regional development banks, and to a lesser degree the relationship between these key actors and the IMF and the WTO. The three major functions of multilateral institutions – project assistance, programme lending and policy advice – are also considered, and how these relate to the doctrine of political neutrality. Strategies of depoliticisation and the role of economics constitute crucial elements in this analysis.

The changing policies of multilateral institutions are the theme of Chapter 3. Here we return in-depth to the three major roles of multilateral institutions, and we start by describing the broadening that has taken place in these institutions' agendas. They all started from a very narrow project-oriented approach to development. The process of development was seen through the eyes of an engineer, and economic growth was the key concept behind their activities. Economic growth is still viewed by these institutions as the means to development and the defeat of poverty, but this concept no longer stands alone in the headlines of these institutions. Particularly from the end of the 1980s and onwards, it has been supplemented by issues of sustainable development, good governance, participatory approaches to development, indigenous peoples, involuntary resettlement, etc. In that respect their agenda has been broadened significantly. Nevertheless, closer scrutiny of the policies and approaches of these institutions reveal that the changes that have taken place are incremental. On a superficial level, it may seem as if the World Bank and the other multilateral institutions have travelled a long distance from project assistance to good governance. However, when we start to analyse these changes critically it becomes evident that the reforms that have taken place have not substantially challenged the old technical and functional approach to development in these institutions. The reforms and the new policies adopted so far have not led these

institutions into a self-reflective mood which would entail a radical re-examination of purpose. To a considerable degree they still operate under old standard operating procedures and organisational routines. Development (and lack of it) is still mainly addressed as a technical issue.

There are reasons for this, and these reasons we start to discover when we begin unpacking the 'black box' of multilateral institutions in Chapter 4. Here we see the interplay between member states, the institutions themselves, and actors in their external environment such as the NGOs. We start by drawing up the general picture of this interplay. How do the three sets of actors operate? What are the rules that frame this relationship and how regular is their interaction? In order to illustrate these general arguments we here draw on a set of case studies, based on internal policy papers, loan decisions and personal experience with multilateral institutions both in the field and at their headquarters and annual meetings. These include the Pelosi Amendment in the US, the Arun III Hydro-power project in Nepal and the Samut Prakarn Wastewater Management project in Thailand. These cases also highlight both the potential and the challenges involved in civil society participation in processes such as this. Questions concerning both legitimacy and representation will be asked, and we will also consider the relationship between powerful international NGOs and local NGOs. Finally, this chapter will also be concerned with what we define as the 'new' opposition to multilateral institutions and the 'politics of protest' around annual meetings. The combined IMF/World Bank annual meetings in Madrid in 1994, the 'Fifty Years is Enough' campaign and the organisation of the Madrid Alternative Forum were the first real attempts to create mass protests against multilateral institutions. As civil protests these events are quite standard: people shout slogans, carry posters and sometimes are beaten by the police and sometimes attack the police. What is new is the sophisticated global organisation of protest prior to the meetings, and the diverse crowd who take part in the protest. The event in Seattle in November 1999 during the WTO Ministerial Meeting was the first and perhaps also foremost example of this sophistication and diversity, but the same pattern repeated itself in Washington DC, Prague and Chiang Mai in 2000, and in Gothenburg and Genoa in 2001. These demonstrations included everything from anarchists,

represented by the Black Bloc and Ya Basta to organisations interested in dialogue and reform like Friends of the Earth, the World Wildlife Fund (WWF) and BothEnds. This has created a particular kind of politics of protest around these annual meetings. The chapter will specify the characteristics of this politics of protest, and what kind of civil society response we can therefore expect.

In the final part of this book, in Chapter 5, we will discuss the future of these institutions. Will some sort of reformed neoliberalism become the new vantage point of multilateral institutions or will a new version of social corporatism take its place? Will we in future be confronted with a much more thoroughgoing privatisation of the multilateral system than that implied by the still rather limited inflow of private finance that we can observe today? And what about the role of the United States? Currently we are seeing increased unilateralism displayed by the Bush II administration, which later is dressed up as multilateralism. Are we heading towards an era of uni-Americanism? What implications will such developments have for new issue-areas and linkages in the early twenty-first century, and for the organisation of the multilateral system as a whole? One important question is whether we will come to experience increased regionalisation of the multilateral system. Another is whether we will see increased engagement between civil society and multilateral institutions. What will happen to the broad coalition involved in mass protest towards institutions like the World Bank? Will it prove sustainable or will it splinter into a coopted wing (the voice of acceptable opposition) seeking only minimal reform, and a radical wing, seeking confrontation? We hope and argue for a middle way, based on critical engagement.

CONCLUDING REMARKS

The current state of the multilateral system is clearly far from perfect, and is in need of major reform. But it is important to recognise that multilateralism constitutes some kind of protection for the weak and the poor. Multilateral institutions do place some constraints on the activity of strong powers and thereby also offer some protection for weaker actors. Although powerful countries are also powerful in multilateral institutions, that does not mean that they make all the decisions. For small states and poor countries (and people), multilateralism is surely preferable to uni-

lateralism. It is important that we keep this in mind when we discuss multilateral institutions. We believe that what are needed are strong, not weak multilateral institutions. But the strong multilateral system which we would like to see is one in which critical perspectives and viewpoints are encouraged, not repressed; and where such views – based on informed, critical analysis – have an impact on the governance of the system and the decisions that are taken in the name of all the member countries.