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Grand Compromises in Global Governance

TWO ATTEMPTS AT GRAND COMPROMISE HAVE ARGUABLY UNDERPINNED efforts to build a stable global order – and an institutional structure of global governance to manage it – since the end of the Second World War. John Ruggie famously characterized the first as ‘embedded liberalism’, a compromise between laissez-faire liberalism and domestic interventionism that arguably legitimated and stabilized a multilateral order for 50 years.² That compromise has come under strain from many directions, not least pressures from globalization and the rise of new actors (state and non-state) who did not participate in the original bargain. The fallout from the 2008 financial crisis is only the most recent set of pressures that has brought the underlying tension between domestic autonomy and global liberalism into sharp relief.

A second attempt at grand compromise – this time between North and South – began to emerge at the end of the Cold War, underpinned by a discourse of ‘sustainable development’. Elsewhere I have characterized this compromise as ‘liberal environmentalism’, or the idea that global environmental governance should be predicated on a liberal economic order.³ The label ‘liberal environmentalism’ purposely suggests a particular interpretation of sustainable development around which the compromise formed. The fact that ‘sustainable development’ is still open to multiple interpretations is itself

¹ The author gratefully acknowledges constructive comments and criticisms from the editors and an anonymous reviewer, as well as valuable research assistance and comments from Hamish van der Ven.

² John Gerard Ruggie, ‘International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order’, *International Organization*, 36: 2 (1982), pp. 379–415.

³ Steven Bernstein, *The Compromise of Liberal Environmentalism*, New York, Columbia University Press, 2001.

a sign that the compromise rests on an uncertain foundation. It continues to generate conflict over how to implement it and its precise implications for international and domestic practices or states' obligations to one another. Uneasy from the start, and less institutionalized than embedded liberalism, this compromise of environment, development framed primarily as economic growth, and global liberalism now faces increased strain from the twin economic and climate crises⁴ of the early twenty-first century.

This article will explore and compare these two attempts at grand compromise, whether they can be properly characterized as compromises at all or whether they reflect domination or hegemony, the conditions that led to them, and the drivers of change that have limited and challenged them. It will also look for lessons from these episodes for the challenge of building a new grand compromise in the wake of contemporary strains on global governance.

A note of caution is in order: I make no claim that these compromises are completely independent of one another or on an equal footing. Embedded liberalism is a historical antecedent to liberal environmentalism and, for all the rhetoric around sustainable development, it shows far fewer signs of defining the core of the global governance architecture than embedded liberalism arguably did. Nonetheless, the comparison is instructive. Both reflect conscious attempts to articulate a guiding set of principles and norms in global governance on a grand scale. Moreover, differences in how they developed, as well as their strengths, weaknesses and relative resilience, may be instructive for the prospects of a grand compromise in the twenty-first century.

In comparing these compromises, this article also explores the interplay of agency and structure in the evolution of grand compromises, given that the ideas and negotiations that articulated and delivered the normative bases of these compromises interacted with deeper shifts in social and material structures.

⁴ While climate change – and the related challenge of increasing energy demand – has received the most attention among planetary pressures, a variety of other environmental and resource concerns have also risen to what some argue are crisis proportions, including fresh water, fisheries and ocean health more generally, and food security.

COMPROMISES AND GRAND COMPROMISES

Compromises in politics can occur at many levels, some easier to conceptualize than others. The idea of ‘grand’ compromise has been used by scholars to describe the normative underpinnings of world order.⁵ The very idea that such a compromise underpins global governance might seem an abstraction at the far end of the conceptual spectrum; some might even bristle at the idea of a conscious compromise of global governance because they question whether the term has any substance apart from the will and practices of the major states. Regardless of the true nature of authority beyond the state, the ‘global governance’ concept arose in part because of a need to capture the full range of norm-promoting, regulatory, administrative and adjudicative activity that cannot be located in the traditional governance mechanisms of single sovereign states. Even more broadly, the shift to focus on ‘governance’ as a noun – and not simply as a verb referring to processes⁶ – in studies of political authority and regulation recognizes what Louis Pauly and Edgar Grande have usefully described as ‘complex sovereignty’.⁷ In sum, global governance resonates with complex hierarchies and overlapping authorities in an increasingly globalized era, even if the state and ‘government’ are still alive and well.⁸

At root, global governance is constituted by a set of norms that define legitimate actors, practices and institutions, and regulate behaviour. It is the compromises that produce and/or are produced by that set of norms that are the focus of this article. The focus on norms means no heroic assumptions need to be made about the degree of authority located ‘above’ or beyond states, which has arguably waxed and waned, especially if one takes a long view of history.

⁵ Steven Bernstein and Louis W. Pauly (eds), *Global Liberalism and Political Order: Toward a New Grand Compromise?* Albany, NY, State University of New York Press, 2007; and John Gerard Ruggie (ed.), *Embedding Global Markets: An Enduring Challenge*, Aldershot, Ashgate, 2008.

⁶ On this distinction, see Matthew J. Hoffmann and Alice D. Ba, ‘Introduction: Coherence and Contestation’, in Matthew J. Hoffmann and Alice D. Ba, *Contending Perspectives on Global Governance: Coherence, Contestation and World Order*, New York, Routledge, 2005, pp. 8–10.

⁷ Edgar Grande and Louis W. Pauly, *Complex Sovereignty: Reconstituting Political Authority in the Twenty-First Century*, Toronto, University of Toronto Press, 2005.

⁸ *Ibid.*

Rather, it draws attention to the institutional arrangements that have resulted from, and reflect, attempts to 'govern' common concerns, goals and purposes, both among states (internationally) and more globally. Indeed, whether such attempts become authoritative or hollow institutions with little moral or material effect depends in part on the strength of the normative compromises that underpin them.

When speaking of grand compromises in global governance, a logical starting point is to look for bargains among leading states. The post-Second World War embedded-liberalism compromise had this character. The idea of compromise, however, has both a power and ideational or substantive component. A compromise derives not only from the power and resources of the major states that largely undergird the governance institutions that result from it, but also from what John Ruggie has termed social purposes: the purposes to which international authority could legitimately be put.⁹ While those legitimate purposes reflect in large part state–society relations of the most powerful actors, a successful compromise must reflect a mutually acceptable understanding of legitimate purposes that underlie the substance and structure of international order.

Another way of stating the problem is the tension between agency and structure. In this special issue, compromise is said to be primarily an affair of agents; it means 'to adapt one's own position to make it compatible with others in order to reach an agreement and to embark on a course of action'.¹⁰ However, it is possible to imagine a situation in which compromise results from a negotiation or bargaining interaction but also reflects structural constraints. It may also evolve over time, along with the normative understandings on which the compromise rests. In this way, a 'grand' bargain or compromise in global governance may not simply reflect a single negotiation or agreement, but may be identified over time as the underpinning of institutions that govern relevant practices of the actors that are part of the compromise. Grand compromises either reproduce or change that broader normative environment, which in turn enables and constrains the possibilities for future compromises.

Increasing globalization further complicates this relationship. Not only has it coincided with a shift in the configuration of power that

⁹ Ruggie, 'International Regimes, Transactions, and Change'.

¹⁰ Richard Bellamy, Markus Kornprobst and Christine Reh, 'Introduction: Meeting in the Middle', in this volume.

has expanded the number of state players who must accept any normative basis for world order, but it has also produced the possibility that a grand compromise must admit the participation of new kinds of actors in recognition of complex sovereignty and because they may influence the normative basis on which any compromise must rest. Identifying the relevant actors does not resolve the agent–structure tension. One might still suspect that compromises in global governance are tilted towards structure relative to domestic political compromises. Yet, the three features of compromise identified by the editors all involve some kind of agency.

First, ‘compromise’ requires concessions, but, second, those concessions cannot simply be the result of coercion with no alternative but to bend to the will of the other party.¹¹ In ‘grand compromises’ outright coercion is unlikely, yet – owing to the formally anarchic nature of the international system – compromises, *prima facie*, seem more likely to reflect power differentials or hegemonic ideas or discourses.¹² Power can operate both proximately in a negotiation dynamic or distally and/or diffusely, whether via institutional relationships where some actors or ideas are directly empowered over others or via productive power, which is more diffuse and produces certain identities and interests through social relations.¹³

The third defining feature identified by the editors, some persistence of conflict, is clearly present in at least the two attempts at grand compromise investigated here. Grand compromises are, perhaps unsurprisingly, less defined and explicit than compromises in domestic politics or on specific issues or conflicts, where legislation, formal agreement or contract may define concessions, obligations and consequences. This combination of underlying conflict and imprecision suggests a need to assess carefully the appearance that the compromise resolves underlying conflicts when it only masks them. Such rhetorical compromises in global governance may reflect weak agreement or the unwillingness to compromise in a way that matters for implementation or change in behaviour of the parties.

My argument is that, although there are important moments of negotiation in grand compromises, often in response to crises in

¹¹ Ibid.

¹² Robert W. Cox, ‘Gramsci, Hegemony and International Relations: An Essay in Method’, *Millennium: Journal of International Studies*, 12 (1983), pp. 60–175.

¹³ Michael Barnett and Raymond Duvall, *Power in Global Governance*, Cambridge, Cambridge University Press, 2005.

global governance, equal attention must be paid to these structural and ideational factors that create focal points or normative underpinnings around which grand compromises are built.

Below I tell the story of the two attempts at grand compromises, paying attention to both the interstate dynamics and to their substance and nature.

THE COMPROMISE OF EMBEDDED LIBERALISM

The post-1945 order described by Ruggie as the compromise of embedded liberalism rested on three pillars: US power projection sufficient to provide security guarantees, multilateralism in collaborative institutions required to build a sustainable international economy, and a commitment shared by the United States and its key European and Asian allies to the political autonomy required by each of them to intervene in internal markets and promote domestic social stability.¹⁴ The essence of the compromise, according to Ruggie, was that, ‘unlike the economic nationalism of the thirties, it would be multilateral in character; unlike the liberalism of the gold standard and free trade, its multilateralism would be predicated upon domestic interventionism.’¹⁵

Ruggie’s formulation, building on the work of Karl Polanyi, recognized that national autonomy was not an end in itself, but a necessary mechanism to embed more open markets in the broader values of still-distinct political communities.¹⁶ This reading might suggest a kind of inevitable reaction against *laissez-faire* liberalism (Polanyi’s ‘double movement’) when the economy becomes disembedded from society.¹⁷

While Ruggie is influenced by Polanyi, he also points to the negotiated character of embedded liberalism, even as it reflected shifts already occurring in the leading states, especially the United Kingdom and to a lesser degree the United States in the policies of the New Deal. Despite the fact that embedded liberalism emerged out of political compromise, how much leeway there was for

¹⁴ Ruggie, ‘International Regimes, Transactions, and Change’.

¹⁵ *Ibid.*, p. 383.

¹⁶ Karl Polanyi, *The Great Transformation: The Political and Economic Origins of Our Time*, Boston, MA, Beacon Press, 1944.

¹⁷ Ruggie, ‘International Regimes, Transactions, and Change’, p. 387.

negotiation is far from clear. As Ruggie points out, even though the United States was influenced by the New York financial community's liberal orthodoxy that emphasized open trade and markets, its domestic policy under the New Deal, even if incoherent, signalled that it was not far outside the emerging consensus on the need to balance internal and external stability. As Ruggie put it, in this regard, 'history seemed not to require any special agent.'¹⁸

The tougher negotiations concerned support for multilateralism. The United States government employed enormous resources to entrench the principle of multilateralism in trade and finance and to delegitimize discriminatory systems, and even then had to accept the continuation of existing preferential arrangements.¹⁹ But the specific goals of openness in trade and collective intergovernmental management of exchange rates in finance comprised only pieces of a larger effort. American planners had nothing less in mind than a reconstruction of the institutional architecture of world order. Driven by antipathy to Nazi and eventually to communist models of bilateral and state-controlled trading systems, and also to preferential systems championed by their British allies, they made multilateralism, in the generic sense, the foundational principle of the new order.²⁰

In exchange, the compromise seemed to demand that multilateralism be linked to collaboration to support economic growth, production, employment and social security.²¹ While a full recounting of the negotiations is not possible here, Ruggie's narrative points out that leading states agreed to entrench the normative foundation for multilateralism in the most-favoured nation principle (non-discrimination) and deep tariff cuts, but with exceptions for all existing preferential arrangements as well as other safeguards and exceptions to liberalization if deemed necessary to protect balance of payments problems and full employment policies.²² Over time, however, multilateralism became more entrenched and preferences phased out while the wider adoption of multilateralism became the preferred institutional form of global order into the 1990s.

¹⁸ Ibid., p. 394.

¹⁹ Ibid., pp. 394–7.

²⁰ John Gerard Ruggie (ed.), *Multilateralism Matters: The Theory and Praxis of an Institutional Form*, New York, Columbia University Press, 1993.

²¹ Ruggie, 'International Regimes, Transactions, and Change', p. 394.

²² Ibid., p. 397.

Negotiations over the monetary regime and the International Monetary Fund (IMF) struck a similar balance, although they produced agreement with an even greater role for multilateral management of the fixed exchange rate regime, but still some leeway for sovereign exchange rate adjustments to buffer domestic economies from disequilibriums.²³

Over time, however, the very legitimacy of the order itself would come to be questioned as the security situation changed, as open markets spread to include developing and formerly communist countries and became increasingly global, and as national authorities confronted new constraints on their capacities effectively to address social and environmental dilemmas unanticipated in 1945.

This legitimacy crisis can perhaps be seen as coming in a series of waves, the first hitting in the early 1970s when market pressures for deeper economic integration – precipitated by the increasing volume of trade largely financed by a growing US balance-of-payments deficit and the gradual liberalization of financial markets – coincided with an apparent fragmentation of political authority. States began having difficulty responding to internal social demands, and multilateral institutions designed for a more decentralized environment, especially one less hospitable to the free flow of capital, lacked the authority to intervene in meaningful ways in any but the poorest regions of the world.

Yet, despite the collapse of the fixed exchange rate regime that followed Nixon's unilateral decision to suspend the convertibility of the dollar into gold in 1971, the *normative* compromise of embedded liberalism proved remarkably resilient. While the rules around exchange rates changed, signalling a formal disjuncture, the norms and principles of embedded liberalism continued to guide the new floating exchange rate regime. While a full account of that shift is beyond the scope here, this 'norm-governed'²⁴ change adapted to open capital markets through a managed float system that still avoided competitive currency devaluations and facilitated the continued expansion of trade. Moreover, the IMF and the General Agreement on Tariffs and Trade (GATT) in the 1970s and early 1980s continued to adapt to exigencies of domestic pressures to adjust to

²³ See *ibid.*, pp. 395–6; and Louis Pauly, *Who Elected the Bankers: Surveillance and Control in the World Economy*, Ithaca, NY, Cornell University Press, pp. 82–6.

²⁴ Ruggie, 'International Regimes, Transactions and Trade', p. 405.

more open markets, even to some degree in the developing world. The IMF made more money available under its lending facilities to developing countries, lengthened repayment periods, and paid some attention to domestic and social stability, although the orthodox structural adjustment lending of the 1980s seemed to largely forget these lessons. Similarly, on the trade side, putative new protectionism was not only limited in scope to vulnerable import-competing sectors (e.g. automobiles), but was also consistent with the compromise, as domestic safeguards, marketing arrangements or voluntary export restraints went hand-in-hand with ongoing negotiations for deeper and broader liberalization.

Indeed, the increasing market integration in both trade and finance that resulted put unprecedented performance pressures on multilateral institutions and produced a much more serious challenge to embedded liberalism than putative threats of protectionism. Increased demands on multilateral institutions came not only from member states, including developing countries largely left out of the original compromise, but also, increasingly, from corporations and civil society actors, who expected greater responsiveness to their particular concerns.

Not coincidentally, international economic institutions started to become more visible in the 1990s just as governments increasingly absolved themselves of responsibility for managing economies under their jurisdictions. Under such circumstances, legitimacy demands on the institutions themselves increased as ordinary citizens began to view them as the institutional embodiments of the de-territorialized process of globalization. Civil society increasingly looked, as Devetak and Higgott put it, to the IMF and the World Bank to provide social justice and equity, not just economic stability.²⁵

The related threat to multilateralism as an institutional form in the twenty-first century thus stems, ironically, from its success. Institutional developments that went beyond the earlier model, chiefly in perceived attempts to systematize specific and primarily non-economic legal obligations evidently created fears among a subset of American conservatives especially influential in the George W. Bush

²⁵ Richard Devetak and Richard Higgott, 'Justice Unbound? Globalization, States, and the Transformation of the Social Bond', *International Affairs*, 75: 3 (1999), pp. 483–98.

administration.²⁶ The European Union model of pooled sovereignty, a possible harbinger of future world order, provoked particular ire. These conservatives also seemed to resent the increasing influence of certain groups claiming to represent global civil society.²⁷ Whatever the merits of their arguments concerning erosions of sovereignty, critics and activists on the left shared their concern about the potential reach of global institutions into policy areas formerly treated as realms of domestic autonomy.²⁸

Despite these evolving pressures, the shock of 9/11 seemed to put a hold on any serious attempt to renegotiate fundamental norms – to formulate a new grand compromise – even as subtler changes continued apace. These changes included the rise of private and networked authorities alongside the emergence of new powers in Asia and Latin America, and an increasing turn to bilateral, plurilateral and regional governance as progress stalled in global trade negotiations, climate change and other environmental initiatives, and serious financial reform stalled. These pressures – perhaps – have finally come to a head in the wake of the ‘Great Recession’ and the full emergence of the G20 as the new forum for essential global negotiations. Despite the urgency of reform, the willingness to compromise – and even the shape of what a new compromise might look like – remains elusive.

Remarkably, through this entire story, the basic tension that the embedded liberalism compromise meant to resolve, the embedding of global liberalism in the state’s ability to pursue basic social welfare and stability, remains resilient. One reading would suggest that the compromise may indeed be more rooted in structural imperatives – as Polanyi’s writing implies and subsequent empirical work seems to

²⁶ G. John Ikenberry, ‘Is American Multilateralism in Decline?’, *Perspectives on Politics*, 1: 3 (2003), pp. 533–50; and G. John Ikenberry, ‘Liberal Internationalism 3.0: America and the Dilemmas of Liberal World Order’, *Perspectives on Politics*, 7: 1 (2009), pp. 71–87.

²⁷ Jeremy Rabkin, *Law Without Nations? Why Constitutional Government Requires Sovereign States*, Princeton, Princeton University Press, 2005; and John R. Bolton, ‘Should We Take Global Governance Seriously?’, *Chicago Journal of International Law*, 1: 2 (2000), pp. 205–22.

²⁸ Lori Wallach and Patrick Woodall, *Whose Trade Organization? A Comprehensive Guide to the WTO*, New York, New Press, 2004; and Robin Broad (ed.), *Global Backlash: Citizen Initiatives for a Just World Economy*, Lanham, MD, Rowman & Littlefield, 2002, are exemplars of the argument on the left.

back up in terms of public support²⁹ – than in a negotiated American-led system. On the other hand, delivering a liberal multilateral order internationally clearly does rely on compromise, and the 2008 financial crisis suggests that the conditions that produced the old compromise – in terms of both power and legitimate social purpose – have shifted. How much they have shifted and how much the shift matters is less certain. But whether a norm-governed renewed compromise or a serious renegotiation is required, a focus on these shifts is useful to understand the prospects for global governance going forward.

THE COMPROMISE OF LIBERAL ENVIRONMENTALISM

In what was to be the signal global event to mark the dawn of a new post-Cold War era, the environment held a principal position in the most ambitious attempt to forge a global compromise since Bretton Woods. The 1992 Earth Summit in Rio de Janeiro aimed at nothing less than building a grand compromise to shape global governance in the twenty-first century. The United Nations Conference on Environment and Development centred on the concept of ‘sustainable development’, promising to link the environment, development and social agendas in a way that captured the world’s imagination and provided an ideological basis to build a new vision of global governance.

The Earth Summit capitalized on the new optimism in international cooperation to solve global problems. The combination of environment, development, human rights and engagement of civil society at local and global levels captured the alternative international agenda long-buried under the Cold War preoccupation with superpower conflict. The Earth Summit’s organizers – mostly veterans of the UN system and North–South diplomacy – also saw a chance to promote the new face of multilateralism. Rio, they hoped, would be a catalyst for a post-Cold War order characterized by an open, market-friendly international economic system and a peaceful, multilateral political system, tempered by a global management regime

²⁹ Robert Wolfe and Matthew Mendelsohn, ‘Values and Interests in Attitudes Towards Trade and Globalization: The Continuing Compromise of Embedded Liberalism’, *Canadian Journal of Political Science*, 38: 1 (2005), pp. 45–68; and Jude C. Hays, Sean D. Ehrlich and Clint Peinhardt, ‘Government Spending and Public Support for Trade in the OECD’, *International Organization*, 59: 2 (2005), pp. 473–94.

to steer economic development in a more sustainable and equitable direction. In effect, the Earth Summit could be characterized as an attempt to internationalize embedded liberalism by expanding the bargain to the developing world and deepening its normative and institutional underpinning.

By design, the Rio process would not deliver hard bargains between the great powers on the post-Cold War architecture, and in that sense was less ambitious than Bretton Woods. Rather, its uniqueness relative to other contemporaneous efforts to reform or redesign international institutions lay in its wide engagement of the world community, its focus on a North–South bargain, and its broad vision for the future of global governance.

The Earth Summit occurred precisely when underlying economic, social and political forces associated with globalization began to threaten to unravel embedded liberalism. The result for global environmental governance was a weak compromise that showed signs of strain and contradiction almost from its inception. Twenty years later, the promise of sustainable development remains largely unfulfilled and environmental governance has evolved more or less in conformity with the changing demands of a largely neoliberal global political economy, rather than vice versa.³⁰ If this outcome had resulted in the institutional capacity and resources necessary to respond to the world's most serious environmental problems, such a shift would have been welcome. By almost any measure, however, that has not been the case.

*The Negotiation and Legitimation of the Liberal
Environmentalism Compromise*

The integrity of the world's environment was noticeably absent from the agenda of the post-Second World War planners of the embedded liberalism compromise. To the degree it was addressed at all in the Bretton Woods agreements, the environment – or more precisely natural resources conservation and animal and plant health – was hived off in GATT Article XX (which identifies 'general exceptions'

³⁰ Steven Bernstein and Maria Ivanova, 'Fragmentation and Compromise in Global Environmental Governance: What Prospects for Re-Embedding?', in Bernstein and Pauly (eds), *Global Liberalism and Political Order*, pp. 161–85.

or policy areas not subject to GATT rules). In other words, the environment was considered strictly in the realm of discretionary domestic policy.

The immediate post-Cold War world was a vastly different place. While the full story of the rise of environmentalism on the global agenda is outside the scope of this article, the popularization of 'sustainable development' in the Brundtland Commission³¹ as a way to link environment and development was a key turning point. The ideal of 'sustainable development', which promised to integrate the environment, the economy and societal needs under a single grand rubric, gradually emerged as a central component of the new post-Cold War vision, a kind of global embedding of the economy in these wider social purposes.

The 1987 Brundtland Commission report was not a negotiated document, but a visionary statement meant to mobilize domestic and international action on the twin themes of environment and development. Its articulation of the sustainable development concept addressed competing social purposes and priorities of developed and developing countries, especially the latter, who worried that environmental concerns would trump economic growth, poverty reduction and access to the markets of wealthy countries. This tension between environmental goals and the fear they provoked among Southern elites had plagued attempts to forge an international consensus since the 1972 Stockholm Conference on the Human Environment, the first major UN-sponsored world environmental conference. The intergenerational equity and focus on human needs in its definition of sustainable development – 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'³² – was, in hindsight, less significant than its integrative proposition that action on the global environment rested on a foundation of liberal economic growth.

The Brundtland Report made accelerated economic growth its top strategic priority.³³ Although the report supported some global redistribution, it did so through a loosely interpreted Keynesian liberalism in the international economic order: liberal interdependence,

³¹ World Commission on Environment and Development (WCED), *Our Common Future*, Oxford, Oxford University Press, 1987.

³² *Ibid.*, p. 43.

³³ *Ibid.*, pp. 50–1, 89.

management of the global economy by industrialized powers and free trade tempered by managed interventions (such as increased foreign aid or compensatory financing to offset commodity price instability) to cushion and facilitate adjustment in the South and direct development on a path less likely to harm the environment.³⁴ Unlike the Bretton Woods bargain among Western industrialized countries, Brundtland's proposition for a global bargain that included the South recognized that 40 years of development policy had revealed the inadequacy of simply leaving room for domestic interventions. Instead, global liberalism itself needed to be more tightly managed in order to provide the necessary resources, expertise and economic environment to enable national governments in the South to benefit fully from a liberal order while, like the North, maintaining domestic stability and broader social goals.

But Brundtland's formulation did not merely reflect a North–South compromise. Policymakers in the North had increasingly examined their own environmental policies through economic lenses and sought ways to address environmental problems without disrupting economic priorities. For example, elsewhere I have shown the direct influence on the evolution of the sustainable development concept adopted by the Brundtland Commission of policy work in the Organization for Economic Cooperation and Development (OECD).³⁵ That work focused primarily on ways to internalize environmental costs through principles such as 'polluter-pays' and 'user-pays' and to develop market mechanisms to address environmental problems. This work helped catalyse changes in environmental policies and policy instruments in many industrialized countries.

At a time when the forces of globalization were less visible, the Brundtland Report also reflected what today might seem like naive confidence in the state-centric, multilateral institutional form to take embedded liberalism global. It reframed poverty and environment as global problems requiring global solutions, even if the effects were local and local action would be needed. Liberalization would still provide the necessary engine of growth, but a system of multilateral management and redistribution would provide political will and resources where local technical and material capacity was lacking.

³⁴ Ibid., pp. 67–91.

³⁵ Bernstein, *The Compromise of Liberal Environmentalism*.

By managing to place these goals under a single rubric, as well as taking advantage of its high-profile status as a UN General Assembly-mandated initiative, the Brundtland Commission significantly increased the legitimacy of the concept of sustainable development and environmental governance more broadly. Following Brundtland, it would no longer be possible to discuss global environmental governance without consideration of development goals. Nonetheless, questions remained as to how these lofty goals would be institutionalized in actual mechanisms of governance.

Charged with that task, the global negotiations of the Rio Summit process, to the surprise of many environmentalists, produced a compromise that might be likened to embedded liberalism in reverse. Instead of recognizing the need to embed the economy in society, the political compromise that emerged premised environmental governance on embedding the environment in liberal markets. The result has been crisis, fragmentation (both institutionally and in the location of authority that would encourage the rise of private and hybrid public-private forms of governance) and the subordination of environmental goals to economic principles. What the architects of sustainable development failed to anticipate was the way in which forces of global economic integration, the hegemony of neoliberal economic orthodoxy and the failures of aid-driven development policy would push policy in a direction that would militate against global multilateral management and interventionist policies. Their failure is understandable in light of underlying structural changes that were poorly understood in the early days of the current wave of globalization. In this more *global* world, the strength of norms that reinforce the global market have become a powerful legitimating force in their own right, even if their sustainability is questionable and, in the current context, the need for new forms of regulation and management are being felt.

The dynamics of the negotiation in the lead-up to the Earth Summit, and at the Summit itself, exhibited serious bargaining and compromise when it came to negotiating specific commitments, especially in the climate change and biodiversity conventions, which were negotiated in parallel processes. However, even these negotiations reflected the more general normative compromises articulated explicitly in the general statement of norms negotiated in the Rio Declaration. The dynamics were more complex than the bargain among a much smaller group of states at Bretton Woods in the

post-Second World War context, though the global negotiations over norms took on a fairly simple North–South dynamic. The groundwork of linking environment and development had already occurred, however, which appeared on many of the more fundamental issues to be equally characterized by Ruggie’s statement about Bretton Woods – that ‘history seemed not to require any special agent’.³⁶

As a bloc, developing countries had already largely accepted – whether by will or submission – the neoliberal orthodoxy then sweeping the international political economy,³⁷ as well as the importance of environmental concerns. Many of the core economic ideas and greater acceptance of liberal markets had become entrenched in other forums, including the United Nations Conference on Trade and Development (UNCTAD) – for example in the ‘Cartagena Commitment’ agreed to at UNCTAD VIII – traditionally an institution that gave voice to alternatives to global liberalism. Meanwhile, the North wanted to show its commitment to a new multilateral order and prove its willingness to bring developing countries, and perhaps even more so formerly communist states, into the liberal system. Thus, environmentalism would not be pushed as an over-arching norm. Rather, strong consensus prevailed that it must be understood as serving the purpose of economic development, and supporting a liberal order. Substantive negotiations focused on the division of responsibilities, rights and obligations in regard to global environmental action, the means of taking action and type of action required, and the source of financial and technical resources to make action possible.

The immediate effects on environmental governance were to promote market mechanisms, most notably but not only in response to climate change, policies on privatizing global commons and the creation of private property rights over resources rather than to attempt centralized management, and to promote the idea, most notably stated in Principle 12 of the Rio Declaration on Environment and Development, that free trade and environmental protection were perfectly compatible. That principle states, in part, that, ‘States

³⁶ Ruggie, ‘International Regimes, Transactions, and Change’, p. 394.

³⁷ Thomas Biersteker, ‘The “Triumph” of Neoclassical Economics in the Developing World: Policy Convergence and Bases of Governance in the International Economic Order’, in James Rosenau and Ernst-Otto Czempiel (eds), *Governance Without Government: Order and Change in World Politics*, Cambridge, Cambridge University Press, 1992, pp. 102–31.

should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation.’³⁸

The only significant concession on the part of some developed countries – the United States in particular – was to agree to the ‘common but differentiated responsibility’ of states to protect the global environment. This principle can be found in the UN Framework Convention on Climate Change (UNFCCC) and the Rio Declaration, which ensured that some equity considerations would guide international policy. Over time, however, it became clear that the United States in particular never fully accepted this norm, and conflict over it persisted – most notably within climate change negotiations. Indeed, the Cancun Agreements of the UNFCCC in 2010 are especially significant in this regard because they entrench the idea that all major economies should have commitments to reduce their projected growth of greenhouse gas emissions, although that bargain came at the expense of legally binding commitments to do so, at least in the short term.³⁹

Meanwhile, the larger hopes of developing countries at Rio to secure substantial new financing, or to use the environment/development nexus to change international economic norms, were never realized, nor does it appear that many Southern states fought hard to fundamentally change economic norms, as they had in previous global negotiations.⁴⁰ Rather, the general thrust to support a

³⁸ United Nations, ‘Report of the United Nations Conference on Environment and Development, Rio De Janeiro, June 3–14. Annex 1, Rio Declaration on Environment and Development’ UN Doc. A/CONF.151/26 (Vol. 1), New York, United Nations, 12 August 1992.

³⁹ The full story is slightly more complex. The norm is repeated in the Cancun agreements, and continues to be invoked in a wide number of negotiations and agreements, but a more fluid understanding of differentiation seems to have replaced the either/or interpretation in the Kyoto Protocol (see http://unfccc.int/meetings/cancun_nov_2010/items/6005.php). The lack of legally binding commitments may also be temporary, but so far only the European Union has indicated a willingness to take on legally binding commitments following the expiry of Kyoto’s first commitment period 2012. Negotiations continue on the exact form of a subsequent agreement.

⁴⁰ Gareth Porter and Janet Welsh Brown, *Global Environmental Politics*, 2nd edition, Boulder, CO, Westview Press, 1996, p. 117.

right of development (Principle 3 of the Rio Declaration) and related development norms were generally phrased in such a way as to be compatible with current liberal economic norms.⁴¹

It is arguably significant that the Rio Declaration emerged from the preparatory negotiations (PrepComs) in its final form while other documents did not. It demonstrated that a normative consensus was largely present going into the Rio process, although a number of specific formulations had yet to be resolved. Thus, the Earth Summit successfully institutionalized a legitimate set of norms or compromise in global governance – or, as others have called it, a regime of sustainable development⁴² – even if some environmentalists were unhappy with the result.⁴³

The 2002 World Summit on Sustainable Development (WSSD) in Johannesburg – or Rio +10 – further reinforced global liberalism, the importance of the private sector and the declining hope for multilateral management. It thereby reflected underlying structural conditions of freer and accelerated transaction flows, globalizing markets and the fragmentation of political authority. Rio provided the normative foundations for environmental governance to adapt to such conditions. Thus, environmentalists should not have been surprised that a number of Northern delegations went to great lengths to ensure that the Johannesburg Declaration and Plan of Implementation, the two negotiated texts produced by the conference, did not contradict or undermine existing trade

⁴¹ The United States released ‘interpretive statements’, including on its long-standing opposition to a ‘right’ to development on the grounds that a ‘right’ might override other rights, such as human rights. According to the statement, the United States does not oppose Principle 3, understood as the promotion of development ‘in a way that the development and environmental needs of present and future generations are taken into account’.

⁴² Peter Sand, ‘Kaleidoscope: International Environmental Law After Rio’, *European Journal of International Law*, 4 (1993), pp. 377–89; Bertram I. Spector et al. (eds), *Negotiating International Regimes: Lessons Learned from the United Nations Conference on Environment and Development (UNCED)*, London, Graham & Trotman/Martinus Nijhoff, 1994; Marc Pallemarts, ‘International Environmental Law in the Age of Sustainable Development: A Critical Assessment of the UNCED Process’, *Journal of Law and Commerce*, 15 (1996), pp. 623–76.

⁴³ See for example: Pratap Chatterjee and Matthias Finger, *The Earth Brokers*, New York, Routledge, 1994.

agreements.⁴⁴ Such arguments simply reinforced Rio Principle 12, which, following the Earth Summit, began to serve a legitimating function for major trade agreements. For example, trade ministers negotiating the World Trade Organization (WTO) agreed, citing Principle 12, ‘that there should not be, nor need be, any policy contradiction between upholding and safeguarding an open, non-discriminatory and equitable multilateral trading system on the one hand, and acting for the protection of the environment, and the promotion of sustainable development on the other’.⁴⁵

The WSSD also heralded the legitimization of another trend consistent with the pattern of working with the market and private sector: public–private partnerships for sustainable development. Most analyses identify the endorsement of partnerships as one of two things most notable about the summit, the other being its recognition of the dismal progress since 1992 on implementing the Rio agreements, combined with its failure to generate any significant new commitments or financing. The combination of the move to the marketplace to solve environmental problems and the lack of progress within multilateral environmental agreements contributed to the further fragmentation of environmental governance. It broadened the location of environmental activity, but without deepening core commitments by states or improving multilateral coordination efforts. The proliferation of ‘corporate social responsibility’ initiatives – which vary widely in terms of their scope, authority and effectiveness – and NGO-led ‘certification’ systems that attempt directly to regulate environmental and social practices in the marketplace, also emerged out of this compromise. Many of those were specific reactions to inadequate or missing multilateral responses.

Twenty years after the original compromise institutionalized through the Earth Summit, the process of global negotiations to implement those ideas persists, though in different forums not always directly connected to one another. The Rio +20 Conference (or UN

⁴⁴ Paul Wapner, ‘World Summit on Sustainable Development: Toward a Post-Joburg Environmentalism’, *Global Environmental Politics*, 3: 1 (2003), p. 6; and James Gustave Speth, ‘Perspectives on the Johannesburg Summit’, *Environment*, 45: 1 (2003), p. 27.

⁴⁵ World Trade Organization (WTO), ‘Decision on Trade and the Environment’, adopted by ministers at the meeting of the Uruguay Round Trade Negotiations Committee in Marrakech, 15 April 1994, from http://www.wto.org/english/tratop_e/envir_e/issu5_e.htm.

Conference on Sustainable Development) in June 2012 is just the latest round of such attempts, following not only the 2002 WSSD, but also the Financing for Development initiative that emerged out of the 2002 Monterrey Consensus⁴⁶ and the 2008 Doha Declaration on Financing for Development. These efforts are again notable for the way they reflect a rapprochement between traditional development concerns such as aid and poverty alleviation with the Bretton Woods institutions' focus on liberalization. Specifically, the 2008 Doha Declaration on Financing for Development identifies two mechanisms aimed at building macroeconomic coherence by linking the finance and trade regimes – the Enhanced Integrated Framework (EIF) and Aid for Trade (AfT) initiatives, which mostly focused on trade facilitation – as the means of fulfilling the Monterrey Consensus. The latest manifestation of the compromise is the 'Green Economy' agenda, one of two conference themes (the other being the reform of the institutional framework for sustainable development) of Rio +20.

Three signals for the health and durability of the compromise of liberal environmentalism are notable. First, the Green Economy concept is explicitly linked to sustainable development in a way that highlights still-sharp disagreements about what sustainable development means in practice. Thus, the 'zero draft' negotiating document (drafted by the conference secretariat based on a first round of country and other party submissions) identifies this theme as 'Green Economy in the context of sustainable development and poverty eradication'.⁴⁷ This formulation reflects the suspicion articulated by developing country governments in their submissions that the concept may tilt policy too far towards an emphasis on environment and 'green' jobs and investment at the expense of poverty alleviation or more general economic growth and social stability concerns. Divisions with the North are most strongly articulated by the least developed countries. They harbour concerns that 'Green Economy' could lead to green protectionism and that they will be unable to benefit

⁴⁶ On the history of UN, WTO and Bretton Woods coordination in the follow-up to the Monterrey Conference on Financing for Development, see Louis W. Pauly, 'The United Nations in a Changing Global Economy', in Bernstein and Pauly, *Global Liberalism and Political Order*, pp. 91–108.

⁴⁷ UN, 'The Future We Want', Zero Draft of the Outcome Document for the UN Conference on Sustainable Development', submitted by the co-chairs, 10 January 2012.

from such a transition owing to their lack of access to technology, expertise or investment, thus leaving them even worse off. In many ways, the same conflicts over aid, development financing and technology transfer that have characterized North–South bargaining persist even as this latest articulations of sustainable development suggests a compromise that attempts a correction from too ‘liberal’ an environmentalism, or, more positively, a more fundamental transformation to a greener, less carbon intensive, capitalism.⁴⁸ This signals stress on liberal environmentalism on the one hand, but on the other hand signals that the market-based compromise remains resilient in lieu of an alternative that avoids placing environment and development in opposition.

Second, the zero draft, following the pattern of Rio +5 and Rio +10, makes clear the universal consensus not to reopen negotiations on the core principles articulated in the 1992 Rio Declaration, which should ‘continue to guide the international community and serve as the basis for cooperation, coherence and implementation of agreed commitments’.⁴⁹ While debate persists on the meanings of some key norms – not only ‘common but differentiated responsibility’, but also norms such as polluter-pays, which implies internalizing costs for some, but responsibility of industrialized countries ‘to pay’ for their historical pollution for others – the fundamental compromise remains legitimate and durable.

Third, owing to that ambiguity in interpretation and history of conflict in implementation, the compromise remains weak in policy terms because it masks differences rather than confronts or resolves them. In practice, this has meant that institutions with specific mandates to address parts of the compromise have continued to emphasize their primary missions while using the rhetoric of sustainable development. While there have been some serious efforts to integrate the concept of sustainable development into policy, especially in UN institutions, the ambiguity and lack of precision has contributed to the limited implementation of the integration of environmental and social concerns into core policies and practices of the key financial and trade institutions with greater legal, financial and political weight in development policy.

⁴⁸ Peter Newell and Matthew Paterson, *Climate Capitalism: Global Warming and the Transformation of the Global Economy*, Cambridge, Cambridge University Press, 2010.

⁴⁹ UN, ‘The Future We Want’, paragraph 7.

LEGITIMACY AND GRAND COMPROMISES

This final section discusses the importance of legitimacy in accounting for the resilience of these two compromises, on the one hand, and the relative weakness of liberal environmentalism on the other, owing to a legitimating discourse that masks trade-offs and conflicts among norms that underpin the compromise.

Compromises in global governance must be accepted as legitimate. Political legitimacy is the acceptance and justification of shared rule by a community.⁵⁰ Nearly all literature on compromise points out that the basis of compromise must be justifications that are acceptable to both sides. Otherwise, a compromise is weak, 'rotten' or capitulation, which – depending on one's perspective – is either not a compromise at all or is not justifiable.⁵¹ Justification, however, does not mean it must appeal to a higher order or justice: by definition compromise means some movement away from an understanding of the just, whether one side truly has the just in mind in its position.

Compromise, then, cannot easily be derived abstractly from principled conceptions of legitimacy – those rooted in ideal theory and derivable from first principles or ideal speech situations. A compromise that is justifiable is also not necessarily collectively optimal, which is hard to know in any case, given moral complexity and factual uncertainty.⁵² Recall that the editors of this special issue identified some persistence of underlying conflict as the third feature of any compromise, and the possibility that such differences can be 'reasonable' based on different experiences of the parties and interpretations of moral claims and the 'good' life.⁵³ This means that legitimate compromises may not be optimal or completely just from the standpoint of ideal theory, efficiency or some other measure divorced from those experiences. The flip side is that the scope for legitimate compromise may be greater under circumstances of complexity and uncertainty, though longer-term processes of learning and

⁵⁰ Steven Bernstein, 'Legitimacy in Global Environmental Governance', *Journal of International Law and International Relations*, 1: 1/2 (2005), pp. 139–66.

⁵¹ Avishai Margalit, *On Compromise and Rotten Compromise*, Princeton, Princeton University Press, 2010, pp. 4–5, 54.

⁵² Martin Benjamin, *Splitting the Difference: Compromise and Integrity in Ethics and Politics*, Lawrence, KS, University Press of Kansas, 1990, pp. 24–38.

⁵³ Bellamy, Kornprobst and Reh, 'Introduction: Meeting in the Middle'.

socialization are important in order to build or reinforce legitimacy around the compromise.

Historical circumstances have nonetheless affected the relationship between justice, legitimacy and grand compromises. They appear more closely linked the greater the globalization, primarily because the boundaries of political community become unsettled in such circumstances and less coterminous with the state. Moreover, the activities of global governance institutions increasingly reach into the state.⁵⁴ Similarly, scholars have started to challenge the old distinction between domestic and international justice, which suggested that compromises beyond the state are outside the realm of justice and solely in the realm of interest. Even Buchanan and Keohane,⁵⁵ who separate legitimacy from justice, see a need for some reconciliation of the two when considering legitimacy requirements in global governance.⁵⁶ For example, they argue that global institutions should have ‘minimal moral acceptability’ or not be blatantly unjust to be legitimate.

Drawing the line beyond which a compromise can no longer be justified is still very difficult, however, though the extremes that apply at other levels of governance would seem to apply here: a ‘rotten’ compromise ‘that establishes an inhuman political order based on systematic cruelty and humiliation’ cannot be legitimate.⁵⁷ Thus, there is little chance that such compromises could form the basis of a grand compromise, precisely because they would violate fundamental norms of global order. Nonetheless, when asking how far one can go for peace (or some other good end – say, international stability, environmental protection or economic growth) by giving up on justice, Margalit answers: ‘Quite a distance . . . but not the whole way’.⁵⁸ While the risks of ‘rotten’ compromise may seem greater in global governance precisely because of significant power differentials, grand compromises that persist and remain strong, with no

⁵⁴ Devetak and Higgott, ‘Justice Unbound?’.

⁵⁵ Allen Buchanan and Robert O. Keohane, ‘The Legitimacy of Global Governance Institutions’, *Ethics & International Affairs*, 20: 4 (2006), pp. 405–37.

⁵⁶ Others (Thomas M. Franck, *Fairness in International Law and Institutions*, Oxford, Clarendon Press, 1995; and Devetak and Higgott, ‘Justice Unbound?’) argue that conditions under globalization have sufficiently changed that justice and legitimacy may be linked globally as they are within the state.

⁵⁷ Margalit, *On Compromise and Rotten Compromise*, pp. 4–5, 54.

⁵⁸ *Ibid.*

significant coercion – which is costly and hard to sustain – must tap into already accepted norms to create legitimacy.

More fundamentally, a common normative basis for agreement seems absolutely essential in cases of grand compromise, and is at the heart of the tension between agency and structure in grand compromises discussed earlier in this article. Bernstein and Kornprobst, for example, identify the importance of ‘fitness’ with broader evolving norms that can create a basis on which to compromise.⁵⁹ In the background, then, there is arguably an episteme – or cognitive, discursive, epistemological space – for compromise or where arguments and justification come from. This argument applies well in these two cases of grand compromise.

For example, multilateralism understood as non-discrimination, not coincidentally, fitted very well with the historical shifts throughout the non-communist industrial world associated with enduring perceptions of a major source of the Great Depression to be avoided: competitive currency devaluations and beggar-thy-neighbour trade policies. Embedded liberalism also proved to be well suited to the exigencies of the modern welfare state. Turning this argument on its head, it is no coincidence that both the multilateral institutional form and redistributive policies characteristic of the welfare state would simultaneously come under pressure as a rawer version of global liberalism eventually returned. Similarly, in the early 1990s, liberal environmentalism tapped into an evolving set of neoliberal norms around global economic governance, a consensus from which it drew legitimacy for a growth-oriented, privatized and market-based orientation that favoured working with the market to solve social problems.

Finding a common normative basis for agreement is much more difficult when conflicts are over ideology or identities (the latter often leads to solutions such as separation, e.g. the Soviet Union exit from the Bretton Woods negotiations and the grand compromise of embedded liberalism). A related challenge to grand compromises is that, in practice, differences in interest may be masked as differences in ideology or rights, or driven by differences in identity (North/South, rich/poor, capitalist/socialist). Self-understandings

⁵⁹ Bernstein, *The Compromise of Liberal Environmentalism*; Markus Kornprobst, ‘Argumentation and Compromise: Ireland’s Selection of the Territorial Status Quo Norm’, *International Organization*, 61 (2007), pp. 69–98.

of identity may be very important here. As Bellamy writes, ‘compromises over ideological and identity issues prove more exacting and require constructing a distinctive position to accommodate the various claims, values and ideals at stake.’⁶⁰

Thus, it matters whether grand compromises concern ‘legitimate’ differences in interests of definable parties or whether they involve moral principles. Part of the challenge in global governance is that positions stated in terms of moral principles may be a mask for interest. Stephen Krasner, for example, identified the failed attempt to negotiate a new international economic order (NIEO) by developing countries in the 1970s as just such an instance, although his characterization has been controversial.⁶¹ Framing positions as moral principles – whether or not they are truly in that category – makes compromise much more difficult, especially if there is no common normative foundation on which to base agreement.

What differed with liberal environmentalism compared to the NIEO is that although the substance of negotiations contained many of the same elements in areas such as aid and differential obligations, the compromise was rooted in a common normative foundation around liberal economic norms and state–market relations. The NIEO negotiations had much more the character of a conflict over rival rights and identities (of developed versus developing countries) which, as Bellamy notes,⁶² while not impossible to resolve, can be much more difficult as they are less amenable to ‘splitting the difference’ or making trade-offs. Instead, such compromises require creative solutions to find norms that are mutually acceptable that can then guide substantive issues that involve actual obligations or transfers, or access to, resources.

CONCLUSION: THE WEAKNESS OF CONTEMPORARY COMPROMISE IN GLOBAL GOVERNANCE

A large part of the problem with sustainable development – even as it evolved into liberal environmentalism – is that the concept was

⁶⁰ Richard Bellamy, *Liberalism and Pluralism: Towards a Politics of Compromise*, London, Routledge, 1999, p. 104.

⁶¹ Stephen D. Krasner, *Structural Conflict: The Third World Against Global Liberalism*, Berkeley, University of California Press, 1985.

⁶² Bellamy, *Liberalism and Pluralism*, pp. 102–11.

largely built around the idea that no compromise needed to be made. It promoted a win–win discourse, that, especially as it evolved, reflected underlying material power and institutionalized hegemonic ideas around the compatibility of the market with all other social purposes. The win–win discourse, promoted mainly by the Rio process and powerful institutions such as the World Bank, suggested that everyone could achieve their goals without sacrifice. In practice, though, liberal environmentalism did involve compromise, on principles and substance, of policies sufficient to address sustainable development goals effectively, especially social and environmental goals. If formulated in a way that denies that compromises or concessions are necessary, ongoing bargaining on substantive problems becomes more difficult to the degree that it reveals the contradictions previously glossed over.

The Kyoto Protocol and subsequent climate change negotiations, for example, revealed these contradictions. When it became time to commit to the compromises it embodied, the United States balked at legal commitments to reduce emissions on the one hand, while developing countries refused to budge from a principled commitment to unfettered growth and differential responsibility on the other. The current round of negotiations has made explicit the need to reconcile developing countries' recognition that they are likely to suffer most from the consequences of climate change with the understanding that the North is unwilling to make all the trade-offs necessary to decarbonize capitalism,⁶³ the ultimate and necessary goal of a green economy. What appears to be left is an ongoing mutual commitment to, or faith in, the market while multilateralism continues to come under pressure as the appropriate institutional form to work out these differences.

In contrast, in the case of Bretton Woods, the major powers, including the United States, understood the need for compromise, and that pure *laissez-faire* capitalism was not a viable alternative. This was understood in a grand compromise that endorsed markets, but not without safeguards and protections, and protected zones of state intervention for social stability.

In light of these reasons for the weakness of the current 'grand' compromise, there seems little doubt that the combination of a proliferation of state actors, new legitimacy demands under

⁶³ Newell and Paterson, *Climate Capitalism*.

globalization for wider inclusion and accountability of civil society, and shifting power dynamics of the most advanced (formerly) developing countries, especially China, Brazil and India, have all contributed to the challenge of moving to a new compromise that does more than mask reasonable differences in social purposes on a global scale. Such an effort would need to rearticulate an acceptable compromise of sustainable development that, on the one hand truly 'globalizes' embedded liberalism in a way that adequately re-embeds the economy in these now more diverse social purposes to manage the worst vicissitudes of global liberalism better, or (or perhaps and), on the other hand, fully recognizes the need to transform the global economy sufficiently to avoid dangerous climate change and related planetary crises.