

Small States and Weapons of the Weak in the Global Governance of Tax and Financial Services

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In the last half-decade core state international organisations like the G7 and OECD have attempted to set global standards to combat financial crime, shore up the stability of the global financial architecture, and regulate 'harmful' international tax competition, targeting in particular small state tax havens. In response, the small states in the sights of multilateral regulatory initiatives have successfully employed the same 'weapons of the weak' used by NGOs, such as practicing 'accountability politics', and subverting and reversing core states' rhetorical justifications for the particular campaigns. More specifically, through normative appeals, argument and rhetoric based on the principles of the 'level playing field' and inclusive, consensual standard setting, small states have often undermined the legitimacy of core state proposals. These global regulatory campaigns came to be perceived as employing coercive methods and embodying double standards in pursuit of anti-competitive goals. As result, a coalition of the world's richest and most powerful states has been defeated by an unlikely clutch of small island states and mediaeval hold-overs.

Empirical support is provided predominantly from the defeat of the OECD's Harmful Tax Competition initiative 2001-03. Supplementary confirming evidence is taken from the abandonment of confrontational 'name, shame and sanction' strategies by the Financial Stability Forum in 2001 and the Financial Action Task Force in 2002. In discussing international organisations, norms and power politics, the paper thus deals with central issues in how political factors shape the global economy, as well as governance and authority relationships in the international system generally.

It is argued that small states, using 'weapons of the weak', were able to defeat these various financial initiatives largely due to the particular nature of international organisations which makes them poorly suited to carrying out coercive strategies. In analysing how small states' use of NGO tactics could be so successful, the paper aims to shift constructivist international relations scholarship away from its dependence on actor-centred social movement theory and 'norm entrepreneurs', and especially the excessively voluntarist concept of 'framing', to a more dialogic conception of

discursive politics. At present, constructivist scholars of international relations are often dependent on approaches that are not only flawed, but are also being renounced by their creators in sociology.

Global Financial Reform and 'Top-Down' Regulation from 1998

In 1998, spurred by general anxieties about economic globalisation and the recent experience of financial crises in developing markets, the United States and the European Union decided to embark on an ambitious program of reform for the global financial order. Existing international organisations were entrusted with new functions and new bodies were set up to carry out various initiatives under the general umbrella of the G7. A new Financial Stability Forum (FSF) was set up to counter the problem of financial contagion across borders. The Financial Action Task Force (FATF), operative since 1990 in countering money laundering, was given new powers and a broader mandate. Most significant, however, the OECD's Committee on Fiscal Affairs was entrusted with a new initiative to combat so-called 'harmful tax competition'.¹ The United States and the European Union, although beginning from different premises, arrived at the same conclusion that their fiscal sovereignty was threatened by increased competition for internationally mobile capital. It was feared that without preventative action, a 'race to the bottom' would ensue, with states engaging in a bidding war of tax cuts, endangering overall revenue, skewing the tax burden away from mobile capital towards immobile labour, and ultimately undermining democratic accountability. Ragadelli describes the 'doomsday' scenario present in Europe as follows:

If EU countries do not act together, a political time bomb will bring the disintegration of the welfare state. Capital income taxes will spiral down to zero, corporations will move profits to special tax regimes, and governments will be left with the sole option of asking for more revenue from low skilled labour.²

As such, concerns about tax competition, and more broadly financial stability and crime, reflect general anxieties about the difficulty of maintaining national economic

sovereignty in the face of the global economy as described and critiqued by such scholars as Geoffrey Garrett and Linda Weiss.³

Although these new initiatives targeted different aspects of the global financial system, they shared a common diagnosis and solution. Above all, the FSF, FATF and OECD believed that a few dozen small, under-regulated jurisdictions were the source of the problems. These tax havens, predominantly in the Caribbean, Pacific and Europe, not only attracted large sums of money from OECD economies, but also served to exert pressure on others to follow their lead in cutting tax rates and lowering regulatory standards to attract foreign investment. Tax havens were seen as engaging in 'unfair' competition, aiding OECD country nationals in avoiding or evading tax, and turning a blind eye to criminal activity such as money laundering.⁴ G7 countries, and particularly the Clinton administration, decided that because of the importance of the issues at stake, and because of the new realities created by globalisation, a new strategy was required. A deliberate decision was taken to avoid working through the World Trade Organisation, the United Nations or other existing bodies with open membership and equal voting rights. These features were seen as a recipe for drawn-out negotiations, messy compromises and lowest-common denominator solutions. Even the International Monetary Fund, despite its weighted voting, was passed over for similar reasons. Instead the G7, and particularly the US and EU, favoured an approach whereby they would design new global standards on tax and financial services in private, and then impose them on the rest of the world. The method by which these new standards were to be spread colloquially became known as 'name, shame and sanction'. The OECD, FATF and FSF would assess non-member jurisdictions against the new standards, blacklist those which fell short, and apply sanctions against jurisdictions that refused to sign up to the new standards. The former Special Advisor to the US Treasury Secretary explained the logic as follows:

The Clinton administration realised that any new approach had to focus on stemming the proliferation of underregulated jurisdictions and tackling those jurisdictions that were already established.... Furthermore, any strategy had to be global and multilateral, since

unilateral actions would only drive dirty money to the world's other major financial centres. Yet Washington could not afford to take the "bottom-up" approach of seeking a global consensus before taking action; if the debate were brought to the UN General Assembly, for example, nations with underregulated financial regimes would easily outvote those with a commitment to strong international standards....The three efforts [OECD, FATF and FSF] each followed a "top-down" approach in which nations would establish international standards and evaluative criteria before engaging with those who lacked the commitment.⁵

In mid-2000 these organisations each released overlapping blacklists, comprised almost exclusively of micro-state non-member jurisdictions, which were judged to be under-regulated. The blacklists were coupled with threats that unless the new regulations on sharing tax information, removing banking secrecy, establishing Financial Intelligence Units and so on were enacted, further measures would be taken.

Small States' Victories

The G7 governments and the international organisations entrusted with imposing new global regulations on tax, finance and banking were confident of their ability to overcome any opposition and the ultimate success of the regulatory projects. This optimism is hardly surprising given that most of the jurisdictions judged as under-regulated were very small (almost all with under a million people, a majority with under 100,000), usually poor, aid dependent and generally extremely vulnerable to coercion. Yet what has been surprising is that since 2001 the various 'top-down' initiatives have either failed, or been modified to become more consensual, inclusive 'bottom-up' exercises. Materialist approaches like realism have difficulty explaining this result, taking into account the huge difference in resources between the G7 states and the micro-state tax havens like Liechtenstein, Vanuatu and Antigua. Instead this paper argues that the nature of international organisations means that they are just not very good at using coercion to establish new global rules and standards (see the following section). Furthermore, small states may productively employ NGO techniques in defending their interests. The

confrontational 'top-down' approach provided more haste but less speed relative to the more traditional 'bottom-up' method. Before developing these points further, and subsequently critiquing constructivists' use of voluntarist social movement theory, it is important to outline briefly the issues at stake and broad outlines of the controversy, concentrating in particular on the OECD Harmful Tax Competition initiative.

As noted earlier, from the mid-1990s OECD governments were concerned by the spectre of a 'race to the bottom' in taxes. Tax havens were seen as catalysing this development, by allowing firms and wealthy individuals to avoid or evade tax. Individuals could transfer their assets to offshore trusts and hide income in secret offshore accounts or bearer securities. Among the multitude of options on offer, corporations could re-incorporate in a tax free jurisdictions, defer the tax implications of profits by allocating them to offshore subsidiaries, manipulate transfer-pricing rules, or negotiate with tax haven governments for 'designer' tax regimes. These concessions offered by tax havens to attract investment were most often 'ring-fenced', in that they were available only to foreign investors, domestic investors being ineligible. With this in mind, the OECD declared that ring-fenced tax concessions were no longer acceptable in attracting financial services (but allowed continuing ring-fenced tax concessions often used by OECD countries in attracting physical plants). Small state tax havens were crucially dependent on ring-fencing, with next to no domestic investment and few other attractions for foreign companies, and thus perceived that they would be driven out of the market for financial services if they adopted the new standards. Indeed, many tax haven governments alleged that this was just what the OECD wanted, especially those states with large financial centres (London, New York, Tokyo) that stood to gain from removing the competition. Similarly, the cost of reforms demanded by the FATF and FSF, mainly to do with setting up new agencies for information gathering and sharing, would again tend to drive tax havens out of business. Aside from the result of these campaigns, tax havens were also incensed by the 'top-down' approach employed, which they characterised as a neo-colonial exercise in bullying and hypocrisy,

directly at odds with the sovereign prerogative of states to make their own laws.

After a slow start, opposition to the OECD initiative in particular began to snowball from 2000. The OECD was persistently criticised for demanding that small, poor states adopt standards that the OECD's own members had rejected, particularly Switzerland and Luxembourg, which engaged in many of the same practices as the targeted states. Others objected that as a 'rich countries' club', the OECD was in no legal or moral position to dictate the tax and banking codes of non-member sovereign states, particularly as there had been no effort to compensate the developing states affected. In particular, small states were able to appropriate and reverse the OECD's own rhetoric of unfettered competition and the 'level playing field' to highlight the shortcomings of the campaign. The tax havens formed the International Tax and Investment Organisation (ITIO) to achieve the widest possible publicity for their arguments. Using a similar rhetorical line of attack, in the United States conservative lobby groups and think tanks mobilised a coalition from across the political spectrum opposing the Harmful Tax Competition initiative.

Embarrassed by widely publicised accusations of anti-competitive behaviour and discriminatory standards, by early 2001 the OECD had noticeably softened its stance on sanctions and agreed to negotiate the content of the new regulatory package. And after several months of indecision the new Bush administration publicly distanced itself from the campaign. Although the campaign was not officially abandoned, the central plank of abolishing ring-fenced concessions was dropped and the 'top-down' approach compromised by removing the threat of sanctions and agreeing to dialogue. Tax havens managed to extract a further important concession in early 2002 when they gained agreement that they would reform only after all 30 OECD members had taken equivalent measures. As Switzerland and Luxembourg have consistently refused to make any of the necessary reforms relating to information-sharing, this concession effectively means that tax havens are under no obligation to adopt new standards. In early 2003 the European Union Savings Tax Directive dealt a further blow to the OECD in endorsing non-disclosure policies specifically forbidden by the tax competition initiative.

While the FATF and FSF campaigns have met with more success, there has been a similar tendency to dilute or abandon the 'top-down' coercive approach. In November 2002 the FATF agreed to discontinue its annual naming and shaming exercise. Similarly, despite an early commitment to blacklisting and sanctioning, the FSF has ceded its functions to the IMF which emphasises dialogue, consensus, capacity building and technical assistance. The IMF Offshore Audit exercise specifically rejects blacklists and sanctions, and only makes findings public with the consent of jurisdiction audited. Why has the top-down approach to imposing new global standards for finance and tax brought such meagre results, even when applied to such vulnerable states?

Explaining Small State Victories: The Nature of International Organisations

Above all, this section argues that the nature of international institutions such as the OECD and FATF provides opportunities for small states to increase their influence on the process of global standard setting in finance and taxation by holding such bodies, and through them large states, accountable to basic and widely accepted principles of justice and fairness in international politics. This sheds light not only on the experience of attempts at reforming global financial regulation 1998-2003, but also broader questions of power and influence in international relations. Small states can attain influence by copying the tactics that have successfully been employed by NGOs in contesting global governance.⁶

Four characteristics of international organisations in particular are important for small states seeking to influence these institutions. Firstly, international organisations are to a significant degree autonomous from their member states, and put a high priority on their own institutional survival and success. Secondly, these organisations are poorly equipped to employ coercion and monitor unwilling compliance, even in the limiting case of the international financial institutions with conditional lending. Instead the means employed by international organisations, moral and reasoned suasion, are crucially dependent on their institutional reputation and legitimacy. Attempts to foster voluntary compliance and 'ownership' of reforms

and regulations is not so much a normative stand as much as a pragmatic acceptance that international organisations are unlikely to achieve their goals in the face of resistance from even small and developing states. Thirdly, international organisations can be held accountable or shamed in public debate when they have repeatedly gone on record affirming principles such bodies do not always practice, such as the importance of dialogue, consensus and inclusiveness. As such international organisations are sensitive to the kind 'political ju-jitsu' or 'accountability politics' often practiced by NGOs, whereby they can be pressured into conforming with earlier public commitments, whether or not these earlier commitments were sincere or merely expedient.⁷ Fourthly, bodies such as the FSF, FATF and even the OECD operate in an environment of 'institutional Darwinism', i.e. of many close competitors performing similar functions and member states who put increasing emphasis on getting 'value for money', creating pressures to adapt and survive. International institutions that fail to live up to members' expectations or attract too much bad publicity may find themselves marginalised and starved of funds. The ruthlessness of the current US administration when it comes to dealing with international organisations that fall afoul of domestic political priorities makes this fact particularly salient.

Without question, being targeted by coalitions of the world's richest and most powerful states and international institutions with the imprimatur of the IMF and the OECD is a daunting prospect for small states. Yet this has not prevented conspicuous successes being recorded previously in the global regulation of finance, and nor does it preclude further robust defence of small states' interests in the future. The starting point is the nature of the inter-governmental institutions entrusted with designing recent initiatives and securing and monitoring compliance from member and non-member states. Although founded, funded and in the last instance controlled by member states, these international organisations have a significant degree of autonomy.⁸ If they were instruments of states pure and simple there would be no interest in maintaining their institutional survival or promoting their public profile as goals in and of themselves, but neither of these seems to be the case. International

institutions such as the IMF, OECD and FATF put a premium on organisational survival and success above and beyond the immediate interests of their constituent member states. As such this autonomy and self-interest gives a point of entry for critics.

International organisations are concerned with their public profiles and hence vulnerable to bad publicity. For example, although the failure of the Multilateral Agreement on Investment owed a great deal to intra-OECD disagreements, the associated negative publicity for this particular initiative was both consequential and damaging to the OECD as a whole.⁹ Negative publicity can lead to indirect pressure as politicians fear the electoral repercussions of activist protests and campaigns, and more directly as international organisations worry about their ability to successfully reach specified goals and maintain their budgets (see below). Less tangibly but more importantly such bodies depend on their reputation for embodying the techniques of international best practice and more broadly on their authority as principled participants in international relations.

Because institutions like the OECD, FATF and FSF generally rely on such forms of moral and reasoned suasion as benchmarking, black- or whitelisting, peer review and peer pressure, each of which is in turn reliant on institutional standing and reputation, damage to their public image very directly translates into reduced effectiveness and greatly hinders their ability to meet important institutional goals. A paper by the OECD secretariat on the importance of these methods notes that mutual trust between the parties involved is key to the success of the exercise, and that 'there is a strong linkage between the credibility of the process and its capacity to influence'.¹⁰ Relatedly, the standards agreed on by various specialised bodies often rely on voluntary adoption by other international organisations and governments. As a general rule, standards are only as legitimate (and thus likely to be disseminated and effective) as the bodies that draft them. In turn this puts a premium on widespread consultation and dialogue rather than a 'top-down' approach; in the words of former Canadian Finance Minister Paul Martin, 'inclusiveness lies at the heart of legitimacy and effectiveness'.¹¹ Thus the FATF Forty Recommendations have

been voluntarily endorsed and reinforced by other international organisations as diverse as the Black Sea Economic Co-operation Council, the Commonwealth Heads of Government, the Offshore Group of Banking Supervisors and the United Nations General Assembly,¹² not because of coercion or inducements, but because they are seen as representing international best practice and endowed with the reputation and authority of their institutional author.

Admittedly aside from this kind of suasion the IMF and the World Bank can 'let their money do the talking', for example by including FATF-based anti-money laundering conditions in loans, but conditionality has proved to be a very blunt instrument for effecting policy change in recipient countries.¹³ Even coercive strategies like blacklisting and sanctions indirectly rely on third parties judging that such penalties and threats are fair and legitimate in order to be effective. Once again, the extent that the particular sanction is accepted in the international community is closely linked with the reputation of the institution imposing such measures.¹⁴

In light of the above, one of the most productive ways of generating public leverage over international organisations is to compare their publicly articulated principles with actual behaviour. Since the end of the Cold War, international organisations have generally been founded to embody and propagate the importance of dialogue, transparency, non-discrimination, good governance, and so on, and bodies such as the FATF and FSF are no exception. These sort of public and frequently re-affirmed commitments provide an opening for outsiders to hold such institutions accountable to their principles. The ITIO did this well in reproducing a quotes from Jeffrey Owens, the head of the OECD's Centre for Tax Policy and Administration, extolling the importance of inclusive standard setting, the need for genuine dialogue and for large states to listen and learn from all affected jurisdictions and parties.¹⁵ Declarations in this vein from international civil servants could be reproduced *ad infinitum*, but given the selectivity and discriminatory character of at least some of the multilateral initiatives they chair, the question is: are such public commitments anything more than just window dressing?

Taking the most pessimistic and cynical reading of recent efforts to regulate

global finance (which is not the position of this paper), namely that they are exclusively motivated by mercantilist concerns to entrench the G7 countries' dominance of the global financial services industry, there is still good reason to think that such pronouncements are consequential. Even if they were never intended to be taken at face value, these sort of public commitments can be used to bind international organisations and hold them accountable to principles which they may have introduced to the debate solely on pragmatic or instrumental grounds. Recent scholarship on the eastwards expansion of the EU has emphasised how what was at the time 'cheap talk' by existing member governments and Brussels institutions concerning the desirability of an enlarged union came back to haunt them during the negotiation process. Despite operating from a very weak bargaining position, with little to offer the existing 15 members in economic or security terms, post-Communist applicants have been able to capitalise on earlier rhetoric by their interlocutors on the need for an inclusive EU incorporating all European democracies. Even those within the EU unconvinced of the merits of expansion have so far been reluctant to admit that they had never really meant what they had said about including post-Communist states.¹⁶ This sort of 'rhetorical self-entrapment' means that parties looking to dishonour earlier public commitments must weigh costs of losing credibility and legitimacy in the eyes of bargaining partners and the international community at large against the advantage of preaching one thing and practicing another. Although international politics is replete with examples of persistent and blatant hypocrisy, there are good reasons to think that international organisations are more sensitive to the costs of violating such norms than states.

The more coercive strategies adopted by the FSF, FATF and OECD have been less successful than expected, with clear successes only against isolated instances such as the Seychelles in 1995, Antigua and Barbuda in 1999 and Nauru in 2003. International economic institutions are just not very good at getting their way through the exercise of coercion, particularly when it comes to setting complex global regulatory standards and winning acceptance in the international community.¹⁷ In their mammoth study of global business regulation in 13 separate areas based on

over 500 interviews, Braithwaite and Drahos come to the conclusion that by and large dialogue is not only more congruent with international norms of behaviour, it is also more efficient than coercion.

Building on these observations about the ability of outsiders to hold international organisations accountable to earlier commitments, it is also important to note that although these multilateral bodies are in many ways in the ascendent they can be individually quite vulnerable. The very proliferation and convergence of such institutions means that there are more and more competitors for any given policy area, and that member states are more and more insistent about getting 'value for money'. Although the World Bank and the IMF are well entrenched, even an institution of the pedigree of the OECD cannot be complacent about its survival. Its efforts to expand from being basically a think tank to a venue for regulatory negotiations have not been particularly successful.¹⁸ Former British Chancellor of the Exchequer Norman Lamont stated that there is nothing the OECD does that could not be done by the IMF, except the statistical functions which could easily be hived off to another body.¹⁹ In 1995 the OECD was put into suspended animation when the budgetary deadlock between the Republican Congress and President Clinton meant that the US halted its payments. In the contest over the Harmful Tax Competition initiative, the American Centre for Freedom and Prosperity threatened the OECD's press spokesman that it would only take a week's dedicated lobbying in Congress at budget time for the approximately \$30 million presently allocated to the OECD to be cut and re-allocated to a more electorally high-profile program. No doubt lobby groups have an obvious interest in exaggerating their influence over governments, but given the disdain in some quarters of the current US administration and in Congress for multilateral initiatives and organisations, such threats cannot be dismissed as empty bombast. Bodies created in the immediate aftermath of the Asian financial crisis, such as the FSF, or the FATF, whose mandate must be renewed next year, must also be aware of their institutional mortality. The point is that even representing as they do the world's most powerful countries, the congeries of international organisations currently involved in setting global financial regulations

can be successfully challenged by groups of small and developing countries and NGOs.

Social Movements in International Relations and Sociology

So far the paper has argued that small states can be effective in defending their interests by copying the tactics employed by NGOs, looking at the recent efforts to regulate global finance for empirical support. In studying the activities of such groups in the international arena, international relations scholars have tended to adopt a particular approach formulated in sociology to analyse social movements. The defining example is Finnemore and Sikkink's piece in the 1998 golden anniversary issue of *International Organization*, representing the state of the art in the field.²⁰ This section argues that there are important flaws in this approach, now conceded even by the sociologists who were most important in developing it,²¹ while the next section presents the beginnings of an alternative approach.

The predominant approach to studying social movements in sociology in the 1990s built on the foundations of the resource mobilisation literature from the 1970s which saw groups as strategic actors. This has been reflected in international relations with the rise of such terms as 'norm entrepreneurs' for social movement leaders. Four basic assumptions are common to this strategic conception of social movements: that collective action is costly, that contenders count costs, that such action is undertaken in pursuit of collective goods, and that contenders weigh up expected costs against expected benefits.²²

In the 1990s there was an effort to combine the insights of resource mobilisation explanations with more directly political and cultural elements. This development occurred in part because of dissatisfaction with the confining economistic assumptions of resource mobilisation. A strict conception of self-interest and selective incentives was criticised and expanded to include notions of 'soft' or solidaristic incentives.²³ The main innovation, however, was the inclusion of 'framing processes': 'the collective processes of interpretation, attribution, and social construction that mediate between opportunity and action'.²⁴ Frames or framing

processes were incorporated into the study of social movements thanks in large part to the work of David Snow. He posed such questions as 'How do individuals decide to participate in a particular crowd or movement activity? What is the nature of decision-making process? What determines the kinds of meanings that are attributed to particular activities and events? How do these meanings get constructed?'²⁵ The return of interest in such questions was somewhat hyperbolically referred to as 'bringing culture back in'.²⁶

In the most well-developed account of 'collective action frames' (by Snow) they are defined as 'emergent action-oriented set of beliefs and meaning that inspire and legitimate social movement activities and campaigns.'²⁷ The 1996 edited volume, *Comparative Perspectives on Social Movements*, in many ways the culmination of writing in this vein, disaggregates the concept of frames in a manner that should now be familiar to constructivist international relations scholars as well: '(1) the cultural tool kits available to would-be insurgents; (2) the strategic framing effort of movement groups; (3) the frame contests between the movement and other collective actors--principally the state...; (4) the structure and role of the media in mediating such contests; and (5) the cultural impact of movement in modifying the available tool kit.'²⁸ Despite references to social construction, scholars studying social movements in sociology then and international relations now stress the strategic 'tool kit' nature of frames, strictly in keeping with the general conception of social movements as strategic actors. The sociologist Sidney Tarrow explicitly argues against the view of 'movements as text,' in favour of the view that 'meanings are constructed out of social and political interaction by movement entrepreneurs.'²⁹ Tarrow cannot conceive of explanations of social movements based on cultural relations and the force of ideas: 'if meanings are "fixed" by... rhetorical renderings, who does the rendering and won't future movements require agency to be mobilised?'³⁰ Explanations based on frames are replete with voluntaristic accounts of how frames are chosen, manipulated and created by agents, how conflicting social movements and the state select and employ various elements of the cultural tool kit and so forth. Often the way in which such terms as 'framing contest' are used gives

the impression that 'public relations campaign' would serve as an appropriate synonym. Once again, these features of the sociological literature have now been imported to international relations.

What are the weaknesses of this actor-centred view of social movements and frames in particular in sociology and sociological international relations? First and foremost is the convoluted treatment that reduces culture and a society's stock of shared meanings to a 'tool kit,' to be raided and pressed into service when most convenient and efficacious. The idea that social movements may in fact be bound by or even a product of such shared meanings does not seem to be allowed. It is hard to imagine a concept less suited to this voluntaristic pick-and-choose treatment than culture; indeed, this has been one of the main reasons it has fallen into disfavour amongst wide sections of the discipline. Individuals and groups are enmeshed and socialised within such webs of meaning, even allowing a role for agency, movements could only employ frames in the manner Tarrow *et al.* suggest they do if actors were completely isolated from society and the dominant ideas of the time.

Thus despite the inclusion of what might initially be regarded as identity-based factors, strategy-based conceptions of social movements and international NGOs have tended to remain just that: focused on the actor, with a highly voluntaristic cast, and premised on rational maximising behaviour.³¹ Culture is only presented in the context of another menu of tactical options from which movement leaders can choose. This essential unity of the field is best captured by Munck, who points out that despite the new elements the 'conceptual framework is still actor-centred, and [the]... argument hinges on the strategic problem of getting "from here to there." Social movement theory is essentially about a variety of resources which organisers or leaders draw upon to constitute a movement.'³² For international relations scholars, constructivist accounts tend to lose their distinctiveness relative to the dominant rationalist theories. Symbols, argument and rhetoric become one more instrument to be pressed into service in maximising actors' utilities, akin to economic sanctions or military force. At a time when this view is still in the ascendent in international relations, Sidney Tarrow, Doug McAdam and Charles Tilly, the three

most important sociologists behind this perspective, have now repudiated it.³³

Rhetorical Action as an Alternative

Thus a persistent problem with the idea of norms as ‘framing’, in which ‘norm entrepreneurs’ use appeals and audiences accept them in a highly calculating instrumental manner, is that it tends to over-correct for structural bias in earlier renditions of norms.³⁴ If norms are just another resource to be pressed into service by rationally calculating agents in pursuit of their goals, why would any one be moved or bound by them?³⁵ ‘Challengers cannot simply readily and instrumentally manipulate discourses for their own cynical ends, for this undermines the foundations of mutual understandings that explain the justice of their claims and actions to themselves and others.’³⁶

What is the alternative for international relations scholars? James Scott and Marc Steinberg see more powerful actors setting the dominant cultural and discursive features of the landscape, but also argue that the ambiguity and non-exclusive nature of rhetoric and culture means that weaker actors have the opportunity to appropriate and subvert the language and values of the strong to even up the balance between them. Ideas and rhetoric cannot be controlled by the strong in the same way as money or weapons: ‘if collective action discourse is contextual, public and emergent in the processes of mobilisation and action, as most accounts suggest, then exercising control and distribution of it as a resource is highly problematic’.³⁷ This difficulty in exercising control stems from the very nature of discourse which Steinberg, drawing directly from the Russian formalist literary theorist Mikhail Bakhtin, describes as a social process that is ‘essentially dialectic, dynamic, and riven with contradictions’.³⁸ Although elites may dominate the economy and maintain their monopoly of the means of violence, their control of linguistically mediated culture, ideas and norms is always contested and uncertain. The practical upshot of this is that those challenging the dominant elite generally do so using a vocabulary and values developed by the elite themselves, whether the challengers be nineteenth century British textile workers, Malaysian peasants,

international NGOs or tax haven states.³⁹ These features of language attest to 'the potential for persuasive communication to take a wolfish turn on the activists who reply on it'.⁴⁰ The very principles put into play by the strong can be used to trip them up.

Bakhtin provides an attractive source of inspiration as a way of getting to grips with the tension between the structural nature of norms and agents' instrumental use of rhetoric, akin to Schimmelfennig's weakly socialised EU members, who are partly bound by collective understandings and community norms but also partly free to pursue their own selfish interests.⁴¹ Responding to the structuralist view of language as an unchanging system of rules existing outside the self and totally constraining the production of meaning, Bakhtin argued that there is scope for individual agency and innovation in producing meaning. He was also keen to establish, however, that each unit of discourse (utterance) could not be reduced to the intention of the speaker plain and simple because language is social and collective. Purely idiosyncratic speech is unintelligible to anyone else. Thus there is an analogy in international relations scholarship of dissatisfaction with determinative taken-for-granted norms coupled with unease about reducing normative appeals and moral suasion to a purely instrumental public relations campaign. The middle way for Bakhtin is to see the world as a vast system of contested meanings in which humans try to impose language as an ordering and simplifying system to render intelligible and communicable novel and chaotic events. Individual meanings are produced in a dialogic fashion, comprising an utterance, the interaction with the social and historical context, and the relation between the two. Because what may seem to be a simple unambiguous statement has to be mediated through social context to be interpreted by the addressee, and this social context is its conflicted and dynamic, many potential meanings attached to that particular utterance are put into play (this is all the more so for novelists in their relationship to their works). What is the relevance of this for norms, power and international relations?

Conclusion

Bakhtin believes that no matter how much dominant classes or other elites try to establish their preferred norms and discursive themes, the complicating effects of dialogue prevent control over meaning, leaving room for subordinate populations to subvert the themes put into play by the rulers and appropriate them for their own ends. Bakhtin's work is thus described as fundamentally pluralist and anti-totalitarian (despite living and working in the Soviet Union all through the Stalin era), in that he finds discourse to be irreducibly 'multi-vocal' or 'polyphonic', creating 'heteroglossia'. This view thus contradicts international relations scholarship in the 'critical' constructivist vein, which sees norms as one more weapon in the arsenal of dominant states in extending their hegemony to the ideational sphere.⁴²

Writing on the UN Security Council, Hurd picks up on these insights, observing that 'resistance works best when presented in terms borrowed from the language of the authority and where the point is... to argue that the existing authority is not being true to its own professed values'.⁴³ By this measure the 'Washington consensus' that stresses robust competition, financial deregulation, the liberalisation of capital flows, and the legitimacy of market outcomes occurring in the context of a level playing field definitely constitutes a dominant discourse among economic policy makers. Accentuating this identification is the way these values are epitomised in the OECD's Convention and practices, and the specific principles put into play by the 1998 report and officials' subsequent statements relating to the tax competition initiative, including the need to maintain fiscal sovereignty and appropriateness of dialogue and co-operation in setting up cross-border regulatory frameworks. Tax havens and their supporters took these themes and used them to undermine the OECD campaign, to show how core countries were not being true to their own professed values in working to overturn market results through coercively imposing biased regulatory standards on a global scale.

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¹⁹*Spectator*, 1 July 2000, 26.

²⁰Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change', *International Organization* 1998 52 (Autumn), 887-917.

²¹See especially the auto-critique in Doug McAdam, Sidney Tarrow and Charles Tilly, *Dynamics of Contention* (Cambridge: Cambridge University Press, 2001).

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²⁶McAdam, McCarthy and Zald *Comparative Perspectives*, p.6

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²⁸McAdam, McCarthy and Zald *Comparative Perspectives*, 19

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³¹It must be noted that this does *not* mean narrow self-interest. See David Knoke, *Organising for Collective Action: The Political Economy of Association*, (New York: Aldine de Gruyter, 1990):5-44.

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