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From Anti-Globalization to a new
Governance

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Abstract:

It seems to be an undeniable fact that globalization is causing undesirable effects in terms of inequities, inequalities, and badly affected social groups. We observe the return to the scene of political and social movements that are nurtured by the old nationalism and populist message. Meanwhile, State sovereignty is eroding but a new governance that would help to overcome the excesses and errors of the hiperglobalizacion process, is not in the close future. The globalized world of the 21st century seems to require a globalization with a more human face.

Keywords:

Globalization, Anti-globalization; Hyperglobalization; Populism; New economy; Offshoring; Liberalism.

A new governance awaiting discovery

As the 21st century advances, the classical political divisions inherited from the French Revolution are disappearing, and new categories seem to be arising. Behind us are the days of Left vs. Right, or Liberals vs. Conservatives. Trans-border interdependence, both from economic and from technological standpoints, has grown considerably since the end of the Second World War. While globalization has proven that goods, persons and capital may circulate freely throughout the world, it seems that, paradoxically, nationalist ideologies are being rediscovered. Ancient and tragic phantoms believed to have been long buried seem to have re-arisen with renewed vigor, and events which were unexpected due to their systemic transcendence, such as Brexit or the election of Donald Trump in the United States, challenge the continuity and the future of the European Union. Offering the possibility of a new protectionism seems to attract those who have felt left behind by the new and unregulated global world.

With the defeat (at least for the moment) in France and Holland of the latest populist ideologists who claimed to stand against the globalizing phenomenon, many governments in Europe and throughout the world have felt relieved and seem to have drawn the conclusion that the populist and nationalist waves had come to their end. Nonetheless, this celebration may well be too hasty. Those who feel adversely affected by globalization will continue to vote wrathfully, and they will do so in consideration of the social and cultural changes which they feel to be beyond their control.

And it does not seem sensible to dismiss their arguments in this respect. As technology continues to advance (and it does so with ever-increasing speed), so too does the new revolution, in a process reminiscent of those undergone by European countries during the Industrial Revolution of the nineteenth century. Unemployment and inequality are on the increase in all developed countries. The incorporation into daily life of the latest technologies, of innovating companies like Uber, or of tools of instant communication such as Twitter, are reminders of the dynamics and tensions which Europe underwent in previous times, as for instance upon the arrival of the steam engine or the coming of the telegraph 150 years ago. It is no wonder that millions of people fear that phenomena associated with globalization, such as the rapid advance of automation and of artificial intelligence, will end by pushing them out of their jobs. Herein lies the truly essential aspect of the situation. Those for whom the riches of this era are out of reach are quite

right when they express their unease about their jobs and about the continuity of the world just as they have always known it.

No-one any longer denies the magnitude of the transformation now taking place. The French philosopher Luc Ferry, in his most recently published work¹, identifies the two logics which dispute the role of the digital platforms which have been incorporated into our lives in the 21st century. The first maintains that Internet and the social networks form part of a third Industrial Revolution which will permit the organization of life outside the capitalist regime and the two structures which have been inherent in it since the XII century: the State and the market. This revolution will see the definitive eclipse of capitalism. The second, upheld by Ferry, does not deny that it is a case of a revolution, (to which belong as well the incorporation of renewable and non-fossil energies, and which may give rise to a decentralized structure of economic life) but that it will carry with it a formidable level of structural deregulation.

Unfortunately, the narrative which argues in favor of globalization is rarely presented in a solid and convincing manner, and yet, it is possible to find in our past and recent history examples which suggest that globalization, or as we have indicated above, periods of similar global transformation, may be very positive for a country or a region on our planet. Spain and her former trans-oceanic empire, with the flow of goods, persons--of culture, in short—is a good example of how the world and the then homelands and colonies were transformed as these exchanges grew more intense. The British Empire at its height of splendor is also a good example: the opening of new markets in Africa, the Americas, India, the Far East and Australia created the London we know today. The communities of China, Asia and West Africa as well have become part of the diverse and dynamic nature of the city and have left their imprint on the culture of present-day London.

The world's citizens do not reject the future but rather desire change, a change permitting improvement in their lives and those of their families. However, the hope of making their countries "great again" may be somewhat deceptive. Nostalgia is an inherent component of human nature, but it would be an error to forget the negative circumstances which were also present in our past. The leaders of the developed world must demonstrate that this new planet with open borders may be a future of success for its

¹ The Transhumanist Revolution (La revolución transhumanista). Luc Ferry. Alianza Editorial

societies. In order to do so, they must refute the argument that globalization only works for a few and must demonstrate that, on the contrary, it works for everyone and improves all lives. If this is not done, and done well, the phenomena of nationalist populism could again be as powerful as it was in the past century, with results which are unpredictable but which we also recall from history with apprehension. Having arrived at this point, it would be an error to conclude that social uneasiness with regard to the global economy, or at least with the way in which the global economy treats the majority of those who form part (or formerly formed part) of the middle class, has risen to its maximum height. If the developed liberal democracies continue with policies of status quo, displaced workers will continue to feel left out. Many of them will feel that at least President Trump or other similar figures of North American leadership seem to understand and share the anguish of the workers. The idea that voters will stand against protectionism and populism on their own, and based on nothing more than a vague if correct summary of moral or ethical principles, may be a vain cosmopolitan illusion proper to well-intentioned elites convinced by their own model. The defenders of the liberal market economy must understand that some of the technological innovations, reforms and advances may well leave some groups, numerous groups, in a situation where they are worse off than they were. According to theoretical principles, globalization, free trade, the elimination of barriers, changes...in general raise economic efficiency and permit the winners to compensate the losers. However, if as the years go by the losers continue to be in a worse situation, why should they support globalization and those policies which favor the market?

In fact, the logical attitude and that most favorable to their own interests would be to support politicians who oppose these changes. In the face of a panorama in which citizens have a growing feeling of loss of control over their environment, of insecurity about the futures of their children, of uncertainty about economic, social and cultural development, or of frustration in the face of repeated unfulfilled promises of a better future, of a lack of confidence in the institutions and systems which traditionally have presided over their lives, it seems at the least to be an understandable human reaction to listen to one who promises the change necessary to intercept all these unknowns. Frustration usually turns into resentment (and into pointing the finger of blame), and in negatively affected societies this frustration is shifting towards a very primary and unreasoning rejection of politics in general and of its actors in particular. This rejection is easily broadened to include European technocracy ("the men in black"), or cultural

minorities, or collectives of immigrants, or the integration policies themselves. The quasi-sovereign role of certain institutions such as the International Monetary Fund call into question the exercise of democratic powers and seem to situate these unelected institutions over and above even the constitutional texts themselves of the democratic nations², many of whose predictions have been left today with almost zero possibilities of being fulfilled. This is what has been called the long Thermidor of anti-democratic constitutionalism³. The different currents of rejection of what has been established or of its consequences may end by crystallizing and integrating into blocks of opinion which would be the object of attention from the new populist leaders of anti-globalization⁴. Populist political manipulation easily runs headlong into a social scenario of degradation of values, of simplistic identification of blame and even of inter-group clashes.

Therefore, and although it seems an obvious conclusion extracted from recent international events: the absence of advanced policies which include broad programs of social welfare, of professional re-training and education, of reinforcement of values and ethical precepts, as well as aid programs for people and communities marginalized by globalization, may turn leaders of Donald Trump's type into a permanent presence on the landscape.

The protectionism advocated by this type of leadership presents a global challenge to the world economy. During the 20th century the most developed countries created an economic order based on international rules and on the commonly accepted principle that goods, services, people, and ideas could and should move freely across borders in benefit of the greater efficiency, effectiveness and productivity of the system. Now, the new populist leaders question these basic principles with their return to protectionist assumptions. If their arguments in favor of a return to a world in which borders were essential takes root in their societies, companies will think twice before building their global production and supply chains. The resulting insecurity and uncertainty would discourage investment, especially trans-border investment, which would diminish the

² The express reform of Article 135CE is a good example of the foreign imposition of even constitutional modifications. <http://www.congreso.es/consti/constitución/índice/sinopsis/sinopsis.jsp?art=135&tipo=2>

³ PISARALLO, G.: A long Thermidor. The offensive of anti-democratic constitutionalism. Trotta, Madrid (2011).

⁴ See: HELD, D., Democracy, the nation-state and the global system, in *Economy and Society*, no. 20-2 (1991), p. 148.

impetus towards a global system based on trans-national rules; and with less investment in the system, the defenders of that system would have less incentive to promote it.

A situation such as that described above would truly be a problem of a dimension not as yet experienced by the entire world. Whether we like it or not, mankind will remain connected globally, and will have to face common problems like climate change or the menace of trans-national terrorism. There is an unavoidable need to reinforce, and not to weaken, the capacity and the incentives to work in coordinated and collaborative ways among States with the aim of resolving these problems.

Globalization and its success will depend on whether in the coming years, the world is capable of organizing an effective form of governance, that we be capable of building inclusive systems taking into account the errors made so far⁵. Some steps are being taken in this direction in the present-day international institutions in a process which aims to articulate mechanisms through inter-State cooperation and the trans-national networks now established within various sectorial spheres. These mechanisms also incorporate procedures to help resolve conflict, should this arise.

Such aid has not always arrived free of hyper-globalizing ideology or simply borne on “the markets”. Professor J. Stiglitz has developed several of his analysis papers based on cases where an ideological analysis had been made of problems which hampered the making of a correct decision as to which the latter were and what the reality was upon which standardized economic recipes were to be applied, which in many cases has meant that “the pain suffered by developing countries being oriented by the International Monetary Fund and the international economic organizations has been much greater than was necessary”⁶.

In any case, the mere existence of these new dynamics attests to the idea of the existence of dysfunctions in the globalizing phenomenon: for years now a number of studies of international relations has recognized that interdependence between States or nations and the lack of global governance imply obvious risks of malfunctioning, even when the potential benefits of cooperation surpass the risks of unregulated conflict. In the face of the obvious loss of power, of capacity or of influence of States, institutions (new

⁵ See: ESTEFANÍA, J., The New Economy. Globalization. Subjects of Debate (La nueva economía. La globalización.) Temas de Debate, Madrid, p. 13.

⁶ STIGLITZ, J., Misfortune in Globalization (El malestar en la globalización), Taurus (2010).

or renewed) once again reveal themselves to be essential in order for peoples to aspire to the receipt of real benefits from the global phenomenon.

Towards a retreat of the Nation-States?

The factors are diverse, all of them foreshadowed, encouraged or initiated by the globalizing phenomenon, which are favoring the erosion of the Nation-State.

In the first place, it may be pointed out that globalization has brought about a situation in which the autonomy or capacity of national governments when developing their economic policies is found to be much diminished. This situation is even more evident in the case of countries which have integrated into supranational organizations, such as the countries of the European Union and more specifically the members of the Monetary Union. The situation of the United Nations seems paradoxical, since at the present time it could make greater sense for the organization to carry out a regulatory function in some ways comparable to that of a world government, but which on the contrary is anchored in a clearly secondary role. The world has for some time been contemplating the need to adapt the United Nations, and in general the institutions arising from Bretton Woods, to current circumstances, which differ enormously from those in place sixty years ago.

In any case, one fact is undeniable, and is a major component in the idea of the need for new international governance: the number of international agreements and organizations is growing exponentially⁷. Some figures: the number of 1,422 in existence in 1960 rose to 14,271 in 1981 and to 64,442 (having quadrupled in twenty years) in the year 2011. Directly related to the foregoing is the fact that the supra-State framework has been gaining power and influence by means of direct and indirect cessation of sovereign public power, which has an immediate effect upon the democratic component in the functioning of public affairs. Quoting Capella, we are living through a process in which “the more rhetorical emphasis is placed on the benefits of the representative system, the more growth there is in the strength of the technocratic government of the world”⁸. This

⁷ STRANGE, S., *The Retreat of the State. The diffusion of power in the world economy*. Cambridge University Press (1996), pp. 44 et al.

⁸ CAPELLA, J.R., *Entranceway into Barbarity (Entrada en la Barbarie)*, Ed. Trotta, Madrid (2007), p. 169.

idea of the government of technocrats, distanced from the professional political class of ill repute, has its roots in the line of thought which stems from the development of the theories about the end of ideologies which finds in Fukuyama its major exponent⁹. With this line of thought, the model of legitimization is upset, to the extent that “it seeks to legitimize itself, not so much through the formal acquiescence of the demos, as through the efficiency whose parameters it auto-defines and publicizes its own new model.” Such an idea should seem neither strange nor far-fetched, given that the reality of Italian life in recent years has been a portrait of it: in 2011, at the height of the great economic crisis, the government led by Silvio Berlusconi, which had been produced at the ballot box, was abruptly replaced by a government of technicians headed by the former European Commissioner Mario Monti. Representative parliamentary democracy thus yielded the right-of-way to a supposed efficiency, indispensable in the face of the looming debacle.

Another relevant factor is the growing mobility of the factors of production, principally capital, in a world which deregulates financial movements, limits capacity for obtaining financing through taxation, and observes that this very fact is limiting the capacity for financing through public debt or bonds in some States. The same arguments may be used in the case of classic State policies, such as monetary policy, or would change the fact that in many countries this has become inoperative for reasons of incorporation into a common currency (the EU case), or because their coinage is in fact linked to the strong currencies. Such terms as “market tyranny” are common, and have been incorporated into the most classic anti-system arguments.

In fact, and as Professor Capella has pointed out¹⁰, this has been carried out through the transfer “of capital decisions from the public sphere to the private sphere”, regardless of the creation and maintenance of this Rule of Law at the service of the great economic agents and its presentation as beneficial for all of mankind. Once again, democratic governance finds itself weakened in its essential principles.

As a third factor we may consider the new nationalisms, which proclaim themselves to be close to the people. Nationalist movements, rather than desiring a

⁹ The text from Fukuyama which has had greatest impact in Spain is a brief article condensing his position:

FUKAYAMA, F., The End of History? (El fin de la historia?), in Key Themes (Temas Clave), nº 1, pp. 85 et al.

¹⁰ CAPELLA, J.R., Forbidden Fruit... (Fruta prohibida...), p. 260

reaction against globalization, are trying to take advantage of it for their own benefit, based on the major changes which the world economic structure is experiencing: the liberalization and deregulation of the markets for goods and services, both capital and factorial; the advances in transport and communication; outsourcing of the economy, which permits specialization in services with a high value-added component; and the greater facility for involvement in processes of integration or cooperation in the inter-regional or international fields. These dynamics, which carry with them inherently certain processes of loss of identity, are used in its favor by the nationalist narrative latent in recent decades within disfavored communities.

As another consideration (the fourth) of this phenomenon, there may be included the documentation of a growing difficulty on the part of some States in offering certain public benefits which until now have been a monopoly of the State structures. Globalization is coming to mean that the provision, totally or in part, of a growing number of public benefits cannot be fully guaranteed on the part of the State. Reference is already being made to “global public benefits”. A very clear example is the case of national security. In a global world, where threats to security know no borders, no country on its own can defend itself against nuclear, chemical or biological attacks, against attacks from transnational terrorism or from devastating pan-epidemics.

Quoting Professor Castells: “The Nation-State is progressively more subjected to the most subtle and worrying competition from sources of power which are not defined and are sometimes impossible to define. These are networks of capital, production, communication, crime, international institutions, supranational military organizations, transnational religions and movements of public opinion. (..) So that, although these nation-states continue to exist, and will do so for the foreseeable future, they are, and will be progressively more so, nexuses in a broader network of power¹¹”. Inter-State cooperation is indispensable to provide security to national societies. Again, the role of the State is called into question.

Finally, the growing activism of civil society must be underlined. To the extent to which the State has not been able to attend efficiently and effectively to certain needs, and that civil society has at its disposition technological tools which enable it to organize

¹¹ CASTELLS, M., The Information Era. Economy, society and culture. (La era de la información. Economía, sociedad y cultura). Vol. 2. The power of identity. Alianza Publishers, Madrid, (1998), p. 334.

itself and adopt common positions, the role of the State will find itself progressively more diminished. Cooperative society finds loopholes which permit it to get around rules and regulations and seems to fit itself comfortably into a world of interconnected individuals who have no need of bonds to States.

A final question: Is it possible to have it all?

In the face of this panorama, a reflection made by the then leader of the Velvet Revolution in Czechoslovakia, Vaclav Havel, in an essay in 1979, seems more necessary than ever; in his essay, he expounded upon the concept of a post-democracy. This Havel defined as that new society at the turn of the 20th century supported by the institutions of representative democracy but sentimentally and practically distanced from these same institutions in an exercise of love/hate with grave practical consequences. Starting with the great economic crisis of 2008 and down to the present time, this real gap between the representative institutions and the citizens they represent, between the financial institutions and the societies they supposedly serve, between politics and the real society, has taken on weight as an integral part of the paradigm of globalization.

In a step forward in the analysis of the situation created by globalization, the Harvard Professor of Political Economics Dani Rodrick attempted to offer some answers in his work "The Paradox of Globalization". In this, Rodrick develops his theory about the "political trilemma the of the world economy", a trilemma he establishes among hyper-globalization, democracy and the nation-state. To Rodrick, in our post-modern societies, only two of these three premises would be possible at the same time. That is to say, democracy tends to become weakened within the framework of the nation-state when such State is deeply integrated within the international economy; or, democracy and the nation-state are only compatible if practical limits are set to globalization; or finally, democracy may find ways to coexist with globalization, but only as long as formulas of transnational governance are articulated, which will debilitate the nation-state.

In accordance with this analysis, and as a first option, the nation-state and the momentum of broad globalization (hyper-globalization) are only compatible within a scenario in which the State abdicates some of its traditional functions to dedicate itself exclusively to the provision of public benefits characterized by the objective of orienting

itself towards the smooth functioning of the markets. Within this scenario, according to Rodrick: “the objective of governments is to gain the confidence of the markets so as to be able to attract trade and the entrance of capital: austerity, small governments, flexible labor markets, deregulation, privatization and free trade.”

As a second alternative, it would be possible to articulate a scenario where globalization was limited in order to strengthen democracy and the different national sovereignties. Rodrick does not seem very enthusiastic regarding the pragmatism of this second scenario. Even so, he believes that in order to arrive at it, a redrafting would have to be made of the great international trade agreements, transnational movements of capital would have to be much more restrictively regulated, and priorities would have to be established for inclusive social goals beyond the objectives of the great corporate and financial conglomerates.

As a final option, (and this is the one which the Harvard professor seems to lean towards) an attempt might be made to advance a program which would build true structures of transnational democracy compatible with the power of globalization, even if these were to the inevitable detriment of the classic structures of the nation-states. This is the road sign-posted for Europe, which with years of experience accumulated in the fields of integration and binding networks, has constructed a supranational reality in a project which now seems the predecessor of the globalization of our time, and which must find the way to continue advancing in political and economic integration, reconstructing the European project, preserving democratic values and at the same time facing up to the integrating phenomenon of the global economy.

Conclusions

If globalization continues to be managed as it is now, it will only contribute to the creation of more poverty, more inequality and more instability. Keynes said, with particular irony, that if we were to continue thus, “in the long run, we will all be dead”. Such is not the situation, but it is indispensable to recognize these challenges and to arm ourselves with political will to find their solutions. If we manage to change direction, then we will be able to say that the turmoil in the face of globalization was not in vain.

But it will all require, undoubtedly, a great deal of time. It is necessary for countries in development phase to achieve the establishment of strong and effective governments, and that the rich countries be conscious of the need to deal with reform of the system with ethical criteria and of a long-term nature. Policies are needed for sustainable growth, which are equalitarian, transparent, participative and democratic. This is the road towards integral development which takes advantage of the best of globalization. Development does not consist in helping a few individuals enrich themselves or in subsidizing industries without true roots which only serve to augment the account balances of those already privileged in the developing countries. An integral development is what is expected from the progress foreseen from the advent of this era of global changes, and must aspire to transform societies, improve the situation of those societies as a whole and permit all to have a chance at improving their lives. The interconnected global world cannot permit itself to continue looking on at tragedies, broadcast live and direct, of deaths from starvation, or of millions of people who have no access to education or to the most basic healthcare services.

The world, our societies, demand a globalization with a more humane face and all of the processes which accompany it must keep very much in mind this ethical and social demand.

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