

Liberalism and Globalization

By Political & Economics Analyst Sheldon Birkett

In a world dominated by an ever-increasing bureaucratic structure it appears that economic globalization is not purely a symptom of political action, but increasingly, economic globalization is the cause of political action. If one is to criticize the basis of economic globalization (most commonly known as market neoliberalism) it is necessary to examine the substantive philosophical arguments which justify an neoliberal policy (or economic globalization). In essence, one must examine the central tendencies behind 18th century Liberalism as the prevailing doctrine of economic globalization. From, studying philosophical thinkers such as David Ricardo, Adam Smith, David Hume, and John Locke it is possible to foretell the unintended (or more likely intended) consequences of economic globalization. Therefore, by looking at the core beliefs behind economic globalization it is possible to derive the political decisions modern day leaders assert. As a preface to understanding the global political-economy approach to globalization it is necessary to take the *long dure* perspective of global history.

DEFINING GLOBALIZATION

But firstly, before delving into the intricacies of liberalism and globalization, it is necessary to understand basic definitions of globalization. So what is globalization? And to a larger sense how does economic globalization play into the role of 18th century liberalism? There is no definitive answer to what globalization is, as it is multifaceted concept. Most commonly, globalization can be defined as *a trans-planetary process or set of processes involving increasing liquidity and growing multidirectional flows of people, objects, places and information as well as the structures they encounter and create that are barriers to, or expedite, those flows* (Ritzer & Dean, 2014). This definition may seem very vague in nature and intellectually complex, as globalization can be viewed as either liberalization, universalization, westernization, internationalization as well as deterritorialization (Jan Art Sholte, 2005). Therefore, one does not simply understand the processes of globalization. Due to the complexity behind “globalization” it is much easier in academic literature to look at globalization as an economic phenomenon. Therefore, from this perspective globalization can be considered, within the neoliberal framework, as process of liberalization enacted through a reduction in trade barriers, privatization of industries & public services, deregulation of markets, and a decompression of politics. As a caveat to note, one of the key defining features of contemporary economic globalization is Samuel Huntington’s notion that it is necessary to “decompress” politics (marketize politics) to eliminate barriers to the advancement of the neoliberal agenda. The decompression of political actors has most notably been witnessed in the developing world, as “puppet” regimes are replaced to serve “special interests” (most notably Chile in 1973), but the decompression of political actors begs to question to what extent are governments willing to reap the financial benefits from economic globalization at the cost of losing political support? Or, more importantly, how does a state survive (or develop) at the expense of foreign exploits? These are just a few questions economic globalization possess for nation-states in the 21st century. Although it would be too exhaustive to cover all the “possible” consequences (or

problems) economic globalization possesses, but the ones mentioned above are worth considering when examining the origins of economic globalization.

ORIGINS OF LIBERALISM & GLOBALIZATION SINCE 1971

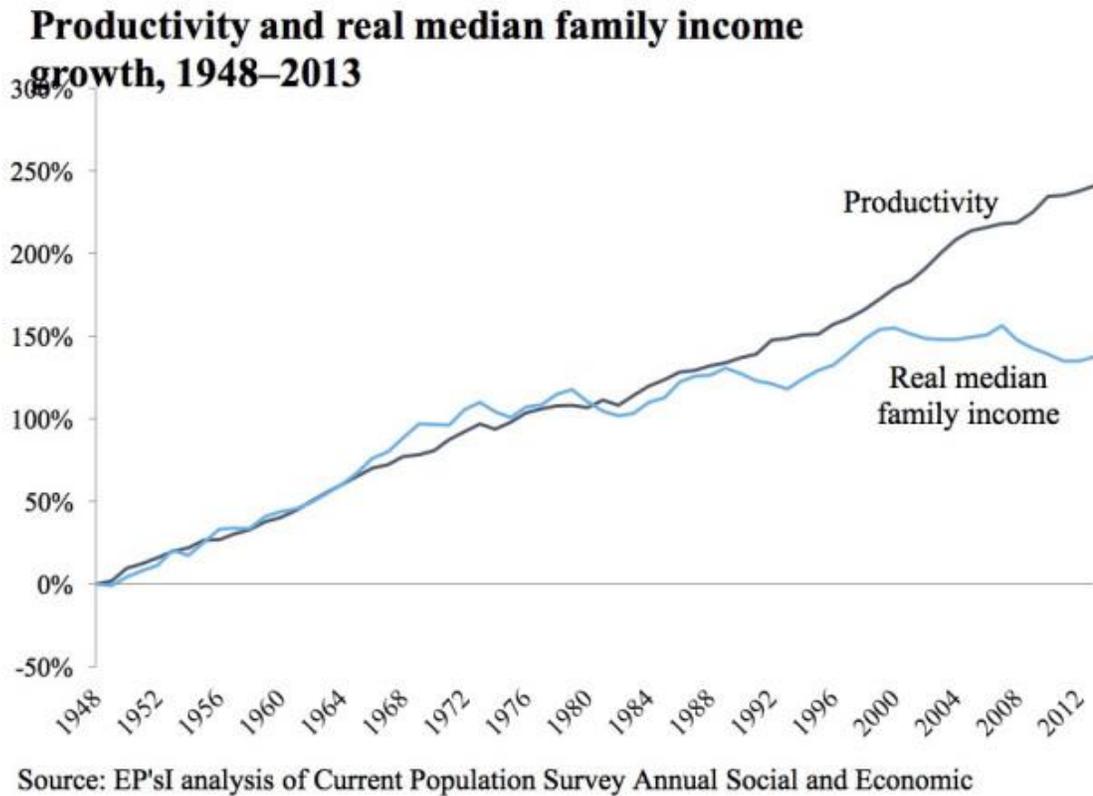
Albeit the origins of economic globalization are highly debated among academics, some academics mark the times of Ibn Battuta, Marco Polo, and Genghis Khan as the pioneers of increased global interconnectedness. Other academics pursue that economic globalization is a relatively recent phenomenon that came into existence around the start of the 19th century as the “First Wave of Globalization”. Despite the debatable existence of globalization, it is crucial to examine the development of liberalism, since liberalism is the foundation of the dominate neoliberal ideology in market economics. In foreshadowing the question of “how” and “why” neoliberalism became the dominate ideology in market economics? It is necessary to see how the market-liberal tradition of the 19th century appealed to post-Keynesian policy makers. Principally, a turn away from Keynesian economics firstly entrusted increased economic growth which provided a solution to stagflation. Secondly, the return to liberalism in the 1970’s ensured the maintenance of Antonio Gramsci’s so-called “Historical Bloc” (i.e. the development of the “Punto Fijo” system in Venezuela). Thereby, contrasting the 19th century principals of market liberalism with the form of neoliberalism that took root in the 1970’s, it is possible to draw a more holistic picture of the rise of contemporary economic globalization, and its possible failure to provide an effective state apparatus.

The conversion of the U.S dollar from a fixed to floating exchange rate (removed from the gold standard) during the Nixon shocks of 1971 set in motion the collapse of the Bretton Woods economic framework, and ushering in the age of extreme liberal econometrics. Not only did the Nixon shocks help with the deregulation and financializing of international economics (effectively tackling inflation), but it also brought about a revolution in the mind, effectively changing the way individuals interact with the state. With the declining influence of the USSR as a major geopolitical polity in the 1980’s, there was no longer a need for the US economy to sustain a fully employed resilient domestic economy. Thus, the US effectively became a unipolar power, and as pointed out by Francis Fukuyama it was “the end of history”. Though, the decline of the USSR as a major contender to US power did not entail a utopian global-capitalist economy spreading the three pillars of democratic peace across the world. Instead, the revolution in American (albeit a larger extent western society) culture brought about a new radical liberal ontology, that cared little for the welfare state at the expense of free-market economics. As shown after 1989 the rate of productivity accelerated while the median family income stagnated Figure. 1 (Economic Policy Institute, 2014). The continued divergence between productivity and medium family income illustrates that Americans accepted the neoliberal ontology as a radical cultural transition took place behind the scenes. Changing the state apparatus of the U.S from a largely welfare state under FDR’s “New Deal”, to an individualized meritocratic neoliberal society under the “Washington Consensus”. Although this cultural transition may have gone unnoticed, structurally it was present with reforms in the Welfare State (i.e. Right to Work Legislation), convergence of commercial and private banking systems under the rejection of the Glass-Steagall Act, as well as growth in privatization along with a diminished role of the state. Internationally, during the post-war period there was an radical acceptance of Internationally Monetary Fund (IMF) structural adjustment programs, which were effectively loans to



developing nations experiencing a balance of payment crisis. Although the IMF knowingly administered the loans to developing nation-states which could never be able to fulfill the interest payments on such loans. Thus, many of these loans had to be wiped clean as odious debts in the 1990’s after years of experiencing economic dependency, yet problems of underdevelopment in many developing nation-states are still experienced.

(Figure.1)



Although liberalism and globalization may be enshrined as Robert Keohane’s “international liberalism”, Ulrich Beck’s “globality” or David Harvey’s “space-time compression” it is important to keep in mind the more sinister version of economic globalization, where political, social, and economic borders between individuals may be more prominent than ever before. Conceptually, the effects of globalization are neither beneficial or harmful (although I might be implying more of the negative effects of economic globalization), as there are two forms of globalization. One being globalization from below the other being globalization from above. Simply put globalization from below is what allows for discursive and political opportunity chances to occur (usually from the grassroots level i.e. 1994 Ejército Zapatista de Liberación Nacional (EZLN)). Globalization from above is a “top-down” systematic approach to globalization where greater interconnectedness is the result of agreements between bureaucratic



international institutions (i.e. UN, IMF, WB, IFI’s...etc.). Thereby understanding that globalization is not only an unidirectional phenomenon, but intrinsically a multidirectional phenomenon, it is possible to understand economic globalization (or neo-liberalization) has both winners and losers.

BEYOND LIBERALISM; GLOBALIZATION

Perceiving globalization from the perspective of “winners” and “losers” it is possible to conceptualize globalization as a binary phenomenon, though contrasted with the asceticism of liberalism it begs to question if it is possible to view globalization as a progression of development? Rather than viewing globalization as having two definitive outcomes. The development theory of globalization can be found in the roots of classical liberalism. In John Locke’s *First Treatise Chapter VII* Locke makes a clear distinction between political power and personal property. In rebutting Robert Filmer’s theory of the divine right of kings Locke arises a crucial assumption between political power and property rights in Filmer’s argument, which is crucial to understanding the individual liberal ontology of personal ownership. Thus, the premise that God entitled Adam with the earth’s resources to will upon his eldest son, Filmer equivocally assumes that a transition of resources entails a transition of political power. On the other hand, Locke states that a transition of resources (or property) does not entail a transition of political power because the inheritor of resources did not inherit his “brethren” (or personal being) (Moseley). Therefore, an inheritor of property (or resources) cannot yield the same political power over others because they are fundamentally different individuals. In Locke’s *Second Treatise Chapter V* the argument of property ownership is taken further. Locke not only asserts that property ownership is transferable, but Locke also states that whatever a man mixed his own labour with becomes his property (Moseley). Therefore, Lockes conception of property increases the “net yield” or the “commonwealth” of a group, as individuals can utilize their labour for private ownership. The basic premise of property ownership under liberalism shows that increased private ownership, can be utilized for personal investments, trade or collateral in the aim of achieving development. From the liberalist perspective, it is possible to conceptualize increased globalization as beneficial for the individual because such actions of private ownership increase the net wealth of the group of individuals. All in all, on the surface (for liberals) globalization can be viewed as an increased stage of economic development beyond the traditional theories of classical liberalism.

IS GLOBALISM THE AMERICAN CENTURY?

Beyond the traditional assertions of classical liberalism, and modern day liberal internationalists, this central question still arises: Why is it that if liberalism was to bring about an increased wealth for all, how come there is still disparities globally? The fact of the matter is that there has been a rapid increase in net wealth and productivity during the 20th century, the only catch is that the positive effects of globalization have not been distributed evenly within and between nation-states. As Richard Florida asserted that the effects of globalization is a “spiky world”, where “...the talent-attracting “have” regions seem increasingly remote from the talent exporting “have-not” regions.” (Florida, 2005). The fact that there is an uneven distribution of resources globally implies that the underlying structures of wealth and power are present, as one

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“Neoteric, Substantive, Global”

nation-state must have more than the other nation-states. In an age of increasing global inequality (with the United States of America as the dominate unipolar hegemony) it is informative to ask if the age of globalism is the American century? If so, did liberalism win?

In 1941 Henry Luce proclaimed that the 20th century would be the “American Century”, although much can be said about the United States being the “global empire”, the dominance of the U.S does not adequately justify a “win” for liberalism or globalization. The United States global hegemony does not justify the premise that globalization (liberalization) is overall beneficial, because as a global society we are very much in the crux of globalization. Any attempt to state that globalism is Americanism is false. As globalization is not merely an extension of promoting democratic peace, republican representation, free markets, and liberal human rights, but globalization is also the antithesis to a world of greater interconnections. Instrumentally, globalization is much more than the dominance of the U.S cultural values and ideologies, as there are continual tensions between the “winners” and “losers” of globalization which expand across national identities not confined to any single ideology (i.e. wealth inequality). Intrinsically globalization of the 21st century looks more like Marx’s dialectic than Rostow’s modernization theory beyond high mass consumption.

WHAT’S NEXT? POLITICAL UNCERTAINTY

In an era of globalization, the only thing that is certain is uncertainty itself. Twenty sixteen illustrates that uncertainty is the only thing which is certain, from the impeachment of Lula, Brexit, election of Donald Trump, rise in populist politics, Cold War like diplomatic relations between nations, continued turmoil in the middle east (i.e. Yemen & Syria) and the increased migrant crisis all goes to show that the effects of globalization are inevitable.

Keeping in mind that any possible future outcomes of globalization (good or bad) are inevitable, it is too easy for anyone to view the world from an pessimistic perspective while the positive factors are easily overlooked. Therefore, it is crucial to cautiously remind oneself of the progressive development in democratic agency because of the driving process’s behind globalization, such as advancements in technology, science, engineering and mathematics (also to note advancements of political agency in social equality). Examining globalization from the historical *long duré* perspective it is not only possible to see how certain variables produce unsuspected outcomes, as well it is possible to see how even fundamental ideas such as property, freedom and security continually re-produce global civil society. Globalization should not be viewed as a binary phenomenon, instead globalization is multifaceted in nature.

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Citations

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