Globalization and Deglobalization: A Retrospective

By Walden Bello*

I would like to thank Prof Jan Scholte and the Economics Department of the University of Gothenburg for inviting me to this conference. It is indeed a pleasure to be here.

Globalization and the Left

The first thing I would like to say is that the critique of globalization was first articulated by the left, not the established social democratic left, but by the critical left that made it as central element in its opposition to neoliberalism. This was a critique that emerged in action, articulated first by activists who took on the World Bank and the International Monetary Fund in the late eighties and early nineties. The torch was then passed to the movement against free trade and the World Trade Organization from the mid-1990’s to early 2000’s. Popularly known as the “Anti-Globalization Movement” or “Alter-Globalization Movement,” this movement was compared by Thomas Friedman to the post-Copernican believers in a flat earth. Then it took the shape of the World Social Forum from the early to the late 2000’s. After the onset of the global financial crisis, the critique was then carried forward by the Occupy Wall Street Movement in the US and its counterparts in Europe, the most prominent of which were Syriza in Greece and the Indignados in Spain.

I was privileged to be part of these movements, except for the last one, even at those times that we were dismissed as modern-day Luddites. I still remember being present at the high-water mark of globalization, the first Ministerial Meeting of the World Trade Organization in
Singapore in November 1996, when the WTO, World Bank, IMF, developed country
governments, and big corporations celebrated globalization as the pinnacle of global
civilization. There, members of people’s movements and representatives of developing
countries were told we had no choice but to submit to the inevitable. I was also present at the
Stalingrad of globalization and neoliberalism in Seattle in December 1999, when a de facto
alliance between the diverse movements of the left and the governments of the developing
countries triggered the collapse of the Third Ministerial meeting of the WTO. Seattle marked
the point when the anti-globalization critique achieved respectability, when what had been
dismissed as our factoids on the negative consequences of globalization were given the status
of facts, bringing about the defections of people like Joseph Stiglitz, Jeffrey Sachs, and George
Soros from the pro-globalization camp. By the mid-2000’s the claims of the free traders and
globalizers could no longer be sustained, a milestone of sorts being the conclusions of a high-
level team of establishment economists headed by Princeton University’s Angus Deaton. This
equivalent of a commission decreed as empirically flawed and marked by unwarranted
conclusions about the benefits of free trade the slew of works issued by World Bank
researchers and promoted by the External Affairs Department of the Bank, the main
propaganda outlets of the pro-free trade lobby.¹

I review this history to remind us that the critique of neoliberalism and globalization came from
the left, the non-established left. It is important to reclaim this fact because so much of the
critique we developed has been appropriated by today’s extreme right, which has used them to
forge itself as an ascendant political force.
The Left Critique: The Role of Solidarity and Community

The second thing I’d like to do say is that our critique was never just limited to showing that the empirical outcomes of income gains and losses of the neoliberal and pro-globalization policies contradicted their theoretical propositions. We said that a lot of the costs of neoliberal policies could never be captured by the neoliberal paradigm that saw society as but an aggregate of individuals *in abstracto* that could be manipulated mathematically to produce quantifiable results that could then be fed into the grinder of cost-benefit analysis. Our contention was always that you had to consider the costs of the disruption of social and communal solidarity, and this could never be captured by reductionist, economistic analysis. Neoliberal analysis, we said, was simply an ideological reflection of what Karl Polanyi called the “disembedding” of market relations from the larger matrix of social relations that were governed by the values of community and solidarity.¹

Today, we are witnessing the playing out of one of the greatest costs of reductionist economistic analysis, and that is a rampaging right-wing movement, which is fueled partly by the latter’s anger over the destruction or erosion of the bonds of social solidarity and community by neoliberal policies imposed from above by the economic technocrats of the European Commission and the US federal government.

**Neoliberalism and the Social Democrats**

The third thing that I would like to highlight is that the traditional social democratic left is greatly to blame for the current state of affairs, not because it caved in to neoliberalism, but
because it actually actively promoted it. Margaret Thatcher is remembered as the central figure of neoliberalism in Europe. What people tend to forget is that she said her greatest achievement was to convince Tony Blair, Gordon Brown, and the Labor leadership to switch ideologically to her side. And switch they did.

In an effort to move beyond its traditional working class base, the UK’s New Labor under Tony Blair and Gordon Brown struck up an alliance with finance capital, that is, The City. The deal was to make London a prosperous global center for finance, recycle some of the profits for New Labor’s social programs for its traditional working class base, and woo the middle classes with the low mortgages that the financial regime made possible. Gordon Brown, first as Chancellor then as Prime Minister, became the ideologue of the so-called ‘light touch’ regulation of finance, and for this and his ambition to make London outstrip New York as a financial center, he was ‘lionized’ by bankers, as one account puts it.3

The center of New Labor’s paradigm, or its bet, was that financial services, ‘would power a new service-based economy’ that would compensate for the decline of the manufacturing sector that had been the base of its traditional working class clientele. The new white collar class associated with the rising dominance of financial services would be enrolled in the voting lists of ‘forward looking’ New Labor, while monetary contributions would come from the City’s financial elite. Needless to say, this Faustian bargain collapsed with the 2008 global financial crisis, when Britain’s banking almost went under. One cannot understand Jeremy Corbin’s overwhelming appeal among the Labor base without taking into consideration New Labor’s selling out to finance capital.
In Germany, the betrayal of working class interests was perhaps even worse. There the Social Democrats did what the Christian Democrats and its allies could never do: take the leadership in eliminating key institutions of worker protection that had been created by labor’s long struggle with capital.

The SPD turnaround came in the form of the Hartz Reforms or “Agenda 2010,” which was adopted in the early 2000’s by the government of Chancellor Gerhard Schroder. Agenda 2010 was a Thatcherite package that relied on cutting medical benefits, slashing pension and unemployment benefits, raising the age of retirement from 65 to 67, outsourcing health insurance and abolishing craft requirements. Political analyst Perry Anderson described this package as, “a more comprehensive bout of neoliberal legislation than [Britain’s] New Labor, a much invoked model, was ever to do.”

Not only did the German working class suffer significant income losses and insecurity; the impact of the reforms was devastating to Germany’s neighbors. By significantly reducing the cost of German labor, the reforms beggared many other countries in the Eurozone with cheap exports, forcing them to borrow to cover the resulting deficits. Not only did Germany’s firms benefited from their exports, but German banks profited from the loans they made to other countries to cover their deficits. The end result was these countries’ virtual bankruptcy and their having to be bailed out under very austere conditions.

As for the French socialists, they willingly became the frontmen for the neoliberal project. It was the Francois Mitterand and the Socialists that became the chief lobbyists for the European Monetary Union, with its severe fiscal and monetary constraints that limited the ability of
governments to promote growth or prevent unemployment. Jacques Delors presided over the neoliberalization of the EU, which culminated in the Maastricht Treaty in 1995, and at the WTO, Pascal Lamy became the spokesman for a global free trade regime, with built-in advantages for the developed countries and corporations.

The same dynamics were observed in the US, with the Democratic Party, which has traditionally been associated with labor. Bill Clinton initiated the transformation of the party into an aggressive promoter of Wall Street’s interests in the 1990’s. While the eruption of the 2008 financial crisis did not take place under President Obama’s watch, the response of his administration to it ignored the plight of millions of bankrupt homeowners, put forward a cautious, weak stimulus program that did little to spark a recovery that would absorb the unemployed, and refused to impose effective regulation on the banks which had brought on the 2008 crisis. When Obama became the prime advocate for the neoliberal Trans-Pacific Partnership (TPP), the most ambitious free-trade agreement yet, which would involve radical liberalization of the economies of 12 East Pacific and West Pacific countries, the American working class had had enough. Working class desertion to Donald Trump or their staying at home was responsible for Hillary Clinton’s losing four key traditionally Democratic majority states that had gone twice for Obama: Michigan, Pennsylvania, Wisconsin, and Ohio. Knowing that the white working class in these states in the American Midwest gave him the electoral votes that put him over the top, Trump’s first executive order was to junk the Trans-Pacific Partnership, going even against the advice of corporate America.

Why do we stress the role of social democrats? Because by subordinating the values of social
solidarity and community that had been, alongside the desire for economic security, the engine of the workers’ movement that had built up Europe’s impressive welfare states and the US’s much less impressive version to the neoliberal principle of obtaining the most efficient allocation of resources in a universe of atomized abstract individuals, they lost much of the working class and made them a present to the radical right. Former Greek Finance Minister Yannis Varoufakis expresses the consequences of this trade-off best:

With paper profits mounting, European social democrats and American democrats were lured into a Faustian bargain with the bankers of Wall Street, the City of London, Frankfurt and Paris, who were only too pleased to let reformist politicians take a small cut of the loot as long as the politicians consented to the complete deregulation of financial market[s] ... Bankers were unshackled and center-left politicians no longer had to wrestle the captains of industry to fund their social programs. Financiers had only to feign displeasure at handing over some crumbs from their substantial table for the politicians to acquiesce in the logic and the ethics of financialization, suspend their critical attitude to capitalism and believe deeply that the financial sector knows best how to regulate itself ... And so, when in 2008 the vast pyramids of financial capital came crashing down, Europe’s social democrats did not have the mental tools or the moral values with which to combat the bankers or to subject the collapsing system to critical scrutiny ... Lacking the ethical, intellectual and financial weapons that they and their predecessors had willingly retired or refused to create some years before ... Europe’s social democrats were ready to fall. Ready to retreat. To bow their heads to the bankers’ demands for bailouts to be purchased with self-defeating austerity for the
weakest. To shut their eyes to the transfer of the costs of the crisis from those responsible for it to the majority of citizens, Germans and Greeks alike, the very people that social democrats were supposed to represent.  

Let me just add that even before large-scale immigration became an acute issue owing to the war in the Middle East, the abandonment of workers’ solidarity in favor of neoliberal rationality had already led European social democracy on to the path of precipitous decline. And when the migration crisis did break out around 2012, the embrace of neoliberalism was compounded by the failure of the social democratic parties to adequately educate their base about immigration and the virtues of diversity and tolerance. Unions are not just organizations for fighting for higher wages; historically, one of their most valuable functions has been to serve as educational institutions to socialize workers into progressive analysis and progressive values. But this a digression and the subject of another talk.

**Neoliberalism in the Global South**

Let me return to my subject and move on to my fourth point. This is that neoliberalism and pro-globalization policies created in the South, as in the North, tremendous inequalities, and this has resulted as well in menacing authoritarian movements. Perhaps the best known of these new authoritarians is President Rodrigo Duterte of the Philippines. Under Duterte’s brutal war on drugs, some 13,000 people have been killed in less than a year and a half since he came to power, making the killings there the third worst massacre in the recent history of Southeast Asia, after the genocide perpetrated in Cambodia by the Khmer Rouge in 1975-78, which took 3-4 million lives, and the massacre of Communists and Communist sympathizers in...
Indonesia in 1965, which took some 500,000 to 2 million lives.

Duterte was elected with 40 per cent of the vote, and despite his bloody record, he maintains a high popularity rating. Duterte’s anti-crime, anti-drugs agenda was certainly one of the reasons many people voted for him. But one must also take into consideration the popular backlash against the liberal democratic regime that came to power after the overthrow of Marcos in 1986. That 30-year regime’s promise of delivering the country from poverty and inequality but failing to do so was a central reason for people’s going in droves to Duterte.6

Perhaps the key tragedy of the post-Marcos Republic was that it came into being right at the time that neoliberalism was on the ascendant globally as an ideology. Even before the February 1986 uprising, the Philippines had become one of four guinea pigs of the new structural adjustment program unveiled by the World Bank, which aimed to bring down tariffs, deregulate the economy, and privatize government enterprises.

Under the administration of Marcos’ successor, Corazon Aquino, pressure from the International Monetary Fund and US banks made repayment of the foreign debt the top national economic priority. Over the next three decades, debt servicing would take up to 20 to 45% of the annual government budget, crippling the government’s capacity to invest and stimulate economic growth and provide essential social services.

In the mid-1990’s, neoliberalism reached its apogee: tariffs were radically cut to zero-to-five percent, deregulation and privatization were sped up, and the Philippines joined the World Trade Organization — to “benefit”, it was said, from the tide of corporate-driven globalization.
The contours of the neoliberal political economy were firmed up: pro-market policies, relentless privatization, export-oriented development, export of labor, low wages to attract foreign investors, and conservative monetary and fiscal management. As the Philippines’ neighbors retained high levels of economic protectionism, neoliberal disarmament contributed to the Philippines’ having the second lowest yearly average growth rate in Southeast Asia from 1990 to 2010. Even the second-tier ASEAN economies of Vietnam, Cambodia, Laos, and Burma outstripped it.

Although the economy registered 6-7% growth rates from 2012 to 2015, there was no “trickle down” to counter the legacy of stagnation bequeathed by neoliberal policies. At nearly 25% of the population, the percentage living in poverty on 2015 was practically the same as in 2003. By 2015, the gini coefficient, the most reliable measure of inequality, had gone up to 50, the worst in the country’s history. This was the fertile ground on which sprung Duterte’s electoral insurgency.

Of course, disgust with the continuing oligarchical control of the Philippine economy, exemplified by the continuing concentration of land in the hands of the landlord class, was a contributing factor as was the anger at corruption, but the contribution of poverty and inequality-creating neoliberal, pro-globalization policies is incontestable. Again, as in the case of Europe and the United States, perhaps one of the highest costs exacted by neoliberal pro-globalization policies has been the destabilization and possible destruction of liberal democratic systems. Certainly in the Philippines, we see very swift trends towards the establishment of an
authoritarian system with widespread support among the disgruntled, disenfranchised, and dispossessed.

**Deglobalization Today**

Let me move to my last point: The deglobalization agenda that we at Focus on the Global South first articulated in 2000, when the triumph of neoliberalism and globalization seemed inevitable, remains, in my view relevant. The aim of the deglobalization paradigm is to move beyond the economics of narrow efficiency, in which the key criterion is the reduction of unit cost, never mind the social and ecological destabilization this process brings about. It is to move beyond a system of economic calculation that, in the words of John Maynard Keynes, made “the whole conduct of life...into a paradox of an accountant’s nightmare.”7 It aims to promote effective economics, which strengthens social solidarity by subordinating the operations of the market to the values of equity, justice, and community and by enlarging the range of democratic decision making in the economic sphere. To use the language of the great Hungarian thinker Karl Polanyi in his book *The Great Transformation*, deglobalization is about “re-embedding” the economy in society, instead of having society driven by the economy.8

The deglobalization paradigm also asserts that a “one size fits all” model like neoliberalism or centralized bureaucratic socialism is dysfunctional and destabilizing. Instead, diversity should be expected and encouraged, as it is in nature. Shared principles of alternative economics do exist, and they have already substantially emerged in the struggle against and critical reflection over the failure of centralized socialism and capitalism. However, how these principles — the most
important of which have been sketched out above — are concretely articulated will depend on
the values, rhythms, and strategic choices of each society.

Contrary to the claims of some critics, deglobalization was never about delinking from the
international economy. It was always about achieving a healthy balance between the national
economy and international economy, one largely presided over by a state that pragmatically
employed tariffs, quotas, and other mechanisms to ensure the survival and health of local
industries competing against highly subsidized Northern agriculture and industrial corporate
giants with deep pockets.

I have just summed up the salient points of the deglobalization paradigm. The problem, I
contend, is not the intellectual viability of the deglobalization and similar alternatives such as
food sovereignty and de-growth but the absence of a social agent for these paradigms, in a
manner similar to the way the workers’ movements provided the base for socialism. Many of
those disillusioned by social democracy are flocking instead to the radical right, for the parties
of the right have skillfully cherry-picked elements of our program and inserted them into a
framework of equity, sharing, and community, but one based on blood, ethnicity, and race—in
short, an exclusionary welfare political economy. As Iannis Varoufakis put it, the people he calls
the “ultra-rightist thugs “ are “all too happy to act as the protectors of the weak – as long as the
latter had the right blood, skin color and prejudices.”9 True, this infatuation with right-wing
parties like the National Front or the People’s Party of Denmark may be mainly an expression of
electoral protest. But unless the Social Democrats go back to their roots or another party of
the left emerges that catches the imagination of the labor, the loss of large numbers of workers
to the right may be permanent.

**Conclusion**

Let me end by saying, there are no easy answers. The old order is vanishing, and disadvantaged as we are, those proposing progressive alternatives have no choice but to struggle to win the high-stakes competition with the ascendant extreme right and the discredited neoliberal center-right and center-left. In this struggle, we must have faith in that most basic of outlooks that distinguishes us from the right: that most people are fundamentally cooperative and compassionate and not exclusionary in their attitudes if things are explained correctly to them. And we must make it a point to reclaim the values of community and solidarity from the extreme right and bring them back to our progressive post-neoliberal paradigm, where they were originally articulated and where they belong. We should never allow ourselves to be seduced again by an ideology that reifies the abstract individual existing in an abstract aggregate of abstract individuals. Whatever Margaret Thatcher may have thought, there is such a thing as society, and we ignore that truth at our peril.

*Walden Bello is the International Adjunct Professor of Sociology at the State University of New York at Binghamton. He is the author or co-author of some 20 books, among which are *Capitalism’s Last Stand* (2013), *Food Wars* (2009), and *Dilemmas of Domination* (2005). His most recent published work is “Counterrevolution, the Countryside, and the Middle Classes: Lessons from Five Countries” which appears in the January 2018 issue of the *Journal of Peasant Studies*. He was a member of the House of Representatives of the Philippines from 2009 to 2015.*


6 My thoughts on the Duterte regime are developed further in my article “Counterrevolution, the Countryside, and the Middle Classes: Lessons from Five Countries,” that appears in the January 2018 issue of the Journal of Peasant Studies. This can now be accessed at http://www.tandfonline.com/doi/full/10.1080/03066150.2017.1380628


8 Polanyi, K. ibid.

9 Varoufakis, p. 212.