The End of Neoliberal Globalism: A Critical Perspective

Ishmael K. Hlovor¹*, Yussif Shaibu² and Naazia Ibrahim³

¹University of Cape Coast, Ghana.
²Ghana Institute of Journalism, Ghana.
³University of Development Studies, Ghana.

Authors’ contributions

This work was carried out in collaboration among all authors. Author IKH designed the study, worked on the theoretical framework and wrote the first draft of the manuscript. Author NI worked on the methodology of the study and worked on revisions of the study. Author YS managed the literature searches and the analysis of the study. All authors read and approved the final manuscript.

ABSTRACT

There has been a growing trend towards protectionism, particularly in the Global North in recent years. The rise of Trump, Brexit and tighter immigration control across Europe and America seem to run contrary to the conventional neoliberal globalism discourse of free flow of people, capital, goods and information across the globe. Using a qualitative approach and drawing on data from published works, this paper argues that these events are part of the Global North’s rebellion against neoliberal globalism. This process is not external to the process of neoliberal globalism but integral to it. Although the current rise of nationalism and protectionism does not represent an end of globalization, it represents the end of the discourse of globalization as a fit all economic and political solution to diverse nations. This demands that alternatives to the current thinking be considered. A new form of globalization must consider issues of income and economic inequality among nations and people. It must offer the chance to the nation state to reinvent itself as the welfare providing and protecting states.
Keywords: Neoliberalism; critical theory; globalization; brexit; nationalism.

1. INTRODUCTION

The annals of world history would no doubt record 2016 as a benchmark year in world political history. Few years have recorded many eventful occurrences of global proportion and significance since the end of the cold war as 2016. Of the many events that adored 2016 with historical significance were the British vote to leave the EU and across the Atlantic, American’s election of Donald Trump as their president against popular global expectation. The two events are for many unpredicted and rightly defied conventional thinking. While ‘Brexit’ has sparked a long painful negotiation process, Trump had reinvented America as a nation of ‘protectionism’ instead of the champion of neoliberal globalism.

This paper argues that these events are part of the Global North’s rebellion against neoliberal globalism. In the Global South, this rebellion begun in the 1970s with the call for a ‘New International Economic Order’ [1,2] and the resentments expressed in the discourses of neocolonialism [3,4]. Thus, the events of 2016 and the subsequent birth of nationalism reflecting in tighter migration policies in Europe and America, the US-China trade war under the Trump presidency, the rise of nationalist parties in Europe and xenophobia in South Africa represent the beginning of the era of unrestricted neoliberal globalism as a discourse and a drive of state policy. It is not the contention that globalization has ended or that there is the era of de-globalization but that the view of neoliberal globalism as generally benign and the nation state and its territorial borders as obsolete has come to an end. This occurrence is not external to neoliberal globalism but rooted in the nature of neoliberal globalism itself. The assertion of this paper is rooted in critical theory, particularly of the Frankfurt school tradition.

We present the rest of the argument in seven sections. The next section addresses the theory of critical theory and how it applies to this paper. This is followed by the methodology of the study. After the methodology, we proceed to discuss social ideals and how they circumscribe human thinking and progress. The fourth section looks at economic globalization and how it has given rise to nationalist resentment. The sixth section looks at how economic discontent results in political rebellion and how Brexit and Trump’s victory in the American poll represents the same dynamic of the rise of nationalist sentiment in the global north. This is followed by a position on the future of globalization and conclusion.

1.1 Critical Theory

The historical roots of critical theory can be traced to the writings of Marx, Kant and Hegel during the enlightenment [5-7]. However, recent scholarship on critical theory is mostly associated with the Frankfurt school. The starting point of the discussion of critical theory is Horkheimer’s distinction between traditional and critical theory, an idea later elaborated by Robert Cox’s who differentiates problem solving theory from critical theory [8]. According to Cox problem-solving theory:

Takes the world as it finds it, with the prevailing social and power relationships and the institutions into which they are organised, as the given framework for action. The general aim of problem solving is to make these relationships and institutions work smoothly by dealing effectively with particular sources of trouble (Cox, pp. 128-129).

Problem-solving theories are rooted in positivist methodology, holding that the theorist is confronted with an objective world and that he can separate his personal ideology and biases from his analysis of the world. Fact and values are separable and a theory in this sense is only valid if it can be value-free.

According to him, problem solving theories have the tendency to legitimise the prevailing world order. This tendency derives from the failure of problem-solving theory to be self-reflective of prior framework within which theorizing takes place. Regardless of its claim to be value-free, problem solving theory is value-laden because according to Cox, it fails to appreciate that knowledge is ‘socially embedded and constituted’, and therefore, shaped by interest and power (Cox, p. 130).

On the other hand, critical theory accepts that all knowledge or cognitive processes are socially or contextually situated. Knowledge in this sense is conditioned by our historical and material development, hence, are influenced by interest and power. As Cox [8] put it, “a theory is always for someone and for some purpose.” In other words, knowledge is political, and is conditioned
by cultural, social and ideology influences. The task of critical theory is to reveal the effects of the cultural, social and ideological conditionings of theory. Critical theory must unearth and bring to consciousness the values, interests and the commitments that produce or shape a particular theory [9].

Critical theories attempt to reveal the contradictions in prevailing social and political structures through immanent critique with the view to opening up the possibility of emancipation or transformation. The central theme of critical theory is to unravel the contradictions in prevailing theories or knowledge in order to open up the possibility of emancipation. Critical theorists share a commitment to alternative forms of inclusive political order, which eliminate political oppressions and marginalisation.

This paper builds on critical theory by highlighting how globalization, particularly the dominant perspective (neoliberal globalism) and its policy recommendations have led to marginalization of large masses across the world while clouding out other forms of globalization. It also demonstrates that the rise of nationalism across world is a rebellion against neoliberal globalism and open the space for the reexamination of the concept of globalization and the liberal economic order.

2. METHODOLOGY

This paper adopts the qualitative research approach. The qualitative research approach uses non-numeric data by focusing on the lived experiences of people in their natural settings [10]. The approach is rooted in constructivist ontology and interpretivist epistemology. It therefore holds that knowledge and the process of acquiring knowledge are socially embedded and constructed. The researcher is inseparable from the research processes and ‘objective knowledge or truth’, is implausible. Thus, it is inductive in nature with emphasis on the exploration of the meanings and insights derived from a given situation and context forming the basis for generalizations [11].

This study therefore relied mainly on secondary data including official documents and published literature relating to the subject. In order to put the paper within appropriate historical context, then paper discussed broadly the concepts of neoliberal globalism and how it has over time become constituted and expressed as the ubiquitous path to growth, modernization, development and the economic wellbeing of all men and women. It then highlights major events and occurrences in both Europe and America, and the interpretation that people give these events and occurrences. It also shows how these events and occurrences relates to the operations of the neoliberal global economy. The paper draws on these highlights and the meanings assigned to them to make the case for a trend toward a rebellion against the political establishments on both sides of the Atlantic, which invariably is a revolt against the prevailing norms of neoliberal globalism.

2.1 The Dominance of Ideals and the Globalization Discourse

At every epoch of history, specific ideals or ideas usually serve as the organizing principle of human civilization and define the nature of human progress. Such prevailing ideals provide justification for human action and serve as the lens through which legitimacy is accorded or conferred on actors and actions. Such ideals normally become so pervasive that arguing against their propositions looks daunting and unthinkable even if there is mounting evidence against it. Our notions of good and bad both in time and space has been framed within such discourses and norms [12,13]. In the same vein, the right path to a better economic and political order is built on such ideals. Judgment outside the framework of such ideals is normally obstructed by our attachment to them. They provide the framework for our thinking about the world and how social, economic and political life is to be organized. In other words, our ideas, norms, understanding and meanings of events and the global order are socially constructed and reconstituted over time [14,15].

The effect of such pervasive ideas is that while they provide a stable set of ordering principles that legitimate and define the appropriateness of actions and policies within a given order, they equally limit human progress by restricting our thinking about alternative orders and ideals they contain [16]. Such ideals and the order they define are self-perpetuating and normally constitute the dominant paradigm through which we analyze the world and the complex socio-economic problems we face. The solutions to our problems under a given world order is equally circumscribed by the prevailing paradigm and the ideals it holds [15,16].
Ideals and the prevailing paradigm that sustain them are usually the reflection of the dominant segment of society. The ability of that segment of the population to control discourse usually defines the longevity and how pervasive the ideals are as organizing principles of society [17-20]. The elites are normally the foremost beneficiaries of such ideals and it is often in their interest to maintain its hold on society [15,16,21]. However, new ideas and norms may gradually replace old ideals or norms when people who become dissatisfied with them and are able to mobilize to challenge them. A challenge to the prevailing norms equally poses a challenge to the prevailing order it sustains and its elites. When challenged, elites may respond by reforming the ideals or replacing them with new set of ideals and a new order [22]. In some cases, such resentments against the prevailing order are suppressed through political oppression in which case violent conflict may become inevitable.

Since the end of the cold war and the dismay of the communism, ‘globalization’, particularly in its economic and political form has become the conventional framework of thinking about human progress. Supported largely by Western and American hegemony, the globalization discourse became an unchallenged global ideal. Liberal globalization has been constructed and projected as “a fit-all solution” to almost humanity’s challenges, particularly in the economic sphere [23,24]. Issues that hitherto were seen as national problems and in need of national solutions are no longer regarded as such. All national problems are in need of global solutions and framed within the limits provided by the globalization discourse. New concepts and practices emerged, and are framed in favourable terms in support of globalisation without careful scrutiny. Political concepts such as responsibility to protect, internationalization of human rights, multilateralism and democratization are central to the global political order after the Cold War. On the economic front, internationalization of economic units and processes in the form of free trade, outsourcing, relocation of production units, and foreign direct investment has been privileged in spite of mixed research findings on the impact of the later on economic growth in many parts of the world [25,26].

Even if critics of globalization point out its limitations and contradictions, the conventional thinking prevails by insisting that even the losers of the process of globalization are still better off under the conditions of globalization. The argument is normally made of how to help the losers adjust to the conditions created by neoliberal globalization than considering alternatives to it [24,27]. Hence, where concessions are made to accommodate the needs of the losers of globalisation, there are made within the confines of prevailing norms of globalisation resulting in concessions that are not deep enough or well designed to affect the needed impact on losers [28,29].

Unfolding events across the globe since 2016 have point to the fact that the liberal globalization discourse and the ideals it professes are losing their appeal as the ordering principle of our economic, social and political life. The events have pointed to the fact that we need to think outside the prevailing paradigm offered by the globalization discourse and seek solutions to some of our challenges beyond the neoliberal globalism framework. The emergence of Donald Trump in the United States, growing influence of nationalist parties across Europe and Brexit are few pointers of the global uprising of the losers of the globalization discourse in the global north. Of course, Trump himself is not a loser of the globalization process but benefited from tapping into the resentment of the losers of the process in the United States [24]. Indeed, his path to becoming president cannot be explained by this single factor, but we consider it the prime issue in his ascension to the presidency. The events as noted earlier are part of the growing resentments of the masses of western democracies towards the globalization discourse. These losers have simply decided to rebel against conventional thinking and the prevailing order that it has helped to establish and sustained. The established order, is built on the unavailing believe in the potency of globalization, particular the free-market economy to address the many challenges facing humanity, and create a better world for all. It is this backlash against economic globalization, which has generated nationalist sentiments across the globe, particularly in the global north. The rest of the paper explores how this occurred.

2.2 Economic Globalisation and Growth of Nationalist Resentment

The collapse of the Soviet Union was interpreted as the triumph of liberal market economy over the socialist economy and by extension, the triumph of liberal democracy over any other form of government [30]. Since then, liberal economic
policies have become the conventional thinking in economic literature and policy cycles. Indeed, part of the explanation for the fall of communism was the ineffectiveness of the state-controlled economic model of the Soviet Union [31]. The world unquestionably accepted the notion that liberal economic policies are the solution to economic challenges regardless of the circumstances. Liberal economic ideals provide the framework through which economic policies acquire legitimacy. Thinking outside the liberal economic framework has become more or less a ‘taboo’ undertaking. Even though some economists have long pondered on the adverse impact of neoliberal globalism on economies and people, hardly are their concerns the subject of mainstream public discourse [23].

As the liberal world order takes root under US hegemony, centrally planned economies and other alternative modes of organising economic processes were simply considered obsolete, ineffective and a threat to the global economy. State intervention in any form in economic activities is rejected entirely. Indeed, in cases, where it was clear that some level of state intervention has brought economic growth such as the case of the Asian Tigers and China, the proponent of a liberal economic order rejects such claims and rather point to reforms informed by adherence to liberal ideas and the operations of the neoliberal global economy as the causes of growth. Global trade agreements that open up markets and reduce the ability of the state to intervene in the market become the standard practice. In the process, economic globalization essentially became global liberalization.

Through international institutions such as the World Bank, International Monetary Fund (IMF) and World Trade Organisation (WTO) countries across the globe were pushed to adopt market friendly policies in the bid to propel economic growth. Throughout the 1980/90s, the World Bank and the IMF in particular aided in the crusading spread of the liberal policies across the globe. Their best policy recommendations for third world countries in economic decline is standard liberal economic policies including opening up their markets to international competition and removal of all trade barriers in order to take advantage of the global economic order. Thus, developing countries in need of financial assistance from these Western dominated financial institutions and Western countries were pushed to implement market reforms aiming at removing the state from the market place in line with the neoliberal thinking as precondition for assistance. The term ‘Washington Consensus’ came to symbolize this neoliberal orientation in the international political economy [32-34]. The consequences of the adoption of these policies by most third world nations have been well document but it will suffice to state here that such policies have largely fail to promote economic growth and industrialization in many of the countries [35-38].

As markets become more globalized and all economic problems are expected to be addressed through globalization and liberal economic policies, alternative solutions to economic problems are simply discarded. Unfortunately, economic globalization and liberal economic policies have not provided the “universal fit-all” solution to some of the economic difficulties overtime and have equally not been beneficial to all classes of people [29]. In the global north, many manufacturing workers have seen their jobs taken abroad to low-income nations with lower labour cost [39]. At the same time, many nations in the global south have seen their domestic industries collapse under pressure and competition from better-equipped multinationals in a process referred to as ‘de-industrialization’ [40,41].

However, advocates of economic globalization continuously relay on aggregate statistical data to highlight how well off everybody is under conditions of economic globalization. Even when they admit that there are losers in the economic globalization process, they only sympathize with them. They, however, fail to identify any alternative that could address the concerns of the losers.

2.3 From Economic Discontent to Political Revolt

The losers from economic globalization who Donald Trump termed “forgotten men and women” have for long shown resentment against globalization and the liberal economic world order. Yet, their concerns have largely been unattended to by the political elites who are clouded by standard globalization theory. Globalization has produced too many losers and the resentments of the losers invariably are directed at the political elites who are seen as the main beneficiaries of the process. The discontent among the losers of economic globalization was contained because the political elites favour economic globalization and the liberal economic
order. The political elites with time have become the symbol of the globalization enterprise. They occupy an unwarranted position in the mind of the losers as working against their interest. For the losers, the political elites’ continuous faith in globalization shows that they are perpetrating a system that work for elite interest.

For these losers and marginalized group, the solution to their plight is a reversal of the globalization process and an emphasis on national economy. It is within this context that a wave of nationalist sentiment seems to be on the rise across the global north in recent times. The people who voted in Britain to leave the EU are part of this growing global group of national protectionists. A scrutiny of the Brexit vote reveals that issues such as poverty, low skills, lack of opportunity and fiscal consolidation measures explain decision to vote to leave the European Union [42,43]. As pointed out by Goodwin & Heath [9] those with income of less than £ 20,000 per year were more likely to vote to leave the EU than higher income earners. Similarly, unemployed, low skilled and people with lower levels of education favoured leaving the EU. Furthermore, low skilled communities generally favoured Brexit [42]. The evidence also show that the austerity measures adopted by the UK government following the 2008/9 financial crisis led to fiscal cuts for local government authorities. The fiscal cuts affected poorer local governments with pre-existing deprivations. Thus, deprived areas and local authorities experiencing more fiscal cuts favoured Brexit [44].

Immigration of low skilled labour from Eastern Europe and other parts of the world has also been a concern for most countries in the global north. As a result of economic globalism and regional economic integration schemes in the form of the European Union, low skilled labour from Eastern Europe has moved into the more prosperous Western European region. In 2004, when eight Eastern European states joined the EU, there were fears of low skilled workers from the region flooding Western Europe. As a result, many Western European governments adopted measures to limit the influx of these low skilled labour. The UK, however, did not adopt any restricting measures. Evidence suggests that about 1 million migrants, which amount to some 3% of the UK working population migrated from Eastern Europe into the UK [44]. Using the vote share of the UK Independent Party in European parliamentary elections, Becker & Feitzer [44] noted that those regions in the UK that received more migrants experienced increased anti-immigration sentiment. The influx of migrant labour had an adverse effect on lower income earners in manufacturing and unskilled work as their wages shrink due to competition from the cheaper arrivals. It equally contributed to pressure on public services and housing in poorer communities which are the main host to the migrants. It is this development, that contributed to the increasing popularity of the nationalist rightwing UKIP in the 2013 local elections, 2014 European Parliamentary elections and the 2015 general elections [44].

The issues of immigration was also central to the campaign and subsequently vote to leave the EU. Most working class white families who have seen declining wages, lower educational attainment, worsening housing and poor public services attribute their plight to the presence of migrants and saw Brexit as the opportunity to take back control of their country [45,46]. The rapid economic changes occasioned by processes of economic globalism has cut of segment of the population in the global north from the modern economy. These segment are the low skilled, low wage and manufacturing workers. Goodwin and Heath [42] succinctly summarised the situation as follows:

Groups in Britain who have been ‘left behind’ by rapid economic change and feel cut adrift from the mainstream consensus were the most likely to support Brexit. These voters face a ‘double whammy’. While their lack of qualifications put them at a significant disadvantage in the modern economy, they are also being further marginalised in society by the lack of opportunities that faced in their low-skilled communities. This will make it extremely difficult for the left behind to adapt and prosper in future.

For these low wage, low educated and unemployed people within the UK, economic and political globalization as represented by the EU is simply not working for them. Regardless of the statistics and the conventional thinking that indicate that they are better off under the globalized economy; their real conditions are just not good enough. Their elected officials simply fail to protect them and their interest and therefore, the political establishment seizes to represent them. Thus, any opportunity to ‘take back their country’ and put in nationalist policies that they perceive will work for them is welcomed. Largely, Brexit was the product of the long-term
worsening economic status of low wage, unskilled labour and unemployed due to the interactions between lack of governments investment into public services, relocation of manufacturing jobs to places of cheap labour (resulting in a fundamental economic restructuring the modern economy which disadvantaged manufacturing workers) and declining wages for low-income labour due to competition from migrants. All these issues are invariably connected to the operations of the neoliberal global economy. For instance, investment in public services has been largely constrained in most parts of the world due to the need to keep the state out of the market place. Manufacturing jobs have moved to lower labour cost regions to take advantage of low-cost labour due to the international division of labour, while migration within the EU due to the economic integration of the region has also led to influx of cheap labour from Eastern Europe into the UK. All these have contributed to making working class low income worse off as opportunities and incomes shrink under conditions of neoliberal globalism.

Across the Atlantic, the same group have rally to the call by Trump to ‘make America great again’ during the 2016 elections. To the losers of economic globalization in America who perceive the Chinese as taking their jobs, Trump represents the ideal man to have their country work for their interest. The political establishment was seen as favouring economic processes and modes, which contributed to economic loss of manufacturing workers whose jobs were or perceived to be taken to developing countries, particularly China. The outcome of the 2016 elections, therefore, represented a rejection of the political establishment in the US. Dislocated white manufacturing workers ‘rebell’ against the establishment by voting against the candidate perceived as representing the main economic consensus. Thus, Trump rhetoric appealed to dislocated working class people across the former manufacturing hub of America (Rust Belt) of America. Trump provided rallying point for people within the United States who felt threatened by economic and foreign policy choices that have not worked for them. McQuarrie pointed out that, “For the first time in decades American voters were presented with a choice between a candidate who represented the bipartisan consensus on economic and foreign policy and a candidate that appeared to reject it wholesale” [47]. As the 2016 elections showed, majority of the working class went for the anti-establishment candidate in protest against their gradual economic and political alienation over the last 40 years. Evidence showed that Trump won mostly in former industrial areas while Clinton was more successful in areas of new economic growth [47].

Regardless of how abrasive and unconventional Trump campaign strategy and administration appeared to be, he represents to the losers of globalization in the United States a better alternative to the political establishment. Indeed, his message resonates with the “forgotten masses’ precisely because it highlights their thinking, which is not in line with the conventional globalization thinking of today. Although, Trump has lost the presidency, it is obvious that the issues that brought him to power are far from being resolved. Trump’s victory and Brexit represent the same thing, a rebellion against the established political and economic order in the global north. Neoliberal globalism has created losers who are gradually transforming their resentment into political revolt in Western Democracies through increasing vote shares of populist and anti-establishment candidates and parties.

2.4 The End of the Old Order and the Beginning of a New Order

The current rise of nationalism and protectionism does not represent an end of globalization but the discourse of globalization as a fit all economic and political solution to diverse nations. This demands that alternatives to the current thinking be considered. A new form of globalization must consider issues of income and economic inequality among nations and people. It must offer the chance to the nation state to reinvent itself as the welfare providing and protecting states.

Globalization must take a new form, which recognizes the diversity of people and needs. Recognizing the peculiar challenges of vulnerable groups and allowing states the chance to adopt policies that address their peculiar challenges. Globalization in this new form must be understood within a framework of a network of interdependent states with each unit tie to the other but returning the rights to protection and provision for its population.

Globalization discourse must now pay attention to the relevance of the state and the diversity of the people and states. Economic growth and
political orders must not be assumed as only perfected within a liberal political economic order. A plurality of orders must be allowed to co-exist and compete. The unfolding nationalist melodrama in the Global North offers the chance to rethink globalization. In other words, there is a process of de-globalization of the older globalization order and discourse to usher in a new form of pluralist globalization.

3. CONCLUSION

The era of unquestionable acceptance of globalization seems to be drawing to an end. Economic globalization and the elites that sustain it are coming under increasing scrutiny by the masses of the global north. Economic globalization can no longer be regarded as the fit-all solution to every economic challenge and that its losers should accept that they are still better off with it. Brexit, Trump, and the rise of nationalist parties across Europe represent a global movement of the forgotten losers of economic globalization. Yet, globalization is such an attractive force in its own right that it will not be reverse overnight. It is equally not in the interest of anyone to reverse it. There is, however, the need to think of how to accommodate the interest of the forgotten masses. It is the ability to address these concerns that will end the unfolding political rebellion and define the future of the global economy.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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