



King's Research Portal

DOI:

[10.1353/dss.2022.0004](https://doi.org/10.1353/dss.2022.0004)

Document Version

Publisher's PDF, also known as Version of record

[Link to publication record in King's Research Portal](#)

Citation for published version (APA):

Gerbaudo, P. (2022). After Globalization. *DISSENT*, 69(1), 21-27. <https://doi.org/10.1353/dss.2022.0004>

Citing this paper

Please note that where the full-text provided on King's Research Portal is the Author Accepted Manuscript or Post-Print version this may differ from the final Published version. If citing, it is advised that you check and use the publisher's definitive version for pagination, volume/issue, and date of publication details. And where the final published version is provided on the Research Portal, if citing you are again advised to check the publisher's website for any subsequent corrections.

General rights

Copyright and moral rights for the publications made accessible in the Research Portal are retained by the authors and/or other copyright owners and it is a condition of accessing publications that users recognize and abide by the legal requirements associated with these rights.

- Users may download and print one copy of any publication from the Research Portal for the purpose of private study or research.
- You may not further distribute the material or use it for any profit-making activity or commercial gain
- You may freely distribute the URL identifying the publication in the Research Portal

Take down policy

If you believe that this document breaches copyright please contact librarypure@kcl.ac.uk providing details, and we will remove access to the work immediately and investigate your claim.



PROJECT MUSE®

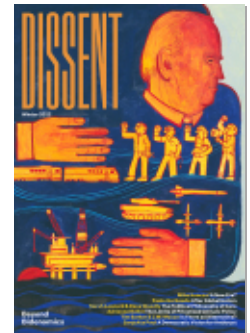
After Globalization

Paolo Gerbaudo

Dissent, Volume 69, Number 1, Winter 2022, pp. 20-27 (Article)

Published by University of Pennsylvania Press

DOI: <https://doi.org/10.1353/dss.2022.0004>



➔ *For additional information about this article*

<https://muse.jhu.edu/article/843736>



President Joe Biden speaks about the \$1.2 trillion Infrastructure Investment and Jobs Act at the Port of Baltimore on November 10, 2021. (Drew Angerer/Getty Images)

After Globalization

Paolo Gerbaudo

In *The Great Transformation*, published in 1944 as the Second World War was still raging, Austro-Hungarian economic historian Karl Polanyi analyzed how states responded to the implosion of the international economic system of the Belle Époque. In the aftermath of the 1929 Wall Street crash, societies the world over frantically attempted to overcome the chaos caused by skyrocketing unemployment and monetary instability. Polanyi famously described this as a “double movement”—a push for social rebalancing and equilibrium, away from the laissez-faire economics of a highly internationalized capitalism and toward state interventionism. Bolshevism, fascism, Nazism, and Roosevelt’s and Leon Blum’s social democracy were different responses to the same dilemma: how to protect society from the disruptive force of unfettered capitalism.

For some time, economists have been speaking of a new “Polanyi moment”: a crisis of globalization has led to the rise of all sorts of protectionist sentiments. The growing limits to mobility and concerns about supply chains that have accompanied the pandemic have only accelerated a political realignment that began during the 2010s. Economic stagnation since the 2008 financial crash has sapped the credibility of free-market recipes. Commercial rivalries and geopolitical tension have arisen between the United States and China, and between the United Kingdom and the European Union. Populist movements on the left and the right now question a number of aspects of the neoliberal consensus.

Global trade no longer enjoys the same popularity it once did. In the United States, the shift became clearest during Trump’s trade war with China, but this isn’t a one-sided partisan affair. Joe Biden’s trade policy is also protectionist: his White House has issued Buy American procurement rules directing state spending to U.S. firms and engaged in competition to secure the U.S. supply of semiconductors and rare earth minerals.

The belief in free trade isn’t the only pillar of neoliberal globalization that is shaking. Figures across the political spectrum are beginning to abandon reservations about state interventionism and aid, restraint on

public spending and monetary policy, and the commitment to low taxation of the rich and corporations. Heavy state intervention has become widely accepted, at the monetary level with quantitative easing and large bond-buying programs and at the fiscal level with deficit spending and massive public investments. The strategy of green transition that many countries have subscribed to, which involves state planning to meet targets on emissions, electric vehicles, and renewable energy, revives one of the forms of state intervention most reviled by neoliberals.

In all these areas, there is a call for protection against the system risks created by neoliberal globalization. Protection is now invoked far and wide—not just in the sense of trade protectionism, but on everything from pandemic policy and discussions on how to adapt to climate change to debates on industrial policy and the need for welfare provisions.

The populist right seems to have come to terms with this new post-neoliberal state of affairs (and in places actively contributed to ushering it in). It has developed a strategy that focuses on the protection of identity and property and fashioned a coalition that spans from the upper-middle class and small business to marginalized workers. The left, by contrast, is either in denial about the current turn or still undecided on how to respond to it. To move forward, leftists must come to grips with a world in which neoliberal globalization is declining and state interventionism is bound to become ever more important. In other words, progressives need to develop their own politics of protection.

Globalization and Externalization

The logic of globalization can be summed up in one imperative: externalize. Externalization entails making production and distribution systems more agile and flexible in order to connect poor producers with rich consumers. It is visible in practices of outsourcing, offshoring, and export-focused economic policy, and it required getting rid of structural impediments in state regulations and labor relations. In Polanyi's terms, globalization was a strategy of "dis-embedding" economic processes from territorial communities, their groups of interest (workers and inhabitants), and social and political institutions (like unions and government).

Externalization pushed firms to focus on the most profitable branches of activity, abandoning those with lower margins even if they had a strategic role in the cycle of production and distribution. Starting in the 1980s, the Fordist vertically integrated firm gave way to the horizontally integrated corporation, culminating in the "platform companies" of digital capitalism. These changes have been accompanied by the internationalization of production and distribution. Plant relocation and other forms of offshoring aimed at exploiting lower labor costs, at the expense of blue-collar workers in richer countries. In many places, this development has led multinational

corporations to become less reliant on domestic demand, hence severing a link of common interest with workers.

Globalization has certainly had positive effects. It has pulled hundreds of millions of people out of poverty in countries such as China and India and made cheaper goods and services available for consumers all over the world. But the fruits of the prosperity it has created have been highly concentrated, leading to growing inequality within countries, and helping to fuel right populist movements across the world.

Now the wounds created by global externalization are being rubbed with the salt of the disruptive effects of its decline. Many of the indicators of global economic interconnectedness have either been plateauing or declining. Global trade contracted by 5.3 percent in 2020, largely due to the pandemic, but the global trade slowdown had already begun during the 2010s. Foreign direct investment, both in terms of acquisitions and green-field projects, has been declining severely since the 2008 financial crisis. In 2020, foreign direct investment annual inflows plunged by 42 percent worldwide, bringing the sum below \$1 trillion for the first time since the early 2000s.

These trends are exacerbated by the rising geopolitical conflict between the West and China. Globalization thrived under unrivaled U.S. supremacy; in a more multipolar world, we can expect that major powers will be more jealous about defending their spheres of trade and access to strategic resources and goods. With the World Trade Organization caught in institutional limbo—its appellate body, where trade disputes are discussed, is suspended because of conflict between China and the United States—and countries the world over adopting more protectionist measures since the 2008 crisis, expansion in already highly saturated foreign markets is not as attractive an option as it was at the outset of globalization. The priority for states and large firms now is bound to become protection: protection of existing markets, profit margins, and accumulated wealth, or what Marx called “protection of acquisitions.”

A World of Systemic Risks

While capitalists attempt to protect their gains, more socially minded forms of protectionism are emerging that attempt to redress the imbalances created by neoliberalism. Externalization has fundamentally shifted the social risks of the economic system away from companies and the wealthy and toward workers and citizens. In an externalized world, the public has to bear the consequences of environmental degradation, poverty and inequality, stagnating wages, and shrinking job security, all to secure profit margins.

Other systemic risks can be traced to the logistical and organizational fragility of the global production and distribution system. Externalization

has created firms with “agile” and “lean” structures, where waste, inefficiency, and excess capacity have to be eliminated to reduce fixed costs. The downsides of this “just-in-time” approach became apparent during the disruption to supply chains during the pandemic. After dropping in 2020, demand rapidly rebounded in 2021, leading to a logistics crisis and contributing to higher inflation. Anti-contagion regulation, changes in consumption patterns (away from services and toward durable household goods), and a shortfall of workers have all contributed to strained supply chains. But the underlying problems are structural in character: overspecialization in the global division of labor and the presence of bottlenecks around raw materials and components.

Ultimately, however, the greatest risks neoliberal globalization has engendered are not environmental or economic but political. The social pain of economic restructuring ushered in by neoliberal policies has created armies of discontented voters, especially in peri-urban and rural areas. The “left behind” will understandably support politicians who are seen as shielding them from ever fiercer international competition, including populist movements on the right. As Thomas Piketty has argued, many workers have turned their backs on the left because they feel it is no longer protecting them. Even centrists such as Biden have realized that globalization carries political costs that cannot be ignored. His economic agenda is designed as an insurance policy against the return of Trump or a Trump lookalike. But congressional obstructionism is severely damaging the credibility of his presidency and making the return of the right more likely.

The new world of systemic risks helps make sense of the protectionist policymaking jargon that has crystallized after COVID-19. Terms like “resilience,” “robustness,” “preparedness,” and “infrastructure” and slogans like “build back better” (adopted by both Biden and UK Prime Minister Boris Johnson) project radically different priorities than those prevalent at the height of neoliberal globalization—like “flexibility,” “competitiveness,” “opportunity,” and “openness.” This turn in rhetoric and policy is an implicit admission that neoliberalism has failed. But while the political mainstream seems to have accepted that globalization has to be tempered by political control, the new protectionist capitalism is not guaranteed to be any better than its predecessor.

Economic Protection and Political Control

While the populist right has quickly sensed the crisis of neoliberal consensus and developed a new ideological approach—ditching its suspicion of protectionism and public spending, while furiously attacking social liberalism—socialist parties and candidates have often found themselves on the defensive, sometimes even siding with neoliberal centrists in the defense of a collapsing global order. To respond to the current social dilemmas, they

must instead articulate a positive vision of what protection means for them. Many still see the return of protectionist stances as either a passing trend or as merely a continuation of neoliberalism by other means. And while the left may reproach the market, it is certainly not unanimously persuaded about the possible benefits of growing state interventionism—a suspicion justified by the memory of totalitarianism and by more recent evidence of state complicity in producing social inequality. But progressive strategy in present conditions cannot evade the question of how the state can be used to provide economic protection and security against risks and re-establish forms of political control.

Some optimistically believe that the progressive (if yet to be realized) promises of Joe Biden, the chancellorship of Olaf Scholz in Germany, and the victory of social democratic parties in Nordic countries point to a revival of the welfare state. Some degree of policy adjustment in response to growing inequality has indeed taken place, which should be welcomed by left, given that it is partly a result of its pressure. Yet we should also be aware of the major challenges that even a moderate social democratic agenda faces. The opposition of Senators Joe Manchin and Kyrsten Sinema to Joe Biden's Build Back Better bill, compared with the relatively easy passage of the infrastructure bill, is instructive: the real sticking point for business is not the revival of Keynesian stimulus and public investment policies, but redistributive measures aimed at redressing ballooning inequality.

Corporate elites and their political representatives may have some qualms about the state intervening in the sphere of investment, which they consider their domain. But they now believe that it can ultimately be beneficial for business. What they have real issues with is the creation of new state provisions, including paid family leave, or an increase in the minimum wage, which according to Manchin would spread an "entitlement mentality"—an echo of the old fear of workers becoming "undisciplined." Even more displeasing for them is any talk of new taxation.

The failure to pass the more socially ambitious components of Biden's agenda shows that the voice of business continues to be stronger than that of workers. Build Back Better policies may well be popular with the electorate, but the wafer-thin Democratic majority in the Senate gives business interests and their representatives an edge against demands to address inequality. The resistance of the capitalist class to redistribution can also be seen in how it is increasingly siding with the populist right, because it no longer feels adequately protected by a fading neoliberal center—a trend that is eerily reminiscent of the way entrepreneurs supported fascist movements in the 1920s and 1930s to protect their interests against workers' pressure.

The room for maneuver for policies that satisfy some workers' demands while keeping businesspeople relatively happy is far narrower than in the postwar social democratic era. Redistribution at times of low growth

is to a great extent a zero-sum game; it requires attacking the concentrated wealth of the super-rich and corporations, often stowed away in tax havens. This is why even limited concessions, such as securing rights in the United States that European workers have long taken for granted (such as statutory sick and parental leave) and revising taxation policy, face such major opposition. Given the solidity of the corporate bloc, tipping the balance of forces would require an ambitious project of social transformation, rather than just piecemeal demands, and a far greater level of organization and popular mobilization than the one currently commanded by trade unions and progressive organizations. While recent unionization drives give some hope, we are still far away from the scale and density that is required.

We cannot content ourselves with patching up an unfair capitalist system—merely balancing out the nefarious effects of market forces instead of addressing them at the root. The flag of economic democracy, an unfulfilled promise of the social democratic era, now has to be raised once again. Large capitalist monopolies need to be broken up and where necessary nationalized, such as in the energy sector, where public control is necessary in order to implement serious climate policies. Real economic democracy is not guaranteed by public ownership alone, however; it needs to be brought into every firm through greater union density, workers’ participation in governance, and where possible through cooperative ownership. This is a tall order. But only by regaining economic control will workers be able to harness the political power necessary to achieve greater social protection.

Rather than bemoaning the foreseeable obstacles stacked against it, the left should concentrate on developing a social protectionist agenda that can win back marginalized workers while addressing the needs of all sections of society faced with downward mobility and precarity. The opportunities of the post-global situation for the left should not be overlooked. A capitalist system whose capacity to use “escapist” tactics (like offshoring and outsourcing) is reduced by greater protectionism makes for a more convenient target for worker pressure. In addition, the current labor shortage in the United States and Europe could increase the leverage of trade unions. And under a more state-interventionist economic framework, where the directive role of the state in the economy and its patronage of corporations will become ever more difficult to conceal, economic decisions will become more politicized, opening spaces for contestation and the development of alternative proposals.

Polanyi argued that protecting society against capitalism required re-embedding economic activity in social and political institutions, thereby making it the object of democratic deliberation rather than something decided by market forces alone. But if capitalism is not reined in by democratic means, the populist right will become more attractive among

disgruntled workers, and authoritarian solutions will become more likely. Our dilemmas at the beginning of the 2020s look similar to those Polanyi studied a century ago—and the political stakes are just as high.

Paolo Gerbaudo is a sociologist and political theorist based at King's College London, where he acts as Director of the Centre for Digital Culture. He is the author of Tweets and the Streets, The Mask and the Flag, The Digital Party, and The Great Recoil. He has written for the New Statesman, the Guardian, and other publications.

A grey rectangular box containing text. The text is arranged as follows: 'Dissent's' in white, 'Online' in black, and 'Store' in black, all in a large, bold, sans-serif font. To the right of 'Store' is the text 'back issues, totes, posters, and more.' in a smaller, bold, black font. At the bottom left of the box is the URL 'dissentmagazine.org/store' in a smaller, white font.

Dissent's
Online
Store

back issues,
totes, posters,
and more.

dissentmagazine.org/store