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## GLOBALISATION CLAIMS ANOTHER VICTIM

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**I**t has long been a dogma among economists and the thinking elite that the more we get globalization, the better we will all be. Indeed anyone who, until recently dared dissent from this orthodoxy was viewed as either ignorant of laws of international competition or simply narrowly protectionist. But, as Dani Rodrik demonstrated in *The Globalisation Paradox* was that any gains from additional globalisation will be outweighed by the additional costs in terms of unemployment, reduced wages, lost pensions and depopulated communities. Global markets, if they are to be widely beneficial, require the kind of global governance structure that does not exist and that most people would oppose.

As the former Labour Prime Minister, who made sure to keep the United Kingdom out of the euro when he was Chancellor of the Exchequer, Gordon Brown, reminded readers of *The Guardian* last week, the elephant in the room of the UK referendum which led to a vote in favour of the country leaving the European Union is globalisation – the speed, scope and seismic shifts in Europe and particularly Britain's economy it has produced. Whole towns across the Midlands and the North of England have been hollowed out as the textile, steel and other industries have collapsed in the face of Asian competition. Millions of semi skilled workers have lost their jobs, whole communities have been turned into wastelands. To add insult to injury, thousands of immigrants from Eastern Europe flowed in after Poland and its neighbours joined the EU, driving down wages and bringing new faces into communities where most people never travelled abroad and most lived within a few miles of where they were born.

As the glue of shared religious allegiance and trade union disappeared, millions of British voters looked with bewilderment and scorn at an ever richer London where property prices have rocketed, where young people think of Europe and the world as their playground and drink café latte – the ultimate sign of decadence in their view. The massive social inequalities which characterise the UK today, and to a lesser extent France and other European countries have produced a peasants revolt, an uprising of the *laissés pour compte* because the European élites give the impression that the single market, ever greater competition and mobility are the only things that matter. All too often Brussels seems beholden to the lobbying of multinational firms. Corruption scandals have ruined the reputation of countless politicians in the UK, France, Spain, Italy and beyond.

The collapse of the Labour Party in Scotland a few years ago has been mirrored by its collapse in England on 23<sup>rd</sup> June – its voters flocked in droves to the Brexit campaign because they have a deep feeling of having been betrayed by former Labour governments and the current Tory administration. Gordon Brown is surely right to argue that if the UK and other European countries fail to face up to the massive inequalities that are globalisation's Achilles heel, anti-globalisation movements, often led as in the UK, France and Holland by the extreme right will continue to mushroom and "our politics will revolve around nationality, race or simply identity".

The argument that the modern dividing line in politics – not least in the UK, lies between those who are for an open or a closed world is flawed. It is not by draining any ideology out of the system and pretending that massive inequalities do not exist that the problems will go away. Quite the reverse. Either our political leaders or we Europeans as people manage globalisation better and tackle the injustices it produces seriously or we face more upheavals. A global free for all as defended by the Tory leaders of Brexit, Michael Gove and Boris Johnson, UKIP's leader Nigel Farage or the French Front National's Marine Le Pen will only make matters worse.

Such unscrupulous politicians may gain power but not one of them has offered a convincing blueprint on how to tackle the challenges which confront us today. Dani Rodrik's argument was that open markets succeed only when embedded within social, legal and political institutions that provide them legitimacy by ensuring that the benefits of capitalism are broadly shared. The countries most open in terms of trade and investment are often the ones with the most extensive and effective regulation and the widest social nets. Globalisation has created large pools of winners and losers, it has rearranged how work is done and where, and how profits are made. Democratic societies will not tolerate such disruption if its members are not assured that the process will be broadly beneficial. That has not been the case.