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Wednesday, Aug 17, 2022 | Last Update : 11:18
PM IST

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SREERAM CHAULIA (/COLUMNIST/SREERAM-CHAULIA-1)

Sreeram Chaulia is a professor and Dean of the Jindal School of International Affairs.

(/columnist/sreeram-
chaulia-1)

Foreign Pulse: A shock for liberals

Published
Updated

Jun 28, 2016, 1:06 am IST
Jun 28, 2016, 1:06 am IST

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Is the world going to the dogs or finding a new equilibrium? Britain's decision to leave the European Union in the stunning Brexit referendum, and contagious calls for encores in France for "Frexit", the Netherlands for "Nexit", Austria for "Auxit",

are warnings of an inward turn. If Europe's cup of woe is overflowing, the United States has a wacky presidential candidate, Donald Trump, who shares much in common with the angry, insular and navel-gazing mindset that is setting the post-Cold War liberal order ablaze.

Mr Trump's remark after the "Leave" camp triumphed in Britain that people everywhere "want to take back their country" shows the crux of the crisis. While the urge to withdraw into a shell, celebrate the superiority of one's own racial or ethnic group, and spurn cooperating with the world had always existed on the fringes in America and Europe, the way it has mainstreamed in the past few years represents a high-water mark for isolationism and rejection of dominant liberal paradigms since the end of the Cold War.

After the Soviet Union's collapse in 1991, triumphant Western elites sought to gather the planet under the umbrella of borderless globalisation. Regional economic and political integration were hyped by Western political leaders and corporate groups as panaceas that would usher in universal prosperity and peace. The concept of "bringing down the wall", which occurred famously in Berlin in 1989, was turned into a metaphor for inter-connecting every region of the world into a vast, single capitalist world system where nation-states still existed but only as facilitators of the free movement of goods, money, and occasionally people.

The post-Cold War Western project proposed as a way forward the jettisoning of bygone values of patriotism and affinity for one's own kinfolk, replacing them with a broad, open, tolerant and redefined self that sees humanity in the "other". Such a cosmopolitan identity reformulation was essential for liberal capitalism to succeed by breaking traditional boundaries and limitations that kept people apart and markets splintered. A consumer who can pay for a product or service is, after all, a consumer whether he/she is black, brown, yellow, Hispanic, Caucasian or Slavic, and no matter which country he/she resides in.

Corporate globalisation needed atomised and standardised buyers with similar tastes and preferences for market shares of big businesses to expand exponentially. Thus began the Western neo-liberal agenda of homogenisation of the world's population into an indistinguishable mass with predictable likes and dislikes, who would be pooled together via regional economic and political integration for rapid reduction in barriers to trade and capital flows. The EU, launched in 1993, was the standard-bearer and acme of this scheme. Across the Atlantic, the North American Free Trade Association (Nafta), was a similar (though less ambitious) venture to facilitate maximisation of profits for investors and traders by lowering obstacles to mobility of goods and capital.

The hyper-globalisers in the EU and US, however, miscalculated in their grand strategy by assuming that lay people would go along with their designs. Discontent on globalisation and its bold experiments like forging single markets started building up from the start of the new millennium, particularly over unequal distribution of the benefits of the new capitalist international order. Neo-liberals in the US, EU and the multilateral financial institutions controlled by them — the World Bank and International Monetary Fund — were so ideologically rigid in their faith in free markets that they ignored this slowly accumulating pushback from the have-nots.

The anti-globalisation ferment was ridiculed by mainstream Western elites as a desperate backlash of socialists and Communists who were unable to digest defeat and who comprised a minuscule minority. The gospel continued to be

propagated that globalisation was “inevitable” and that those who were smart enough to sense the permanence of this hyper-liberal wave should embrace it or risk being left behind. But once the global economic crisis began in 2008, it became more difficult to pretend that all was well with the borderless integration and laissez-faire capitalism. Today, the evidence is unmistakable that globalisation has not delivered manna from heaven to make everyone happy. Economist Branko Milanovic has shown how the “losers” of globalisation in the past 25 years vastly outnumber the “winners”.

The former include the very poor in Africa and the rest of the developing world, whose incomes remained unchanged in this period, as well as middle and working class citizens of rich nations (in Europe & North America) with stagnating incomes. Those whose fortunes rose under globalisation were the middle classes in emerging markets, like China and India, and the super-rich in the West and the creamy layer in developing countries. Mr Milanovic’s formulation of a “92-8 world”, that is, a division of the pie where half of the world’s income is controlled by the top eight per cent in the class hierarchy, explains why phenomena like Brexit are happening. The 92 per cent (including 52 per cent in Britain who opted to “Leave” EU, and the Republican voter base that crowned Mr Trump in the US) are not gaining from liberal agendas and nurse severe bitterness.

The idea that something is utterly “rotten” with liberal constructs like the EU is now no longer the sole war cry of the Left, but a potent rallying point for semi-fascist, racist and populist right-wingers like Nigel Farage of UK Independence Party and Mr Trump in America. Unlike the Left, that only harps on economic injustice and unfairness, grassroots conservatives on the right are gaining strength in the West as they combine anti-globalisation ethos with culture and identity wars by scapegoating immigrants and racial minorities. It would be an overstatement to claim that Hitler is staging a wholesale return in the West or that liberal democracy has been eviscerated. But the distributive imbalances of non-consultative regional integration and the socio-psychological adjustments it entails in the form of mixing of people of different ethnicities should not have been neglected for so long with a pompous wave of the hand by smug liberals. They are paying the price of hubris and callousness.

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