

# Alternatives - The Paradigm: Deglobalisation

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**It is in response to the growing clamor for alternatives to the current system of global governance that Focus has elaborated the strategy of deglobalisation as the guiding paradigm for its programmatic work in the next three-year period.**

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Deglobalisation is not a synonym for withdrawing from the world economy. It means a process of restructuring the world economic and political system so that the latter builds the capacity of local and national economies instead of degrading it. Deglobalisation means the transformation of a global economy from one integrated around the needs of transnational corporations to one integrated around the needs of peoples, nations, and communities.

We cannot talk about construction without deconstruction, reintegration without disintegration. Today there are many experiments in alternative economics, for example local currency systems, participatory budgeting such as that practised in Porto Alegre, or ecological communities like Gaviotas in Colombia. The reigning god, however, is a jealous one that will not take lightly challenges to its hegemony. Even the smallest experiment or alternative to the dominant model is stopped, weakened, or co-opted. Peaceful coexistence between different systems, a pro-corporate one and a pro-people one, is, unfortunately, not an option.

Thus the deglobalisation project must have two prongs, two logics that are in synergy: deconstruction and reconstruction or recreation.

## Deconstruction

Deconstruction refers to dismantling, paralysing, or drastically reducing the power of the current institutions of global governance. This task is necessary in order to provide space for alternatives. Specifically this targets the World Trade Organization, International Monetary Fund, World Bank, regional development banks such as the Asian Development Bank, transnational corporations, and finance capital. This strategic objective must, however, be pursued via campaigns around demands or goals that are adapted to existing political conditions but which essentially lead to the same strategic goal. For instance, a campaign to ensure that no new round of negotiations emerges from the Fifth Ministerial of the World Trade Organization in Cancun in September 2003 would be a big blow that could reverse the liberalization process globally.

## Reconstruction

Hand in hand with the deconstruction campaign must unfold the reconstruction or re-creation process or the enterprise to set up an alternative system of national and global economic and political governance.

There is a crying need for alternative systems of national and global economic and political governance. The idea is floating around that thinking about an alternative system of local and national economic governance is a task that for the most part is still in a primeval state. In fact, many or most of the basic or broad principles for an alternative order have already been articulated, and it is really a question of specifying these broad principles to concrete societies in ways that respect the diversity of societies.

Work on alternatives has been a collective past and present effort, one to which many South and North initiatives have contributed. The key points of this collective effort might be synthesized as a double movement of “deglobalisation” of the national economy and the construction of a multi-layered, pluralist system of global economic and political governance.

The context for the discussion of deglobalisation is the increasing evidence not only of the poverty, inequality, exploitation, and economic stagnation that have accompanied the spread of globalized systems of production but also of their fragility and unsustainability. The International Forum on Globalisation (IFG) points out, for instance, that “the average plate of food eaten in western industrial food-importing nations is likely to have traveled 2,000 miles from source to plate. Each one of those miles contributes to the environmental and social crises of our times. Shortening the distance between producer and consumer has to be one of the crucial reform goals of any transition away from industrial agriculture.” Or as one writer claims, so much industrial production has been out-sourced to a few areas like Taiwan that had the earthquake of 21 September, 1999 experienced by that island been “a few tenths of a point stronger, or centred a few miles closer to the vital Hsinchu industrial park, great swathes of the world economy could have been paralyzed for months.”

Deglobalized economies would be structured differently.

While the following paradigm is derived principally from the experience of societies in the South, it has relevance as well to the economies of the North.

Deglobalisation, as noted earlier, is not about withdrawing from the international economy.

- It is about reorienting economies from the emphasis on production for export to production for the local market;
- producing goods and services that respond to people’s needs rather than to the demands created by a corporate-driven consumer culture;
- producing with technologies that enhance rather than destroy the community, the environment, and life itself;
- drawing most of a country’s financial resources for development from within rather than becoming dependent on foreign investment and foreign financial markets;
- carrying out the long-postponed measures of income redistribution and land redistribution to create an internal market that would be the anchor of the economy and create the financial

resources for investment;

- deemphasizing growth and maximizing equity in order to radically reduce environmental disequilibrium;
- adopting accounting systems that reflect real gains and losses or tradeoffs between environment and the economy, so as to promote environmentally compatible/ sustainable/sound/stabilizing economic policies;
- acknowledging and reflecting in economic policies and frameworks—including accounting systems—the centrality of women’s contributions in both production and reproduction of the economic and social systems;
- ending the urban-rural divide endemic to capitalist development by revalorizing agriculture, agricultural communities and agricultural economies;
- subjecting strategic economic decisions to democratic choice and not leaving them to the market;
- subjecting the private sector to effective legally sanctioned state regulation, and subjecting both the private sector and the state to popular, democratic control;
- creating a new production, exchange, and distribution complex that includes community cooperatives, private enterprises, and state enterprises, and excludes TNCs and where the operation of the market is subordinated to the common interest;
- enshrining the principle of subsidiarity in economic life by encouraging production of goods and services to take place at the community and national level if it can be done so at reasonable cost in order to preserve community;
- promoting economic arrangements that uphold human rights and the right to self-determination, and support rather than undermine cultural and political diversity.

This is, moreover, about an approach that consciously subordinates the logic of the market, the pursuit of cost efficiency to the values of ecological sustainability, security, equity, and social solidarity. This is, to use the language of the great social democratic scholar Karl Polanyi, about re-embedding the economy in society, rather than having society driven by the economy.

True, efficiency in the narrow terms of constant reduction of unit costs may well suffer, but what will be gained—perhaps the more appropriate term is “regained”—are the conditions for the development of community, greater and more democracy, sustainability, and equity. This will involve a transition from a market-driven economy that puts the primacy on profitability—in the process creating severe class inequalities and sectoral imbalances such as the rural-urban divide—to a nature- and people-oriented economy that puts the emphasis on secure livelihoods, decent employment, and improved well-being based on social justice and dignity, gender equity, and ecological equilibrium.

All this adds up to a profound social, economic, and political transformation, where capitalism and the market are strictly regulated, individualist consumption patterns give way to more cooperative forms, corporations are dislodged from production, agriculture is revalorized, dignity is restored to labor, and an equilibrium is established between community and the environment.

Thus, deglobalisation is likely to be a process marked by severe conflict. To be realized, it must be hitched to political strategies that produce a break in the existing relations of economic and political

power—that is, local forces and interests that benefit from the globalisation project must be effectively disempowered. The staying power of these elites is impressive, and this is largely a function of the support they have from the dominant global elites. Disempowering these globalized factions of the local elite should not, however, translate into support for those factions that exploit nationalist and anti-globalisation rhetoric for their opportunistic ends.

Moreover, deglobalisation or the re-empowerment of the local and national can only succeed if it takes place within an alternative system of national and ultimately global economic governance—that is, deglobalisation at the global level.

The emergence of such a system is, of course, dependent on greatly reducing the power of the western corporations that are the main drivers of globalisation and the political and military hegemony of the states—particularly the United States—that protects them. But even as we devise strategies to erode the power of the corporations and the dominant states, we need to envision and start laying the groundwork for an alternative system of global economic governance.

What are the contours of such a world economic order? The answer to this is suggested by our critique of the Bretton Woods cum World Trade Organisation (WTO) system as a monolithic system of universal rules imposed by highly centralized institutions to further the interests of transnational corporations and finance capital. To try to supplant this with another centralized global system of rules and institutions, though these may be premised on different principles, is likely to reproduce the same Jurassic trap that ensnared organizations as different as IBM, the IMF, and the Soviet state, and this is the inability to tolerate and profit from diversity. Incidentally, the notion that there is a need for one central set of global rules and that the challenge is to replace the neo-liberal rules with social democratic ones is a remnant of a techno-optimist variant of Marxism that infuses both the Social Democratic and Leninist visions of the world, producing what Indian author Arundhati Roy, among others, calls the predilection for “gigantism.”

Today’s need is not another centralized global institution but the deconcentration and decentralization of institutional power and the creation of a pluralistic system of state and non-state institutions and organizations interacting with one another, guided by broad and flexible agreements and understandings, which receive their authority and legitimacy from below.

This is not something completely new. For it was under such a more pluralistic system of global economic governance, where hegemonic power was still far from institutionalized in a set of all-encompassing and powerful multilateral organizations and institutions that a number of Latin American and Asian countries were able to achieve a modicum of industrial development in the period from 1950 to 1970. It was under such a pluralistic system, under a General Agreement on Tariffs and Trade (GATT) that was limited in its power, flexible, and less antagonistic to the special status of developing countries, that the East and Southeast Asian countries were able to become newly industrializing countries through activist state trade and industrial policies that departed significantly from the free-market biases that were later enshrined in the WTO. They were, in many ways, simply replicating the use of trade policy for development by earlier successful industrializers like the US, Germany, and Japan. National controls on trade and development policies were even more marked in China and India, which also experienced significant economic growth during the same period.

Of course, economic relations among countries before the attempt to institutionalize one global free market system via the imposition of structural adjustment policies beginning in the early 1980’s were not ideal, nor were the Third World economies that resulted ideal. Though some like Korea and Taiwan had some income and asset redistribution, they were not pro-people economic regimes. Moreover, the quid pro quo for their room for maneuver in economic policy was subservience to the

Cold War military and political strategy of the hegemonic power, the United States.

The situation elucidated above, which prevailed prior to the founding of the World Trade Organization in 1995, underlines the fact that the alternative to an economic Pax Americana built around the World Bank-International Monetary Fund (IMF)-WTO system is not anarchy. The reality of international relations in a world marked by a multiplicity of international and regional institutions that check one another is a far cry from the propaganda image of a “nasty” and “brutish” world the partisans of the WTO evoked in order to stampede the developing country governments to ratify the WTO in 1994.

Of course, the threat of unilateral action by the powerful is ever present in a world without multilateral trading rules. But the strong engage in unilateralism even where there is a multilateral regime. And the worst kind of world for the marginalized is where the hegemonic powers can cynically employ both unilateralism and multilateralism to achieve their ends, as the US does today.

US political and economic power, and to a lesser degree that of the European Union and other developed countries, are today strongly institutionalized in the WTO and the Bretton Woods institutions. Thus, what developing countries and inter-national civil society should aim at is not to reform the WTO and Bretton Woods institutions, but, through a combination of passive and active measures, to either decommission them or radically reduce their powers and turn them into just another set of actors coexisting with and being checked by other international organizations, agreements, and regional groupings. This strategy would include strengthening while reforming diverse actors and institutions as UNCTAD, multilateral environmental agreements, the International Labor Organization, and regional economic blocks.

Regional blocks in the South would be an important agent of deglobalisation. But regionalism will have to transcend its current manifestations in the European Union, Mercosur in Latin America and ASEAN (Association of Southeast Asian Nations) in Southeast Asia. While there are differences among these existing regional associations, they have crucial similarities that must be avoided.

These bodies, for one, are driven by the dynamics of global competition. A progressive regional block must buffer its members from global competition. Moreover, it must provide the framework for devolving economic and political power to national economies and communities.

Within the current regional associations, trade continues to be disconnected from development, and its benefits are evaluated mainly in neo-classical economic terms of achieving efficiency by constantly reducing unit costs. In the “new regionalism,” trade expansion and neo-classical trade efficiency would be supplanted as the key rationale of economic Cupertino by the development, deepening, and strengthening of sustainable and equitable economies and regional security. That is, trade would have to be reoriented from its present dynamics of locking communities and countries into a division of labour that straitjackets or diminishes their capabilities in the name of “comparative advantage” and “interdependence.” It must be transformed into a process that enhances the capacities of communities, that ensures that cleavages that develop owing to initial division-of-labour agreements do not congeal into permanent cleavages, and which has mechanisms, including income, capital, and technology-sharing arrangements that prevent exploitative arrangements from developing among trading communities.

Needless to say, the formation of such regional blocs must involve not only government and business but also peoples’ and citizens’ organizations. Indeed, the agenda of people-oriented sustainable development can only succeed if it is evolved democratically rather than imposed from above by regional elites, as was the case with the European Union, Mercosur, and ASEAN. Regional integration has increasingly become an essential condition for national development, but it can only

be effective if it is carried out as a project of economic union from below.

Regionalization from below is a critical step in bringing about a different global system. But it must be supplemented with other measures. The distortions that hamper the development of the countries of the South have been developed historically through colonial exploitation, unequal trade, ecological destruction, and hegemonic rule. Thus rectifying North-South relations must take this dimension into account, which means going beyond such static solutions as “special and differential treatment” to incorporate such as measures as debt cancellation and reparations for past colonial and racist practices and ecological exploitation.

## **Deglobalisation & Security**

Deglobalisation cannot come about without a change in the current global political and military system, which ensures the reproduction of the current global economic power structure. The lynchpin of this system is US ideological, political and military power. Increasingly, Washington's ideological hegemony is being eroded, forcing Washington to resort principally to the threat or employment of coercive military power to protect the structures and dynamics of global capitalism. The US has no peer militarily, its might resting on its possession of weapons of mass destruction, weapons delivery and intelligence systems based on the latest developments in information and other technologies, a global network of bases for rapid power projection, and state-sponsored terrorism. Nonetheless, its increasing unilateralism is generating global opposition, and the challenge is to consolidate a climate of moral opinion, via existing international bodies, alliances, and mechanisms to isolate the United States, delegitimize its use of force, and eventually erode its will to resort to military means to impose its hegemony.

The US has tried to deflect attention from its power politics by asserting that terrorism is the principal problem of the world today. True, terrorism, or violence inflicted on civilians, must be strongly condemned. But the most dangerous and rampant form of terrorism is state-sponsored terrorism, the principal practitioners of which include the US and Israel. Moreover, much of the smaller-scale terrorism engaged in by non-state actors are efforts, however misguided they are, to rectify historical injustices perpetuated and institutionalized by the US and other great powers. While this does not justify these deeds, it nevertheless places them in perspective.

A positive context for deglobalisation cannot, however, come from simply defanging the United States. Ultimately, global denuclearization and demilitarization is a necessity, as is a sea change in people's perception of what constitutes real security –that is, from a sense that it is rooted in the possession of armies and weapons to a belief that it ultimate stems from justice, equality, shared prosperity, and mutual respect.

Multilateralism, as currently practised, is not the answer to the unilateralism of the United States, for multilateralism in world politics is much like multilateralism in the global economy: an alliance of the strong powers—mainly the United States and its European Union allies—to police and keep the weak in their place. True multilateralism would build on but go beyond the United Nations to create a framework that institutionalizes the resolution of conflicts by diplomacy among multiple actors operating as free and equal partners in an atmosphere free of great power blackmail and protection. The UN Security Council's “multilateralism” on the Iraq question exemplifies the kind of multilateralism-under-coercion that can be just as destabilizing and dangerous as outright unilateralism.

Building a new international order to guarantee peace, security, and justice will also necessitate going beyond multilateralism based on the nation-state. Today, there is no set of domestic

institutions apart from the nation-state complex that can more effectively protect the interests of people and communities from external threats like the United States. However, the dangers stemming from nationalism have to be kept in mind. Nationalism can be positive and constructive. But nationalism is also the ideology of the extreme right, of many religious fundamentalist groups; it can take on regressive, militaristic, and chauvinist forms. Moreover, national security has often become a rationale for domestic repression. So while national governments in the South need to be supported in their protection of national sovereignty against external powers, peoples' and citizens' organizations must oppose them when they justify external expansion and domestic repression on the basis of national security and nationalist ideology.

## **Deglobalisation & Cultural Diversity**

Corporate-driven globalisation has been accompanied by the diffusion of a culture of consumption that is geared to continually expand global demand for commodities; a political culture of formal democracy that sings paeans to freedom and democracy while in practice promoting unfreedom and inequality and subverting the values of diversity, community, and social solidarity; and deeply rooted prejudices of the superiority of western values and the western cultural experience.

Deglobalisation must be accompanied by a revalorization of local and national cultures in an effort to reverse homogenization and institutionalize cultural diversity globally. This is not, however, a simple process, for there are retrograde elements to all cultures that must not be valorized. These include cultural chauvinism; caste, race, and gender discrimination; and religious fundamentalism. Not only are such attitudes and values destructive of human community in themselves but, in paradoxical combinations with some western beliefs and philosophies, their negative impact is sometimes magnified. In the contemporary Indian state, for instance, Hindu cultural chauvinism and religious fundamentalism has combined with neo-liberal economic policies propagated by western institutions to create the worst of all possible worlds for the masses of people: a political crisis and economic crisis exploited by religious demagogues. Another dangerous paradox is seen in the way Hindu fundamentalists, Muslim fundamentalists, Christian fundamentalists, and promoters of "Asian Values" ideology stridently support the American political scientist Samuel Huntington, and his thesis about the irreducible incompatibility of "civilizations" in order to advance their politics of hatred of 'the Other.'

Struggle against retrograde cultural features must thus be an essential element of the valorization and revalorization of cultures and the promotion of that global cultural diversity that provides the most conducive context for the deglobalisation project. So must the diffusion of values and practices that reflect the universal values of equity, democracy, gender equality, and ecological sustainability.

In creating this context, it is important to support self-determination by indigenous communities.

## **The Challenge**

In conclusion, many of the elements of a pluralist system of global economic and political governance already exist but, undoubtedly, others need to be established. Here the emphasis must be on the formation of international and regional economic, political, and cultural institutions that would be dedicated to creating and protecting the space for devolving the greater part of production, trade, economic, and political decision-making to the regional, national, and community level.

More space, more flexibility, more genuine international cooperation—these are among the key features of a deglobalized world—of a truly international economy and political order. It is in such a more fluid, less structured, multi-layered, more pluralistic world, with multiple checks and balances, that the nations and communities of the South—and the North—will be able to carve out the space to develop based on their values, their rhythms, and the strategies of their choice.

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