

From the Global to the Local: Giving Deglobalization a Chance

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“Deglobalization” is an ugly word to describe the undoing of the increasingly ugly reality of real world corporate globalization. Alternatives would be “delinking” or “decoupling” from the global economy.

It would have been better, I suppose, to begin with the positive: to create, re-create, the local – the rooted economy where production and consumption are once again linked. I shall, rather, work my way towards that.

I am intrigued by the notion that there is too much trade for our own good. To be an economist is to know that such thinking is heresy and should not be engaged in if one does not have tenure.

To be a political economist is to be cognizant of power and to know that the advocacy of less trade, particularly in this seemingly non-stop saga of actually existing globalization, is a truly radical sentiment.

It is striking, and germane to the thrust of this paper, that the strongest opposition to globalization by civil society is with respect to trade agreements – globally against the WTO, as in Seattle, and nationally against bilateral or regional agreements, such as the US-Canada Free Trade Agreement by a broad spectrum of Canadians, and the NAFTA by Americans workers and the Zapatistas in Mexico.

With age, autobiography intrudes into scholarship and must be forgiven. Throughout my life as a scholar and activist, my concern has been with the cluttered space between the local – meaning mostly the national – and the global. (Albeit, mediated by empire, that being one of the great constants of history; what economists call international trade is, historically, more often intra-imperial trade.) Trained as an economist, I retrained, with a little help from my friends, as a political economist. I have been attracted to the scholarship, first of Harold Innis and then of the New Canadian Political Economy, and to the politics of left nationalism and anti-imperialism and anti-free-trade, all of which has then morphed into anti-globalization, and now, for me, into democratic localism within democratized globalization.

(Left nationalism – let me note - should be understood as the anti-globalization of its time and deserves more respect that it gets in the age of globalization proper. Likewise, left nationalists like myself have moved on without change in our gut politics.)

Today globalization permeates the discourse of scholarship in the social sciences, including political economy. There is an apparent consensus on the left that there is too much globalization – of finance, of trade, of pollution- and of the wrong kind, of corporate globalization rather than globalization with a human face.

There is presently a frightening array of catastrophes afflicting the globe: hurricanes, tornadoes, earthquakes, tsunamis, wildfires, volcanoes, terrorism and wars on terrorism, proliferation of nuclear weapons, financial crises, economic crises, escalating food prices and starvation, resource wars, melting ice and rising waters, biodepletion and species extinction, pandemics, flash floods, severe droughts and heat waves, water shortages, desertification, deforestation, nuclear meltdowns, global warming and climate destabilization, massive oil spills, peak oil (even Jeff Rubin, a former Canadian bank economist - surely the most cautious of people - fears that), peak uranium, stark and extreme inequality within and between countries, a billion people in extreme poverty. Naomi Klein’s disaster capitalism has already become catastrophe capitalism.

It is a fate famously foreseen by Walter Benjamin for “the angel of history” when “a storm is blowing from Paradise”: “This storm irresistibly propels him into the future to which his back is turned, while the pile of debris before him grows skyward.”

That is the context in which I write, so one needs to be aware of Dan Gardner's observation in his splendid book *Future Babble* that when one is so foolhardy as to write about the future, as I do here, one of the many risks involved is that the present context weighs too heavily on the mind. Too many current catastrophes – most recently the earthquake, tsunami and nuclear meltdown in Japan, and the torrent of tornadoes in the American south - may have led me to be excessively preoccupied with future catastrophe; the reader should discount accordingly. As critical political economists, however, we are specialists in contradictions and crises and – maybe - reality has actually escalated.

Take your choice, but a case can be made that the worst of these catastrophes, being the cause of many of the others, with the greatest potential to be the global endgame, is global warming and extreme climate change. (The other choice would be the escalating loss of biodiversity.)

Capitalism was born as a globalizing project and its deepest contradiction is that when it has, belatedly, gone truly global (as demonstrated by the take-off of China and India) it is not only riddled with instability and inequality but is, ecologically, quite possibly – dare we say probably? - no longer sustainable. Science, our secular god, which brought us industrialization now brings us the escalating evidence of global warming, leaving us no certain place to put our faith.

Globalization so seen is its own death knell. Capitalist corporate globalization of its present nature is, as a scenario, simply no longer viable – which does not mean, of course, that it is about to go away. The need would seem to be compelling for a progressive global alternative, built on global consciousness and global solidarities.

Top down globalization needs somehow to be replaced by a new globalization that emerges from the bottom up. Globalization should begin at home. As we anticipate future collapses of the global economy, we might begin to build the local bases the better to ride out the coming storms.

We can only see the future dimly, and it is inherently uncertain, but unless science is profoundly in error, climate change is not a pretty prospect. It seems sensible to plan for the worst, for chaos and retrenchment as existing global structures no longer hold. The choices we face, it was said by Kirkpatrick Sale with evident prescience three decades ago, are “drift, distention or decentralization.” What we are mostly seeing so far are the first and the second, but these are still early days in the new Age of Catastrophe.

Long distance trade – which is the issue on which I wish to focus - is central to the operation of today's global economy; it is what links the local and the global. Let us focus on its lessening and on delinking.

Neo-classical economics, which rules the roost on legitimizing the global economy, is heavily biased in favour of more and more trade. This is so in spite of the fact that economic history – which economics ignores but political economy respects – repeatedly demonstrates, as I have argued elsewhere (2009), the success of protectionism and economic nationalism.

Orthodox economics not only denies this but has morphed into a new mercantilism of export-competition where more trade is in and of itself seen as virtuous. Insofar as free trade agreements always lead to more trade, such agreements are automatically virtuous. Thus, NAFTA is regularly justified in the media merely by citing the increase in trade, with nary a protest from the economics profession.

Even economists who know better, being well versed in the permutations of trade theory, cannot let go of that powerful bias. Progressive economists - a list that includes Paul Krugman, Joseph Stiglitz, Dani Rodrik, Jeffrey Sachs, Deirdre McCloskey, Paul Davidson, Amartya Sen, John Helliwell, Benjamin Friedland - have been unable to go beyond admitting that there can be “too much of a good thing,” when that what they ought to be saying is that what is needed is “a lot less of a bad thing.”

The facts of the matter are that the developed world has grown more slowly and uncertainly since the 1970s than it did before, while trade as a percent of overall income has increased dramatically. It is clear that trade, and yet

more trade, is no panacea for prosperity. Rather it would seem that trade has been pushed by default at a time of stagnation and has yielded a limited payoff. Is it not possible that more emphasis on improving domestic markets by a fairer distribution of income, and active industrial policy (to use a term from the 70s) - social democratic rather than neoliberal policies - would have made more sense?

The tendency to see globalization as inevitable – to return to that theme -characterizes mainstream Marxist scholarship, sometimes sharing with Marx a loathing of localism (“rural idiocy”) including nationalism.

There are three strands of a case for delinking that I propose to consider here. (There is another important strand, of social justice, human rights, and fair trade, that is not dealt with in this paper – except to the extent that pricing carbon emissions is important to making trade “fair.”)

The first is in the writings of John Maynard Keynes, the greatest economist of the 20th century and one of the few economists who political economists properly respect and whose work we build on. In an article with the revealing title “National Self-Sufficiency,” published in 1933, in that period of greatest economic crisis, Keynes indeed argued, with the most precise and elegant language, the case for national self-sufficiency or, more precisely, for less international finance and less international trade:

“I would sympathize...with those who would minimize rather than those who would maximize, economic entanglement among nations. Ideas, knowledge, science, hospitality, travel – these are the things which should of their nature be international. But let goods be homespun whenever it is reasonable and conveniently possible and, above all, let finance be primarily local.”

It is true that Keynes himself went on at the end of World War II to create the institutions and agreements that rebuilt an international economy which facilitated more, much more, international trade and finance. But that does not deny the depth of his insight in the midst of chaos and its relevance therefore to our present plight. Keynesianism came back with the recent economic crisis as stimulus packages; it may not have exhausted its potential to save us.

The second is a dissident Marxist strand exemplified by the Egyptian economist Samir Amin. More than two decades ago, in his book strikingly titled *Delinking*, he called for the delinking from the world system by the then so-called Third World – not autarky, he said, but the “rejection of blind surrender to the demands of international competitiveness” and of “the subjection of external relations to the logic of internal development,” so as to permit of “‘alternative development’ based on expanding the scope of the non-commodity and self-management activities.”

The nation-state continues to haunt us, for good or bad, so that it is of some interest that, in 2003, when Amin was asked in an interview in the context of the World Social Forum: “What is the position of the nation-state in the search for the alternative?” he replied:

“The need for a common front [against imperialism] does not negate the crucial importance of the nation-state. For a long time in the future, we will need the nation-state. Markets have to be regulated at the regional and local level, but first at the national level. This change has to come from inside countries. That is why the nation-state is so important.”

National governments have increasingly degenerated into instruments for facilitating globalization, but so long as they exist – and they are well short of having withered away - they can in principle become creative means to deconstruct globalization.

In this paper, in which oil figures so prominently, we need to remind ourselves that presently fourteen of the world’s top twenty oil companies are national companies, with the multinationals which so long dominated the industry pushed aside.

As for Amin, in 2008, his advice for those of us on the left was: “To struggle for democracy and social progress, to build on this foundation the people’s internationalism against capital cosmopolitanism, such is the challenge the left must take up the world over.”

The Canadian political economist John S. Saul, from a perspective of life-long study and support of African democratic socialism, has recently cautiously endorsed Amin’s delinking as a way to have some local and democratic control over the imperatives of global capitalism in order to build socialism itself.

My point for present purposes is that both Keynes and Amin are given fresh relevance by the present possibly perfect storm of peak carbon and peak oil – with the Malthusian moment finally materializing twice over – that now are thought to threaten the very foundations of the global economy. “Even before we run out of oil, we’re running out of planet.” (McKibben)

Trade has an ecological footprint, and the more trade the bigger the footprint. The object of the exercise is to shrink the footprint. That is the third strand of thinking to which I now turn.

There is, however, no certainty here. Peak carbon and its consequences are well documented, as happenings in progress (no pun intended) and, provided one does not take too seriously predictions of what the temperature and the sea level will be in any distant date, the case for cutting emissions is as persuasive as things get. And, of course, in the nature of the uncertainty that inheres in the future, the future may turn out to be worse than presently foretold. In the world of climate change, there could be catastrophic positive feedback, “*tipping points* beyond which recovery by human action will not be possible.” (Donald Aitken) 2007 may have been just such a tipping point for Arctic ice.

Peak oil, being a matter of social science as well as science proper, is a more problematic matter. As Gardner shows, past predictions by the peak-oilers have consistently erred on the side of a too high future price for oil; Rubin himself is guilty in this regard.

Peak carbon, however, alone is sufficient for an argument for less trade. Peak oil, to the extent it is true, adds to the case.

The exemplary writer who has powerfully informed my own thinking on these matters is the American ecologist, writer and activist Bill McKibben in his two books *Deep Economy* and *Eaarth* - and whom I have just quoted.

Since we first saw the globe whole in the second half of the 20th century, and peered back in time to the Big Bang, there is a quantum leap in our consciousness of the singularity of the earth – in a cosmos deep in time and vast in space beyond our comprehension - and of the common heritage and shared fate of humankind. The sense of “*communitas*” – as understood by philosophers and anthropologists - has expanded from customary communities to all of humankind, of all being equal, permitting of truly new imaginings. Likewise, the sense of the planet and all it supports as a living entity, and what this could mean for our consciousness, is exquisitely captured by Naomi Klein when she calls the BP blowout in the Gulf of Mexico a “wound.” Call this the Gaia idea – and place yourself as you wish on the spectrum from science to spirituality.

A holistic, inclusive, perspective – which is beyond the ken of the corporate and bureaucratic mindset that continues to dominate us at our peril - needs to permeate political economy discourse more than it has, the better that we escape from the terrible present mindedness that power imposes on us, and frees us from our obsessions with pursuing the implications of single, narrow, obsolete points of view.

In short, what presently passes for globalization, including the pattern of trade that is part and parcel of it, is deeply deficient, much more so than we customarily let ourselves contemplate. We need to pay less attention to the globalizing discourse of “space” and more to the localizing discourse of “place.”

Back to McKibben who offers an assertion not only of the necessity of deglobalization – as we saturate the atmosphere with carbon by rapidly depleting the supply of oil, at least of cheap oil - but makes a virtue of that necessity, by insisting on the positive virtues of the local.

He calls for a “deep economics,” free of reductive assumptions, informed by history, nurturing of the humanity imbedded in the economy, respectful of community and of nature. Let us call similarly – as I have just insisted - for a “deep political economy” that could assist in the creation of “deep globalization” in contrast to the present shallow and confining corporate and state variety.

We need to privilege the local relative to the global and the national. Based on her studies of social movements, Janet Conway sees that happening: “A new democratic imaginary is coming into view, a new politics of scale is emerging as a political element.”

McKibben likewise cites the many examples, particularly in food production, of the growth of the local, like the proliferation of farmers’ markets, and shows its considerable potential for further growth. In April of this year, the Canadian group, the People’s Food Policy Project, in a major study, concluded that “Food should be eaten as close as possible to where it is produced”; it could be rephrased as: “Food should be produced as close as possible to where it is eaten.”

“Local” should be understood not as the rural and isolated but as growing food within cities and reclaiming the land around them: get rid of those suburban lawns, make way for gardens. All the while, we can remain in touch with the feasts of the world: “We’d trade fewer ingredients and more recipes.” (McKibben)

In contrast, he reminds us, “when we eat from the industrial food system, we are eating oil and spewing greenhouse gas,” and when we make ethanol out of corn we are driving up the cost of food to the particular disadvantage of billions of poor and low-income people.

In short, writes Rubin: “Distance costs money. That will be the mantra of the new local economy.”

Peak oil - that is, shortages that have led to spikes in the price of oil - have already caused recession and stagnation, as Rubin demonstrates. In the most recent, and present, price spike, US President Obama’s approval ratings have fallen lock step with increases in the price of gas at the pump, though these price increases are essential for lessening carbon emissions. This is a well entrenched contradiction of fossil-fuel capitalism, a kind of damned-if-we-do-and-damned-if-we-don’t, a deadly combination of economic chaos and political instability and gridlock.

Oil as a global staple has consequences even larger than is commonly realized. It can also bring us peak food and global catastrophe.

As is now widely understood, the failure of globalization with respect to global warming results from the massive failure of the market to impose a cost on the producer for the emission of pollution from the burning of fossil fuels. The artificially low price encourages excessive use of fossil fuels, including their use in long-distance transport, and hence “subsidizes” trade.

The resulting problem of peak carbon can be met by including the cost of carbon in the price of fuel: by a carbon tax at the point of consumption, or by a cap-and-trade system, or by government regulation which directly limits carbon emissions.

Most recently, there is also the fee-and-distribution policy where a tax would be imposed on oil (and coal) companies at the point of extraction, causing oil (and coal) prices to rise, with tax revenues distributed as a dividend to the public at large which (calculations suggest) would more than offset increased energy costs. This policy, which is advocated by the heroic James Hansen, the NASA scientist who alerted the world to climate

change, would seem to have the potential to generate and maintain widespread political support, something the other policies have not been particularly successful in doing.

In any event, by whatever means, trade is thereby discouraged and the locally-produced advantaged.

There is a second phenomenon involved here which inappropriately enhances trade. As Jeff Rubin argues, in trade between two countries the country with the lesser costing or regulation of pollution will attract fossil-fuel-intensive activities and have the advantage in exports. The stricter country will lose jobs, face political protest, and be tempted to stop regulating. This can properly be countered (and ought to be from the economists' point of view in the name of "fair trade") by the stricter country imposing a carbon tariff – actually, "a countervailing tariff because it levels the playing field" (Rubin) - which reduces trade.

This has the merit of healing the breach that tends to exist between unions and environmentalists in developed countries, as with the so-called BlueGreen Alliance of American Steelworkers and the Sierra Club in their joint call for a carbon tariff.

It may well be that the greater uncertainty with respect to peak carbon is not that it is happening but that we shall not do enough about it by reducing carbon emissions. If the global warming scenario is right then that will only hasten the day when chaos reigns and all bets are off.

Meanwhile, the escalating use of oil leads to its depletion, and to the frenzied search for more oil – particularly by the multinationals marginalized by the state corporations; hence BP and the disastrous deep drilling in the Gulf of Mexico. But, more or less by the nature of the case, this is likely to yield only more costly oil. This drives up the price of oil and, again, increases the cost of long-distance trade. This undermining of the transport network of globalization is very much in evidence at the moment and it seems likely, barring major technological developments, to persist and grow in impact.

The economist within us can be impressed by the efficacy of markets when externalities are priced, but that is not the whole story. The search for oil anywhere and everywhere is at great environmental risk and upward spurts in the price of oil, regardless of their long run merit in lessening carbon emissions, can severely damage economies and jobs. We cannot ignore the hard fact that the industrialization which is the hallmark of modernity was triggered by the burning of fossil fuels, that our addiction to that is deep in time and pervasive throughout our economies. In the face of such path dependency, it will not be easy to avoid chaos.

A compelling point is made by the economist Benjamin Friedland in his study *The Moral Consequences of Economic Growth*. He argues that economic growth, a rising standard of living, in and of itself, facilitates environmental regulation but that is less because of the market, or economics, and more because of government policy, or the politics of democracy. But then the bad news: "the one major environmental contaminant for which no study has ever found any indication of improvement as living standards rise is carbon dioxide." From the perspective of the conventional wisdom, without even a whiff of radicalism, this is a deeply disturbing finding.

No one country, Friedland reasons, finds it in its interest to respond sufficiently; market failure is compounded by political failure. There is no alternative to global agreement, but the short term gain to the government from opting out and avoiding tough and costly politics, particularly if the economy is already troubled, may seem too good to pass up. Your carbon emissions don't specially hurt you, and your fossil fuel producers, particularly if they export, will be happy if you do nothing. Meanwhile the clock ticks and good sense globally may come too late.

Yet there has been a plethora of voluntary action to implement Kyoto in many parts of the world, including the United States, by city governments, notably by improving the energy efficiency of buildings. The national scale is both too small and too big. The local is just right.

As in food production, energy production needs to go local: solar power, wind power, run-of-the-stream electric power, co-generation of electricity from waste heat, geo-thermal. Renewables have an inherent locality. But the

transition won't be easy and isn't likely to happen on its own. Rather, "resources are being consumed in ever-increasing amounts to sustain the vast hierarchical structures of modern capitalist societies." (Christian) Actually-existing capitalism is in deep crisis.

Which is a good point at which to introduce some Canadian content, to bring this paper home. A staple economy from the outset, never able to shake this pattern, always at risk of falling into a "staple trap" – such is the Canadian experience. Today that staple is bitumen, from the tar sands, a gross emitter of carbon dioxide, such that, in the most insightful wording of Brendan Haley, Canada's staple trap morphs into the world's carbon trap. It's a rotten role in which we're cast, except that, if we are willing and able to escape the staple trap, we will help the world escape the carbon trap. We can potentially play a major role in moving toward a sustainable future.

In a decentralized Canada, there are both provincial economies that export dirty non-renewable fossil fuels and those that export clean renewable hydro-electricity (though huge hydro projects are not without their adverse consequences for the environment and for indigenous peoples.) The provinces with the 'clean energy' staple have tended to be the most supportive of North American climate action." (Haley) Haley's point is that there is more than one trajectory manifest in Canada, and the need is for national policy that assists the transition to the green economy paradigm. We have a choice of "locals."

And the "locals" have a choice of politics. Aboriginal people on the routes of pipelines to carry tar sands oil going south and west have been training themselves for non-violent direct action against these pipelines. They would presumably welcome being joined by like-minded others.

In today's dire circumstances, socialists are necessarily ecosocialists and we should, in the interests of democracy and sustainability, when in doubt privilege the local. Hunker down and prepare a better way.

Which is not a bad note on which to end. To claim to foresee catastrophes and chaos is to severely limit what one can say about how the future will unfold. We are in the world of Donald Rumsfeld's "unknown unknowns" and we should not pretend that we really know what we're talking about. To factor in our record as social scientists in understanding, and misunderstanding, the past and the present should make us humble in facing the future.

We can seek some solace from the American writer Rebecca Solnit, in her recent book *A Paradise Built in Hell*. In her case studies of catastrophes, she finds that people affected quickly came together to help each other in remarkable demonstrations of solidarity and compassion – which is in marked contrast with much media reporting and of the tone of most novels on dystopic matters. Add the voice of philosopher Charles Taylor that "Communitas breaks out in moments of exceptional danger..." a.k.a. catastrophes.

It is good to be reminded of the goodness and decency of people, though we must never forget that political economy teaches that power is bad and indecent and not to be trusted and is always at risk of resurfacing in a yet more brutal and absolutist and corrupt mode.

Return to the personal: I surprise myself, and not simply as an economist, when I write all this. For I was myself born in rural Ontario and could not wait to get out to go to university. I never went back but to visit. But, retired, I now live again in rural Ontario. The bad news is that I am more dependent on the car than I was in the city, that being a tribute to the terrible neglect of public transportation. The good news is the abundance of local food for the stomach, and global information and sensation for the mind and the psyche. For the Internet keeps me as much in touch with whatever I am in touch with as when I was in the city. I have the best of worlds: connection locally and connectedness globally. You can go home again.

Note: I am indebted to Nick Hutcheson for the inspiration to do this paper but he bears no responsibility for its contents.

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