

EDITORIAL

DE-GLOBALISATION, POPULISM, AND THE FUTURE OF EUROPE

Peter Záborský

The University of Auckland

p.zamborsky@auckland.ac.nz

Globalisation is at a crossroad. On the surface, we see phenomena such as the rise of populism and the rise of China. Some aspects of globalisation such as growth of international trade and investment have slowed down after the Great Recession of 2008-09.¹ Scholars including Professor Michael Witt from ISEAD Singapore suggested that de-globalisation is now a distinct possibility.²

Against this backdrop of rising populism and a possible de-globalisation, this issue of *New Zealand Journal of Research on Europe* features insightful research and commentaries on important features of these concepts. Stefano Riela, in his article entitled ‘New Silk Roads: The Need for Effective Cooperation between the EU and China’, analyses the EU’s reactions to China’s massive infrastructure project, the Belt and Road Initiative (BRI). He calls for a cooperation between the two parties to turn a potential clash into a win-win outcome. Professor Gerald Chan then offers a reflection on how countries react to China’s BRI, framing the EU’s reactions within a wider global context including the Sino-American rivalry.

Professor Cris Shore, in his article entitled ‘Signal Failure or Misrecognition? Brexit, Austerity and the European Union’, offers an anthropological explanation of Brexit and its causes, with some implications for the future of European integration. Professor John

¹ Pankaj Ghemawat and Steven A. Altman, “The state of Globalization in 2019, and What It Means for Strategists,” *Harvard Business Review* (February 6, 2019).

² Michael A. Witt, “De-globalization: Theories, Predictions, and Opportunities for International Business Research,” *Journal of International Business Studies* 50 no. 7 (2019), 1053-1077.

Morgan reflects on the ‘unmaking of America’ in the age of Trump, offering thoughts on the unwinding of the American dream. Morgan also asks if EU countries including France can hold back the tide of populism, and offers insightful analysis and answers to this question. Finally, Professor Gad Yair offers fresh perspectives on European politics and identities with his reflections on using the Eurovision Song Contest in teaching. He brings cultural and sociological perspectives to the debate on the future of Europe.

Building on these contributions, this editorial will: (1) review theoretical and historical perspectives on de-globalisation and globalisation, including a discussion of the Sino-Western rivalry; (2) analyse the triggers and varieties of populism, including Brexit and the rise of US President Donald Trump; and (3) conclude with implications for European politics and identities.

Perspectives on De-Globalisation

De-globalisation may be a concept that seems to be particularly relevant today, but it is not entirely new. For example, political scientist Colin Hay suggested in 2006 that it was difficult to see globalisation as the principal agent determining the path on which European social models were embarked since the empirical evidence pointed if anything to *de-globalisation* rather than globalisation.³

³ Colin Hay, “What’s Globalization Got to Do with It? Economic Interdependence and the Future of European Welfare States,” *Government and Opposition* 41 no. 1 (2006), 1-22.

What is relevant about Witt's argument promoting the importance of studying and understanding de-globalisation today is that the concept needs to be rooted in theory and used to generate implications for business, politics and society. He considers both de-globalisation and Sino-American rivalry to be political phenomena, and anchors them in the two main theories from the field of International Relations: liberalism and realism.⁴

Witt argues that both of these theories predict de-globalisation under current conditions but lead to different expectations about the future world economy. Liberalism suggests a patchwork of economic linkages through coalitions of the willing. On the contrary, realism predicts the emergence of economic blocs around major countries (mainly the US and China), with scenarios including emergence of a new global hegemon (and new globalisation according to the interests of the new hegemon, i.e. China); multiple regional hegemons (and multiple regimes structured around these hegemons, including the EU), or no hegemon (and disorder).⁵

There are other explanations of de-globalisation. Dartmouth historian Stefan Link, in his reflections on how 21st-century de-globalisation might unfold, challenges widespread assumptions about the history of globalisation (namely the 'pendulum theory of globalisation' suggesting that globalisation moves in phases of

⁴ Michael A. Witt, "China's Challenge: Geopolitics, De-Globalization, and the Future of Chinese Business," *Management and Organization Review* (2019), 1-18 (forthcoming).

⁵ Witt, De-globalization: Theories, p. 7.

liberalisation followed by a rejection and the re-imposition of controls, such as in the de-globalisation period after 1929).⁶ He claims that the pendulum view threatens to miss the extent to which every globalisation era has required active policies framed to bring integration about, and how different periods of globalisation have relied on distinctive political and institutional architectures.⁷ Link instead urges to consider more deeply the politics of globalisation (imperial, developmental, and neoliberal) and what he calls *structured engagement* of polities (states) with foreign trade, capital and migration. He concludes by stating that while Nineties-style globalisation is unlikely to survive in the 21st century, a Thirties-style disaster is rather unlikely in the near future.

It is also important to incorporate theoretical views from China, the rising global hegemon, into the analysis. Arguably, what can be seen as de-globalisation in the West could be viewed differently in China. Re-balancing of the world economy from the West to China is possibly a different form of globalisation (not de-globalisation), a retreat from a particular type of globalisation championed by the West. Weidong Liu, Michael Dunford and Boyang Gao suggest that with the crisis of neo-liberalism, economic globalisation has arrived at a crossroad and more and more political elites and scholars consider that China's Belt and Road Initiative opens up a possible new

⁶ Stefan Link, "How Might 21st-Century De-Globalization Unfold? Some Historical Reflections," *New Global Studies* 12 no. 3 (2018), 343-365.

⁷ *Ibid.*, p. 347.

globalisation path, amongst which *inclusive globalisation* warrants exploration and is attractive to many countries.⁸ In their view, *inclusive globalisation* does not involve de-globalisation.

What does *inclusive globalisation* mean? Liu et al. (2018) outline some of its core features, including inclusive growth with effective and efficient government regulation; inclusive infrastructure development; inclusive development paths chosen nationally to suit national conditions; inclusive participation; and cultural inclusiveness. Importantly, they exclude for the moment the question of environmental sustainability.⁹

The European view of *inclusive globalisation* is somewhat different. Stefano Riela, in his article in this issue of *New Zealand Journal of Research on Europe*, notes that “the EU promotes systems of connectivity that respond to the challenges of climate change and environmental deterioration” and that “the EU approach is inclusive and, in intention, calibrated to internationally-agreed standards, the aim is to continue cooperation with the International Monetary Fund (IMF) and the World Bank.” Gerald Chan’s commentary in this issue points to related issues of dissonance between the EU and Chinese approaches (to infrastructure development and connectivity): environmental impact, financial sustainability and national security.

⁸ Weidong Liu, Michael Dunford and Boyang Gao, “A Discursive Construction of the Belt and Road Initiative: From Neo-Liberal to Inclusive Globalization,” *Journal of Geographical Sciences* 28 no. 9 (2018), 1199-1214.

⁹ *Ibid.*, p. 1213.

Triggers of Populism

How is globalisation related to the rise of populism around the world? Harvard Professor Dani Rodrik notes that while populism may seem like it has come out of nowhere, it has been on the rise since 2000. He argues that economic history and economic theory both provide clues for linking the advanced stages of economic globalisation to a political backlash.¹⁰ Rodrik links the populist backlash against globalisation to the increase in domestic inequality it caused and the resulting societal cleavages in countries such as the US and UK. He admits that globalisation reduced global inequality and helped some poor countries—notably China—to rapidly grow.

Not everyone agrees that globalisation caused inequality. Catherine Mann, a global chief economist at Citibank and the OECD's former chief economist, argues that technology and the shift in consumption from goods to services have played a greater role in the loss of production jobs in advanced economies than globalisation. Her report concluded that a retreat from globalisation will result in "a smaller cake, more poorly distributed."¹¹

There are also non-economic explanations of the rise of populism. For example, Dutch political scholars Eefje Steenvoorden and Eelco Harteveld suggest that in addition to the traditional

¹⁰ Dani Rodrik, "Populism and the Economics of Globalization," *Journal of International Business Policy* 1 no. 1-2 (2018), 12-33.

¹¹ Delphine Strauss, "Globalization not to Blame for the Increase in Inequality, Research Finds," *Financial Times* (August 25, 2019).

explanations of support for populist radical right parties (voters' socio-structural grievances, political discontent or policy positions), an additional and possibly overarching explanation is societal pessimism.¹² Their arguments and empirical tests show that the nostalgic character of populist radical parties' ideology resonates with societal pessimism among voters in Europe. Catherine Fieschi, in her 2019 book entitled *Populocracy*, shows how lying is a constant feature of populist politics.¹³ Populist lying is designed to be seen as being 'authentic'. The populist authenticity is deliberately about being as shamelessly bad as people might imagine you could be.

While there are varieties of populism¹⁴ in advanced and emerging economies,¹⁵ the articles in this issue of *New Zealand Journal of Research on Europe* focus on Brexit, Donald Trump's victory in the US presidential elections, and Europe's role in potentially holding back the tide of populism. Organisation scholars Ron Kerr and Martyna Śliwa point to the need to find an analytical framework that brings together the macro-structural perspectives (such as those of Dani Rodrik or Catherine Mann) and cultural perspectives (e.g. the

¹² Eefje Steenvoorden and Eelco Harteveld, "The Appeal of Nostalgia: The Influence of Societal Pessimism on Support for Populist Radical Right Parties," *West European Politics* 41 no. 1 (2018), 28-52.

¹³ Catherine Fieschi, *Populocracy: The Tyranny of Authenticity and the Rise of Populism*. New York: Columbia University Press, 2019.

¹⁴ Timothy M. Devinney and Christopher A. Hartwell, "Varieties of Populism: The Rise of Populism and the Challenge for Global Business Strategy," *Global Strategy Journal* (forthcoming).

¹⁵ Camilla Jensen and Peter Záborský. Balancing to Utopia: Multinationals in Oligarchies. In: Vikrant Shirodkar, Steven McGuire, and Roger Strange (Eds.): *Non-market Strategies in International Business*. Palgrave Macmillan (forthcoming).

explanations of populism by Steenvoorden, Harteveld and Fieschi). In their reflections on studying consequences of Brexit, they highlight the salience of emotions with regard to Brexit, and in particular *ressentiment*, a sociological concept (drawing on Pierre Bourdieu, a French sociologist) that designates a feeling of powerlessness that permeates social groups. Kerr and Śliwa argue that in terms of Brexit, *ressentiment*, understood as a powerful festering shared emotion, was used by the Leave movement's strategists to mobilise the votes.¹⁶

Cris Shore, in his anthropological account of Brexit in this issue, acknowledges both structural and cultural perspectives. In terms of structural perspectives, he links Brexit to austerity: "Brexit was driven by a decade of austerity politics ushered in by David Cameron's Conservative government, a precipitous drop in living standards, stagnating wages and the rising tide of 'nationalist populism' that this unleashed." In terms of cultural perspectives, he notes many UK voters felt alienated and abandoned by government not concerned enough with maintaining public services or tackling poverty and inequality. He also stressed consequences for people's identities that arise from the *absence of recognition*, a "form of oppression that can saddle its victims with a crippling self-hatred."

Shore's and Morgan's reflections make it clear that both in the UK and US it was the dismissal of the post-industrial working class by condescending cosmopolitan elites that has exacerbated

¹⁶ Ron Kerr and Martyna Śliwa, "When the Political Becomes (Painfully) Personal: Org-studying the Consequences of Brexit," *Organization* (forthcoming).

misrecognition. John Morgan's discussion of 'Politics and populism in extraordinary times' underscores that political events are long-term outcomes of wider economic and cultural processes. He acknowledges the need for empathy in understanding feelings of President Trump's voters.

The Future of Europe

What are the implications of de-globalisation and populism for Europe? Regarding de-globalisation, the European Union will have to choose a strategy for engaging both with China (the rising global hegemon) and the United States (the hegemon in relative decline). Maintaining a *strategic neutrality*¹⁷ in this shifting global landscape will be crucial, as well as standing up for values European Integration was built on, including democracy and social solidarity.

In terms of the implications of populism for the future of Europe, there are reasons to be optimistic (and as Steenvoorden and Hartevelde noted, optimism is in itself an antidote to populism). Last EU elections, France's 2018 election, and the recent political developments in Italy and Austria seem to suggest that Europe is successful in holding back the tides of populism (for now, as John Morgan concludes in this issue's article). The Brexit mess is perhaps serving as a warning sign that has 'immunised' the rest of Europe, as former President of the European Council Donald Tusk noted.

¹⁷ Leos Müller, *Neutrality in World History*. New York: Routledge, 2019.

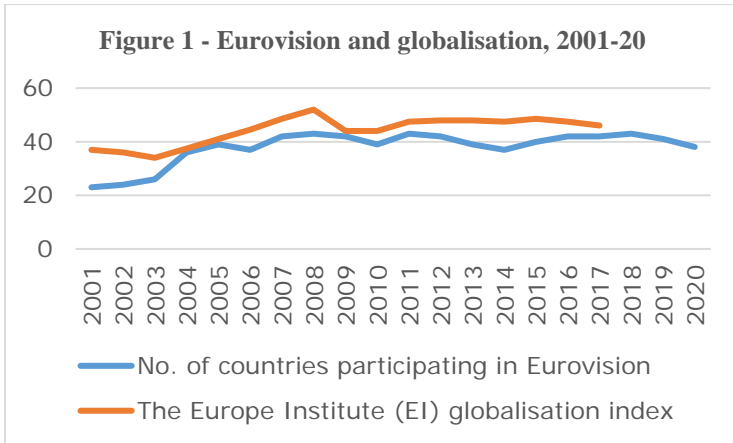
There is a need to broaden the vision of what ‘European way of life’ is and make it more open and less institutionalised.¹⁸ We may also need to take de-globalisation and populism less seriously. This may be controversial, but as Professor Yair highlights in this issue’s article on using Eurovision in teaching European politics and identities, there are benefits to having ‘serious fun’.

Let’s consider using the Eurovision Song Contest as a ‘seismograph’ or crystal ball allowing us to see into Europe’s future through the prisms of de-globalisation and populism. The 2020 Eurovision Song Contest has 38 confirmed participants, with many of them from outside of the European Union (including Australia, Azerbaijan, Belarus, Georgia, Iceland, Israel, Montenegro, North Macedonia, Norway, Russia, Serbia, Switzerland, and Ukraine). On the surface, it seems that Eurovision is experiencing de-globalisation (with the number of participants in 2019 falling to 41 from the peak of 43 in 2018, and some countries such as Slovakia and Turkey taking part in the past but not in 2020—see Figure 1). Nevertheless, it is easy to envisage other countries joining in the future, including ‘non-European’ countries such as Kazakhstan and New Zealand.

While populism has played a role in some of the Eurovision contests, there is a hope that democracy will reassert itself. Professor Yair notes research found that authoritarian regimes opt for political

¹⁸ Jennifer Rankin, “MEPs Damn ‘Protecting European Way of Life’ Job Title, *The Guardian* (11 September, 2019).

voting in Eurovision, whereas democratic countries judge songs by musical tastes. Perhaps we can transcend politics and see culture as a unifying, rather than a dividing force. After all, Jean Monnet, the father of the EU, said that if he started the European Integration again, he would start from culture, not from the economy.



Source: Calculated from Eurovision and DHL Global Connectedness Index 2018 data¹⁹

Finally, the EU may learn something from the success of its Eurovision concept and apply it to its geopolitical strategy. As

¹⁹ Steven A. Altman, Pankaj Ghemawat and Phillip Bastian, *DHL Global Connectedness Index 2018: The State of Globalization in a Fragile World*. Bonn: Deutsche Post DHL Group, 2019. The EI globalisation index is calculated in percentage points as a sum of: exports as % of gross domestic product (GDP), inward foreign direct investment flows as % of global fixed capital formation, immigrants as % of population, and international phone calls as % of total calls.

Professor Chan notes, unlike the US, the EU is inclined to engage with China on the Belt and Road Initiative, with an aim to shape China's behaviour to comply with EU rules and meet EU standards. Why not aim for inviting China (and the US) to join the Eurovision Song Contest as a first step towards a truly enlightened²⁰ (but still light-hearted)²¹ globalisation? And in spite of the likely Brexit, the United Kingdom will continue to be a contestant in the Eurovision song contest and a member of the European Broadcasting Union and many other European associations, indicating that cultural and other connections between Europe and Great Britain will remain strong.

²⁰ David Armitage, "Is There a Pre-History of Globalization?" In: Deborah Cohen and Maura O'Connor (Eds.), *Comparison and History: Europe in Cross-National Perspectives*. London: Routledge, 2004, 165-76.

²¹ Oliver Lovesey, "The 'World' before Globalisation: Moroccan Elements in the Incredible String Band's Music," *Popular Music* 30 no. 1 (2011), 127-143.

Peter Záborský is a Senior Lecturer in the Department of Management and International Business at the University of Auckland Business School. He is also the Editor of the *New Zealand Journal of Research on Europe*, an editorial review board member of the *International Journal of Emerging Markets* (Emerald Publishing), and an Advisory Board Member of the Europe Institute at the University of Auckland. He earned Master's degree in Management and European Integration from Comenius University in Slovakia, MSc degree in economic history from the London School of Economics and Political Science and PhD degree in international economics and finance from the International Business School, Brandeis University in Waltham, Massachusetts. He published in the areas of management, international business and economics in journals including *Journal of Management & Organization*, *Global Economy Journal*, *Journal for East European Management Studies*, and *Eastern European Economics*. He is a co-author of *Contemporary International Business in the Asia-Pacific Region* (Cambridge University Press, 2019).