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Globalisation and sovereignty in the 2020s: the peak of contradictions?

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MOTIVATION

- An increasing number of contradictions and clashes between countries around the world during recent years - from the struggle between values to military conflicts, - makes me feel we are facing **an impending catastrophe**.
- Can the approach **of Evolutionary Institutional Economics (EIE)** help us to identify the prospects for resolving or at least reducing these contradictions and clashes?
- **Veblen's and Schumpeter's ideas and the theory of institutional X-Y matrices**, which we have been developing and verifying since the early 2000s (*Kurđina 2001; Kirdina-Chandler 2017, Kirdina-Chandler 2019* etc.), served as lenses for finding answers to these questions.



OUTLINE



- Globalisation.
- Sovereignitisation.
- Future possibilities: unipolarity, multipolarity, or bipolarity?
- Institutionalisation of bipolarity.
- Conclusion.



Key EIE classical ideas

- “For the purpose of economic science, the process of **cumulative change** is to be accounted for is the sequence of change in the methods of doing things, - the methods of dealing with the material means of life” (*Veblen 1898: 387*).
- **The Veblenian dichotomy**, or distinction between “institutions” and “technology” (*Waller 1982:757*) in application to modern digital development.
- “Evolution is a disturbance of existing structures (...) **more like a series of explosions than a gentle process**, through incessant transformation” (*Schumpeter 1939/I: 102*).



Globalisation.

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Understanding of *globalisation*

- **Globalisation ≠ internationalisation**, the latter being a natural process of growing inter-ethnic ties and the strengthening of the interdependence of various states that accompanies the history of mankind.
- By modern globalisation I mean **a directed process** of universalisation and unification of economic, political and ideological institutions which has a supranational character and which **leads the hegemony** of one global player.
- It is what many call “the third wave of globalization which can be termed «**neoliberal globalization**»” (*Palley 2019:2*).

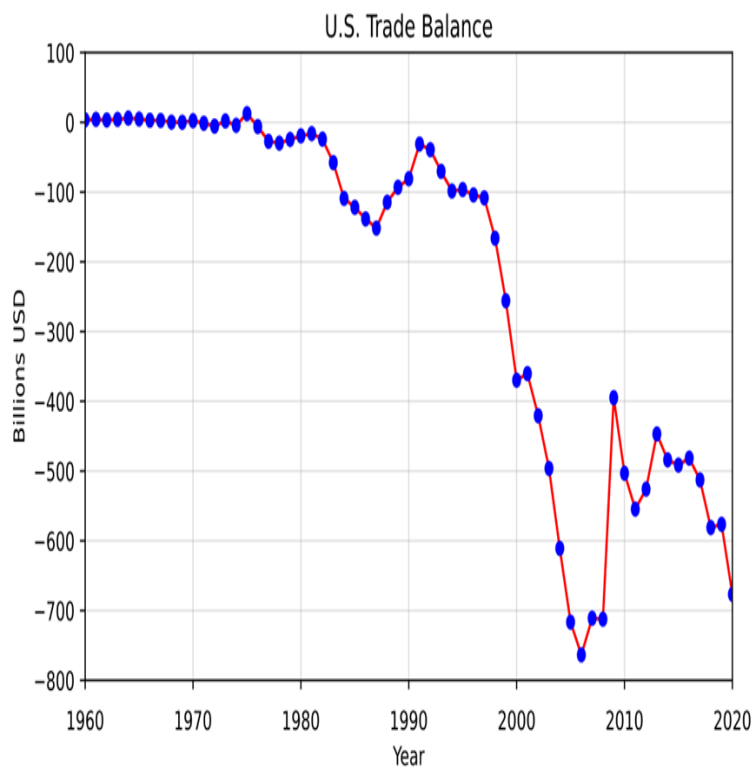


Neoliberal globalisation today

- We are witnessing the decline of globalisation as led by the world hegemon. The United States is gradually losing its leadership position and its claim to world hegemony (*Kagan 2008*), which is accompanied by **a slowdown in globalisation**.
- "Whereas in the 1990s, the United States was almost universally viewed as the world's sole and unshakable superpower, by the time of the 2008 financial meltdown, the notion that US hegemony was in a deep and potentially terminal crisis moved from the fringes **into the mainstream**" (*Silver, Rayne 2020:17*).



Shares of the US and China in world GDP (according to purchasing power parity), 1990-2021, %



Data source: U.S. Census Bureau, Economic Indicator Division

	1990	1995	2000	2005	2010	2015	2021
The US	20.3	20.3	20.9	19.6	16.8	16.3	15.7
China	3.7	5.9	7.4	9.8	13.7	16.1	18.6



<https://www.interfax.ru/business/606883>



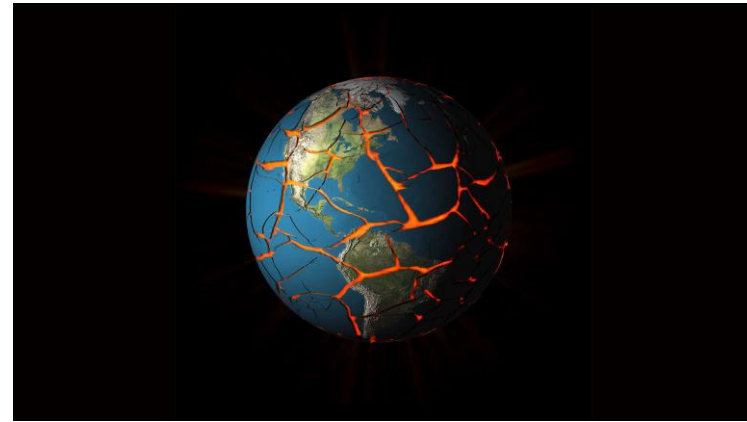
Neoliberal globalisation against markets and democracy

- The reason for the slowdown in globalisation is due not only to the increasing economic power of other countries, but also to a number of inherent negative consequences of globalisation: globalisation of markets leads to an improvement in the situation for some and deterioration for others, increasing **social inequalities and contradictions** (*Rodrik 2017; Stiglitz 2017*).
- Globalisation poses **a threat to democracy**, as a superpower is tempted to use its position for its own benefit, without taking into account the interests of other countries (*Köchler 2020*).



The end of neoliberal globalisation?

- "The global economy is closing" (*Das Satyajit, Bloomberg, 2020*).
- "In the future, economies will definitely be less open than they are today" (*Li Eric, 2022*).





Sovereignitisation.

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Sovereignty

- Sovereignty means that an individual state has “the right and power of self-determination, that is, a right and power to determine for and by oneself—and not at the command of others—the fundamental issues relating to one's existence” (*Oji, Ozioko 2013:259*).
- In normal functioning, sovereignty may appear invisible. Sovereignty manifests itself, as a rule, in times of crises, sanctions, supply chains breaks, upheavals, etc. which we have now.



Signs of sovereigntisation

- Localisation of production and reshoring developed since 2010s, i.e. return of previously transferred production back to the country, to protect against global risks:
 - US: "Remaking America", 2010 (B. Obama); "America first", 2016 (D. Trump); "Restoring domestic production capacity", 2021 (J. Biden)
 - United Kingdom: "Reshore UK"
 - France: "Colbert 2.0"
 - programmes in Japan, South Korea and other Asian countries (*Mariotti 2022*)
 - Russia: relocalisation of production of critical goods, nationalisation of technical standards, etc.



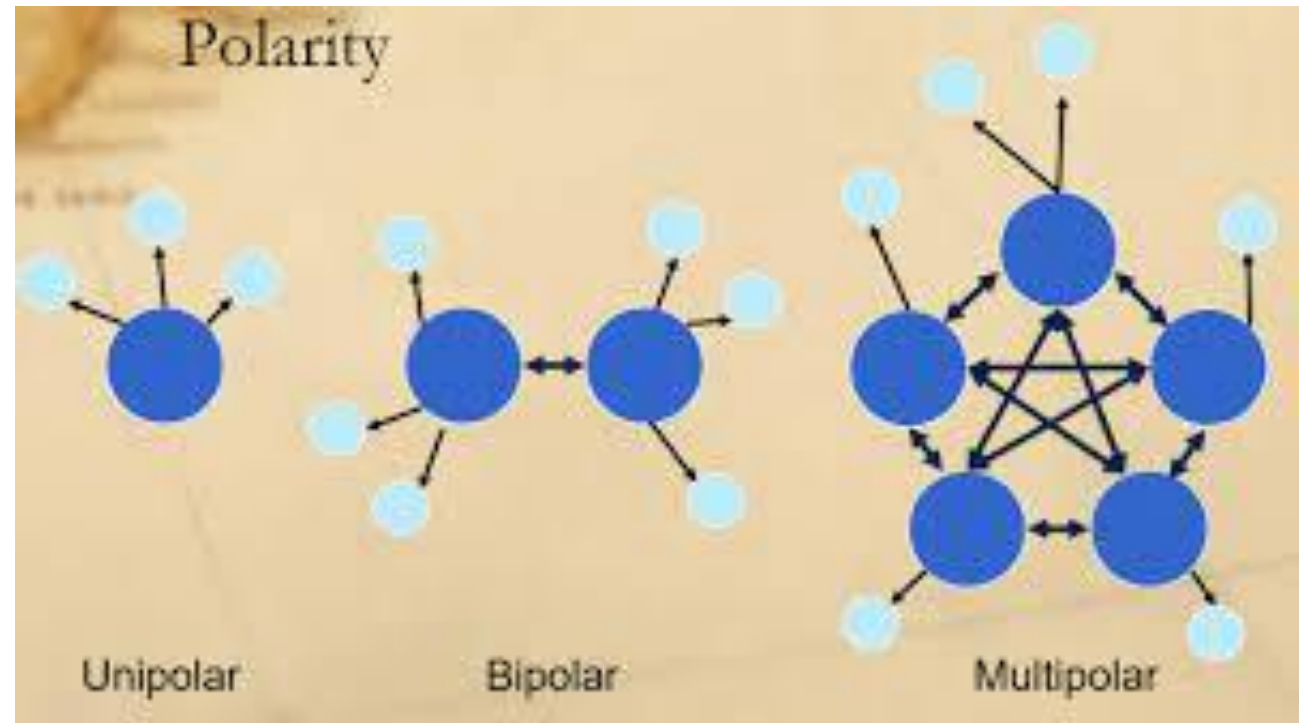
Concepts of sovereignitisation

- Sovereignitisation covers the processes of not only territorial, air and sea sovereignty, but also digital independence and its protection.
- Concepts of "technological sovereignitisation", "technological islandisation" or "new techno-nationalism", which directly link technological capabilities with the country's national security and geopolitical advantages (*Mariotti 2022*).
- In the cultural, communicative, and ideological spheres the concepts of "value sovereignty" and "cultural sovereignty" are introduced.



From uncertainty to order

- The clash of the uptrend of sovereignty with the downtrend of globalisation is shaking the foundations of the world order and causing **an increase in uncertainty** and conflict in the world.
- It provokes an “*Interregnum*” situation when the old paradigms of world existence no longer work, but the new paradigms have not yet been articulated and the rules of the game are underdetermined (*Bauman 2005*).
- Overcoming the situation of chaos presupposes reliance on a model of a new world order. The most discussed are the models of a **unipolar, multipolar, and bipolar world**.



Future possibilities: unipolarity, multipolarity, or bipolarity?

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Unipolarity

- The unipolarity of the world means **the hegemony** of one global player. Such a world was envisioned by the supporters of the theory of globalisation and Fukuyama's former concept of the "end of history".
- But in an interview on March 30, 2022, Fukuyama refuted himself and was forced to admit "**the end of the end of history**" in our time (*Fukuyama 2022*).
- History itself has pronounced a negative verdict on unipolarity. So realistic experts **do not consider** the "new unipolarity" as a possible model for overcoming the world chaos.



Multipolarity - *pro*

- The statistical substantiation of a transition to a multipolar world comes from forecasts of the reconstruction of the world system of the largest economic centres, comparable to each other in terms of power, but **civilisationally and culturally different**.
- “So, it is expected that by 2030 the United States, in terms of real GDP, will give way to China, India will rise from 10th to 3rd place, and Brazil (by 2050) from 6th position will take 4th place. At the same time, over the same period, Japan will drop from 3rd to 5th place, Germany from 4th to 9th, France from 5th to 10th, and Italy and Britain will leave the top ten largest economies of the world. Russia in these calculations will rise from the 9th position to the 6th” (*Miller 2015:11*).

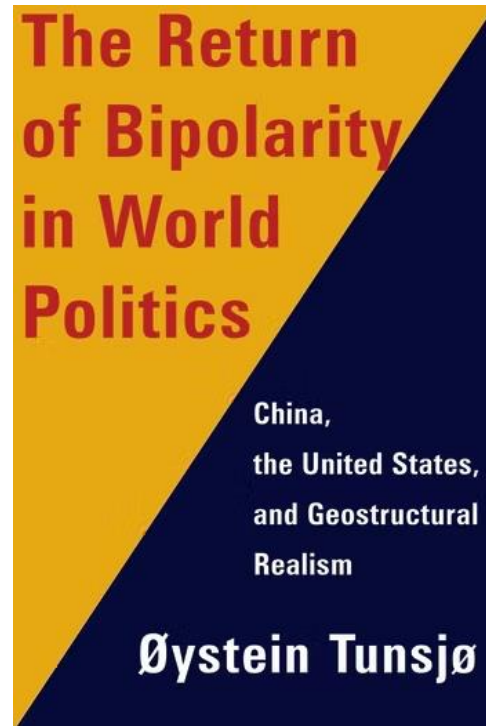
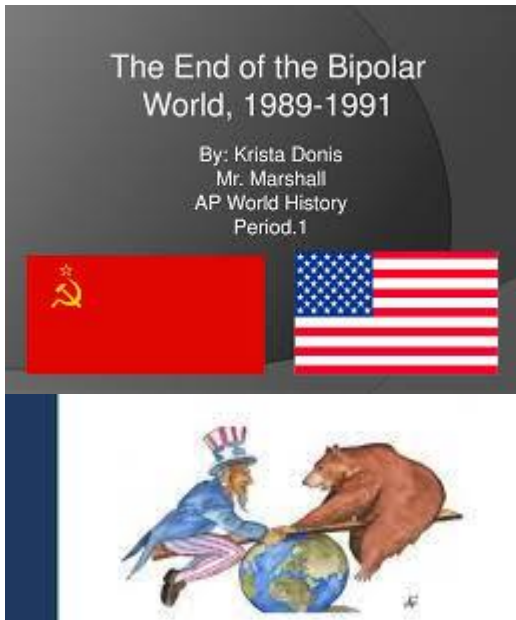


Multipolarity - *contra*

- The thesis of multipolarity (or “polycentricity”, “constructive polycentrism”, “world order of interacting local civilisations”, “multipolar constellation” etc.) as the most preferred model of a sustainable world **has many supporters** among experts, scientists, and politicians, especially outside the West.
- In turn, the opponents of multipolarity identify it with chaos (*Kissinger 1997*) and believe that a multipolar world is a transitional phase from a unipolar world **to a bipolar one** (*Arin 2001*).



Bipolarity ≠ just a fight between giants





Bipolarity: our understanding

- Bipolarity is inherent in the world organically: “ ...at the global level, the world social system has always been and remains bipolar in the first approximation, ... therefore the world is simply doomed to be bipolar, because the poles **must complement** each other within the unity of opposites” (*Tikhomirov 1997: 54–55*).
- Bipolarity provides a dynamically tense balance (the term “peaceful coexistence” was used during the Soviet era) and prevents conflicts, especially if it is institutionalised through the creation of equally powerful “symmetrical” **coalitions**.



Institutionalisation of bipolarity.

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Bipolar coalitions

- In the XXI century, the institutionalisation of bipolarity is expressed in the crystallisation of **two planetary coalitions**, which can be conditionally called Western and non-Western.
- The core of the **Western coalition** comprises NATO (founded in 1949) and the European Union (1993), with the composition of their member countries intersecting.
- The core of the **non-Western coalition** are the structures of the SCO (founded in 2001, until 2001 - the "Shanghai Five"), BRICS (2006) and the CIS (Commonwealth of Independent States, 1991), the composition of which is also increasingly overlapping.



NATO and the European Union, 2001–2022

	2001 No. (countries)	2022 No. (countries)
NATO	19 (the US, Canada, Iceland, UK, France, Belgium, Netherlands, Luxembourg, Norway, Denmark, Italy, Portugal, Greece, Turkey, Germany, Spain, Hungary, Poland, Czech Republic)	30 (the US, Canada, Iceland, UK, France, Belgium, Netherlands, Luxembourg, Norway, Denmark, Italy, Portugal, Greece, Turkey, Germany, Spain, Hungary, Poland, Czech Republic, Bulgaria, Latvia, Lithuania, Romania, Slovakia, Slovenia , Estonia, Croatia, Albania, Montenegro, North Macedonia)
European Union	15 (Belgium, UK, France, Italy, Luxembourg, Netherlands, Germany, Greece, Denmark, Ireland, Spain, Portugal, Austria, Finland, Sweden)	27 (Belgium, France, Italy, Luxembourg, Netherlands, Germany, Greece, Denmark, Ireland, Spain, Portugal, Austria, Finland, Sweden, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Croatia, Bulgaria , Romania)
Total (including overlaps)	23	36



The SCO, BRICS and CIS, 2001-2022

Organisations	2001 No. (countries)	2022 No. (countries)
Shanghai Cooperation Organization	5 (Kazakhstan, China, Kyrgyzstan, Russia, Tajikistan)	21 (8 members - India, Kazakhstan, China, Kyrgyzstan, Pakistan, Russia, Tajikistan, Uzbekistan; 4 observers - Afghanistan, Belarus, Iran, Mongolia; 6 dialogue partners - Azerbaijan, Cambodia, the Nepal, Turkey, Sri Lanka)
BRICS	4 (Brazil, Russia, India, China)	5 (Brazil, Russia, India, China, South Africa)
Commonwealth of Independent States	10 (Azerbaijan, Armenia, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan)	10 (Azerbaijan, Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Uzbekistan, Turkmenistan)
Total (including overlaps)	13	26



21 YEARS ON, THE SHANGHAI COOPERATION ORGANIZATION KEEPS GROWING

MEMBER STATES

ASSOCIATED MEMBER STATES

DIALOGUE PARTNERS

DIALOGUE PARTNERS



SCO Secretariat General Office of the SCO, Beijing, China. Tel: +86-10-8599-2000. Fax: +86-10-8599-2001. Email: sco@shcoo.gov.cn



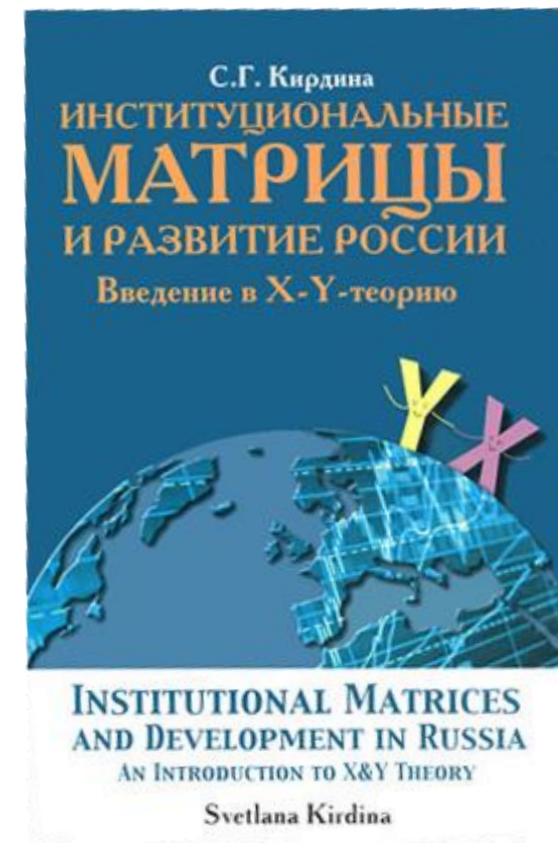
X- and Y-coalitions

- In terms of the theory of institutional X-and Y-matrices (*Kirdina, 2014; Kirdina-Chandler, 2017*), we can call the non-Western and Western coalitions **X- and Y-coalitions** respectively, because they are formed by countries dominated by institutions of either the X- or Y- matrix.
- The Y-coalition, which began to institutionalise **40 years earlier** than the X-coalition, includes 36 countries, which is almost 40% more than the number of countries in the X-coalition.
- However, the growth rate of the X-coalition is higher: over the past twenty years it has **doubled** (and the process is continuing), while the Y-coalition has grown by 1.5 times.



“... **bipolarity** finds its expression not only in the concentration of material and technological potential in each of the groups of countries, but **also in the strengthening and development of institutional structures and ties**. Ultimately, it is they who become the milestones of the so-called “new world order”... At one pole of this order, Western countries are concentrated with the dominance of Y-matrix institutions. They are increasingly strengthening cooperation with each other... At the other extreme, which includes groups of countries dominated by the X-matrix, there are parallel processes” (Kirdina, 2014: 315-316).

The trend of institutionalisation of bipolar X- and Y-coalitions was noted back in 2014:





Conclusion



Bipolar coalitions are a chance to overcome contradictions between decreasing globalisation and increasing sovereigntisation

- The institutionalisation of bipolarity in the XXI century will not mean a return to the discourse of the Cold War and the confrontation between the two poles of power, permeated with the “friend-enemy” dichotomy (*Schmitt, 2007 (1932)*), but will support **a dialogue** between large equivalent subjects of world economy and politics.
- Both coalitions will be able to **complement each other** within the framework of the "unity of opposites" and contribute to overcoming the contradictions of the different processes of globalisation and sovereignty, as well as maintaining collective security. This will help **save the world** from catastrophe.



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Thank you for your attention!

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