

IDEAS

Globalism Is Dead

Philosopher John Ralston Saul calls it

by MINA CHOI

Globalism is dead, says Canadian philosopher and essayist John Ralston Saul, whose latest book “The Collapse of Globalism: And the Reinvention of the World” condemns the idea that a borderless and unregulated international market system will create wealth for all. Ralston Saul argues that globalism’s underlying assumptions were faulty, and offers a mounting list of evidence of its failure: the reemergence of nationalism and protectionism; the return to mercantilism; the worsening divide between rich and poor. *China International Business* sat down with Ralston Saul after his talk at the Shanghai Fourth Annual Literary Festival in March to discuss his most controversial points.

▶ **You say globalism came into being during the 1970s, but that it only entered the popular lexicon less than a decade ago.**

▶ Just because you haven’t heard of it doesn’t mean that it didn’t exist. The world is round. Only fools think it’s flat. The truth is that the real world is complicated and different parts of the world are in different stages. The concepts of globalism are documented in [the United Kingdom’s former Prime Minister Margaret] Thatcher’s speeches, in [the United States former President

Ronald] Reagan’s speeches, in the newspapers and World Bank materials. It developed in the 1970s and ended in the late 1990s, with the collapse of the global financial markets.

We’re now back to the nation-state model, with the global military spending up to 1.2 trillion dollars, and the US democratic candidates campaigning on anti-globalization themes. The 700 million people who are the biggest consumers of the world—Americans and Europeans—are abandoning the idea, just as the Asian countries are rushing to embrace it.

▶ **Are the Chinese, then, buying into globalism just as the Westerners are cashing out?**

▶ They are not exactly buying into it. The West thinks that China is embracing globalization but if you listen very carefully to what the elite in China saying, they are saying something different. They are taking the concept of globalization and developing their own version of it, in their own cultural image—the humanist image in the classical Confucian tradition of benevolence and balance.

▶ **Isn’t Confucianism about filial piety?**

▶ That’s the “power” interpretation of Confucianism. I’m referring to the original message – the idea of benevolence and duty of the elite to take care of society at large.



GLOBALISM GONE? JRS fingers the rise of the nation-state

Courtesy of Penguin Books

▶ **You say the theory of globalism is flawed because it treats economics as “truth.”**

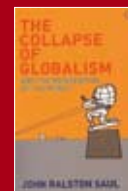
▶ In the theories of globalism, economics became hard truth – a science, as something inevitable. Well, it’s not a science. The problem with globalism is that it takes a 19th-century model of development and applies it to a complex, real world. And when it is put in place without any countervailing actions, then it increases the [divide between] rich and poor. To make serious growth of the market, people need to ask the questions of how to create real, deep wealth, and how to develop the market with social responsibility. Simply

churning out the products is not good enough. One of the biggest ignored movements of the 20th century, where real wealth was created, was the entry of women into the workforce. This is never discussed. The 19th-century model of free trade, you have to remember, was a center-left idea that was created by the buccaneer capitalists of the early 19th century. It was theory that was based on scarcity. Well, most of the West is operating on surplus. Using the theory of scarcity on the current model just doesn’t work.

▶ **What do you think of the intellectual property debate being raised by the West and how it’s playing out in Asia?**

▶ Take a look at the AIDS debate: what it shows is that reality does not wait for economic theory. When mercantilist policies trump the well being of the people, people won’t obey these rules. Millions of people are dying of AIDS, and the drug companies have been very slow to react to this. Thailand has just announced that they’re producing drugs very cheaply, using the crisis clause of the WTO agreement to trump the inhumane policies of the pharmaceutical companies. There is a social

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and moral responsibility of the corporation, which is the natural extension of the individual's ethical responsibilities.

▷ **Is the word "globalization" being used as a disguise for the fact that there is a huge and increasing trade gap between the West and Asian countries?**

▶ This is the reason why Europe and the US are very worried about cheap goods flooding the market and why they are now resorting back to protectionism. What we forgot about [with] this idea of "free trade" was that it was always used hand-in-hand with protectionism. Both Germany and the US got rich using protectionism against Britain and then used the term "free trade" to open the rest of the market. This idea that there is this inevitable goodness of "openness" is flawed. These

countries used protectionism to defend their own industries, and once their industries had achieved a dominant position in the market, then they wanted to pry open the borders.

After the 1997 [Asian financial crisis influenced by International Monetary Fund policy], both Malaysia and Indonesia shut down [their borders], and this solution has worked for them. Even the WTO is beginning to understand that different countries have different needs, and should operate in different models. It's naïve to believe that only one model exists.

▷ **Let's talk currencies. What about the euro, the dollar, and the renminbi?**

▶ The creation of the euro was an astonishing defeat for globalism. It was a rebuke of the concept of international money

markets. In a single stroke, they removed the money market from Europe by creating this currency. It was an amazing intervention of the government that freed Europe from the constraints of the international money market. A couple of years ago, a couple of young bond traders speculated on the euro bond, and managed to trade something like 13 billion dollars' worth of euros in two minutes, making a handsome 10- to 12-million-euro profit. Well, within two months, the government put in technological firewalls—what you'd call protectionism—to make this kind of trade impossible.

▷ **How about the [dollar] renminbi debate and the fact that it is being expressed as a zero-sum game.**

▶ The US has misplayed its hand. It started to believe in its

own rhetoric of the mid-19th-century free-trade model based on cheap grains. It started out in Britain during the 19th century when everything was in scarcity, both agricultural and industrial, and the British industrial revolution was on the rise. More and more people made money from industry, but because agriculture was protected, the price of grain was too high for the poor. After an enormous struggle, the British decided to get rid of the controls on grain, so that they could buy the cheap grain from abroad and concentrate on industry instead. One hundred and sixty years later, Americans are still using this model. They're saying: let's bring cheap goods into the US and this will free the Americans to do something else. The only thing they forgot to ask is: what are they gonna do? ■

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