

## The Globalization Demarcation: Euro-Enthusiasts Versus Euro-Skeptics and the Continent's Impasse

Ryan Zohar  
Sciences Po Paris

### Abstract

In this essay, we will first present several theories relating to the process of globalization which will help to clarify the motives of proponents and opponents of globalization. Throughout this explanation, we will apply the theoretical dimensions to the context of the European Union. Here, we will seek to describe the conflict between Euro-enthusiasts and Eurosceptics with empirical data as well as by expanding on theoretical implications for Modern Europe. Lastly, we will describe the process of realignment that has drastically altered the make-up of political parties and has altered traditional cleavages. It is here that we must ask: What will become of mainstream parties in Europe?

Today, Big Macs can be bought around the world. Once an exclusively American enterprise, McDonald's operates in over 100 countries.<sup>1</sup> In his book *The Lexus and the Olive Tree*, Thomas Friedman writes, "No two countries that both had McDonald's had fought a war against each other since each got its McDonald's." While perhaps exaggerating this proposed McDonald's effect, Friedman highlights an important development: globalization has dramatically altered the way our world looks and how we interact with each other.<sup>2</sup> Friedman argues in this same book that the world is currently undergoing two simultaneous processes: "the drive for prosperity and development, symbolized by

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<sup>1</sup> "McDonald's International Franchising," McDonald's Corporation, accessed April 14, 2016.

<sup>2</sup> Thomas L. Friedman, *The Lexus and the Olive Tree* (New York: Farrar, Straus, Giroux, 1999).

the Lexus, and the desire to retain identity and traditions, symbolized by the olive tree.”<sup>3</sup> In this essay, we will first present several theories relating to the process of globalization which will help to clarify the motives of proponents and opponents of globalization. Throughout this explanation, we will apply the theoretical dimensions to the context of the European Union. Here, we will seek to describe the conflict between Euro-enthusiasts and Eurosceptics with empirical data as well as by expanding on theoretical implications for Modern Europe. Lastly, we will describe the process of realignment that has drastically altered the make-up of political parties and has altered traditional cleavages. It is here that we must ask: What will become of mainstream parties in Europe?

When analyzing globalization and European integration, it is perhaps most useful to first understand the theoretical frameworks proposed by political scientists. These theories seek to digest complicated intergovernmental actions and enigmatic societal trends, approaching them through the lens of multidimensional causality to create a model that is accurate, explanatory, and parsimonious. The theoretical framework presented here, allows for us to understand the ideology and driving forces behind globalists and anti-globalists respectively. Scholars debate even the definition of globalization. For the purposes of this paper we will use the one developed by Giddens. “Globalization can be defined as the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring thousands of miles away and vice versa.”<sup>4</sup> The linkages brought about by globalization have stimulated economic growth, intercultural exchanges, and most crucially, mobility. However, these benefits are countered by persistent drawbacks of economic decline in certain industries leading to inequality, acculturation giving way to the fall of traditionalism and ethnocentrism, and the outsourcing of political sovereignty to the supranational level. When all this is examined alongside the seemingly inevitable process of globalization, certain historical archetypes

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<sup>3</sup> "The Lexus and the Olive Tree," World Heritage Encyclopedia, Project Gutenberg. World Public Library, accessed April 14, 2016

<sup>4</sup> Anthony Giddens, *The Consequences of Modernity* (Stanford, CA: Stanford UP, 1990).

become evident. These are, according to Kriesi *et al.*, the “winners” and “losers” of globalization. Political actors are organized into each camp based on their respective positioning on the economic and cultural integration-demarcation axes with regard to economic and cultural dimensions.<sup>5</sup> According to Kriesi *et al.*, the ‘losers’ “are people whose life chances were traditionally protected by national boundaries.” In contrast, the winners are those “who benefit from the new opportunities resulting from globalization.”<sup>6</sup>

When looking at the political articulation of “winner” and “loser” camps, and therefore globalists and anti-globalists, the most telling feature of which groups support or oppose globalization is not the traditional left-right dimension but rather where these parties stand with regard to the fundamental axes of globalization. The economic dimension of the integration-demarcation spectrum vacillates between domestic protectionist policies on the demarcation side and neoliberal open economic policies on the integration side. This pole is influenced by a difference between the two camps in economic outlook. Integrationists are outward-looking, directing focus towards the export market. Conversely, protectionists maintain a domestic focus, seeking to shelter certain industries from drawbacks of international trade. The cultural dimension is marked by a socially and politically articulated civic nationalism on the demarcation side opposing a universalist multiculturalism supported by integrationists.<sup>7</sup> While Kriesi *et al.* posit that it is a combination of these two dimensions that ultimately determines the globalist or anti-globalist orientation of the actors, he seems to assume that each dimension is considered to be of equal importance to the policy choices of the political parties articulating new cleavages. However, in the case of reactions to globalist policies that mainly incorporated economic liberalization rather than cultural

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<sup>5</sup> Hanspeter Kriesi, Edgar Grande, Romain Lachat, Martin Dolezal, Simon Bornschier, and Timotheos Frey, "Globalization and Its Impact on National Spaces of Competition" in *West European Politics in the Age of Globalization*, ed. Hanspeter Kriesi (Cambridge: Cambridge UP, 2008), 3-20.

<sup>6</sup> *Ibid.*

<sup>7</sup> Kriesi et al. "Globalization and Its Impact on National Spaces of Competition" in *West European Politics in the Age of Globalization*, ed. Hanspeter Kriesi (Cambridge: Cambridge UP, 2008), 3-20.

openness such as NAFTA, actors articulated their support or opposition for this globalizing policy in mainly economic terms.<sup>8</sup> By contrast, recent far-right parties seem to accrue success from arguments originating from the cultural dimension.

Kriesi *et al.* analyze three mechanisms which contribute to the development of either “winner” or “loser” historical trajectories of globalization, allowing us to examine the identities of globalists and anti-globalists by introducing additional theories for support of this typology. The three mechanisms are increases in economic competition, cultural diversity, and political competition. The first of these mechanisms, increasing economic competition, has brought about processes of deregulation and economic liberalization, severely harming what Kriesi *et al.* deem as traditionally “sheltered sectors” of the economy such as farming as well as unskilled labor in many advanced European countries.<sup>9</sup>

Looking at this trend in conjunction with economic theory yields some interesting results. The Heckscher-Ohlin Theorem states that with increasing globalization and international trade, a country will have comparative advantage in goods whose production involves the intensive use of factors of which the country has an abundance (Ohlin 1967). As evidence of this process, one can highlight the decision of many Middle Eastern nations to specialize in the export of oil and petroleum, the specialization of the United States in capital-intense production, or the specialization of China in unskilled labor. The crucial implication of this is that while trade is beneficial for nations at the aggregate level, drawbacks emerge for the “losers” of specialization. Elaborating on an example of trade between the United States and China, this would mean that unskilled manufacturing workers in the US would lose to workers in China with trade. On a general level, this means that global trade has negative effects for unskilled laborers in advanced countries, while unskilled labor can reap some benefits of trade in developing countries.

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<sup>8</sup> James McBride and Mohammed Aly Sergie, "NAFTA's Economic Impact," *CFR Backgrounders, Council on Foreign Relations*, 2016.

<sup>9</sup> Kriesi et al. "Globalization and Its Impact on National Spaces of Competition" in *West European Politics in the Age of Globalization*, ed. Hanspeter Kriesi (Cambridge: Cambridge UP, 2008), 3-20.

Furthermore, the Law of One Price can be used to analyze inequalities in global trade. According to this economic tenet, which has seen its fair share of controversy over the years, global trade will bring about the convergence of prices across nations.<sup>10</sup> This price convergence, is however, not adjusted for income differences between countries. We can see the impact of this process in European integration with some inequalities emerging due to rising prices in Southern Europe to converge with prices in Northern Europe.<sup>11</sup> This mechanism of increasing competition which Kriesi *et al.* identify essentially pits domestic protectionism against worldwide competitiveness, with the parties seeing diverging trajectories in their existence.

Another mechanism which explains this disparity, is an increase in cultural diversity. The increasing mobility of individuals and the predilection of a globalist system towards multiculturalism has prompted many parties, particularly those on the far-right to frame the prevention of immigration and the preservation of traditional national identity as existential for the survival of a nation. This is quite clear in the the propensity of Europe's extreme-right parties, or *ERPs*, to frame immigration as a security issue.<sup>12</sup> The issue of increasing cultural diversity is projected as a "threat to the collective identity of the native population."<sup>13</sup> It must be said, however, that where this issue-framing tool is perhaps most powerful is in the transformation of cultural diversity into an economic issue. Far-right parties in Europe like the Norwegian and Danish Progress Parties attempt to tackle economic issues regarding the welfare system by emphasizing the need curb

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<sup>10</sup> Gary Clyde Hufbauer, Erika Wada, and Tony Warren. "The Law of One Price and Its Limits: The Benefits of Price Convergence: Speculative Calculations," *Policy Analyses in International Economics* 65 (2002): 17-25.

<sup>11</sup> Mauro Napoletano. 2016 "Globalization and the Wealth of Nations" Macroeconomics, Lecture 11. Lecture, Sciences Po, Campus de Menton, Menton, France. April 20, 2016.

<sup>12</sup> Piero Ignazi, "The Silent Counter-revolution," *European Journal of Political Research Political Data* 22.1 (1992): 3- 34.

<sup>13</sup> Kriesi et al. "Globalization and Its Impact on National Spaces of Competition" in *West European Politics in the Age of Globalization*, ed. Hanspeter Kriesi (Cambridge: Cambridge UP, 2008), 3-20.

immigration and maintain law and order.<sup>14</sup> This increasing cultural diversity is therefore a threat to those maintaining traditional views of national identity while individuals who maintain that universalist multiculturalism is a more just outlook for society are the “winners” of this process. In examining this developing trend after the shift of Rokkanean cleavages, the “winners” and “losers” can be viewed as GAL and TAN parties respectively.

The last mechanism, increasing political competition, is best analyzed through juxtaposing different visions of international political coordination. Political competition in the globalized world has become a tug-of-war between nation-states and multilateral governance. However, there is debate as to whether this process is manifested by intergovernmental consensus-making with nations as the actors or whether this process has indeed led to the outsourcing of national sovereignty to supranational organizations. In classic intergovernmentalism, the nation's themselves are the most important actors and the decision making process is a consensus of individual states' positions.<sup>15</sup> Liberal intergovernmentalism adds the caveat that economic actors are the most important influencers of, in the EU-context, member-state positions. This postulates that decision making must occur both within a nation and then, among nations.<sup>16</sup> By contrast, the supranational approach posits that non-state supranational actors are the key-players in decision making.<sup>17</sup> This development in particular, the so-called “retreat of the state,” has greatly polarized political parties between Euro-enthusiasm and Euroscepticism.

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<sup>14</sup> Ignazi, Piero, "The Silent Counter-revolution," *European Journal of Political Research Political Data* 22.1 (1992): 3- 34.

<sup>15</sup> Stanley Hoffmann, "Obstinate or Obsolete? The Fate of the Nation-State and the Case of Western Europe," *Daedalus Tradition and Change* 95.3 (1966): 862-915.

<sup>16</sup> Andrew Moravcsik, *The Choice for Europe: Social Purpose and State Power from Messina to Maastricht* (Ithaca, NY: Cornell UP, 1998).

<sup>17</sup> Ernst B. Haas, *The Uniting of Europe: Political, Social, and Economic Forces, 1950-1957* (Stanford, CA: Stanford UP, 1958).

In her book *The Retreat of the State*, Susan Strange has argued that with globalization comes the increased power of non-state actors in the decision making process.<sup>18</sup> Along with this, comes quite clearly the weakening of the power of domestic policy. A pertinent example of the obstacles domestic policy faces in the wake of European integration is the effectiveness of national monetary policy.<sup>19</sup> With the actions of the European Central Bank taking precedence, nation-specific policy will be hampered because rather than seeking to bolster domestic policy goals, the ECB has a singular mandate of price stability. Additionally, this political competition can fragment the very idea of a national identity or sovereignty.<sup>20</sup> This conflict between national sovereignty and supranational coordination relates quite clearly to the traditionalist versus universalist dichotomy which we discussed earlier.

Along with globalization has come a clear shift from the traditional cleavages identified by Lipset and Rokkan. Kriesi *et al.* argue that globalization in conjunction with a post-materialist shift has qualitatively altered cleavages to the point that a realignment has occurred.<sup>21</sup> Perhaps most pertinent for the fate of European parties as these shifts are made is the need for a concurrent adaptation by these parties. Kriesi *et al.* analyze the process of old parties taking on new dimensions. Two prominent examples of this are Austria's formerly liberal-conservative FPÖ and Switzerland's SVP have redefined

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<sup>18</sup> Susan Strange, *The Retreat of the State: The Diffusion of Power in the World Economy* (New York: Cambridge UP, 1996).

<sup>19</sup> Kriesi et al. "Globalization and Its Impact on National Spaces of Competition" in *West European Politics in the Age of Globalization*, ed. Hanspeter Kriesi (Cambridge: Cambridge UP, 2008), 3-20.

<sup>20</sup> Gary Marks and Liesbet Hooghe, "National Identity and Support for European Integration," Open Access Publication Server of the ZBW – Leibniz Information Centre for Economics, Berlin, Working paper no. SP IV 2003-202 (July 2003).

<sup>21</sup> Kriesi et al. "Globalization and Its Impact on National Spaces of Competition" in *West European Politics in the Age of Globalization*, ed. Hanspeter Kriesi (Cambridge: Cambridge UP, 2008), 3-20.

themselves moving sharply right.<sup>22</sup> Conversely, one can see that leftist parties that have traditionally advocated protectionist economic policies have increasingly sought to adopt a “winner” trajectory, accepting globalization as inevitable. This has given rise to a Third Way, which seeks to emphasize positive integration, multiculturalism, and economic justice.<sup>23</sup> New politics and new social movements have embodied the value shift postulated by Inglehart and are restructuring themselves in GAL-TAN parties to articulate this. Even mainstream parties of Europe have had to redefine themselves in the wake of a new globalizing dimension entering the political sphere. A clear example of this is the British Labour Party’s re-articulation of its ideology as Third Way rather than identifying with the “classical left.”<sup>24</sup>

The process of globalization is a multilayered issue. As such, opposition or support for globalization as well as EU-integration has a multidimensional causality. By presenting the theoretical framework used to explain the diametrically opposed camps, we find that there is often area in between the integration-demarcation poles occupied by political actors. The application of these theories to EU-specific cases and elsewhere help to give a more accurate portrait of the identities of globalists and anti-globalists, Euro-enthusiasts and Eurosceptics. The value shift which prompted political alignment made the political articulation of these views more prominent while threatening the traditional views of more mainstream parties. As a result, these parties needed to reconcile infighting or adapt new identities. Whether globalists or anti-globalists will prevail is a question whose answer is yet to be seen. However, rising far-right parties and threats to Schengen’s longevity raise questions about the European Union’s institutional viability. The “choice for Europe,” to use the words of Moravcsik, is a contentious one: intergovernmentalism as fragile as ever.

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<sup>22</sup> Kriesi et al. "Globalization and Its Impact on National Spaces of Competition" in *West European Politics in the Age of Globalization*, ed. Hanspeter Kriesi (Cambridge: Cambridge UP, 2008), 3-20.

<sup>23</sup> Ibid.

<sup>24</sup> Ibid.