By way of introduction Unbridled globalization, an aggravating factor in economic and social crises
Jacques Fontanel

To cite this version:
Jacques Fontanel. By way of introduction Unbridled globalization, an aggravating factor in economic and social crises. Pax economica, 2022, Globalization and current crises. hal-03702546

HAL Id: hal-03702546
https://hal.univ-grenoble-alpes.fr/hal-03702546
Submitted on 23 Jun 2022

HAL is a multi-disciplinary open access archive for the deposit and dissemination of scientific research documents, whether they are published or not. The documents may come from teaching and research institutions in France or abroad, or from public or private research centers.

L’archive ouverte pluridisciplinaire HAL, est destinée au dépôt et à la diffusion de documents scientifiques de niveau recherche, publiés ou non, émanant des établissements d’enseignement et de recherche français ou étrangers, des laboratoires publics ou privés.
By way of introduction
Unbridled globalization, an aggravating factor in economic and social crises

Jacques Fontanel

In
Globalization and current crises
Pax Economica, 2022.

Abstract: There are mainly four eternal problems of mankind (pandemics, war, religious intolerance, hunger), which man once thought he could control, that are now coming back to the fore. The appearance of new pandemics was not excluded, but confidence in modern logistical, scientific and medical progress was sufficiently high to create an irresponsible sense of security. With nuclear weapons and the opening of most countries to free trade, conflict between the great powers seemed highly unlikely, given the destructive consequences of nuclear weapons and the common interest in economic interdependencies. But economics is not the only subject of wars. Religious beliefs and differing notions of the concept of democracy do not lead to a peaceful world, not least because of the proselytizing and will to power expressed by some states. Philosophical and religious issues seem to lead to more secularism and less tolerance. Finally, the famous trickle-down theory does not work and hunger is still present in many regions of the Earth and this phenomenon is increased in times of war and conflicts within or outside these territories.

Il y a principalement quatre problèmes éternels de l'humanité (les pandémies, la guerre, l'intolérance religieuse, la faim), que l'homme a cru un temps capable de contrôler, qui reviennent aujourd'hui sur le devant de la scène. L'apparition de nouvelles pandémies n'était pas exclue, mais la confiance dans les progrès logistiques, scientifiques et médicaux modernes était suffisamment élevée pour créer un sentiment de sécurité irresponsible. Avec les armes nucléaires et l'ouverture de la plupart des pays au libre-échange, les conflits entre les grandes puissances semblaient hautement improbables, compte tenu des conséquences destructrices des armes nucléaires et de l'intérêt commun aux interdépendances économiques. Mais l'économie n'est pas le seul sujet des guerres. Les croyances religieuses et les notions divergentes du concept de démocratie ne conduisent pas à un monde pacifique, notamment en raison du prosélytisme et de la volonté de puissance exprimés par certains États. Les questions philosophiques et religieuses semblent conduire à plus de laïcité et moins de tolérance. Enfin, la fameuse théorie du ruissellement ne fonctionne pas et la faim s'invite encore de nos jours dans de nombreuses régions de la Terre et ce phénomène est accru en temps de guerre et de conflits à l'intérieur ou à l'extérieur de ces territoires.

Pandemic, war, peace, misery, intolerance, political economy, economic war
Pandémie, guerre, paix, misère, intolérance, économie politique, guerre économique
There are many factors of crisis in the daily life of the citizens of this world. Thus, the four great eternal problems of humanity (pandemics, war, religious intolerance, hunger), which for a time man believed capable, if not of eradicating, at least of controlling, have come back to challenge international chancelleries, philosophers or the whole of suffering humanity.

- The famous pandemics such as the plague or smallpox seemed to have been solved when Covid-19 appeared. Of course, the appearance of new pandemics was not excluded, but the modern world, imbued with its technicality, has always thought that it had the logistical, scientific and medical means to find a quick solution to the lethality of this threat.

- With nuclear weapons and the opening of most countries to free trade under the control of the World Trade Organization, conflicts between the great powers seemed highly unlikely, given the destructive consequences of nuclear weapons capable of eradicating life on Earth. Moreover, the economic interdependencies that lead to the respect of the "soft market" favor situations of negotiations for a lasting peace, considering the economic stakes of the partners, who have no interest in becoming belligerents.

- Philosophical and religious issues seemed to lead to more secularism and less intolerance. Today, the principles of life that bring people together diverge, between a Western world based on republican principles, but also on an inequitable consumer society, the world of the great contesting powers that are not very sensitive to democratic values and are concerned with establishing a less American-centric world that is more open to their own ideologies (China, Russia, India, Middle Eastern states, for example) and finally the countries of the rest of the world (the Third World in perpetuity) still sucked in by economic scarcity and hunger, continuing imbalances of state power, national and international wars and conflicts, and religious issues.

- Religious beliefs and divergent notions of the concept of democracy do not lead to a peaceful world, especially because of proselytizing and the will to power expressed by great powers.

For liberal economists, with the end of the Soviet Union, globalization is a step towards peace. However, war is still a threat for a humanity capable today of committing suicide, with nuclear and cybernetic weapons. The analyses of mercantilism do not disappear and the relations of force are still alive. The nature of
"war" has changed. National security cannot be limited to the military, it also includes health, education, industrial risks or the protection of natural resources. The economy is both a cause of war and a means of armed conflict. Economic warfare uses weapons adapted to obtain a right or the exercise of a domination. As such, blockades, embargoes, boycotts or mercantilist-type power actions are techniques of war or conflict recognized by States. The international economic system is largely dominated and organized by the great powers and by multinational corporations. Moreover, the coercive power of states is mainly controlled by the largest multinationals. The current globalization is criticized, it is accused of developing inequalities and factors of conflicts, by giving power to the actors of international finance and to an unscrupulous commercial world. With the process of digitalization, a new type of colonialism in a dematerialized world deeply influenced by mercantilist behavior. There is a need for economic and social democratization of democracy.

The concept of international security has often been analyzed from a military perspective. Today, the concept of economic and human security broadens this conception, adding to strategic and military considerations, international pollution, global warming, environmental rights and the security of individuals and minority groups. The aim is to reduce the potential for military, police, economic, psychological and social violence against human beings, to reduce poverty, lack of care, precariousness and illiteracy. Security theories must take into account national and international economic, human and social relations, as well as the balance of power in the international system.

Wars and the threat of war remain constant realities in our societies, and the twentieth century has been particularly rich in deadly conflicts. However, the neoclassical current still assumes, never discussed as if it were self-evident, that international trade is a factor of peace; when states cannot and should not intervene in the national economy, they are no longer in a position to wage economic war. With the slogan "America first" inspired by mercantilism and government-controlled Chinese capitalism, the domination and demonstration effects of states obviously change the conditions of the international market economy. Moreover, short-term self-interest is not compatible with the need to collectively save the planet Earth in great danger. Capitalism reveals its flaws, especially in the fields of ecology, environment, climate, but also in the unbearable inequalities of income and power between countries or between citizens.
Today's economic globalization is not in itself a factor of peace. With its development, the economic war has taken other strategic forms imposed both by the most powerful countries and by the large multinational corporations, which ultimately account only for Washington or possibly for those of Chinese origin, in Beijing. It is a question of using the adapted weapons to obtain a right or the exercise of domination. Economic and military values become inseparable, which clearly expresses the close relationship between globalization and the balance of power in today's world. The Covid-19 pandemic has clearly highlighted the dangers of an economic globalization that has little respect for environmental standards and is always threatened by the belligerent actions of the great powers in the never-ending race for economic, strategic and political power. In this context, the Thucydides trap of world leadership between the United States and China cannot fail to worry the citizens of the world. At the same time, the threats of "rogue states" and terrorism have not disappeared. What then are the new forms of state power, but also what are the greatest threats shaking the world in the 21st century? Environmental and economic conflicts will be dangerous. The ecological and economic catastrophes (global warming, rare earths, transformation of production methods, excessive inequalities) are underway, close to the tipping point. The liberal economic system is not able to solve it, with the individual interest priority.

GDP is the most widely used economic indicator. It is a basis for classifying states in their obsession of development and power. The more the environmental and societal issues become worrying, the more the current indicator systems, especially GDP, become unsuitable. Short run economism neglects the scarcity of clean air but also democratic freedoms, citizen solidarity or cultural life. It is urgent to construct sets of indicators adapted to the questions posed for the understanding of the international relations and comparisons. GDP is the most widely used economic aggregate to compare, over time and space, the development of the national economy. International experts usually refer to this indicator to comment on the national economy. Its weight is important in determining the classification of countries according to their degree of development among developed countries. However, the limitations of GDP are both technical and conceptual. Real GDP (removing the effects of inflation) per capita does not refer to the productive and redistributive inequalities of economic actors. It does not include bad goods, pollution and it does not account for many free activities. The unique or dominant reference to GDP is
dangerous. Economic actors should no longer be encouraged to go in the direction of an unsustainable form of growth. It is necessary to have indicators on democratic freedoms, citizen solidarity, cultural influence, the rise of the digital economy and artificial intelligence. It is also essential to count the negative effects of growth and their discounted costs, such as the definitive disappearance of certain raw materials, the influence of pollution on the people concerned and, in international relations, its effects on neighboring countries.

The crisis of globalisation and the rise of the Covid-19 pandemic pose new threats to the national security of all countries. States have been increasingly challenged on their role, particularly in the economic order. Their actions concerning ecology, climate or air pollution have been strongly inspired by the decisions of specialised international organisations, too often advised by dominant commercial and financial interests. In this context, states have no longer been able to assume the full range of national security components. Mercantilists considered that dependence on a State's foreign trade led to an unacceptable reduction to the power of the Prince. Today, all countries are dependent on others. Moreover, the pandemic has highlighted the inability of states to find quick solutions to the economic dependencies of states, creating a sense of insecurity among citizens. Tax havens contribute to the degradation of available statistical information, they aggravate the public debt of many States, they participate in the plunder of developing countries and they call into question the principle of equality of citizens and businesses before the tax. In addition, by their action and the cover-up they allow on the "reality" of financial funds, they sometimes prevent developing countries from benefiting from the funds generated by the activities carried out on their territory.

The faith in the self-balancing of the markets is however contradicted by the facts, but its defenders always find in economic intervention the State the fundamental cause of crises. The role assigned to the State in economic and social life is mainly a philosophical, moral and of course political question. Market economy did not lead to peace, and globalisation is not a panacea. At the international level, American leadership is taking hold, but China is beginning to concurrence it. The struggle will be fierce in the years to come, because both countries want to rule the world to their benefit, thanks to their domination effects on the most powerful technologies for the future, such as artificial intelligence, space and especially information management. Europe is still in political, economic and philosophical crisis. BRICS do seek to
define common solidarity policies, but their internal divergences often do not allow them to impose their objectives. Social inequalities have been growing for almost half a century. In the future, they will raise considerable economic problems that will undoubtedly lead to worrying social and societal conflicts. The robotic and digital revolutions call into question the importance and content of human labour. Finally, the looming environmental crisis, especially with global warming, may lead to the progressive collapse of the human race.

Scarcity is inscribed in human fibres; it concerns the limited time of life of the individual, but also the survival of man. Sometimes it is natural with the depletion of mineral resources; sometimes it is the result of an economic system of domination and the expression of a political power of power. The security of a community depends as much on the existence and appropriate exercise of weapons systems or expressions of power as on the sense of relative incapacity of potential adversaries to engage in aggression against it. It is, however, a costly service, especially in the context of economic globalisation that produces growing inequalities. Moreover, economics is sometimes a weapon in a system of non-self-governing nations, artificially creating pockets of poverty through predation or political coercion.

AROA proposes a philosophical, ideological and methodological reversal of the usual economic and statistical analyses. International experts still have knowledge based on the values they have been taught in the past and which they constantly reproduce. The statistical methods that underlie economic and political decisions only take into account market values, which are subject to manipulation that influences all economic agents. The famous catching up of development in stages is only a delusion at a time in history when great environmental and human damage has been committed by the economic actors of a greedy capitalism that is not interested in the living conditions of people or their survival. Under these conditions, Africa must build its own instruments to measure the progress of its national economies against the needs of its people and citizens.

Russia considers the conceptualization of a policy of "soft power" and "hard power" active, at least in the environment of Russia's proximity, mainly with the former members of the USSR. Russia wants to be once again a dominant actor on the international scene. Russia is increasingly worried about the progressive "encirclement" of its territory, with the enlargement of NATO and the reduction of its field of influence. In 2018, for United States, Russia is still
perceived as the main geopolitical enemy, with China. However, economically, Russia has lost much ground to the United States, Europe and China. At the end, the military effort will be more difficult to grow in the case of a new arms race. The annexation of Crimea to Russia has been the subject of economic retaliation measures mainly by NATO members. Putin has used the lessons of Sun Tzu to achieve a result that, on the side of Russia, is globally positive; since the question of the return of Crimea to Ukraine is hardly mentioned anymore. In this context, we realize that Russia has suffered some negative effects on its growth, but it has considerably improved the conditions of its national security and its patrimony and heritage.

Economic science is an ideology that consecrates the omnipotence of the market economy, the police state and the management, often short-term, of an economy condemned to perpetual economic growth. With the Covid-19 pandemic, the analyses of liberal economists are losing their bearings, because the basic assumptions no longer have any concrete application in the face of a profound economic and social crisis. The economy now reveals its eminently political character. The international, national and local public sectors are organizing the fight against the crisis of the market economy. The State then becomes the central actor in the management of the national economy, in connection with the other States. The profoundly political and social character of a globalized economy highlights the violence of relations between states and citizens and often between states themselves. This situation of collective dependence is likely to create many tensions, which may lead to new conflicts or wars between states.

Public debt is always seen as the result of mismanagement of public funds and as a burden that future generations will have to bear. The morality defined by the political system of the market economy is based on the respect of debt repayment. However, public debt is different and has not to be analysed as a worse management of public resources. Contrary to private agents, State has not, in principle, a limited time horizon and it is possible to repay its debt over long periods by "rolling over its debt". Moreover, public debt helps to regulate the economy in times of crisis. This obviously depends on the type of debt and the economic circumstances of its development. In a crisis situation, the state is the economic agent capable of reviving national activity by investing and thus preparing the future of future generations. The weight of the debt, its spread over time, the nationality of the creditors, the investments effectively undertaken by the State or public
administrations are all factors that deserve to be studied in order to analyse the interest of the public debt. Several methods exist which have been applied in economic history and which show that debt has often been the pragmatic and effective solution to combat national economic stagnation. When a Covid-19 arrives, public health becomes the national and international priority and the public debt is a solution to solve both the pandemic and the problems of unemployment, health costs and education gap that it causes. Public debt is an instrument for societal change, with less inequalities, poverty and precariousness.

Economic globalization has favored the rise of tax havens and offshore centers, which allow powerful economic actors to escape at the new tax levies necessary to reduce public debt. At the same time, criminal activities benefit from money laundering. Money laundering circuits were so opaque that very few banks knew whether or not they had dirty or terrorist money in their books. It thus favored the policies of "beggar-thy-neighbor" with impunity for countries. There is no consensual definition of tax havens, judicial, financial and judicial. The term tax haven is often used to define all "non-cooperative territories", with resources of unknown origin. Since 2014, the United States has enacted a Foreign Account Tax Compliance Act (FATCA), which requires financial institutions around the world to disclose the transactions of US nationals. Tax havens still cultivate the secret, they protect all their operations, and they distract most activities to make more complex reading from outside. Capitalism has become difficult to control, politicians no longer control the economic situation, and worst solutions are possible because greed and foolishness of men have no limit.

Due to economic globalization, tax havens allow owners to place their capital, even virtually, in financial centers that are particularly undemanding in terms of taxation and control over the origin of the funds thus placed. A distinction must be made between tax havens "stricto sensu", regulatory havens, judicial havens and offshore financial centers (OFC). The United Kingdom has the greatest weight in the world, ahead of Switzerland, Luxembourg, Hong Kong, the Cayman Islands, Singapore and the United States. There is even a certain specialization of "tax havens". Until 2010, the United Kingdom or Switzerland were highly recommended by banks, but today investments in Europe are increasingly risky for Europeans themselves. At the initiative of France, a tax of 3% of the turnover (and not the profits) generated by the exploitation of digital activities has been proposed on these companies. However, tax havens" are still very present in the world of financial markets. Most
multinational companies use tax havens to optimize their profits. Democracy is clearly in danger.

When an economic crisis occurs, often caused by speculation by private actors, the state is called to the rescue and usually socialises the losses. Private debt then becomes public debt. For the liberal doxa, a debtor must pay his debts. In the case of public debt, this is not the case in practice, as the state has no time constraints. Therefore, it can "roll over" its debt and support a national economy in difficulty. Without its intervention, the economic crisis can lead to the collapse of societies and to particularly dangerous social and political problems, as economic history reminds us. It is usual to use particular indicators to underline the importance and dangerousness of public debt, but these indicators, too aggregated, do not give a satisfactory answer on the sustainability of the debt, whose temporal structure, the importance of the burden and the citizenship of the creditors modify its concrete interpretation.

GAFAMs dominate the world of information and knowledge highways. Their technological, economic and financial successes are remarkable. However, their quasi-monopoly situation constitutes a danger for the world, both by the power of their actions on the economic and political world, by their disinterest in financing public services, by their ability to use and reproduce information to their advantage and to produce important biases on political choices and freedom of expression.

Climate change poses a problem for the economic system that fostered the polluting industrial revolutions of coal and oil. Today, the digital economy revolution offers significant hope for reducing pollution and promoting decarbonisation. However, the economic interest struggles of the powerful lobbies of the polluting sectors seem to reduce the potential for transformation of an economic system driven by the search for short-term profit. The major powers want to preserve their economic gains and are undertaking this revolution at a pace that suits them, which is not without conflict, given the urgency of action in the face of the harmful transformations undergone by eco-systems. Furthermore, the GAFAMs, the powerful providers of digital services and instruments, together with their Chinese competitors, have a considerable economic and strategic force that could undermine freedoms and human and citizens' rights. Finally, for the production of digital tools, rare earths are likely to pose new problems, those relating to the pollution involved in their production and their relative scarcity compared to the stocks known today.


Brunat, E., Fontanel, J. (2021), La science économique comme idéologie. La science de gestion comme viatique de l’actionnaire, *Marchés et organisation*.


Fontanel, J. (2012), Les coûts financiers et humains de la guerre en Irak et en Afghanistan, un bilan, Questions internationales, Mai.
Parienty, A. (2018), Le mythe de la « théorie du ruissellement », La Découverte, Paris
Rifkin, J. (2019), Le New Deal vert mondial, Les liens qui libèrent, Paris
Sushcheva, N., Fontanel, J. (2020), L’arme économique du droit extraterritorial américain. hal-02144089.