

Deglobalization¹

Jean-Claude Usunier, University of Lausanne, Switzerland, jusunier@unil.ch

Are we witnessing the end of the multilateral era for international trade, which has been the driving force of market globalization over the past 70 years? The rise of nationalist and populist votes in many countries may give the (partly misleading) impression that we are now at a turning point, with a comeback of protectionist attitudes, latent trade conflicts and increased consumer patriotism. Most countries have lost much of their national sovereignty and control over both internal issues and their external trade because they are too small and/or tightly bound by international trade treaties (i.e., the 18 treaties under the auspices of the World Trade Organization) or integrated into regional alliances, be they customs unions such as the European Union or free-trade areas such as NAFTA.

Market-driven globalization (MdG), which for many people seems to be a unique and inescapable path to global welfare, a TINA process (*There Is No Alternative*, as Margaret Thatcher expressed it 40 years ago), is only a rather particular form of globalization (first section). MdG has brought about genuine breakthroughs in trade cooperation over the last 70 years. However, in 2023, MdG is at a crossroads, for reasons that I will develop in the second section of this paper. No credible alternatives to market-driven globalization have yet emerged. Notably *alter-globalization* and *degrowth theories* have not gone very far, despite clear setbacks such as weak growth or even a regression in world trade and great hardship for the WTO in getting its agenda for new market globalization steps adopted. The fierce competition implied by the radical opening of world markets despite glaring inequalities in competitiveness between countries is causing increased poverty in many countries where a large portion, often the majority, of the population has quite low purchasing power, namely the BOPs (*Bottom of the Pyramid*) who survive with less than two dollars income a day. The third section therefore analyzes the ideological and cultural roots of what Michel Houellebecq calls *Extension du Domaine de la Lutte*². The fourth section outlines what a "soft deglobalization" could be, given the very strong interdependence between countries both in terms of supply and demand, created by more than seventy years of market-driven globalization, and also the urgent need to rebalance international exchange when many countries have structural balance of trade and balance of payment deficits.

1 - Globalization and *Mondialisation* for three quarters of a century

Some languages, in particular French and Dutch, make a clear difference between two concepts. *Mondialisation* and *globalisation*, whereas English only uses the word *globalization*, implying a growing integration of markets and a largely economic and self-regulated process that will result in an inevitable convergence of cultures, lifestyles, values, cultural systems, etc. For the English language, *globalization* is understood to be market-driven globalization and cultural homogenization around the English language.³

Mondialisation (I keep this term in French since there is no equivalent in the English language) took place much earlier than market-driven globalization. It was caused by technical progress and technological advances (e.g., faster and more efficient transportation, the Internet, and now powerful online tools for vocal and visual communication) as well as colonization and international migrations that have brought nations, people, and cultures closer together. The choices made by the proponents of market-driven globalization⁴ seem sometimes rather artificial. For example, the oceans are often considered *res nullius* (i.e. nobody is responsible especially for sea pollution and misuse, except in territorial waters and exclusive economic zones) and not *res communis* (all nations are jointly and collectively responsible for sea pollution and misuse), the denial to consider the abysmal gaps in wages and working conditions between countries, the denial to consider the question of inequalities both within and across nations, etc. These choices have often contributed to transform market-driven globalization into a quasi-slavery enterprise where underpaid workers in less developed countries (e.g., Bangladesh) produce at extremely low cost for people in affluent countries.

The term *globalization* is thus reduced to market-driven globalization, and there is almost no other form of globalization meant as world integration. In particular, political globalization remains institutionally weak and, by and large, rather ineffective in managing international conflicts. The United Nations have little actual power and the decisions of its Security Council are often blocked by the veto power of a few permanent members. We are therefore only familiar with market-driven globalization, which corresponds, in terms of normative discourse, to universalist values that are strongly individualist (hence the link between market globalization and human rights discussed below), out-groupist (at least in terms of ideological statement), intensely utilitarian, and ultra-competitive. Yet political globalization could have been richer, breeding a more favorable process for cultural understanding between nations, than MdG, which is simply reduced to a commercial, utilitarian and highly unequal economic process.

2 - The ups and downs of market-driven globalization

75 years of trade multilateralism

A few basic principles (GATT treaty, 1947) have initially structured market-driven globalization, including the most-favored-nation (MFN) clause, except in the case of regional integration (article 24). Since 1947, the institutional system of international trade has been based on multilateralism organized by the MFN clause. It provides for national treatment (each WTO member state treats foreign economic actors in the same way as it treats its own nationals) and not the principle of reciprocity, which would require that local rules be discussed and adjusted between countries depending on whether they are more or less favorable from one member state as opposed to another (which leads to a very, probably overly, complex process of harmonization). It also provides for the elimination of export subsidies (Article 16), and above all the elimination of non-tariff barriers, which has led to the emergence of global standards and consequently to the increased uniformity of goods and services worldwide.

The motto of multilateralism could be: Trade with whomever you wish as long as your trade partners are the most competitive. Therefore, the same benefits must automatically be granted to all member-states, without bilateral negotiations exchanging concessions between signatory parties and excluding others. The highest point of trade globalization occurred in 1995, a quarter of a century ago, when the WTO was established as a full-fledged international organization and trade liberalization was explicitly extended to services by the GATS treaty (General Agreement on Trade in Services), whereas the GATT explicitly targeted only goods. The GATS 1995 has led, over the last twenty-five years, to major developments in terms of the global opening of financial services (which partly generated the 2008 financial crisis) and in network industries (utilities: water, electricity, railroads, telecommunications, etc.). The considerable influence of GATS on global service markets has extended well beyond that, as traditionally non-market areas (higher education, health, and even religion)⁵ have also been considered "service industries," provoking the legitimate irritation of advocates of public goods and public services.

Multilateralism implies a model of generalized competition that is supposed to set aside any sociability, that is, all solidarity, connivance and protection, by assimilating these three social phenomena to mechanisms that would distort the free play of competition, in particular protectionism, stable employment models, privileged relationships, nepotism, and corruption. Despite its undeniable hold on the global economic scene through market-driven globalization, the WTO system is partly clogged and hindered from completing full trade globalization. Its former director, Robert Azevedo, from Mexico, brought forward his departure by one year. Nowadays the WTO only seems to routinely manage its existing framework, rules and procedures. It has had to abandon projects that were strongly contested by citizens' organizations that want "another globalization" (in French, *altermondialisation*, its supporters being called *altermondialistes*)⁶. Moreover, the economic and

social changes produced by market-driven globalization are, in spite of being profitable for a few, painful for many nations, especially over the last thirty years: relocations, closures of activities and firms, disappearance of entire local industries, large increases in unemployment rates in regions losing their international competitiveness, massive privatization of public services, etc.

Even assuming that global welfare is increasing over the long run because of MdG⁷, there are clearly losers and winners in its hypercompetition game, be they individuals, professions, groups, or countries as a whole. The Singer-Prebisch thesis for Third World countries is still valid⁸: the terms of trade remain largely unfavorable for developing countries. These growing imbalances imply that the assumptions underlying Ricardo's theory of comparative advantage, which is the ideological base of MdG, are increasingly questioned: 1) the absence of customs duties and non-tariff barriers (there are still duties and barriers to trade); 2) constant returns to scale, whereas they are increasing and in certain industries are so strong that only a handful of large players remain at the global level; 3) the identity of consumer tastes and preferences, whereas they remain largely differentiated; 4) the false assumption that products are identical, and therefore entirely comparable and interchangeable, regardless of the country where they are manufactured. A classic David Ricardo example is English/Portuguese wine or cloth.⁹

In contrast, Adam Smith's admittedly simplistic theory of absolute advantage in international trade is largely validated. A small number of countries, including Germany and China, are dominant exporters in many areas, while the vast majority of countries are marginalized in terms of exportable supply and are obliged to import due to the weakness, or total absence, of local supply. These countries often have persistent and large external trade imbalances and a weak position on all key macroeconomic and social indicators: production, external accounts, level of economic development, inflation, human development, unemployment, etc.

Advantages and disadvantages of a globally marketized world

Despite its impressive performance in increasing world welfare (nominally, i.e., without taking into account the distribution across countries and within national contexts), multilateral trade has regrettably given rise to major imbalances in trade flows. A few countries have huge trade surpluses and many others abyssal trade deficits. Unfortunately this is structural rather than merely cyclical with compensation between trade deficits and surpluses over years. The United States may certainly accumulate huge trade deficits over decades as long as the dollar is the arch-dominant currency for international trade. However, all other countries are obliged either to have self-balancing foreign trade or to go into debt to counterweight their balance of payment deficits and avoid payment default.

This vicious circle has been observed for decades. The structural deficits in the external payments of many nation-states imply low foreign exchange reserves, spiraling recourse to international debt, consequently snowballing deficits due to servicing external debt, and recurrent currency devaluations, leading to a systemic rise in domestic prices due to high imported inflation, and finally a downward spiral of currency devaluations. The usual (neoliberal) IMF remedies of market-driven globalization include currency devaluation and a promised return to a more balanced state budget by reducing public spending¹⁰. The drastic reduction of subsidies for basic staples, and therefore the rise in food prices in countries with high social inequalities, inevitably leads to public disorder, riots, and political instability, further weakening ailing local economies. A vicious circle that makes a number of countries “fragile societies”.

In the 1970s, there were still ways and means to trim down the acuteness of competitive pressure within the global market, and thus to protect oneself (i.e., a company, an industry, or/and a country) from international competition, such as the erection of customs barriers, import quotas and quantitative restrictions. Of course, these remedies were far from glorious, both from the point of view of the arch-dominant free-market economic theory and from a practical point of view. These trade-related administrative measures, sometimes rather bureaucratic remedies, have negative effects: generating trafficking, corruption, smuggling, parallel imports, grey markets, and the like. These protective measures remain, but they are partly prohibited, or at least strongly restricted by the WTO treaties and vigorously combated by the institutions that monitor Market-driven Globalization (essentially the WTO, the World Bank, and the IMF). The protective measures solution, including quotas, import bans, and the like is, however, the last recourse when a nation-state has: 1/ exhausted its foreign exchange reserves and 2/ overused currency devaluations. Protective measures range from the prohibition of particular products for import, the establishment of import quotas and licenses, customs surcharges, financial deposits prior to import, to extreme measures such as the provisional suspension of foreign currency payments. The foreign exchange control system makes life difficult for exporters who are subject to strict repatriation obligations for their foreign currency earnings, as well as for importers who are subject to import authorization and prior money deposit. Each operation must be considered separately, which leads to a deluge of bureaucracy. Additionally, a dual foreign exchange market (official + parallel/gray) is a major source of trafficking and corruption.

3 - The painful extension of the competitive struggle battlefield

I borrow this expression from Michel Houellebecq who, in his first novel, *Extension du Domaine de la Lutte*, perfectly saw the consequences of generalized competition. His book is translated into

English as *Whatever*, which is meaningless. Houellecq's thesis is that competitive dynamics can be destructive, especially when they extend to all domains of human life.

*"Just like unbridled economic liberalism, and for similar reasons, sexual liberalism produces phenomena of absolute impoverishment. Some people have sex every day; others have sex five or six times in their lives, or never. Some have sex with dozens of women; others with none. This is what we call the law of the market. In an economic system where dismissal is forbidden, each one succeeds more or less in finding his place. In a sexual system where adultery is forbidden, everyone succeeds more or less in finding a bed-mate. In a perfectly liberal economic system, some accumulate considerable fortunes; others languish in unemployment and misery. In a perfectly liberal sexual system, some people have a healthy and exciting erotic life; others are reduced to masturbation and solitude. Economic liberalism is the extension of the field of struggle, its extension to all ages of life and to all classes of society. Likewise, sexual liberalism, is the extension of the domain of struggle, its extension to all ages of life and to all classes of society."*¹¹

Generalized competition is certainly stimulating, but also partly destructive, setting aside non-competitive firms, throwing non-competitive employees into unemployment, condemning non-competitive countries to underdevelopment and poverty, etc. Contrary to what Adam Smith suggests in the quote below, there are forms of competition other than mere price rivalry, which potentially lead the weakest players to corporate bankruptcy (my italics and bold) ¹²:

*"The price of monopoly is upon every occasion the highest which can be got. The natural price, or the price of free competition, on the contrary, is the lowest which can be taken, not upon every occasion, indeed, but for any considerable time together. The one is upon every occasion the highest which can be squeezed out of the buyers, or which, it is supposed, they will consent to give: the other is the lowest which the sellers can commonly afford to take, and **at the same time continue their business.**"*¹³

Adam Smith, in the last sentence (my italics) simply ignores and denies the negative consequences of competitive destruction, by eluding the question. Far from "continuing their business", non-competitive players are most often forced to close down, destroying jobs along the way and reducing the breadth and diversity of supply (i.e., the number of competitors as well as the variety of offerings), which paradoxically is to a certain extent the opposite of healthy competition. I do not deny the virtues of competition. I am simply reminding the reader of its sometimes negative consequences.

Identity versus utility

The cold anonymous exchange (i.e., de-socialized, even dehumanized) of the hyper-competitive society, that of market-driven globalization, is clearly expressed, once again, by Adam Smith in his *Theory of Moral Sentiments*:

*“Society may subsist among different men, as among different merchants, from a sense of its utility, without any mutual love or affection; and though no man in it should owe any obligation, or be bound in gratitude to any other, it may still be upheld by a mercenary exchange of good offices according to an agreed valuation.”*¹⁴

The *paradoxical* fund of values common to Human Rights (e.g., Universal Declaration of Human Rights, UDHR) and market-driven globalization¹⁵ expresses a purely out-groupist and undifferentiated universalism, depicting standard human beings¹⁶ as commodities of market globalization. Identity and groups do not count. The pure, anonymous, undifferentiated individuals of both market-driven globalization and Human Rights assume a standard human entity, bound to merge into a unified and homogeneous humankind, supposedly freed at last from the conflicts that ethnic, cultural, linguistic and religious diversity (alas often) entail. The exacerbated individualism, privileging autonomy, independence, self-sufficiency, and responsibility, putting individuals in competition with each other (in a naive social darwinism stance)¹⁷, and absolute and inviolable freedom of choice in all domains is also a trait completely shared by market-driven globalization and Human Rights. Individual rights are stated, affirmed on a normative level, and personal freedom is officially "declared" as the cornerstone of a better, wealthier, and safer world.

Due to the obsession of maximizing utility through generalized competition, the importance of identity is practically denied by market-driven globalization. However, shared identity, language and/or a common culture are essential sociability bases of real-world persons, even if the attractive force of individual differences and the positive dynamics of personal affinities may sometimes make up for a lack of common identity markers. Our present world provides ample opportunities to observe the extraordinary resistance of cultural and linguistic differences, but also the strong persistence of attachments to the group, of in-group belonging, and identity-driven behaviors, especially when the in-group has a shared religious and/or language basis. These differences can be played out for better (e.g., diversity can be legitimately considered as a factor for increased gains due to cooperation) as well as for worse (e.g., all kinds of conflicts if and when identities are perceived as radically incompatible).

The great disillusionment of market-driven globalization comes from the identity-utility dilemma: why risk losing one's identity and most of the benefits of in-group sociability and protection by the in-group, which are associated with shared identity, in an unfair exchange for meager and uncertain gains in economic utility, which are moreover very poorly distributed by market-driven globalization? The consequences of generalized competition can make many people regret being left out, as Houellebecq expresses so well in the above quote.

4 - A slowly and softly deglobalizing world

A high level of interdependence, a constraint on deglobalization

Because of the high structural level of interdependence between local economies built up by market-driven globalization, it will be difficult, or at least take a great deal of time, to turn back the clock, even if only modestly. Initiating the deglobalization move will require the redeployment of partnerships, a reorientation of well-established trade flows, the redirection of foreign investments, changes in supply chains, etc. Today interdependence is historically high between national economies, both in terms of supply and demand. This is due to more than seventy years of implementing the GATT, 25 years of GATS (services), and the 18 WTO treaties, which lay down the basic rules of international trade and exchange between WTO member-states. Consumption has been significantly globalized, even if it remains partly creolized (i.e., “world standard package” items are adapted with the “local sauce”). The persistence of local ways of consuming is not a denial of global consumption patterns, but a glowing tribute to the inventive capacity of local cultures to merge indigenous products with foreign/global products¹⁸.

The need to rebalance bilateral trade flows will have a slow, but profound, influence on international trade. There will certainly be more bilateral trade negotiations (and therefore trade treaties) between large countries and important regional integration areas, both customs unions like the European Union and free trade areas like NAFTA. However, it is unlikely that there will be a strong and widespread rise of protectionist measures as was the case after the Great Depression in the 1930s. Some specific exports and trade flows will be affected, but more as symbolic threats in bilateral trade negotiations than as large-scale economic concerns. Exports are more threatened than other internationalization schemes such as sales subsidiaries and joint ventures, local partners (i.e., agents, dealers), licensing, and local distribution networks. These entry modes with enhanced involvement in foreign markets and contexts provide much better support for continued international operations than mere direct exports, especially in times of sporadic trade conflict. Competition patterns will become

more multidomestic (i.e., competition is played out in each national or regional market) and less global in the sense of Porter, 1986)¹⁹, except in industries that have already achieved global oligopolistic rivalry such as cell phones, computers, and other high-tech industries.

Countries are no longer as relevant for segmenting international markets as they were forty years ago, despite an understandable tendency for international firms to still partially use countries or country groupings in their organizational structure for global operations. The decline in the relevance of countries is valid even for large, relatively homogeneous nation-states such as the United States. Regional, cultural and linguistic diversities within large countries are gradually scoring out cross-border differences. In many cases, regional and cross-border market segments may be more meaningful for international operations than national-country segments.

The emergence of global market segments in line with transnational consumers and cross-border consumption patterns is an important challenge for companies. The interaction of culture/nationality with dispositional variables (e.g., gender, age, occupation, religious affiliation, personality, etc.) is now of paramount importance, as well as with situational variables (internationalization mode, product or service category, e.g. luxury brands). Gender may interact with culture and religion in surprisingly non-stereotypical, counterintuitive ways for particular behaviors. Similarly, age groups may broadly exhibit very similar patterns of attitudes and behaviors for particular services (e.g., public transportation), but be different across countries for others (e.g., life insurance), especially when deep entrenched institutional/legal systems protect local scenes from global competition. New cross-border segments are emerging, based for example on religious consumption or group membership, which also contribute to demand-based interdependence between national markets.

Bilateral trade negotiations

The transition to a kind of "multi-bilateralism"²⁰ may be anticipated as well as a movement towards more regional trade (in the American sense in which a "region" is a group of geographically close countries). The GATT treaty and the WTO in general have disfavored regional trade agreements by artificially restricting and limiting regional integration, for fear of trade diversion²¹. Moreover, the situation of the initial promoters of the WTO system (in 1947) and proponents of market-driven globalization is no longer really enviable. Nowadays, the global free-trade system does not work clearly to the advantage of either the United States or the United Kingdom. In addition to significant trade deficits, entire industrial sectors have disappeared in Europe and North America without necessarily being replaced by new local manufacturing activities. The European Union, which is a world champion for sticking strictly to the rules of market-driven globalization (obsessed as the EU is by integration in the world market)²², is nevertheless a victim of Article 24 of the GATT (1947 and

also 1994), which only authorizes regional integration (which is in violation of the MFN clause) if it does not cause a "diversion of trade" by creating increased trade flows (more trade) between member countries of the customs union relative to countries outside the zone. The large internal market of the European Union is partly an illusion. In order to fulfill the stipulations of GATT article 24 it is better for the member countries of the European Union to trade with China, Brazil or the countries of South-East Asia than with Bulgaria, Greece, Portugal, or Romania. This situation will evolve: we may witness a significant relocation of industrial activities in Europe with a concomitant closure of manufacturing activities, which had been earlier delocalized from EU countries to China or Southeast Asia.

Many countries hardly benefit from a global market system that is too competitive for them to develop industries other than light ones (e.g., plastics, furniture, basic building materials, etc.) or to move beyond the undesirable status of mere subcontractors exploited by multinational firms. In addition, a large part of the local populations does not benefit from the value added by international exchange, which, for the largest part, benefits the political and economic elite in highly unequal contexts. Hence an enticement for countries and policymakers to change the system, by surreptitiously moving back from WTO multilateralism, which means generalized competition, to less threatening bilateralism, in which trade negotiations may set up a more balanced framework for external trade. Hence also the flourishing of discussions and bilateral agreements, even if they are not in the letter and spirit of GATT-WTO treaties.

Multilateral and bipolar, as long as...

The transition from a *politically bipolar* and *economically multilateral* international trade scene to a politically multipolar and a more bilateral trading world is slowly taking shape. Up to the early 2000s, the global system was commercially multilateral and at the same time it was politically bipolar. On the one hand, were the United States and the Western world, the Westerners and like-minded countries in the so-called "free world". On the other hand, the Rest-Of-the-World (ROW) stood in contrast as a heterogeneous assemblage of countries with diverse cultures and often non-democratic political systems. The bipolar and multilateral system holds – more or less - as long as the dominant pole (The United States, the Anglo-Saxon utilitarian world, and the Western world in general) remains strongly involved in the multilateral system as they think it serves their best interests. But this is no longer the case, hence the flourishing of bilateral free trade agreements, for example, between the United States and the United Kingdom. Since China has joined the WTO (at the end of 2001), market-driven globalization has suffered from China's strategic approach to international trade, which is completely instrumental and opportunistic, but also formidably effective, with rather

destructive consequences for the liberal rules of international trade. China, which has become a challenger to the dominant pole, shows the strategic way, by undervaluing its currency and using the WTO rules as an instrument for market dominance. China has been able to exploit them strategically, sometimes going very far to increase its share of the world markets. To the Anglo-Saxon *fair play* that inspires WTO treaties, China has covertly substituted a Sun Tzu strategy in which the trade partner is an adversary rather than an ally with an official discourse that always outlines cooperation and never rivalry. The example of rare earths (e.g., selenium), which are essential for electronic components, illustrates the Chinese strategic approach to international trade. After developing its rare earths extraction industry, without much worry about pollution and environmental damage, China raised its share of world production from 38 percent in 1993 to 97 percent in 2011, and practically eliminated its competitors worldwide by offering ultra low prices, then decreed an export embargo on rare earths, both to supply its large internal demand and to "dry up" its global competitors in high-tech industries. Since then, supply has been rebuilt in some countries, and the lesson has been, at least partly, understood. China is cynically using open international trade as a political weapon, as shown by examples such as China's breakthrough in high-speed trains opportunistically based on European technology, Huawei's stranglehold on 5G technology, or the increasing dependence of many African countries on the Middle Kingdom. At the beginning of the Coronavirus pandemics, China was able to exploit its global dominance in manufacturing single-use face masks in a rather cynical way, first drying out exports, then pushing local foreign players that tried to produce face masks into bankruptcy by quickly restarting exports of low-cost face masks. Western WTO players now realize that the multilateral exchange system they have supported for three quarters of a century is no longer serving their interests, but is partly upturned against them by Chinese authorities, strategically instrumentalizing free-trade to build market dominance.

Protectionist temptations, but...

Protectionist moves, even if they are legally doubtful in terms of compliance with WTO rules (understatement), are nevertheless legitimate for local publics feeling threatened by activity closures and job losses. Threats are often made in a confrontational bilateral relationship, such as that of the United States with China or the European Union by publishing a list of superduties that are supposed to "hurt" the other party. Nevertheless, there is a lot of communication between trading blocks, sometimes gesticulations, however with little actual impact on short- and medium-term trading relations. These threats are relatively implausible in a world that has become so highly interdependent. Every country is both an exporter and an importer; national protective measures designed to defend a noncompetitive industry may indirectly hurt an exporting industry that is

competitive at the global level, and that is therefore a privileged target for retaliatory measures. Contrary to the widespread and large-scale rise of protectionism before the Second World War, soft deglobalization will not generate a general "trade war" and therefore will not fundamentally call into question globally opened international trade. Trade conflicts in a softly deglobalizing world will make it possible to discuss and negotiate more balanced trading relationships in bilateral settings (e.g., United States-China, United States-European Union, African countries-China) and a reasonable, and probably necessary, departure from the competitive confrontation of market-driven globalization.

A politically more multipolar world and commercially more bilateral international trade

We may witness the progressive *Decline of the American Empire* and the emergence of a multipolar world. This is true even if the external appearance of the US superpower is still impressive thanks to the extraterritoriality of its laws, its far-reaching jurisdictions, and its capacity to threaten other countries²³. Even if the American eagle will maintain some very strong positions, in particular in the high-tech and communication industries, the United States may be a giant with feet of clay, with large cumulative trade deficits and enormous foreign debts, not to mention a huge but rather ineffective defense spending given the end results obtained, unless one considers that the only true American goal is to efficiently destabilize countries perceived as enemies as much as possible.

If the European Union ...

If the European Union, in particular its Commission and the EU Parliament, understood that they are now in a world where international trade has once again become strategic (i.e., intentional, rational, and action-driven), which has always been the case, even though the ideology of market-driven globalization has attempted to make us believe that the spontaneous and unintentional (invisible) hand of the market has a capacity to promote peace among nations (the *doux commerce* thesis)²⁴. The European Union is an institutional construction resulting from successive treaties, essentially based on a profusion of legal texts enforced by a largely punitive system; that of the European Court of Justice in Luxembourg. This complex institutional structure, initially based in 1958 on a trade agreement following GATT article 24 (the "common market"), later transformed into a fake supranational political entity, fraught with a complex and convoluted functioning, troubled by systemic contradictions, conflicting interests, and endless negotiation marathons between Member-States, can unfortunately neither be considered as a political nor as a strategic organization.²⁵

Unlike the European Union, the other large powers in the emerging multipolar world are not "strategic dwarfs"; in particular China and Russia, but also India. It is probably the apparent political choice of the European Union to actually become one of the global superpowers. After an endless

series of successive enlargements and the consequent dilution of values and shared culture in a highly heterogeneous, multilingual assemblage of sovereign countries, it comes as no surprise that governing such a supranational body is highly complex, procedural and time consuming, to the point that reaching consensus is always a dramatic challenge. If at some point the EU emerges as a real member of the community of nations, this improbable event will precipitate the change to a multipolar political world with bilateral trade negotiations between major players.

The Covid-19 crisis: An accelerator of these developments?

The Coronavirus pandemics came from China, a country that, once again, has acted strategically, using asymmetric dependence to first deprive other countries of masks. The remedies provided in the period from 2020 to 2022, are extremely deglobalizing: closing of borders, heavy restrictions on international movements of natural persons, disruption of supply-chains all of which call into question the relevance of particular manufacturing locations. Obviously, these deglobalizing remedies will calm down in the coming years and we may probably have the misleading feeling that we are back-to-business as usual in terms of a well entrenched market-driven globalization. However, this may not be the case. We will probably see a gradual change of era, hard MdG being progressively modulated by soft deglobalization. The ideological stance in MdG will be progressively softened over ten to twenty years by the pragmatic, moderate, and strategic trend of deglobalization.

1 This text is adapted from a keynote speech delivered at the ATLAS-AFMI Annual Conference 2019, at the University of Fribourg (Switzerland), on June 18, 2019. Published as J.-C Usunier (2022), « La déglobalisation » in Eric Davoine et Olivier Furrer (Eds), *Les défis de l'internationalisation des organisations*, pp. 245-256, Paris: Vuibert.

2 Michel Houellebecq (1994), *Extension du Domaine de la Lutte*, Paris: Editions Maurice Nadeau. Translated in English as *Whatever*, London: Serpent's Tail, 1998.

3 *Globalization* is confused with market-driven globalization and cultural homogenization around the English language (a simple google search in English with the keyword *globalization* confirms this unanimity). I have kept this term in French as *mondialisation* to signal that this concept (i.e., world-integration, planetarization, planetization, **Vincent please suggest – Unfortunately, I am not sufficiently versed in this area and am not able to make a satisfactory suggestion**) is different from globalization, in that the integration of global markets is not assumed to be the main driver of the process, or at least an inevitable and central cause (to be found everywhere in English and American definitions of globalization). This is my first Whorfian comment (i.e., very briefly stated, language shapes our worldviews): French and many languages have two words whereas English has one, signaling that it inextricably binds globalization with the worldwide integration of markets. See Carroll, John B. 1956. *Language, thought and reality. Selected writings of Benjamin Lee Whorf*, edited by John B. Carroll, Cambridge, Ma: the M.I.T. Press.

4 Friedrich von Hayek was of the main proponents of market-driven globalization, both from an ideological and a practical point-of-view with the Société du Mont-Pélerin, see Von Hayek, F. A. (1976). *The road to serfdom*. Routledge, and Von Hayek, F. A. (1978). *Law, Legislation and Liberty, Volume 2*. University of Chicago Press.

5 See J.-C. Usunier", 9591": the global commoditization of religions through GATS, WTO, and marketing practices. In J. Stolz and J.-C. Usunier (Eds) *Religions as Brands: New Perspectives on the Marketization of Religion and Spirituality*, Farnham: Ashgate, 2014, pp. 27-43. See also Joerg Stolz and Jean-Claude Usunier Religions as brands? Religion and spirituality in consumer society. *Journal of Management, Spirituality & Religion*, 16(1), 6-31. 2019.

6 *Altermondialisation* has been promoted by citizens' organizations that want "another globalization". They do not oppose economic globalization *per se*, but seek to avoid its negative economic, political, social, cultural and ecological effects. Wikipedia describes it in the following terms “**Alter-globalization** (also known as **alternative globalization** or **alter-mundialization**—from the French *alter-mondialisation*—and overlapping with the global justice movement) is a social movement whose proponents support global cooperation and interaction, but oppose what they describe as the negative effects of economic globalization, considering it to often work to the detriment of, or to not adequately promote, human values such as environmental and climate protection, economic justice, labor protection, protection of indigenous cultures, peace and civil liberties.... Instead they see their movement as an alternative to what they term neo-liberal globalization in which international institutions (the World Trade Organization, World Bank, International Monetary Fund and the like) and major corporations devote themselves to enriching the developed world while giving little or no attention to what critics say are the detrimental effects of their actions on the people and environments of Less Developed Countries, countries whose governments are often too weak or too corrupt to resist or regulate them.”.

7 Even assuming that global welfare is increasing because of MdG, what seems to be true in the long run, people are differently affected in their roles as producers and consumers. They may profit from price decreases of consumption goods, but suffer from loss of revenue due to international competition. For a detailed account of pros and cons, see <https://wol.iza.org/articles/how-does-international-trade-affect-household-welfare/long>

8 Singer-Prebisch thesis for Third World countries is still valid. See Harvey, David I., Kellard, Neil M., Madsen, Jakob B., et al. The Prebisch-Singer hypothesis: four centuries of evidence. *The review of Economics and Statistics*, 2010, vol. 92, no. 2, pp. 367-377.

9 Unlike international exchange theory, international marketing, which is pragmatic and less ideological, lifts all these assumptions, not to make a theory of international exchange but to propose contextualized solutions to the problem of the global expansion of multinational firms. See Jean-Claude Usunier and Julie Lee (2013) *Marketing Across Cultures*, Harlow, Prentice-Hall, 6th edition, page 133.

10 A very good critique of the perfectly normative character of neo-liberalism is offered by Thomas Porcher's *Traité d'Economie Hérétique* (Paris: Fayard, 2019).

11 Michel Houellebecq (1994), *Extension du Domaine de la Lutte*, Paris: Editions Maurice Nadeau, page 100. Some translations translate *faire l'amour* into *make love*, which is literally true. Other versions use the expression “*have sex*” which exists in French as the verb *baiser*, meaning literally *to kiss*, however colloquially meaning to have sex (bilateral) or worse to fuck (unilateral).

This is my second Whorfian comment. Most of Houellebecq's text in French cannot be properly translated into English. It can just be adapted to suggest to an English-speaking reader that market-based and free-choice competition leaves many people with few or no option for mating, whereas traditional solutions offer a solution even if imperfect (e.g., organized marriage, reasoned marriage taking into account kin, money, and fit, however not necessarily love).

12 Smith ignores by the way other forms of competition than price rivalry. There are other forms of competition than classical price competition, often meant by classical and neo-classical economics as the central aspect of business rivalry because, by and large, it lowers prices and benefits consumers. However, competition can take place among firms in a market through a number of non-price items: quality, technology, the breadth of supply, service, launching of new products, more generally any attribute of an offer that enables competitors to differentiate themselves in the hope

of gaining market share.

13 Adam Smith (1776), *The Wealth of Nations*, University of Chicago Press edition: Chicago, IL., 1976. Page 69, Book 1, Chapter VII, "Of the Natural and Market Price of Commodities".

14 Adam Smith, 1790, *The Theory of Moral Sentiments*, London, A. Millar. Edition 1984 par D.D. Raphael et A.L. MacFie, Indianapolis: Liberty Fund page 77.

15 Human Rights normative statements and market-driven globalization practices are strongly interrelated. This is particularly evident in the The Charter of Fundamental Rights of the European Union (2000), a legally binding document which finally came into force in December 2009 in the Treaty of Lisbon. It is an extended copy and paste of personal freedoms and rights, more detailed and precise than in the UDHR. however sharing the same basic principles.

16 The Universal Declaration of Human Rights (UDHR), in its article 2, addresses a standard human being, whoever he or she may be, without identity, without an ingroup to which she or he belongs, without a native language, without religion: "without distinction of any kind, such as race, color, sex, language, religion, political or other opinion, national or social origin, property, birth or other status." To this denial of any identity characteristic of people is added a denial of the national context on which these "humans" depend, bringing undifferentiated universalism to the square, as if the denial of identities was insufficient. "Moreover, no distinction will be made based on the political, legal, or international status of the country or territory of which a person is a national, whether that country or territory is independent, trust, non-self-governing, or subject to any limitation of sovereignty."

17 Social darwinism, a theory advocated by Herbert Spencer in the late 19th century, applies the Darwinian laws of natural selection to individual people and groups, whereas it was reserved to plants and animals by Charles Darwin. Social Darwinism, an ideology rather than a scientific theory, is nowadays regarded with much skepticism especially because of its tendency to legitimize colonialism and racism. Cooperation is just as natural as competition among human beings and/or organizations. Cooperation and competition may at times be mixed in most areas of economic and social lives. In collective sports (e.g. ball sports), for instance, there are two competing teams composed of cooperative players. In business it is just as natural for firms to cooperate by making alliances (some of them collusive like cartels, and therefore normatively forbidden by law) than to compete against each other with sometimes a rather *lose-lose* outcome.

18 The inventive capacity of local cultures to merge indigenous products with foreign/global products is well documented in cross-cultural consumer behavior. See Usunier and Lee (2013) quoted above.

19 Porter, Michael E. (1986), "Changing patterns of international competition," *California Management Review*, 28(2), 9-39.

20 By a transition to a kind of "multi-bilateralism", I mean that the MFN clause, the nexus of multilateralism in international trade, has never been perfectly implemented. It did not succeed in eliminating bilateral trade agreements as it aimed to do. Now it is more and more frequent that large trading blocks (such as the EU), major countries in world trade (e.g. Canada, The United States, or China), and even smaller ones (e.g., Vietnam, Switzerland) conclude bilateral trade treaties. The global trade scene is now built on a complex and pragmatic mix of multilateralism and bilateralism.

21 To understand why the GATT treaty has disfavored regional integration it is necessary to understand the prohibition by article 24 of *trade diversion*. Trade diversion is a concept of international economics in which trade flows are diverted from a more efficient trading partner (exporter) from outside the regional integration (be it a Free-trade Zone or a Customs Union) in favor of a less efficient firm (belonging to a member state of the regional integration) more or less protected by tariff or non tariff barriers. This is in opposition with the MFN clause and therefore prohibited by article 24 of the GATT treaty. A paradoxical consequence is that countries in a regional integration are compelled to develop more international trade with countries outside the zone than with member countries within the regional integration area, the exact opposite of what a regional integration has been designed for.

22 EU full integration within the world market has considerable drawbacks for the self-sufficiency of the European Union which is largely dependent on far-away trading partners such as Russia, China, or South-East Asian countries with the risks of shortage of key inputs in manufacturing processes, breakdowns in supply chains and the like.

23 The US capacity to threaten other countries latently and implicitly includes nuclear weapons, since the United States is the only country to have used nuclear weapons, and this on two occasions (Hiroshima and Nagasaki).

24 Making the hand invisible is in line with the *doux commerce* thesis (see Hirschman, Albert O. (1986), *Rival views of Market Society*, New York: Viking), which supports the claim that free trade promotes peace among nations.

25 The EU can unfortunately be considered neither a political nor an economically strategic organization. It is a trade treaty at the inception, followed by progressive measures to change it into a tentative political union, which have never succeeded in making the EU a real, full-fledged nation-state as the US, Canada, or China. Given that the EU is driven by formal legal texts, and not really by the political will of the peoples in the EU, it ends up being a legalistic organization with a major difficulty to promote joint political projects among its member-states.