

# GLOBALIZATION BETWEEN LIBERALISM AND CONSERVATISM

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## **Abstract**

Globalization involves profound changes in political, social, cultural and economic realm. Undoubtedly, global integration of markets, of economies seem to represent the most visible and accessible part of globalization, but at the same time, it must be counted among the most dramatic trends that are reshaping, if not reconstituting, the modern world. The *new economy* that comes out can be understood at least from two perspectives: broadly, can be understood as a retrieval and operationalization of the liberal principles; narrow, is the process grouping economic sector transformation, following the replacement of the industrial paradigm with the post-industrial one. Thus, the *new economy* is the result of the intersection of globalization, electronic revolution and deregulation.

Without attempting an analysis of the economic impact of globalization, the present study aims to find a solution to enable the enhancement of human capital in terms of maximum liberty, without centrifuging the community or, the society in general. This is because the extension of the *new economy* is globalizing the inter-human relations generating the premises for the global community.

This study argues that a hermeneutic model of the *new economy*, understood as a central feature of globalization, can be offered by a philosophical and political conception that values the capitalism in terms of value of freedom; this approach is combining liberalism and conservatism in an attempt to make possible the coexistence of a strong government, but only in conjunction with a weak state.

*Keywords:* globalization, liberalism, conservatism, new economy, new right

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## **1. Introduction**

The process or processes designated through the use of *globalization* concept are among the most important and meaningful phenomena that deeply affect the economic, technologic, politic and socio-cultural contemporary reality. Far from generating a theoretical consensus, or at least a functional convergence among analysts, globalization deeply affects the economic, politic and socio-cultural contemporary reality – “globalization is a complex historical process which manages to unify the continents. It is equally a cultural, politic and technological process and also an economic one” [1], or as Ian Clark said, the

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great challenge of those analyzing such process is “to measure and quantify the impact of globalization over the economic, politic and cultural spheres” [2]. In other words, globalization can be analyzed from a triple social perspective: economic (underlying the social arrangements concerning production, exchange, distribution and consumption) politic (underlying social arrangements concerning concentration and use of power, authority, administration and diplomacy) and cultural (the core concerns being the social arrangements regarding production, exchange and expression of symbols and values) [3].

From such a perspective, globalization is, without doubt, a symbolic process, maybe even the “core aspect of the current history” [4], although some authors claim that global or globalizing acts can be traced long before the XX century: Malcolm Waters considers globalization as a process dating with the XV century because, in his opinion, this is the moment when the constraints of geography, economy, politics, social and cultural life disappeared, and individuals, being aware of these, started acting in consequence [2]. Thus, a diachronic analyse of globalization will impose a double (and dichotomous) perspective: on one hand, globalization can be conceived as a phenomenon that ranges within an incremental logic (Antiquity, Middle Ages or Modernity representing important moments in this sense) [5], or, in the extreme form of this meaning, globalization becomes an exaggeration of contemporaneousness because “the contingent nature of many events has been interpreted as a structural transformation of the international economy” [6], that is why the licit use of the *globalized economy* syntagm is possible only to the degree in which it is constituted as ideal type to facilitate the understanding of *international economy*. On the other hand, from the historic perspective, we can argue in favour of a completely new phenomenon, which becomes reality in the second half of the past century – globalization is not only the biggest development of the past decades, but the benchmark of e new era (*the global era*), as different from the precedent models as the great geologic eras of the Earth history are [7].

## 2. Globalization – a new phenomenon

If modernity translates in a series of major transformations, such as the emergence of a new type of political life organization or the impact the industrialization has on economy, still these are extremely different from those implied by globalization; if, within trade, the international agreements were settled before globalization, the latter has much more facets transforming in depths even the economic aspect; this means that, an international economy exists since centuries, but “a global economy is something entirely different: is an economy which functions in real time at planetary level” [8]. Being built on interaction and interconnection, the global economy becomes reality and the whole world transforms into a huge stage from which the boundaries and useless *props* disappear – “we all become part in an enormous theatre of interdependent actors and actresses. We don’t share the same lines not even the same repertoire but none of us is completely independent” [4, p. 5]. Because of such a

perspective the globalization is the favoured term to describe the international reality (especially after the end of Cold War), and most of its researchers refer to it as an *evolutionary process* [9], a *historical transformation* [10] or as a *multidimensional reality* [11] which comes from „diversity which is part of its intrinsic nature” [2, p. 35]. The constant element of these approaches is represented by the illustration of the interdependences growth as the result of the growing interconnectedness reflected in the extended flows of information, technology, capital, goods, services, and people throughout the world on one hand, and of the growth of the opening, transparency level, on the other hand. Moreover, globalization becomes synonym with the term referring to the way in which the speeding and intensification of mechanisms, processes and activities which promote global interdependence and, ultimately, the global economic and politic integration – it is a *revolutionary* concept because it implies the deterritorialization of the issues belonging to social, politic, economic and cultural life.

The researchers dealing with the analyse of the economic and social changes processes that characterize the advanced (developed) economies proposed a multitude of ‘labels’ (sometimes conceptually identical) to define these changes: information economy, knowledge-based economy, learning economy, digital economy, internet economy, virtual economy, e-economy, and of course the *new economy*. When the depth of social implications induced by the new economy is stressed, the term *society* substitutes *economy*. The large number of these labels represents practically a relevant indicator for the transformation of the world economy, period characterized by profound renewals and structural changes. In general, we can identify two major perspectives in analysing and understanding the *new economy*: in the broad sense, *the new economy* can be understood as a revival and operationalization of the liberal principles having as core element the preservation of liberty and private sphere of the individual, with all the economic, politic and social implications under such approach; in a limited perspective, the *new economy* is attributed to the process that groups the transformations of the economic sector as the result of the substitution of the industrial with the post-industrial paradigm (as the result of the emergence of the human capital, of knowledge as major factor of production). Beyond these methodological distinctions, the *new economy* becomes if not synonymous with globalization, at least fundamental to understanding the way globalization propagates and, within the global economy environment, the neo-liberal arguments against “the proactive state intervention” [12] in order to manage the market functioning are those to encompass the economic-political tendencies of the end of the XX century (state-contracting is thus translated, among other things, in the diminution of the official norms which determines the real abolishment of the existing restraints in the way of free circulation). Moreover, after 1990, globalization itself becomes global, and the principles it sustains upon, are those of the economic liberalization. Thus, the operational (operationalized) formula on which globalization fundamentals itself consists of the universal adoption of a *set of game rules* to organize the

economic interaction under the shape of “free market, free trade, laissez-faire (FM-FT-LF) also known as *Washington Consensus*” [13].

If you look at globalization through these lenses then, the deregulation in the form of knowledge diffusion, that characterises the *new economy*, constitutes in source for development. The free circulation of intangible capital can't be than a contemporary reinterpretation of fundamental freedoms as they were stated by the founder parents of Liberalism, and the *spillover* effect (the transfer of knowledge, research and development) does not represent anything else but the transparency of the ‘invisible hand’ concept proposed by Adam Smith [14]. The *new economy* as instance of globalization, without being declared as circumscribed to a certain ideology, revalorizes liberal values and principles, rediscovering the individual and his pre-eminence in relation with material creations but, at the same time, draws nearer to Conservatism by the fact that it doesn't change in an idiosyncratic reaction towards state and the relation between state and society.

### 3. Globalization – a framework for analysis

A hermeneutic model of the *new economy*, understood as a core characteristic of globalization, can be offered by a politic-philosophical conception within which Capitalism is valued from the freedom perspective, view which must be supplemented with the new economic, technical and politic challenges of the end of the millennia. Chronologically, the Liberal revival must be traced in the 70s when the economic difficulties of the industrial states deeply contrasted with the prosperity of the previous decades. The Keynesian welfare state entered crisis and became the target of many critics, more and more often being used syntagms such as “impossibility of government” or “overloaded politics” to describe the political system during this (that) crisis period [15]. The critics of the politic system were also accompanied by those addressed to the orthodoxy of the conventional politic economy: Keynesian policies were considered inefficient in the new economic conditions; on the other hand, the competitive system of political parties was accused of excessive requests addressed to the politic system in view of ensuring goods and services (which did not produce financial gains).

This interpretative model – crystallised in the *new right* formula – primary means economic and politic liberalism, rediscovery of liberal values and principals obscured by the general welfare state: the liberal economic arguments in favour of free market were supplemented by the arguments that support individualism over public sector. A second constitutive element is represented by the conservative arguments that result from the appliance of the liberal economic policy: the political implications are justified in the terms of conservative social and moral principles; the conservative component is, basically, a residual request addressed to the politic consequences of the liberal economy. How and why these two philosophical-politic views must accommodate? How can individualism, free market and minimal state cohabit

with order (hierarchy), authority and power? How and why can a point of view such as Frédéric Bastiat's ("the state is that great fiction by which everyone tries to live at the expense of everyone else" [16]) coexist with the conservative point of view that underlines the importance of state authority over individual, and of the father over the family (practically these relations, by plans translations, become similar), with the point of view which values the encompassing role of the family over the individual: "[...] family is a small social unit which shares with civil society the singular quality of being non-contractual, of arising (both for parents and for children) not out of choice but out of natural necessity. And, to finalize the analogy, it is obviously that the relationship which bounds citizens with society is in its turn natural and not voluntary." [17]

The first and most important contradiction between Liberalism and Conservatism regards the role both ideologies give to state. Liberalism implies a limited government, while Conservatism brings along a powerful state, capable to maintain the social order and enforce its authority. In his study concerning sociological ideas – *The Sociological Tradition* – Robert Nisbet underlined these differences between Liberalism and Conservatism arguing that for the first, the supporting pillar is "individual freedom and not the social authority" [18]. Liberalism stakes on the individualism accepted as "fundamental structure of the state and economy and on the belief that progress in the emancipation of the individual over religion and tradition produce the social order" [18]. On the contrary, "[...] the conservative ethos is represented by tradition, mainly the medieval one. Among the conservative values that defend the social tradition we can distinguish community, family relations, hierarchy, authority and religions, as well as the premonition of the social chaos establishment as soon as the individuals would be tear apart from these values, from the forces of the individualism and radicalism. [...] The Conservatives commence by accepting the absolute reality of the institutional order as they inherited it from history." [18, p. 11-12]

Therefore, Liberalism and Conservatism come into collision regarding the state, the role of the individual, the nature and aim of freedom, as well as the importance of the religious and family values within society. Concerning the role of the state, the liberal of *the new right* Nigel Ashford said regarding the *new right* conservative Roger Scruton's view: "Scruton's point of view that the state and society transcend freedom, I find revolting" [19]. Similarly, liberals and conservatives contrast in regard of how they perceive Capitalism: the first consider industrialization as progress factor and source of happiness within society. Conservatives, have, by contrast, a pre-capitalist vision clearly expressed by Nisbet according to whom Conservatism is "the child of the French Revolution and of the Industrial Revolution: unintended, unwanted, hated by the protagonists of both Revolutions but still their child [...] What both of the Revolutions support – popular democracy, technology and secularization – it is attacked by Conservatism" [18, p. 11]. Conservatives reject the order and prosperity produced by the Industrial Revolution valuing the pre-industrial order based on strict hierarchy, inequality and authority. Liberals support the necessity

of society secularization, while conservatives want to maintain the *sacred* as society defining element.

In conclusion, liberals and conservatives set themselves on contradictory positions, which are apparently exclusive: the liberal approach towards freedom and progress appears not to correspond with the conservative stress of the organic unity between state and society, hierarchy and *negative consequences* of the economic activity. Still, the functional unity between Liberalism and Conservatism in the politic practice constitutes a successful scenario because “every ideology has its gains from this closeness: Liberalism is the source of the *new right* economy, of political theory as well as of the politic objectives; Conservatism offers a set of residual solutions to diminish the (negative) consequences of the liberal policies. Conservatism offers Liberalism a coherent theory of state; both ideologies are refractory to the social rights enlargement idea and thus, become convergent in criticizing welfare state.” [20]

Furthermore, there exists a strong tension between the liberal belief of the free market and limited governance on the one hand, and the conservative orientation towards the maintenance of public authority and order through a powerful state, on the other hand. Accommodating these perspectives, apparently contradictory, is possible firstly, by treating the difference between a *strong government* and a *weak state*. The proponents of the *new right* choose a strong government: the conservative will to maintain the social order and the hierarchy of authority, as well as strengthening family values, imply the necessity of a governmental authority strongly centralized, and the liberal objective of a limited governance is reflected in the diminishing of the state role in the public sector. The *new right* politicians accept a strong government, but only in conjunction with a weak state. Secondly, liberals have a limited view regarding government thus, due to political pragmatism reasons, they must rally to the conservative notion, much better defined, of government (vital for sustaining authoritarian relations).

Within the globalization context, the *new right* ideas shape the political debate, thing that is highlighted by the fact that Karl Polanyi, could not deny its massive influence on politic and economic life. In the work *The Great Transformation* [21], Polanyi, from the position of “rejecting the utopia of liberal market” [22], criticizes the economic liberalism both as politic credo and also, from the perspective of the industrial society nature. His dispute with the economic Liberalism is focused on the fact that the latter confers preeminence and superiority to economic aspect above the social and politic ones. Or, as Polanyi says, a market economy cannot exist but within a market society; rearticulating the historical development and evolution of society, Karl Polanyi, claims that the implications of the market economy on the human welfare were so profound that it generated political movements aiming the implementation of change and, finally, lead to the success of the regulations enforcement and control of the market through exterior mechanisms. The relevance of Polanyi’s argued point of view is that “market societies are not natural creations, but artifacts of the state. The free market is an institutional structure which doesn’t

appear spontaneously as reflection of human nature but, by contrast, it is foreseen and sustained by the state” [22]. In other words, *homo economicus* is a product of the market society and not vice versa. A market society is not just one in which the resistance to market principles is prevented by legislation or, dominated by the free market project, but is a society in which the majority of institutions, as well as daily orientations of the social actors are in concordance with the principles of the market: individualism, competitiveness, interest. From this perspective, we must underline the profound importance of using market principles within institutions such as national health systems, media, schools or universities; the aim wasn't and isn't just to facilitate privatization and reduce the public sector, but to extract benefits from the way in which the principles of *market society* act upon the agents within this institutions. Those who emphasize the 'failure' of the *new right* by the fact that the state continues to have major responsibilities in sectors like health and education fail to understand the deep change that the market principles produce including at the level of governmental agents and agencies. This is why the neo-liberal project doesn't concern only the power of the state, budgetary allowances or the welfare policies, but has in view to change the mentality of the social and economic actors, the stake being *the great re-transformation of the market through the market*.

Michael Oakeshott was half liberal when referring to Hayek's *The Road to Serfdom* considered that “a plan to resist all planning may be better than its opposite, but it belongs to the same style of politics” [23]. Indeed neo-liberalism may seem a form of 'planning' in the social sense but it is in the worse case a form of property planning having deep implications on the freedom maximizing. Taking into consideration the historic attachment of the conservatives regarding property, yet another major discrepancy between Conservatism and Liberalism will attenuate within the *new right*.

#### **4. Conclusion**

Therefore, *the new right* is an apparently strange combination between the free market and an active and strong state in certain areas, or as Robert Nisbet said through the American conservatism of Reagan we must understand: “a minimal state, strong but discreet government, laissez-faire in the majority of the domains, family, neighbours, local community, church and others groups to mediate crisis, decentralization, localism and preference to tradition and experience, than towards rational planning, as well as complete prejudice to any redistributive measure” [24]. Thus, any adequate view upon the *new economy* must oscillate between political ideology and practice, between (political) theory, believes and prejudice.

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