

ENTERING THE ERA OF NEO-PROTECTIONISM

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We are currently witnessing a turbulent time. An unstable time, worrying and unpredictable. This observation is commonly shared by analysts who were shocked by the outcomes of the Brexit Referendum and Donald Trump's victory in the recent US elections. Indeed, by looking at each case in isolation, it can be argued that these were truly unexpected events that nobody could foresee. But is that the case? Or is it perhaps that analysts failed to put these events in the right context? In this article, I argue that by analysing these events within the right framework one can see that they are not as unexpected as most people would like to believe. Brexit, Donald Trump's victory and the other "shocks" that will follow are the symptoms of a malfunction of the current political and economic form of globalisation. Unfortunately, this malfunction will have detrimental effects if not reversed as these first shocks are the first manifestations of a wider phenomenon: Neo-protectionism.

Undoubtedly, the financial crisis of 2008 exposed the weakness of the system illustrating the inadequacy of the pillars upon which it was built on. Not only were there extreme risks and asymmetries in the way people derived benefit from globalisation, but there was lack of a robust regulatory body and complete framework that would set the context in which people interacted. The importance of this lies not only on the distribution of the cost of the 2008 crisis but on the fact that the economic issue has not yet been resolved. In the absence of such a regulatory body, the resolution of the crisis is ultimately left to the nation-states' willingness to cooperate. Given the lack of convergence of interests among and within states to sustain the cost of globalisation in its current form, as exemplified numerous times in the Eurozone crisis, cooperation seems difficult if not unlikely.

Moreover, if one pays close attention to countries like Greece, where the lack of resolution has brought to power populist parties like Syriza, or Britain where populists like Farage have managed to change the political orientation of the UK dramatically, then it becomes obvious that the lack of cooperation entails dangers not confined to the domestic political sphere. Among others, Thomas Piketty identified in his article "We must re-think Globalisation or Trumpism will prevail" the need for reforming globalisation stressing that "as a matter of urgency globalisation must be fundamentally reoriented". He proposes several reforms that effectively deal with the inequality that globalisation generates as a barrier to this sort of unexpected phenomena. Indeed, Piketty is right, but perhaps it might be a bit too late for a reorientation of Globalisation.

More precisely, Syriza, Brexit, and Trump's victory act as a precedent of a successful paradigm of neo-protectionist populist electoral campaigns. Given that the conflict of interests among states prevents establishment parties to take the necessary measures to resolve the issue, in a context where no supra-national regulatory body exists with the capability to induce states to reach an agreement, traditional parties eventually will lose support. Simultaneously, the discontent of the people who suffer from this ongoing policy gridlock, such as the unemployed youth, is growing. Ultimately, this combination creates a mechanism where an uncontrolled and growing electoral platform is created which can be easily exploited by a potential anti-establishment populist as has happened in Greece, Britain and the USA. Based on the aforementioned, we must not be surprised when such events re-occur in countries like Italy, France and Spain given the influence of anti-establishment parties.

In addition to these, the fusion of powers associated with parliamentary democracy is also to blame for the ongoing situation. More precisely, the interaction of the Executive and Legislative powers eventually creates an entrenched party system which, over time, engages in corruption and establishes an uneven representation of interests in the state's policy. While one could disagree on the term "fusion", another could question the extent of separation by the mere fact that in most parliamentary democracies the President or the Prime-Minister is usually the leader of a major party and thus has a direct and strong influence over the legislature. This acts as a distortion to the checks and balances system and it is the precise reason why outsiders including populists blame everything on the "establishment". It also explains significantly why a considerable proportion of the electorate of which the system does not consider the preferences, can be won by populists.

Given the aforementioned, it can be said that we are entering the Era of Neo-Protectionism where establishment parties unable to generate a solution to the problems of the current form of Globalisation will lose power to neo-protectionist populist parties or individuals. The future electoral campaigns in the Western World will mostly take the form of globalisation vs protectionism as exemplified by the recent case of Italy's referendum. Britain's future will be particularly crucial as in case it is better off economically in the post-Brexit era, it will signal to the rest that a unilateral deviation from the status quo and the path of neo-protectionism may help states resolve their problems. If governments sincerely want to reverse this phenomenon, they should focus on addressing the inequalities generated by the current form of globalisation and improving the system of representation of people's preferences by increasing the separation of the Executive and the Legislative powers through institutional reforms.