

Big challenges: growth, distribution, stability

1. **Disruption.** Through globalization, actual and potential connections and interactions increase. The new (more global) interactions tend to disrupt the existing (more local) ones. But globalization does not appear to create mechanisms to give a satisfactory solution to the disruptions. Left by itself, globalization is like a force of nature: you adapt (and accept it) or die.
2. **Becoming more connected vs becoming more similar.** Globalization occurs by increasing links. A possible side effect is that what is linked becomes more similar (ideas, technologies, goods, institutions, habits... are increasingly shared). Is that necessarily the case? Are there social dimensions (religion, culture, institutions) for which a reaction to increasing similarity will prevail? To which extent is the sequence links → diffusion → integration → homogeneity the most likely result?
3. **What is new in the current (since the 1980s) globalization process?** One view is that all the globalization processes that have so far occurred are essentially the same and that the acceleration of these processes appear to be the radical novelty of the current globalization episode: same nature, fastest speed.
4. **Economic dominance.** The extension of the globalization process is more profound in the economic domain. This makes economic globalization the dominant force, to which the rest of globalizations (political, cultural, social, ideological...) subordinate. Though there are many globalizations, the economic one seems to dominate and determine the rest: one globalization controls the rest.
5. **Economic revolutions and globalization.** If globalization processes are primarily driven by economic forces, it may be conjectured that economic revolutions fuel globalization. Once a sufficient number of hunter-gatherer economies developed, the necessary conditions for the agricultural revolution were created; this revolution gave new momentum to the ongoing (yet limited) globalization processes. When enough agricultural societies approached the limit of their development potential, an industrial revolution became feasible, which in turn facilitated the scaling-up of the globalization process. More recently, with industrialization spreading to underdeveloped economies, the developed economies acquired the potential to ignite a new economic revolution (the digital revolution) capable of boosting again the globalization process.
6. **How inevitable is globalization?** If economic development is locally inevitable (at least, in the longest run), then globalization also appears to be inevitable: the global economy is the domain where (with enough material means available) economic development would ultimately unfold. Economic expansion would then be like a wild, unstoppable beast that overcomes any obstacle and that nothing can constrain.
7. **Capitalism and globalization.** Capitalism and globalization appear to feed each other. Capitalism facilitates the occurrence of economic revolutions (powers the beast of economic expansion) and thereby accelerates the globalization process. Globalization facilitates the continuation of capitalism and reinforces it. This view would explain why globalization has become more intense and widespread when (since the 1980s) the forces of capitalism have been freed of most controls and have been allowed to exert all its expansionary powers. The new capitalism launched in the 1980s seems responsible for the current globalization wave. Are they then inextricably linked? Is the fate of globalization determined by the fate of the new capitalism? Is a defining characteristic of capitalism creating by destroying?
8. **Financial globalization: international rise of the financial sector.** Globalization is a magnifier: it amplifies effects and consequences. Finance itself is also a magnifier of real activity (production, circulation and distribution of goods): finance contributes to makes expansions (economic booms) more expansionary, but also to make contractions (economic busts and crashes) more contractionary. At the national level, finance has proved to be a source of instability. It is likely that it will also contribute to make the global economy also more unstable and volatile. Is a global financial meltdown the most likely possibility in the medium-long run, of which the 2008 financial crisis episode centered on developed countries was an early warning?

9. **Economic inequality and globalization.** One of the aspects that, at the national level, finance has contributed to magnify is economic inequality. Liberalization and financialization have made property incomes (capital income) more important and capable of growing faster than wages (labour income), thereby redistributing wealth from the majority to a minority. Since, by itself, capitalism appears to concentrate a large share of its benefits in a few hands, a globalization going hand in hand with capitalism is expected to increase economic inequality (the benefits of globalization are asymmetrically distributed).
10. **Polarization and globalization.** The asymmetry of globalization at a global scale has reinforced the privileged position of 'the centre' (the most developed countries) against 'the periphery' (the rest of countries). The centre is becoming more powerful, which in turn increases the polarization of the global system. The centre still monopolizes technology, finance, resource exploitation, global mass media and the most destructive weapons. The geopolitics is currently dominated by war and competition: among states, among companies, and among states and companies. The game being played (survival of the biggest) may eventually put an end to the game (human civilization is self-destroyed).
11. **Labour and globalization.** Though the labour market is so far the less globally integrated, it has been one of the most affected by globalization. The international mobility of capital and the relative international immobility of labour has produced a tendency (at least in the developed economies) to the rise of unemployment, a slow growth of average wages, a deterioration in the position of the low-skilled workers and a widening of the gap between high-skilled workers (and those at the head of companies and financial institutions) and the rest of workers and employees. Globalization has created a race to the bottom among the less skilled workers in the developed countries (reinforced as well by the decentralization of wage bargaining) and favoured a redistribution of income in favour of those at the upper ranks of the salary scale (increase in earnings inequality). Globalization has coincided with a shift of power to employers, who have improved considerably their position in the distributional conflict against employees.
12. **Technology and globalization.** Globalization helps to accelerate technological change. Technological change endangers certain types of jobs. The faster technological change, the harder for workers to retrain and adapt to the new production environment. This makes technological unemployment more widespread and durable.
13. **Welfare state and globalization.** The ongoing globalization surge has coincided (has been caused) why the widespread adoption among developed countries of economies policies favouring 'the market' against 'the state' (associated with the neoliberal ideology): financial discipline (austerity measures), privatization, deregulation, tight monetary policy, retreat of the welfare state... This neoliberal globalization appears to put in great danger the survival of the welfare state built during the golden age boom (1945-1975). But without a welfare state compensating the strong economic inequalities that capitalism is prone to create, how viable is likely capitalism to be? Is the neoliberal globalization itself viable? Will globalization eventually demand a rebalance between *laissez-faire* and intervention/regulation in favour of the latter?
14. **Democracy and globalization.** Successful participation in globalization seems to require sacrificing the needs of the majority (Rodrik's trilemma). Will democratic societies adapt or tolerate to this requirement? How will national social structures respond to the domestic asymmetries (gap between economic elite and mass increasingly widened) created by globalization? Is in the last instance democracy incompatible with globalization? Which social structures are consistent with globalization? Specifically, are sufficiently egalitarian social structures unviable under full globalization?
15. **Environment and globalization.** The productive forces unleashed by capitalism are fed by natural resources. If the continuation of the globalization process (or simply the maintenance of the current state of globalization) depends on the continued expansion of the scale of operation of those productive forces, the limited amount of resources on the planet points to the unfeasibility of an indefinite growth of the global economy. How would globalization respond to the halting of the global growth engine once it runs out of fuel? How much of what globalization has so far achieved is reversible (and how much will be reverted)? Are

capitalism and globalization in the last instance bubbles that last and expand as long as there are enough available resources? Are they just parasites having no regard for their host (the planet)?

16. **Cultural convergence?** We have not yet learned to tolerate diversity and difference (ethnic, linguistic, cultural, religious, political, sexual...). Cultural integration and uniformity seems to be reached by imposition. Western nationstates were erected applying this strategy. Will it work at the global scale? Will globalization backfire culturally? That is, will globalization cause a defensive reaction to what make be perceived as an attempt 'by them' to destroy 'us' (our identity, our way of live, our beliefs, our traditions)?
17. **Political convergence?** Is global convergence to a unique political system likely? Is global economic convergence possible without political convergence?
18. **Optimistic view of globalization.** The optimistic view contends that continued technological progress is possible and that is enough, through permanent economic expansion, to deal with distributional and stability problems. This view seems to rely on the naïve belief in a benevolent invisible hand: left by itself, humanity unintendedly will take good care of itself. The tenet is that competition (for resources, markets, power...) is always and everywhere good. This view emphasizes the importance of the economic dimension of globalization.
19. **Pessimistic view of globalization.** The pessimistic view claims that many fronts may potentially put a traumatic stop to globalization.

(1) All technologies have unforeseen unintended consequences, some of which could be very damaging (devastating even?) and impede the continuation of technological progress (climate change, ecological catastrophe). And despite conceding the viability of an indefinite technological progress, there is the likely possibility that technology will get out of control and become autonomous of humanity.

(2) It remains to be proved that a planet with a finite amount of material resources can sustain technological progress forever.

(3) Even if the adverse effects of possibilities (1) and (2) are neutralized, technological solutions do not operate in a social vacuum: social institutions (social technologies) must be devised, implemented and shown to be durable to deal with the social problems created by new technologies and expanding economic processes.

(4) Finally, granting that the technological, environmental and social obstacles represented by (1), (2) and (3) are overcome, there is a final obstacle: humanity has not so far made the moral progress equivalent to the technological (or even the institutional) progress made so far (the best minds are selected to carry out technological and scientific activities but apparently not to rule people). States and corporations (the main players in globalization) are not in charge of the intellectual more capable nor the morally more virtuous individuals. If globalization is not subject to control, humanity is making a risky bet on its survival (to remain on a run-away train). If the decision is to control the globalization process, it is yet to be proved that the controllers will subordinate personal, national or short-run interests to global and long-run interests. Selfish, myopic and dishonest individuals have shown themselves to be better players in the power game than altruistic and virtuous people. Hence, those more likely to drive the global vehicle are the least capable of driving it safely.

The pessimistic view regards cooperation as the only strategy for long-run survival at the same time that sadly realizes that we have not yet learned how to cooperate at a global scale (and is unlikely that we will ever do: history shows that divergences are ultimately solved by force not by pact). This view emphasizes the importance of the political dimension of globalization.

20. **The big triad: growth, distribution, stability.** The challenges of globalization could be defined in terms of three dimensions.

- Growth dimension. Globalization is an expansionary process. The expansion of globalization unfolds in parallel with the growth, expansion or extension of other phenomena: flow of goods, people, information, practices, technologies, habits... Globalization has proved to be good at growth. Many variables have grown with it: global population, development and well-being, technological progress, material prosperity, energy usage, consumption, impact on the Earth System, speed of transport and communication... The impression is that the success of globalization along this dimension has been associated with its connection with the market institution: periods in which international mobility (of goods, capital, people) have been tolerated or stimulated appears to have intensified economic growth and globalization. Globalization itself has grown, as in encompasses or affects more aspects of human and social life.

- Distribution dimension. This refers to how the outcomes of the growth dimension are distributed among people (in this case, those involved in the globalization process). These outcomes could be positive (benefits and gains) or negative (costs and losses). There also a multiplicity of such outcomes, which can be defined in terms of income, wealth, political power, social influence or prestige, knowlege... Regarding distribution, globalization seems to have generated a mixed result: over the long run, its benefits tend to spread; over the short run, they tend to be concentrated. Hence, globalization is not necessarily good at distribution. An accelerated globalization could create a new dynamics in which the benefits initially shared by a few fail to be more or less evenly distributed among the rest. Without social or political institutions accelerating distribution, the benefactors of globalization may successfully block the extension of its benefits to the general population. In this case, inequality and heterogeneity may be the result of a decentralized (unregulated) globalization. The success of globalization to deliver fair distribution appears then to be related to the capacity of some centralized authority to steer, regulate or control globalization. The need for this authority seems more likely the fastest globalization expands or deepens.

- Stability dimension. This dimension has to do with the conditions necessary for the first and second dimensions to be viable. Concerning globalization, this dimension defines those conditions under which globalization can continue or, at least, be preserved.

(1) Social stability. A breakdown of globalization may occur as a result of insurmountable social or political tensions generated by an unfair distribution. The prospects in this respect do not appear favourable: nothing in past or current globalization processes ensure that social institutions will be developed to handle successfully the distributional problems caused by globalization. Globalization seems to benefit (and favour) mechanisms (like free markets, property rights, monetary profits) that contribute to produce technological progress. Contrariwise, no such mechanism appears to consistently operate to create social institutions conducive to institutional progress (globalization does not need democracy, civil rights and freedoms, social benefits... nor has directly contributed to their creation).

(2) Ecological stability. Destroying the material base of globalization (the environment, its resources and renewal cycles) is the main threat to the continuation of the growth of globalization. Again, globalization is in a precarious position along the stability dimension: though the optimists regard the engine of growth (technology) as the source of solutions for ecological deterioration, the pessimists point to the impossibility of making continued growth sustainable (stable) on a finite environment. Against that limitation there is no technological solution. In parallel, there is the damage already inflicted on the environment, which could be possibly be well beyond repair. Given the characteristics of globalization (growth comes first and above all), it appears very likely that globalization (and civilization, its partner and co-creation) has been the fortunate outcome of exceptionally good conditions provided (but just for a short period of time) by nature. Nature eventually returns to unfavourable conditions. Globalization just helps nature to reach those conditions and, in the process, destroys civilization.

So the great challenge is to ascertain whether there is a form of globalization in which the three dimensions coexist and if, they cannot, if globalization can mutate into a process in which the last two dimensions are sustainable at the expense of the first one: an intensive rather than extensive form of globalization.