

International Political Economy

A. Political development, economic development and political stability: pick just two?

1. Historically, integration proceeded locally: political borders were established and secured, and integration took place essentially within those borders.
2. The result has been a world politically partitioned into sovereign territories, sustained by a centralized political authority.
 - Does a fixed political border require a centralized authority or a territory may remain independent with a multiplicity of non-hierarchical political authorities?
3. In parallel, national political authorities tended to be legitimized through appeal to the will of the majority ('democracy' or, more precisely, representative democracy).
 - Daron Acemoglu, James Robinson (2005): *Economic origins of dictatorship and democracy*.
4. Thus, democracy prospered or failed at the national level.
 - Democracy can then be viewed as a intrastate creation: national governments allowed the emergence of democracy, their persistence and associated their legitimacy with democratic procedures.
 - Conversely, national governments remain strong enough to block the emergence of democracy or to limit its scope within the territory under control of the national government.
 - Are autocracies on the rise? Has the wave of democratization been a bubble?
 - Are governments the only actors that could give birth or kill democracies?
5. Subsequently, a world politically fragmented into almost unchangeable territories (nation-states?) has been subject to a process of economic integration (globalization).
 - This process tends to lower almost all kind of barriers between the national territories (economic, social, cultural, ideological, religious, demographic... even people apparently become more physically alike), at the expense of preserving the political barrier.
 - An interpretation is that globalization has been a political (geopolitical) outcome: it has not been a spontaneous process (the result of the 'natural' activity of the private sectors of different territorial entities) but one decided and supervised by national governments.
 - This interpretation suggests that globalization is also a creature of national governments: just as easily as governments endorsed, supported and stimulated global integration, they may choose to stop or revert the process.

6. The question: is it possible (sustainable, stable enough) to combine
 - the integration of sovereign territories by removing essentially all borders,
 - except the territorial one, and by
 - preserving the respect for the will and interest of the majority of people?
7. Rodrik's trilemma answers in the negative: almost full integration in the presence of sovereign territories is inconsistent with a democratic organization of the territories.
 - Dani Rodrik (2011): *The globalization paradox: Democracy and the future of the world economy.*
8. The reason for the impossibility of having the three outcomes is that globalization puts national governments in a position to choose between meeting the needs of the globalization process (satisfy the demands and requirements of the few actors having more influence in the globalization process: international corporations, big financial players, powerful foreign governments, some international organizations...) and meeting the needs, demands or requirements of the government's people.
 - The presumption is that the kind of policies that most people in a territory will support (like make the rich pay, regulate financial and labour markets, have the government provide social services) goes against the interest of the main actors of globalization.
9. A more general interpretation of the trilemma is that there is a tension (a crowding out) between the three goals: getting closer to one of the goals implies separating more from at least one of the other two.
 - For instance, the more national governments support the process of global integration without altering political borders, the less democratic the political decisions are (austerity politics in the eurozone as the response to the euro crisis in 2010-2012?).
10. Suggestion for a more general trilemma: the tension between
 - global goals (deep integration, in Rodrik's trilemma; or revert global warming);
 - national sovereignty (no global government: decisions on how to achieve the global goals involve independent political entities); and
 - national policy tools (whatever decision is made to achieve the global goals, it is implemented at the national level).
11. The tension is justified by the following argument: national governments endowed with just national policy tools lack the coordination necessary to achieve global goals.
 - As a rule, the decisions to reach global goals create costs and benefits asymmetrically distributed among national territories. If attaining the global goals is left to uncoordinated action of national governments, nothing guarantees that,

when making a decision, a national governments takes into account the costs (negative external effects) caused on other territories.