

Political Economy Tutorial 6: Inequality, ecological crisis and the crisis of world order



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Agenda

- 1.) Check-In & Recap
- 2.) Discussion: Inequality and the ecological crisis in the 21st century
Break
- 3.) Weaponized interdependence: The end of globalization?
- 4.) Formalities & Wrap-up & questions

Check-In



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Essay grading

- Next week: Publication of grades on Canvas
- You will receive **three** files:
 - a **grading scheme** w. your scores
 - a **txt-file** with some feedback
 - a **PDF** of your assignment text w. remarks:
 - **yellow highlight** + sticky note: comment
 - **red underlined**: grammar/language mistake
 - **squiggly green underlined**: weird phrasing/unusual wording/inappropriate sentence

Where we are

- Prerequisites and Classical PE (**Tutorial 1**)
- Marxist, neoclassical and institutionalist PE (**Tutorial 2**)
- (I)PE: The long run and international affairs (**Tutorial 3**)
- 20th century and Globalization (**Tutorial 4**)
- The Great Recession and Crisis of World Order (**Tutorial 5**)
- Inequality, ecological crisis and Weaponized Interdependence (**Tutorial 6**)

Recap

- Three main aspects of American hegemony: Dollar, Manufacturing/ICT and Global Capital Flows
- Globalization 2.0 and all its deregulatory and liberal elements are closely tied to US state power
- US role as global minotaur secured relatively prosperous 90s and 2000s
- GFC is the (tentative) end of Globalization 2.0
 - global imbalances, financialization and housing bubble as sources
- After 2008: stronger emphasis on role of global inequality
 - “Golden Age” of Capitalism: 1945 - 1975
 - Are we back in the 19th century? Inequality, conflicts, crises

Inequality and the ecological crisis



The looming ecological crisis

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- The ecological crisis is not only about **management** and **bargaining**, but also:
 - inequality between states and social groups
 - power and domination
 - who gets what and how?

The looming ecological crisis



Inequality in the 21st century

- We discussed mainly *inequality between states*
- However: one of main features of Globalization 2.0 is inequality *within* societies
- Piketty: “There is no fundamental reason why we should believe that growth is automatically balanced” (2014, 16)

Inequality in the 21st century

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Can you summarize Piketty’s argument? (see. Intro. to *Capital in the 21st century*)

Inequality in the 21st century

“Sanders’ success today shows that much of America is tired of rising inequality and these so-called political changes, and intends to revive both a progressive agenda and the American tradition of egalitarianism.” (Piketty in 2016)

Two competing political responses to rising inequality: **nationalism** and **egalitarianism**

- Which one will work/will be successful?
- What are the risks involved in the both agendas?
- How are they relate to the ecological crisis and inequality between states?
 - (think about: de-growth, Kaldorian strategies, the GFC)

Course evaluation

5 min

The crisis of world order

Article

Ruling the Interregnum: Politics and Ideology in Nonhegemonic Times

Rune Møller Stahl

University of Copenhagen

Abstract

This article offers reinterpretation of the current economic and political crisis through the lens of Gramsci's concept of "interregnum," departing from the model of "punctured equilibrium" to analyze the specific political dynamics of nonhegemonic periods between the breakdown of one ideological order and the emergence of a new one. Although political science has a range theories about periods of hegemony and paradigmatic stability, the periods between stable hegemonies remain distinctly undertheorized. A theoretical concept describing periods of interregnum is offered and applied to the changes in economic ideology and political alignments that followed the breakdown of the liberal order in the interwar period and the postwar Keynesian consensus of the 1970s. The concept is then applied to the current juncture, in which the hegemony of neoliberalism has been shaken by the 2008 financial crisis but no clear successor has emerged.

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- Are we in a new *interregnum*?
(think about session 4)

[illegible]

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- Schwartz: *States versus Markets*: How do states navigate economic challenges and inter-state competition?

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Weaponized Interdependence

- Schwartz: **States versus Markets**: How do states navigate economic challenges and inter-state competition?
- However: Globalization lead from “**world economy**” (nation-states are central) to a “**global economy**” (transnational forces become more central) (Robinson 2004)
 - States “in” markets?

What does this mean for state and corporate power?

Weaponized Interdependence

- Farrell/Newman: Weaponized interdependence as one result of globalization + state power
- In groups of three:
 - Explain the **core ingredients** of the Farrell/Newman paper:
 - 1.) Networks: nodes, ties, degree
 - 2.) Interdependence and “liberal accounts” of it (role of hierarchies)
 - 3.) Panopticon and Chokepoint effects
 - 4.) Case examples: SWIFT and the Internet

Essay grading: takeaways

- General points:
 - **Intro is key**: set up a problem/question, structure the essay accordingly
 - **Qualify** statements like “slaves are commodities” or they give W-Africa “competitive advantage”. That sounds horrible.
 - More is less: focus on **2, 3 key aspects/ideas** and formulate them precisely
 - **Argue**, not only **explain**: describe the theory, but also show us why your point matters!
 - **Strong conclusion**: pick up intro, do not add new arguments, make it round

Final Exam

- Covers the **whole** (!) course (not only 2nd part)
- 2 **concepts** that you need to explain & 2 out of 3 **essay** themes: choose wisely
- **Essay tips:**
 - keep it simple and clear
 - answers need to be based on course materials
 - think about the time & length of the answers
 - first think about the structure, then start writing
- Consult **lectures**, **readings** and **tutorials** for a good preparation
- **Questions?** Drop me an email

Takeaways

- Two types of **inequality**: Between and within states
- Matter both: how to solve **ecological** crisis and how to solve crisis of **capitalism**?
 - We discussed **nationalist** (protectionist) and **egalitarian** alternatives
- We are in a new **interregnum** (crisis of world order)
- **Weaponized interdependence** as the new normal
 - Usage of globalization structures to exert **state power**
 - States versus Markets or State Power within Markets?
- **Networks** do not mean a “flat world” - hierarchies, choke points and panopticon possibilities for strong states

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Image Wave Emoji: https://upload.wikimedia.org/wikipedia/commons/thumb/4/48/Emojiione_1F44B.svg/2000px-Emojiione_1F44B.svg.png

Image Climate Justice: https://live.staticflickr.com/4847/46082524282_efed047a0f_b.jpg

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Additional literature:

Piketty, T. (2014): Capital in the 21st century. Cambridge, MA: Harvard Uni. Press.

Robinson, W. (2004): A Theory of Global Capitalism. Baltimore: Johns Hopkins Uni. Press.