

Political Science 260
Introduction to Global Politics

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Final Paper

Confederal Checkpoints

Mitigating Global Inequality by Decentralising Power

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Introduction

The World Health Organisation defines Globalisation as, “*the increased interconnectedness and interdependence of peoples and countries, that is generally understood to include two inter-related elements: the opening of international borders to the increasingly fast flows of goods, services, finance, people and ideas; and the changes in institutions and policies at national and international levels that facilitate or promote such flows.*”¹ With the growing spatial and temporal linkages of the modern world, such interconnectedness is nearly inevitable. Time-Space Convergence, a fundamental concept of the Central Place Theory, emerged as an indicator of this rate of change, gauging the increasing speed, complexity, and efficiency of such globally connected systems.² Globalisation has influenced virtually every aspect of today’s societies: National Borders, Cultures, Ideologies, Markets, Politics, and the Environment. This has been facilitated by improved Transportation Networks, Technological Advancements, Market Integration, and Ideological Diffusion.

While Globalisation has undoubtedly improved the overall condition of the world, it is important to recognise that its benefits have been spread disproportionately, as its evolution has been heavily influenced by the dominant Western powers. The single-sided flow of ideologies, culture, language, and market systems, has been threatening to the sovereignty and identities of various Nations at a fundamental level. Furthermore, this has also enabled the West to deflect a majority of the negative impacts of globalisation onto the ‘Rest’. Therefore, globalisation has created a great deal of inequalities in the world; “*Nations are closing their horizons – culturally,*

¹ WHO. “Globalization.” *World Health Organization*, World Health Organization

² “Time-Space Convergence.” *Dominant Social Paradigm - Oxford Reference*, Oxford University Press

religiously, and territorially – while opening up politically, economically, and technologically.”³

As Barber highlights with his 4 Imperatives: The Market Imperative, the Resource Imperative, an Information-Technology Imperative, and an Ecological Imperative, the reversal of globalisation is highly unlikely.⁴ Hence, what is needed, is the better management and mitigation of its detrimental effects, in order to eventually distribute the effects uniformly across the globe. This is likely to be achieved through political means - a restructuring of current world system.

The world lacks a strong system of central governance – the ones that do exist, such as the United Nations, World Trade Organisation, or World Bank are heavily influenced by hegemonies like the United States of America. The only way to perpetuate equality then would be through the de-centralisation of power and influence through a political restructuring of the world. This would therefore safeguard the fundamental identities, ideals, and interests of Nations. I argue that Confederacies would help re-distribute powers and benefits equally and thereby increase the ability of vulnerable Nations to defend themselves against the negative impacts of globalisation.

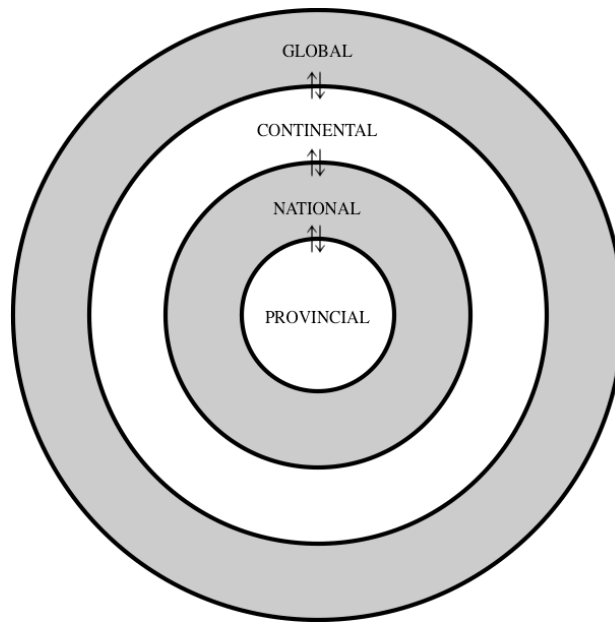
A Confederacy is a political union of multiple governments for a specific purpose relating to politics or trade.⁵ Theoretically, this implies that culturally distinct Nations would collaborate by forming a bloc, with each having equal power and representation. Therefore, with an ‘institutional overlap’, cultural preservation, equal representation, and economic control can be achieved more efficiently and directly while enabling function as a larger global bloc. I propose that if the world was structured into several ‘Continental’, ‘National’, and ‘Provincial’ confederacies, each union would serve as a ‘Checkpoint’. The Checkpoint system would ensure a

³ Morin, Edgar. “The Agents of Double Globalization.” *World Futures*

⁴ Barber, Benjamin R. “Jihad vs. McWorld.” *The Atlantic*, Atlantic Media Company

⁵ “CONFEDERACY | Meaning in the Cambridge English Dictionary.” *Cambridge Dictionary*

two-sided flow between each 'Lower' and 'Upper' union. The Upper Union would function to make collective agreements that would protect the interests of its members while ensuring their adherence to a collectively determined moral and ethical standard. Simultaneously, members of the Lower Union will each be able to exercise a certain level of autonomy. And by symmetrically re-distributing power, such a system would provide each member of a Lower Union with equal representation in its Upper Union. Hence without a hierarchical structure, instead of reporting to organised institutions, members would be accountable to other regional actors.



The assumption of this paper is that confederacies will diminish multilateral alliances as every region will be part of the same union at some level. This will diffuse power and make it a stable and centralised system with each region having an equal voice. Furthermore, the well-being of all members would be ensured through healthy competition, as each Confederacy would strive to preserve and maximise its political and economic interests. The scope of this paper is limited to the globalisation of markets and politics, and their role in creating global inequalities. This analysis will evaluate the effects of economic globalisation through the lens of the Dependency Theory and

assess how a confederacy may better help address problems of Economic Disparity that have been created through current Market and Political Structures. Therefore, this paper argues that a politically driven restructuring of the world to establish Confederacies at a Provincial, National, and Continental level will better help manage and mitigate the negative impacts of political and economic globalisation.

The Dependency theory, “*emerged in the 1960s in reaction to modernisation theories of development, arguing that international inequalities were socially structured, and that hierarchy is a central feature of the global system of societies.*”⁶ It divides the world into the Core and Periphery, where the Core develops at the expense of the Periphery by systematically exploiting and extracting its natural resources. Therefore, this paper will assess how such global inequality is perpetuated through Inherent Economic Disparity, Extractive Political Economies, and Economic Colonisation.

⁶ Chase-Dunn, Christopher. “Dependency Theory.” *International Encyclopedia of the Social & Behavioral Sciences*

Inherent Economic Disparity – *International Division of Labour*

The globalisation of markets through global trade has led to higher economic integration and dependence, by allowing for resource exchange and market specialisation. However, the benefits of this capitalist global market system have been distributed dis-proportionately. The New International Division of Labour has amplified, “*the ability of core capitalist states to exploit the resources and labor of the periphery, which has been a major factor in deciding the winners of global competition.*”⁷ Capitalism socialises losses and privatises gains, implying that one accumulates at the expense of another and that the system fundamentally needs inequality to function. This is exactly what exists today - the Developed (Core) grow at the expense of the Developing (Periphery).

As the Dependency Theory emphasises, barely any monetary benefit trickles down to the actual workers in the periphery that produce the crucial raw materials. The Core solely uses the Periphery for its cheap labour and resources. The raw materials are then shipped to factories for processing and produce value-added goods that only the Core profits off of. Furthermore, even if such Core-based Multi-National Companies establish processing and production plants in the Periphery, despite the assuring employment benefits they provide, a majority of the profits are repatriated back to the home-country. Moreover, systems of Fair trade that promise to combat inequalities created by the International Division of Labour, have only further perpetuated it. “*The stated purpose of the fair-trade movement is to give economic security to producers in developing countries - often of unprocessed commodities such as fruits, live animals, and minerals - by*

⁷ Chase-Dunn, Christopher. “Dependency Theory.” *International Encyclopedia of the Social & Behavioral Sciences*

requiring companies and consumers to pay a premium on the market price.”⁸ However, “Most of the benefit from fair-trade produce seems to stay where it is consumed.”⁹

Confederacies will therefore allow for the establishment of bodies such as Trade Blocs, that would ensure fairer trade by creating symmetric trade deals, at all levels. For example, the European Union’s, Common Market for goods, services, capital, and labour was created by eliminating all barriers to trade between its members, and the establishment of common tariff barriers against external non-member importers.¹⁰ While this protects the members against cheaper imports, it also perpetuates equality within the block by providing every member with an equal opportunity to participate in the market. In a similar way, Confederacies must be set up to ensure the just treatment of Peripheral nations and its workers by negotiating for adjusted prices that account for the Core’s profits from the value-added goods, ensuring a rightful and equitable distribution of profits.

⁸ Narlikar, Amrita, and Dan Kim. “Unfair Trade.” *Foreign Affairs*, Foreign Affairs Magazine

⁹ “Good Thing, Or Bad?; Fair Trade.” *The Economist*

¹⁰ “The European Union.” *Transition Economies*, Economics Online

Extractive Political Economies – Power Structures

Barber rightfully expressed that every Nation has something another needs.¹¹ Globalisation has opened up the borders of Nations, enabling this world-wide exchange. This however has come at the expense of Nations having lesser market control, especially in their ability to set prices. The global trade of oil for instance, has been driven largely by political means than economic. With the global reach of markets and inevitable difference in the power of Nations, several instances of political strong-arming have been observed. Nations of the Core tend to exert their economic and political dominance to extract resources from Peripheral producers, on their own terms. The United States of America annually spends more than \$60 billion to maintain military presence in the Middle East. *“The American strategy is based on a resolve to assure the flow of oil to the West at reasonable prices — a resolve that extends to mitigating short-term interruptions in oil supply and subsequent spikes in pricing.”*¹²

While the Middle East produces a quarter of the world’s oil supply, it holds about two-thirds of all known oil reserves.¹³ Therefore, these Nations exert a large influence over the global prices of oil through determining the resources’ supply. *“Washington was able to use its political leverage to help American businesses win contracts in the region”*¹⁴, and this American infiltration of the region was crucial in order for them to stabilise oil prices and supply. In the 1960’s, however, the Organisation of Petroleum Exporting Countries (OPEC) was formed to, *“coordinate and unify the petroleum policies of its member countries and ensure the stabilisation of oil markets, in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income*

¹¹ Barber, Benjamin R. “Jihad vs. McWorld.” *The Atlantic*, Atlantic Media Company

¹² Telhami, Shibley. “The Persian Gulf: Understanding the American Oil Strategy.” *Brookings*

¹³ Telhami, Shibley. “The Persian Gulf: Understanding the American Oil Strategy.” *Brookings*

¹⁴ Telhami, Shibley. “The Persian Gulf: Understanding the American Oil Strategy.” *Brookings*

to producers, and a fair return on capital for those investing in the petroleum industry."¹⁵ While the oil market was earlier monopolised by the Core-based Seven Sisters that even controlled a majority of the middle eastern oil reserves, "*post 1973, the balance of power shifted towards the 12 countries that comprise the OPEC.*"¹⁶

The Middle Eastern 'Oil Confederacy' was therefore successful in countering the American hegemony. This illustrates how confederacies would also be able to politically protect smaller members that are unable to defend against such resource-hungry encroachers, by creating a 'checkpoint'. In a world lacking a balance of power, a Confederal system would dissolve and diffuse power equally. Therefore, while preventing the colonial and exploitative invasion of markets, it would give market power back to the actual producers.

¹⁵ "Our Mission." *OPEC: Saudi Arabia*

¹⁶ Sharma, Rakesh. "OPEC vs the U.S.: Who Controls Oil Prices?" *Investopedia*

The Economic Colonisation – Trade and Aid

The World Trade Organisation (WTO) was set up to, “ensure that trade flows as smoothly, predictably, and freely as possible.”¹⁷ This function however does not guarantee a market of fair trade. As expressed in Martin Khor’s criticism of the WTO, “Economic integration is dividing developed and developing economies. Some have gained more than others; and many (especially the poorest countries) have not gained at all but may well have suffered severe loss to their economic standing and been marginalised.”¹⁸ The International Monetary Fund (IMF), an organisation wanting to perpetuate economic growth and stability, is heavily influenced by Core Nations like the United States of America that are looking to have their own interests served. Such organisations are often used to economically colonise Peripheral states of interest.

“Trade negotiations have veered from their proclaimed direction oriented to a development-friendly outcome, towards a market-access direction in which developing countries are pressurised to open up their agricultural, industrial and services sectors.”¹⁹ Since 1980’s, ninety Third-World countries were forced to sign IMF’s ‘Structural Re-adjustment Programs’, which were a long list of pro-business measures, serving the extractive and exploitative interests of the influential Core Nations.²⁰ Such infiltration was achieved through masking it as aid agreements that would help to escape their economic crises’. Instead, they only further depleted the Peripheral nations of their resources. “It sought to explicate the institutional structures by which powerful core states continued to exploit and dominate less powerful states, even after

¹⁷ “WORLD TRADE ORGANIZATION.” *WTO / Trade Statistics - World Trade Statistical Review*

¹⁸ Khor, Martin. “Rethinking Liberalization and Reforming the WTO.” *Razor Tie Artery Foundation Announce New Joint Venture Recordings / Razor & Tie*, Rovi Corporation

¹⁹ Khor, Martin. *The WTO’s Doha Negotiations and Impasse: A Development Perspective*. Third World Network

²⁰ Weisbrot, Mark. “The IMF Is Hurting Poor Countries | Mark Weisbrot.” *The Guardian*

decolonisation and the establishment of official sovereignty in peripheral nations.”²¹ Therefore, it is obvious why several Nations are failing to protect their citizens from such detrimental impacts of economic globalisation - they have no control.

If the goal is to truly reduce poverty and inequality, a fiscal re-distribution system offers a Neo-Marxist solution to reducing regional inequalities. The European Union attempts to reduce poverty and inequality across its member countries through such redistribution systems that strive to “*combat economic and social exclusion.*”²² For example, “*the European Financial Stabilisation Mechanism is a permanent fund created by the European Union to provide emergency assistance to member states within the union.*”²³ Germany has helped bail out several European nations like Greece; “*Germany's commitments to its neighbors could top 30% of its GDP.*”²⁴ Therefore, this system has seriously aided in the revival and development of economically unstable countries.

In combating inequality, aid is crucial to initiate the development of impoverished Nations as it helps them realise their true potential in all sectors. However, even aid comes with the terms and conditions of the donor as it is looked at as an investment. Ideally, aid should genuinely assist in development, and not be restricting. Yet, aid still seems to assist the Core in structurally influencing the Periphery to ensure a return on their investment. In the case of the European Union itself, despite the essential monetary aid provided to its member Nations in need, the EU has still, “*imposed severe austerity particularly in those countries with the largest debts, the so-called periphery.*”²⁵ It is natural for the system to expect and ensure a return on their aid ‘investment’, as

²¹ Chase-Dunn, Christopher. “Dependency Theory.” *International Encyclopedia of the Social & Behavioral Sciences*

²² “The EU in Brief - European Union - European Commission.” *European Union*, Publications Office of the European Union

²³ “European Financial Stabilisation Mechanism (EFSM).” *Investopedia*

²⁴ Simpson, CFA Stephen D. “Will Germany's Bailout Save Europe?” *Investopedia*

²⁵ Lee, Bill. “The European Union: A Failed Experiment.” *Harvard Business Review*

this is eventually crucial to the stability of the system as a whole. For example, Portugal, that has high rates of unemployment, and a shrinking economy is under its third year, “*of contraction under austerity policies. The nation’s Constitutional Court struck down several austerity measures enacted by the government in compliance with European Commission requirements. That prompted Commission officials to pressure the Nation’s government to simply ignore the ruling, under threat of losing badly needed funding — prompting a constitutional crisis. In such ways, EU officials are inserting themselves into the governance of member nations.*”²⁶ In doing so, the system becomes undemocratic by allowing for external governance.

Interestingly however, the African Union currently receives 54% of its funding from foreign Nations.²⁷ China is estimated to reach a total aid investment of about \$1 Trillion USD in Africa by 2025. “*Chinese financing to Africa is associated with securing the continent’s natural resources. In addition to such commodity-backed loans, China’s capital flows into Africa also create business opportunities for Chinese service contractors and companies.*”²⁸ Despite this, it is important to recognise that, “*China does not seek to use aid to influence the domestic politics of African countries or dictate policies.*”²⁹ Even though this is a mild and subtle form of resource extraction, in doing so, China is still making cleaner returns on their investment while genuinely helping African Nations develop in sectors of, “*agriculture, education, transportation, energy, communications, and health.*”³⁰

²⁶ Lee, Bill. “The European Union: A Failed Experiment.” *Harvard Business Review*

²⁷ “Financial Reforms at the African Union Lead to Massive Cuts of the Union's Budget.” *Vision and Mission | African Union*

²⁸ Sun, Yun. “China's Aid to Africa: Monster or Messiah?” *Brookings*

²⁹ Sun, Yun. “China's Aid to Africa: Monster or Messiah?” *Brookings*

³⁰ Sun, Yun. “China's Aid to Africa: Monster or Messiah?” *Brookings*

Even though the European Union's aid mechanism is centralised i.e. less likely to be influenced by interests of a single Nation, in this context, it seems dysfunctional by sanctioning policy impositions. But China seems to be accomplishing the same in terms of aid returns, without any austerity. Therefore, while such redistributive structures are already in existence, they will only be beneficial to the recipients when they do not establish inequality through austerity that secures a return for the investors. Hence, aid must primarily focus on development of the Nation, with the investment return being an un-guaranteed secondary objective. The short-term goal should be to establish strong institutions in the Nation in order to empower locals. And therefore, instead of capitalising on their disadvantage, the long-term goal of a donor should be to eventually reduce the recipient's dependency on the donor itself - making the recipient self-sustained. Thus, Confederacies can reduce incentives to recover investments by centralising the aid and finding a balance between austerity and philanthropy i.e. adopt EU's central stabilisation model with China's attitude.

Conclusion

While it may seem far-fetched, the notion of multi-level global Confederacies does undeniably offer solutions to reducing global inequalities. It is important to recognise that an impeccable system that functions as desired cannot be realised without the equal distribution of power and a fair representation of all members. This argument is therefore based on the presumption that such a structure would be created democratically and rooted deeply in principles of morality and ethics. This argument does not account for the fact that different regions have different potential owing to circumstances of geographic restriction, post-colonial disadvantage, or trade vulnerability created through asymmetric deals. However, this argument assumes that eventually every Nation can fill in a niche by finding their comparative advantage in the global market, wherein the Confederal system protects it from the harms of trade and supports Nations with a weaker standing.

Nations such as the United States of America, or the United Kingdom that ironically seem to be threatened by globalisation and its current implications have evidently taken various anti-globalist measures. For instance, The Brexit is a great example of an anti-globalist movement aimed at protecting national interests. However, with this, Britain has lost US \$240 Billion worth of markets.³¹ As Neil Irwin articulated in his article, *“The anti-globalisation drive that is spreading across the Western world may be coming at exactly the wrong time — too late to do much to save the working-class jobs that were lost, but early enough to risk damaging the ability of rich nations to sell advanced goods and services to the rapidly expanding global middle class.”*³² Globalisation

³¹ Hadfield, Will. “A \$240-Billion-a-Day Market Is Leaving London Ahead of Brexit.” *Bloomberg*

³² Irwin, Neil. “Globalization's Backlash Is Here, at Just the Wrong Time.” *The New York Times*

has actually broadened and deepened the reach to the global consumer market. *“Today 45% of humans are able to afford the luxuries that the global economy provides.”*³³ It is important to realise that Globalisation has not perpetuated inequality across the globe; It is rather the structures of globalisation that have been vulnerable to being influenced by vested interests. Globalisation is imperative and inevitable; We need to find ways to better manage and mitigate the detrimental impacts by re-shaping the political and economic structures that drive it.

A Confederacy would aid in finding the optimal level of exchanges between Nations by opening up markets just enough to allow for crucial trade and fair competition, while also closing down borders securely to protect National interests. Furthermore, through higher transparency, accountability, and universality of laws there will be better global coordination. And with such a balance of power, Confederal structuring may even provide solutions to larger issues like the Security Dilemma. Therefore, a politically driven restructuring of the world to establish Confederal Checkpoints at a Provincial, National, and Continental level will better help manage and mitigate the negative impacts of political and economic globalisation.

³³ Irwin, Neil. “Globalization's Backlash Is Here, at Just the Wrong Time.” *The New York Times*

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