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| How do Political Actors Engagein the Globalization Debate? |
| An Analysis of Germany’s Political Parties |
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# I. Introduction

Globalization is one of the popular contemporary buzzwords that, despite its resonance among scholars and the wider public, usually lacks a clear and palatable definition. Therefore, this paper begins by defining globalization and highlighting contemporary views on the issue. The aim of this exercise will be to illustrate the benefits of globalization, but also to point out problems and areas of improvement. Part of this process will illustrate the particular role that governments play in the recent development of globalization. The following section will build upon these illustrations and critically assess how governments or the political actor’s that make up government’s, handle the responsibility that comes from being a vital part of that which drives globalization.

Do political actors use their power to address globalization? Do they address its benefits and how to further build upon them? Do they highlight the problems that follow in its wake and do they present constructive proposals for improvement? These questions will be addressed through a case study of Germany and how its particular political actors deal with globalization. The final section will draw conclusions of whether or not the pattern of how German leaders engage with the issue is beneficial or counterproductive.

# II. Globalization: Past, Present and Future

This paper focuses on an economic definition of globalization which states that “globalization constitutes integration of national economies into the international economy through trade, direct foreign investment […], short-term capital flows, international flows of workers and humanity generally, and flows of technology” (Bhagwati 2004, 3). Additionally, it is important to note that “globalization refers to the aggregate social consequences that derive from the dramatic increase in both the rate and speed with which people, goods and services, capital and knowledge are able to move around the globe” (Bisley 2007, 30). This definition clearly omits cultural factors that should not be underestimated. However, this paper is simply putting an emphasis on the economic side of globalization and the fact that there are social consequences to an ever more integrated world economy. Before getting into judging its merit it will be helpful to shed some light on the issue of whether or not the contemporary process defined as globalization is truly that unique and novel and if it is an inevitable force.

Mankind has already experienced periods in which people, commodities, capital and information were exchanged worldwide. In fact, today’s environment is the result of historic developments. Human communities have always been engaged in economic and social relationships with others, many historians even see a continuous upwards trend in the expansion of global trade, which was only interrupted from 1914 until 1945 (Bhagwati 2004). Nevertheless, contemporary globalization has some distinctive features which previous eras lack. One difference is the fashion in which states conduct international trade nowadays. In the past, the dominant type of exchange that took place was raw materials. Presently, the bulk of goods traded consists of merchandise and value added goods for further production. This means that cross border trade matters much more to traders than it did in the past (Bisley 2007).

Another significant difference is the cause of the current wave of globalization compared to those of the past. Earlier integration was based on innovations, like the telegraph, the railroad, and the steam boat. All of these reduced transaction costs dramatically, thus creating new opportunities for trade, investment and entrepreneurship. These advances have ever since been fine-tuned and added upon. Today, transportation cost are even lower and the costs for overcoming distance have been significantly decreased, thus allowing for much closer and tighter networks over a greater distance, which affect more and more people. But, it is not just the fact that a larger part of the world is better connected than in years gone by; it is also the substantially increased rate of these connections that is significant (Bisley 2007). In other words, globalization in the past was primarily based upon technological advances. Certainly, today’s technological innovations still create incentives to engage in more trade, invest abroad and to integrate increasingly, but globalization in the current era is, to a large part, fueled by governments who “have intervened to reduce obstacles to the flow of trade and investment worldwide. The story of globalization has to be written in two inks: one colored by technical change and the other by state action” (Bhagwati 2004, 11).

Therefore, one can conclude that the contemporary progress of globalization is somewhat unique in its scale, depth, universality, speed and especially government involvement. This leads to the question of whether or not globalization is an inevitable force that is here to stay. The best way to address this question is by looking at the two underlying causes that drive globalization: innovation and technical progress on the one hand and the state on the other. There is no reason to suspect that humanity will cease to come up with novel ideas and further advances. The rate of advancement might change but a complete standstill is unfeasible. At this point, it would be valuable to examine the role of the state.

There appears to be one common perception regarding globalization and its effects on the state, which is that states are being deprived of their power and legitimacy. This idea is based, in part, upon the belief that states are not able to guarantee the economic welfare of their citizens anymore. Instead, private economic actors determine issues of production and services and states are unable to resist globalization, because the cost of not participating in the neoliberal economic model are simply too high (Bisley 2007, 63).

However, there is a lack of empirical evidence to substantiate these claims. National policy-makers are as relevant as ever. The state still raises enormous funds through taxation and spends these funds it as it sees fit. States are continually establishing and enforcing laws and they employ legions of people. States still have a powerful tool at their disposal, the most powerful form of collective identity, nationalism. Even though people like to claim that nationalism is declining and “globalization is the order of the day, a reminder is necessary. Nationhood is still being reproduced” (Billig 1995, 9). It is states who foster this reproduction, because nationalism is, “the cultural and social means through which the political system of states is produced and reproduced and there is little evidence to support the argument that this important role will be meaningfully transformed” (Bisley 2007, 182). In fact “[n]ationalism is a political idea which may shut down globalization more effectively than anything else” (Bisley 2007, 186).

In essence, globalization does not confront the state with existential threats; rather, it creates further complexities within which the state has to operate and to define its preferences and “[h]erein lies a vulnerability that cannot be dismissed complacently” (Bhagwati 2004, 11), because if a state’s power is ultimately not circumscribed by globalization then states retain the potential to stop and even reverse it. This is exactly what happened after World War I when governments started to reverse the process of globalization by increasing trade barriers. This development was started by the US Fordney-McCumber Tariff of 1922 and was later reinforced by the infamous Smoot-Hawley Tariff of 1930. This set off a torrent of protective measures all over the world. One could claim that “the United States led the way to closure” (Krasner 1976, 339). The economic turmoil that the world experienced in the 1920’s and 1930’s, which lead to the Great Depression around the globe and even to hyperinflation in some places, was certainly fueled by these global protectionist measures, if not possibly caused by them. It was only at the end of World War II that governments started to engage in a reverse of their policies and started to gradually embrace openness, this time led by the United States. Thus, it is important to note that globalization is not an inevitable process. Previous phases of globalization have experienced setbacks and future phases might just as well experience similar developments (Keohane and Ney 2001, 262-263).

# III. Globalization: Benign or Malignant?

The current occupy movement, which originated in New York City in September of 2011 and has in the meantime spread around the globe, does not have one clearly defined message (see http://www.occupytogether.org/). Nevertheless, it is clear that this global movement is bemoaning a common, more or less universally experienced development. What is this experience? The New York Times put it this way: “the real if poorly articulated focus of Occupy is reforming globalization — particularly the way globalization favors the wealthy” (Cohen 2011, Dec. 2nd). As Stiglitz (2003) points out this critical sentiment towards globalization is nothing new, rather it has been around for a while. Globalization critics have protested in 1994 during the 50th anniversary festivities of the International Monetary Fund (IMF) and the World Bank, which took place in Madrid in 1994. Similarly, in 1999 protesters in Seattle where so successful that they caused the cancelation of the opening ceremony to a meeting of the World Trade Organization (WTO), by blocking access to the meeting. There have been multiple protests since and the current occupy movement seems to follow this tradition to some extent. This leads to the question, do economists, people who should understand globalization and its consequences, respond to this critique? One common economists’ response to critics of globalization is a mantra like repetition of the benefits that are created by the unimpeded flow of goods, capital and ideas, while at the same time ignoring the possible negative social consequences of such practices. “A common view is that the complaints of nongovernmental organizations or labor advocates represent nothing but old protectionist wine in new bottles” (Rodrik 1997, 3). But, is this really the case, or is there some legitimacy to these complaints?

Dollar and Kraay (2002) argue that over the last two decades the economic integration between developed and less developed countries has created ample opportunities for improvement, especially for the poor. In this sense globalization is the figurative wave that lifts all boats, the small ones just as much as the large ones. Thus, as long as the economic pie keeps growing there will be more for everyone. Milanovic (2003, 678) illustrates how the prevalent discourse characterizes globalization as a “benign force” that in the end creates homogeneity and overcomes income disparity. However, he is very critical of this simplistic narrative. In fact, he claims that “[t]he objective of that narrative is not to stimulate discussion, but to stifle it”. Fortunately there are other people, who question this narrative. For example, they point out that advocates of market fundamentalism need to change their tune and face the fact that markets can be very inefficient which leads to profits for a select few. “Globalization today is not working for many of the world’s poor. […] It is not working for the stability of the global economy” (Stiglitz 2003, 214). Therefore, insisting that the current form of globalization is a beneficial process and if we have not been able to reap the benefits so far, then sticking with the Washington consensus policies is a good idea, because it will bear fruit in the future, “is to replace empiricism with ideology” (Milanovic 2003, 679).

Similarly, Dos Santos (1970) rejects the idea that globalization is equally beneficial for all states. He asserts that there are two types of states in the international system. Dominant states, which are self-sustaining and able to expand. The other states are dependent states, because they can only expand as a reflection of the dominant state’s expansion. Dominant states export capital intensive goods to dependent states, which pay for them with their domestic surplus. This leaves the dependent state with no resources to build up its own capital or technologies. This situation is aggravated by the monopolistic control of markets by the dominant states, which results in higher prices for capital intensive goods and lower prices for labor intensive ones. This creates structural dependence, which weakens domestic markets, exploits labor, creates unemployment and income disparity. The only way for the dependent state to survive is by receiving loans from the dominant states, thus perpetuating the dependence.

However, others have questioned such a gloomy view of globalization. Moran (1978) describes how foreign direct investment is beneficial for less developed countries and even Stiglitz, who has often voiced a critical view, states that “globalization has also brought huge benefits” (2003, 214). East Asia’s achievements were driven by increased trade and open markets, and only possible due to globalization. It has increased health all over the world and created a global awareness for issues such as human rights, gender equality, and social justice. Bhagwati (2004, 67) is even more optimistic and assertive regarding the merits of globalization, claiming it “cannot be plausibly argued to have increased poverty in the poor nations or to have widened world inequality. The evidence points in just the opposite direction”. Does he have a blind spot for the negative effects of globalization? Certainly not, he is very aware that a hastily liberalization of capital markets, without adequate monitoring and regulatory instruments, combined with a banking reform, leads to cutthroat financial capitalism. “It can put nation states at serious risk of experiencing massive, panic-fed out flows of short-term capital funds, which would drive their economies into a tailspin.” (Bhagwati 2004, 7), which is exactly what happened in the 1997 East Asia crisis (Stiglitz 2003).

So who is right? Is globalization desirable or is it a curse and what are the alternatives? Maybe the best way to address this issue is to start by looking at the alternatives. Surely those that criticize developments such as the global integration of economies, the free movement of capital and the liberalization of markets will be able to offer different options. But this is exactly the Achilles heel of globalization critiques; they offer very little substantive alternatives (see Dos Santos 1978, Friedman and Ramonet 1999, or Milanovic 2003). The reason is that no one has found a viable alternative to reversing globalization. For example raising tariffs sharply or significantly reversing the liberalization of markets would not bring about global harmonization of incomes or create more wealth. “The problem is not with globalization, but with how it has been managed” (Stiglitz 2003, 214). This appears to be a common thread in the writings of many globalization proponents, namely that free markets are not the solution for solving every economic or political problem (Friedman and Ramonet 1999) and that globalization needs direction and boundaries. Even those that see globalization through an overly optimistic lens, like Dollar and Kraay (2002), argue that if one looks closely enough at the phenomena one will realize that what it is really all about: whether the rich world will act in a manner that will make it easy for developing countries to join and profit from the global economy or not. This clearly implies that there is room for improvement and that the rich world can do more to let others participate more successfully. Overall, Bhagwati summed it up best, when he stated that globalization “must be managed so that its fundamentally benign effects are ensured and reinforced” (2004, 35).

If there is a lack of alternatives to the process of globalization and a significant portion of experts clearly advocate a managed approach over a laissez-faire one in order to truly reap its benefits, then the question remains why are so many people opposed and afraid of globalization? One possibility is that globalization creates tensions over domestic social institutions and the norms they represent, within and between states. “Trade becomes contentious when it unleashes forces that undermine the norms implicit in domestic practices” (Rodrik 1997, 5). It is the feeling that globalization undermines the social contract upon which society has agreed. In this framework citizens pledge support for their government and a willingness to abide by its laws, and in return they expect it to provide them with a framework of stability and prosperity. If people feel that their jobs are under constant threat of being outsourced or downsized, all so that some level of global competitiveness is achieved, well this is an unacceptable development which most people are not willing to tolerate. This fear reflects one of the dilemmas of globalization. While a society profits in the aggregate, because it creates more jobs than it destroys and it is wealth enhancing, the losses which occur in the process are very localized. If a plant is shut down because the company can save money by producing aboard, than the negative consequences of this decision will be felt very strongly by the people working in the plant, their families and the whole local community. However, the positive effects are significant only in the aggregate and no newspaper or TV station will report on how every individual gets to profit a little bit from the downsizing.

It is not surprising that people are more often confronted with the negative effects of globalization, which can create feelings of fear, anger, hopelessness, and frustration, ultimately leading to a form of social breakup. As Rodrik (1997, 7) points out “[s]ocial disintegration is not a spectator sport – those on the sidelines also get splashed with mud from the field. Ultimately, the deepening of social fissures can harm all”. But states can take a vital role in overcoming these tensions. If the potential gainers of globalization were willing to compensate the losers, these tensions would be lessened or even eliminated. Those who profit have the problem that they cannot credibly commit to make future side payments to the losers, which is why potential losers are vehemently opposed to globalization. This is where the state comes into play, allowing for an alternative, because it can tax the potential winners and pay off the losers (Wang 2000). In other words, there are ways to ease the tensions that are created by globalization and to reap more of its benefits if it is simply managed in a better fashion.

# IV. How to Better Manage Globalization

This section outlines four different ways to do the above by making some concrete policy suggestions based upon the existing literature.

The Concern About Competition

Porter (1990) argues that national prosperity primarily depends on a nation’s ability to innovate and implement new technologies and not on things like factor endowments, inflation or interest rates. The key variable that determines innovation and the implementation of new technologies is domestic competition because it creates the incentives for companies to develop at a faster pace. This means that companies are better off if they are challenged and have to face strong competition. This implies that protective measures such as market entry barriers, like tariffs or special support in the form of subsidies, are counterproductive. The policy implications for governments, that result from Porter’s critique, is not to do their domestic economy any favors by protecting and insulating it. Instead, they should provide the right incentives for companies to invest and compete. These incentives include clearly defined property rights which are backed up by a strong and law based legal framework (North and Thomas 1976).

How Political Elites Use and Create the Mirage of Competitiveness

Krugman (1994) identifies a closely related issue: international competitiveness. He points out that states are very different from companies, which is why the intuitive comparison between countries and companies with regards to competition is nonsensical. The reason is that countries have no clearly definable bottom line. For example, if a there are two companies that are competing in the same market and one of them is far more competitive then it is reasonable that in the long run the other company will close up shop and cease to exist. This usually does not happen to states. If China becomes more productive than the United States one day, this does not mean that the US would decide to call it quits and no longer exist. The most likely effect this would have on the US is a bruised ego. It would not mean that the US is on the path to bankruptcy, but the latter is exactly what “the rhetoric of competitiveness asserts” (Krugman 1994. 35).

Despite the fact that the concept of competitiveness does not work with regards to states, the political discourse is littered with references to this. The reason is that political leaders all around the globe “have found the competitive metaphor extremely useful as a political device” (Krugman 1994. 40), because its rhetoric is a sublime tool for either legitimizing and advocating hard choices or for preventing and condemning them. However, “this obsession with competitiveness has reached the point where it has already begun dangerously to distort economic policies” (Krugman 1994. 41), because it poses three real threats. First, it could lead to wasteful spending of taxpayer’s money with the intent to increase domestic competitiveness. Another possibility is that it might legitimize protectionism. Finally, it might influence a wide variety of public policies in an adverse manner. In practice this could mean that politicians who believe that domestic productivity would benefit from increased spending on infrastructure and the abolishment of minimal wages, might invoke the rhetoric of competitiveness. Even if they are fully aware that the benefits of increased productivity are completely unrelated to the concept of international competition, there remains a strong incentive for them to sell their new policies as a means to enhance competitiveness in order to attract a wider audience. Or as Krugman put it, “[i]t's tempting to pander to popular prejudices on behalf of a good cause” (1994, 44). Clearly Krugman’s advice for policy makers is to be more honest in the manner with which they communicate with their constituencies and not to sell them policies in the name of international competitiveness.

The Concept of Global Justice

The question of global justice addresses issues such as the income disparity between the developed and the less developed world, exploitative prices for exports from the developing world and a lack of foreign aid to increase development. The question of income inequality is best addressed by considering how sensible is it to assess inequality by comparing incomes in least developed countries with those in the developing or even the developed world? Is the difference in income between a German, a Brazilian and a Congolese a meaningful measure of inequality? No, because these individuals “do not belong to a ʻsocietyʼ in which they compare themselves with others, and so a measure that includes all of them is practically a meaningless construct” (Bhagwati 2004, 67). The concern for exploitative prices is often addressed by demanding fairer prices for goods that are imported from less developed countries. As a matter of fact, there is a whole industry that has been developed to pay fair prices. These products pay producers a price that is above the normal market price, because market prices are considered exploitative. However, this practice is very questionable, because the price for commodities is determined by supply and demand. Paying some producers a premium only increases production and thereby creates even more pressure for prices to fall, which is especially problematic for those producers that do not receive the premium, leaving them worse off ("Voting with your trolley" *Economist,* December 9, 2006). The issue with foreign aid is that, even though it might be well intentioned, it is a very tricky thing to actually increase development and to make people better off through this. As Easterly (2002) points out most of these attempts fail. What do these points suggest regarding policy proposals? First, policies that are based on comparisons of international incomes are questionable, because this is not a meaningful measure. Second, fair trade does not help producers in the poor states, and finally financial aid is better at making people in industrial states feel good than actually helping to improve the lives of those in developing/less developed countries. A much better approach would be to get rid of tariffs and subsidies in developed states for agricultural products, allowing producers in less developed countries to compete with farmers in the rich world. This would truly create development and make investments by producers in poor states much more rewarding, which would help them to diversify and make them less prone to price changes for particular goods.

The Need for Better International Institutions

Stiglitz (2003, 222) states that “[w]e cannot go back on globalization; […] [t]he issue is how can we make it work. And if it is to work, there have to be global public institutions to help set the rules.” He identifies the International Monetary Fund (IMF) and the World Bank as crucial in this respect, despite the fact that he views their past performance often times very critically. He asserts that their one size fits all approach has been misguided and even made problems worse such as in the case of Ethiopia or East Asia, both in 1997. Generally, these institutions do not have enough resources to have multiple experts on the ground that are highly familiar with the facts in each particular country, individuals who understand the local culture and have the necessary insight. Nevertheless, officials from the IMF tend to dictate their terms to local leaders who understand the situation much better. The consequence is that often policies are implemented that have quite adverse effects. Stiglitz asserts that the primary problem of the IMF and World Bank is they have taken on responsibilities which they were never designed to handle. He also understands that there is a certain form of path dependency which makes it highly unlikely that these institutions will be either substantially reformed or even scraped and replaced by something new, which is why he has a few small and simple suggestions that could have powerful effects.

For the IMF he suggests to give less developed countries a greater voice. He acknowledges that reforming voting rights is difficult because they are linked to contributions to the IMF. But giving them more seats at the table and the opportunity to speak would make a big difference. The other is an increase in openness and transparency. Currently the public does not have sufficient insight into internal processes at the IMF and its decisions on current issues cannot be influenced by a public debate, since the debate can only start after the decision has been made. Concerning the World Bank, he advocates that further emphasis should be given to the idea of selectivity, “giving aid to countries with a proven track record, allowing them to choose for themselves their own development strategies” (Stieglitz 2003, 242). The last suggestion is to increase debt forgiveness, as too many exports from the developing world are only used to repay loans, when the money is sorely needed to import capital intensive goods to improve production capabilities or to build new infrastructure.

# V. Are Governments and Political Leaders Helpful in Managing Globalization?

This section focuses on how governments and political actors engage in the globalization debate and how they frame issues. The next section critically assesses the consequences of how these actors contribute to the debate. This paper uses Germany as a case study, a rich industrialized country that has significantly profited from globalization, but one that also experiences accompanying social tensions. The method that this paper uses to determine if governments and political leaders are helpful in regards to the management of globalization is to look at the party election manifestos for the last two federal elections for Germany’s parliament, the Bundestag. This exercise is limited to the five parties that were able to clear the five percent threshold both times. These parties include the Christian Democratic Union (CDU), the Social Democratic Party of Germany (SPD), Alliance '90/The Greens (Greens), the Free Democratic Party (FDP) and The Left (Left).

There are certainly many ways to determining how governments and political elites influence the globalization debate. Election programs provide a unique source for analyzing a parties response to globalization, because they “are the most visible public expressions of a party’s policy position” (Crowson 2007, 146). Additionally, “they challenge the party leaders to present a streamlined version to the public, signalling the general contours of the party’s governmental programme for the next legislative period” (Pappi and Seher 2009, 403). These programs have a fairly binding character and are also important tools for coalition building, because they signal to other parties core policy positions that a party will want to implement once in government. Therefore, it is legitimate to extrapolate a government’s position by looking at the party election manifests of coalition parties in Germany (such an approach would not necessarily work in other countries). For example, the FDP claimed in its 2009 program that the current sales tax was particularly harmful to restaurants and hotels and it proposed applying the reduced sales tax rate for these type of services. Once the FDP was part of the government coalition it successfully pushed for these changes, despite significant dissent from the opposition, the public, and even to some extent from its coalition partner. This does not imply that party programs are perfect predictors because unforeseen events can cause policy changes, like the German government’s drastic reversal of its energy policy in the aftermath of Japan’s nuclear catastrophe, but they are very useful predictors.

Another important aspect of German politics which must be mentioned here, is that citizens have ample access to these programs, obviously online, but also in print form. Often parties distribute them, or an abridged version, across whole neighborhoods, they also offer them at information booths in public places and at various campaign events. The media dissects them and presents highlights to the public and voters can go online and create profiles that compare personal policy preferences against party election manifestos. Germans make wide use of theses offers, even though the majority do not read the entire program, they are important tools in determining how to vote. Therefore, German election manifestos are a useful gauge for how governments and political elites influence the globalization debate in Germany.

Before the analysis, it will be helpful to first examine what a closer look at political parties in general is most likely to reveal, so as to have a baseline against which one can measure the particular behavior of Germany’s parties. As Bhagwati (2004) points out, opposition to globalization stems from many different political camps. The right is ever so fearful of immigrants diluting domestic culture and values while states appear to abdicate more and more sovereignty to markets, multinational corporations and international institutions. The left is concerned that globalization leads to ever increasing levels of commercialization covering everything from education to healthcare, the environment, security and many other aspects of society.

Besides the different political camps which have their specific concerns about globalization, there are also two different sorts of people who criticize these developments. The one type is made up of people that are fundamentally against capitalism, globalization and multi-national corporations. Engaging with this type of individual in a meaningful dialogue is often futile. The critics in the other camp are quite different, they simply fear that economic globalization is responsible for many of the current social problems, such as increasing income disparities both within societies as well as among states. This second camp is very interested in a reasonable debate about globalization (Bhagwati 2004). What does this mean with regards to the German electorate and the parties that try to garner its votes? It is reasonable to assume that the majority of the hard-core anti-globalization advocates would express their opposition by either voting for the Left, the one party that captures all their anti-capitalism sentiments, or not to vote at all. On the other hand, those voters who are genuinely looking for answers that address their concerns about globalization should be open to any party which addresses their concerns and suggests reasonable solutions. Certainly globalization is only one issue that determines how voters will vote. In all honesty, the decision to cast a ballot for a particular party is based upon the positions that parties take on multiple issues such as unemployment, health care, immigration, tax policies, the role of women in society and many more. This paper does not examine a rank order of priorities for German voters, but as the critiques of globalization point out all of these issues are directly affected by globalization. One can expect rational voters to pay attention to how parties respond to this issue, creating incentives for parties to differentiate themselves from other parties with regards to globalization so as to attract voters.

General Analysis of Party Views

As one can see, Graph 1 illustrates how differently parties approached globalization (a detailed list for all the numbers and their references can be found in Table1 in the appendix). For the 2005 election, the SPD and the Greens were clearly the most outspoken parties against globalization. The SPD made a few references to risks and dangers and a couple of neutral references as well. The Green party presented the most critical view, especially emphasizing the unjust nature of the phenomena. However, there is one reference highlighting a positive outcome within the Green election program. The conservative CDU hardly mentions the issue at all, referencing only two negative consequences, at the same time illustrating the possible opportunities which globalization has to offer once. Clearly, the only party which had an outright positive outlook is the FDP, suggesting multiple positive outcomes and potential opportunities. Surprisingly, the far left, The Left, only refers to the subject three times, negatively each time.

The 2009 election shows a somewhat different picture (see Graph 2). The ongoing financial crisis which started in late 2008 left its mark on Germany’s party’s election programs. The most marked differences can be found in The Left election manifest, which makes a total of 16 negative references to globalization, highlighting both its dangers and unjust nature. This is compared to only one neutral and zero positive references. The SPD also increases its number of negative references to a total of 9, while at the same time emphasizing one positive outcome. The Greens increase both dangerous and unjust references to a total of 18. However, they also increase the number of references to opportunities afforded by globalization to 2. The CDU took a more negative view in 2009 on the effects of economic integration and open markets by more than doubling its references to risks and dangers entailed in the process to 5. At the same time, they more than doubled their references to opportunities to 3. Again, the only party election platform in which negative references do not outweigh positive ones is the FDP. However, they do temper their positive message with an increase of risks/dangers.

As demonstrated by Graph 3, German parties paint a particularly negative picture of globalization in both 2005 and 2009, suggesting that this trend creates more disadvantages than it does advantages. Taken as a whole, German party election programs refer to the negative consequences of globalization 73 times, in the time period in question. Positive references equal only 17. What German parties are attempting to communicate to voters, with the possible exception of the FDP, is that globalization poses a threat to our way of life: job security, sense of justice, the social fabric in which so many Germans take pride.

In-depth Analysis of Party Election Programs

The Left is clearly the most critical party when it comes to globalization. They blame globalization for the loss of low-skill jobs. They further assert that “global capitalism is not capable of guaranteeing reasonably tolerable and humane living standards” (Die Linke 2009, 3; translation by the author). This party also states that global imbalances created by the system result in the “massive destruction of production and productivity of jobs and prosperity” (Die Linke 2009, 5; translation by the author). Their solutions consist of significantly increasing regulation, nationalizing the entire banking sector and putting the financial sector under public control. They also suggest structural changes such as reforming the IMF and the World Bank to make these institutions more democratic and to bring them under the umbrella of the United Nations. The 2009 program, on page 3, recklessly attempts to ground these arguments with justifications from Nobel Prize holder, Joseph Stiglitz, by taking his views completely out of context.

The SPD presents globalization as a threat to honest hard workanda decent work ethic. In general, it is a force with negative consequences for German society as a whole, which must be fought. Their best answer is a new ordering of the global financial architecture with increased powers for international institutions that can guarantee transparency, minimize risk and prevent undesirable developments. “No market, no actor, no state or territory, no product must remain unsupervised” (SPD 2009, 82; translation by the author).

The Greens are particularly concerned with the justice/injustice of globalization. For them, globalization not only threatens jobs but, of course, the environment. It also creates imbalances which need to be addressed by increasing foreign aid and a push for the German government to only deal in fair trade products. They do see opportunities, especially for products which are produced in an environmentally friendly way and they also link a future booming global economy with that of a booming German economy. A key policy revolves around the elimination or reduction of agricultural subsidies. With regards to structural changes, they suggest reforming the IMF and World Bank, however the only concrete suggestion is to give the developing world more voting rights.

The CDU characterizes globalization as an issue which presents many challenges and negatively increases international competition. One particular challenge which the CDU tries to address is the increasing feeling of cultural disconnect and emptiness experienced by individuals. The CDU suggests that it can supply connectivity to a homeland and identity by strengthening local communities.

From the FDP program: “We view globalization primarily as an opportunity. Those who close themselves off to globalization negate these opportunities” (FDP 2005, 49; translation by the author). They believe in striking subsidies on a Europe-wide level and plowing those funds into education in order to increase Europe’s competitiveness. According to the FDP, the European Union (EU) is the best chance for European states to succeed in an ever more globalized world.

# VI. Critical Assessment of Party Messages

How do Germany’s parties address the four specific issue areas outlined in section IV of this paper? The analysis of the above question is followed by a general evaluation of the overarching tenor that parties present with respect to globalization.

The Concern About Competition

This issue is, surprisingly, hardly addressed by the German parties. The only concrete example of how to decrease competition from foreign actors is in the 2009 CDU manifest, which calls for increased protection and subsidies for dairy farmers. The lack of proposals to limit competition might be due to the combination of the EU framework, which explicitly calls for open markets and forbids protective measures amongst internal EU markets, and the confidence of German producers in the competitiveness of their high quality products. In this field, German parties are right on the mark in following Porter’s (1990) approach.

How Political Elites Use and Create the Mirage of Competitiveness

As Krugman (1994) predicted, the rhetoric about competitiveness can be very attractive for political elites and German parties are not immune to this, except for The Left, which only has a combined 6 references in both election programs. The SPD, on the other hand, has 41 references and the Greens have 46. The CDU and FDP both use this rhetoric much more frequently with a combined total of 72 and 153, respectively. Most of these references are not linked to globalization, which is why they are not included in the charts, but there are a few examples that relate, like the Greens, who in 2005 want to introduce an EU-wide corporate tax in order to increase competitiveness of German companies. Similarly, the CDU justifies lowering the non-wage labor costs in 2005 on the grounds of making German companies more competitive, while at the same time raising the sales tax to offset this budgetary loss. By engaging in the competitive rhetoric German parties invite the negative consequences outlined by Krugman. A more honest approach would be preferable, especially from the CDU and FDP.

The Concept of Global Justice

The only two parties that make specific policy proposals in their election programs regarding an improvement in global justice are the Greens and the FDP. The Greens call for increased foreign aid and an increased consumption for fair trade products. However, as previously outlined by Easterly (2002) and Bhagwati (2004), these measure are quite ineffective and can even be counterproductive. The more productive avenue of assisting development in poor countries is a decrease in subsidies and the lowering of tariffs, a suggestion which both the Greens and the FDP make in their 2005 programs. While the efforts of the Greens and the FDP in addressing the issue of lowering subsidies are honorable, overall, it is not enough. This is an issue which the largest parties, the SPD and CDU, should deal with in a constructive manner.

The Need for Better International Institutions

With regards to institutions, German parties either don’t mention the issue at all, such as with the CDU and FDP, or they offer vague proposals concerning the IMF and the World Bank, that call for things such as an “urgent democratization” (Bündnis 90/Die Grünen 2009, 210 ; translation by the author) or “democratic reform” (Die Linke 2009, 51; translation by the author). The SPD only mentions that it wants to strengthen these organizations. The most specific proposal can be found in the Greens 2005 program, which actually calls for increased voting rights of less developed countries. However, compared to Stiglitz’s specific suggestions, the German parties clearly fall short. One can assume that making these institutions more democratic includes things such as giving less developed countries a stronger voice and/or making them more transparent, but the parties should spell out exactly what they mean by reforms. Additionally, they do not mention the issues of debt forgiveness or giving countries more autonomy as to how they plan to use funds from these institutions.

General Remarks

As Bhagwati (2004) predicted German parties also follow the pattern of using traditional left right cleavages to highlight particular concerns about globalization. What is a bit surprising is the lack of differentiation among party programs. Only the FDP refers to globalization in an overall positive light, which can lead one to assume that they will pursue policies that will further strengthen it. German parties appear to prefer not to differentiate themselves by making unique policy proposals. Instead they favor the portrayal of globalization in various degrees of negativity. This leads to a lack of constructive policy proposals which are designed to manage globalization in a more efficient, just and social manner. Instead, German parties create a negative globalization narrative which is designed to pass the buck of responsibility for missteps, failings and/or structural developments that were created through past policies. It is also used as a tool to rally support against this global “negative force”.

Except for The Left, which is a younger party and has not yet been part of the federal government, this is truly an astonishing pattern for all parties, which frankly reeks of hypocrisy. The CDU, SPD, FDP and Greens demonstrate a very strong and positive disposition towards the European Union and associated integration. They do not seriously challenge each other on European matters and all of them demonstrate an unequivocal pledge for European integration (Poguntke 2007, 109). Interestingly enough, as Anderson (2003, 42) stipulates, European integration is an integral part of globalization, “a ʻnestedʼ phenomenon, in that it is taking place within a broader process of globalization, and may even be contributing to it”. Thus, it is extremely insincere for German parties to bemoan the adverse effects of globalization, while at the same time pushing for ever more globalization within the European framework. As mentioned previously, it is governments which to a substantial degree, facilitate this current round of globalization, including if not especially, the German government.

# VII. Conclusion

This paper has illustrated the advantages of globalization as well as its problems and argues that there is a general consensus in the literature that globalization is a beneficial process that has made the world a better place. Nevertheless, there are issues that need to be addressed and improved and that is why globalization needs to be managed and not simply let loose. Additionally, this paper provides specific examples as to how globalization can be made more beneficial for everybody. It is crucial that the negative effects of globalization are properly addressed, because globalization is not an inevitable force, history teaches us otherwise. As pointed out, the world already experienced a period with high levels of economic integration, but the interwar period reversed this trend dramatically. During that time many domestic elites were convinced of the negative consequences of globalization. Similarly today, “[i]f its consequences are not managed wisely and creatively, a retreat from openness becomes a distinct possibility” (Rodrik 1997, 9).

This is where governments and political leaders come into play, because the current economic integration process is largely driven by governments. As the analysis of German election parties reveals, political actors and governments readily engage in criticizing globalization. They find it advantageous to blame this outside force for all kinds of possible domestic and global problems. Unfortunately, people actually might accept this negative narrative over time, especially in an economic downturn. This will lead to increased pressures for parties to actually change policies in a manner that makes Germany’s economy more closed off and allegedly beneficial. The reason is that parties cannot convincingly blame globalization indefinitely and not seriously change laws to impede it. This creates significant pressures in a multi- party system like Germany’s, because if the four more traditional mainstream parties do not act there is a party on the far left that is not afraid to implement radical policies and this party becomes increasingly harder to ignore with 76 out of 622 seats in the Bundestag. In other words, the strategy that all parties but the FDP currently pursue, to vilify globalization, might in the long run backfire and lead to a much more closed German economy. Does it matter if one country takes a more protectionist approach? In order to answer this question one needs to look at Germany’s role in Europe. Mattli (2009) points out that the whole process of European integration hinges upon Germany and without it the whole project would fail including the free trade area. Even if a protectionist Germany doesn’t matter too much on a global scale, a much more protectionist Europe certainly does and with such a reversal in Europe, other states might become more tempted to respond with similar measures themselves, just like in the 1930’s.

This paper takes a close look at Germany as an example of how political actors engage in the globalization debate and it makes the point that the way that German leaders approach the issue could have far reaching negative consequences well beyond its own borders. But is this domestic process representative? The specific manner in which politicians communicate with the public about globalization is certainly more applicable to states with a parliamentary democracy. Additionally, States that have a traditionally stronger support for open markets than Germany might deal with the issue differently, but if politicians so readily demonize this process in a country that takes such great pride in its export prowess as Germany does, then one can easily imagine that politicians in states that do not profit as much from open markets would paint a much more dire picture. Further studies on how political elites tackle the issue of globalization in other countries are certainly necessary, but this paper would hypothesize that the analysis presented herein is more likely to be part of a general trend than an unlikely outlier.

In a nutshell, there are issues that need to be addressed with regards to globalization. These are not just about insignificant regulatory details, specific tariff levels, or the best form of foreign aid. There is a much ‘broader challenge for the 21st century[, which] is to engineer a new balance between market and society, one that will continue to unleash the creative energies of private entrepreneurship without eroding the social basis of cooperation” (Rodrik 1997, 85). Governments and political elites need to be constructive actors when it comes to finding this new balance, which makes it imperative that they stop with the rhetoric and present globalization as a process that has brought about much good in the world so far and could even accomplish so much more, if better managed.

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# IX. Appendix

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| Table 1 |  |  |  |  |  |  |
| Party | Year | Number of Passages Talking About Globalization |
| Risk/Danger | Unjust | Neutral | Positive Outcomes | Opportunities | Structural Change |
| CDU | 2005 | 2 | 0 | 1 | 0 | 1 | 0 |
| 2009 | 5 | 0 | 5 | 0 | 3 | 0 |
| SPD | 2005 | 4 | 1 | 4 | 0 | 0 | 0 |
| 2009 | 7 | 2 | 3 | 1 | 0 | 1 |
| Greens | 2005 | 6 | 6 | 2 | 1 | 0 | 3 |
| 2009 | 9 | 9 | 6 | 1 | 2 | 1 |
| FDP | 2005 | 0 | 0 | 3 | 3 | 2 | 0 |
| 2009 | 3 | 0 | 5 | 3 | 0 | 0 |
| Left | 2005 | 2 | 1 | 0 | 0 | 0 | 1 |
| 2009 | 10 | 6 | 1 | 0 | 0 | 1 |
| Source: CDU, SPD, Greens, FDP, and The Left election manifests from 2005 and 2009.  |