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Excerpt

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PART I

*Theory and methods*

# 1 *Globalization and its impact on national spaces of competition*

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The political consequences of globalization are manifold. On the one hand, the processes covered by this term lead to the establishment of new forms of political authority and of new channels of political representation at the supranational level and open up new opportunities for transnational, international and supranational mobilization (Della Porta *et al.* 1999). On the other hand, the same processes have profound political implications at the national level. National politics are challenged both ‘from above’ – through new forms of international cooperation and a process of supranational integration – and ‘from below’, at the regional and local level. While the political consequences of globalization have most often been studied at the supra- or transnational level (Zürn 1998; Held *et al.* 1999; Greven and Pauly 2000; Hall and Biersteker 2002; Grande and Pauly 2005), we shall focus on the effects of globalization on national politics. We assume that, paradoxically, the political reactions to economic and cultural globalization are bound to manifest themselves above all at the national level: given that the democratic political inclusion of citizens is still mainly a national affair, nation-states still constitute the major arenas for political mobilization (Zürn *et al.* 2000). Our study focuses on Western European countries, where globalization means, first of all, European integration. For the present argument, however, this aspect of the European context is not essential. Europeanization and European integration can also be seen as special cases of the more general phenomenon of globalization (Schmidt 2003).

Zürn suggests that we view the processes of globalization as processes of ‘denationalization’ (Beisheim *et al.* 1999; Zürn 1998), i.e. as processes that lead to the lowering and ‘unbundling’ of national boundaries (Ruggie 1993). It is true that there are earlier examples of globalization, but there is plenty of evidence that this process has accelerated in the 1980s and 1990s. Following David Held and his collaborators (1999: 425), who have probably presented the most detailed and measured

account of the phenomenon in question, we argue, however, that ‘in nearly all domains contemporary patterns of globalization have not only quantitatively surpassed those of earlier epochs, but have also displayed unparalleled qualitative differences – that is, in terms of how globalization is organized and reproduced’. If we put these processes in a Rokkanian perspective (see Rokkan 2000), we may conceive of the contemporary opening up of boundaries as a new ‘critical juncture’, which is likely to result in the formation of new structural cleavages, both within and between national contexts.

This is the starting point of the study presented in this volume. In this chapter, we shall outline in more detail our approach regarding the formation and articulation of new political cleavages. First, we discuss how we expect the processes of denationalization to lead to the formation of a new structural conflict, opposing ‘winners’ and ‘losers’ of globalization. This conflict is expected to constitute potentials for processes of political mobilization within national political contexts. Next, we examine how these potentials can be articulated at the level of political parties. In order to fully understand how new political cleavages emerge from the process of denationalization, it is crucial to focus both on the transformations in the electorate (the demand side of electoral competition), and on the kind of strategies political parties adopt to position themselves with regard to these new potentials (the supply side of politics).

### **A new structural conflict between ‘winners’ and ‘losers’ of globalization**

Three assumptions guide our analysis:

- First, we consider that the consequences of globalization are not the same for all members of a national community. We expect them to give rise to new disparities, new oppositions and new forms of competition.
- Secondly, we assume that citizens perceive these differences between ‘winners’ and ‘losers’ of globalization, and that these categories are articulated by political parties.
- Thirdly, we expect that these new oppositions are not aligned with, but crosscut, the traditional structural and political cleavages.

The ‘losers’ of globalization are people whose life chances were traditionally protected by national boundaries. They perceive the weakening

of these boundaries as a threat to their social status and their social security. Their life chances and action spaces are being reduced. The ‘winners’, on the other hand, include people who benefit from the new opportunities resulting from globalization, and whose life chances are enhanced. The essential criterion for determining the impact of the opening up of national boundaries on individual life chances is whether or not someone possesses *exit options*. As Zygmunt Baumann (1998: 9) has observed, in the age of globalization *mobility* becomes the most powerful factor of social stratification. On the one hand, there are those who are mobile, because they control convertible resources allowing them to exit, and, on the other hand, there are those who remain locked-in, because they lack these resources.

The scope of the structural changes induced by globalization is still a point of controversy. It is widely debated in political science and in sociology (see, for example, Albrow 1996; Beck 1997, 1998a, 1998b; Goldthorpe 2002). For our purposes, we can identify three mechanisms which contribute to the formation of winners and losers of globalization. First among these is the increase in *economic competition*, which results from the globalization process. Over the last decades, a series of transformations in the American economy has resulted in a massive pressure towards deregulations in Western European countries, leading in turn to a dramatic erosion of protected property rights. Schwartz (2001: 44) suggests interpreting the impact of globalization as ‘the erosion of politically based property rights and their streams of income, and as reactions to that erosion’. The individuals and the firms that are most directly affected by this erosion are those who worked in ‘sheltered’ sectors, i.e. private sectors that were, since the 1930s, protected from market pressures through public regulation.<sup>1</sup> Those measures disconnected income streams (in the form of wages, employment or profits) from the outcome of the market. In the context of globalization, Schwartz’s distinction between sectors sheltered from the market, on the one hand, and sectors exposed to the market, on the other, has much in common with the distinction between export-oriented firms and firms oriented towards the

<sup>1</sup> Such measures include: ‘trade protection, minimum wages, centralized collective bargaining, product market regulation, zoning, the delegated control over markets to producer groups, and ... formal welfare states’ (Schwartz 2001: 31). The public sector also belongs to the ‘sheltered’ sectors, but it is less affected by the erosion of established property rights.

domestic market.<sup>2</sup> With the international pressure towards deregulation, the cleavage between these two sectors intensifies. Firms exposed to global market pressures try to impose market discipline on traditionally sheltered sectors, so as to bring down their own costs of production and to remain competitive on the international market. Firms in sheltered sectors, by contrast, seek to defend their property rights. Workers in exposed sectors also have an interest in the lowering of production costs, as their jobs directly depend on the international competitiveness of their firm. Workers in sheltered sectors, by contrast, have the same interest in protectionist measures as their employers. Globalization thus leads to a *sectoral* cleavage, which cuts across the traditional class cleavage and tends to give rise to cross-class coalitions.

As a result of globalization, the increasing economic competition is, however, defined not only in sectoral, but also in *ethnic*, terms – ‘ethnic’ taken here in a large sense (including language and religious criteria). This is a consequence of the massive immigration into Western Europe of ethnic groups who are rather distinct from the European population on the one hand, and of the increasing opportunities for delocalizing jobs into distant, and ethnically distinct, regions of the globe, on the other. Thus, the increasing economic competition is linked to a second mechanism – an increasing *cultural diversity* (Albrow 1996). In the immigration countries, ethnically different populations become symbols of potential threats to the standard and style of living of the natives. Furthermore, the European welfare states have been granting some of their social rights and privileges – though hardly any political rights – to the migrants (Soysal 1994: 130), which increases the perception of competition (for the same scarce resources) on the part of the native population. In addition, the immigrants of ethnically distinct origins pose a potential

<sup>2</sup> Schwartz, however, emphasizes the difference between the two classifications. Considering them as equivalent is misleading, he argues, because few commodities or services are not subject to international trade. Furthermore, he considers the stranded investments of the ‘sheltered’ sectors to be a central problem, which is different from the issue of the opportunity costs of the export-oriented sectors. For a similar argument, see Frieden (1991: 440): ‘The principal beneficiaries of the broad economic trends of the last two decades have been internationally oriented firms and the financial services industries; the principal losers have been nationally based industrial firms’; and Frieden and Rogowski (1996: 46): ‘exogenous easing of trade will be associated with increased demands for liberalization from the relatively competitive, and with increased demands of protection from the relatively uncompetitive, groups.’

threat to the collective identity of the native population. To the extent that (parts of) the indigenous populations perceive that their life style, their everyday practices and their collective identity are challenged by the increasingly conspicuous presence and institutionalization (in the form of cultural centres, mosques, schools, associations etc.) of some immigrant cultures, we can speak of *cultural competition* which accompanies and exacerbates the economic competition.

The potential economic and cultural threat may not necessarily be perceived and experienced in the same way by all members of a national community. In this respect, the individual level of education plays a key role. *Education* has a ‘liberalizing’ effect, i.e. it induces a general shift in political value orientations towards cultural liberalism (cosmopolitanism, universalism). It contributes to cultural tolerance and openness; it provides the language skills which give access to other cultures. Individuals who are poorly educated are usually less tolerant and do not have the resources to communicate with foreigners or to understand other cultures in a more general sense (Lipset 1981; Grunberg and Schweisguth 1990: 54, 1997a: 155–9, 168; Quillian 1995; Sniderman *et al.* 2000: 84). Moreover, higher education has also become an indispensable asset for one’s professional success. It provides the necessary specialized skills which are marketable inside and across the national boundaries, thus considerably increasing one’s exit options. It is certainly true that this development is less a consequence of globalization than of the processes of deindustrialization and of technological change. But, from the point of view of the affected groups, it is central to understand how they *perceive* their relative loss in life chances and to whom they attribute its causes.

A third mechanism related to the opening up of borders increases the *political competition* between nation-states, on the one hand, and supra- or international political actors, on the other. Most scholars agree that, as a consequence of globalization, nation-states are losing part of their problem-solving capacity and scope of action, which means that the citizens’ political rights, which are mainly tied to the nation-states, are hollowed out. Thus, the possibilities for an independent macro-economic policy have been drastically reduced because of the liberalization of the financial markets. This is obvious in the European context, where an autonomous national monetary policy has no longer been possible since the creation of a European central bank. These changes create winners and losers in specific ways, too. First of all, there may be material losers to

the extent that the reduction of a state's autonomy may imply a reduction of the size of the public sector. But, more importantly, winners and losers also result from differences in their *identification with the national community*. Gorenburg (2000) has emphasized the importance of such identifications to understand support for nationalism. Individuals who possess a strong sense of identification with their national community, and who are attached to its exclusionary norms and/or to its political institutions, will perceive their weakening as a loss. Conversely, citizens with universalist norms will perceive this weakening as a gain, if it implies a strengthening of supranational political institutions.<sup>3</sup> The attachment to national traditions, national languages and religious values plays a prominent role here – as does the integration into transnational networks.<sup>4</sup>

To sum up, the likely winners of globalization include entrepreneurs and qualified employees in sectors open to international competition, as well as all cosmopolitan citizens. Losers of globalization, by contrast, include entrepreneurs and qualified employees in traditionally protected sectors, all unqualified employees, and citizens who strongly identify themselves with their national community. Following the realistic theory of group conflict, we consider that the threats perceived by the losers and their related attitudes do have a real basis. They are not simply illusions or rest on false consciousness. However, we assume that individuals do not perceive cultural and material threats as distinct phenomena.<sup>5</sup> As Martin Kohli (2000: 118) argues, identity and interests are mutually reinforcing factors of social integration.

The new groups of winners and losers of globalization constitute *political potentials*, which can be articulated by political organizations. However, given the heterogeneous composition of these groups, we cannot expect that the preferences formed as a function of this new antagonism will be closely aligned with the political divisions on which

<sup>3</sup> For the distinction between norms of exclusion and universalist norms, see Hardin (1995: Chapters 4ff.).

<sup>4</sup> Traditionally, integration into cosmopolitan networks was the preserve of a small elite. Today, however, the Jet Set is not the only group which is forming transnationally and which is developing identities that rival with territorially more circumscribed identities (Badie 1997: 453f.).

<sup>5</sup> Bobo (1999: 457): 'the melding of group identity, affect, and the interests in most real-world situations of racial stratification make the now conventional dichotomous opposition of "realistic group conflict versus prejudice" empirically nonsensical.'

domestic politics have traditionally been based. This makes it difficult for established national political actors to organize these new potentials. In addition, the composition of the groups of winners and losers varies between national contexts, making it even more difficult to organize them at the supranational level, e.g. at the level of the European Union. This heterogeneity results in a twofold problem for the organization and articulation of political interests. First of all, it creates the already mentioned *political paradox of globalization*: due to their heterogeneity, the new political potentials created by this process are most likely to be articulated and dealt with at the level of the national political process. Moreover, it opens a ‘window of opportunity’ for the formation of new political parties and the restructuring of the national party systems.

We thus suggest that, paradoxically, the lowering and unbundling of national boundaries render them more salient. As they are weakened and reassessed, their political importance increases. More specifically, the destructuring of national boundaries leads to a ‘sectoralization’ and an ‘ethnicization’ of politics (Badie 1997), i.e. to an increased salience of differences between sectors of the economy and of cultural differences, respectively, as criteria for the distribution of resources, identity formation and political mobilization. As far as the ethnicization of politics is concerned, the theory of ethnic competition holds that majority groups will react to the rise of new threats with *exclusionary measures* (Olzak 1992). At a general level, we would expect losers of the globalization process to seek to protect themselves through protectionist measures and through an emphasis on national independence. Winners, by contrast, who benefit from the increased competition, should support the opening up of the national boundaries and the process of international integration. We shall refer here to this antagonism between winners and losers of globalization as a conflict between *integration* and *demarkation*.<sup>6</sup>

### **The impact of the new structural conflict on the structure of the political space**

These arguments and hypotheses present a general framework for understanding recent developments in the structure of political competition and in electoral alignments in Western democracies. In this section, we

<sup>6</sup> Bartolini (2000) refers to it as a conflict between integration and independence.



shall focus on the *political articulation* of the political potentials based on the integration–demarcation cleavage by political parties and formulate a series of hypotheses. Our general position is that of Sartori (1990) and his followers (e.g. Przeworski and Sprague 1986; Bartolini and Mair 1990; Gallagher *et al.* 1992), a position which emphasizes the role of the parties in the cleavage formation. The key problem addressed by Sartori is that of the *translation* of conflicts and cleavages into politics. Such a translation is not a matter of course, but crucially depends on political organization. Using the example of class, Sartori (1990: 169) put it most bluntly: ‘it is not the “objective” class (class conditions) that creates the party, but the party that creates the “subjective” class (class consciousness).’ In our terms, what is at stake is the problem of the articulation of a structurally given latent potential by a political organization (in particular by a political party). The potentials are structurally given, i.e. they are not created by the party. The preferences of the voters change due to processes of social change that cannot be controlled by political organizations. But whether these changing preferences have political consequences or not fundamentally depends on their mobilization by political organizations such as political parties. Moreover, it is possible that the voters’ preferences are influenced by the process of their mobilization, given that the parties provide the instruments – political identities, ideologies and issue-specific cues – allowing the voters to position themselves in the political space.

The political mobilization of a latent structural potential by political parties gives rise to two interdependent dynamics – the transformation of the basic structure of the political space in a given country *and* of the parties’ positioning within the transforming space. On the one hand, the political potentials (conflicts, issues and issue-specific preferences in the electorate) are articulated by the individual parties, i.e. the parties are restructuring the space. On the other hand, the individual parties are repositioning themselves strategically within both, the emerging dimensional structure of the space and the emerging spatial configuration of their competitors, i.e. they are adjusting to the changing structure. Parties are changing their positions within a space, the dimensions of which are changing, too, as a consequence of their strategic action.<sup>7</sup> It is

<sup>7</sup> Van der Brug (1999: 151, 2001: 119f.) has already pointed out the interdependence between these two dynamics.

only for expository purposes that we subsequently separate the two sides of the same coin.

Let us first look at the *transformation of the basic structure*. In this respect, it is useful to distinguish between an *economic* dimension and a *cultural* dimension of the integration–demarcation divide.<sup>8</sup> On each dimension, an open, integrationist position contrasts with a defensive, protectionist one. In the economic domain, a neoliberal free trade position is opposed to a position in favour of protecting the national markets. In the cultural domain, a universalist, multiculturalist or cosmopolitan position is opposing a position in favour of protecting the national culture and citizenship in its civic, political and social sense. The orientations on the two dimensions need not necessarily coincide. One could also further specify the notion of integration by distinguishing between the removal of boundaries and other obstacles to free and undistorted international competition – purely *negative* integration in Scharpf's (1999: 45) terminology – and a process of reconstruction of a system of regulation at the supranational or international level – a process that Scharpf calls *positive* integration.

Next, we should discuss how the two dimensions of the presumed new structural conflict are expected to relate to the existing structure of cleavages in Western European politics. According to Rokkan (2000), four classic cleavages have structured the European political space – the centre/periphery, religious, rural/urban, and owner/worker cleavages. This set essentially boils down to two dimensions: a cultural (religion) and a social-economic one (class) (Kriesi 1994: 230–4). Class conflicts were omnipresent in Western Europe and structured politics around social-economic policy – the regulation of the market and the construction of social protection by the state. The left essentially fought for social protection and market regulation, while the right defended the free reign of market forces. Religious conflicts prevailed between Catholics and Protestants in religiously mixed countries, and between the believing Catholics and the secularized in Catholic countries. In the Protestant North-West, Protestant dissidents contributed to religious conflicts. After World War II, these traditional cleavages have lost much

<sup>8</sup> Our distinction of these two aspects of the purported new conflict follows Lipset (1981), who used to distinguish between socio-economic and cultural conservatism and liberalism respectively (see also Middendorp 1978; Grunberg and Schweisguth 1990).