



**Economic Theory**

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**SPECIFICATION AND VERIFICATION  
OF THE ALTERGLOBALIZATION**

**Abstract**

Research is devoted to the analysis of economic diversity of global actors and the process investigation of rethinking social change and social movements in favor of alternative model of global society. The purpose of the research is to analyze alterglobal movements aimed at economic valorization of diversity and elaboration conclusions on the implementation alterglobal model of the world economy. The object of research is the alternative model of world economy development. An evaluation of conflicting relations of the alterglobalization and neo-liberal ideology is carried in terms of market self-regulation. The influence of neo-liberal ideology on actors is determined; the deprivation of world general alternatives is defined by the global system promotion of market management and government intervention. The process of rethinking social change and social movements is studied particularly in the matter of calling the existing forms of activity; concepts of changes associated with large movements of industrial society. Participation of alterglobal movement is identified in the fight against offshore relocation, economic inequality and social justice. An analysis of valorization of economic diversity is conducted as one of the defining values of alterglobal movement in the aspects of identity, convergence, relevance and alternativeness. The conclusions on the specification and verification of alterglobalization understanding are formulated.

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**Key words:**

Alterglobalization, ephemeral network, neoliberal model, non-governmental organization, poverty gap, social movement, valorization of diversity.

JEL: F02.

**Introduction**

The development of the world economy is dynamic with deep integration of political, economic and cultural life of the world. The current global phase of internationalization the economic life is characterized by a sharp increasing the role of external factors of the world development. However, there is a difference in understanding the structure and logic of modern globalization processes – from the absolutisation of globalization to its negation. Such a difference, and a large range of interdisciplinary studies allow us to make assumptions about the ambiguity and contradiction of the phenomenon of globalization. So, the task of developing and implementing model of alternative global society is actualized today.

The theoretical aspects of economic globalization studied by many domestic and foreign scientists and economists: Z. Bauman, O. Bilorus, T. Friedman, D. Held, R. Keohane, D. Lukyanenko, A. Mokiy, R. Robertson, Y. Savelyev, M. Waters. Alternative ways of economic development researched: U. Beck, D. Becker, D. Bell, A. Buzgalin, S. Clarke, D. Held, V. Inozemtsev, A. Mokiy, H. Phillips, G. Pleyers, R. Robertson, D. Scholte. However the issue of specification and verification of the alterglobalization understanding are investigated and solved not fully.

Actuality of the problem, its practical value and availability criticisms caused the main purpose of the article which consists in specification and verification of the alterglobalization understanding for rethinking of social change and valorization of economic diversity.

As part of this purpose we can identify the following objectives of our research, in particular, to estimate alterglobalization and neoliberal ideology; to in-

investigate the rethinking of social changes and social movements; to analyze valorization of economic diversity; to elaborate conclusions on the alterglobalization development.

### **Main material**

Globalization is changing the role of the state as an institution of society. At the same time, the current world economic development characterized by asynchronous instability and contributes to an unipolar world. However the existence of global relationships demonstrates the contradiction of national and global priorities not only in economy, but also in social life. An important criticism of globalization is the specific integration of the world and the stratification of international community. Some integration efforts will lead to unifying result, others – find themselves hopelessly undermined. The modern powerful states protect their own force and economic potential contrary to any degree of globalization. Globalization does not reduce global inequality, it increases and creates additional opportunities for major production companies at the expense of production teams that are smaller and less involved to modern science and technology (Robertson, 2003, pp. 7–11).

*Alterglobalization and neoliberal ideology.* The 1990s were characterized by market growth in the post-communist countries, high rates of economic growth in the US and UK, as well as trade liberalization. Some scientists noted that there was an imminent and successful globalization, but its opponents called globalization as the beginning of all problems (they could not transform their thoughts in a conventional axiom). Alterglobalists took a different position, their criticism was directed not against globalization, but against the economic liberalization and market dominance. So, R. Passet<sup>1</sup> stressed that open borders really increased the global product in recent years. In other words the alterglobalists are not opponents to globalization as such, but only to its neoliberal ideology. Hegemony consisted in control of direction and meaning of globalization by neoliberal ideology and combined a gradual transition to a global society with the image of a self-regulating of global economy and political interference (Clarke, Simon, 2005, pp. 50–59).

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<sup>1</sup> R. Passet – President of the Scientific Committee of ATTAC. ATTAC – is an international organization involved in the alter-globalization movement, opposes neo-liberal globalization and develop social, ecological, and democratic alternatives so as to guarantee fundamental rights for all. Specifically, it fights for the regulation of financial markets, the closure of tax havens, the introduction of global taxes to finance global public goods, the cancellation of the debt of developing countries, fair trade, and the implementation of limits to free trade and capital flows. Information: <https://www.attac.org/en>.

The beginning of neo-liberalism can be outlined from the late 1940s, when a small number of intellectuals (led by S. F. Hayek)<sup>2</sup> opposed in Mont Pelerin (Switzerland) the Keynesian policies and the social state, which, in their opinion, was an obstacle to economic development. Since the early 1980s, neoliberalism got the fundamental part (inauguration of British Prime Minister Margaret Thatcher in 1979 and election of US President Ronald Reagan in 1980) with a focus on free movement of capital, State minimalism, monetarism, and elimination the income inequality and external factors managing. Neoliberal ideology became absolute hegemony, the dominant and quasi-irrefutable interpretation of the events of 1989<sup>3</sup> as a full and final victory of market equality. Opponents of neoliberalism appealed to package of principles, which lobbied the IMF, the World Bank and the US Treasury as the Agenda of the Washington Consensus.

The Washington Consensus is a set of 10 economic policy prescriptions considered to constitute the «standard» reform package promoted for crisis-racked developing countries by Washington, D.C.-based institutions such as the International Monetary Fund (IMF), World Bank, and the US Treasury Department. The concept and name of the Washington Consensus were first presented in 1989 by J. Williamson. The consensus as originally stated by Williamson included ten broad sets of relatively specific policy recommendations: fiscal policy discipline, with avoidance of large fiscal deficits relative to GDP; redirection of public spending from subsidies toward broad-based provision of key pro-growth, pro-poor services like primary education, primary health care and infrastructure investment; tax reform, broadening the tax base and adopting moderate marginal tax rates; interest rates that are market determined and positive (but moderate) in real terms; competitive exchange rates; trade liberalization: liberalization of imports, with particular emphasis on elimination of quantitative restrictions (licensing, etc.); liberalization of inward foreign direct investment; privatization of state enterprises; deregulation: abolition of regulations that impede market entry or restrict competition; legal security for property rights. Although Williamson's label of the Washington Consensus draws attention to the role of the Washington-based agencies in promoting the above agenda, a number of authors have stressed that Latin American policy-makers arrived at their own pack-

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<sup>2</sup> The Mont Pelerin Society (MPS) – is an international organization composed of economists (including eight winners of the Nobel Memorial Prize in Economic Sciences), philosophers, historians, intellectuals, business leaders, and others committed to their understanding of personal and political freedom. Its founders included Friedrich Hayek, Frank Knight, Karl Popper, Ludwig von Mises, George Stigler, and Milton Friedman. The society advocates freedom of expression, free market economic policies, the political values of an open society. The members see the Society as an effort to interpret in modern terms the fundamental principles of economic society as expressed by those classical economists, political scientists, and philosophers who have inspired many in Europe, America and throughout the Western World.

<sup>3</sup> The fall of the Berlin Wall, November 1989 – a barrier that divided Berlin from 1961 to 1989.

ages of policy reforms primarily based on their own analysis of their countries situations (McGrew, Held, 2007, pp. 1–14).

The reason for this policy is to promote economic rationality, freed from all obstacles stemming from rules aimed at mitigating the economic system. After 1989, the neoliberal ideology and free trade considered as single and inevitable way of modernization and the transition to a global society<sup>4</sup>. The growth of poverty or unemployment were proved as expected variations due to system restrictions, which is useful in the long run. Neoliberal ideology locates the market at the center of public life and international relations. Global system changes the players, it is controlled by the market, governments loses the possibility of intervention – as result we have a world without alternatives (Bell, Inozemtsev, 2007, p. 213).

According to M. McConnell, international system will transformed to the 2025 finally into a multi-polar, in which Islamic countries that are outside the Arab world (Indonesia, Turkey, Iran, Russia, India and China) will play a leading role in the world. In particular, there is a gradual growing influence of China on the global economy. As for the Chinese development model, the neoliberal model is typical for this country, especially in terms of stimulating the production and attracting the foreign direct investment. This stimulation is based on the comparative advantages of export-oriented industrialization and economic liberalization measures. However, lower-tech production supports the development of China really, but it cannot be the basis of a new global phase of accumulation. The growth in China will slow down when export markets will run out. Dilemma consists in the fact that economy should move to the accumulation based on the internal market and avoid a significant growth slowdown. In this case, the real growth will ensure sociopolitical transformation process of development a compensatory domestic demand (Pleyers, 2013).

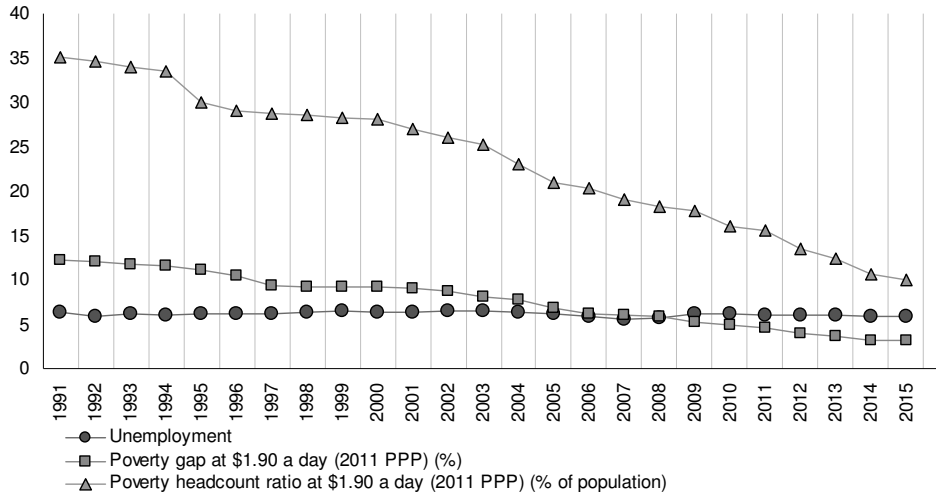
However, the current infrastructural investment stimulus will not be able to compensate fully in China the losses from the decline of exports, because they are too insignificant and too capital intensive to reorient the economy to domestic consumption. Movement of the global economy towards a new phase of intensive capitalist accumulation would ensure the leading position for China. The dramatic and geo-economic expansion of the system; formal capital subordination of the last great rural population of Asia; and incorporation of post-Soviet industrial countries would indicate long-term growth prospects and possibilities of internal and external colonization over the past two decades. But long-term stagnation and chronic volatility in the economies indicate the failure of neoliberal «primary accumulation» of most countries in Latin America, Africa and the former Soviet Union countries.

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<sup>4</sup> There is no alternative (shortened as TINA) was a slogan often used by the Conservative British Prime Minister Margaret Thatcher.

Figure 1

Unemployment and poverty in the world



The poverty gap is the ratio by which the mean income of the poor falls below the poverty line.

Source: [compiled by author: <http://data.worldbank.org/>].

As a result, the vast mass of the world's population accumulates deep dissatisfaction with financial situation, millions of people become despondent in the possibility to achieve justice according to the law, the fear covers them before the future and increases against the backdrop of the inability of political institutions to eliminate the growing pressure. In general, we must recognize that the global growth of social inequality destroys the social base of political stability at the national and global levels. It is the alterglobalization expresses protest against the exclusion of poor countries from the process of globalization, global liberalization, mercantilism and consumerism. The slogan of the World Social Forum «Another world is possible» taken to reject the «The End of History» (F. Fukuyama, 1992)<sup>5</sup>

<sup>5</sup> The End of History and the Last Man is a 1992 book by Francis Fukuyama, expanding on his 1989 essay «The End of History?», published in the international affairs journal *The National Interest*. In the book, Fukuyama argues that the advent of Western liberal democracy may signal the endpoint of humanity's sociocultural evolution and the final form of human government. What we may be witnessing is not just the end of the Cold War, or the passing of a particular period of post-war history, but the end of history as such: that is, the end point of mankind's ideological evolution and the universalization of Western liberal democracy as the final form of human government.

and to denounce in the minds the concept of potential future that is not produced by the spread of humanist project. In fact, the future of mankind produced «blind» external forces that we identify the «laws of the market». The first task of alter-global movement is the desire to question the concept of globalization, which undoubtedly dominates. The aim of alterglobalists is a desire to change the neo-liberal mind. People should understand that markets are not self-regulated. The global economic and financial crisis showed in 2008–2009 that they were right in their analysis. Alterglobalism emerged as an attempt to understand and comprehend process of globalization not from the perspective of the business elite, world transnational institutions, but from the perspective of ordinary people.

Conflicting association with neoliberal ideology is architectonic alterglobal movement that is in conflict relations with opponent in understanding the ideas that social movement is self-built. The reflective features of the information society in which live both alterglobalists and neoliberals include: globalization, individualization, executive career, the network organization, the importance of communication and the culture of events (Friedman, 2006, p. 593).

So, comprehensive power of global market and capital subjugates a man as worker and consumer, citizen and person penetrating all spheres of life and requires comprehensive, massive and strong alternatives. This alternative to global power of capital theoretically should be comprehensive, all-encompassing, anti-total, not totalitarian unified (which is typical of global capital), but unique and independent positioning of agents; anti-hegemonic, removing power of capital and the suppression of human (economic, political, spiritual) in non-alienated forms of equal dialogue; alter-global (post-global), developing process of internationalization by removing corporate-capitalist restrictions; post-corporate, developing achieve corporate structures by removing bureaucratic, hierarchical restrictions to the development of open associations.

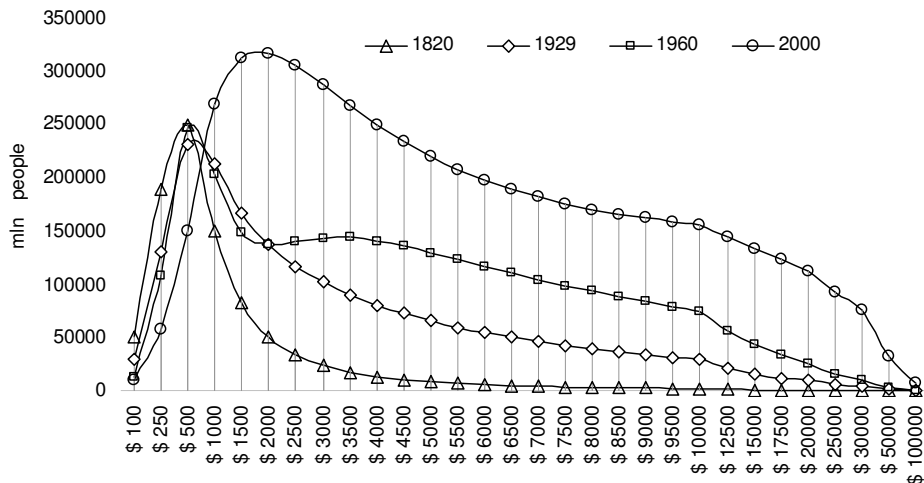
*Reconsideration of social changes and social movements.* Alterglobalism calls for the restoration of political citizenship and political participation. The main challenge for alterglobalization is a reconfiguration of political imagination and conceptualization of social changes. It means avoiding the classical idea of revolution and balance typical democracy, which remains the base of the nation state. Two ways of alterglobal movement are two specific experiments at this point. They implement practice by which citizens and social movements are trying to influence the course of things. In this regard, alterglobal movement is acceptable and interesting for the players of the emerging global civil society and the new social movements that characterized the first decade of post-industrial society, including: green movement, the feminist movement, and the movement of democratization in Eastern Europe and Latin America (Findlay, O'Rourke, 2007, pp. 408–412).

Despite the positive developments of some issues discussed protesters members of the previous decade, alterglobalism continues to doubt certain aspects of global processes and tries to go beyond the existing boundaries. As a

result of changes caused by successive waves of new social movements since 1968, alterglobal movement challenged existing forms of activity and associated concepts of changes with large movements of industrial society. For example in the case of trade unions, that are often helpless in dealing with offshore relocation, alterglobalization tries to fight with the relocation and protection of workers in the global arena. While intensified requirements for identity and individuality groups adjusted for social equality, neoliberalism and economic globalization have raised this inequality to the level unprecedented since 1945. In addition, deputy of new generation of activists alterglobalization N. Klein<sup>6</sup> underlines the need to «increase cultural choice that was forgotten». Some post-materialistic values (R. Inghart, 1977 – respect for diversity, personal development and recognition) remain central to alterglobal movement, but now they coupled by renewed interest in economic inequality and social justice (Pleyers, 2013).

Figure 2

### The World Income Distribution, 1820–2000



Source: [compiled by author: <https://ourworldindata.org/>].

<sup>6</sup> Naomi Klein (born May 8, 1970) is a Canadian author, social activist, and filmmaker known for her political analyses and criticism of corporate globalization and of capitalism, one of the leaders of the alter globalization.



Deep fluctuations in the support of third world and international cohesion of NGOs<sup>7</sup> is answer for alterglobalism. Since the 1990s, International Financial Institutions relied on «comparative advantages» of NGOs in terms of efficiency, lower costs, production and mobilization in public-private partnership. Many NGOs were then refocused by international institutions to provide social services on which the state refused. Since 1990 increased the percentage of NGOs whose purpose is to provide a social (+79%), medical (+50%) and educational services (+24%). Departing from the utopian origins, many NGOs activists were disappointed by the result of the application of the Washington consensus in an increasingly competitiveness of market NGOs. Moreover, some activists were convinced that improving the situation in the South occurred, mostly due to changes in the international institutions and the policy and ideology of the North. Many of them became founders and members of alterglobal movements for joint fight against neoliberal policies and global institutions. Classical models of cooperation in the field of development and international solidarity is based on the transfer of resources, knowledge and development models from North to globalized South. The World Social Forum in globalized South will become a symbol of alterglobalists liberty that drive their movement on the analysis of knowledge and mutual exchange of experience from north to south and in the reverse direction (Pleyers, 2013).

Alterglobalists intend to establish a distance between the traditional political parties and traditional politics and their participation in political life as «citizens», activists. Ambiguous attitudes of alterglobalists to the political parties explained to a desire to combine social activities with the rejection of some aspects of traditional political participation that does not interfere with trust in the electoral victory of progressive leaders. Some advocates of alterglobal movement changed the scope of activities, others tried to instrumentalize movement for their own electoral benefit. Alterglobal approach is supported by leftist parties, while respecting the autonomy and its own logic. The political parties demonstrate a collective aspiration; they organize society by building a strong identity; they adopt rules of electoral power competition and they accept the limitations due to the political expediency of membership in terms of hierarchical-vertical relationship of management (Buzgalin, 2003).

*Valorization<sup>8</sup> of diversity.* Restoring political culture proposed by the alterglobalization is also based on the strong valorization of diversity, promoted as one of the defining values of the movement in different aspects: identity, convergence, relations with the opponent (the opposition to the homogenization implanted by transnational corporations) and an alternative society («the world with many adapted worlds»). Economic theory considered in the study of social

<sup>7</sup> A non-governmental organization (NGO) is a not-for-profit organization that is independent from states and international governmental organizations.

<sup>8</sup> Valorization – to give or assign a value to, especially a higher value; to establish and maintain the price of (a commodity) by governmental action.

movements the internal diversity as a sign of the previous stage development of movement during which the this movement should «synthesize a single challenge from the diverse and changeable coalitions». As a result of increasing the number of meetings and joint activities, diversity should gradually cede to stronger group unity. From this perspective, the coexistence of many variations within the movement is only temporary; it will more adequate and more mature or will take the diffusion of its several components.

Leaders of the Italian Social Forum D. Antentas and D. Egirun declare: «We have no purpose of doing ourselves similar». They do not try to eliminate the difference, they insist on «the need to preserve the differences in development». The mottos of many speeches were «Unity in diversity» and «Our diversity – our strength», they represent diversity as a positive sign, not like defect. Social or labor movements considered in the nineteenth and twentieth centuries the internal homogeneity as the necessity for further development. Alterglobalism activists refuse from monotony and consider this restriction as dissent and pluralism. In their opinion, it is a serious difference with the movement of industrial society: «When we show the new century and the new millennium as the beginning of new stage, then we will make a fundamental step towards the beginning of the great fight against hegemony». While a single movement implies the existence of central authority, internal diversity conservation depends on several ordinary networks. Thus, at local and global level, a growing number of activists feel the need not in «some central organizational committee which mobilizes vertically but inside the network for communication, mutual combination and decision making» (Pleyers, 2013).

Delegates of grassroots organizations and civil society networks declared in a statement of WSF in 2002 that «every population, culture and identity is the heritage of humanity for present and future generations». Valorization of diversity was proposed mainly four important components of alterglobalization. Indigenous peoples of Latin America recognize «the existence of many different worlds, different cultures that should be respected in all social, cultural and economic levels». Diversity is also a particularly important subject for activists of alterglobalization in India. In Mumbai in 2004, many activities of WSF were focused on «promotion of diversity»: sexual, cultural and religious. World Women's March (approved in more than 100 countries), declared: «We are building a world where diversity is considered an advantage and individuality a source of wealth». Youth of alter-activists also appreciates diversity on culture, sexual orientation and identity of each activist. Diversity accentuates when power is manifested through collective and individual difference and ingenuity. Alterglobalists consider valorization of diversity as opposition to communalism, fundamentalism, nationalism and neo-liberalism (Cavanagh, Mander, 2009).

Alterglobalists gradually form a new ideal as a challenge and idealize the convergence model, based on the articulation of differences instead of homogenization. Thus, the Social Forum is based on the creation of «open spaces» and

wide culture of dialogue and debate. Alterglobal management based on consensus, building networks and tools (Huntington, 2002). Impartial policies and practices contribute to creating a real threat to the current hegemony of thinking and habits of activists with more traditional methods of convergence and organization. The concept of «world with many suitable worlds» leads to a different concept of democracy and decision-making process based on consensus and participation but not on the rights of the majority. Consensus allows different social players meet directly without trade unions or delegates. However, this form of decision-making creates numerous specific problems. Consensus is characterized by the absence of clear rules and can allow individuals or groups to influence to the Assembly Social Forum (Yip, Hult, 2012). Discussions within heterogeneous movement are continuing and difficult because of its stratification and network structure. Often, the decision that «not to go beyond common denominator», turned negative for those players that actively participated in the alterglobal or radical movements. Finally, the decentralized and network structure of this movement is not always effective, because every decision requires lengthy discussion.

### **Conclusions**

Outlined problems actualize the issue of a new model of the world economy, which should be an alternative to the current model. The current model of the world economy must absorb all the positive qualities inherent in globalization and at the same time propose the solutions of current problems and gaps. Alterglobal model should be the implementation of new principles of global system that will be based on the principles of social partnership, social protection (real democratic values and institutions of the welfare state). In the economic sphere the process of alterglobalization should correct disadvantages of neoliberal global trade rules by which power, capital and wealth concentrated in TNCs. Also, there are some problematic aspects as: using the market and money as single measure of efficiency; increased poverty and marginalization of nations and regions; privatization the natural resources by monopolists; social injustice and labor manipulation. Therefore, the process of alterglobalization aimed the protection of identity, implementation of convergence model and relations with the opponent, realization the alternative model of society. The process should include reconstruction of global economic institutions that are associated with the economic asymmetry and social injustice (democratization and transparency). It is necessary to focus on reducing the gap between rich and poor, on the cancellation of debts to third world countries, improvement the mechanism of embargo and sanctions against countries.

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The article was received on February 6, 2017.