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## International Competitiveness and its threat to Democracy and the Planet

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### Abstract

*When considering governments' failure to act on global problems such as climate change, the comment often heard is "all that is required is the political will"; the implication being that governments are somehow negligent, irresponsible and do not care sufficiently about such issues. The article explains that it is not that governments do not want to solve these problems but that their need to keep their economies internationally competitive in the global market means that they cannot. Solving global problems inevitably means higher taxes and tighter regulations. But any government moving much in advance of others risks damaging its own national economy, risking the uncompetitiveness of its industries, a loss of jobs and political support. The result, predictably, is only inadequate incremental action while global problems are consequently left to worsen. No government can move first, a dilemma the article refers to as Destructive Global Competition. It goes on to outline an international political campaign designed to resolve the dilemma known as The Simultaneous Policy (Simpol). Already operating in a number of countries around the world, Simpol invites citizens to use their right to vote in a new way capable of driving politicians, political parties and eventually governments towards substantive global cooperation and a solution to global problems.*

### 1. Destructive Global Competition—its effect on Governments and on Global Problem-solving

Neoliberalism and the doctrine of international competitiveness gained hold during the 1970s. They were implemented through deliberate policy choices on the part of national politicians, notably U.S. President Ronald Reagan and UK Prime Minister Margaret Thatcher. But the central argument of this essay is that, from around the mid-1980s onwards, the implementation of neoliberal policies ceased to be the free choice of governments.

Once globalization had reached a certain level of integration and intensity, once the global market—and especially financial markets—had developed to a certain critical tipping point, the global competitive pressures that this created were *themselves* sufficient to automatically drive governments towards an ever-deeper application of neoliberal policies. These pressures themselves constitute a vicious circle which, through the ability of capital to move across national borders, is now self-sustaining. In my new book, *The Simpol Solution*, co-written with psycho-historian Nick Duffell, we call this vicious circle *Destructive Global Competition (DGC)*.\*

\* For more information on the book, please go to <http://www.simpol.org/index.php?id=545>

As a result, governments are now unable to address seriously the global problems that confront humanity such as climate change, wealth inequality and mass migration. It is not that they do not *want* to act on these issues, but that they *cannot*. A careful reading of almost any serious newspaper offers a wealth of examples of how DGC prevents governments from acting adequately.

Let us start with the topic of climate change. The public knows that climate change represents a very serious threat and hopes that governments will implement the commitments they made at the COP 21 Paris climate agreement reached in December 2015. But, will they? The agreement reached was hailed as historic, but, crucially, its most vital clauses—especially the adherence to emissions-reduction targets—are not binding. How realistic is it to expect substantive action when the cause of governments' inaction—DGC—remains firmly in place?

For any government, substantially cutting carbon emissions inescapably means implementing much tougher emissions regulations and higher business taxes, but any government that did so in advance of other governments would only force its corporations to move production and thousands of jobs elsewhere. Global markets, likewise, would punish any nation that significantly increased its businesses' costs much beyond levels in other countries because this would make its economy less attractive to investors. The 2015 Paris agreement rests on the hope that all nations will move more or less together, avoiding these risks. But the non-binding nature of the agreement means that all governments are likely to remain extremely cautious. With every government needing to maintain or enhance its international competitiveness, only minimal action can result.

This manifestation of DGC is rarely recognized, but the few economists that do sometimes refer to it as 'regulatory chill'.<sup>1</sup> Governments are 'chilled', only able to take relatively small steps but not the really large strides needed. Global warming, consequently, is left to worsen.

A similar situation prevails over corporation tax. At a time when corporate profits remain buoyant while the ability of governments to tax corporations to provide vital public services is declining, DGC only reinforces the problem.

In contrast to the static regulatory chill that besets climate negotiations, here we see how DGC often has a dynamic effect. It places governments in a vicious circle in which each is forced to respond in tit-for-tat fashion. The result being that other governments will be forced to join the race to the bottom. Michael Devereux of the Oxford University Centre for Business Taxation foresees that corporation tax may continue to diminish while governments remain locked in competition and fail to find the political will to apply any long-term solution to the allocation of international profits.<sup>2</sup>

One of the key functions of governments—the funding of public services through tax collection—is thus severely undermined by DGC. With corporation and other taxes on globally mobile entities no longer offering adequate sources of revenue, governments have been forced to shrink public spending while shifting the tax burden on to individuals,

especially the middle and working classes who cannot easily move elsewhere, and the gap between rich and poor inevitably widens.\*

The fear of losing jobs and investment—the fear of becoming uncompetitive—once again leaves governments trumped. The values of human rights, social equity and economic justice are neatly subverted, not by governmental laxness but because politicians have no choice.

Given just how disastrous the crisis was, considerable speculation arose among politicians and in the media as to whether neoliberalism might be abandoned or even whether capitalism as we know it had perhaps reached its limit. But such speculation, I contend, is premised on a false assumption that, just because neoliberal policies were implemented deliberately in the 1970s and 80s, they can just as deliberately be reversed.

This is to completely misunderstand the global nature of DGC. DGC has taken on a momentum all its own, and it cannot be stopped by any government. Operating transnationally as a vicious circle, it is just too ubiquitous, too powerful. This is why, despite the crash, the only story in town has been getting back to business as usual.

## **2. Destructive Global Competition—Democracy becomes Pseudo-democracy**

Let us now turn to how the pursuit of international competitiveness undermines democracy. The feeling that democracy has lost its lustre is, by now, a widespread complaint that affects citizens in many countries around the world. Voter apathy, anti-establishment sentiment and a resort to more extreme political parties are phenomena that now stalk all Western democracies, Brexit and the election of Donald Trump included. But DGC makes this inevitable.

Since the global free-movement of capital and corporations forces governments to do whatever is necessary to maintain the international competitiveness of their respective national economies, the policies available to them have become restricted to a very narrow, centre-right, market-and-business-friendly range. Any party in power attempting to veer beyond that range would only make its country's economy *un*competitive and eventually risk capital flight and bankruptcy, which cannot be an option.

In this way, DGC has reduced national democracy to a narrow political monoculture. It is hardly surprising that the distinctions between political parties get eroded and that, in every nation, we find left-of-centre parties adopting policies traditionally espoused by right-of-centre parties. This is why, for example, New Labour's Tony Blair was often said to be the best Conservative leader since Margaret Thatcher, or, as former Conservative Prime Minister John Major quipped: 'I went swimming leaving my clothes on the bank, and when I came back Tony Blair was wearing them.'<sup>†</sup>

Under the new ultra-narrow politics that DGC dictates, politicians and political parties are effectively no longer free to choose their political stance according to their convictions.

\* See, for example, Oxfam's Report, *Wealth: Having it All and Wanting More*. <http://policy-practice.oxfam.org.uk/publications/wealth-having-it-all-and-wanting-more-338125>

<sup>†</sup> See *The Guardian*, <https://www.theguardian.com/theguardian/1999/oct/14/features11.g23>

Instead, DGC dictates it to them. This is what the former French President, Francois Hollande, found to his cost after coming to power in 2012. Having initially attempted to implement the centre-left policy platform he had been elected on, he soon found France's economy becoming uncompetitive as inward investment dried up and capital and jobs moved elsewhere. Quickly, he found himself compelled to shift his stance to the centre-right.

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The message to citizens ought, by now, to be clear: whatever you vote—left, right or what-not—you get the same competitiveness agenda regardless.

The fact that DGC has rendered left-of-centre policies impractical is an important reason why parties on the centre-left in many countries find themselves in turmoil and riven by division. DGC has driven a wedge between those willing to submit to the competitiveness agenda and those who refuse to. In the run-up to the 2016 U.S Presidential election this was reflected in the split between Democrats who supported Hillary Clinton, the candidate set to maintain the competitiveness agenda, and those who preferred the more left-wing Bernie Sanders who broadly rejected it. In the UK, at the time of writing, the division is expressed through two divisions of the Labour Party, the ‘Blairite’ centrist, pro-business wing and the ‘Corbynite’ traditional socialist wing. The former insist that the latter are unrealistic and unelectable, while they, in turn, insist the Blairites no longer stand for authentic Labour values.

Both sides are right in their criticisms, but both are also profoundly mistaken in their macro analysis. Electing a Blairite Labour Party, or a President Clinton, would only produce more of the same market-and-business-friendly policies that DGC demands, politics as usual and the world firmly headed on its present disastrous course. Yet if we elected a Jeremy Corbyn, a Bernie Sanders, or a Green Party we would find that they—like François Hollande—would have no choice but to quickly backtrack to policies that keep the country competitive. Whichever road is chosen, DGC sits quietly and confidently at the end of both.

Although the supporters of Brexit, Trump and other nationalist/protectionist policies hope for an improvement in their condition, DGC will ensure they remain frustrated, pushing them even further towards the far-right. Donald Trump, for example, has implemented tariffs against Chinese imports. But more generally he is likely to stick fairly closely to a neoliberal, free-trade agenda in order to keep the U.S. economy internationally competitive.

Electing more extreme candidates, whether from the political right or left, is unlikely to make much difference. DGC, as ever, stays firmly in control. As a result, democracy has been subtly, but substantively, degraded and has been reduced to what I am calling *pseudo-democracy*.

It is therefore little wonder that today's modern pseudo-democracies are characterized, on the one hand, by chronic voter apathy and, on the other, by a resurgence of anti-establishment or far-right political parties.\* The implications are frighteningly clear: our governments are impotent, and so are we citizens.

So, can anything be done about this perilous situation?

### **3. Escaping DGC's Vicious Circle: the Simpol Policy (Simpol) Campaign**

To release governments from the tyranny of DGC and to solve urgent global problems, the Simpol Policy (Simpol) campaign was launched in the UK in 2000. It offers real hope of overcoming DGC and pseudo-democracy while opening the way to a just and sustainable future.

Simpol is based on a completely new way of thinking. Instead of appealing to the moral duty of governments to solve global problems, Simpol's approach is to remove the barriers which prevent cooperation. The idea is to provide a process and campaign that encourage cooperation in each nation's immediate *self-interest*.

Solving global problems on the basis of national self-interest requires the inclusion of three key attributes:

**1. Simultaneous Implementation:** The simultaneous implementation of agreed policies by all or sufficient nations is a direct response to the vicious circle of DGC. By implementing detailed global problem-solving policies at the same time, global coverage is achieved while the fears and risks of moving first are eliminated: every nation moves together; everyone wins.

**2. Multi-issue Policy Framework:** To vastly increase the chances of substantive cooperation, Simpol incorporates multi-issue policy packages, so that what a nation loses on one issue, it can win on another. The losers on a climate agreement, for example, could be compensated by revenues from a currency transactions tax, potentially taking immediate action in every nation's self-interest. And if the agreement is in their interests, so will be the inclusion of verification and enforcement measures. National sovereignty remains protected, because only policies requiring simultaneous implementation are included.

Simpol, then, is a series of multi-issue policy packages for addressing current and emerging global challenges with each policy package to be implemented simultaneously by all or sufficient nations on precisely the same date.

**3. A New Way for Citizens to Compel Politicians and Governments towards Cooperation:** Some politicians and governments will see the common sense of such an approach. But many will not. Simpol therefore includes an active campaign that engages civil society in a way that overcomes pseudo-democracy and compels national governments towards global cooperation.

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\* See *Voter Turnout Since 1945 – A Global Report*.

## 4. The Simpol Campaign

The campaign's initial aim is to get politicians, political parties and governments to sign a Pledge to implement Simpol (the Pledge).<sup>\*</sup> This commits them to simultaneously implement Simpol's policy packages, subject to all or sufficient other governments also signing, and subject to the policy packages eventually being agreed. It is therefore a commitment only in principle at this stage.

The Simpol campaign develops first in democratic countries. The governments of non-democratic countries can join at any time but would be invited to join especially once support in democratic countries is already well developed.

In democratic countries, national Simpol organisations encourage citizens to join the campaign. Citizens who join agree to "give strong voting preference at all future national elections to politicians or political parties who have signed the Pledge, to the probable exclusion of those who don't". As citizens join, their relevant MP(s) or political parties are informed accordingly. As numbers grow, supporters in each country become a powerful voting bloc.

For politicians or parties, signing means potentially gaining the additional votes of Simpol's voting bloc. But failing to sign means potentially losing out to competitors who signed instead. The larger the bloc becomes, the less politicians and parties will be able to resist. When an entire political party that wishes to sign it formally adopts the Party Resolution<sup>†</sup>, Simpol is thus made an official part of its policy, thereby requiring all its candidates to sign the Pledge.

If a pledged party becomes the government, it is required to legislate that commitment-in-principle into law. Should it not do so, it runs a risk: the Simpol voting bloc would be unlikely ever to trust it again, so potentially jeopardizing its future electoral chances. Thus, for any politician or party, cancelling its commitment or not fulfilling it is simply not in their interests.

### 4.1. The Campaign's Actual Progress

Citizens can join the Simpol campaign online at any time free of charge. If this occurs in the run-up to an election, the national Simpol organisation concerned sends a message on the supporter's behalf to all the candidates standing in his/her constituency (as electoral areas are known in the UK). Candidates are informed that the supporter will be giving "strong voting preference at all future national elections to politicians or political parties who have signed the Pledge, to the probable exclusion of those who don't".

For politicians and political parties Simpol is a win-win. Signing the pledge at this stage represents their support for Simpol only *in principle* and is thus no-risk. It also attracts the Simpol voting bloc. A politician who fails to sign, by contrast, risks losing those votes to political competitors who have signed, and that could spell disaster.

<sup>\*</sup> To see the Pledge go to [http://www.simpol.org/fileadmin/user\\_upload/General/MP\\_PPC\\_Pledge\\_Form\\_-\\_New.pdf](http://www.simpol.org/fileadmin/user_upload/General/MP_PPC_Pledge_Form_-_New.pdf)

<sup>†</sup> The draft Party Resolution can be seen at [http://www.simpol.org/fileadmin/user\\_upload/Articles/ISPO\\_Forms/Party\\_Resolution13.pdf](http://www.simpol.org/fileadmin/user_upload/Articles/ISPO_Forms/Party_Resolution13.pdf)

Once signed, cancelling the Pledge is simply not in politicians' interests. Politicians could of course cancel, but there would be little point since Simpol's implementation cannot take place *until all or sufficient nations are on board*. So, until implementation occurs, there is nothing for a politician or party to go back on. If, despite this, a politician or party did cancel, the national Simpol organisation concerned would publish this news on its website so that no Simpol supporter would ever be likely to vote for that politician/party again. And when the date for implementation finally arrives, political support for Simpol would be so strong, and global problems so dire, that no politician would hesitate.

For citizens, supporting Simpol is rather like having two votes: one that operates at the global level and the other at the national. Joining the campaign, accompanied by the email that each supporter's National Simultaneous Policy Organisation (NSPO) sends to all the relevant candidates or to their sitting MP(s), represents the supporter's *global* vote. Then, on election day, supporters also get their *national* vote, just like everyone else.

It is important to stress that Simpol supporters do not give up their autonomy as voters. Their commitment is only to give *strong preference* to candidates who have signed the pledge to the *probable* exclusion of those who do not. Each supporter thus still retains the ultimate right to vote as they please.

#### **4.2. The Domino Effect**

The combination of a no-risk Pledge and the risk of losing if they do not sign can create a "domino effect" among politicians. Once one major candidate in a constituency signs, the others have little choice but to follow.

Prior to the last European elections, Catherine Stihler, one of the Labour candidates for Scotland, was first to sign the Pledge on 1<sup>st</sup> May, 2014. A few days later, perhaps seeing that she had signed, one of her competitors, Alyn Smith of the Scottish National Party (SNP), followed suit. Finally, another Labour candidate, David Martin, signed too. All three are now Members of the European Parliament and pledged, alongside some others, to implement Simpol alongside other governments.

In the 2017 UK general election, in some closely contested constituencies, the domino effect was also evident. In the Vale of Clwyd in Wales, for example, the Liberal Democrat candidate signed the Pledge on 14<sup>th</sup> May. Soon after, the Labour candidate signed on 19<sup>th</sup> May. A day later, seeing that both of his main competitors had signed, the Conservative candidate (the sitting MP), also signed. With all three main candidates having signed, the result for Simpol was clear even before polling day: whoever won the seat, Simpol was certain to gain another pledged MP.

By polling day on 8<sup>th</sup> June, over 650 candidates from all the main parties had signed the Pledge. Of those, 64 became MPs. That is about 10% of all UK MPs.

The Simpol campaign does not only work at elections. In each country, as each new supporter joins the campaign, the NSPO immediately informs the supporter's MP(s), even if no election is imminent. Occasionally, just one supporter is sufficient for the sitting

MP to sign the Pledge. On 18<sup>th</sup> August 2015, for example, Jonathan Edwards, the MP for Carmarthen East and Dinefwr, signed after a single supporter in his constituency had joined the campaign. In fact, while Simpol presents politicians with a powerful incentive to sign, this is far from always necessary. Even MPs in safe seats have signed simply because they see Simpol as “common sense” and worth supporting.

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Simpol’s approach works also in proportional representation (PR) electoral systems. In the Irish general election in 2016, for example, fifty-three candidates from most main parties signed the Pledge as polling day approached. Of those, fourteen were elected to the Dáil (Irish Parliament). Since all electoral systems are based on competition between parties, Simpol should prove effective. Also important to note is that when a politician signs the Pledge, their commitment remains valid for life, unless they cancel it in writing. They do not need to sign again each time they stand for election. Support for the campaign therefore builds from election to election and does not need to start from zero each time.

Simpol has gained support from across the party-political spectrum and from citizens in over 100 countries. While the campaign is most developed in the UK, campaigns are already developing elsewhere. The UK, however, could be regarded as providing a taste of the enormous impact that might be possible if large numbers of citizens joined the campaign. With many parliamentary seats and even entire elections around the world often hanging on a relatively small number of votes, it need not take as many people as we might think to implement an “agreement by nations, driven by citizens”.

Having stressed Simpol’s electoral potential, one should not underestimate its common-sense appeal. Being aware of how competitiveness concerns frustrate their desire to take substantive action, politicians often require little persuasion to sign the Pledge. They feel liberated because Simpol’s condition of simultaneous implementation at last allows them to support a process for global problem-solving that avoids any risk of uncompetitiveness.

With many parliamentary seats and even entire elections around the world often hanging on a relatively small number of votes, it is not difficult to see that the number of campaign supporters needed could be surprisingly small. This helps us recognize the disproportionate power we citizens already possess to ensure that our governments cooperate to implement a global-justice agenda.

Simpol’s extraordinary power and the fact that it does not require a majority highlight the vital need for it to have sufficient democratic legitimacy were it ever to be implemented. Its Founding Declaration consequently specifies that implementation can only proceed once a



majority of citizens in each democratic country—be they campaign supporters or not—give their consent. In considering the likelihood of Simpol enjoying the support of a majority of citizens in each democratic country, it is important to understand that global conditions are very likely to deteriorate further in the coming years. As a result, support for the campaign is likely to grow stronger. By the time any global negotiations or national referendums took place, it is to be hoped that a majority of citizens in democratic countries would have become Simpol supporters in any case.

## **5. What about Non-democratic Nations?**

Non-democratic countries can sign the Pledge at any time and pass it into law. Since no electoral pressure can be applied in such countries, what is their incentive for signing?

- Many such countries are relatively poor, so they would have much to gain from the kind of policies likely to be included in Simpol. Apart from solving problems like climate change, these would likely raise considerable revenues, a portion of which could be distributed to poorer countries on a debt-free basis.\*
- Many non-democratic nations are frustrated at the international community's present lack of action and their own lack of influence. Many would want to sign the Pledge to set an example to the richer, more powerful countries.
- As the campaign develops and its public profile grows, Simpol would increasingly become accepted as the world's most likely means of solving global problems. As non-democratic countries witness how democratic governments are being driven by citizens to sign the Pledge, they will not want to be left out of the process.

## **6. Making Global Citizenship a Reality**

For those of us in democratic countries, the harnessing of our right to vote is a critical feature that distinguishes Simpol from initiatives that propose a world parliament, direct global democracy or other forms of global governance. Since none of those initiatives uses existing electoral processes to achieve their aims, they of course cannot be implemented unless national governments give their consent. Such initiatives thus place the ultimate authority for global governance with nation-states rather than with citizens. Simpol, by contrast, offers citizens in all democratic nations a way we can use our votes to compel our governments to consent, a way we can make it in their electoral interests to cooperate globally. Simpol thus puts citizens back in the driving seat in a unique and highly creative fashion.

## **7. Developing Simpol's Policy Content**

Not only does Simpol allow us to drive our politicians and governments towards cooperation, that power equally confers upon us the opportunity to determine Simpol's policy content. As we earlier noted, Simpol is not just a new way to use our votes, it is also a platform of policies, even if their precise content is yet to be decided.

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\* Any guidance issued by the UN for implementing SDG-related policies in Least Developed Countries would be taken into account by the ISPO-PC.

The process of policy development would only be launched by International Simultaneous Policy Organisations (ISPO) once a sufficient number of politicians, parties and governments around the world had first signed the Pledge. Seeking a high level of in-principle support for Simpol before developing any policies is deliberate. It builds the necessary global trust. Delaying policy development also ensures that the packages are fully appropriate for then-prevailing world conditions.

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*“Restoring our faith in democracy as well as solving the global problems that confront us now require a global level of political action.”*

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There is not sufficient space here to describe Simpol’s policy development process, nor to explain how international negotiations to agree its policy packages would be organized. A more complete explanation of the entire process can however be found in Simpol’s Information Pack.\*

## 8. Evolving a World-centric Political Consciousness

As I hope to have shown, restoring our faith in democracy as well as solving the global problems that confront us now require a *global* level of political action. Neither national politics nor flawed global institutions such as the United Nations are capable of dealing with the death-grip that DGC holds us in. But for large numbers of people to engage in Simpol or other forms of global politics will require their political consciousness to evolve beyond its present nation-centric level. It will need to include an additional world-centric level. For this, universities and educational networks such as the World Academy of Art & Science surely have a crucial role to play.

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## Notes

1. For a fuller explanation of ‘regulatory chill’, see Blair, D. (2008) *Race-to-the-Bottom Denial: Reassessing the Globalization-Environmental Regulation Relationship*, paper presented at the Midwest Political Science Association 66<sup>th</sup> Annual National Conference Chicago 3 April 2008, by David J. Blair, Department of Political Science, Huron University College, London, Ontario, Canada. <http://www.allacademic.com/pages/p268485-1.php>
2. Michael Devereux, “The best reform of corporation tax would be its abolition” *The Financial Times*, December 3, 2012 <http://www.ft.com/cms/s/0/cac9ebe8-3d5c-11e2-b8b2-00144feabdc0.html#axzz3hGWUXve1>

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\* Please see [http://www.simpol.org/fileadmin/user\\_upload/Policies/Information\\_Pack.pdf](http://www.simpol.org/fileadmin/user_upload/Policies/Information_Pack.pdf)