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**Reviving pan-Atlantic interdependencies –
A laboratory for global governance**

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ABSTRACT

“Dependence” was elevated, after WWII, to the status of a social-economic theory calling for “independence” by means of national state-oriented industrialization programs. This issue was mostly an Atlantic affair, linked to Latin American and post-colonial African debates about “development”. But dependence implies interdependence, and “independence” is nothing more than a variable scale of limited decision-making capabilities in a sea of collective constraints. In the Atlantic space, since the first caravels, interdependency was always the norm. Now, it faces a new phenomenon: global interdependence. An interconnected world of permanent innovation, fragmented trans-national global supply chains and planetary markets lacking a global decision-making mechanism. Governments are becoming “local managers” of a “global logic”.

The 20th century production model of “mass production for mass consumption” is being superseded by a new “industrial” revolution: a transition towards a global “digital economy”. “Distributed production for customized consumption” is capturing dominant shares of the global value-added. What does industrial “development” still mean if “emerging” economies cannot rely anymore on their low-wage/low-skills production advantages? Despite divergences, the Atlantic regions benefit from a reasonable convergence on core values: democracy, rule of law, economic freedoms, primacy of individual rights, freedom of expression, of information and communications. Today, this broad consensus is a *sine qua non* condition for promoting economic growth and social inventiveness, together with the possession of the key elements for managing the contemporary wealth creation: high-tech innovative production clusters, robust transnational industrial supply chains, abundant natural resources.

A new interdependent regional “Atlantic century” with its unique combination of basic consensus on values and elbowroom for innovative social and economic experiments could certainly become the main laboratory of governance of a new global economic and political interdependence.

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1. Introduction

Dependence is an ambiguous concept. With “The Servant” (1963), Joseph Losey, the great American filmmaker, made a magnificent graphic statement about the whole ambiguity at the heart of this kind of relationship. Who depends on whom? Who is the master and who is the servant? The answer is never straight.

No man is an island. With very few exceptions, interdependence has always been the norm at local, national, regional and now global levels. Since the first expansion of the so-called “Western civilization”, from the end of the 15th century, the economically and socially interdependent Atlantic space nurtured different hierarchies of geopolitical power – inter- and intra-regions, states and even local societies and whole continents. Power centers, which in turn modeled new forms of Atlantic-wide interdependence. Dependence and decision-making power should not be confused, as their relationship is inherently unstable. Each side of this same coin influences and transforms the other, bringing about new economic, social and political realities. Today, the old and often shifting Atlantic interdependent dependencies is facing the challenge of “global” interdependence that, in many ways, has its roots in the same Atlantic economic and political way of life. A disorderly compact of interconnected production, consumption and cultural transnational practices defying governmental control and, so far, any attempt at world governance. The trillion-dollar question is whether a new avatar of pan-Atlantic cross-dependencies, with their old history of partaking in basic social experiences – as open societies, freedom of communication and thought, celebration of permanent innovation and primacy of individual rights –, could become a central hub of the new global economy and a key laboratory for global governance.

Dependence was elevated to the status of a social-economic theory during the three decades of the post-WWII decolonization processes (1950-1970). At its inception, it was a Latin American viewpoint reared in the newly founded UN Economic Commission for Latin America (ECLA – 1948) under the helm of the Argentinean economist Raúl Prebisch. These first “development economists” put forward a vision of an interdependent world economy where one important element was the exchanges between “core” industrialized countries and a “periphery” of primary goods producers. Because of their huge technological advantages, the central players, thanks to their industrial exports, were able to retain most of the value-added generated by this unequal trade pattern, while “peripheral” ones were sentenced to remain mere furnishers of raw materials forever¹. In a convoluted way, interdependence bred dependence without mutual advantages.

Economic “third-worldism” was born, along with the idea that the only path to “development” was to cut, as much as possible, the links between “center” and “periphery”, and to pursue a protected national industrialization process based on “import substitution”. From the 1950s to the fall of the Berlin Wall – and through diverse refinements of the “dependency theory” by *Latinos*, North American, African and European thinkers² – more or less “independent” and inward-looking national state-oriented industrialization programs became the core belief of political and economic “developmentalists”.

¹ ECLAC, *The Economic Development of Latin America and its Principal Problems*, United Nations Department of Economic Affairs, Lake Success, New York, 1950.

² Inter alia: Celso Furtado, Fernando Henrique Cardoso, Enzo Faletto or Theotônio dos Santos for Latin America; Paul Baran, Paul Sweezy or Immanuel Wallerstein for North America; Samir Amin or Walter Rodney for Africa; Hans Singer, André Gunder Frank, Giovanni Arrighi or François Perroux for Europe.

2. No dependence without interdependence

The issue of “dependence” was an Atlantic affair, closely linked to the Latin American and post-colonial African debates about “catching up”. But since the 1960s, the Asian NICs (“New Industrial Countries” – Hong Kong, Singapore, Taiwan, South Korea) were thriving, thanks to an industrialization model based on a strong interdependence with the Northern “triad” of “developed” markets. As a matter of fact, what lurks behind these ambiguous and uncertain visions are dreams of “independence” – or at least a fair degree of autonomy laid out in nationalistic terms. What makes things more confusing is that well-managed interdependence can lead to more independence, and go-it-alone strategies end often in failure and in much more dependent outcomes. In today’s globalized world where even great powers are irreparably dependent on what goes on in the rest of the planet, what does “independence” mean? An autarkic self-contained state? An overwhelming military power? Are we talking strict “national” economics, politics, culture? Does that make any sense in an interconnected world where national decision-making capabilities are dwindling fast? And then, independence for whom? Governments, businesses, people, transnational NGOs, international organizations, non-national terrorists groups or organized crime, local sub-national authorities...?

No doubt that in classical geopolitical terms “some animals are more equal than others”³, which does not mean the powerful can survive without the downtrodden. Dependence implies interdependence, and “independence” is nothing more than a variable scale of limited decision-making capabilities in a sea of collective constraints. Considering the Atlantic space, interdependency is the norm since Christopher Columbus’ caravels touched San Salvador Island in the Bahamas. The issue today is how the different Atlantic protagonists use this historical and ever growing thick network of relationships – which vary widely from cooperation to hostility – to strengthen their hand in this region-wide play.

3. The inaugural Atlantic interdependent “triangular trade”

The paragon of Atlantic interdependence was established in the 16th and 17th centuries with the well-known “triangular trade” relations between Europe, Africa and the Americas⁴. Europe’s modernization and rise to power would not have been possible without the constant flow of precious metals (silver and gold), and a few high-value cash crops, being shipped from South and Central America. This flood of cash, mined or looted by the *Conquistadores*, boosted the Old Continent’s monetary economy and trade, giving rise to a substantial mobile merchant class with enough means to conquer more freedom vis-à-vis the traditional local feudal lords. Central governing bodies, which protected and controlled the transatlantic trade – and not a small part of the intra-European bullion exchange –, bolstered the power and authority of national monarchies over their unwieldy company of competing *grandees*⁵. Old ruling elites, kicking and screaming, didn’t have much choice other than negotiate their capitulation to the new monarchical power.

³ George Orwell, *Animal Farm*, Penguin Classics, London 2011.

⁴ Pierre Chaunu, *Conquête et exploitation des nouveaux mondes*, Nouvelle Clio, Paris 1969 ; F. Chevalier, *Histoire de l’Amérique latine*, PUF, Paris 1992. Fernand Braudel, “ Un immense et complexe système de drainage de l’économie mondiale ” in *La Méditerranée et le monde méditerranéen*, Armand Colin, Paris 1982, p. 207.

⁵ Pierre Vilar, *Or et monnaie dans l’histoire 1540-1920*, Champs Flammarion, Paris 1974.

The slow and bloody birth of sovereign centralized states in Europe under the aegis of absolutism had also another Atlantic foundation: hundred of thousands Europeans fleeing to the Americas in search of a richer, freer and a less predictable gloomy life. This exodus of people weakened the economic base of local noble elites for the benefit of the Monarchs. But it also served as a safety valve for that period's threatening social tensions. In other words, Modern Europe, its rising power and path towards world dominance, was extremely dependent on its links to the New World.

However, the colonial elites and freemen in the Americas, who conquered a much greater degree of freedom and independence than their brethren who stayed home, could not go without the protection – and the burdening law and order authority – secured by the Crowns' administrative and military apparatus. At the same time, as miners or planters, they were also completely dependent on local or transatlantic imported manpower: indigenous serfs laboring under the *encomienda* system and African slaves. Free labor was in short supply. The slave trade was in fact, one of the main pillars of the “triangular trade”: part of the profits from the Euro-American colonial exchange were recycled into European manufactured products (fabrics, armaments, mirrors, cheap jewelry...), which in turn were traded for slave cargos bound for the Americas.

But while Native Americans and deported Africans lost completely their personal and collective decision-making powers, some African kingdoms would take advantage of their local slave trade monopoly. Forays to seize war captives for selling was a way to weaken local tribal competitors and to concentrate the profits of the trade into the hands of more centralized power structures⁶. Slaves were already part of the Kingdom of Kongo economy before the arrival of the European traders, and the realm profited handsomely from the trade relationship with Portugal. So mighty was the kingdom that in the 16th and 17th century the Portuguese Crown considered the Kongo somewhat as a peer monarchy⁷. Hence, “triangular” interdependent exchanges also supported the rise of more powerful and less dependent African political entities⁸ – other examples being the Mali, Ashanti or Yoruba Oyo empires.

4. The Atlantic 19th century: shifting mutual dependencies

Fast forward to the 19th century, when the competing European imperial powers occupied and carved up the African continent, consolidating the modern colonial system. The main driver of this colonial expansion was access to strategic raw materials, land and new markets – and denying it to the geopolitical competitors. Struggling for pre-eminence in the Old Continent, the dominant powers needed to establish monopolistic control over these foreign sources of minerals and food. Thus, their rise to primacy was greatly dependent on the colonial bonds with Africa and trade “preferences” with the Americas. For Africans, this new form of interdependency destroyed their historical – and sometimes powerful – states, which thrived under the old framework. However, new indigenous elites allied to the European rulers, and politically and economically dependent on the whims of the new masters, could prosper and reach greater decision-making capacity over their own people. For African polities, dependent interdependency reshuffled the deck of domestic power relationships.

⁶ Olivier Pétré-Grenouilleau, *Traites négrières*, Gallimard, Paris 2004

⁷ A. H. de Oliveira Marques, *História de Portugal*, Vol. II, Presença, Lisboa 1998, p. 59-63

⁸ John Thornton, *Africa and Africans in the Making of the Atlantic World, 1400-1800*, (Second Edition), Cambridge University Press, Cambridge 1998. Robert W. July, *A History of the African People*, Waveland Press, Long Grove IL 1998.

On the western shores of the Atlantic, local colonial elites conquered political independence from their respective metropolises. After the American Revolution in the end of the 18th century and the Napoleonic upheaval in Europe, Latin American colonial elites – and their descendants – were able to sever their political connections to Madrid or Lisbon. It was not a “decolonization” process as in Africa and Asia one hundred years later, but parallel unilateral declarations of independence, “a most extraordinary and complicated situation”⁹. Save that the “Creole” rulers were also extremely dependent on the commercial links with their former European homelands in order to sustain their domestic dominance and to strengthen the foundations of their newly created “national” states. The old structure of Atlantic exchanges was still very much alive: European hunger for Latin American primary products was balanced by Latino craving for capital and industrial and luxury goods from Europe and, later on, from the United States.

Undeniably, the new Latin American ruling groups also benefited from this interdependence. Having become more independent players, they could take advantage of the ups-and-downs of world markets by being able to better deal prices and quantities of their main export products. This negotiating elbowroom was possible thanks to the enclosed system of imperial trade monopolies, particularly in Africa: Latin products could fill the widening import gaps in an ever-growing demand from Europe’s industrial revolution. In the Atlantic area, during the 19th century, independence, dependence and interdependence are closely linked realities feeding each other.

This loop of shifting mutual dependencies was also clearly at work in the North Atlantic space. The British Empire twin pushes to abolish the slave trade and to open up overseas markets weakened substantially its Spanish, Portuguese and French competitors in the Atlantic. But it was also a blow to the powerful and nearly autonomous US Southern plantation states. The defeat of the Confederate states in the 1861-1865 Civil War foreclosed the South’s independence dream and reinforced significantly a Northern “Federal” power. The abolition of slavery and the crushing of the plantation economy – which was still going strong in Central and South America – paved the way for the United States’ rapid industrial growth and for the opening of the Far West territories to independent free farmers. Britannia’s rule of the waves and the Royal Navy’s harassment of slave merchant ships had the unintended consequence of making a significant contribution to unleashing the US industrial drive and its rise to power at the beginning of the 20th century. A dominant power that eventually came to supplant the British Empire itself.

5. The “Glorious Thirty” years of Western interdependence

These patterns of shifting Atlantic interdependencies were also at work in the post-colonial period. African indigenous colonial elites, whose domestic authority derived from their dependence on the colonial metropolis, were swept away – or sometimes

⁹ Simon Bolivar, Reply of a South American to a Gentleman of this Island (Jamaica), in Lewis Bertrand, *Selected Writings of Bolivar*, The Colonial Press, New York 1951. “We are, moreover, neither Indian nor European, but a species midway between the legitimate proprietors of this country and the Spanish usurpers. In short, though Americans by birth we derive our rights from Europe, and we have to assert these rights against the rights of the natives, and at the same time we must defend ourselves against the invaders.”

partially co-opted – by the newly independent “national” leaderships. Thanks to the establishment of new sovereign states, these emerging power groups got a freer hand to negotiate their countries’ riches. The braking up of the closed colonial monopolies opened the access to world markets. For sure, this wider national decision-making capacity was still limited. Old interdependencies don’t disappear so quickly. The more powerful European players in Africa – particularly, UK and France – still managed to keep privileged “special” relationships with their ex-colonies.

The Lomé Conventions – and the Cotonou Agreement further on – between the European Union and the Africa, Caribbean and Pacific Group of States (ACP) are witnesses of these enduring close links. No doubt, being altogether bound – economically and politically – to raw materials production and trade, the new African states remained overwhelmingly dependent on demand from the industrialized world. But at least, the more powerful and richer ones could take advantage of the competition between the industrial powers – Europe, Japan and the United States. On the other hand, the travails of building a state from scratch in this new unequal framework of interdependence also bred domestic political instability. The newly independent African states grew into battlegrounds for the Cold War East-West confrontation or for old versus new Western powers competition: local antagonistic political forces viewing for financing and protection by the US, the different European states or the USSR. A plight that many Latin American countries had to face during the same period, even if they benefited from much older and more consolidated political institutions.

These new intertwined dependency links also played a major part in North Atlantic relationships. For Western industrialized countries, the post-WWII spectacular economic growth – celebrated by the French economist Jean Fourastié as the “Glorious Thirty” years (1946-1975)¹⁰ – boosted imports of raw materials from Africa and Latin America... as well as oil from the Middle East. But this “reconstruction” boom was a direct consequence of a dramatic increase in US-Western Europe interdependence. The European economic and political resurgence could not take place without American aid and capital provided by the Marshall Plan, and without the US military umbrella providing security against the Soviet threat.

A significant part of continental Europe’s traditional political and economic elites was literally wiped out during the war years, physically or economically. The new, upwardly mobile and less cemented power groups that replaced them were flexible enough to trade enhanced dependence vis-à-vis Washington for time and means to rebuild and modernize the Old Continent’s core democratic nations. An option that made possible to concentrate minds and resources on the process of European integration¹¹, underpinned by Uncle Sam’s armed forces and NATO security guarantees. In the end, it was a winning bet: the Soviet bloc imploded and the European Union rose to become the world’s biggest economy and political power together with the US. But this was also a two-way street: United States economic growth benefited handsomely from open access to the dynamic European markets and from the political support of its Atlantic allies. The “West”, a Cold War North Atlantic category, was the perfect avatar of these complex “win-win” mechanisms at work in “dependence-in-interdependence” relations.

¹⁰ Jean Fourastié, *Les Trente Glorieuses, ou la révolution invisible de 1946 à 1975*, Fayard, Paris 1979.

¹¹ David W. Ellwood, *Rebuilding Europe – Western Europe, America and Postwar Reconstruction*, Longman, London and New York 1992

6. The “happy globalization” cycle

The fall of the Berlin Wall and the implosion of the USSR consolidated an already ongoing new phenomenon: global interdependence. The opening of the former Soviet bloc economies, the adoption of market economy principles by most of the developing world, and China’s conversion to a peculiar form of aggressive command capitalism, liberated investment opportunities and a vast new pool of customers and available workforce. People all over the world started to share, through global television and social networks, the same emotions, fads, and ads. The impact of this interconnectedness is tremendous, as huge as the invention of the mass audience radio in the first decades of the 20th century in the United States. Save that standardization of tastes and trends is now happening at a planetary level.

The straitjackets of national borders could not contain anymore the “mass production for mass consumption” economic logic – kick-started by Henry Ford at the beginning of the 20th century in the US, and exported to Europe through the Marshall Plan (and later Japan) in the decades following WWII. Internationalization of production, by multinational – and then transnational – corporations, became the name of the game. Financial systems, organized around the most important Western financial hubs (New York and London) had to follow the credit and investment needs of their big corporate customers. Necessity led to financial creativity and deregulation, creating a seamless world financial industry, less and less controllable by national authorities.

Concurrently, the fragmentation and trans-nationalization of production lines gave birth to the present global supply chains, encompassing a myriad of independent intermediate producers and service providers. The standalone global corporation became more and more a driver and a coordination platform for its subcontracted and internationally scattered operations. It actually relinquished its original geographic roots, distributing its investments and plants according to the different advantages that each market or country could dispense. National spaces are now viewed only as a way to optimize the efficiency of a firm’s value chain. In the last twenty years, this worldwide integration of financing, production processes, and consumer tastes materialized into a new extremely interdependent global geo-economy¹².

The new supply chains favored territorial specialization and created “niche” opportunities, captured by big emerging economies such as Brazil, India or China. But their economic successes are closely associated with their cozy integration into the global production chains, consumer markets and financial system. Schematically, Brazil did fine mostly because of the boom and high prices of its commodities exports, a large part of which (iron ore and soya) was shipped to feed China’s economic engine. The surpluses engendered by this raw materials bonanza allowed for successful social policies that gave a boost to its domestic market. China found an extremely profitable “niche” inside the global value chains, assembling industrial goods for export. The Chinese machine imports raw materials from Latin America, Africa or the Middle East, and components and technologies from South East Asia, South Korea, Japan, Germany or the United States. Then, Western, Japanese, Taiwanese and some mainland Chinese companies, assemble these elements into very competitive finished products, mostly sold in Europe and the US. India has benefited from the outsourcing

¹² Alfredo G. A. Valladão, “Masters of the Algorithms. The Geopolitics of the New Digital Economy from Ford to Google, *Wider Atlantic Paper Series*, The German Marshall Fund of the United States, Washington 2014.

www.gmfus.org/wp-content/blogs.dir/1/files/mf/1399061479Valladao_MastersoftheAlgorithms_Apr14_web.pdf

to low-wage environments of many services sectors indispensable for the workings of the global economic machine – another “niche” strategy.

7. The pivotal power of Euro-American consumers

Now, all this mass of final products churned out by the planetary transnational production belt has to be bought somewhere. In current dollar prices, the US and European markets represent more than 25% each of the world’s final private consumption (adding Japan and the other industrialized economies we are close to 2/3 of private global consumption)¹³. China, in spite of its economic prowess, represents less than 6% – a level that by itself would be totally inadequate to sustain the country’s internal growth rate or the niche strategies of its emerging partners. Indeed, the prosperity of the “emerging powers” is intimately linked to the good health of North Atlantic economies¹⁴.

The uncomfortable truth is that we are not entering a multipolar world but a growing and strongly interdependent world. We are living now in a planetary economy steered by a transnational production and financing logic, which rests on the Euro-American consumers’ appetite for buying goods, the shifting strategies of global corporations and on the well functioning of the integrated global financial markets – heavily dependent on the liquidity and financial “deepness” provided mainly by Wall Street and the City of London. This new global production logic, coupled and promoted by the twin revolutions in Information and Communications Technology (ICT) and transports, has greatly clipped the power and elbowroom of national governments, including the most powerful ones. Governments are becoming “local managers” of a “global logic” and global interests increasingly articulated by “a-national” networks of non-governmental actors (transnational firms, investors, disruptive new “start-ups”, media, “hackers”, NGOs and international institutions, “sub-national” authorities, criminal networks, etc)¹⁵.

The dwindling power and capabilities of national governments are not being balanced by more efficient established – or ad hoc – international “governance” institutions (IMF, World Bank, G-20 and so on). The relevance of the G-20, hailed as the embodiment of an emerging “global governance”, is steadily losing steam. There is clearly a lack of a global decision-making mechanism and it is not only an Atlantic problem. All governments have to cope with this challenge. Since the 2008 global financial crisis, intergovernmental cooperation between sovereign states has shown its limitations. The new political and economic reality needs more “government” than “governance”. But for the time being, “world government” is still a dangerous and authoritarian utopia, whereas “global governance”, at best, cannot do more than trying to avoid chaos.

¹³ The US alone represents 27% of the world’s household final consumption expenditures. This percentage is nearly the same for Europe, while for Japan it reaches 8%. The total for the rich world industrialized economies is around 62%. As a comparison, China represents only 6% (current US\$ - 2011).
<http://www.indexmundi.com/facts/indicators/NE.CON.PRVT.CD/compare?country=1w#country=tr:1w>

¹⁴ Alfredo G. A. Valladão, *BRICS: Path Openers or Reluctant Followers?*, Conference Paper, Madariaga – College of Europe Foundation, Brussels 2012. <http://www.madariaga.org/images/madariagapapers/2012-jul-12%20-%20valladao%20paper%20globalisation.pdf>

¹⁵ *Ibidum*

8. United States: still the warrantor of last resort

The fact is that this new deeply interdependent world cannot be consolidated, let alone managed, without a guarantor of last resort. Some kind of effective “Executive” power with enough “sovereignty” over the whole process to stand against those who refuse to accept the basis and essential norms of the unfolding new economic paradigm and want to destroy it (“bad guys” do exist). Someone or something with enough “hard power” to safeguard the basic elements of the current functioning of the global economy: the safety and constant modernization of hard- and software systems for open global communications and Internet; the security of space-based capabilities and global maritime commercial flows; the protection of oil production and flows from the Gulf; a deep, liquid and creative capital market that sustains the whole global financial system; a reserve currency of last resort...¹⁶

Like it or not, at present the global buck stops in the United States or, more precisely, in the US Executive Branch (White House, Pentagon, Treasury, Intelligence Agencies, Department of State, Justice...), which today does not always reflect pure “American” interests. Today, the US Administration, besides its national “constituencies”, has to serve, *volens nolens*, a much larger one made of “globalized” domestic players and foreign interests vital to the US. The tension between the global role of the Washingtonian state apparatus and American “parochial” demands is clearly palpable in the growing gap and animosity between the White House and the Congress and Supreme Court – whoever occupies the Oval Office¹⁷.

However, in a globalized interdependent world, that kind of “hard – decision-making – power” does not equate with omnipotence. Washingtonian power is essentially conservative: trying to keep the conditions for the functioning of the present liberal paradigm from unraveling before the growing threats and turbulences. Presently, there are no other credible options being offered – only small minorities yearn for North Korean autarkic socialism or caricatural manchesterian savage capitalism alternatives. Yet, US power is not anymore in the business of changing the world or even playing global cop or firefighter. The use of force, be it military intervention or economic sanctions, is being applied in homeopathic doses only when the “national interest” is threatened or the present transnational political/economic basic equilibriums are challenged. Local menaces are for local players to deal with, unless they pose a clear risk to the global ordainment. Nevertheless, in a strongly interdependent world scene coping out on this role of reticent warrantor of last resort is not an option. Economic prosperity is what underwrites US capabilities, which in turn are wholly dependant on access to well functioning world markets, raw materials, and global intellectual creativity. America’s affluence badly needs a flourishing world economy.

9. Twilight of “mass production for mass consumption”

In 2008, the powerful production model that generated unheard-of wealth during the last half of the 20th century hit a wall. The “mass production for mass consumption” industrial machine, and its global supply chains have to cope now with the dwindling solvency of consumer markets and with crucial environmental challenges. Yet, the stalling of the global conveyor-belt is not the end of history. The trans-nationalization of the classical industrial model was made possible by the incorporation of first- and

¹⁶ Alfredo G. A. Valladão, Democratic Hegemony and American Hegemony, *Cambridge Review of International Affairs*, Vol. 19, n° 2, June 2006, Cambridge.

¹⁷ *Ibidum* and Alfredo G. A. Valladão, *BRICS: Path Openers...*, *op. cit.*

second-generation information and communications technologies (ICT). The unprecedented intertwining and growing convergence of Big Data, cloud computing, the Internet of Things, 3-D printing, advanced robotics, biotechnologies and global social media, are at the heart of a new “industrial” revolution. As a matter of fact, the world is undergoing an epochal transition towards a global “digital economy” predicated on what some are already calling the “Internet of Everything”¹⁸.

New manufacturing technologies, and their wide-ranging cost-cutting upshot, are rapidly diluting the advantages of size, economies of scale, low labor costs, and a committed plant workforce. Growing parts of the global, vertically integrated, supply chains are being progressively displaced by global “distributed” production “networks” where suppliers, big and small, will be able to sell directly to the new production “cloud,” thereby optimizing the way information and materials are shared. The most advanced manufacturing processes – as well as the products themselves – are being transformed into another “commodity” that can be bought at global market prices by anyone, small or big firms, established ones or new entrants. Immaterial inputs like design, innovation, branding, manufacturing or marketing procedures, as well as services embedded into final physical products are fast becoming the main source of value-added. The 2013 WTO-OECD research in “trade in value-added” (TIVA) has showed how the importance of services in the end-value of goods is already grossly underestimated¹⁹.

“Customized production” is on its way to overtake “mass production” as the most important source of economic gains. And this new “digital economy” might be finding a way to solve the dilemma of diminishing consumers’ solvency. Indeed, slashing physical production costs means more affordable goods for the huge rich countries’ aging and slow-growing markets, as well as for the developing world’s new “middle classes” with stagnating revenues. In our era of Social Media, good offers can go viral, and rapidly become global hits. Fashion and tastes can rapidly become massive – and hence very profitable – and be replaced by new ones as quickly. This much shorter end-product life span is perfectly compatible with the trend toward “customized consumption” (ephemeral or not). This ceaseless renovation of very fragmented global markets can also underwrite the needed profitability and investment capacities that are vital in order to assure the sustainability of this highly distributed production process.

“Distributed digital production for customized consumption” can be expected to capture progressively larger portions of global value-added, particularly in the more demanding, better equipped, and richer societies of established industrial powers, as well as in more affluent segments of the emerging urban middle-classes in the South. Much less profitable, the “mass production for mass consumption” paradigm will not disappear for all that. It will continue to serve the mature markets’ remaining requirements for standardized mass products at low prices. Although, it’s long-term survival as a manufacturing model that relies on slumping margins is predicated on a strong but uncertain expansion of a less demanding consumer base in developing countries.

¹⁸ Alfredo G. A. Valladão, “Masters of the Algorithms...”, *op. cit.*

¹⁹ WTO/OECD, OECD-WTO Database on Trade in Value-Added – Preliminary Results, January 2013. OECD-WTO: Statistics on Trade in Value Added. http://www.wto.org/english/res_e/statis_e/miwi_e/tradedataday13_e/oecdbrochurejanv13_e.pdf
http://www.oecd-ilibrary.org/trade/data/oecd-wto-statistics-on-trade-in-value-added_data-00648-en

10. “High-tech” and “good-enough” producers

The digital economy upheaval will have far-reaching geopolitical and geo-economic implications. Transformations are so rapid and so profound that the whole set of interdependent relations inherited from the post-WWII and post-Cold War periods are unraveling. The first clear symptom of a new era is the fact that global trade has been growing slower than GDP, and that this new ratio between the two variables is due, in large part, to structural changes in the transnational supply chains²⁰. New information and communications technologies are starting to reduce the need for parts and components (P&C) exchanges that have been feeding the global chains, and which constitute the bulk of global trade. The present trend for more value-added products manufacturing is to concentrate physical production of final goods in each regional consumer market. Design and specifications of P&C can “travel” through the Internet and can be produced locally, “on demand” in order to adjust to more “customized” and more short-lived consumption patterns. Mature mass production global supply chains will keep churning low-value “good-enough” products, but they are already importing relatively less physical parts and components.

Obviously, we are still at the beginning of this process and there are numerous intermediate realities. But these new developments are widening the gap between those who can master the new dynamics of the services-packed distributed digital production; those who struggle to lessen their reliance on mass production global niches; those who cannot escape the curse of roller-coaster commodities exports; and those who are trapped in poverty and depend on unpredictable public and/or international aid programs to survive. In fact, the most worrying trend is that the gap between the most advanced economies and the rest could become impassable.

Since the first “dependency” theories at ECLAC in the end of 1940s, “development” meant “industrialization”, heavy or light, “socialist” or “capitalist”. But after the American-aided “reconstructions” of Western Europe and Japan, national industrialization through import-substitution could not flourish anymore in closed and limited domestic consumer markets, and further on they could not stand the competition of much more efficient transnational supply chains. But this internationalized conveyor-belt was also the mainstay of the recent success of the niche industrial strategies of “Emerging Markets” – which could also count on the buying power of rich countries consumers.

Today, thanks to advanced technologies, manufacturing costs of physical objects are dropping precipitously. Economic value is determined by the load of embedded services and the pre-production and post-production stages (Conceptualization, R&D, Design, and Branding, Marketing & Distribution, Customer Services)²¹. Competitive advantages of supply chains based on low labor costs and massive production scale of good-enough products with low profit margins are swiftly eroding²². One of the best examples of this new reality are the difficulties of Xiaomi, the Chinese cheap mobile

²⁰ Cristina Constantinescu, Aaditya Mattoo, Michele Ruta, “Explaining the global trade slowdown”, 18 January 2015, VOX CEPR’s Policy Portal. <http://www.voxeu.org/article/explaining-global-trade-slowdown>. World Bank, “What Lies Behind the Global Trade Slowdown”, in *Global Economic Prospects*, Chapter 4, World Bank, Washington DC, 2015.

²¹ This definition of the continuum of production value-added in manufacturing processes is graphically rendered by the now famous “Smiley Curve” proposed by Stan Shih, founder of the IT company Acer, in 1992.

²² Carol Liao, Christoph Nettesheim, and David Lee, “Will China’s Global Challengers be the Next Global Leaders?”, *BCG Perspective*, The Boston Consulting Group, January 2015.

Financial Times, “Xaomi: make it up on volume?”, [ft.com/lex](http://www.ft.com/lex), July 2, 2015 4:53 pm

[http://www.ft.com/intl/cms/s/3/da34d924-20aa-11e5-aa5a-](http://www.ft.com/intl/cms/s/3/da34d924-20aa-11e5-aa5a-398b2169cf79.html?ftcamp=published_links%2Frss%2Fflex%2Ffeed%2F%2Fproduct#axzz3eqRecqxW)

[398b2169cf79.html?ftcamp=published_links%2Frss%2Fflex%2Ffeed%2F%2Fproduct#axzz3eqRecqxW](http://www.ft.com/intl/cms/s/3/da34d924-20aa-11e5-aa5a-398b2169cf79.html?ftcamp=published_links%2Frss%2Fflex%2Ffeed%2F%2Fproduct#axzz3eqRecqxW)

phones mass producer, struggling to keep pace in its own home market with the surging popularity of Apple's much more expensive iPhone²³. Future competitiveness and industrial productivity means mastering the whole array of advanced interconnected manufacturing tools, as well as the most sophisticated instruments for understanding consumers tastes and the capacity to customize (and even personalize) final goods. Even more crucial: to enjoy the skills and freedom of connection and of sharing ideas in order to use the Internet global ecosystem to establish free-flows of vital information and strong ties with all the intellectual, financial, labor or regulatory partners all over the world²⁴.

What does "development" still means if "emerging" and "less-developed" economies cannot use anymore their basic low-wage/low-skills and physical factors of production advantages to sustain an industrialization process other than an unprofitable low quality production? The more so that their domestic markets are not large and solvable enough to keep the machines running, and that they will rapidly lose market share in the crucially important "Western" consumer markets. Some big companies of this "old" manufacturing model will be able to thrive by serving a global market of low-quality demand and by squashing their look-alike less productive competitors. But this cutthroat competition precludes any sustainable national industrialization process, either vertically-closed or niche-oriented.

11. A new North Atlantic century

Global interdependence, resting on transnational – and vertical – supply chains for mass production, is facing a huge metamorphosis. The speed of ICT and advanced manufacturing innovations is giving birth to new transnational networks of distributed "customized" production and consumption. A novel form of global interdependence is reshuffling the cards of the whole set of dependence links established during the last two decades of "happy globalization", before the Lehman Brothers shipwreck.

A new emerging economic geography is already having deep political and "governance" implication. The new high value-added networked digital economy is eminently favorable to regions that are able to combine high quality infrastructure, education, independent juridical guarantees for litigation and property rights, and a pool of venture capital and instruments for affordable funding. Plus open and very competitive markets, a high level of free connectedness (domestic and foreign), freedom to exchange ideas and projects, the ability to integrate and manage foreign talent, and also a traditional – sometimes centuries-old – concentration of specialized industrial or services skills²⁵.

No wonder, the lion's share of innovative economic hubs are situated in regional "clusters" in the North Atlantic core, the United States and Europe (the best symbols being Silicon Valley, Silicon Saxony or London's Tech City), followed by Japan, Israel and a few scattered "centers of excellence" in Korea and China. For demographic, environmental and saturated consumption reasons, the old established economic powers are already adjusting for a long period of relatively modest growth rates. But steep falls in manufacturing costs, the "commoditization" of physical products and embedded high value-added services, could more than balance this structural

²³ Charles Clover, "Xiaomi sales put full-year goal in doubt", Financial Times, ft.com, July 2, 2015.

²⁴ Harold L. Sirkin, Michael Zinser, and Justin R. Rose, "Why Advanced Manufacturing Will Boost Productivity", *BCG Perspective*, The Boston Consulting Group, January 2015.

²⁵ Peter Marsh, *The New Industrial Revolution – Consumers, Globalization and the End of Mass Production*, Yale University Press, 2012

economic slowdown. “Digital” manufacturing will not need explosive aggregate demand for some decades to come. And consumption and “trade” of bytes and services do not have any foreseeable limits – yet. The huge profitability of these advanced sub-national production clusters would be able to assure economic sustainability thanks to substantial profit margins, enough to foster employment and higher-paying jobs, and to reap benefits for investments and shareholders.

Is this the dawn of a “decoupling” – at least a partial one – of the old industrial powers from the emerging and developing world? No doubt, the new global networked production model could secure some degree of prosperous North Atlantic economic “autonomy”. The more so, if it can also count with a big chunk of growing urban middle-class high-end consumers in emerging markets. By the way, these more affluent social strata are also decoupling somewhat from their national societies and integrating the hyper-connected planetary social contacts and work opportunities. Nevertheless, mature economies cannot avoid facing a new challenge: growing domestic regional inequalities. Rich, clean and dynamic clusters, intensively connected to their foreign counterparts, will thrive alongside sluggish destitute and polluted neighboring zones shunted aside.

These less successful sub-national areas will still certainly constitute a consumer market for lower quality mass-produced and cheap “good-enough” products. Provided they can find a way to ensure decent sustainable living standards – either by developing some profitable niches inside the “old” transnational supply chains of low value-added products, or providing low-paid services to their better-off neighboring clusters, or by seeking assistance from their national community. But with the new pattern of global interdependence, do governments have yet the capacity to efficiently redistribute wealth on their national territories? And to cope with the social and political frustrations of a two-speed national polity? Northern Atlantic governments, as well as its sub-national authorities, are also in serious need of so-called “global governance”: a framework to manage global turbulence and threats, and the impacts on their domestic constituencies.

12. Challenges for the “Rest”

For the rest of the world, the main question will be how to keep growing with dwindling Western consumer markets for impersonal mass-produced goods – and probably lower rates of raw materials imports –, and with the lack of social and material conditions to emulate the North Atlantic innovative push. Indeed, unlike Northern established powers, high rates of economic growth are a paramount condition for lifting millions of newly urbanized citizens out of sheer poverty. A fortiori when, in the next decade, practically everybody on Earth will be connected and exposed to global images, information and fads. Satisfying the high expectations of a much more informed population is already the main problem a developing country government has to solve in order to avoid dangerous social breakdowns.

For those “emerging” countries that did well with industrial niche strategies inside the mass production global supply chains, the short and medium term way to compensate the shrinking demand from the “North” would be to unleash the mass of less sophisticated and suppressed consumer solvability at home and in other developing economies. A few zones, favored by a close geographical proximity to “developed” consumer markets, can still maintain their industrial or services niche advantages thanks to facility of contact, language compatibility and, more important, shorter logistic lines better adapted to the new economy’s “fast fashions” and its permanent upheavals of consumer tastes and production processes. But boosting domestic households’

buying power and freedom of choice is a tall order for national elites and political institutions whose survival hinge on clientelistic, uncompetitive and undemocratic practices.

From now on, large consumer markets benefiting from an efficient production system – even for good-enough products – cannot exist without an array of necessary conditions: a fairly transparent and competitive financial system, open trade, a functioning and comprehensive social net, somewhat efficient public services, a predictable rule of law for investors and for managing disputes, freedom of communications, education and of private enterprise, strong guarantees for property rights, and so on. Yet, for “rentist” power structures to relinquish control over these elements, even partially, could be the equivalent of political and economic hara-kiri and no leadership of this kind have a taste for seppuku. In other words: in the new digital universe, authoritarian and/or traditional populist or “crony capitalist” regimes are at odds with the pursuit of sustainable growth. Times are not the same and as brokers like to say: past performance does not guarantee future returns.

The core problem is not “economic policy” but “political economy”. Structural political and economic reforms will be, at best, a very slow-moving endeavor. Ferocious competition will pick up inevitably between emerging powers’ economic players battling for market share in developing and developed slow-growing solvable consumer bases for low or middle range products. The trend is for even more consolidation of the “old” global value-chains, with only a relatively small number of players – and their networks of subcontractors – being able to survive on this large-scale production and low-margins environment. Which also means a widening gap between a limited group of successful emerging protagonists and the rest.

This is clearly not the best recipe for fostering “development” in today’s poor or less favored countries. These economies are confronted with the unpalatable perspective of relying again and again on raw materials exports and their boom and bust cycles. Or, when they don’t even have that chance, of “accepting” stagnation under authoritarian governments... if they can avoid political and social chaos. In any case, the fragmentation logic of the new global interdependence is also working in the “South”: urban concentrations and a few advanced production and innovation clusters are steadily “decoupling” from their own hinterland, thanks to their close incorporation into the integrated networks of the new global economy.

13. A new balance between winners and losers

At the beginning of the 21st century, the new patterns of global interdependence will also weight heavily on regional interdependency. The present trend towards fragmentation and social and regional inequalities (domestic and between states), as well as the dwindling capabilities of national governments, are already having a substantial impact on the structuring and governance of geographic neighborhoods or institutional constructs. Present regional economic networks and political organizations are facing a serious disruption of their material and social foundations. Proliferation of rhetorical “strategic partnerships”, of hollow regional or inter-regional “talking-shops”, and the unraveling of actual regional integration processes, is just another symptom of disarray. Cooperation based on geography is threatened by increasing irrelevance, unless new structures of “dependent interdependencies” can be re-invented on a “win-win” mutual advantageous way.

In a much more interdependent world, states, societies and individuals are also much more dependent. Independence is a fading concept, as its concrete foundations are

being sapped by the new global and transnational realities. What will be the future hierarchical set of interdependent dependencies? A regional pan-Atlantic project faces at least two issues. One is its justification and usefulness within the new global interdependence ongoing process. The other is how to deal with the inevitable emergence of a new hierarchy of dependencies inside a new Atlantic interdependency.

Atlantic players will not embrace a regional scheme unless they can find a path towards a sustainable new balance between winners and losers of the current economic revolution. Which means that it has to deliver better results and advantages to its members than other possible ad hoc geographic partnerships – and that is true for powerful as well as more vulnerable players. In down-to-earth terms: a specific Atlantic interdependency has to be able to draw – and redistribute – a big enough chunk of the new global economy value-added so as to maintain an acceptable social and political degree of prosperity for its “stakeholders”. And also enough to assure the pace of investments necessary to keep its regional competitiveness vis-à-vis the rest of the world.

Success in the new economy, besides some natural comparative advantages, depends mainly on possessing a systemic compound of cultural, educational, scientific, juridical, political or social assets, firmly grounded on strong guarantees for individual rights and freedoms. The “old” mass production for mass consumption paradigm can thrive within an authoritarian command political economy during its start up phase, when the goal is to put at work all the basic idle factors of production. This model benefited from a lease on life thanks to the advent of the transnational chains of value and industrial “niche” strategies based on the capacity of the huge advanced Western consumer markets to absorb these global supply-chains’ final products. Now, its future is predicated on the willingness to “pivot” towards domestic-led consumer growth so as to balance the “North’s” falling consumer taste for mass-produced goods. But, as China difficulties are demonstrating, an internal private consumption boost is implausible without an open and free environment that warrants substantial wealth transfers to individual consumers and freedom of choice. As for production, individual creativity is paramount, particularly in a world where standardized products and routine procedures – that can be copied by almost any willing society – is being superseded by “customized”, highly innovative, permanently changing and adapting patterns.

14. Atlantic assets for the 21st century revolution

On that score, the Atlantic looks better endowed than other possible mega-regions. Despite many strong divergences on implementation criteria, there is a reasonable convergence on core values: democracy, rule of law, economic freedoms, freedom of expression, information and communications, primacy of individual rights... True, the Atlantic, North and South, has a sad and recurrent tradition of authoritarian and populist regimes, as well as of violence and wars (internal and external). But now, even the most beyond the pale political authorities pay tribute, at least rhetorically, to democracy and individual freedoms. There are no official debates or rejection of so-called “Western values” as it happens, time and again, in China, Russia, and many Asian and Muslim states.

Today, this consensus on the foundational value of individual rights and open societies is a *sine qua non* condition for promoting economic growth and social inventiveness. The United States and Europe are much more open to disruptive economic and social innovations thanks the flexibility of their sound democratic regimes. Most of Latin America democracies still struggle with clientelistic and “crony-capitalist” societies. But their nearly two-century old modern constitutional states are deeply rooted on Western

values, which, together with the tradition of immigrant pioneer societies, deny any legitimacy to infringements of individual rights and freedom. Atlantic Sub-Saharan Africa for one, has to cope with the political instability associated with recently constituted and fragile national states, and to a range of sometimes violent social, cultural and ethnic tensions. Yet, paradoxically, the sheer precariousness of governments and even of the power elites has not yet precipitated into solidly rooted networks of vested interests. That leaves a lot of room for individual initiative and disruptive novelties.

Hence, the Atlantic space is lucky enough to possess the basic elements necessary for promoting and managing the different aspects of contemporary wealth creation: sprouting high-tech innovative regional or urban production clusters, strengthening transnational industrial supply chains, development of abundant natural resources. It can also claim more than 60% of the planet's household consumption, with Africa and Latin America consumer markets still growing strong. Guaranteed access to unlimited connectedness is not only the main engine of the increasingly intertwined US' and Europe's digital powerhouses. Latin America and Africa are already benefiting from this freedom of communications capacity to develop their own high value clusters by joining the North Atlantic digital ecosystem. And the latter in turn, profits from a growing access to South Atlantic markets and innovators.

Concerning transnational industrial supply chains, the Atlantic vast and relatively more open markets represent a significant outlet for low margins, good-enough products. This is even truer for "developing" economies geographically situated near the two mammoth European and US markets. Unequal distribution of wealth – as well as regional and social fragmentation – generated by the new global economic paradigm, is actually extending the lifetime of a residual but very sizeable North Atlantic consumer markets for mass-produced outputs. Morocco, Mexico, Central America and the Caribbean islands are already making the most from their logistic and human proximity to their powerful northern neighbors, by promoting their own "niche" strategies – industrial and services – based on integrated north-south supply chains (car, textiles, parts and components, after sales services...)

Other Atlantic "old" industrial players – European, North American and South Atlantic – can also benefit handsomely if they could put together an interdependent network of Atlantic value chains aimed at this huge regional market. The advantages of such an endeavor would be to enhance each partner's global competitiveness in this particular category of "mass production for mass consumption", in order to face China-centered supply chains and their export onslaught. And to contribute to a consensual win-win regional cooperation, thanks to the fact that final gains would be distributed according to the "amount" of value added by each participant in the chain – a powerful incentive for climbing the value-added ladder.

With regard to natural resources, the Atlantic also enjoys substantial advantages, particularly on the fields of energy and food production. The Atlantic Basin, thanks to the shale gas and deep offshore technological revolutions, is emerging as a crucial subsystem within the global energy economy²⁶. The United States remains the biggest producer of fossil fuels, alongside Venezuela and new South Atlantic players like Brazil, Angola or Nigeria. Europe leads on nuclear power and last generation renewables, while Latin America has an important edge in hydropower and biofuels. Africa is an explosive growing market, and countries like Morocco or South Africa have developed significant expertise on new energy applications. No wonder a fledging

²⁶ Paul Isbell, *Energy and the Atlantic: The Shifting Energy Landscape of the Atlantic Basin*, Wider Atlantic Series, The German Marshall Fund of the United States and OCP Foundation, Washington DC, 2012.

Atlantic Basin system is starting to materialize with intra-regional trade and investment on all forms of energy reaching 40% of the world's energy economy²⁷. Further Atlantic cooperation in this domain will not only reduce the Basin's dependence on extra-Atlantic sources, but could also have an important role in mitigating the negative impact of Middle-East upheavals, and in moderating geopolitical wrangling with big power players like Russia (an unreliable supplier at times) and China (a voracious consumer).

A similar case can be made for an organized management of food and water at a regional level. The US, Europe and Latin America are, by far, the world's largest producers and exporters of basic agriculture commodities – with Africa being clearly the new agri-frontier on the planet. Furthermore, the region also concentrates more than half of available water resources on Earth²⁸. A better Atlantic Basin cooperation could be a game changer, as it could become a powerful tool for stabilizing and handling food supply and prices at a global level.

15. The Atlantic engine of “global governance”

The Atlantic space, because of its more open economies and societies, is in a position to support networks of intra-regional economic relationships that encompass the whole range of possibilities of the new global interdependence. The constitution of this mega-region has a unique characteristic: the odds are good that this can be done in a cooperative way that avoids serious confrontations. Better still, chances are that this concurrence process can even take advantage of the new global economy's fragmentation impacts. Distributed and connected initiatives, instigated by an array of non-state protagonists or sub-national institutional players bypassing central governments' nationalistic constraints, are more likely to succeed than classical diplomatic endless talks – even if in the end efficient cooperation requires a sovereign institutional seal.

A new “Atlantic century”, thriving on a “quadrangular” network of interconnected markets, production processes and societies – instead of the old “triangular trade” paradigm –, has the potential of becoming a beacon in the necessary drive towards “global governance”. Above all because now, the great challenge is to define new consensual global rules of the game adjusted to the ongoing digital revolution and its political fragmentation consequences. The Atlantic tradition of promoting the international rule of law and individual rights and freedoms was already the main driving force for the institutionalization of universal international organizations and values, from the League of Nations in 1920 to the whole and proliferating United Nations system since the end of WWII²⁹. Today, the world is facing the task of elaborating a common regulatory framework for the emerging new global economic interdependence, and that of overhauling the post-1945 institutional foundations of international security sealed in UN Charter.

This latter endeavor – which seems more like a Sisyphean attempt in our dangerous and violent times – could benefit greatly from the Atlantic accumulated juridical heritage, provided the region's International Law jurists can build a functioning integrated network in order to debate, elaborate and put forward new innovative solutions and concepts. As regard to updating global economic rules, the North Atlantic

²⁷ *Ibidum*

²⁸ Peter H. Gleick, *The World's Water, Volume 8*, Pacific Institute, Island Press, Washington January 2014.

²⁹ Two thirds of the League's and UN founding members were European, North and Latin American states. Jurists and juridical societies of this Atlantic “triangle” developed almost all the basic concepts of modern International Law.

behemoths are already engaged in a broad negotiation – the Transatlantic Trade and Investment Partnership (TTIP) – covering the main issues facing the digital economy: services, investment regimes and “behind-the-border” regulations (standards and intellectual property rights). If successful, this plurilateral agreement – as well as other US or North Atlantic-initiated talks such as the Transpacific Partnership (TTP) and the Trade in Services Agreement (TiSA) – will likely become the global benchmark for the new digital industrial revolution. TTIP negotiating states should at least try to associate their South Atlantic partners in some manner if they want to benefit from the upswing of an interdependent rules-based pan-Atlantic market.

16. Conclusion

Our contemporary world is threatened by chaotic economic, political and even cultural transitions. Technology is empowering single individuals and “a-national” voluntary groupings to the detriment of national governments decision-making powers. Economic crisis, political upheavals, aggressive nationalisms, unchecked violence, terrorism, wars: global news are full of loud cries arousing from the travails of new ways of life sweeping all human societies. With its unique combination of basic consensus on values and elbowroom for innovative social and economic experiments, a regional pan-Atlantic interdependence could certainly become a key laboratory of global interdependence and governance.

Nevertheless, in spite of its common blessings, the Atlantic Basin is far from a homogenous entity. Very destitute and unruly regions and states share this space with extremely rich and well-organized societies, with many other levels in between. And these divergences are growing, intra- and inter-states. A favorable combination of political, economic and social gifts is hugely dependent on a historical accumulation of “good practices”. An advantageous systemic environment cannot be improvised. “History matters”. Path-dependence is a strong determinant of competitive advantage³⁰.

With an economic model based on permanent innovation, increasing returns cannot but widen the distance between systemic “haves” and “have-nots”. A dreary perspective in times where “national” development strategies suffer from obsolescence. An Atlantic regional network of “old” transnational value chains and of high-tech clusters promotion can soften the blow by enhancing the productivity and competitiveness of those who lag in terms of systemic advantages. But it does not guarantee the gap will not grow wider and wider and even insurmountable.

Pessimism has always been a wise antidote to Pollyannic visions of eternal progress – so fashionable, presently, with the new Silicon Valley high-tech demiurges. Involution is always possible. Connectedness can disconnect and fragmentation can win. Violence, chaos, impoverishment and war can become the norm. History was never a straight arrow. But trying to avoid the worst scenarios is also the norm. An interdependent Atlantic space, capable of administering its inevitable unequal dependencies in a respectful and “lawful” way, is probably the best chance we have today for trying to regulate and manage the new global interdependence. Including each Atlantic country or sub-region’s dependence towards non-Atlantic partners. Now then, Atlantic political, social and opinion leaders just have to be convinced that the game is worth the candle.

³⁰ Arthur, W. Brian, *Increasing Returns and Path Dependence in the Economy*.: University of Michigan Press, Ann Arbor 1994. Puffert, Douglas, “Path Dependence”, *EH.Net Encyclopedia*, edited by Robert Whaples. February 10, 2008. <http://eh.net/encyclopedia/path-dependence/>

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