

Inquiring Minds topic – 10 February 2017

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Discussion questions at the end of the paper

We Are Not the World - Greg Ip - *Wall Street Journal*, Jan. 7-8, 2017

Late on a Sunday evening a little more than a year ago, Marine Le Pen took the stage in a depressed working-class town in northern France. She had just lost an election for the region's top office, but the leader of France's anti-immigrant, anti-euro National Front did not deliver a concession speech. Instead, Ms. Le Pen proclaimed a new ideological struggle.

"Now, the dividing line is not between left and right but globalists and patriots," she declared, with a gigantic French flag draped behind her. Globalists, she charged, want France to be subsumed in a vast, world-encircling "magma." She and other patriots, by contrast, were determined to retain the nation-state as the "protective space" for French citizens.

Ms. Le Pen's remarks foreshadowed the tectonic forces that would shake the world in 2016. The British vote to leave the European Union in June and the election of Donald Trump as U.S. president in November were not about whether government should be smaller but whether the nation-state still mattered. Ms. Le Pen now has a shot at winning France's presidential elections this spring, which could imperil the already reeling EU and its common currency.

Supporters of these disparate movements are protesting not just globalization—the process whereby goods, capital and people move ever more freely across borders—but *globalism*, the mind-set that globalization is natural and good, that global governance should expand as national sovereignty contracts.

The new nationalist surge has startled establishment parties in part because they don't see globalism as an ideology. How could it be, when it is shared across the traditional left-right spectrum by the likes of Hillary Clinton, Tony Blair, George W. Bush and David Cameron?

But *globalism is* an ideology, and its struggle with nationalism will shape the coming era much as the struggle between conservatives and liberals has shaped the last. That, at least, is how the new nationalists see it. After successfully pressuring Carrier Corp. to keep in Indiana about half of the 2,100 jobs that the firm had planned to move to Mexico, Mr. Trump told a rally last month, "There is no global anthem, no global currency, no certificate of global citizenship. From now on, it's going to be 'America First.'"

In the 1930s, nationalists were also expansionists who coveted other countries' territory. Today, Mr. Trump and his ideological allies mostly want to reassert control over their own countries. Their targets are such global structures as the EU, the World Trade Organization, NATO, the U.N. and the North American Free Trade Agreement.

Little unites the new nationalists other than their shared antipathy toward globalism. Mr. Trump's economic program is as far to the right as Ms. Le Pen's is to the left. Nor do they have credible plans for replacing the institutions of globalization that they want to tear down, as Britain's confused exit from the EU demonstrates.

But globalists would be wise to face their own shortcomings. They have underestimated the collateral damage that breakneck globalization has inflicted on ordinary workers, placed too much weight on the strategic advantages of trade and dismissed too readily the value that many ordinary citizens still attach to national borders and cultural cohesion.

Globalism's early roots are found in basic economics: Just as two people are better off specializing and then trading with each other, so are two cities and two countries. "All trade, whether foreign or domestic, is beneficial," the British economist David Ricardo wrote in 1817.

Britain presided over the first great age of globalization, from the mid-1800s to 1914. Its leaders were not self-consciously globalist. They adopted free trade and the gold standard purely for domestic benefit.

After World War II, the logic of globalism shifted beyond trade to grand strategy. By ceding modest amounts of sovereignty to international institutions, a country could make the world, and itself, far stronger than by pursuing its own narrowly defined interests. "If the nations can agree to observe a code of good conduct in international trade, they will cooperate more readily in other international affairs," President Harry Truman said in 1947.

Truman and the other founders of the postwar order saw economic and geopolitical self-interest as inseparable: The U.S. opened its wallet and its markets to its allies to hold back Soviet communism. In 1957, six European countries signed the Treaty of Rome, creating what would become the EU, hoping that economic and political integration would make war unthinkable.

For decades, trade, industrialization and demographics produced a virtuous circle of rising prosperity. By the 1990s, trade barriers had already dropped so much that the gains from trade were now smaller and more concentrated. Between 1987 and 2008, total U.S. wages adjusted for inflation rose by 53%, while the profits that U.S. companies earned abroad soared by 347%. Still, the strategic benefits of trade remained alluring: President Bill Clinton signed Nafta in 1993 in part to embed a pro-American government in Mexico, and the EU moved after the Cold War to admit former Soviet satellites to solidify their democracies and draw them out of Russia's orbit.

By the 2000s, globalism was triumphant. The World Economic Forum had evolved from a cozy management-oriented workshop in the Swiss town of Davos to an extravagant summit for elites. The late political scientist Samuel Huntington applied the caustic label "Davos man" to those who see "national boundaries as obstacles that thankfully are vanishing." For globalists, this was a badge of honor, symbolizing not just an outlook but a lifestyle of first-class departure lounges, smartphones and stock options.

This is also when globalists overreached. In 2000, Mr. Clinton blessed China's entry into the WTO. Echoing Truman, he predicted China's membership was "likely to have a profound impact on human rights and political liberty."

It didn't. China adhered to the letter of its WTO obligations while systematically violating their spirit with discrimination against foreign investors and products and an artificially cheap currency. A wave of Chinese imports wiped out 2 million American jobs, according to one widely cited [2016 study](#), with no equivalent boom in U.S. jobs linked to exports to China. Meanwhile, China became more repressive at home and antagonistic abroad. By behaving quite differently from other members of the global trading club, China has undermined support for it.

Globalists in Europe also overreached. In 1999, 11 EU members joined the euro, the crowning achievement of European unity. Economists warned that Italy, Spain and Greece couldn't compete with Germany without the safety valve of letting national currencies periodically devalue to offset their faster-rising costs. Sure enough, their trade deficits ballooned, but low-cost euro loans at first made them easy to finance. The loans proved unsustainable, and the resulting crisis has still not run its course. One result: In Italy, the populist 5 Star Movement, which is jostling for first place in the polls, has promised a nonbinding referendum on membership in the euro.

Chinese and German trade surpluses could wreak havoc thanks to expanding cross-border finance. To globalists, its growth was as inexorable as that of trade. In early 2008, President George W. Bush's treasury secretary, Henry Paulson, put out a report arguing that globalization had made much of U.S. financial regulation obsolete. The priority was to maintain "American preeminence in the global capital markets." Those same capital markets soon tipped the world into its worst financial crisis since the 1930s.

That crisis has woken up globalists to the flaws of globalization. Yet their faith in open borders remains unshaken. President Barack Obama entered office as a free-trade skeptic, but he soon threw his energy into negotiating the 12-nation Trans-Pacific Partnership. The pact's anticipated economic benefits for the U.S. were modest, but its strategic aims were sweeping: The U.S. would forge a pro-America, pro-trade order in Asia rather than let a rising China dominate the region. With Mr. Trump's win, the accord is now presumed to be dead.

Globalists were blind to the nationalist backlash in part because their world—entrepreneurial, university-educated, ethnically diverse, urban and coastal—has thrived as whiter, less-educated hinterlands have stagnated. Similar splits separate London from the rest of England and the EU's capital cities from the countryside of continental Europe.

Many globalists now assume that the discontent is largely driven by stagnant wages and inequality. If people are upset about immigration, they reason, it is largely because they fear competition with low-wage workers.

In fact, much of the backlash against immigration (and globalism) is not economic but cultural: Many people still care about their own versions of national identity and mistrust global institutions such as the EU. [A 2016 study](#) by Ronald Inglehart of the University of Michigan and Pippa Norris of Harvard University analyzed party manifestos in 13 Western

democracies and found that in the 1980s, economic issues such as taxes and welfare became less important than non-economic issues such as immigration, terrorism, abortion and gay rights.

In July 2016, two scholars at the London School of Economics **found that** rising unemployment didn't make British regions more likely to vote to leave the EU, but a growing migrant population did. These voters were bothered less by competition from immigrants than by their perceived effect on the country's linguistic, religious and cultural norms.

One of the first to exploit such cultural resentments was Jean-Marie Le Pen, the founder of the National Front, who frequently decried *mondialisme* in xenophobic terms. After his daughter Marine took over the party in 2011, she threw him out because his anti-Semitic outbursts were repelling mainstream French voters.

In 2014, Steve Bannon—Mr. Trump's top strategist and the former leader of Breitbart News, a fiery conservative site that is fiercely opposed to immigration and multiculturalism—acknowledged that Ms. Le Pen's National Front and its British counterpart, the UK Independence Party, “bring a lot of baggage, both ethnically and racially.” Nonetheless, Mr. Bannon saw them as fellow travelers. He said, “The working men and women in the world... are just tired of being dictated to by what we call the party of Davos.”

Indeed, **one 2012 study** found that Europeans' opposition to immigration was driven less by pocketbook concerns than by worries about how changes to “the composition of the local population” would affect “their neighborhoods, schools and workplaces.” The last big U.S. backlash against immigration came during the Roaring Twenties, the last time that the foreign-born share of the population stood as high as it is today, at 13%.

Which raises the most troubling question of the emerging globalist-nationalist divide: Is the new nationalism a cloak for ethnic and religious exclusion? Nationalist leaders insist that it isn't. Ms. Le Pen, for example, says that she is merely defending France's secular character when she criticizes overt displays of Islamic observance, distancing herself from her plainly xenophobic father. Mr. Trump says that struggling Latino and African-American workers are victims of cheap foreign labor just as much as Rust Belt whites.

Yet the new nationalism often thrives on xenophobia. Mr. Trump has been criticizing free trade since the 1980s, but his candidacy took off when he started attacking Mexican immigrants and Muslims. American Jewish groups heard unsettling echoes of anti-Semitic conspiracy theories when Mr. Trump accused Mrs. Clinton of meeting “in secret with international banks to plot the destruction of U.S. sovereignty.” Germany's Alternative for Germany started as an anti-euro party, but as an influx of Middle Eastern refugees and migrants has stoked worries about crime and terrorism, the party's focus on Islam (which **its manifesto declared** “not a part of Germany”) and its popular support have both jumped.

In short, there is ample reason for skepticism about whether the new nationalists can prove themselves a genuinely secular, democratic alternative to globalism.

If globalists are to regain the public's trust, they will need to re-examine their own policies. The dislocation caused by past globalization casts doubt on the wisdom of prescribing more. That globalization's winners can compensate its losers makes impeccable economic logic, but

it rings hollow among those too old to retrain or move. Political capital might be better invested in preserving existing trade pacts, not passing new ones. And trade pacts may be a less effective bulwark against China than military cooperation with those worried about Chinese aggression.

Many European globalists blame the euro's crisis on too little integration, not too much. But pressing for a more federal Europe could further alienate voters who "do not share our Euro-enthusiasm," warned Donald Tusk, the former prime minister of Poland who is now president of the European Council, last May. "Disillusioned with the great visions of the future, they demand that we cope with the present reality."

Above all, globalists should not equate concern for cultural norms and national borders with xenophobia. Large majorities of Americans, for example, welcome immigrants so long as they adopt American values, learn English, bring useful skills and wait their turn. Australia's low tolerance for illegal immigration helps to maintain public support for high levels of legal entrants.

"We've created this false dichotomy that if you're not for open borders, you're racist," says Avik Roy, president of the conservative Foundation for Research on Equal Opportunity and a former adviser to Republican presidential candidates. "There is some sort of middle ground between a nationalist and globalist approach," Mr. Roy argues.

Even as committed a globalist as Mr. Obama has come to acknowledge this. Democrats, he told Rolling Stone the day after the election, must recognize that "for the majority of the American people, borders mean something."

Questions for Discussion:

- In an increasingly interconnected and interrelated world, is nationalism really possible? The article says that globalism means the existence and utilization of international organizations like the WTO, NATO, the EU, etc. Can any nation prosper without such organizations?
- Globalism has undeniable advantages, especially in trade. If trade produce dislocations (and it does), it is possible, if difficult, to compensate the losers. But what about the cultural and national sovereignty issues it involves?
- Avik Roy thinks that the opposing views of nationalists and globalists can be reconciled, that there is some kind of middle ground that can be found. As a matter of practical politics, is this possible?
- Is the new nationalism really anything more than a cover for ethnic and religious exclusion?