Globalization Post-2008 and the Rise of the Anti-Free Trade Political Party

The United States and Europe currently face some of the most polarizing elections in recent memory. Blue-collar workers feel that economic recovery since the Financial Crisis of 2008 has not yet reached them and they see traditional manufacturing jobs disappear in the name of globalization. Skeptics of free trade feel that governments have not compensated the losers of globalization, resulting in political backlash and an ever-increasing wealth gap between the rich and poor. Globalization has increasingly suffered from a loss of confidence, which has stemmed from the Financial Crisis, Failures of Western Governments’ policies, the rise of Wealth Inequality and the effects of automation, resulting in a rise in Anti-Globalization political parties.

As the United States and the world begin to turn away from globalization and the interconnection of our economies, it is important to remember that these are not historically unique events. We have witnessed our leaders embracing protectionism, nationalism and isolationism as the most effective way to protect our economy and way of life earlier in the twentieth century. In the years following the First World War and the roaring twenties, governments around the world sought to raise trade barriers to protect homegrown industries from cheaper foreign goods. The most infamous of these barriers to trade was the Smoot-Hawley Tariff of 1930, which was implemented on the eve of the Great Depression. In the two years following the implementation of this tariff “the volume of U.S. imports plummeted 41.2%” (Irwin, 1). Gross National product also fell drastically during this period “declining “29.8%” (Irwin, 1). While the majority of these declines can be attributed
to the Great Depression, Smoot-Hawley also played a significant role. The Smoot-Hawley Tariff “increased import duties by about 20% on average” this caused a “5-6% increase” in the price of imports (Irwin, 9). According to the economic minds of the time the Smoot-Hawley Tariff should have increased GNP by almost 2%. This was hotly debated for several years but was eventually pushed through congress and signed into law. The passage of tariffs whether for protection or revenue do not occur inside a vacuum with no reaction from other nations. In Canada, the implementation of the Smoot-Hawley Tariff caused a backlash that propelled a pro-tariff government into power. The new pro-tariff government “moved promptly to raise tariffs” as retaliation “for the U.S. tariff increase embodied in the Smoot-Hawley bill” (McDonald, O’Brien, and Callahan, 25). The conservative party of Canada came to hold a majority in the Canadian parliament by appealing to their citizens’ sense of nationalism and pride. This same story repeated itself around the globe causing global trade to recede drastically as the Great Depression devastated the world economy.

The events that are playing out in today’s political sphere are similar to those that were experienced during the 1930’s. In the United States, the election of Donald Trump has signaled a shift in how the United States will interact with the rest of the world. This could include President Trump’s campaign promises such as scrapping NAFTA and implementing a border tax for all goods produced outside the United States. On NAFTA, President Trump has consistently been critical of the agreement calling it a “U.S. job killer” and expressing his “willingness to scrap the pact if Canada and Mexico were unwilling to budge” (Stephenson and Becker, 1). During President
Trump’s first week in office he scrapped the heavily negotiated Trans-Pacific Partnership on the basis that it was a bad deal for American workers and American industry. With the canceling of the TPP, President Trump “declared an end to the era of multinational trade agreements” (Baker, 1). As with the Smoot-Hawley tariff, President Trump cited the loss of jobs to outsourcing and a desire to protect American industry as the primary reason for the tariff. President Trump is just the latest elected official in a worldwide trend towards anti-globalization. In Europe, Brexit shocked the world in the same way that the election of Donald Trump would months later. In France, Marine Le Pen is running for president on the promise that “she alone can protect France against Islamic fundamentalism and globalization” (Melander, 1). Across Europe and the United States a clear backlash against globalization is occurring stemming from a loss of confidence in our globalized world.

The loss of confidence in Globalization can be traced back to the 2008 Financial Crisis and the destruction it caused to our financial and economic system. In the aftermath of the 2008 Financial Crisis, taxpayers watched as Banks and the American Auto Industry were bailed out while ordinary citizens suffered. In the first year after the collapse of the global financial system “global decline in asset values led to aggregate losses of $50 trillion in 2008” (Drezner and McNamara, 155). This rapid and dramatic collapse came as a result of massive default in Mortgage Backed Securities. These MBS’s, while given AAA ratings by bond rating agencies actually held a majority of poorly rated or subprime loans. In addition to the MBS’s many banks and financial institutions insured their MBS’s with Credit Default Swaps,
which protected the holder of the contract for the full value of the MBS. As many of
the underlying assets in the MBS’s began to fail banks and holders of MBS’s were
forced to write down the value of these assets causing the banks to become
insolvent. In order to protect the economy the federal government used taxpayer
money to prop up “too big to fail entities” (Chappe, Nell, and Semmler, 10). The
bailout of large financial institutions enraged many citizens who felt left behind as
they paid the price for the financial systems failure. Taxpayer dollars flowed directly
into the pockets of Wall Street banks “where speculative and reckless risk-taking
had become the norm” (Chappe, Nell, and Semmler, 12). These bailouts were
necessary to stave off the utter collapse of our financial system but from the
perspective of taxpayers and ordinary citizens, the architects of the financial crisis
were rewarded for their actions.

While there are a great many contributing factors to the loss of confidence
suffered by globalization in our current political climate, Western Governments’
policies must take their share of the blame. It is undeniable that globalization has
lifted hundreds of millions of people worldwide out of poverty. This did come at a
cost however, thousands of western factories shut their doors and hundreds of
thousands of workers lost their stable manufacturing jobs. That is why when Donald
Trump says, “this American carnage stops right here and stops right now” (Trump),
some Americans feel they are being heard for the first time. With trade agreements
such as Central American Free Trade Agreement (CAFTA), North American Free
Trade Agreement (NAFTA) and Trans-Pacific Partnership (TPP), American
corporations gained new markets for their products and services but the
outsourcing of manufacturing plants meant that too many Americans were left out
in the cold. Moreover, industrialized nations have struggled with slow GDP growth,
and in some cases have resorted to drastic measures such as negative interest rates.

Since the Financial Crisis of 2008, GDP growth in the United States and
Eurozone stagnated considerably. In the last 7 years the United States’ GDP grew at
an average rate of 3.64% per year (Bureau of Economic Analysis). In the 7 years
preceding the financial crisis the United States GDP grew at an average rate of
4.64% per year (Bureau of Economic Analysis). The Eurozone’s GDP growth has not
been any better, growing at an average of 1.22% per year over the last 6 years.
Western Governments are struggling to restart their economies after the
devastating financial crisis. Larry Summers attributes this slow growth to the
concept of secular stagnation. Secular stagnation stems from “an increasing
propensity to save and a decreasing propensity to invest” (Summers). Secular
Stagnation could help to explain why our interest rates have remained low while we
have not observed output grow as forecasted. Some economists theorize that there
is a “neutral interest rate” that strikes a supply and demand like balance between
“savings and investment at full employment” (Summers). This idea especially gained
traction after the stagflation of the 1970’s. The industrial world now faces a neutral
interest rate “4.5 percentage points” lower than “over the last 30 years and is likely
to stay low in the future” (Summers). During the Financial Crisis many Americans
lost most if not all of their savings and the recovery has been painfully slow.
Furthermore, capital expenditures by large corporations have not rebounded since
2008. Companies such as Apple and Google “are awash in cash and under pressure
to distribute more of it to their shareholders” (Summers). This could reflect corporations' uncertain outlook on the future with the financial crisis still fresh on their minds. Secular Stagnation could be a contributing factor to the sluggish growth of industrialized nations. The monetary policies of central banks, while effective in staving off a deep recession, will simply not be enough to return industrialized nations to higher output. Instead, an “expansionary fiscal policy can reduce national savings, raise neutral real interest rates, and stimulate growth” (Summers). By investing massive amounts in infrastructure, industrialized nations could jump-start their economies while also employing a great many semi-skilled laborers.

Potentially, this could solve two problems: the need for increased fiscal spending while also employing semi-skilled laborers until retraining programs can start to have an effect. Both Donald Trump and Bernie Sanders campaigned on the platform of increased infrastructure spending, a position that was extremely popular. However, this is unlikely to happen while fiscal conservatives control congress, and the tea party movement will stop any legislation that increases the national deficit. Until Secular Stagnation is addressed, industrialized nations will continue to struggle and politicians such as Donald Trump will continue to have support.

The rising populist wave of anti-globalization that propelled Donald Trump into office is in part due to failure of Western Government’s to protect their citizens from the harmful effects of globalization. This failure can be illustrated using Pareto Optimality. Pareto Optimality refers to an efficient allocation of resources in which no resource can be redistributed without making one party worse off than another. Weak Pareto Efficiency, is a state in which reallocating any resources away from
group A and towards group B leaves group A worse off than before. That is the state that American manufacturing workers found themselves in with the advent of trade agreements such as NAFTA and CAFTA. While many individuals found themselves pulled out of poverty by the rise of globalization, manufacturing workers found themselves left behind. In theory, when “markets are competitive and agents well informed, then government intervention will lead to inefficiency” (Newbery and Stiglitz, 10). Take for example NAFTA in which free trade was opened up between Mexico and the United States. Clearly Mexico has a competitive advantage when it comes to semiskilled and non-skilled labor costs. Due to this advantage the most “cited danger to American Workers is the transfer of existing U.S. manufacturing jobs to low-wage Mexico” (Simcox, 167). Many would argue that America has a comparative advantage in highly skilled, high paying jobs. These are jobs that low-skilled manufacturing workers will be unable to fill quickly. In this situation the relationship between American high skilled workers and American low skilled workers is “Pareto inferior” (Newbery and Stiglitz, 11), in which American high skilled workers gain and American low skill workers are worse off.

Table 1: Long-Term Trends in U.S. Manufacturing Employment

<table>
<thead>
<tr>
<th>Employment in plants with 1,000 or more employees (Millions of employees)</th>
<th>1977</th>
<th>1987</th>
<th>1997</th>
<th>2007</th>
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<tr>
<td></td>
<td>5.1</td>
<td>4.2</td>
<td>3.2</td>
<td>2.1</td>
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<tr>
<td>Number of plants with 1,000 or more employees</td>
<td>2,061</td>
<td>1,711</td>
<td>1,503</td>
<td>1,014</td>
</tr>
<tr>
<td>Number of plants with 5,000 or more employees</td>
<td>192</td>
<td>154</td>
<td>97</td>
<td>49</td>
</tr>
<tr>
<td>Manufacturing employment in plants of all sizes (millions of employees)</td>
<td>18.5</td>
<td>17.7</td>
<td>16.8</td>
<td>13.4</td>
</tr>
<tr>
<td>Manufacturing employment as share of total private (nongovernment) employment</td>
<td>22.4%</td>
<td>17.4%</td>
<td>13.7%</td>
<td>9.7%</td>
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As illustrated in Table 1 there has been a constant decrease in American Manufacturing jobs since 1977 and it shows no signs of slowing. While some of the decrease can be attributed to automation and more efficient processes, outsourcing has also played a significant role. Many manufacturing hubs have moved to China or
other parts of Southeast Asia to take advantage of significantly lower labor costs of
labor. With CAFTA and NAFTA, car manufacturers have moved significant
manufacturing operations south of the border into Mexico and other parts of South
America. It's not hard to see why many factory workers in America and the EU have
felt left behind as they watch their jobs and livelihoods disappear.

Before the Financial Crisis, lowering barriers to trade and increased globalization
were seen worldwide as the path to increased growth and prosperity. NAFTA was
signed in 1994 and included the United States, Canada and Mexico. The United
States has two programs to assist workers who lose their jobs due to outsourcing or
increased import competition, the Trade Adjustment Assistance (TAA) program and
NAFTA-Transitional Adjustment Assistance. John F. Kennedy signed the TAA in
1962 and the NAFTA-TAA provided assistance to workers who lost their jobs as a
result of NAFTA. The TAA was far reaching benefiting “2.5 million workers” between
“1974 and 2002” with an estimated “25 million workers” eligible for assistance in
the same time period (Kletzer and Rosen, 317). Under the program, workers were
eligible for up to 52 weeks of income maintenance, which doubled the amount
offered under unemployment insurance. Despite the TAA’s large scope it only
provided an “average weekly payment” of “$200 per week” for income maintenance
(Kletzer and Rosen, 317). The average weekly manufacturing earnings in 2000 was
“$598” per week (Kletzer and Rosen, 317). This means the income assistance was a
fraction of what the workers could make if employed in manufacturing. In addition
to the income assistance, states are given a training budget every year to assist their
citizens in retraining to acquire employable skills. The program is significantly
underfunded with “many states exhausting the funds available for training before the end of the fiscal year (Kletzer and Rosen, 325). Their have been attempts to raise the cap on training assistance funding available to states under TAA but legislation authorizing the increase never made it through congress. While the assistance provided to manufacturing workers is considerably greater than assistance offered through unemployment insurance, it did not come nearly close enough to making those workers whole for their lost income.

Globalization for all of its problems also has benefited many people worldwide. Western consumers are able to purchase products at significantly lower prices as producers tap into low cost labor markets abroad. Millions of families in Asia, in particular, have seen their incomes rise and have been pulled out of poverty as traditional western manufacturing jobs move to areas with lower costs. Additionally, the possessors of capital and land worldwide have realized massive gains as globalization continues to grow. While the world’s wealthy have continued to accumulate wealth, average workers in America and Europe have seen their wages stagnate since the financial crisis even as productivity in the workplace has increased. This frustration of American workers has begun to boil over in the form of movements such as Occupy Wall Street and Fight for Fifteen. Occupy Wall Street and Fight for Fifteen both protested the increasing wealth gap between the rich and poor. Wall Street risk taking and stagnant minimum wage are the focal point of these movements. Some of these movements have turned violent because protesters have few other venues to vent their frustration and feelings of helplessness. In the 2016 presidential election, the topic of Wealth Inequality became the cornerstone
for Bernie Sanders’s campaign and Wall Street Banks were frequently the object of much anger in Donald Trump’s campaign. This may have stemmed from the deep anger ordinary citizens still feel toward those who brought our global economy to ruin in 2008. While the events in 2008 accelerated the widening gap between rich and poor, this gap has been growing for a long time. Wages of ordinary workers have stagnated while the salaries of CEO’s have grown at unprecedented speed. Wealth Inequality has grown with globalization, placing those at the top even further out of reach of ordinary citizens.

The primary beneficiaries of globalization have become clear as the full effects of a globalized world become sharper. Across the developing world hundreds of millions of people have been lifted out of poverty by the liberalization of trade. The effects have been astonishing since the Second World War, it is estimated that “between 1976 and 1998” those living on less than $1 a day “declined by 235 million” (Majeed, 479). In that same period, the number of people living on “$2/day declined by 450 million” (Majeed, 479). The rapid decline in global poverty can be linked to trade liberalization and the abundance of available unskilled labor in developing countries. While many multinational corporations have been accused of creating jobs under horrific factory conditions in developing countries, these unskilled jobs have lifted hundreds of millions of people out of poverty. In order to reduce poverty “labor intensive production techniques” must make their way into a developing nation, which “lead to a rise in real wage rate of unskilled workers” (Majeed. 479). That being said, Majeed argues that openness to trade by itself is not necessarily enough to combat poverty. Nations that attract Foreign Direct
Investment (FDI)\(^1\) in their economies fair better than nations that do not. Therefore, nations should “focus more on the factors that attract FDI” than purely open trade policies (Majeed, 488). As mentioned before the primary source of income for those in poverty is the access to jobs for unskilled labor. Any FDI, which increases the demand for unskilled labor “raises the incomes of poor people and consequently reduces poverty” (Warr, 301). Globalization has been shown to reduce poverty worldwide improving the lives of hundreds of millions of people. However, for western workers this means little. These globalization gains by developing nations have been mirrored by the losses of factories in western nations. The loss of developed nations’ manufacturing base, while an inevitable part of globalization can lead to the extreme backlash against globalization we have been exploring.

Not all the winners of globalization have been unskilled laborers living in poverty in the developing world. In the developed world the gains of globalization have been two-fold. Western consumers have enjoyed low prices as cheap goods produced overseas make their way to Western markets. The downside of this is that many domestic producers have been unable to compete with low foreign prices. President Obama attempted to push back on cheap foreign goods in order to protect the American tire industry. In 2009, President Obama imposed “a stiff 35% tariff on Chinese tires” with the intent of saving American jobs (Gillespie). The tariff affected the industry as expected, protecting American companies and saving “1,200 U.S. tire

\(^1\) FDI - An investment made by a company or individual in one country in business interests in another country, in the form of either or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company.
jobs” (Gillespie). These protected jobs came at a price however. The resulting high price of tires “cost Americans $1.1 billion” (Gillespie). For each American job protected the resulting cost was $916,666.67 to American consumers. Of course the actions of countries do not occur in a vacuum. China imposed a tariff on U.S. “chicken parts”, resulting in “$1 billion” of lost sales by American chicken producers (Gillespie). In an era of globalization we cannot have, both low prices and manufacturing base that depends on unskilled labor. Even with the best of intentions, when American leaders erect barriers to trade, the only people that end up getting hurt are American consumers and workers.

The second group of globalization beneficiaries in developed nations is the wealthy individuals and families who dominate western politics and economies. For ordinary citizens the primary means of acquiring income is their labor. For those who already have access to vast sums of capital and wealth, labor is not their primary source of income. This gives rise to income inequality, which stems from “inequality of income from labor and inequality of income from capital” (Piketty, 242). In some societies if income from capital is large enough, then individuals may not have to rely on income from labor at all. Income inequality can grow even faster when those possessing “large fortunes somehow manage to obtain a higher return than those with modest to middling fortunes” (Piketty, 243). This is not difficult to imagine, as those with large amounts of capital at their disposal are less risk averse than those with smaller amounts of capital. Riskier investments are compensated with higher returns. While the risk adjusted return remains the same across all investments in an optimal market, the absolute return is much higher for the less
risk averse individual. This same principle can be observed in personal portfolio management. As an individual grows their retirement account they will generally invest in stocks in their younger years as the return is higher and they have time to ride out any market downturns. However, as individuals become older and have fewer working years ahead of them, they will begin to invest in safer, lower return investments such as bonds. When this investment principle is applied on a larger scale, such as Venture Capital or Private Equity the returns can be enormous for the risk taking investor. In order to utilize investment vehicles such as Venture Capital and Private Equity an investor must be a part of the “1 %” (Sanders) or very near it. The barriers to entire are significant therefore these investment opportunities, which produce high excess returns, are far out of reach of ordinary citizens.

Globalization has been a massive disruptor of Western manufacturing jobs. As labor-intensive jobs have moved to areas of low labor costs; thousands of factories have been closed. But long before globalization’s toll on American manufacturing jobs became relevant, another factor affected the manufacturing industry to a greater degree. In the twentieth and twenty-first centuries technology has been a powerful force for disruption and change. There are three factors of production in economics: land, labor and capital. Land is unmovable and a limited resource in any one area of the globe. Labor is generally confined to one area but as our world becomes more interconnected, labor is becoming more mobile. This has caused fierce political debates in a number of countries about the inclusiveness of their immigration policies. Capital, the most liquid of the three factors of production, is capable of moving across national borders in an instant. With capital comes
technology; while not as mobile as monetary capital it is still easily transferable across national borders. For both the twentieth and twenty-first centuries technology has been the greatest disruptor to the labor market across the globe.

When discussing globalization and its consequences, it is important to address the topic of technology. At times the effect of technology and globalization on labor markets appear to be tied together. Policy decisions made under the assumption that technology and globalizations are one and the same are dangerous because the effects of changing technology will still be felt even if anti-free trade policies are put into place. A great example of changing technology’s ability to disrupt is the classic assembly line. In the days of the Model T “140 assemblers stationed along a 150-foot line” built the entire Model T by hand (Ford). Now car manufacturers such as Tesla use machines to assemble their products and only require a fraction of the manpower previously required.

Currently, there is much discussion about Artificial Intelligence (AI) and the effect it will have on white-collar jobs in the next few decades. Already the effect can be seen in the sales and trading desks of major banks and financial institutions. Banks worldwide are cutting sales and trading employees as “cloud-based software technologies, such as Blockchain” continue to grow in sophistication (Arbess). AI has allowed these institutions to run their operations with significantly smaller staff that must possess a radically different skill set. The automation of both blue-collar and white-collar jobs raises the question of minimum income for all citizens of a particular nation. Minimum income has already been attempted on a small scale in a number of nations including the United States.
Globalization has cost a great many Western-manufacturing jobs, however Automation has also been accused of “job killing” by a number of politicians and unions. For example, in the 1990’s the semiconductor industry went through a period of automation and technical change. As the semiconductor industry began to automate “the demand for high-skill workers relative to low-skill workers” increased (Brown and Campbell, 461). Many low skilled operator jobs were lost in this time period only to be replaced by highly skilled engineering and technician positions. The operator positions that remained in the industry changed drastically with the increased use of automation. Before automation and advanced computer systems “problems with early automated scheduling systems were mitigated by empowering operators to make scheduling decisions” (Brown and Campbell, 462). However, when IT systems improved, the jobs of operators changed significantly and the number of operators fell. Their role became “overseeing the automated IT and control systems” to ensure they functioned at optimal efficiency. Operator jobs still existed in the semiconductor industry, but the skill set needed to fill there positions had changed drastically. Workers employed as operators now “moved materials less and operated computer systems more” (Brown and Campbell, 462). Before the implementation of increased automated systems operator positions could be filled with unskilled labor. Now with automated systems skilled laborers had to fill these positions. Unskilled laborers, who had previously filled the operator positions in the semiconductor industry, found themselves with fewer job prospects in their industry and nonmarketable skillset. Total employment in the semiconductor industry changed little. The new systems, while more efficient and
able to produce greater amounts of products, still required engineers and technicians. The greatest change had been the skillset needed to remain employed in the industry.

The trend of rising employment “in occupations generally considered to be the most skilled and to require the most education” has repeated itself in almost all manufacturing industries (Akst, 11). While the nature of employment opportunities changes, the unskilled workers see their job prospects disappear with no hope of return. If unskilled workers are unable to quickly reacquire an employable skill set, then they will be left behind by today’s economy. Blue-collar workers in America have suffered greatly in the last 30 years. From “1969 to 2009, the median earnings of men ages 25 to 64 dropped by 28 percent” (Akst, 11). For those workers without a high school diploma their earnings dropped “66 percent” in the same period (Akst, 11). These blue-collar job losses can be attributed to both trade and technology and it can be difficult to determine which is to blame. It is doubtful that blue-collar workers who lose their pension, health insurance and salaried position will make the distinction between the two. Globalization and automation technology have developed concurrently and both have played a significant role in the devastating decline in the number of available blue-collar positions. As mentioned earlier in this paper, if Western governments do not offer assistance to unskilled laborers, whose skillsets are deemed irrelevant by modern industry, then they risk those workers falling “out of the work force for good” (Akst, 11). Without job prospects and a government that seems to have turned its back on blue-collar workers, these
workers cannot be faulted for placing their hope in a president who promises, “to put American First again” (Trump).

Anti-free trade political parties have risen out of the backlash against globalization in the last few years. While these parties have always been present in the American and European democratic system, they have usually been relegated to the fringes. However, in the aftermath of the 2008 Financial Crisis, these political parties slowly began to build mainstream appeal. With the world economy in ruin, voters in western democracies looked to political parties with different ideas. This has resulted in a political backlash against globalization in the United States, the United Kingdom and Europe. The 2016 presidential election cycle, came close to being an election between two anti-free trade presidential candidates. Bernie Sanders and Donald Trump both made their promises to roll back globalization a central part of their campaigns. These campaign promises played a major role in Donald Trump’s victory over Hilary Clinton, surprising the world and pundits. The British Exit from the European Union also surprised the entire world, sending markets tumbling and the United Kingdom down a new path. Britain is quickly discovering that an attempt to pull back from globalization will hurt. The immediate shock of the vote sent the pound “15% lower against the dollar and 10% down against the euro” (Hunt and Wheeler). Former Prime Minister David Cameron predicated an immediate economic recession and corporations have begun to move operations out of the UK. President Trump began to make good on those campaign promises immediately with the withdrawal from the TPP negotiations. In the United
Kingdom, the world was shocked when the UK voted to leave the European Union. Two reasons cited were opposition to trade deals and free movement of labor.

In both Brexit and the American presidential election, pollsters, statisticians and pundits have been proven wrong time and time again. Because of this everyone should look closely at political parties that were once considered fringe throughout Europe and the democratic world. In France, Marine Le Pen is currently expected to lose the upcoming presidential election to both of her opponents. However, since favorite Francois Fillon is experiencing turmoil and is under investigation, Marine Le Pen should not be casually dismissed. Marine Le Pen supports many of the same anti-globalization and anti-immigration policies as President Trump. If Marine Le Pen wins France’s presidential election, then “she has promised an EU referendum in France within six months of taking office” (Branford, Nowak). Furthermore, while campaigning Le Pen consistently presents “herself as a protector of workers and farmers in the face of wild and anarchic globalization” (Branford, Nowak). In Germany, Alternative for Germany (AfD) has gained support with an anti-immigration and anti-globalization agenda. As these fringe parties begin to gain support from a disenchanted population, democracies around the world would do well not to ignore them.

Donald Trump’s victory in the United States Presidential election brought a radical shift in the policies of the Republican Party. Normally Republicans in America have been proponents of Free Trade and globalization. In fact, “more Republicans than Democrats” voted for the passage of NAFTA (Kessler). When George H.W. Bush, a Republican, became the president, he “negotiated and signed”
NAFTA with Canada and Mexico (Kessler). However, Donald Trump has brought anti-globalization to the party that has long championed free trade as the path to economic prosperity. Donald Trump’s populist campaign promises are full of anti-globalization and anti-immigration proposals. Trump’s promise to “build a great, great wall” and “have Mexico pay for it” could be considered the centerpiece of his campaign. While not strictly anti-globalization its purpose is to impede the movement of people into the United States. Specifically, the wall stops the movement of labor into the United States. Donald Trump, like populist politicians in Europe, holds a protectionist view of economics. The labor market is treated as a zero-sum game in which any job taken by an immigrant, legal or illegal, is a job lost by a domestic worker. The free movement of labor is part of globalization and opposition to free movement of labor is one of primary reasons many voters have chosen Trump. President Trump has consistently vowed to “revitalize manufacturing” and “get a better deal for our workers” (Kessler). If Trump is unable to achieve this through negotiations, then he has sworn to punish trade partners with tariffs. By imposing blanket tariffs on countries such as China, they are sure to retaliate which could “lead to a trade war and cost hundreds and thousands of jobs” (Kessler). Many of Trump’s proposals on trade and globalization seem unlikely to occur and if he does go forward with his proposals, then he could end up causing serious harm. With the cancellation of the TPP agreement Trump may have hurt agricultural exporters. With the TPP, American agricultural exporters would see their incomes rise by “$4.4 billion” from a reduction in trade barriers (WSJ). Furthermore, if President Trump attempts to renegotiate NAFTA he could threaten
the “30,000 American jobs” supported by America’s “Dairy exports to Mexico” (WSJ). While Trump talks about rolling back globalization he may find opposition comes from all sides, even his own party.

On the far left side of American politics, Bernie Sanders almost ran a successful insurgent campaign to defeat Hilary Clinton. Sanders is a self-proclaimed “Social Democrat” and advocates for the roll back of globalization, as does Donald Trump (Sanders). Sander’s opposition to globalization stems from the unequal gains by the wealthy as a result of globalization. To him the “global economy is not working for the majority of people in our country” therefore America should move towards “fair trade” (Sanders). In the opinion of Bernie Sanders, fair trade should lead to increased protection of American industry and workers. American workers should “not have to compete against workers in low-wage countries” and Sanders would cancel the TPP agreement (Sanders). What separates Bernie Sanders from Donald Trump are their views on the rest of the world. While they both agree that American workers must be protected and globalization rolled back, that is where the similarities end. Sanders believes America should “help poor countries develop sustainable economic models” while also helping the poverty stricken worldwide. Sander’s message is markedly less nationalistic than Trump’s and even goes so far as to condemn hyper nationalism worldwide.

Globalization has increasingly suffered from a loss of confidence, which has stemmed from the Financial Crisis, Failures of Western Governments’ policies, the rise of Wealth Inequality and the effects of automation, resulting in a rise in Anti-Globalization political parties.
The political rhetoric of the 2016 presidential election was sharply critical of globalization. As Donald Trump’s presidency unfolds, globalization will most likely stall and potentially be rolled back. Since the end of the Second World War globalization has enjoyed nearly 60 years of uninhibited growth. Its economic benefits are far reaching, lifting hundreds of millions of people out of poverty and increasing the prosperity of many nations. Furthermore, the geopolitical implications of globalization cannot be understated. There has not been a major war between two world powers since 1945 and the increased interconnectedness of our world is a contributing factor. However, as we have explored in this paper, there are consequences to globalization. In America, rising wealth inequality, factory closings and lack of government assistance have contributed to an increasing global backlash against globalization.

Globalization and Free Trade, in their current form, are unsustainable and will only continue to feed a growing nationalistic backlash. In my opinion, Western Governments must begin to take steps to address the shortcomings of globalization. This includes increased assistance to workers who lose their jobs and livelihoods to outsourcing. Fully funding state retraining programs and increased unemployment insurance will help bridge the gap as workers retrain in marketable skills. Assistance could also take the form of Tax Credits for blue collar workers who lose their jobs as a result of outsourcing. Tax Credits are generally a more popular idea with American conservatives and will avoid the stigma of welfare. Additionally, expansionary fiscal policy will help solve the problems of Secular Stagnation. If this fiscal spending is on infrastructure, a politically popular idea, then many semi-
skilled laborers will be employed. Our political leadership must also address rising Wealth Inequality. Over the last 40 years, “hourly compensation of a typical (production/nonsupervisory) worker rose just 9 percent while productivity increased 74 percent” (Mishel, Gould, Bivens). This stagnation has only deepened as a result of the financial crisis of 2008. Governments can implement policies to lower wealth inequality, such as increasing the minimum wage and raising taxes for higher earners. Finally, the effects of automation must be addressed. White-collar workers also face job loss due to advances in Artificial Intelligence. Western Governments should re-examine minimum income as a potential solution to job loss from automation. In the next few decades Automation will continue to be a massive disruptor of global labor markets.

The 2016 Presidential Election, Brexit and upcoming elections in France should be a wake up call to mainstream politicians in democracies worldwide. Significant portions of their populations are unhappy with globalization in its current state and as a result have turned to right wing, often-hyper, nationalistic groups. These hyper nationalistic groups have the potential to cause real harm worldwide if allowed to attain power. Economically, their proposed rollbacks of globalization will ultimately harm their citizens and lead to trade wars with former trade partners. Socially, these groups often hold discriminatory immigration and other unacceptable views. Mainstream politicians must act to address this backlash against globalization before they find themselves voted out of office.
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