



The politics of the globalization backlash: Sources and implications

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The political backlash

- ▶ Western Europe: Chinese imports → votes for nationalist, Right populist parties
- ▶ France: EM imports → votes for the Front National
- ▶ UK: Chinese imports → more authoritarianism; → votes for Brexit
- ▶ United States:
 - ▶ Chinese imports → political polarization
 - protectionist voting by legislators
 - votes for Donald Trump



▶ Long-standing trend

- ▶ Decline of low/semi-skilled mfg starts 1970s
- ▶ 1969-78: share of mfd imports from LDCs from 13→26%
- ▶ 1990: PRC still only fourth among LDC imports to US
- ▶ Crisis massive catalyst: US, EU

▶ Impact on *communities*, not individuals

- ▶ Direct economic effects: wages, employment
- ▶ Indirect economic effects: home values, local taxes/public services
- ▶ Social fabric: substance abuse, suicidality


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- ▶ Globalization connection not necessarily direct
 - ▶ Communities in decline, distress, with some globalization impact
 - ▶ Belief that ruling elites have failed
 - ▶ Failures of compensation
 - ▶ Failures of representation

Failures of compensation

- ▶ Pareto improvement often politically difficult
- ▶ Incentives to social actors: internalization of externalities
 - ▶ Necessity: small open economies
 - ▶ Centralization
 - ▶ Institutionalized cooperation
- ▶ Incentives to policymakers
 - ▶ Weak in US → no effective compensation (and none to communities)

Failures of representation

- ▶ US: Trust in govt from 50% in 2000 → 20% in 2016
 - ▶ Least trust: whites, over 55, no college degree
- ▶ EU: Trust in EU from 60% in 2004 → 36% in 2015
 - ▶ Trust in national governments down most in debtor nations, from 50% in 2007 → below 20% in 2015
 - ▶ Trust correlated with economic impact of crisis, across countries and individuals
- ▶ Correlation with voting for extremist parties – populists of R and L
 - ▶ But no evidence of underlying ideological change...protest vote

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- ▶ Form of protest function of political institutions
 - ▶ Two-party “cartel” forces protest either to extremes, or to attempt extreme takeover of one of the parties (US, France)
 - ▶ Multi-party (PR) allows for protest votes to go to fringe parties – but fragmentation can allow them entry into mainstream, and government (Portugal, Austria)

Conclusions and implications

- ▶ Backlash due to failures of political institutions
- ▶ Failures of compensation: ineffective response to economic distress
- ▶ Failures of representation: inadequate concern for large portions of the population
- ▶ Degree of failure varies among countries
- ▶ Can/will these failures be addressed? Requires social, political, institutional change among opponents of populist nationalism -- currently very little evidence