
Non-Fiction

The end of globalisation? Don't be so sure

Liberalism may be under attack but reports of its death have been exaggerated, argues Alan Beattie

FT Books Essay



The then French presidential candidate Emmanuel Macron arrives at the under-threat Whirlpool factory in Amiens last month © Mehdi Taamallah/Nurphoto/Getty Images

MAY 18, 2017 by: Alan Beattie

It is remarkable how much projections of the distant future can depend on the experience of the immediate past. At the turn of 2017, evidence was piling up that the globalisation of the world economy, and more broadly the international liberal order, was in headlong retreat. The European Union had

been wracked by a refugee crisis that tested governments' commitment to openness and co-operation, and found some severely wanting. In a campaign dominated by immigration and a return to national sovereignty, the UK had reversed its four decades of political integration with continental Europe and voted for Brexit. And most dramatically, the US had just elected a president who seemed determined to destroy America's role as a geopolitical hegemon and anchor of the global economy.

Three new books, in different ways, represent and articulate this sense of foreboding. Stephen King, a veteran City economist turned policy adviser and consultant, and Bill Emmott, a former editor of *The Economist*, both argue that political populism has put liberalism in economics and governance under intense pressure. Finbarr Livesey, a Cambridge academic with a background in engineering, adds that new technologies are now in the process of reversing rather than extending globalisation.

None of them is jumping at shadows. The election of a man such as [Donald Trump](#) has rightly been a severe blow to confidence in the stability of the political centre. In Europe, the political left has often lurched from centrist to radical, as with the UK Labour party under Jeremy Corbyn. In the recent French elections, support for the mainstream Parti Socialiste candidate collapsed to the benefit of the hard-left Jean-Luc Mélenchon. Yet the urge to construct a narrative of doom risks overstating the case, eliding important details and distinctions and even defining globalisation in a misleading way. If governments and societies are to counter the threat of populism, their responses must be tailored to particular circumstance.

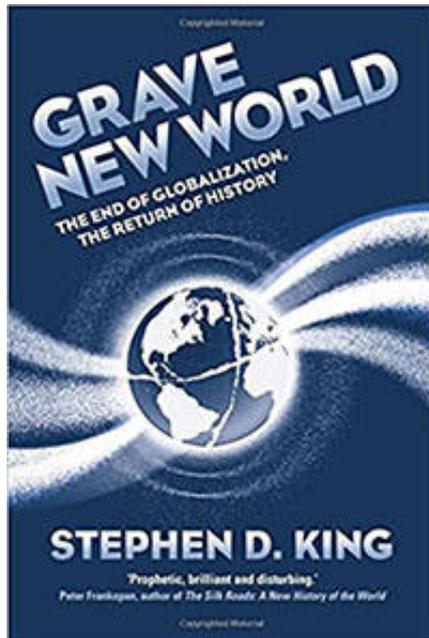
The general thesis set out by King in *Grave New World* and Emmott in *The Fate of the West* is that a system of economic and political openness that has obtained since the end of the second world war and extended since the collapse of the Soviet Union is now under unprecedented threat. A severe shock to confidence in established political movements,

resulting from the global financial crisis and exacerbated by economic inequality, has led to the rise of populism and a rejection of the liberal values underpinning globalisation and democracy. After years of moving towards openness and the rule of law, many countries in both the developing and advanced worlds have reversed course. Measures of liberty such as that maintained by the Freedom House watchdog organisation show many countries backsliding on civil liberties, democracy and a free press, prominent examples being [Turkey](#), Hungary, Yemen and, of course, Syria.

The US seems tired of its anchoring role, which is in any case being challenged by states such as China and Russia. In Emmott's memorable summation, the west is often seen as being "demoralised, decadent, deflating, demographically challenged, divided, disintegrating, dysfunctional, declining". Or, as King concludes: "For those of us living in the West, we have found it all too easy to claim that our own good fortune will continue and that, in

time, it will inevitably spread far and wide. It's time to wake up to reality.”

No



doubt there is much truth here, and both books set out the argument strongly and clearly. Yet more recent events than they have been able to cover, together with historical experience, suggest liberalism may have some life in it yet. Far from triggering the collapse of the EU, the UK's departure seems to have encouraged a sense of solidarity among its remaining members. In elections in first the Netherlands and then France, the centre held. Indeed, in a move against which punters could have got long odds a year ago, the French seem to have elected the most economically liberal president

since before the Fifth Republic. While the protectionist rhetoric emanating from Trump's Oval Office remains aggressive and eccentric in equal measure, calmer voices within the administration have so far prevented it turning into actively destructive policy.

If you wanted to project these events forward and fit them into an optimistic narrative arc, you could do so without sounding too ridiculous. Here goes: far from succumbing to political populism after the biggest economic shock since the Great Depression hit in 2008, the world economy and democracy have held up surprisingly well. The US elected and then re-elected a cerebral technocratic centrist president. The eurozone survived a massive sovereign debt crisis. Even in a crisis-hit country such as Spain where outsider political parties sprang up, a moderate government maintained power.

There were subsequently striking rejections of the political status quo in the UK and the US. But the former

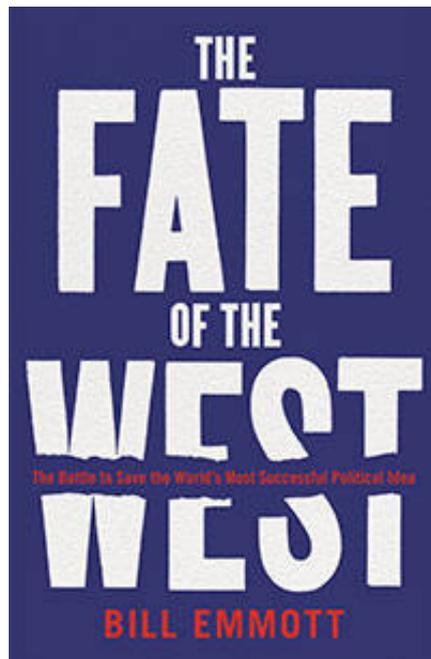
— which in any case could have gone the other way had 2 per cent of the electorate switched sides — was essentially the resolution of a recurrent sore over the Europe issue that had been festering for decades. As for the US, it took the pendulum swinging back after eight years of a Democratic White House plus a personally unpopular Democratic candidate plus extensive voter suppression plus some quirks of the electoral college to put Trump in the Oval Office. Had the election followed the popular vote, we would now be talking about the entrenchment of liberalism in America.

Thus far, having frothed about protectionism, Trump has been induced by saner counsel — and the logic of the globalised economy — to back down and accept some tweaks to existing trade deals rather than embark on a full-scale trade and currency war. Meanwhile, democracy and market economies have held up in much of the emerging world where they had taken a good hold, particularly Asia and Latin America. The backsliding

recorded by Freedom House is concentrated in the perennial problem area of the Middle East, together with Turkey and some mainly small countries in sub-Saharan Africa.

The truth is, as usual, somewhere between despair and ebullience. There is no doubt that the glad confident morning of post-cold war globalisation and democratisation has given way to a much darker outlook. Yet Emmott's and King's books are at their most interesting when, rather than compressing a disparate set of events into a single narrative, they look at the nuances and detail. Populism draws support from different sources. The UK [Brexit vote](#) and Trump's election, for example, owed much to older voters who felt the world had left them behind. But support for the Front National in France has come disproportionately from younger electors who sense they are excluded from a country run for the benefit of entrenched elites.

Emmott's book ends in a series of broad nostrums for policymakers,



some of which tip over into platitude, such as the idea that “fostering the international rule of law and international collaboration is essential”. No argument there, but not much practical guidance either. Far more interesting are the parts of the book where he goes through countries one by one, diagnosing their social and economic ills and prescribing cures to increase growth and promote economic and political success and stability.

These include the success stories of Switzerland and Sweden, two relatively small economies that reinvented themselves. Without actually joining the EU, Switzerland opened itself to further economic

integration with the rest of Europe, particularly to immigration. Sweden managed to boost growth by liberalising and deregulating significant parts of its economy while maintaining the generous social support of a typical Scandinavian welfare state.

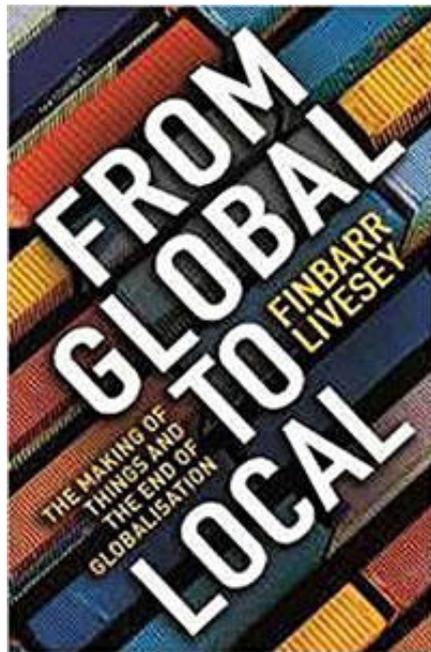
Similarly, King correctly takes aim at the very idea that there is a single international community with an agreed set of aims and ideas, or even a united west when it comes to important issues such as foreign policy and projecting “Western values” in the Middle East. After all, the imperial history of the European powers in the 19th century hardly suggest a consistency in western concepts of self-determination. “The West” as a shorthand for political and economic liberalism is an intellectual construct that stands at a considerable tangent to the actions of the US and western European countries down the centuries. Its use may in fact confuse rather than illuminate the underlying issues.

Shifting focus from the political to the technical, Finbarr Livesey's *From*

Global to Local provides a refreshing contrast. The future of globalisation may be determined less by a rarefied battle of ideas than by something as simple as the 3D printer. His book gives a nod to the idea that protectionist politicians are a threat to world trade, but his focus is very largely on the impersonal progress of technology.

The globalisation of manufacturing over the past 30 years, particularly with regard to China, has been driven by “labour cost arbitrage” — outsourcing labour-intensive production to where wages are low. And digitisation has enabled information to be transmitted around the world instantly and hence enabled companies to manage disaggregated supply chains. The rise of the “Factory Asia” supply chain for electronics in the 1990s owed something to reductions in import tariffs for goods, but also to better communications.

But this phase of globalisation is running its course. Now that robots are becoming ever cheaper and more efficient, replacing even cheap



workers, manufacturing may well “reshore” or “nearshore” — move back closer to where the products are consumed in the advanced economies. Thus the world economy will deglobalise. There will no longer be the same opportunity for developing countries to haul large numbers of their workers out of poverty through low-cost manufacturing.

This is a fairly familiar argument, though Livesey manages to make it more interesting through the detailed descriptions of individual products and processes he has gleaned through his years consulting for international companies. The Jopo, for example, has for more than

half a century been the classic Finnish bicycle, beloved all over Scandinavia. Its production was offshored to Taiwan in 2008 and promptly reshored two years later, as its management found that improving production processes could make it more profitable to move its manufacture back home.

The technical deglobalisation argument is obviously valid in theory, though the effect has yet to show up in the data in any significant way. But it is worth noting that trade in manufactured goods is only one form of globalisation. Cross-border movements in data and services will also be increasingly important, and there, improvements in technology are pulling in the direction of more overseas commerce rather than less.

With regard to all forms of anti-globalisation and the decline of liberalism, it is naturally easier to point to the dangers than to come up with straightforward solutions. King, for example, in considering the instability caused to the global economy by current account imbalances and rapid movements of

capital, considers a new organisation, the Global Organisation for Financial Flows (GOFF), a sort of super-International Monetary Fund, to resolve cross-border financial crises. It is an intriguing and creative idea, but governments have already proved themselves highly reluctant to follow IMF advice unless they are forced to do so in return for crisis lending. The enthusiasm for more global governance overriding national sovereignty is limited.

Populism may be an international phenomenon, but the solution to it begins at home. As recent events in France have shown — and, to be fair, as King and Emmott both argue — the slide away from liberalism is not inevitable. Market economics and democracy have been written off many times, set back hugely by two world wars and a Great Depression, and yet have survived. Political courage and leadership may yet reverse what has until recently seemed like an unstoppable tide.

Grave New World: The End of Globalization, the Return of

History, by Stephen King, *Yale University Press*, RRP£20/\$30, 304 pages

The Fate of the West: The Battle to Save the World's Most Successful Political Idea, by Bill Emmott, *Economist Books*, RRP£20/\$28, 272 pages

From Global to Local: The Making of Things and the End of Globalisation, by Finbarr Livesey, *Profile*, RRP£12.99, 224 pages

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