The politics of the globalization backlash: Sources and implications

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The political backlash

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