

A Manifesto for Globalization

Charles Kenny

Globalization is under attack. From the right, President Trump **thundered** to the UN that “[w]e reject the ideology of globalism, and we embrace the doctrine of patriotism. Around the world, responsible nations must defend against threats to sovereignty ... from global governance.” From the left, Bernie Sanders **proclaimed**, “Let’s be clear. The global economy is not working for the majority of people in our country and the world. This is an economic model developed by the economic elite to benefit the economic elite.” US isolationism is part of a worldwide phenomenon: anti-globalizers have risen to power in countries from Brazil and Hungary to the UK. And they led efforts to build walls real and **virtual** against trade and exchange. From the intellectual right, globalization is blamed for cultural decay. From the left it is attacked as a source of inequality and repression.

Perhaps most dangerously, we have allowed isolationists and nativists to portray global engagement as zero-sum and of benefit only to the few. We have allowed apologists to suggest their supporters are motivated by personal economic loss linked to globalization, rather than by cultural concerns. These are dangerous fictions, and it is time to confront them. There are valid complaints about some of the policies proposed as part of globalization, including the internationalization of excessive intellectual property monopolies, attacks on employee protections in the name of competitiveness, or demands to abandon health and environmental regulations, but the anti-globalizing populists are uninterested in these issues, or efforts to ensure the benefits of trade and exchange spread to all. And the overwhelming truth is that globalization today is a positive-sum force for global and national equality.

In the last century, the impact of globalization has reshaped the developing world for good. For much of human history globalization was in fact a force for *bad*. Columbus and those who followed him spread diseases to the New World, including the mass-killer smallpox. Conquistadors and imperialists the world over carried out mass slaughter as part of their supposedly civilizing mission. Millions of Africans were transported thousands of miles from their homeland to work and die as slaves. But it is simply impossible to explain the last one hundred years of global progress—a **decline** in extreme poverty from about three-quarters of the world’s population to less than one in ten since 1900, a **decline** in global child mortality from nearly a quarter to below one in twenty newborns dying before their fifth birthday since 1950—without a central part of the story being the increased movement of goods, people, and ideas.

Some of the material presented here was previously published as “The Bogus Backlash to Globalization” in *Foreign Affairs* November 9, 2018.

Start with the impact of the movement of people. Among Haitians who live either in the United States or in Haiti and live on more than \$10/day, [four out of five live in the United States](#). Historically, there has been only one reliable way to escape poverty as a Haitian—escaping Haiti. Or take two Nigerians with the same skills and education, but one is now living in the US while the other is still in Nigeria. On average, the one who moved is [earning 10 times as much](#) as the one who stayed put.

There is considerable benefit to those who stay behind as well. The annual value of global remittances to developing countries is \$466 billion—three times total aid flows, and a huge force for prosperity. Remittances are worth [30 percent of GDP](#) in Haiti. But it isn't just about sending money home. Migration is associated with closer trade and investment ties, too. You can't explain India's rise as an IT and outsourcing giant without reference to the immense number of Indian expats working in Silicon Valley.

Again, no one doubts that the ability to trade with the rest of the world was a vital element of China's economic performance over the past 30 years—one that raised the average daily consumption in the country from around \$2 per person in 1990 to \$12 in 2015. Across developing countries, increased trading opportunities are [associated with higher incomes](#). Beyond creating jobs, trade is associated with [improved working conditions](#) and freedom of negotiation. Breaking global trade links would risk reversing that progress.

The annual value of global remittances to developing countries is \$466 billion—three times total aid flows, and a huge force for prosperity.

And while globalization was in part responsible for the spread of smallpox, it was also vital to the disease's eradication, just part of the progress caused by global medical advance underpinned by the flow of goods. One hundred and twenty-six countries worldwide either have no pharmaceutical industry at all or rely on imported ingredients for all of their production. They don't make vaccines against smallpox—or measles or pertussis. They don't make antibiotics. They import them.

Most countries don't have factories making cars or trucks, either. Most countries don't have the capacity to construct container ships, or airplanes, or power turbines, or solar energy systems. And even in years where countries don't produce enough food, the global trading system means that famine is no longer an act of God, it is a war crime—only occurring when governments intentionally withhold supplies. For all industrial policy including “infant industry” protection has been a part of successful growth strategies in some developing countries, success has been underpinned by a broadly open global trading regime of both imports and exports.

Finally, globalization involves the movement of ideas, and over the past 50 years that has been a powerful force for the spread of rights. In 2000, for example, not a single country worldwide recognized gay marriage. Now 29 countries, home to more than a billion people, enjoy marriage equality. The globalization of ideas like “treat gay and straight people the same” and “treat women the same as men” and “discrimination on the grounds of race should be outlawed” has been a powerful force behind declining rates of domestic violence, reduced discrimination against women in the workplace, and increased support for minority rights—for all the unconscionably large toll violence and discrimination still take.

Globalization remains a powerful force for quality of life in rich countries including the United States. Take innovation: between 1995 and 2005, [more than half](#) of Silicon Valley's technology and engineering companies were founded by immigrants. And Stanford's Shai Bernstein and colleagues

suggest that 30 percent of aggregate US innovation since 1976 can be attributed to immigrants as measured through patents and patent citations.

Regarding jobs, Gaetano Basso and Giovanni Peri of University of California, Davis find that a percentage point in additional foreigners in a commuting zone is associated with a 0.2 percent increase in the wage of non-college educated natives and a 0.4 percent increase for wages of college educated natives. The impact of the Trump administration's migration policies also demonstrate how beneficial migrants have been to the US: just one of the administration's policy shifts—banning spouses of H1-B visa holders from working—is *estimated* to cost the US \$2.1 billion a year. The increasing use of local law enforcement in the US to police migration laws under the Secure Communities program is *associated* with a 3.5 percent decline in employment of non-citizens but also a 0.5 percent decline amongst citizens. Migrants create both wealth and demand for goods and services—and that drives local employment.

Looking at trade, Robert C. Feenstra and Akira Sasahara for the National Bureau of Economic Research (NBER) estimate that the net impact on US employment from imports and exports during 1995–2011 led to increased demand for 3.7 million jobs. And imports have a particularly powerful effect on consumer buying power, as is clear from price changes in America over the past two decades. The cost of college tuition has gone up 170 percent in the US since 1997. The price of childcare has risen 110 percent, and for health care the rise is 100 percent. Compare other things Americans buy: car prices are up only 2 percent since 1997. Clothing prices are down 4 percent, toys by 69 percent, and TVs down 96 percent. The tradeable goods have seen prices fall or stay level. The largely non-traded services have got more and more expensive.

That means trade has been a particularly important force for quality of life of poor people in the US, because poor people spend more of their income on traded goods, while the rich spend more on services. Pablo D. Fajgelbaum and Amit K. Khandelwal of the NBER suggest that if the US moved to end imports, the poorest 10 percent of American consumers would see their buying power decline by 69 percent. That compares to 37 percent for the median consumer. (The top 10 percent would only see a 4 percent decline in effective income.)

Trade has been a particularly important force for quality of life of poor people in the US, because poor people spend more of their income on traded goods, while the rich spend more on services.

It is true there are losers from trade in the US. International competition, for all of its overall benefits, can reduce jobs in particular communities and sectors in countries poor and rich alike. Perhaps the most significant analysis of harm from trade in the US has been provided by David Autor and colleagues, regarding the impact of China's accession to the World Trade Organization and its impact on manufacturing employment.

The work has been questioned on the grounds of their *econometric technique*; and for ignoring the *fact* that the cheaper prices of Chinese imports that were inputs into US production also generated both employment and exports. Indeed, the expansion of jobs in export sectors completely offset the job losses in manufacturing. But while pointing to a considerable net positive impact of trade on jobs overall thanks to these channels, Robert C. Feenstra and Akira Sasahara for NBER also estimate that merchandise imports from China led to reduced demand of 1.4 million jobs in manufacturing and 0.6 million in services, with total (gross) job losses of 2.0 million.

Nonetheless, it is a canard to say trade is a major factor in growing inequality or job loss. Using an upper-end estimate of 300,000 (gross) jobs a year lost on average to competition from China over a 10 year period that compares to [about 1.9 million layoffs and discharges each month](#) in the US. The timing of the wage decline for low-skilled workers—which took place prior to 2000—and the [constant slope](#) of decline in US manufacturing employment as a percentage of total employment over a period stretching back to the 1970s are both additional reasons to doubt the story of a big shock from China’s accession to the WTO in 2001. The reason that manufacturing job losses to China are in the headlines is not because they were a major source of inequality in America, but because it makes a good story for those who oppose global engagement.

The reason that manufacturing job losses to China are in the headlines is not because they were a major source of inequality in America, but because it makes a good story for those who oppose global engagement.

And it is very hard to find evidence of any demographic or regional grouping of American citizens who have been economically or socially harmed by migration. In their [recent analysis](#) of US data, Gaetano Basso and Giovanni Peri conclude the net growth of immigrant labor has a zero to positive correlation with changes in native wages and native employment across all skill levels. Even those migrants “with similar schooling and education as natives, tend to do different jobs from them ... they will create conditions for increased specialization where natives do more communication-intensive jobs and immigrants do manual-type of tasks,” the authors suggest. Regarding social decay, across the US, the incarceration rate for undocumented migrants is [53 percent](#) the rate for the native born and the rate for legal immigrants is 21 percent that of natives. “Slowing assimilation” is [another concern](#) that does not hold up to scrutiny.

It is a motivated fiction to suggest globalization necessitates weakening worker protections. Compare Germany and the United States. Germany recently let in one million refugees (the equivalent of the US admitting about four million), sees trade as a proportion of GDP of 87 percent compared with 27 percent for the US, but also manages far more generous [social spending](#), more [progressive income taxes](#), and considerably stronger [worker rights](#). Those who lose jobs from overseas competition in the US *should* benefit from a strong safety net, training, and help finding a new job, as should the far, far greater number who lose jobs from domestic competition, technology, and policy change. Globalization in no way prevents that. At the same time, labor competition should be on the basis of wages and conditions, not abrogation of rights—trade agreements can and should be designed to protect those rights.

The facts of the case regarding globalization do not stop attacks on foreigners being a sometimes-powerful political weapon. It is [true](#) that the electorate felt they had a clearer choice on trade and migration between candidates Trump and Clinton in 2016 than between candidates Obama and Romney four years before. That made issues of global integration more salient than in previous elections, and played a role in Mr. Trump’s victory. And there is some evidence linking migration and trade flows to political impact over the longer term. David Autor and colleagues suggest that the change in the county-level Republican two-party vote share between 2000 and 2016 [is associated with](#) the growth in local labor markets’ exposure to Chinese import penetration (although the results come with the same caveats as their job loss estimates). They suggest that moving from the 25th percentile of the increase in trade exposure to the 75th percentile is associated with a 1.7 percent rise in the Republican two-party vote share over that period. Again, county-level data between [1990 and 2010](#) in the

US suggests that while increased high-skilled immigration decreases the share of the Republican vote, low-skilled immigration increases it—especially if it is migration to low-skilled rural communities.

But there is no relationship between levels of trade and migration and major candidate vote shares over the four years between 2012 and 2016—in the period where globalization became considerably more salient in the election process because of the gap between the candidates. Diana Mutz [found](#) no role for economic factors in the swing to the 2016 Republican candidate but that people who felt “the American way of life is threatened” or saw whites and men more discriminated against than women or minorities were significantly more likely to switch to Mr. Trump, as well as express strong negative opinions on trade (though she suggests this is not the case with migration).

Again, Gallup economists Jonathan Rothwell, and Pablo Diego-Rosell [find](#) “no link whatsoever” between greater exposure to trade competition or immigrant workers and greater support for Mr. Trump (a finding supported by Caroline Freund and Dario Sidhu of the [Peterson Institute](#) and Stephen Clarke and Dan Tomlinson of The [Resolution Foundation](#)). But Rothwell and Diego-Rosell do find the swing to Mr. Trump was particularly large in counties with a high share of older, white residents. It is also worth noting that counties with more foreign-born residents saw a dramatically smaller swing towards Mr. Trump. If the size of migration flows into the United States was really the dominant force behind its political saliency, the issue would have been considerably more prominent in 1995–2000 when the net flow of migrants across the Mexican border was positive rather than in a period when flows [reversed](#)—more migrants are now leaving than arriving.

Mutz and colleagues at the University of Pennsylvania [have also found](#) that support for trade deals is consistently lower among whites than other racial groups. Pew survey data from 2017 [suggested](#) 52 percent of Americans believe free trade agreements have been a good thing for the US compared with 40 percent who view them as a bad thing. But whites were more opposed to trade deals and those over 65 saw a 51 to 38 percent split in favor of deals having been a bad thing. If economic attributes such as low education, skill, or pay were the more powerful factor in determining opinions on trade (or migration) it would be minorities who would be more opposed on average. The reverse is true. Mutz notes that people who believe men, Christians, and whites are more discriminated against than women and minorities are more likely to be opposed to trade agreements.

Surveys similarly [point to](#) a large demographic division over the *cultural* impact of immigrants. More than one-third of all Americans feel that the growing number of newcomers from other countries threatens traditional American values and customs. That number is only 19 percent among those aged 18–29 compared with 44 percent among those over the age of 65. It reaches 53 percent among white evangelical Protestants. Whites, Mutz notes, were being told they would soon be a minority race in the US while the US itself was losing global dominance, and polling evidence suggested a growing sense of lost national status combined with a sense of persecution. ([John Sides](#) of George Washington University as well as Marc Hooghe of the University of Leuven and Ruth Dassonneville of the University of [Montreal](#) find additional evidence of white identity politics at work in 2016.)

The majority of Americans recognize the benefits of trade and migration to the country. Indeed, global exchange is at a peak of popularity in the US (even if political elites [don't appreciate that](#)). Since 1992, Gallup has [asked](#) if trade is primarily an opportunity for economic growth or a threat to the economy. In the first 23 years of asking the question, the proportion suggesting it was

Global exchange is
at a peak of popularity
in the US.

primarily an opportunity had never risen above 56 percent. Since 2017 it has not dropped below 70 percent. Since 1965, Gallup has [asked](#) Americans if immigration should be increased, decreased, or kept at the present level. The proportion who want to see immigration increase has never been higher, nor has the proportion calling for a decrease been lower. Over two-thirds of Americans polled in June 2018 wanted to keep immigration at its current level or increase it. PRRI data [suggests that](#) fewer than one in five Americans want to solve the problem of undocumented immigration through a program of identification and deportation compared with 77 percent who want to see a path to citizenship or legal residency.

And there will be no benefit from appeasement. That the facts are contrary to nativist rhetoric does not stop calls for isolationism being a powerful motivator for the segments of the electorate attuned to such rhetoric. Under those circumstances, retreating globalization in an attempt to avoid its rout won't work.

Instead, those who care about national and global progress should fight back. It is time to defend the flow of goods, people, and ideas across borders; to advocate for policies that both encourage those flows and ensure that everyone benefits; and to protect globalization from those who would co-opt it for monopolistic gain. In that, a new push for fair globalization should involve global cooperation on tax havens to ensure the rich and corporations pay their share for public services. It should involve far closer and more urgent cooperation on a raft of issues from climate change to data privacy and limits to intellectual monopolies. It should protect domestic health and environmental regulations. But it should also ensure movement of goods, ideas, and people as the most powerful force for global progress ever.



CHARLES KENNY is a senior fellow and the director of technology and development at the Center for Global Development.

WWW.CGDEV.ORG

This work is made available under the terms of the Creative Commons Attribution-NonCommercial 4.0 license.