

The Truth About Globalization

by Adi Ignatius

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Public sentiment about globalization has taken a sharp turn. The election of Donald Trump, Brexit, and the rise of ultra-right parties in Europe are all signs of growing popular displeasure with the free movement of trade, capital, people, and information. Even among business leaders, doubts about the benefits of global interconnectedness surfaced during the 2008 financial meltdown and haven't fully receded.

In “Globalization in the Age of Trump,” Pankaj Ghemawat, a professor of global strategy at NYU's Stern School and at IESE Business School, acknowledges these shifts. But he predicts that their impact will be limited, in large part because the world was never as “flat” as many thought.

“The contrast between the mixed-to-positive data on actual international flows and the sharply negative swing in the discourse about globalization may be rooted, ironically, in the tendency of even experienced executives to greatly overestimate the intensity of international business flows,” writes Ghemawat. Moreover, his research suggests that public policy leaders “tend to underestimate the potential gains from increased globalization and to overestimate its harmful consequences.”

The once-popular vision of a globally integrated enterprise operating in a virtually borderless world has lost its hold, weakened not just by politics but by the realities of doing business in very different markets with very different dynamics and rules. Now is the time for business and political leaders to find a balance—encouraging policies that generate global prosperity at a level that democratic societies can accept.

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Adi Ignatius is the editor in chief of *Harvard Business Review*.

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

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Mo Ghasemzadeh a month ago

Globalization isn't failing. US and UK are failing. Election in Europe are showing the stupidity that has been seen in UK and US are not contagious to other parts of world.

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