

What went wrong with globalization?



- Ken Garduno, Illustrator

The idea of more open, global trade has been sold as necessary for economic success. Yet today we hear calls to "build a wall" and to break up trading partnerships. Turns out we've seen the pendulum swing between free trade and protectionism many times before. Our series [Trade Off](#) looks at key moments when trade barriers have been built up or torn down and at globalization's winners and losers.

Thoughts of a self-proclaimed "globalist": My generation of 40-somethings came of age just as the Berlin Wall fell. The proclaimed ending of the Cold War delivered a new era of increasingly open borders. We could feel it: Professors spoke of the Iron Curtain parting; President George H. W. Bush proclaimed "new world order"; his successor President Bill Clinton talked up the benefits of trade; and now we could see Prague.

That sentiment was echoed in the classrooms and dining halls of colleges across the country. The idea was that globalization was inevitable, logical, efficient. Countries could produce what they were best at and import the rest, providing consumers more of everything in the '80s (pleated pants, Sinead O'Connor albums, oversized eyeglasses) for lower prices. In an era when free market economics triumphed as a belief system, the free movement of goods, money, people and ideas seemed to logically follow.

What a difference a generation makes. In much of the developed world, a backlash against globalization has gained momentum. President Trump has pulled out of an Asia trade deal, threatened to impose new tariffs on foreign steel and proposed to slow legal immigration — and he's still talking about a Mexican border wall. The United Kingdom has filed its divorce papers with the European Union. And anti-migration politicians seem on the march in Europe.

To understand this pushback and where it came from, I figured it was time to return to school, Georgetown University in Washington, D.C. I wanted to check in with some classmates and professors to ask: How did this happen? What did we get wrong?



Marketplace correspondent Scott Tong, center, and his classmates at Georgetown, circa 1987

Cynthia Bertolini is one of three friends from the class of '91 I asked to join me back on campus. She recalled the big moment junior year when the Berlin Wall was demolished before our eyes on television.

"I remember vividly watching the wall come down and thinking about there is no more East Germany, there is no more West Germany," she said. "And thinking, what could that mean elsewhere in the world in terms of opening up?"

For young adults about to enter the workforce, a presumed world without borders meant more job opportunities. Michael Panzera was my sophomore roommate.

"I remember people asking me, 'Why are you majoring in Chinese? Are you going to work in a restaurant?'" he said. "My boyfriend at the time was like,

"Why don't you study accounting or something like that?" I was like, "You watch! This is going to be important!"

He, of course, was onto something. I saw myself as a global citizen perhaps most of all. I grew up mostly overseas, in Hong Kong and Taiwan. Not only are these islands dependent on trading with other countries, they were examples of Asian "tiger" economies that grew at warp speed in the 1980s because of their links to foreign investors and foreign customers. If you're of a certain age, you'll recall that T-shirts and jeans used to carry "Made in Taiwan" labels instead of today's "Made in China."

At the time, even our presidents joined the globalization chorus, singing the praises of cooperation and collaboration. President George H. W. Bush proclaimed: "A new world order can emerge. A new era. An era in which the nations of the world can prosper and live in harmony."

President Clinton praised globalization for job opportunities, stating that "Freer trade abroad means more jobs at home. Every billion dollars the United States exports generates 20 or 30,000 more jobs."

New York Times columnist Tom Friedman [told us](#) in the '90s that globalization was so powerful that no two countries with McDonald's would ever go to war.

One of my first campus stops was to the office of Georgetown political scientist Jennifer Tobin. She said that whereas trade and globalization expand the economic pie and make for more winners and losers (the standard theory), scholars always warned about [distributional effects](#). There would be people who lose out. This was largely theoretical back in the '80s and '90s, but not today. The pain became real.

"We know who is going to lose their jobs from this," said Brad Jensen, a professor at Georgetown's business school. "And so we need to create policies that redistribute towards them. And that didn't occur. And that didn't occur

around the world."

Globalization critics who lost their jobs in the Rust Belts of France, America and England went from the political fringe to center stage. One of the biggest examples: Brexit.

"By focusing on the winners from trade and ignoring the losers, I think we created the situation we're in today," Tobin said.

There's something searing about industrial loss. Behavioral scientists suggest that losing something — say, a job — hurts more than gaining it feels good. The pain is disproportionate. Jensen said that pain also tends to be geographically concentrated and visible.

"I grew up in Detroit. My wife's from Cleveland. I lived in Pittsburgh," Jensen said. "When the global economy, either because of technology or because of trade, moves against an industry, it's not just some firms, it's like the whole region is affected."

Still, he noted that for all the attention paid to factory jobs lost, the U.S. economy is not factory-based and hasn't been for decades.

"The Trump administration is fixated on the manufacturing sector," Jensen said. "The Obama administration was fixated on the manufacturing sector. At this point, it's less than 8 percent of the labor force,"

So, what went wrong with globalization? It got overhyped — as a belief system and trend — and undermanaged. That seems a big part of the answer to the question. But here's the surprise revelation from my back to school homework assignment: Perhaps I wasn't asking the right question.

"What went wrong?" assumes globalization is somehow right, or the normal state of things. It turns out a lot of economic historians challenge that assumption.

"Globalization is not inevitable," said Jamie Martin, an incoming history professor at Georgetown. "It won't necessarily proceed smoothly ... [and it] could easily go into reverse or even collapse."

This raises a provocative question: Is globalization actually an exception? Was that golden period of the 1980s and 1990s — when free market capitalism peaked, the world economy grew, countries lowered their walls — the unusual moment in history? Stepping back, that seems a fair question to ask.

Where does this leave us now?

"Anything can change in the course of a lifetime, and I think that's what's a little bit unsettling right now," Panzera, my old roommate, said. "I feel like we're in the middle of a paradigm shift, and we don't know where we're going to end up."

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