

3.2 – Globalization & Its Discontents

ECON 324 • International Trade • Spring 2023

Ryan Safner

Associate Professor of Economics

 safner@hood.edu

 [ryansafner/tradeS23](https://github.com/ryansafner/tradeS23)

 tradeS23.classes.ryansafner.com



Outline



The Benefits and Costs of Globalization, In Essence

The Politics of “Neoliberalism”

Gripes With Neoliberalism

Some Optimism



The Benefits and Costs of Globalization, In Essence

The Effects of the Division of Labor

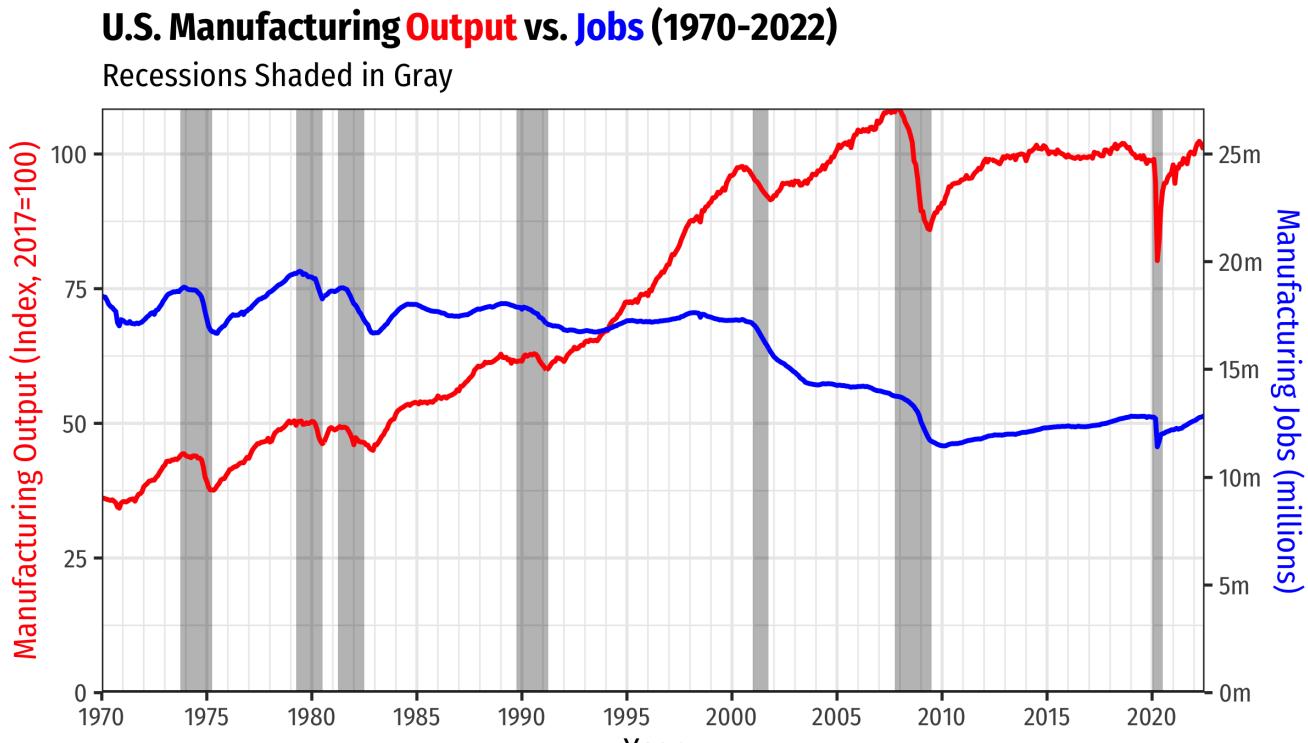


Chart by Ryan Safner; Data Source: FRED

The Effects of the Division of Labor



Year	U.S. Population	% working on farms
1790	4,000,000	90%
1900	76,000,000	40%
2015	326,000,000	<1%

Source: [U.S. Department of Agriculture Economic Research Service](#)



Creative Destruction I



Joseph Schumpeter

1883-1950

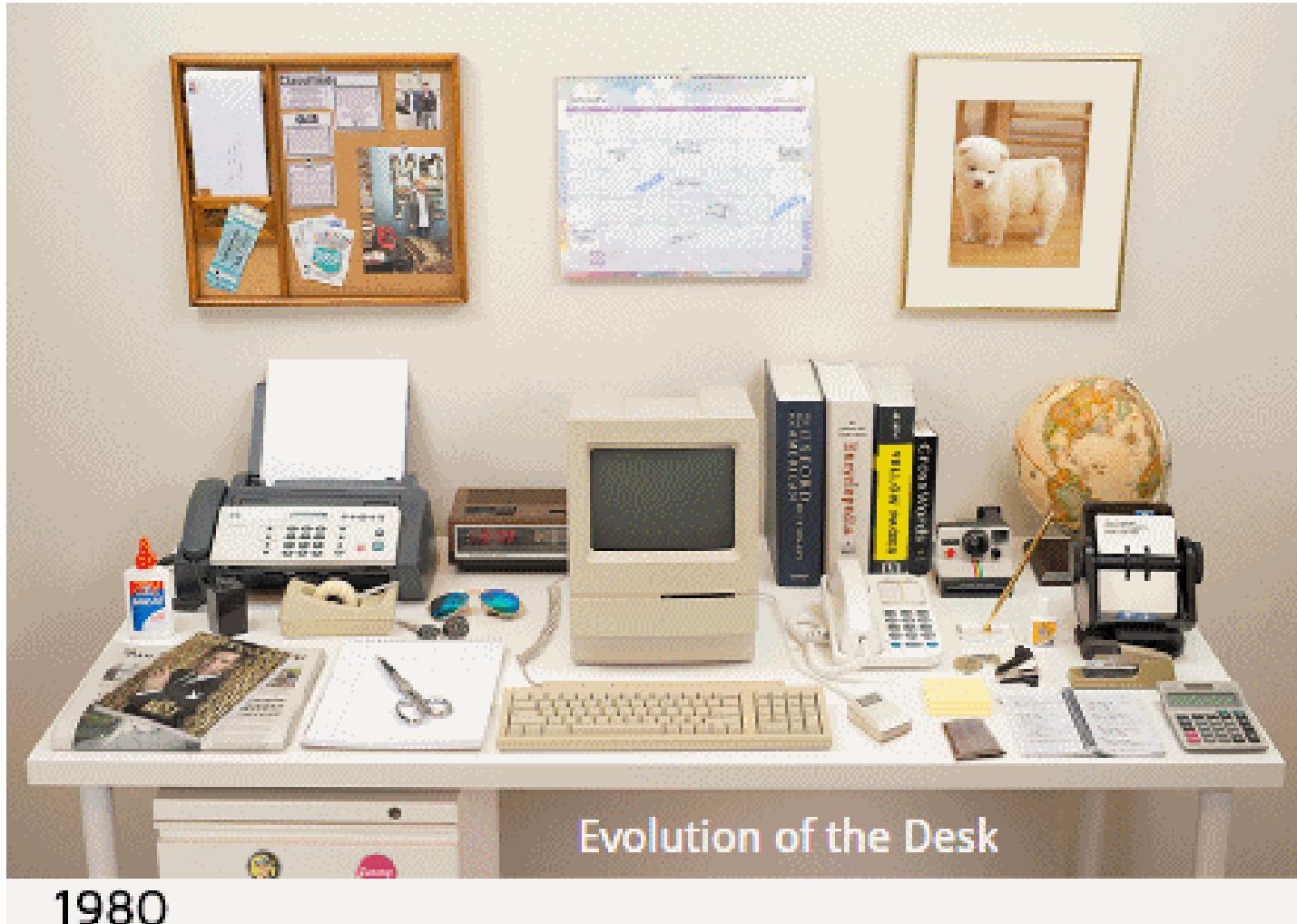
"Industrial mutation--if I may use that biological term --that **incessantly revolutionizes the economic structure from within**, incessantly destroying the old one, incessantly creating a new one. This **process of Creative Destruction is the essential fact about capitalism**. It is what capitalism consists in and what every capitalist concern has got to live in" (p.83).

Schumpeter, Joseph A. (1947), *Capitalism, Socialism, and Democracy*

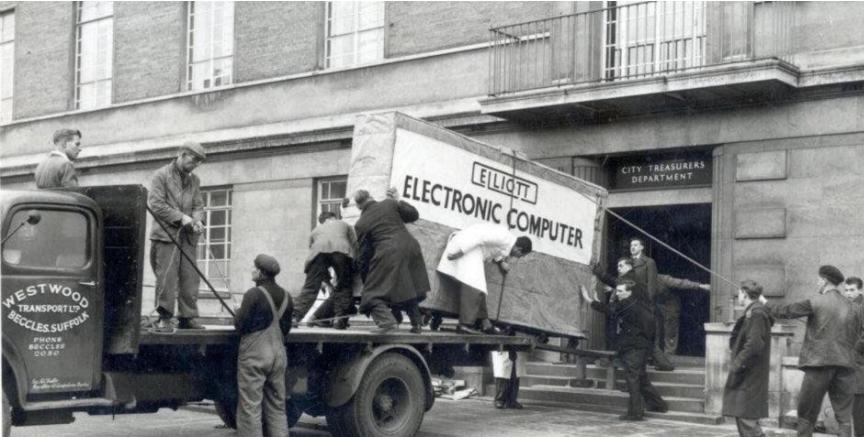
Creative Destruction: Examples



Creative Destruction: Example II



Creative Destruction: Example III



59 years of progress

Creative Destruction: Would You Want to Stop This?



But Successful *Economies* Create a *Political Problem*



- Markets serve consumers (**consumer sovereignty**), *not* workers or producers!
- Successful market economies **produce wealth** and **destroy jobs**
- Economic growth \equiv more output with fewer inputs!
- A **political problem**: how do producers permit the *destructive* side of creative destruction?



But Successful *Economies* Create a *Political Problem*

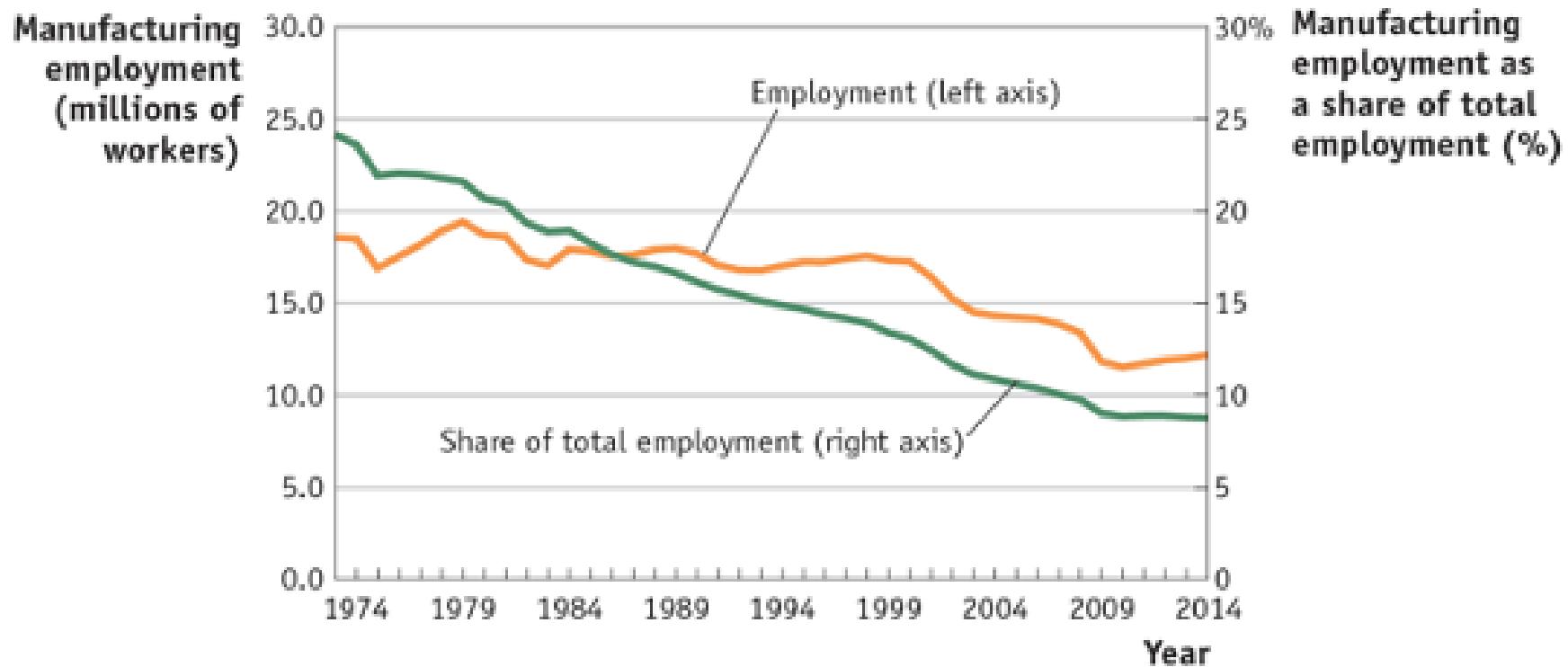


- **Moral dilemmas:**

- Do we have a moral obligation to insulate workers from the pain of competition that is no fault of their own?
- How do we secure the gains from trade and innovation without punishing the workers who lose their jobs?

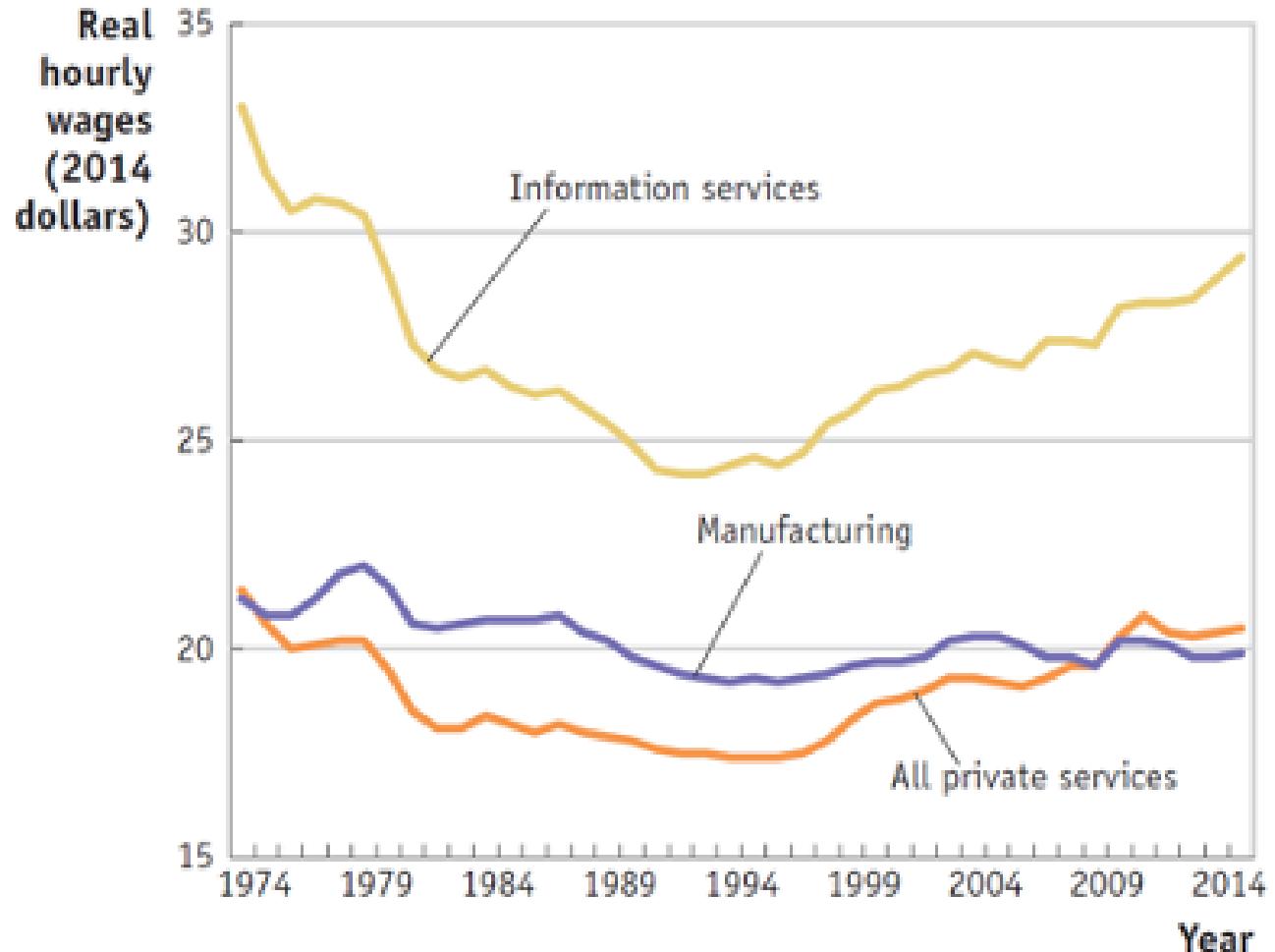


Recall The Specific Factors Model



Source: Feenstra & Taylor (2017)

Recall The Specific Factors Model



Recall The Specific Factors Model



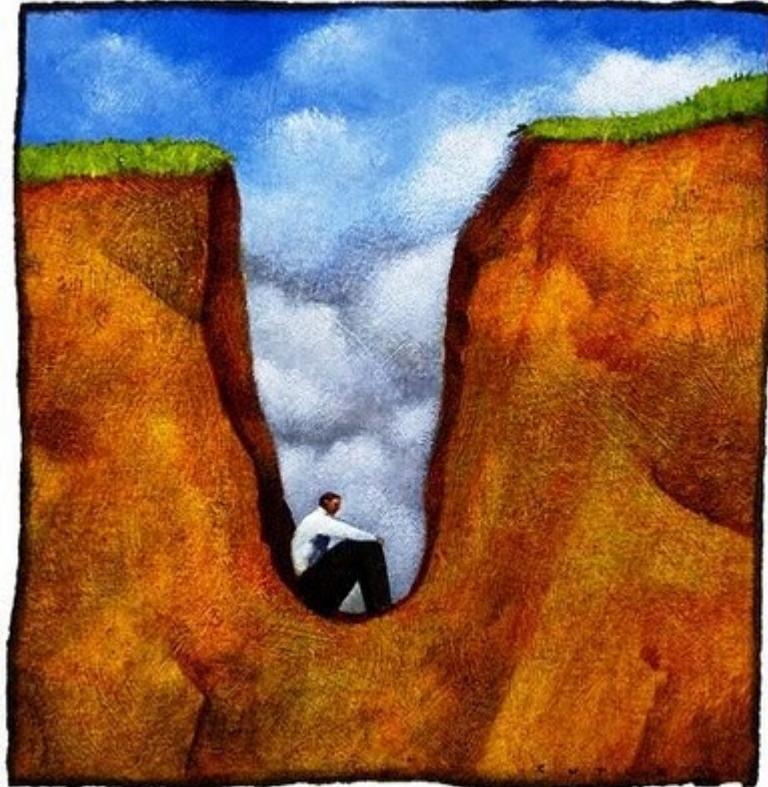
Industry	Total Displaced Workers (thousands) Jan 2011–Dec 2013	Workers Reemployed by Jan 2014	PERCENTAGES	
			Of the Workers Reemployed:	
			Earn Less in New Job	Earn Same or More in New Job
Total	4,292	61%	48%	52%
Manufacturing industries	765	59%	57%	43%
Service industries	3,146	62%	72%	28%

Source: Feenstra & Taylor (2017)

Recall The Specific Factors Model



- Again, **changes in trade fall mainly upon the fixed/specific factors of production**
 - Increase in relative prices (exports) benefit fixed factor producing exports
 - Decrease in relative prices (imports) harm fixed factor competing with imports
- **Mobile factors face ambiguous change**
 - Can move from low-income industries to high-income industries
- **Policy implication:** if governments wish to protect domestic groups from adverse trade shocks, increase mobility and non-specific skills/uses





The Politics of “Neoliberalism”

The Politics of “Neoliberalism”



- We've really focused on the world of “neoliberalism”, the system of international trade institutions and underlying philosophy
 - To many on the political left, “neoliberalism” is a dirty word
 - I use “neoliberalism” here as descriptive of the institutions and framework, not normative or moral
- Rightly or wrongly, people associate “neoliberalism” with:
 - institutions: trade agreements, the WTO, the U.N., development policy
 - attitudes: free markets, cosmopolitanism, multilateralism, centrism, technocracy
 - politics/ideology: Ronald Reagan, Margaret Thatcher, New Labor (Tony Blair, David Cameron), Milton Friedman



The Politics of “Neoliberalism”



- “Neoliberalism” is a boogeyman, very very hard to define
 - a term primarily used by its enemies
- Very few people have ever called themselves “neoliberals”

Economics



George Monbiot

✉ @GeorgeMonbiot

Fri 15 Apr 2016 07.00 EDT



Neoliberalism - the ideology at the root of all our problems

Financial meltdown, environmental disaster and even the rise of Donald Trump - neoliberalism has played its part in them all. Why has the left failed to come up with an alternative?



The Politics of “Neoliberalism”



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Fuck Neoliberalism

Simon Springer

Department of Geography, University of Victoria
simonspringer@gmail.com

Abstract: Yep, fuck it. Neoliberalism sucks. We don't need it.

Keywords: fuck neoliberalism; fuck it to hell

Fuck Neoliberalism. That's my blunt message. I could probably end my discussion at this point and it wouldn't really matter. My position is clear and you likely already get the gist of what I want to say. I have nothing positive to add to the discussion about neoliberalism, and to be perfectly honest, I'm quite sick of having to think about it. I've simply had enough. For a time I had considered calling this paper ‘Forget Neoliberalism’ instead, as in some ways that's exactly what I wanted to do. I've been writing on the subject for many years (Springer 2008, 2009, 2011, 2013, 2015; Springer et al. 2016) and I came to a point where I just didn't want to commit any more energy to this endeavor for fear that continuing to work around this idea was functioning to perpetuate its hold. On further reflection I also recognize that as a political maneuver it is potentially quite dangerous to simply stick our heads in the sand and collectively ignore a phenomenon that has had such devastating and debilitating effects on our shared

The Politics of “Neoliberalism”



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 - a term primarily used by its enemies
- Very few people have ever called themselves “neoliberals”
- Though some have recently tried to “take it back” ➡

WE BELIEVE IN

Economic growth through free markets

A robust social safety net

The free flow of people and goods

Deregulating barriers to housing and employment

Immediate criminal justice reform

A tech-optimistic society

A tax on carbon

Freedom regardless of gender, age, race, religion or sexual orientation

Pragmatism over populism

NeoliberalProject.org | @neOliberal

The Politics of “Neoliberalism”



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Increasing Polarization: Two Tribes



- The culture war between two **tribes** (each are both normative and descriptive)
 1. **“Globalism”**: urban, cosmopolitan, citizen of the world, tolerant of other cultures/religions/minorities, often elite professional
 2. **Populism/Nationalism**: rural, parochial, attached to local/national culture and identity, anxiety over economic obsolescence, anxiety over cultural/social change
 - Left-populism: critique of international capital exploiting working class
 - Right-populism: critique of globalist elite/foreigners exploiting “the little guy”/natives
- This does not *neatly* map to the divide between politically liberal/progressive and conservative
 - But it increasingly has been

Fair Warning



- The average economist is both in favor of globalization and sympathizes with globalism
 - A lot of people think economists are more conservative than the public, but the average economist is a moderate Democrat
- A lot of straw man arguments
- This conversation will not be easy, but is one our nation must have

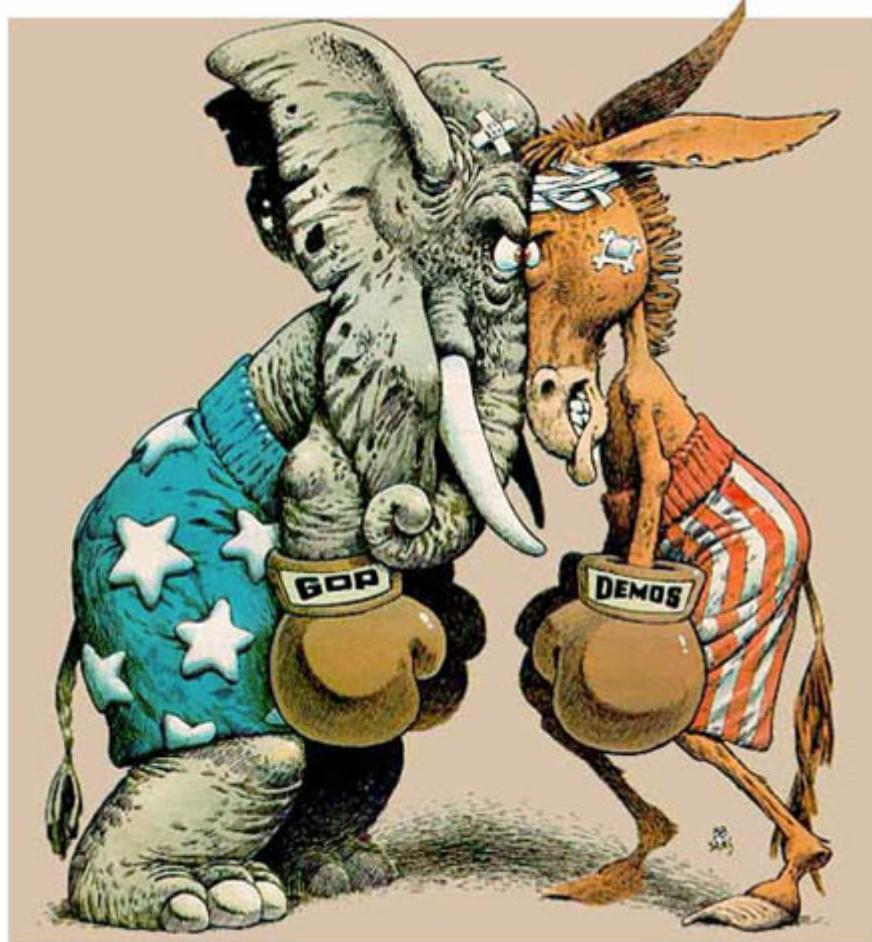
Increasing Tribalism



Increasing Tribalism



Polarizing Around Issues



- Decades ago, many internal divisions within both the Republicans and Democratic parties on issues
 - conservative Democrats
 - liberal Republicans
- Today, issues have clear Democrat-side vs. Republican-side
- Politics becomes more ideological, meaning less compromise or deal-making
- Results: less governing gets done, more gridlock

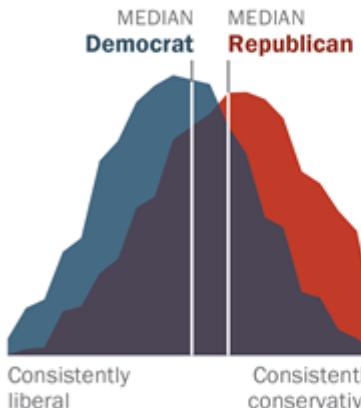
Polarizing Around Issues



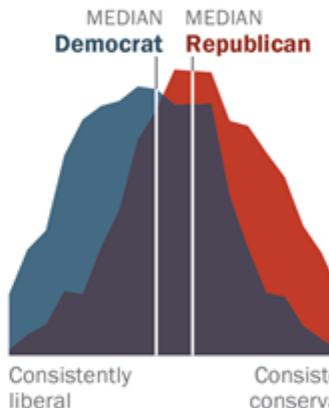
Democrats and Republicans More Ideologically Divided than in the Past

Distribution of Democrats and Republicans on a 10-item scale of political values

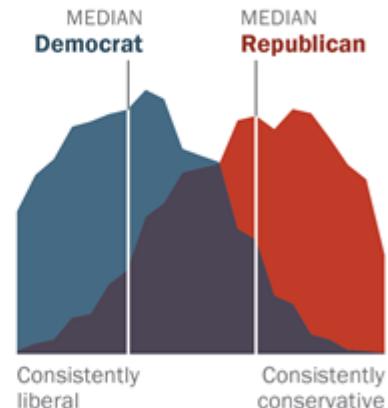
1994



2004



2014



Source: 2014 Political Polarization in the American Public

Notes: Ideological consistency based on a scale of 10 political values questions (see Appendix A). The blue area in this chart represents the ideological distribution of Democrats; the red area of Republicans. The overlap of these two distributions is shaded purple. Republicans include Republican-leaning independents; Democrats include Democratic-leaning independents (see Appendix B).

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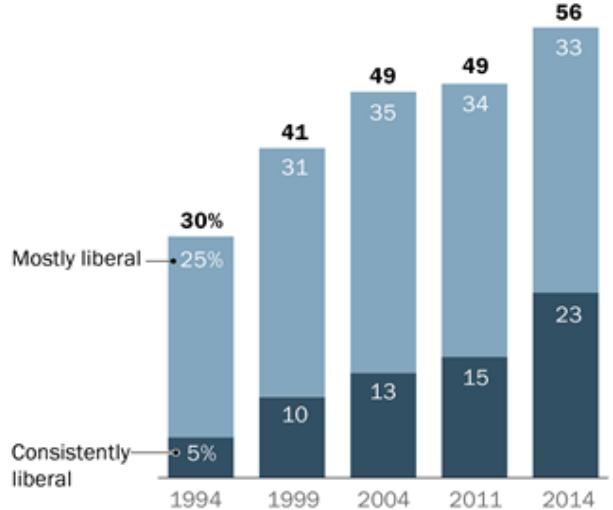
Source: [Pew Research Center \(2014\)](#)

Polarizing Around Issues

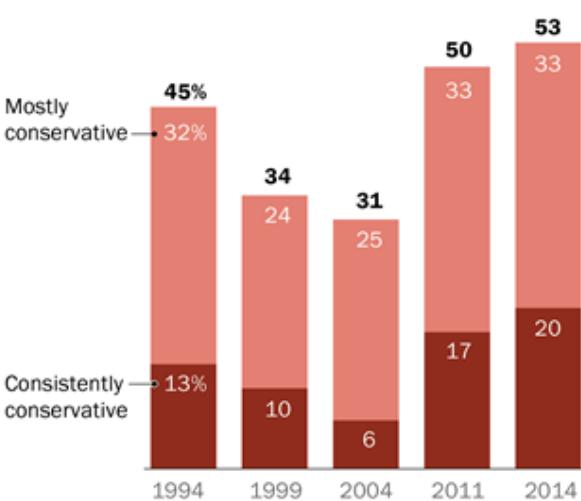


More Democrats Take Liberal Positions, More Republicans Take Conservative Positions

Percent of Democrats with political values that are...



Percent of Republicans with political values that are...



Source: 2014 Political Polarization in the American Public

Notes: Ideological consistency based on a scale of 10 political values questions (see Appendix A). Republicans include Republican-leaning independents; Democrats include Democratic-leaning independents (see Appendix B).

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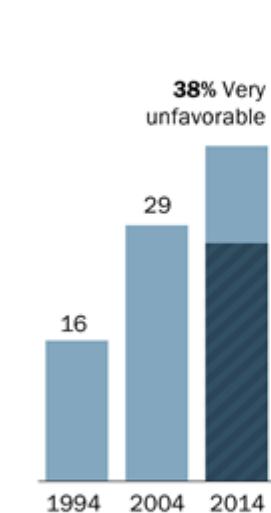
Source: [Pew Research Center \(2014\)](#)

Polarizing Around Issues

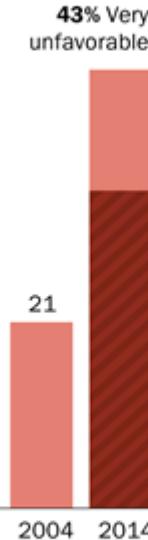


Beyond Dislike: Viewing the Other Party as a 'Threat to the Nation's Well-Being'

Democratic attitudes about the Republican Party



Republican attitudes about the Democratic Party



27%
of Democrats see the
Republican Party as a
threat to the nation's
well-being

36%
of Republicans see
the Democratic Party
as a threat to the
nation's well-being

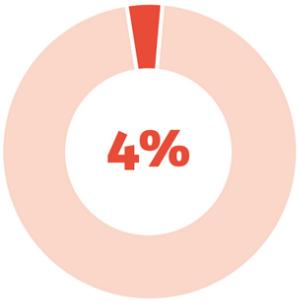
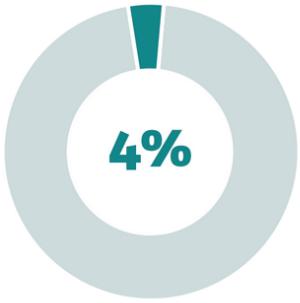
Source: 2014 Political Polarization in the American Public

Notes: Questions about whether the Republican and Democratic Parties are a threat to the nation's well-being asked only in 2014. Republicans include Republican-leaning independents; Democrats include Democratic-leaning independents (see Appendix B).

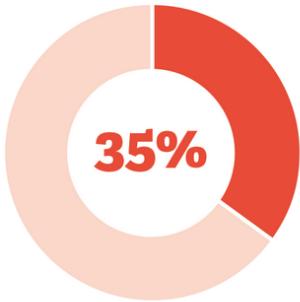
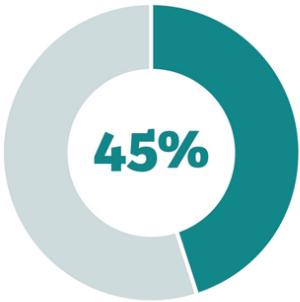
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Source: [Pew Research Center \(2014\)](#)

Polarizing Around Issues



In 1960, 4% of Republicans and 4% of Democrats said they would be displeased if their son or daughter married someone of the opposite party. ⁵



In 2019, 45% of Democrats said they would be unhappy if their child married a Republican and 35% of Republicans say they would be unhappy if their child married a Democrat. ⁶

Source: [Facing History and Ourselves \(2014\)](#)

Polarizing Around Issues



Why Twitter is so Toxic



Emotion shapes the diffusion of moralized content in social networks

William J. Brady^a, Julian A. Wills^a, John T. Jost^{a,b}, Joshua A. Tucker^{b,c}, and Jay J. Van Bavel^{a,1}

^aDepartment of Psychology, New York University, New York, NY 10003; ^bDepartment of Politics, New York University, New York, NY 10012; and ^cDepartment of Russian and Slavic Studies, New York University, New York, NY 10012

Edited by Susan T. Fiske, Princeton University, Princeton, NJ, and approved May 23, 2017 (received for review November 15, 2016)

Political debate concerning moralized issues is increasingly common in online social networks. However, moral psychology has yet to incorporate the study of social networks to investigate processes by which some moral ideas spread more rapidly or broadly than others. Here, we show that the expression of moral emotion is key for the spread of moral and political ideas in online social networks, a process we call “moral contagion.” Using a large sample of social media communications about three polarizing moral/political issues ($n = 563,312$), we observed that the presence of moral-emotional words in messages increased their diffusion by a factor of 20% for each additional word. Furthermore, we found that moral contagion was bounded by group membership; moral-emotional language increased diffusion more strongly within liberal and conservative networks, and less between them. Our results highlight the importance of emotion in the social transmission of moral ideas and also demonstrate the utility of social network methods for studying morality. These findings offer insights into how people are exposed to moral and political ideas through social networks, thus expanding models of social influence and group polarization as people become increasingly immersed in social media networks.

morality | emotion | politics | social networks | social media

then the social transmission of emotion likely plays a key role in the transmission of morality through social networks.

In the domain of morality, the expression of moral emotion in particular may drive social contagion. Compared with nonmoral emotions, moral emotions are those that are most often associated with evaluations of societal norms (11) and are elicited by interests that may go beyond self-interest [e.g., contempt in response to injustices committed in another country (12)]. Importantly, moral emotions may also be tied specifically to behavior that is relevant to morality and politics, including judgments of responsibility and voting (13, 14). Thus, emotions can be roughly divided into classes of “moral emotions” and “nonmoral emotions” that are associated with distinct appraisals, eliciting conditions, and functional outcomes. Because of the importance of emotions to the domain of morality and politics, we focused here on the role of moral emotion in social contagion.

To investigate the role of moral emotion in the transmission of morality in social networks, we used the context of online social networks. More and more, communications about morality and politics within social networks are computer-mediated (15), and contagion is often studied as information diffusion in online social

LOGICAL AND
PHYSICAL SCIENCES

Why Twitter is so Toxic



Table 1. Sample tweets from each political topic, separated by ideology

Topic	Mean ideology of retweeters	Twitter message
Gun control	Conservative	America needs to Arm itself. Stand and Fight for Your Second Amendment Rights. We are literally in a War Zone . Carry and get Trained.
	Liberal	Thanks to greed , the republication leadership & the #NRA – No one is safe #SanBernadino #gunsense #guns #morningjoe
Same-sex marriage	Conservative	Gay marriage is a diabolical, evil lie aimed at destroying our nation #o4a #news #marriage
	Liberal	New Mormon Policy Bans Children Of Same-Sex Parents-this church wants to punish children? Are you kidding me?!? Shame
Climate change	Conservative	Leftists take 'global warming' based on bad science as faith and act on it, but proven voter fraud is just racism #tcot #teaparty
	Liberal	Fighting #climatechange is fighting hunger. Put your #eyesonParis for a fair climate deal.

Examples of tweets containing at least one moral-emotional word that were retweeted largely by liberals or conservatives. Moral-emotional words are in bold.

Why Twitter is so Toxic

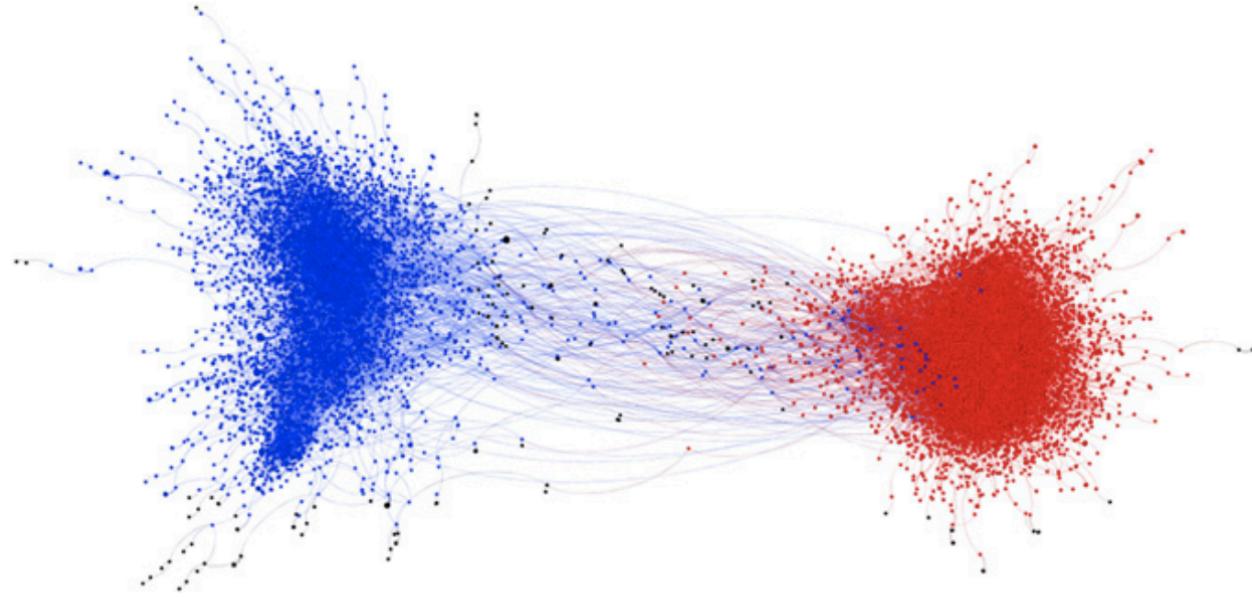
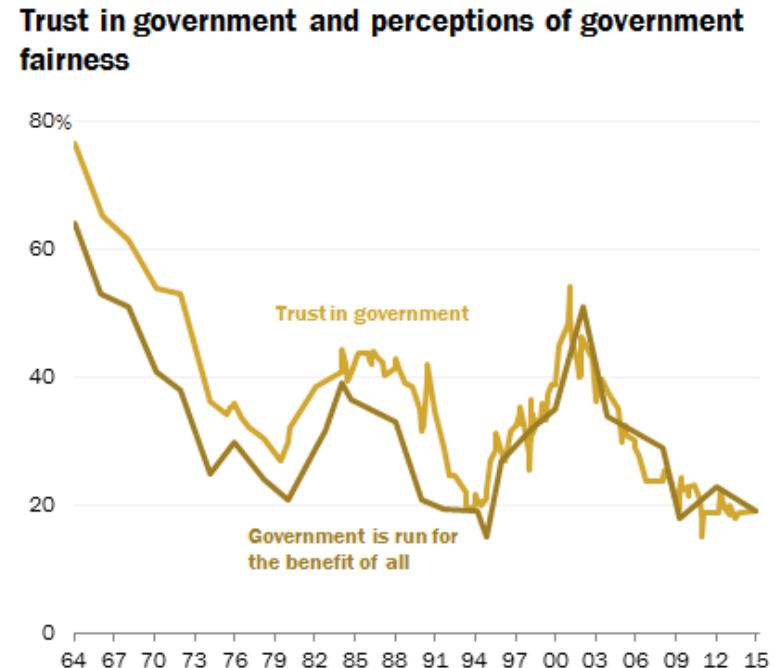


Fig. 3. Network graph of moral contagion shaded by political ideology. The graph represents a depiction of messages containing moral and emotional language, and their retweet activity, across all political topics (gun control, same-sex marriage, climate change). Nodes represent a user who sent a message, and edges (lines) represent a user retweeting another user. The two large communities were shaded based on the mean ideology of each respective community (blue represents a liberal mean, red represents a conservative mean).

The Decline of Trust in Government



Survey conducted Aug. 27-Oct. 4, 2015. Q15. Trust trend sources: Pew Research Center, National Election Studies, Gallup, ABC/Washington Post, CBS/New York Times, and CNN Polls. Trend line represents a three-survey moving average.

Government fairness trend sources: National Election Studies and CBS/New York Times polls. Annual means calculated for years with more than one poll.

PEW RESEARCH CENTER

Source: [Pew Research Center \(2015\)](#)



Gripes with Neoliberalism

What Neoliberalism Hath Wrought



- Opposition to the global, neoliberal system has historically been a position on the extreme political left



What Neoliberalism Hath Wrought



- Opposition to the global, neoliberal system has historically been a position on the extreme political left
- Now it is also a position of the extreme political right



Gripes with Neoliberalism



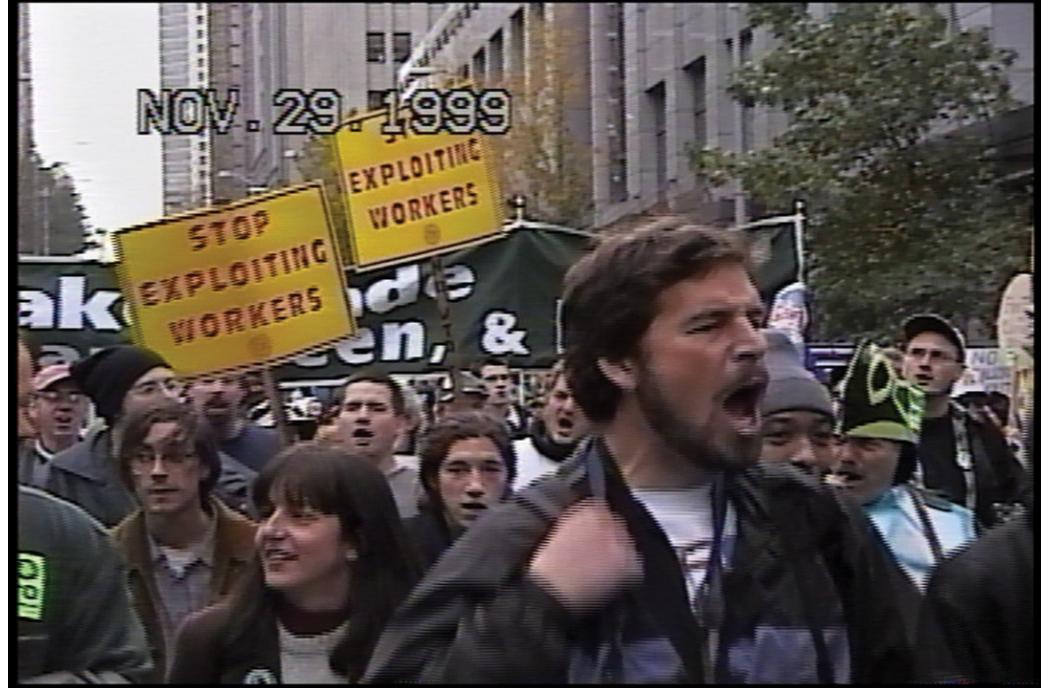
- Greater economic instability of globalization
- Rapid social and demographic change
- Social, political, and economic inequality (often within wealthy countries)



Gripes with Neoliberalism



- From the political left:
 - mistrust of multinational corporations
 - wealthy, anti-democratic elite
 - national & international inequality
 - capital exploiting labor
 - environmental issues



Gripes with Neoliberalism



- From the political right:
 - mistrust of immigrants
 - mistrust of international elite
 - mistrust of moral busybodies
 - anti-cosmopolitanism
 - nationalism



Legitimate Problems with Neoliberalism



Figure 4. Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)

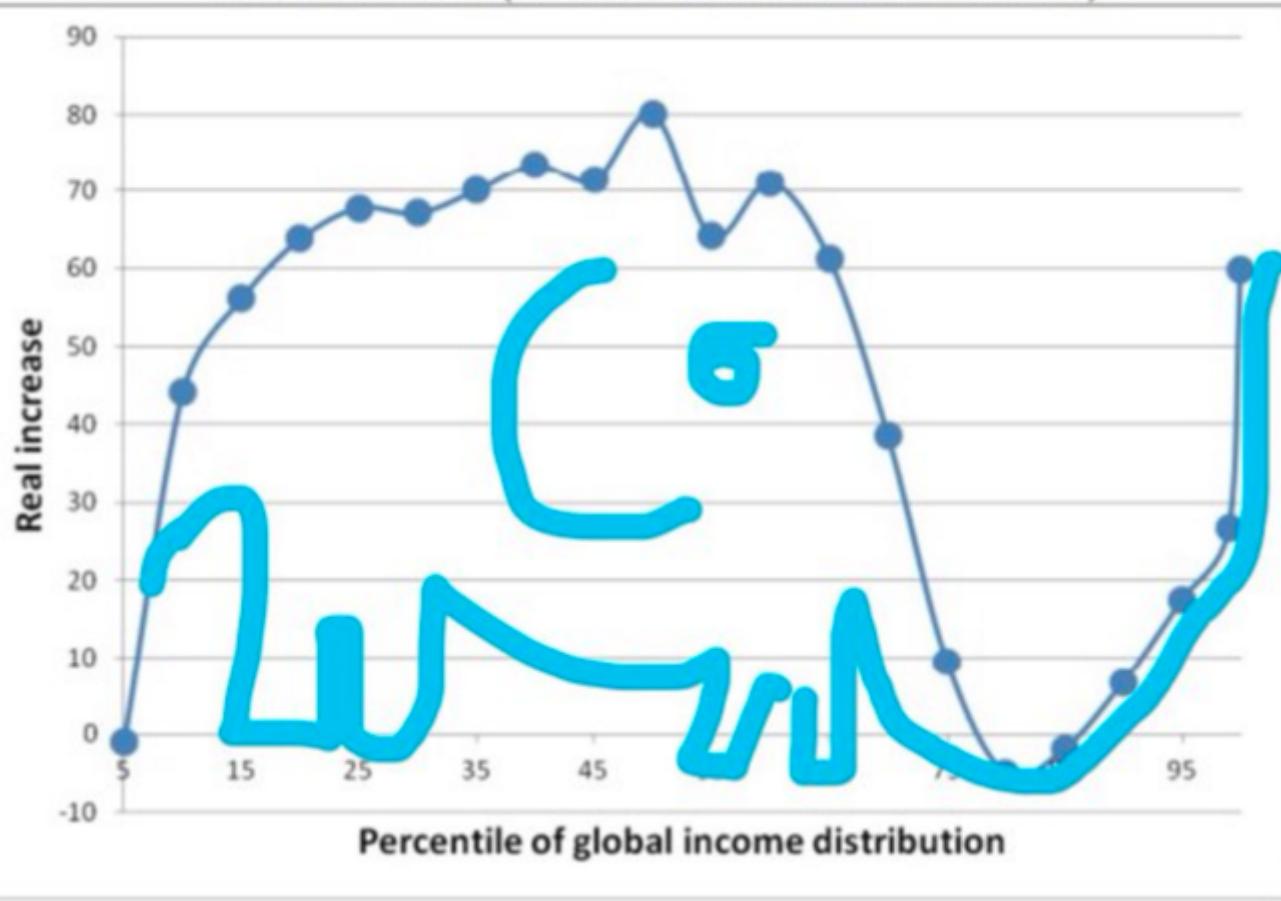


Note: The vertical axis shows the percentage change in real income, measured in constant international dollars. The horizontal axis shows the percentile position in the global income distribution. The percentile positions run from 5 to 95, in increments of five, while the top 5% are divided into two groups: the top 1%, and those between 95th and 99th percentiles.

Legitimate Problems with Neoliberalism



Figure 4. Change in real income between 1988 and 2008 at various percentiles of global income distribution (calculated in 2005 international dollars)



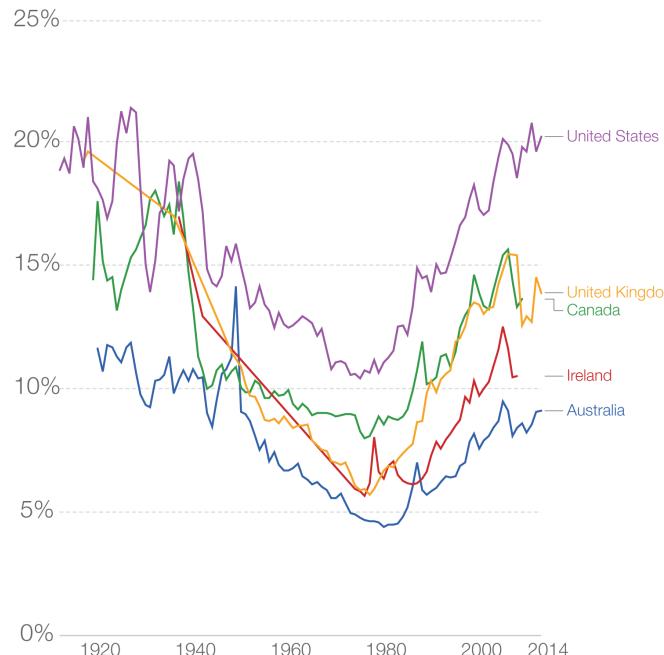
Legitimate Problems with Neoliberalism



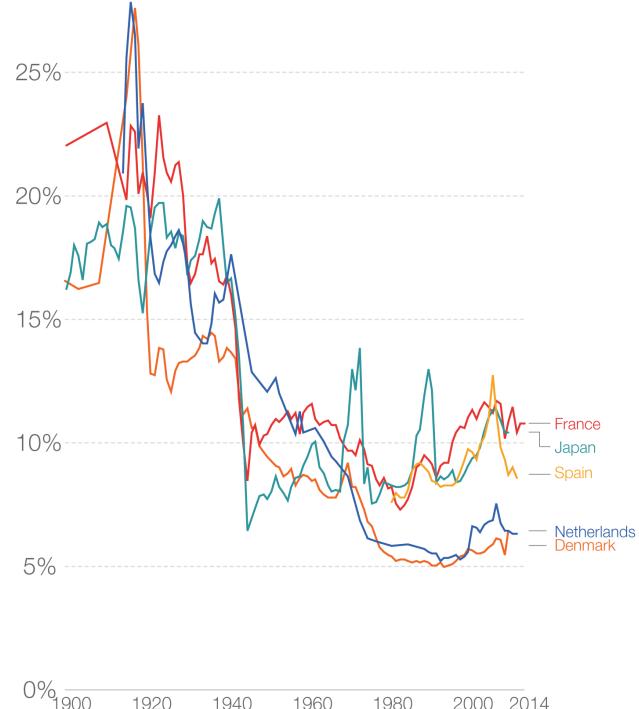
Our World
in Data

Share of Total Income going to the Top 1% since 1900

The evolution of inequality in English speaking countries followed a U-shape



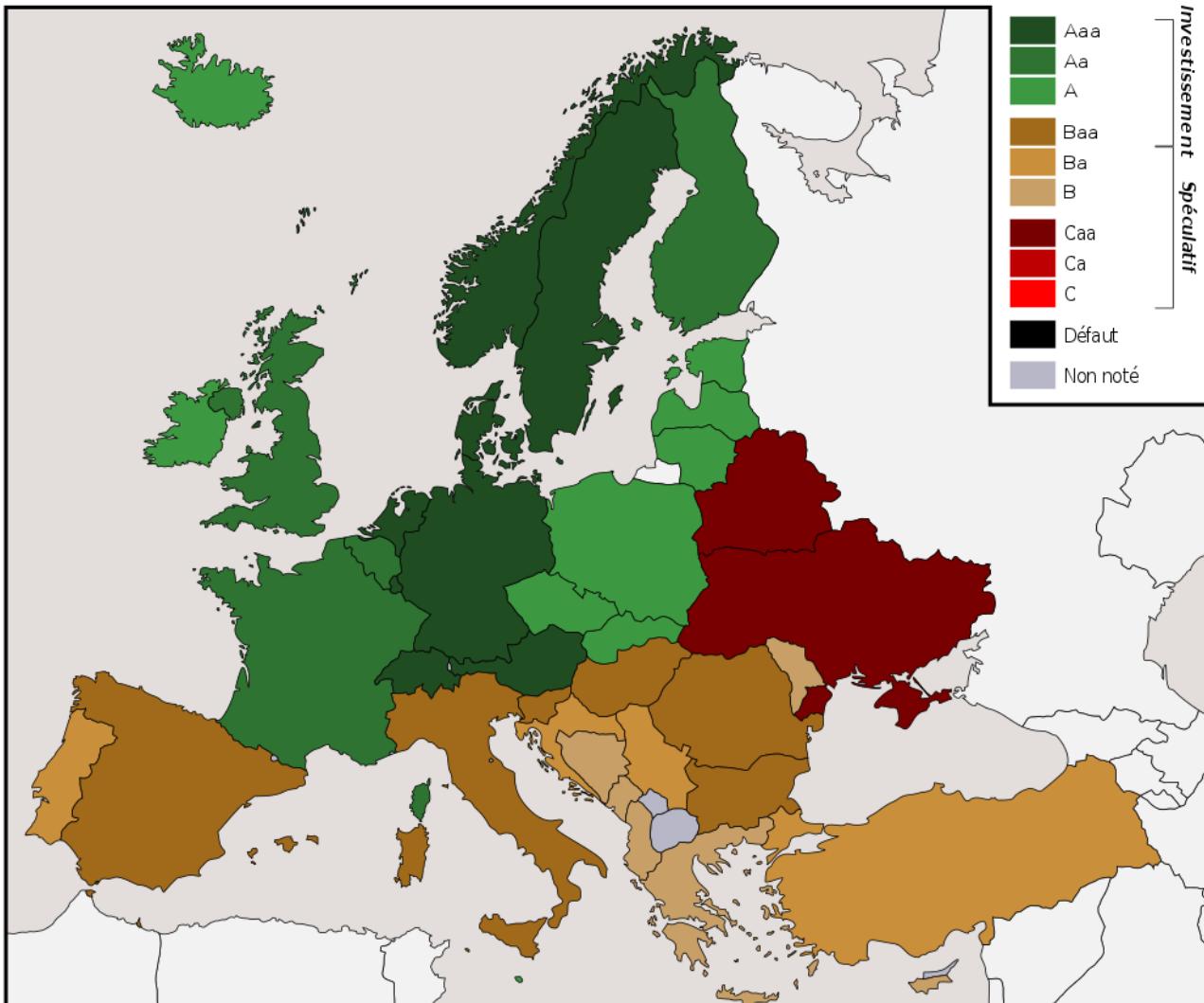
The evolution of inequality in continental Europe and Japan followed an L-shape



Data source: World Wealth and Income Database (2018). This is income before taxes and transfers.
This data visualisation is available at OurWorldInData.org. There you find the raw data and more visualisations on inequality and how the world is changing. Licensed under CC-BY-SA by the author Max Roser.

Source: [Our World In Data: Inequality](http://OurWorldInData.org)

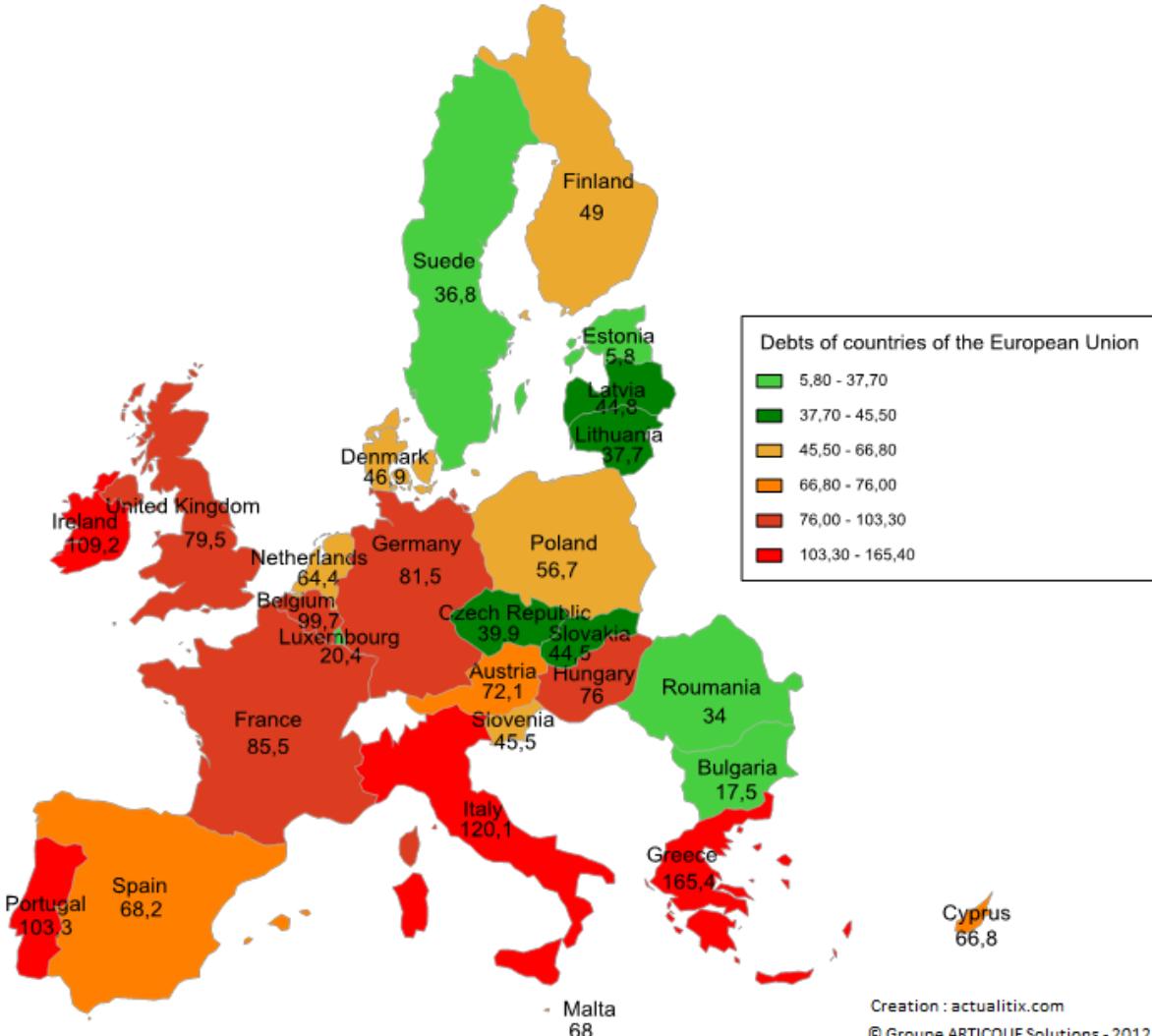
Flashpoint: The Frailty of the European Union



Flashpoint: The Frailty of the European Union



Debts of countries of the European Union in % of GDP in 2011

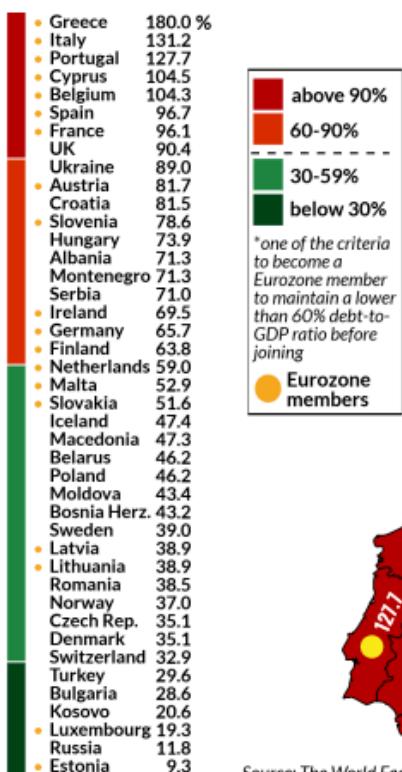


Flashpoint: The Frailty of the European Union



Debt-to-GDP Ratio in European Countries

factsmaps.com



above 90%

60-90%

30-59%

below 30%

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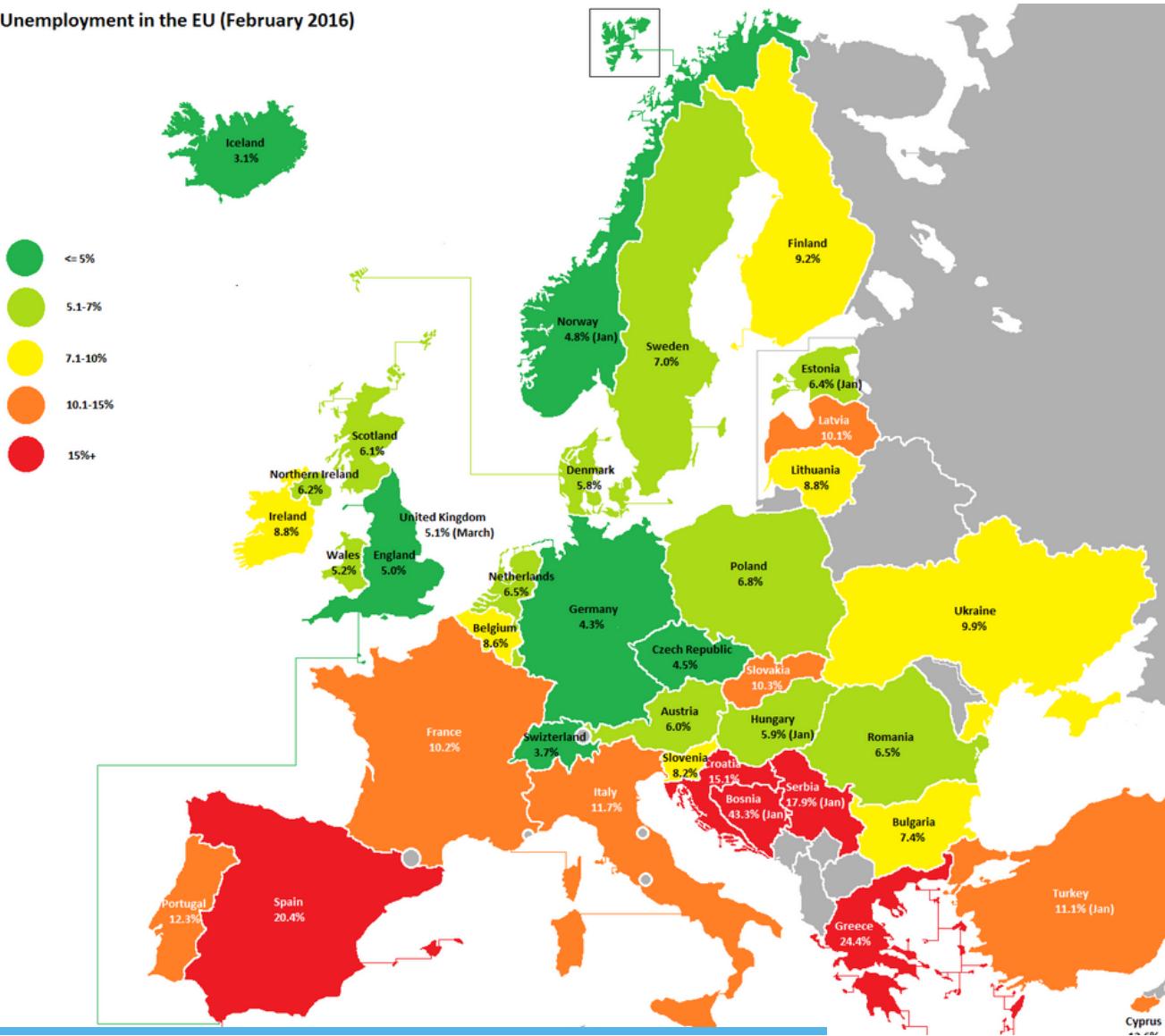
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Flashpoint: The Frailty of the European Union



Unemployment in the EU (February 2016)

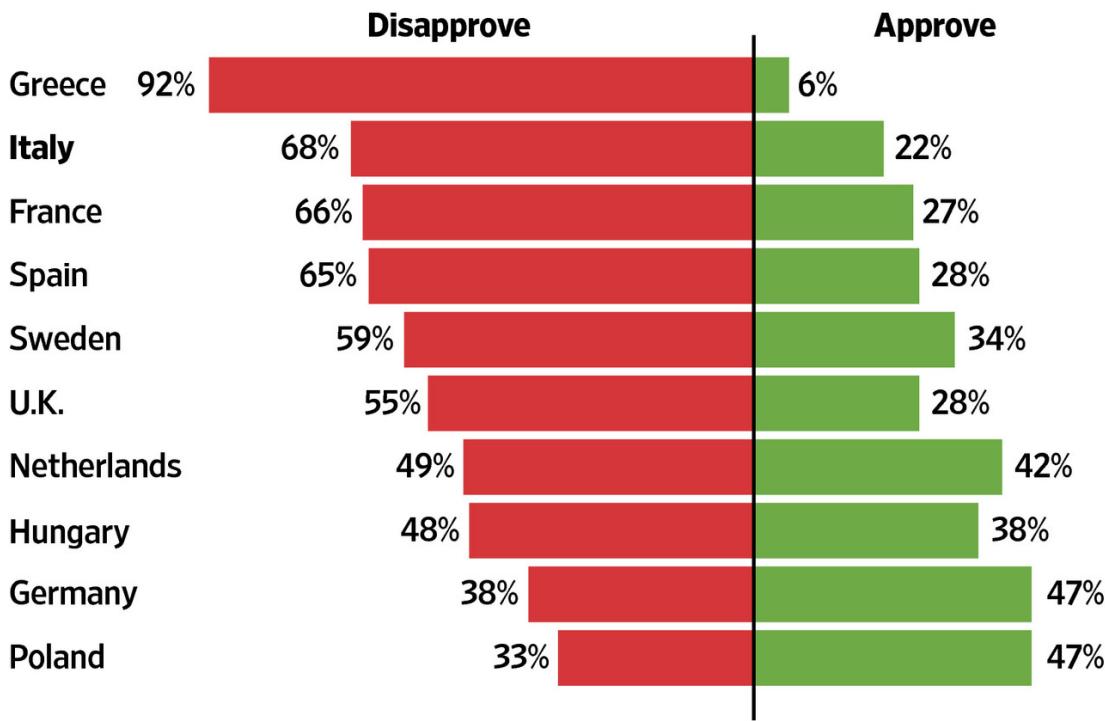


Flashpoint: The Frailty of the European Union



Skepticism in Europe

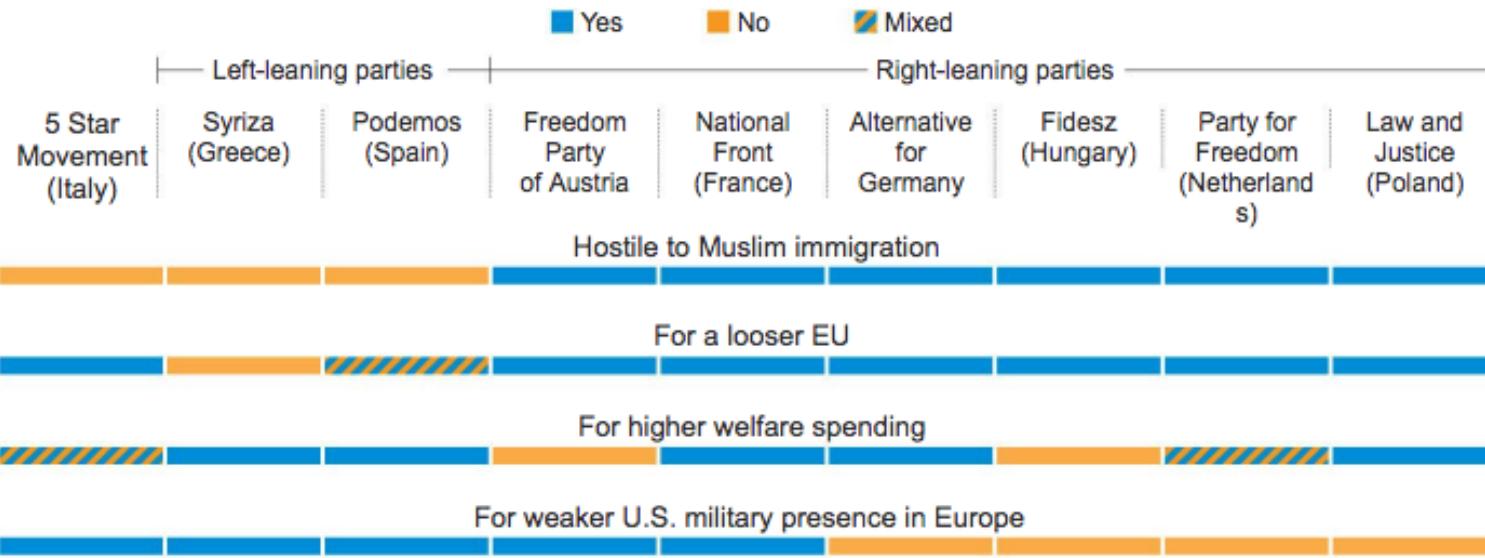
Europeans' dissatisfaction with the EU's handling of economic issues runs high, particularly in southern Europe



Source: Pew Research Center

THE WALL STREET JOURNAL.

Flashpoint: The Frailty of the European Union



Source: party statements

Source: [WSJ, 2018: "Why Italian Elections Matter"](#)

Gripes With EU Control

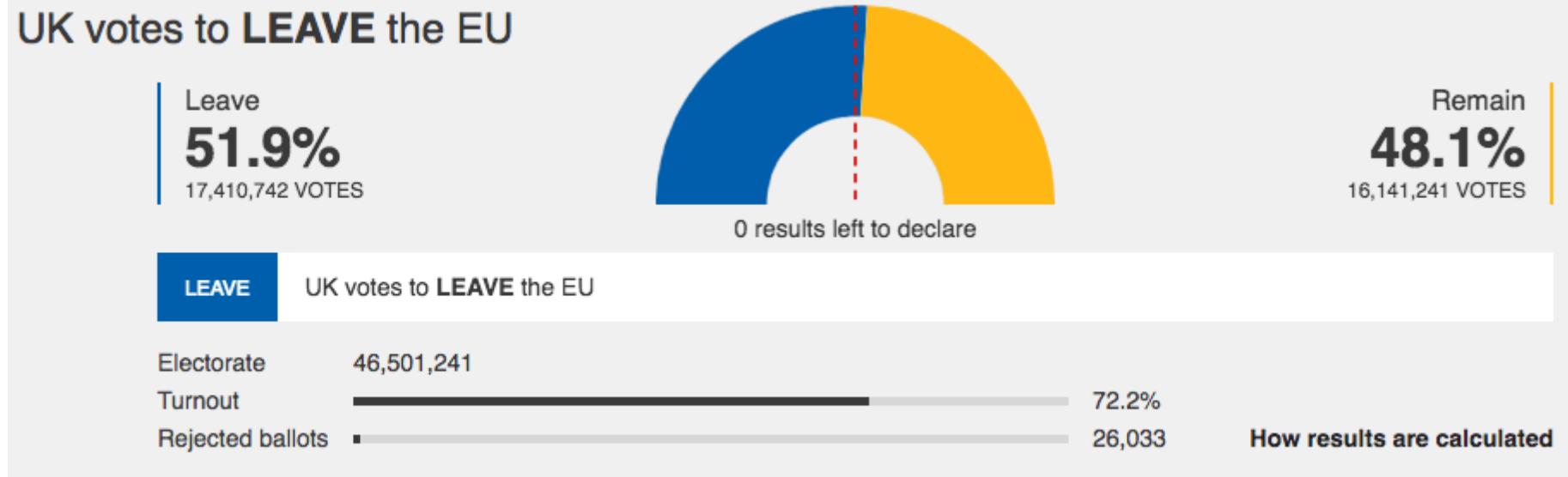


Boris Johnson

“The more the EU does, the less room there is for national decision-making. Sometimes these EU rules sound simply ludicrous, like the rule that you can't recycle a teabag, or that children under eight cannot blow up balloons, or the limits on the power of vacuum cleaners. Sometimes they can be truly infuriating – like the time I discovered, in 2013, that there was nothing we could do to bring in better-designed cab windows for trucks, to stop cyclists being crushed. It had to be done at a European level, and the French were opposed.”

[BBC Op-Ed](#) by Boris Johnson, 15 March 2016

Gripes With EU Control



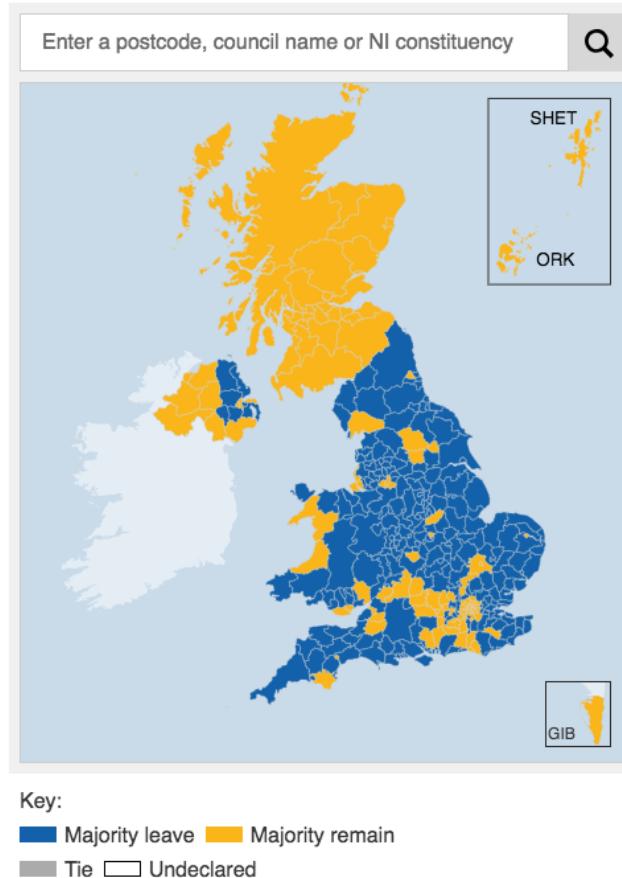
- **June 2016:** Referendum on Leaving the European Union

[BBC: Referendum Results](#)

Gripes With EU Control



Find local results



Nation results

England



Northern Ireland



Scotland



Wales



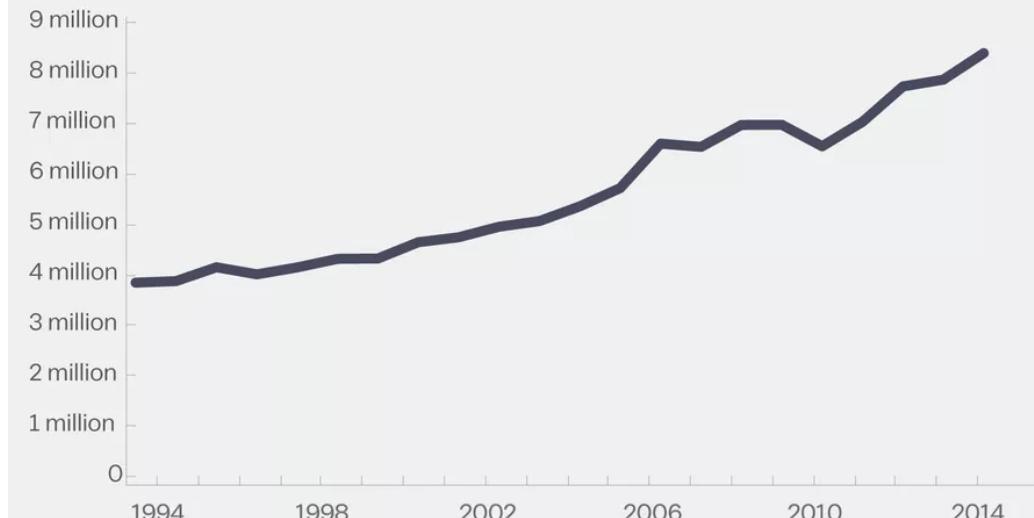
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June 2016: Referendum on Leaving the European Union

Fears About Immigration

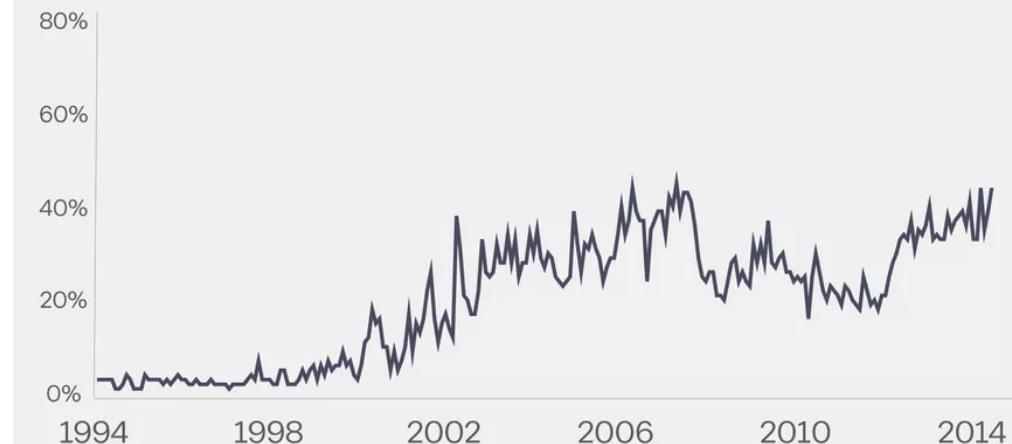


UK foreign-born population doubled from 1993 to 2014



Data from the Migration Observatory at the University of Oxford

Percentage of people in Britain saying immigration is one of the 3 most important issues

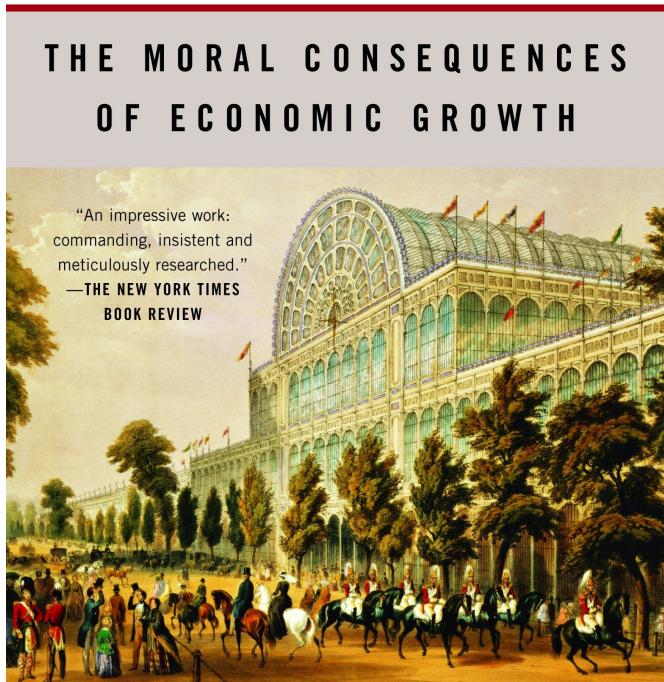


Data from the Migration Observatory at the University of Oxford

The Moral Consequences of Economic Stagnation



BENJAMIN M. FRIEDMAN



- With economic growth, *everyone's* income is rising, people tolerate inequalities more: **a positive sum game**
- With stagnation, people view the economy and politics as a **zero-sum game**
 - Support more identity-based groups to fight for own group at (acknowledged) expense of other groups
 - Rise of extremist political parties, calls for redistribution
 - Loss of trust *across* different groups, more tribal

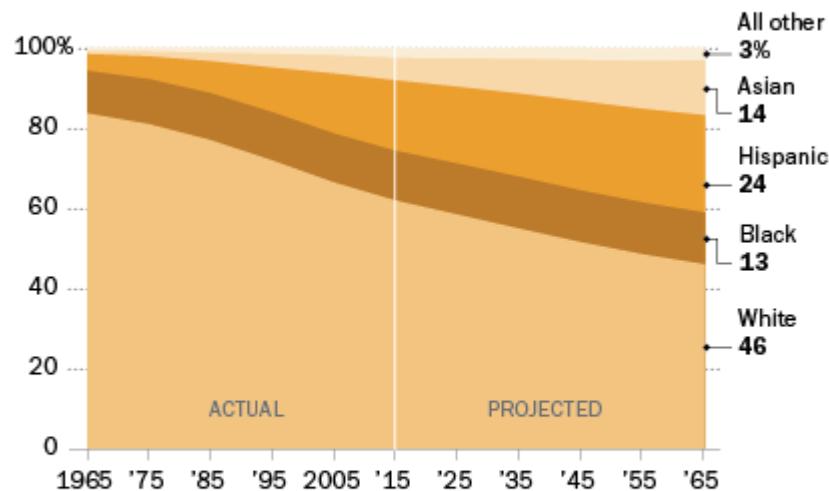
“Any nation, even one with incomes as high as America's, will find the basic character of its society at risk if it allows its citizens' living standards to stagnate.”

Demographic Changes and Cultural/Social Anxiety



The changing face of America, 1965–2065

% of the total population



Note: Whites, blacks and Asians include only single-race non-Hispanics; Asians include Pacific Islanders. Hispanics can be of any race.

Source: Pew Research Center 2015 report, "Modern Immigration Wave Brings 59 Million to US, Driving Population Growth and Change Through 2065"

PEW RESEARCH CENTER

Pew Research, 2016, "10 Demographic Trends that are Shaping the U.S. and the World"

The New York Times

Trump Voters Driven by Fear of Losing Status, Not Economic Anxiety, Study Finds



A Trump supporter at a campaign rally in Sacramento in June 2016. A new study found that many Trump voters were driven by fear of losing their status in society. Damon Winter/The New York Times

By Niraj Chokshi

April 24, 2018



Demographic Changes and Cultural/Social Anxiety



Overall, the model demonstrates that besides partisanship, fears about immigrants and cultural displacement were more powerful factors than economic concerns in predicting support for Trump among white working-class voters. Moreover, the effects of economic concerns were complex—with economic fatalism predicting support for Trump, but economic hardship predicting support for Clinton.

1. **Identification with the Republican Party.** Identifying as Republican, not surprisingly, was strongly predictive of Trump support. White working-class voters who identified as Republican were 11 times more likely to support Trump than those who did not identify as Republican. No other demographic attribute was significant.
2. **Fears about cultural displacement.** White working-class voters who say they often feel like a stranger in their own land and who believe the U.S. needs protecting against foreign influence were 3.5 times more likely to favor Trump than those who did not share these concerns.
3. **Support for deporting immigrants living in the country illegally.** White working-class voters who favored deporting immigrants living in the country illegally were 3.3 times more likely to express a preference for Trump than those who did not.
4. **Economic fatalism.** White working-class voters who said that college education is a gamble were almost twice as likely to express a preference for Trump as those who said it was an important investment in the future.
5. **Economic hardship.** Notably, while only marginally significant at conventional levels ($P<0.1$), being in fair or poor financial shape actually predicted support for Hillary Clinton among white working-class Americans, rather than support for Donald Trump. Those who reported being in fair or poor financial shape were 1.7 times more likely to support Clinton, compared to those who were in better financial shape.

The Atlantic

Politics

It Was Cultural Anxiety That Drove White, Working-Class Voters to Trump

A new study finds that fear of societal change, not economic pressure, motivated votes for the president among non-salaried workers without college degrees.

EMMA GREEN MAY 9, 2017

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President Trump and Vice President Pence meet with workers at the Carrier factory in Indiana (EVAN VUCCI / AP)

Beyond Economics: Fears of Cultural Displacement Pushed the White Working

Source: The Atlantic, 2017

Trump, Brexit, and Populism as Pure "Protest Vote"



“Many Americans were desperate not for “change,” as the word appears on professionally produced campaign posters. Real change. Actual change...You don’t have to defend Donald Trump to defend those who chose him...Trump is the purest distillation of a “protest vote” that either of the two major American political parties has ever produced...”

Bremmer, Ian, 2017, [“In Defense of the Trump Voter”](#)

Ian Bremmer

Trump, Brexit, and Populism as Pure "Protest Vote"



Ian Bremmer

"All of which have undermined trust among a large swathe of the American population. These failures have been compounded over years, while Congress and the White House have been controlled by both Democrats and Republicans; these failures belong to the American political establishment, not one party or the other. People in this country feel at best ignored, at worst actively lied to, by politicians, by the mainstream media, by corporate executives, by bankers, by public intellectuals. For many, a vote for Trump was a clear message that business as usual would not be tolerated."



Some Optimism

Pop Quiz: Do You Know the World Today?



- 1) In the last 20 years, the proportion of people living in *extreme poverty* has:
- a) Almost doubled
 - b) Remained more or less the same
 - c) Almost halved

Pop Quiz: Do You Know the World Today?



- 2) How many of the world's 1-year-old children today have been vaccinated against some disease?
- a) 80%
 - b) 50%
 - c) 20%

Pop Quiz: Do You Know the World Today?



- 3) How did the number of deaths per year from natural disasters change over the last hundred years?
- a) More than doubled
 - b) Remained more or less the same
 - c) Decreased to less than half

Pop Quiz: Do You Know the World Today?



- 4) Where does the majority of the world population live?
- a) Low income countries
 - b) Middle income countries
 - c) High income countries

Pop Quiz: Do You Know the World Today?

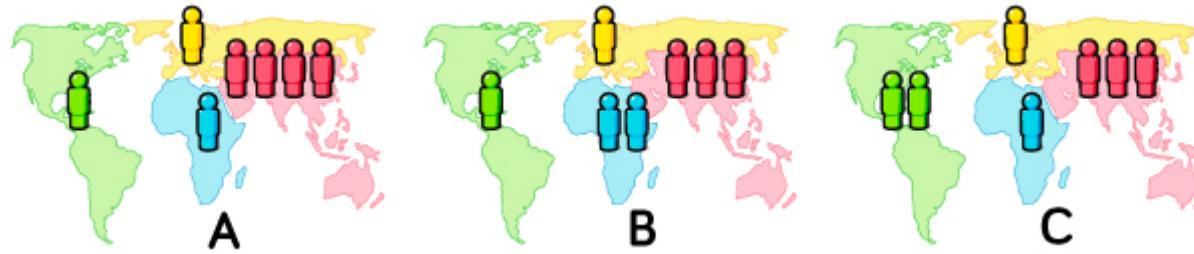


- 5) Worldwide, 30 year old men have spent 10 years in school, on average. How many years have women of the same age spent in school?
- a) 9 years
 - b) 6 years
 - c) 3 years

Pop Quiz: Do You Know the World Today?



6) There are roughly seven billion people in the world today. Which map shows where people live? (Each figure represents 1 billion people.)



Pop Quiz: Do You Know the World Today?



- 7) In low income countries across the world, how many girls finish primary school?
- a) 20%
 - b) 40%
 - c) 60%

Pop Quiz: Do You Know the World Today?



8) How many people in the world have some access to electricity?

a) 20%

b) 50%

c) 80%

Pop Quiz: Do You Know the World Today?



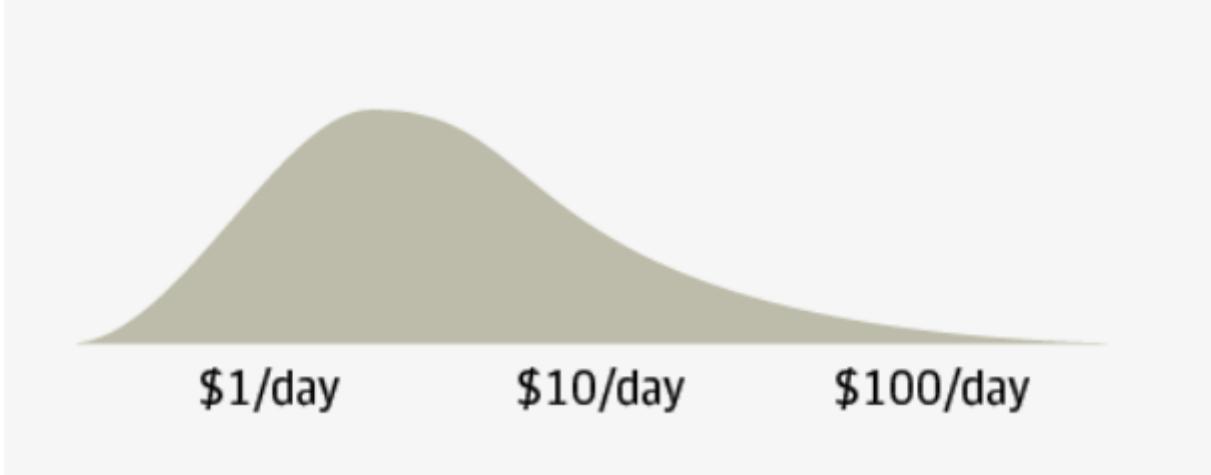
9) What is the life expectancy of the world population?

- a) 50 years
- b) 60 years
- c) 70 years

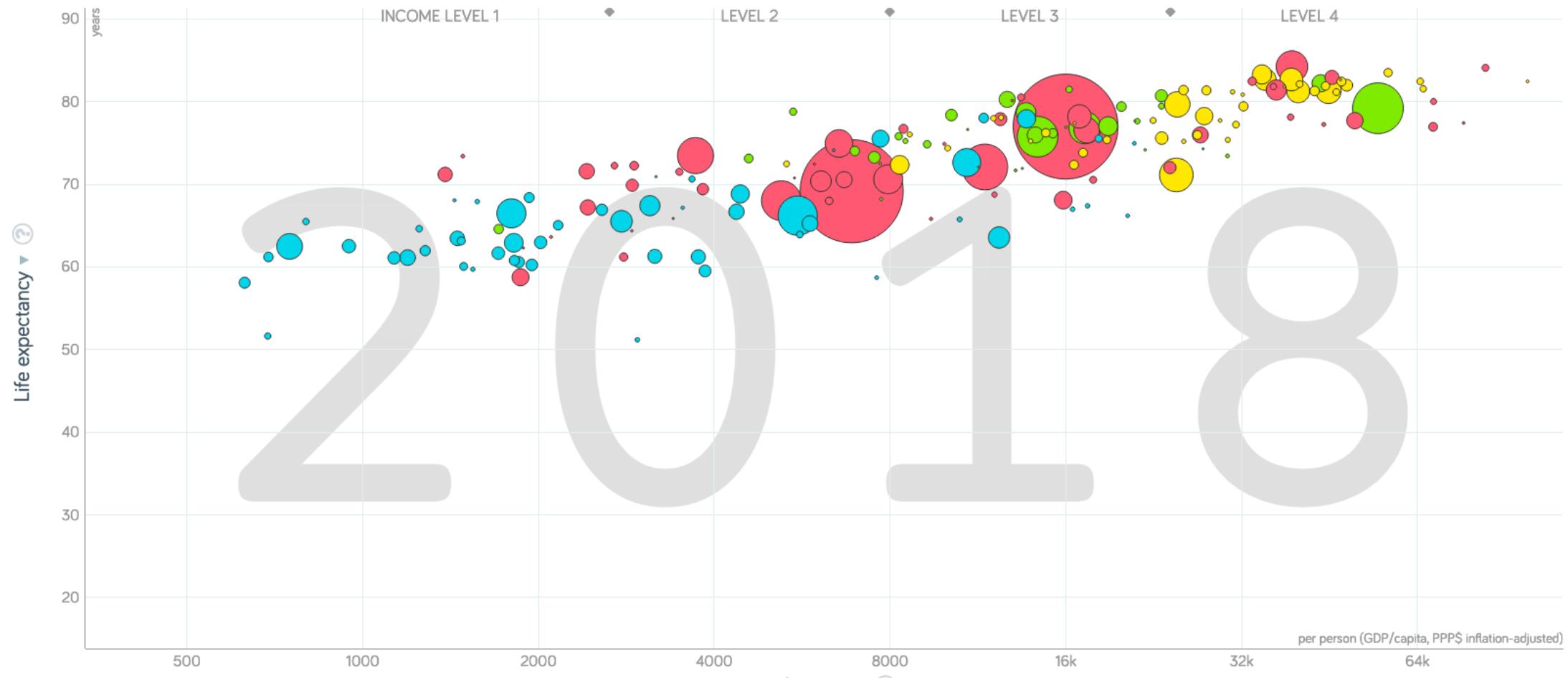
Pop Quiz: Do You Know the World Today?



10) What does the global income distribution look like?



Do You Know the WOrld Today?



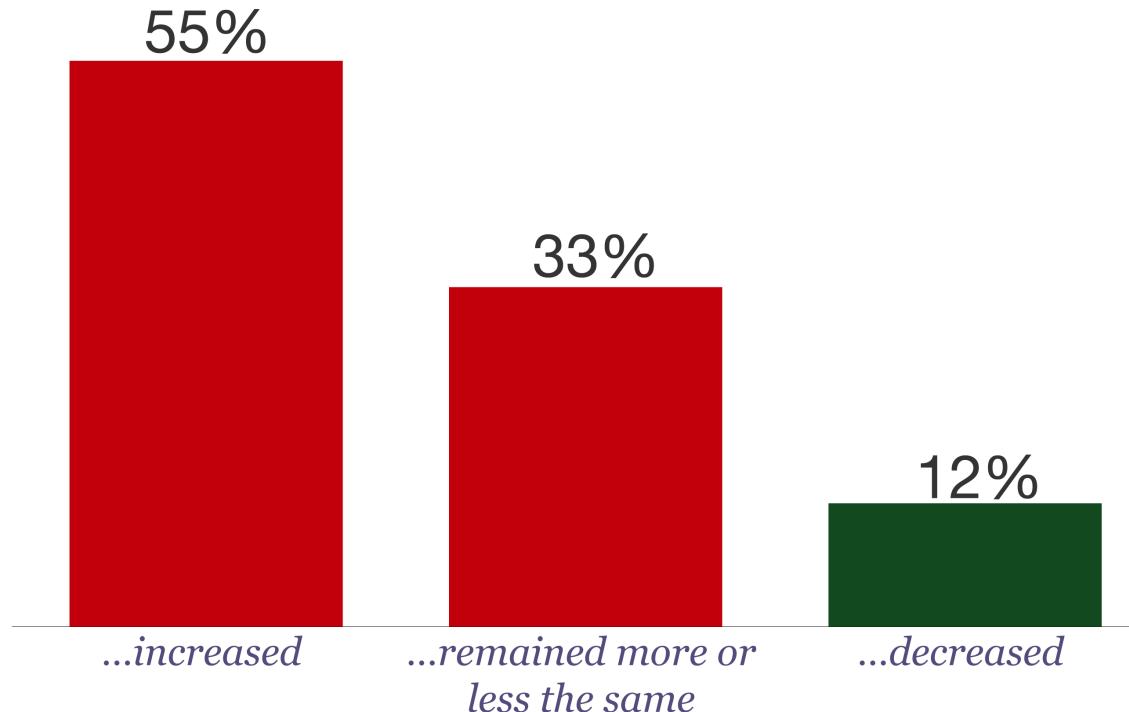
Hans Rosling's Gapminder Project

Ignorance



“In the last 30 years the proportion of the world population living in extreme poverty has...”

Our World
in Data



Data source: Gapminder – Ignorance Test for the UK. Shown is how respondents completed the statement. N=373 (sub-sample of respondents that reported to have a university degree)
The interactive data visualization is available at OurWorldinData.org. There you find the raw data and more visualizations on this topic. Licensed under CC-BY-SA by the author Max Roser.

(In)equality *within* Countries: Lower in Wealthier Countries

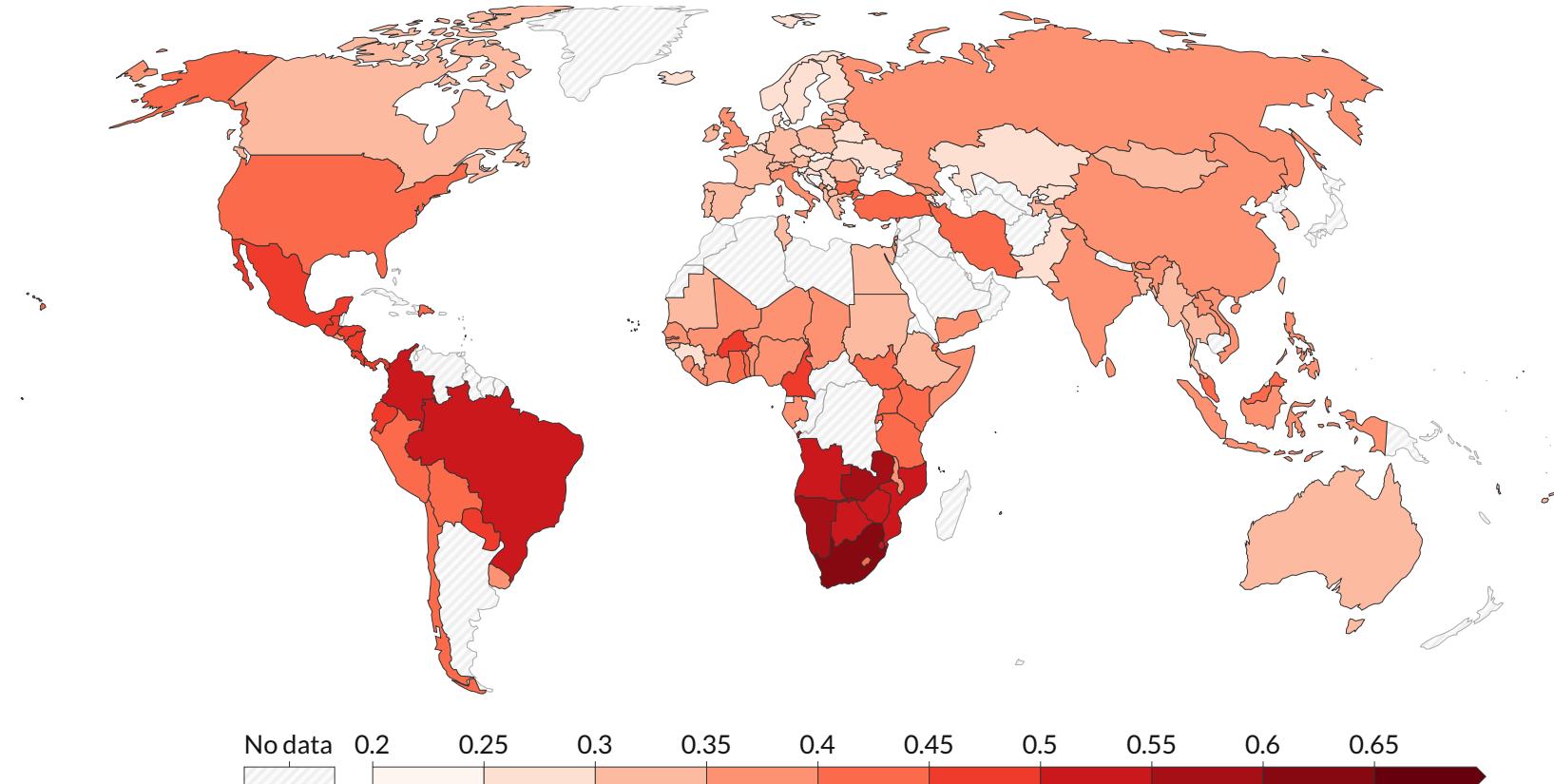


Income inequality: Gini coefficient, 2019

The Gini coefficient is a measure of the inequality of the income distribution in a population. Higher values indicate a higher level of inequality.

Our World
in Data

World



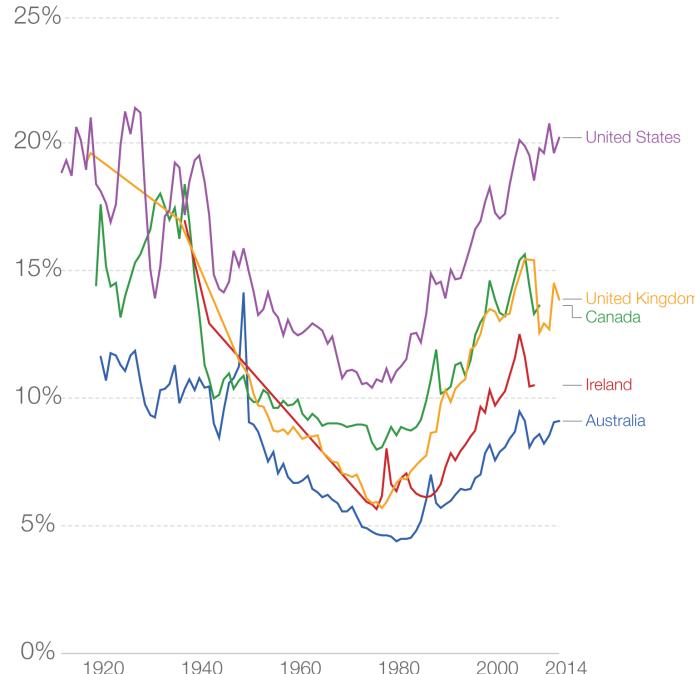
(In)equality *within* Countries: But Changing Over Time



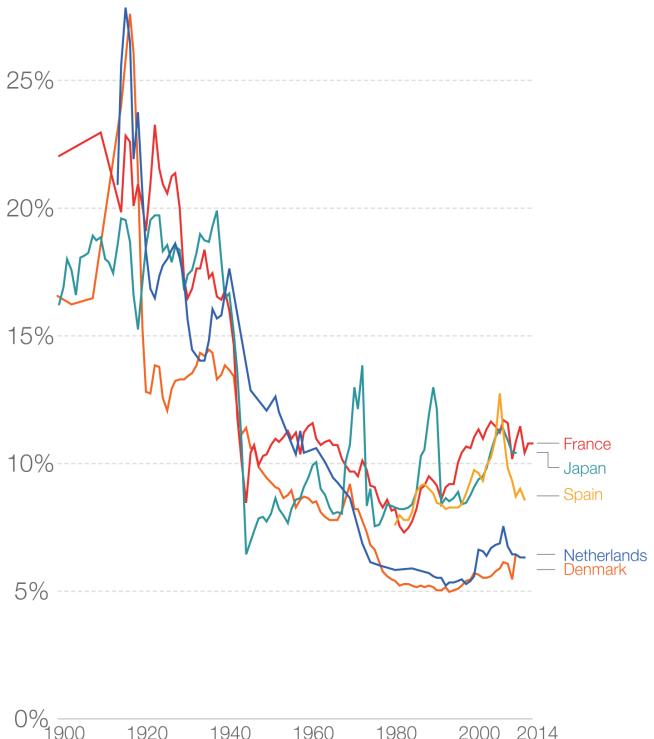
Our World
in Data

Share of Total Income going to the Top 1% since 1900

The evolution of inequality in English speaking countries followed a U-shape



The evolution of inequality in continental Europe and Japan followed an L-shape



Data source: World Wealth and Income Database (2018). This is income before taxes and transfers.
This data visualisation is available at OurWorldinData.org. There you find the raw data and more visualisations on inequality and how the world is changing. Licensed under CC-BY-SA by the author Max Roser.

(In)equality Across Countries Over Time



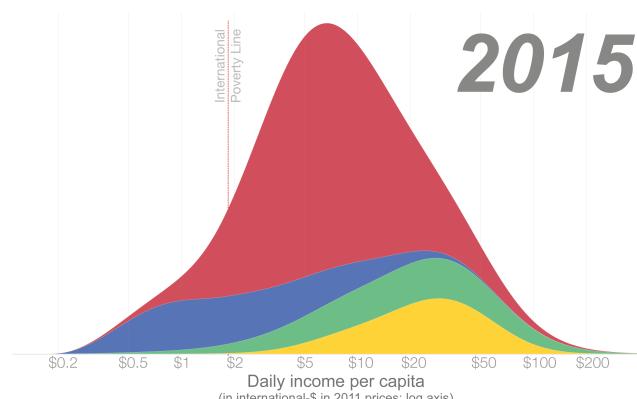
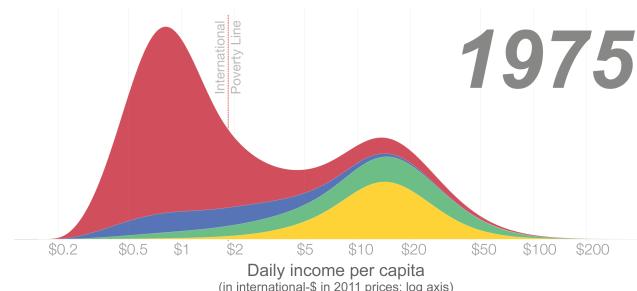
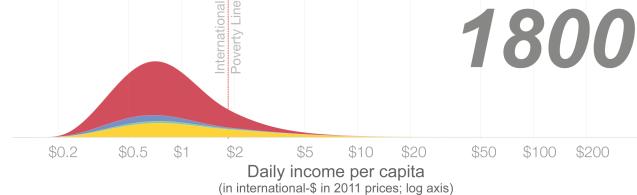
Global income distribution in 1800, 1975, and 2010

Our World
In Data

Income is measured by adjusting for price changes over time and for price differences between countries (purchasing power parity (PPP) adjustment).

These estimates are based on reconstructed National Accounts and within-country inequality measures.
Non-market income (e.g. through home production such as subsistence farming) is taken into account.

■ Europe ■ Asia and Pacific ■ Africa ■ North- and South America



Data source: Gapminder

The visualization is available at OurWorldInData.org where you find more visualizations and research on global development.

Licensed under CC-BY-SA by the author Max Roser.

The “Great Fact”

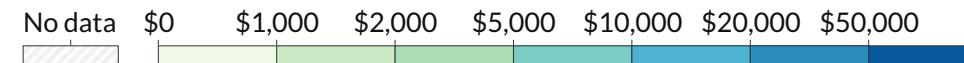
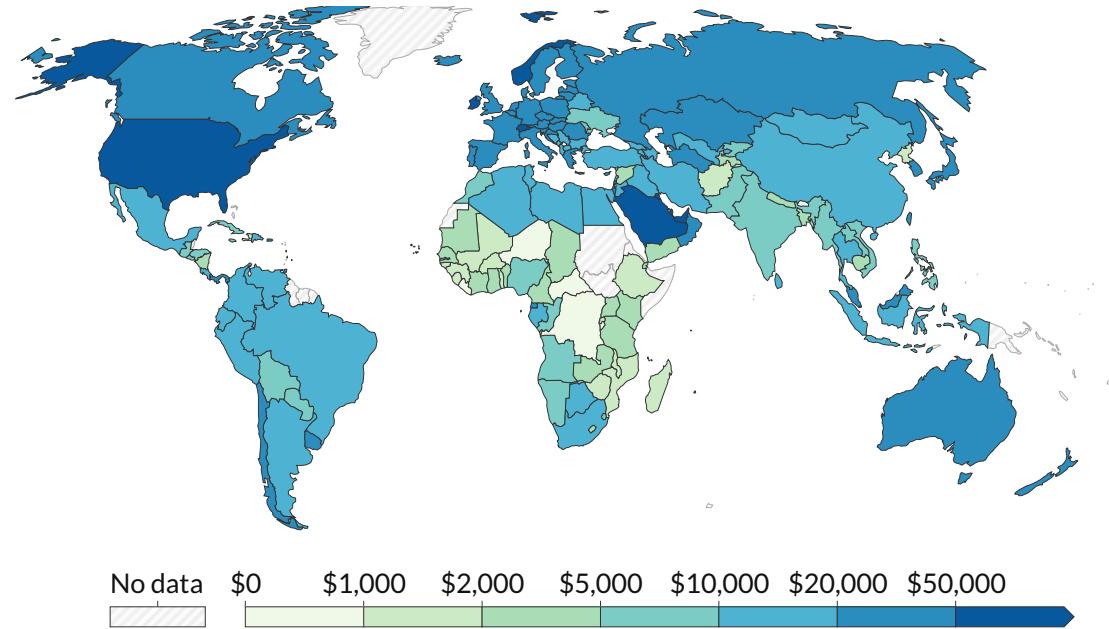


GDP per capita, 2018

This data is adjusted for inflation and for differences in the cost of living between countries.

Our World
in Data

World ▾



Source: Maddison Project Database 2020 (Bolt and van Zanden, 2020)

Note: This data is expressed in international-\$ at 2011 prices.

OurWorldInData.org/economic-growth • CC BY

▶ 1 ————— 2018

CHART MAP TABLE SOURCES DOWNLOAD ⚙️ ☰

The “Great Fact”

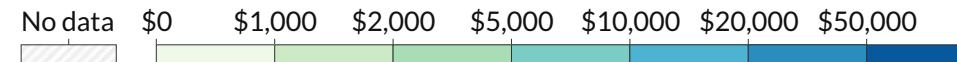
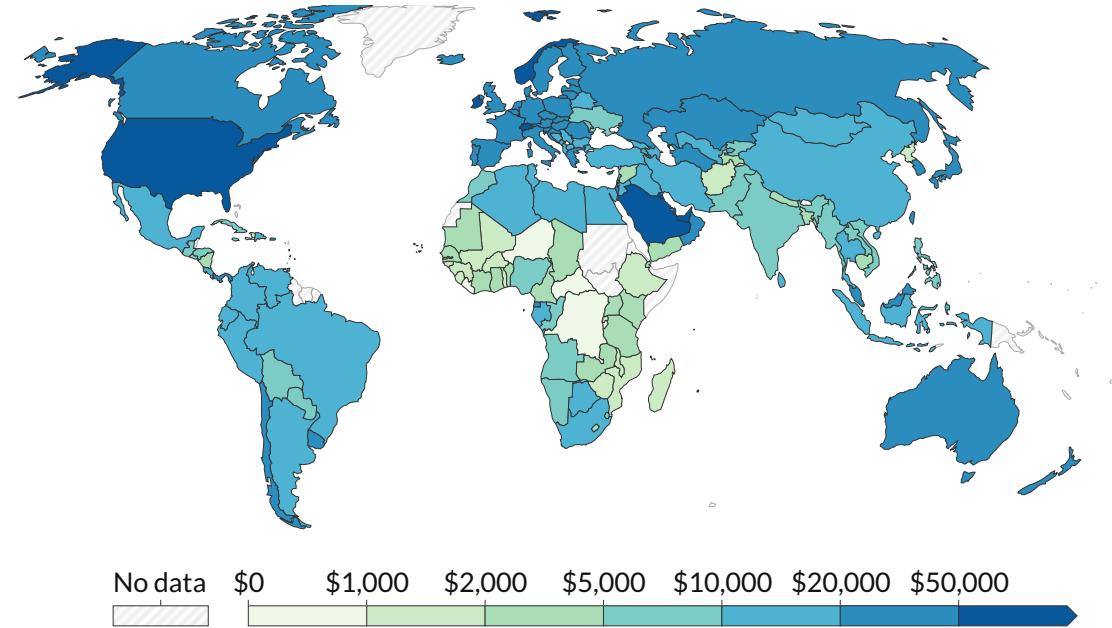


GDP per capita, 2018

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Our World
in Data

World ▾



Source: Maddison Project Database 2020 (Bolt and van Zanden, 2020)
Note: This data is expressed in international-\$ at 2011 prices.

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▶ 1 ————— 2018

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Where We ALL Began



Dierdre N. McCloskey

1942-

Two centuries ago the world's economy stood at the present level of Chad or Bangladesh. In those good old days of 1800...the average human consumed in modern-day prices...roughly \$3 a day, give or take a dollar or two...The only people much better off than the \$3 average were lords or bishops or some few of the merchants. It had been this way for all of history, and for that matter all of pre-history. With her \$3, the typical denizen of the earth could eat a few pounds of potatoes, a little milk, very occasionally a scrap of meat. A wool shawl. A year or two of elementary education, if exceptionally lucky. At birth she had a 50-50 chance of dying before she was 30 years old. Perhaps she was a cheerful sort, and was "happy" with illiteracy, disease, superstition, periodic starvation, and lack of prospects. After all, she had her family and faith and community, which interfered with every choice she made. But anyway she was desperately poor, and narrowly limited in human scope. (pp. 11-12)

We've Come SO Far



Dierdre N. McCloskey

1942-

[Today] the world supports more than six-and-a-half times more people...the average person today earns and consumes almost ten times more goods and services than in 1800. Real income per person in the world has recently been doubling every generation, and is accelerating. Starvation worldwide therefore is at an all-time low, and falling. Literacy and life expectancy are at all-time highs, and rising. Liberty is spreading. Slavery is retreating, as is a patriarchy enslaving of women. In the richer countries, such as Norway, the average person earns fully 45 times more than in 1800, a startling \$137 a day. The environment - a concern of a well-to-do bourgeoisie - is in such rich places improving. (pp. 11-12)

McCloskey, Dierdre N, 2010, *The Bourgeois Dignity: Why Economics Can't Explain the Modern World*, Chicago IL: University of Chicago