

# Some Reflections on Anti-Globalization Movements

By Kazumasa Kusaka

The year 2016 saw two significant “earthquakes” — in the first half the “Brexit” vote, and in the latter the election of Donald Trump as the next president of the United States. How are we to properly understand these developments and what kind of interpretation should we give to them?

It seems certain that this is not an isolated event in the United Kingdom, nor a specifically domestic issue in the US. There has been a rise in calls for change in politics within regions of the UK and also on the Continent, and an EU left behind will never be the same as before. For a third country, if we try to calibrate these developments only by peeping through the window of a bilateral relationship, say Japan–UK or Japan–EU, we will fail to see the total picture. We need to try to grasp the whole through a more holistic approach, avoiding looking only at the individual silo of economy, politics or social issues. A key word relevant perhaps to these developments is “anti-elitism”, which in some cases manifests itself as anti-globalization movements.

Still fresh in our mind is the collapse of the Seattle WTO Ministerial Meeting in 1999. The meeting was not only blocked by anti-globalization demonstrators but also the host country’s priority was “America First” and this was given full exposure in the domestic media, resulting in the failure to forge an agreement and in the loss of liberalization momentum. By contrast, the Genoa G8 Summit in 2001, which also saw violent anti-globalization demonstrations, was held in an area without residents and with tight security, and subsequent Summits took place in relatively remote towns.

Where there is open trade and investment and the free movement of people prevails, it is obvious that there will be people asymmetrically affected by it. When opposition had not obtained broader sympathy, the welfare of the nation took priority because of the macroeconomic benefits of further liberalization. But now it seems that the “logical” thinking of the so-called elites has been rejected by ordinary people.

The toughest negotiations are not with a foreign country, but in selling the best available outcome of negotiations to the stakeholders, electorate and politicians. The main task is how to communicate with the negatively affected people and what measures to take. OECD countries have a history of positive adjustment policies aimed at mitigating such impacts through industrial transformation, regional development, labor retraining and reallocation in coal mining regions and textile industries. Unless a helping hand is extended to them properly and attentively, globalization will be singled out as the villain that has caused disparity and other evils. And that will lead to further revolts by electorates.

This process of frustration leading to voters turning against the

existing political establishment is a game changer this time. A decline in support for social democratic parties has been mirrored in some electorates by a rise in support for more extreme socialist or nationalist policies. It is a political leader’s job to reach out, listen to and communicate with the weak or those who feel disenfranchised. Certainly Trump has proved to have excelled in communication — a major advantage for any politician over his rivals.

In the immediate wake of the US election, the JEF hosted our annual Asia-Pacific Forum in Hanoi in mid-November jointly with the Central Institute for Economic Management of Vietnam. There we discussed how Asia should proceed given the US announcement of its pending withdrawal from the Trans-Pacific Partnership agreement. After the collapse of the Seattle WTO meeting, it was the rush of bilateral FTA conclusions among Asian regions that maintained the momentum towards open trade and investment. Once again, Asian dynamism can and should play a leadership role.

We think the following three points are important. First, the TPP is the benchmark for other FTAs, and so we should keep it alive and await a time when the US may come back and consider its approval in a few years’ time. Second, during this period, Australia and Japan should exercise leadership in pursuing the Regional Comprehensive Economic Partnership (RCEP), that is an ASEAN+6 FTA, together with like-minded countries such as Singapore, recalling the role we played in the creation of APEC. And third, to counter the spread of anti-globalization sentiment, we should come up with ways to address the issue of income and asset disparities.

The morning after the US presidential election, I had an opportunity at a business seminar to discuss how the gap between the big objective of a “strong America and doubling the growth rate” and the policy measures stated during the campaign could be modified when it comes to actually “running the nation”. There certainly exists a role for business leaders to state what they can contribute to investment and job creation based on their achievements. Both American and foreign businesses do speak the same language and share common interests.

When we face big changes, we should not freeze like rabbits in the headlights. Rather we should embrace the challenge and spread our messages, in the belief that doing so will lead to bigger opportunities. Stakeholders, the media, academia, think-tanks — all of us have a role to play in making these developments a blessing in disguise.

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