



The Great Backlash

May 31, 2014

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of Project Syndicate

NEW YORK – In the immediate aftermath of the 2008 global financial crisis, policymakers' success in preventing the Great Recession from turning into Great Depression II held in check demands for protectionist and inward-looking measures. But now the backlash against globalization – and the freer movement of goods, services, capital, labor, and technology that came with it – has arrived.

This new nationalism takes different economic forms: trade barriers, asset protection, reaction against foreign direct investment, policies favoring domestic workers and firms, anti-immigration measures, state capitalism, and resource nationalism. In the political realm, populist, anti-globalization, anti-immigration, and in some cases outright racist and anti-Semitic parties are on the rise.

These forces loath the alphabet soup of supra-national governance institutions – the EU, the UN, the WTO, and the IMF, among others – that globalization requires. Even the Internet, the epitome of globalization for the past two decades, is at risk of being balkanized as more authoritarian countries – including China, Iran, Turkey, and Russia – seek to restrict access to social media and crack down on free expression.

The main causes of these trends are clear. Anemic economic recovery has provided an opening for populist parties, promoting protectionist policies, to blame foreign trade and foreign workers for the prolonged malaise. Add to this the rise in income and wealth inequality in most countries, and it is no wonder that the perception of a winner-take-all economy that benefits only elites and distorts the political system has become widespread. Nowadays, both advanced economies (like the United States, where unlimited financing of elected officials by financially powerful business interests is simply legalized corruption) and emerging markets (where oligarchs often dominate the economy and the political system) seem to be run for the few.

For the many, by contrast, there has been only secular stagnation, with depressed employment and stagnating wages. The resulting economic insecurity for the working and middle classes is most acute in Europe and the eurozone, where in many countries populist parties – mainly on the far right – outperformed mainstream forces in last weekend's European Parliament election. As in the 1930's, when the Great Depression gave rise to authoritarian governments in Italy, Germany, and Spain, a similar trend now may be underway.

Read more at <http://www.project-syndicate.org/commentary/nouriel-roubini-likens-the-rise-of-nationalism-today-to-that-of-authoritarian-regimes-during-the-great-depression#p1Dw3r6M5BrSJWOh.99>

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