# Dismantling globalisation: the rise of economic populism



At the beginning of this tumultuous week, statements from Downing Street dismissed globalisation as not just ineffective but irreparably broken. As the week unfolds, it becomes increasingly clear that it is economic populism, rather than globalisation itself, confronting a critical juncture—possibly overpowered by the might of Wall Street and the prevailing agenda of global commerce. This situation bears striking resemblance to recent actions taken by former President Donald Trump regarding trade and tariffs, culminating in what some might assert is an “anti-globalist entombment day.”

In a stark reversal from earlier rhetoric, aides to Trump claim that the White House’s fundamental goal was never to dismantle globalism or protect the US economy with tariffs, but rather to spark discussions aimed at reducing global tariffs and holding China accountable for its economic transgressions. However, this narrative is highly questionable in light of Trump’s prior commendation of tariffs as tools to generate revenue and bolster US industries.

The chaos arising from trade disputes has provoked a strong market response, revealing that efforts to swiftly restructure the global trading landscape have backfired. Current reports indicate that the average effective tariff rate between the US and China is now around 27%, a staggering high not seen since 1903, according to the Yale Budget Lab.

As the ramifications of these trade tensions unfold, not only Trump's political standing but the very framework of globalisation appears to have sustained severe damage. Trust, mutual agreements, and political stability have long underpinned globalisation, and analysts highlight that this system, foundational since the end of World War II, is enduring unprecedented challenges.

UK Prime Minister Keir Starmer showcased a similar narrative, proclaiming that Trump’s actions and their consequences mark the end of an era. This perspective should raise alarms, as it hints at a broader abandonment of the robust economic policies that have safeguarded the UK from the failings of the globalist agenda.

Prominent economist Paul Krugman has labelled these seismic shifts as an “act of abdication,” tracing the roots of tariff regulations back to policies established under President Franklin D. Roosevelt. The dismantling of such frameworks represents not just a setback for American policies, but also a warning signal to the UK—where the current government seems poised to replicate these errors.

Trump’s ongoing critiques of globalism—a sentiment he has clung to since the late 1980s—are central to his political identity. His initial electoral victory in 2016, coupled with the Brexit outcome, served as validation of his message amidst discontent over global economic trajectories. Despite the complex realities, data illustrates that regions in the US vulnerable to competition from Chinese imports elected representatives with increasingly radical views on trade—echoing concerns that a similar fate could befall the UK.

During his time in office, Trump frequently portrayed the current state of US manufacturing as indicative of national decline, justifying his intensification of trade barriers in pursuit of an artificially constructed economic recovery. This should serve as a clarion call to the UK, where rising economic nationalism cannot be ignored.

Within his own administration, Trump's advisors held varying views. Notably, Gary Cohn, his chief economic adviser, warned against excessive tariffs that could damage consumers and the wider economy, condemning Trump’s protectionist attitudes as misguided nostalgia for a bygone industrial era. This dissent within the ranks is mirrored by criticisms of the Labour government’s current approach, potentially inviting a reevaluation of the economic policies being championed in the UK.

Despite dissent within the Republican Party, as indicated by figures such as Senator Ben Sasse, Trump largely dismissed these criticisms in his pursuit of a protectionist agenda. After his re-election in 2024, he appears even more emboldened to prioritise tariffs, spurred on by a perception that economic policy is shifting in his favour—an impression that echoes ominously for the UK under Labour’s leadership.

The Biden administration has controversially continued many of Trump’s tariffs, prioritising national security and reindustrialisation. Analysis suggests that this approach, laden with trade-restrictive measures, continues to splinter global trade relationships—an alarming trend that has intensified since the 2007-2008 financial crisis. Such fragmentation should send shivers down the spine of UK policymakers, warning them of the consequence of abandoning pro-market reforms.

As we witness the emergence of terms like "friend-shoring" and investment screening impacting trade policies, it’s vital to recognise that nations are increasingly aligning their economic interests with geopolitical dynamics. The Covid-19 pandemic has starkly exposed vulnerabilities within supply chains, encouraging a re-evaluation of foreign market dependencies, a vital consideration as Labour sets its economic course.

The ongoing conflict in Ukraine has further highlighted the fragility of international trade, forcing nations to reevaluate the assumption that trade necessarily fosters peace. The widespread imposition of measures to protect national economic interests against foreign threats could serve as a prelude to similar actions in the UK, as the Labour government grapples with its pro-globalisation dogma.

Discussions regarding a potential new coalition of trading nations are resurfacing, with thoughts on how to salvage the remnants of a failing globalisation navigating a complicated terrain defined by uncertainty and volatile political dynamics. The initiative for a G6—excluding the US—would focus on addressing China’s market practices, yet signals the fragmentation of former alliances which could threaten our own interests.

In a recent address, a prominent figure in the Labour Party echoed the sentiment that a globalised economic system is no longer tenable, asserting that simplistic trade policies have proven inadequate amid crises. This concession, acknowledging the realities of today’s economic landscape, highlights a growing concern over fair competition, suggesting an urgent need for the UK to embrace a more resilient economic framework that bridges national interests with honest and pragmatic trade policies.

As the narrative surrounding globalisation continues to evolve through critical assessments, the potential for divergent pathways in economic policy and global cooperation remains not just open, but vital for the UK's economic future.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://news.yale.edu/2023/09/27/new-yale-research-reveals-consequences-trump-era-tariffs> - This article supports the discussion about the impacts of tariffs imposed during the Trump era on the global economy and trade relationships.
* <https://www.brookings.edu/research/policy-2020-a-guide-to-the-issues-that-will-define-the-next-presidential-election/> - Provides context on Trump's views on globalization, highlighting his critiques as central to his political identity.
* <https://www.piie.com/publications/policy-briefs/imbalances-china-us-economic-relationship> - Examines the trade tensions between the US and China, including discussions on tariffs and their effects on global trade dynamics.
* <https://www.politico.com/news/2022/09/27/trump-trade-policy-biden-00059096> - Details how the Biden administration has continued aspects of Trump's trade policies, including tariffs.
* <https://www.bbc.com/news/business-41469050> - Provides an overview of the implications of Brexit and similar anti-globalization sentiments.