

Questioning accepted truths

2016 has been a year of political upheaval, as accepted truths about the power of globalization to transform lives and lift millions out of poverty are being questioned by electorates in Europe, the United States, and elsewhere. No longer prepared to take experts and elites at their word, many voters appear to be rejecting the adverse consequences of globalization by casting their ballot for antiestablishment messages and candidates.

“I’ve had five places shut down on me or have forced reductions in my working career,” says John Powers, a former machinery repairman from the United States, who appears on our cover. Now making \$12 an hour after retraining as an electrician, the 60-year-old Air Force veteran considers himself lucky to have a job at all. “Some people grumble. I tell them, ‘The system did what it was supposed to do. It got you to school. Nobody’s going to guarantee you anything anymore. All they can do is help you.’ And they did.”

In this issue, we examine the good and bad sides of globalization. Sebastian Mallaby notes that after decades of increasing cross-border movements of capital, goods, and people, only migration continues apace. Capital flows have collapsed and trade has stagnated. But rather than a sign of retreat, he says, trade and finance may be resetting to a more sustainable level consistent with continued globalization.

IMF Chief Economist Maurice Obstfeld takes a closer look at trade. While the immense wealth-creating gains from trade are clear, steady globalization since the early 1990s coupled with low economic growth since the financial crisis have left many individuals and communities behind. “Globalization offers the potential of economic gains for all, but there is no guarantee that potential will be realized absent decisive government action to support those who suffer from the side effects,” he concludes.

If one lesson has been learned, it is the need to listen to all sides in the globalization debate—and especially those who speak on behalf of the ones left behind. Workers in advanced economies, such as John Powers, have been among the hardest hit. Frances O’Grady, General Secretary of the U.K. Trades Union Congress, reminds us of the constructive role trade unions can play. And Kumi Naidoo, a South African human rights activist, makes an impassioned plea for a more equal distribution of wealth.

But the doom and gloom overlook the good globalization has brought. Walter Ascona, a Peruvian copper miner, says free trade and investment have brought him good fortune. “Mining has provided me with a good living,” he told *F&D*. “I hope to continue working here, because it is an essential part of my life.”

On a more personal note I’d like to remember James Gordon, a longtime and dedicated member of the *F&D* advisory board, who passed away in October. We will miss him.

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