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Surprise: Globalization is alive and well

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The conventional wisdom is that the current mega-recession will put a stop to globalization, resurrect protectionism, and make free trade agreements a thing of the past. Maybe, but surprising new data suggest that these forecasts may not come true.

The latest salvo from the globalization-is-over camp comes in an essay by former U.S. Deputy Treasury Secretary Roger C. Altman in the current issue of Foreign Affairs magazine, entitled "Globalization in retreat." Judging from the tenor of the article, the future U.S. free trade deals -- like the pending ones with Colombia, Panama and South Korea -- is pretty much doomed.

"This economic crisis is a seismic global event," Altman writes. "Free-market capitalism, globalization, and deregulation have been rising across the globe for 30 years; that era has now ended, and a new one is at hand. Global economic and financial integration are reversing. The role of the state, together with financial and trade protectionism, is ascending."

This has become evident in the United States with the quasi nationalization of the U.S. banking and automotive industries, and more so in the rest of the world, Altman writes. French President Nicolas Sarkozy made that abundantly clear when he celebrated "the return of the state," he adds.

But, to my big surprise, the latest polls in the United States and many other countries show that globalization and free market policies are alive and well.

A recent poll by the Pew Research Center for the People and the Press shows that despite the recession, public support for free trade agreements in the United States is recovering.

About 44 percent of those polled say that free trade deals like the North American Free Trade Agreement (NAFTA) are good for the country, up from 35 percent a year ago. The percentage of those saying free trade deals are bad dropped to 35 percent, from 48 percent last year.

Another survey conducted by CNN/Opinion Research Corp. said 56 percent of Americans see foreign trade more as an opportunity than as a threat. Last year, a 51 percent majority had said that foreign trade was more of a threat than an opportunity.

When I first saw these figures, I thought they were heavily influenced by the 2008 U.S. elections, when it became fashionable for candidates to bash free trade.

But support for free market policies seems to be recovering everywhere. A separate poll in 21 countries by the Pew Global Attitudes Project shows that over the past year it has increased in 10 countries, including China, India, Egypt, Mexico, Brazil and Argentina, while it stayed the same in nine others, and only dropped in two.

In almost 90 percent of the countries surveyed, the majority agreed that "most people are better

off in a free market economy, even though some people are rich and some are poor." A whopping 96 percent of the people in India, 93 percent in China and 92 percent in South Korea agreed with that premise.

"The death of free trade has been greatly exaggerated," says Daniel Griswold, an economist with the pro-free trade Cato Institute in Washington D.C. "The big story is how little protectionism we are seeing."

Indeed, despite worrisome U.S. protectionist moves such as the Buy America Act, and restrictions on Mexican trucks, there is nothing even close to the tariff barriers the United States and other countries erected during the 1930's Great Depression.

"We are alarmed and concerned by some measures such as Buy American, but there is less protectionism out there than meets the eye," says John Murphy, head of international affairs at the U.S. Chamber of Commerce. "By and large, the world is not careening toward protectionism."

My opinion: We are seeing two very different trends, which may co-exist. One is the continued move toward a global economy, and the other is a shift toward a larger role of the state within each country as a business enhancer and regulator. We may all become a little more like Scandinavian countries.

But the current recession will not stop globalization, among other things because freer trade has helped reduce poverty from 40 percent to 19 percent of the world's population over the past two decades, according to World Bank figures. It is no coincidence that the Chinese, Indians and South Koreans, among others, support globalization: they have seen poverty drop dramatically since they embraced it, and they will not want to give it up.

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