Global History and the Anti-Global Age

Presented by Professor Jeremy Adelman at the Mid-winter Assembly
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Thank you Russell and new friends – an honor.

Start with quote: "From this day forward, a new vision will govern our land. From this day forward, it's going to be only America first — America first!" announced Donald J. Trump on his inauguration-cum-independence day. Two weeks later, Marine Le Pen followed up with similar words in France: "Our benefits are distributed to people around the world" she snarled. With the pile up of declarations of America First, Britain First, France First, Russia First, globalization looks doomed.

It's not. The coming struggle is not between globalism and anti-globalism. Rather, the world is poised between two models of integration. Throughout the modern age, the world has see-sawed between them. One is multilateral and international; the other is bilateral and imperial. Since 1945, the multilateralists have had the upper hand. They advocate cooperation and global institutions to promote global public goods like peace, security, financial steadiness, and climate stability. It is a model that demotes national sovereignty and laces states to norms, laws, and treaties. The year 2016 tipped the scales to the bilateral Nation-Firsters. They see national sovereignty as an end in itself and dislike restraints. Peace and security come with a balance of great powers. Bilateralism favors the strong and punishes the weak. It rewards competitors at the expense of cooperators.

In the weeks and months ahead, there will be a lot of debate about the meaning of November 8; much of it is already laced with the bitterness that saturated the election campaign itself. But what does it look like in historical perspective?

First, reflection on global history.

Look for a post-nat'l history.

Connection.

Integration.

But so much focused on history for a global age, for globalization, we lost sight of another reality, which is that many people did not see the narrative of integration as one that had meaning for them. For them, dependence on strangers was risky, menacing even. And the benefits seemed to go to the cosmopolitan elites in big cities, not the forgotten heartlands.

We need to find narratives that are global but yet have explanations that make sense to those left behind, who are part of the global narrative. If we don't, we risk the carefully crafted multilateral order it took so long to build.

Second, global history has a lesson: there is no way to exhume the past. Donald Trump's yearning to get the assembly lines moving again as a recipe for making America great again is a pipedream. Here's why.

For most of the nineteenth century, integration was a hybrid of internationalists and imperialists. Free trade became gospel; countries welcomed mass migration. Nations embraced new global norms, like the first Geneva Convention (1864) covering the treatment of the sick and wounded on the battlefield, which widened into conventions for the conduct of war. Globalizers could also be bullies: the Treaty of Nanking (1842) between Britain and China subjected the Middle Kingdom to demeaning pacts with the West. Where bilateral-imperialism showed its ugliest face was in the way Europeans carved Africa into exclusive possessions.

For the most horrific period in human history, bilateralists had the upper hand. Between 1914 and 1945, the pursuit of national grandeur led to mass violence and economic rivalry. The Wall Street crash of 1929 kicked the legs out from under a struggling international order. Country by country turned inward; by 1933, world trade collapsed to one third its level in 1929. Fueled by racial ideas and fears of overcrowding, rulers followed predatory bilateralism. Powerful countries bolstered their sovereignty with uneven trade pacts at the expense of neighbors and partners. The more autocratic of them turned on their neighbors in wholesale grabbing. Japan set its sights on Manchuria in 1931 to create a puppet state, and invaded China in 1937. The Soviets dealt with Russian borderlands in the same spirit. The Nazis forced treaties on weaker neighbors and seized others, then unveiled a mad plan to empty Slavic lands of its peoples to make way for Teutonic greatness.

The brutality of bilateralism prompted President Franklin Delano Roosevelt and British Prime Minister Winston Churchill to draft the Atlantic Charter in 1941. A blueprint for a post-War order, it declared that freedom was the moral cornerstone of peace. It also announced that states had to be curbed from unrestrained bilateralism. No more grabbing. No more tariff bullying. Freedom of the seas. What came of Allied victory and the Atlantic Charter was a Global New Deal: if countries agreed to play by international rules and institutions they could participate in the post-War bonanza. At the core of this experiment in multilateral globalism was European integration; the bond between France and Germany turned Europe from ravaging rivals into a region of exemplary cooperators.

In the aftermath of the Second World War, American leaders laid the multilateral foundations of what we now call globalization. Diplomats, economists, and philosophers charted a grand bargain for the world, a kind of global new deal. It rested on two pillars.

The first concerned cooperation in the world economy. To prevent a backslide into the protectionist, inward-looking policies that crushed global trade in the 1930s and led to war in Europe and Asia, global re-builders hitched national economies to norms, rules, and principles of open trade. The result was a boom. From 1950 to 1973, world per capita incomes grew by 3 per cent per year – powered by a trade explosion of 8 per cent per year. Cooperation triumphed; interdependence brought prosperity.

KEY: Restraining national sovereignty allowed global trade, investment, and migration to buoy post-War prosperity and relative peace. Billions left poverty behind; there was no world war.

The second pillar concerned national policies. To cope with the dislocations of interdependence, governments created safety nets and programs at home to manage the risks and to shelter the cast-aways.

From welfare to workplace, from capital controls to expanded education, national policies buffered market perils and adapted families to commercial and technological changes. What is more, these programs extended to the dislocated who left home altogether, like those who departed Puerto Rico for the United States, Italy for Canada, Algeria for France, Cambodia for Australia.

This was the global new deal that buoyed the post-war liberal order. It opened borders while protecting societies from the hazards of integration across borders.

It was unsustainable. Both pillars eventually collapsed like Greek columns. Underneath them, an important foundation had shifted. And there is absolutely no way to recreate the original conditions of the global new deal. At the dawn of Washington-led re-build in 1945, the United States economy was larger than all of Europe, Japan, and the USSR combined. It is easy to lead when you dominate. The effects of the Second World War yielded a global Leviathan – but one that did not impose itself, like Rome, on neighbors. It did not have to. Indeed, what was remarkable about the long re-build was how much elites and workers in Europe and Asia agreed on the fundaments of post-War integration. For them, after all, the global new deal offered them resources – Marshall Plan aid, US foreign direct investment – and markets upon which to reassemble flattened economies and societies. This new deal truly was global. But it depended on cooperation to manage currencies and to dismantle trade barriers.

But those conditions that gave rise to the liberal Leviathan dissolved because the model of integration was so successful. Japan, Germany, and eventually China, South Korea and Brazil scrambled for their market shares. Suddenly, Ford had to compete on home turf with Toyota. Global trade boomed even more; from 1980 to 2011, world trade grew by an astonishing 8.2 percent – twice as fast as world output. China leaped from a meager 0.89 per cent of world export shares in 1980 to 10 per cent in 2011, muscling past the United States. In that same period, the United States held its own as the world's safety net for imports – consuming 12.3 per cent of all world's imports (China trails with 9.5 per cent) and creating a trade imbalance of unprecedented proportions.

Then, global competition ravaged national welfare states. Domestic safety nets got torn up in a fever to make economies more nimble, more adaptive to global realities. Deregulators, privatizers, and a free market orthodoxy took hold, shredding the pacts that once eased the effects of globalization. Trade unions that were once keys to manufacturing the consent behind the global new deal, got crushed. So, as supply chains outsourced automobile parts production to Indonesia and t-shirt making to Bangladesh, dependence across societies produced greater inequality within societies.

In this fashion, the world became more integrated while becoming more unequal. Factories closed; New York went bankrupt; in the winter of 1978-79, the lights went out in Britain and people shivered in the dark; Ford's global market shares began to nosedive. Even Hollywood got into the gloom business with Sally Fields as Norma Rae in a dying mill town in North Carolina; Jennifer Beals played the hard-luck steelworker whose way out of the rust belt was as an exotic dancer in *Flashdance*.

Why did it not breakdown in the 1970s, when the first great malaise set in, when the signs of a spreading precariat surfaced? It nearly did. The Club of Rome predicted the end of growth and beginnings of a dark age of scarcity; "survival" became a buzzword. Declinism was all the rage. Then, the global system got two, improbable, lifelines.

One came in the form of credit. Moneylending took off. After 1973, the global financial industry soared; within a decade, financial markets had grown 400%. The value of daily trading on the New York Stock Exchange grew from $10 million in 1970 to over $1 billion by 2005. Now, it was not just commodities that sutured the world into one market, but capital. An alarming amount of financial interdependence, however, took the form of debt – both household and governmental. Total credit market debt (public and private) in the United States doubled from 1970 to 1998. Then it soared and never looked back. According to McKinsey, the global stock of debt to GDP rose even more after the crisis of 2008. Last year, it ballooned to $152 trillion – over 225 per cent of world output. Half the debt load rests on government shoulders.

The second was cheap fossil fuels. Despite warnings that we would bake the planet, the need to move vehicles, spread factories, and cool homes, the scramble for market shares and middle-class betterment, meant more combustion of coal, gas, and oil. The credit spree invigorated a carbon binge of historic proportions. Liberalizing world trade and industrializing Asia released 4 billion metric tons of carbon into the atmosphere in 1970; the figure is now 10 billion. Fully half the fossil fuel-induced CO2 emissions worldwide since 1750 have taken place since 1985.

Credit and carbon became the new legitimating conditions for global integration. They eclipsed the old buffering mechanisms of the welfare states in deepening global integration. Expanding public services and protections softened market risks before 1973; they got replaced by the private comforts of combustion and monthly credit card notices.

I said these were improbable lifelines because those of us who watched the figures in the 1970s and 1980s tended to see the "energy crisis" and the "debt crisis" as chokeholds on global prosperity. It turns out that they were the opposite.

If the access to carbon and credit appeared to solve the problem, there was an additional, legitimating shock. In 1989, American leadership got a new lease. At least for a while. The fall of the Berlin Wall, the breakup of the USSR, and some gloating about the end of history created a sense of renewed American grandeur and the triumph of free markets; if America became great again, it was thanks to the fact that the Soviet bloc collapsed first – under the weight of its own heavy metal ideology. As if to coin a new age of American leadership, the idea of a "Washington Consensus" came to the rescue in the same way that the Marshall Plan had in 1947. The difference was, of course, that the cocktail of austerity and debt restructuring under the Washington Consensus never won the undying appreciation of consumer-citizens of the Third World that the original global new deal won from counterparts in Japan or Western Europe in the 1940s.

After a long life, seven decades of American-led order is now exhausted. In effect: the unique moment that produced the liberal Leviathan passed. The Cold War – not to mention 1945! – is a matter for textbooks. The addiction to carbon and credit is under assault. The bill for relying on fossil fuels is turning up in the form of climate change. As Washington pivoted to Asia, swaths of the unprotected precariat pivoted to part-time jobs in Walmart and Home Depot to cover the monthly interest on their Visa cards. In the aftermath of the financial crisis of 2008, millions of manufacturing sector workers lost their jobs.

And now: not since 1930 has the global trading order been more threatened. No one is coming to the rescue. David Cameron botched the Brexit campaign. Hillary Clinton stumbled through questions about the misunderstood Trans-Pacific Partnership and cringed whenever NAFTA came up. Little Wallonia in Belgium can imperil a trade deal between Canada and Europe. If those two sides can't pull it off, who can? In the vacuum, wall-builders and exiteers promise to revive a zombie version of American grandeur with more carbon, more credit, and a mercantilist crusade.

There is a paradox here: in order to make America great again, a coalition of wall-builders and treaty-shredders aim to do it by up-ending the grand strategy that informed generations of thinking and policymaking since 1945, precisely the model that signaled American greatness. Global integration relied on the US playing the vital stabilizing role in an otherwise turbulent world. It was running out of steam anyway. But what the new regime in Washington promises to do is become the single most important source of instability.

But the US is not the only case here. Bilateralists and Nation-Firsters came storming back all over the place. In the wings, leaders like Vladimir Putin have been yearning for a return to a world of muscular sovereignty unrestrained by multilateral niceties. They now have more company in key countries. Two days after his independence day, Trump announced that the US would have "another chance" to seize Iraqi oil and underscored his belief that "to the victors go the spoils." He then deep-sixed the Trans-Pacific Partnership and declared that free trade with neighbors is due for re-negotiating on America-First terms. The future of the hard-won Paris Climate Change Treaty is in doubt. Even the country that gave us free trade in the 1840s voted to leave the European Union. In the meantime, charges of currency manipulation and threats of taxes on cross-border trade have intensified. The old Atlantic Charter allies have given way to Nation-Firsters who put national sovereignty ahead of global public goods.

Now, look forward. The scene turns to France. At stake is the cracking Franco-German beam that upheld European integration at the center of the post-War multilateral system. If Marine Le Pen and her Front National win the elections in early May, it will spell the end of the European Union. That would leave Angela Merkel as the final main pillar of a crumbling Atlantic Charter world. What a twist: the country which post-1945 internationalism most refashioned into a cooperator would be its last stand, surrounded by bilateralists in Paris, London, and Moscow, its old patron in Washington in the hands of nativists.

Imagine a scene a few weeks later in a gilded hotel in Taormina, Sicily at the end of May. The leaders of the G7 countries and a hobbled EU have gathered. Each one will be feuding over NAFTA and Brexit. Japan will be reeling from the death of TPP. They may nod to global public goods like climate stability. But they will turn their backs on global commitments like the 1951 UN Convention to protect refugees while boatloads of fugitives are sinking in the sea around them. It is hard to envision a G7 "final statement" as more than an epitaph for a bygone era.

Whether Americans can stomach this mode of leadership, and the newsfeed churnalism and digital hyperbole that will surround it, remains to be seen. Behind the scenes, though, we have to ask: is it possible to lead without being dominant? For the rest of the world, it may be time to start thinking about how to build a system of global cooperation without a Leviathan.

But let me end on a dark, ominous, note. History has produced epically failed leadership before. In 1929, the embittered English poet, Robert Graves, published a farewell memoir to his country called *Good-Bye To All That*. A veteran of the Great War, scarred and traumatized at the Battle of the Somme, Graves offered his epitaph to a world brought down by the myopia of a waning ruling class. Unable to see forward, British rulers yearned to restore a by-gone age, only to destroy the flower of their youth in the mud of Flanders. No sooner did *Good-Bye* hit the bookstands than governments responded to a financial crisis by throwing up trade barriers, turning currencies into weapons, and then deporting, and later exterminating, foreigners.

Do we really have to repeat history to learn from it?