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FT

Financial Times Column

Voters deserve responsible nationalism not reflex globalism

July 10, 2016

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It is clear after the [Brexit](#) vote and Donald Trump's victory in the Republican presidential primaries that voters are revolting against the relatively open economic policies that have been the norm in the US and Britain since the second world war.

[Populist](#) opposition to international integration is on the rise in much of continental Europe and has always been the norm in Latin America. The question now is what should be the guiding principles of international economic policy? How should those of us - who believe that the vastly better performance of the global system after the second world war than after the first world war is largely due to more enlightened economic policies - make our case?

The mainstream approach starts with a combination of rational argument and inflated rhetoric about the economic consequences of international integration. Studies are produced about the jobs created by trade agreements, the benefits of immigration and the costs of restrictions. In most cases the overall economic merits are clear. But there is a kind of [Gresham's Law](#) of advocacy whereby bolder claims drive out more prudent ones. Over time this has caught up with the advocates of integration.

While there is a strong case that the US is better off than it would have been if the North American Free Trade Agreement had been rejected, the most extravagant predicted benefits have not materialised. And it is fair to say that claims that China's accession to the World Trade Organisation would propel [political liberalisation](#) have not been borne out. The willingness of people to be intimidated by experts into supporting cosmopolitan outcomes appears for the moment to have been exhausted.

The second plank of the mainstream approach is to push for stronger policies to resist inequality, cushion disruptions and support the poor and middle class, and then argue that if domestic policies are right, the pressure to resist globalisation will reduce. The logic is right and certainly measures like government assurance of mortgages and the interstate highway system were part of the political package that permitted the US to underwrite an open global system.

But the last eight years have seen America at last adopt universal health insurance, expand a variety of support programmes for the poor and bring unemployment below 5 per cent with trade becoming ever less popular. It is not that strong domestic policies are unnecessary to undergird global integration. It is that they are insufficient.

A new approach has to start from the idea that the basic responsibility of government is to maximise the welfare of citizens, not to pursue some abstract concept of the global good. People also want to feel that they are shaping the societies in which they live. It may be inevitable that impersonal forces of technology and changing global economic circumstances have profound effects, but it adds insult to injury when governments reach agreements that further cede control to international tribunals. This is especially the case when, for reasons of law or practicality, corporations have disproportionate influence in shaping global agreements.

If [Italy's banking system](#) is badly undercapitalised and the country's democratically elected government wants to use taxpayer money to recapitalise it, why should some international agreement prevent it from doing

so? Why should not countries that think that genetically modified crops are dangerous get to shield people from them? Why should the international community seek to prevent countries that wish to limit capital inflows from doing so? The issue in all these cases is not the merits. It is the principle that intrusions into sovereignty exact a high cost.

What is needed is a responsible nationalism - an approach where it is understood that countries are expected to pursue their citizens' economic welfare as a primary objective but where their ability to harm the interests of citizens elsewhere is circumscribed. International agreements would be judged not by how much is harmonised or by how many barriers are torn down but whether citizens are empowered.

This does not mean less scope for international co-operation. It may mean more. For example, tax burdens on workers around the world are a trillion dollars or more greater than they would be if we had a proper system of international co-ordination that identified capital income and prevented a race to the bottom in its taxation. Taxes are only the most obvious area where races to the bottom interfere with the achievement of national objectives. Others include labour and financial regulation and environmental standards.

Reflex internationalism needs to give way to responsible nationalism or else we will only see more distressing referendums and populist demagogues contending for high office.

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