



Donald Trump promised a wall to stop the influx of illegals during his campaign for the US presidency. That wall is now being built. Work was done this week on the stretch of the border between Ciudad Juarez in Mexico's Chihuahua state and Santa Teresa in the US state of New Mexico (above). PHOTO: AFP

How destructive is Trump of globalisation?

To please his constituency – the disenfranchised low-income, non-college educated whites – he has already rolled back progress made on trade and migration and made the world less stable. **BY SHAHID JAVED BURKI**

A FEW years ago, Angus Deaton, the Nobel Prize-winning Princeton University economist, working with Anne Case, his wife, researched the changing patterns of life expectancy in the United States. They divided the population into several socio-economic categories. They noticed to their great surprise that one group had seen a decline in its life expectancy while all others, including the low-income blacks and Latin Americans, saw some increase.

The group that had fallen behind was identified as that of the low-income, non-college educated whites. A good proportion of these lived in what was called the "Rust Belt", where once prosperous industries provided easy employment and comfortable incomes to their workers. However, many had died or simply moved out. Globalisation had persuaded the owners of these industries producing mostly steel and steel products to close shop and move their production lines to countries such as China, which had large supplies of cheap and disciplined workers.

This transfer of jobs meant greater joblessness or lower wages. The result was great economic discontent against those who had championed the opening up of the global economy. For this group of people, the "globalists" were the enemy. In almost total despair, this group had turned to alcohol, drugs and suicide to ease their pain.

The incidence of high blood-pressure was high, which led to heart attacks and strokes and sometimes death. The Deaton-Case research team believed that this was the consequence of a combination of trends that had resulted in the decline in life expectancy.

RISING RESENTMENT

As Donald Trump's campaign for the presidency picked up in 2016, he came across this building resentment in the country's mid-West, and decided to base his campaign on them. It was extraordinary that a rich, New York-based real-estate tycoon would be able to excite such passion among the anti-globalists that they would enthusiastically support his candidacy. This is a phenomenon that has attracted a great deal of academic and journalist interest. Books are pouring out on

the Trump phenomenon; the tone and content of his speeches at the countless rallies he addressed during the campaign changed as he began to blame globalisation, immigration and imports from China for some of the woes of his potential supporters.

In these speeches, he promised a great deal. He would reverse the process of globalisation that had paved the way for virtually free trade among nations. Whereas the US had completely opened its borders, its trading partners – China in particular – had been less generous and more protective. That would have to change.

America's inability to properly manage its border with Mexico had allowed millions of people to float in without legal documents. A wall needed to be built to keep these people out. Even legal migration had been very large; a million people had been admitted legally last year, four times the number in the late 80s. Most who came in were black or brown; many were Muslim. America's colour and its religion were being changed.

His base wanted action and Mr Trump obligingly moved the moment he took his position in the Oval Office. With great fanfare, a day after being sworn in, he issued an executive order banning the entry of citizens from seven Muslim majority countries into the US. The ban was struck down by the courts and an amended version of it is working its way to the Supreme Court. But he told his base that, as promised, he had done his bit.

In addition to immigration, trade received a great deal of attention from the new president. Once Mr Trump moved into the president's office, he took a number of decisions aimed specifically at China. He ordered considerably higher tariffs on a number of Chinese imports, in particular steel, aluminium and solar panels; he also asked his officials to identify US\$150 billion of imports from China that would face much higher entry tariffs.

China quickly responded in a tit-for-tat way; it too singled out the US imports of an equal amount including soya beans and aircraft parts that would hurt parts of the US economy. There was talk in China of boycotting American imports. One newspaper account said that "some Chinese media outlets have hinted darkly that Beijing could weaponise its hundreds of millions

of shoppers should Washington go through with its recent tariffs threats and start an all-out trade war. On Weibo, China's version of Twitter, there are calls to boycott Apple's iPhones. Beijing has done it before, ably punishing Japanese, South Korean and Philippine products and companies over political disputes".

INTERTWINED COUNTRIES

In addition to the large employment provided in the Taiwanese-owned assembly plants that produce a number of Apple products, there are many other American companies that employ a large number of Chinese producing a diverse set of merchandise such as Nike apparel, McDonald hamburgers and American cars. The two countries are intertwined in many ways. The US has supplied much of the investment underpinning China's economic growth. Between 1990 and 2017, America invested more than US\$250 billion into China, most of it from private sector enterprises in the United States.

William Zarit, chairman of the American Chamber of Commerce in China, said a boycott "is one of the many tools that the Chinese have in their toolbox. Because of the structure of the government and the political power of the party, they call for a boycott and get a pretty good response".

The Chinese have done that many times to show their unhappiness with the policies adopted by the countries considered to be close to it. For instance, in 2017, the South Asian conglomerate Lotte was forced to shut down more than 80 stores in China after the South Korean government provided land for an American missile system that Beijing strongly opposed.

Where will all this lead? It is hard to predict how far Mr Trump is willing to go to dismantle the old political and economic order the US had laboured hard to create. He has already done a great deal of harm and he might do more. He may end up making the world unsteady – when it needs stability the most.

■ The writer is a visiting senior research fellow at the Institute of South Asian Studies, National University of Singapore, and chairman of the Burki Institute of Public Policy in Lahore, Pakistan. He was Pakistan's finance minister in 1996-97 and has held several senior positions at the World Bank