Advanced economies take a dim view of globalisation, survey finds

By Shawn Donnan, World Trade Editor

People in key advanced economies, including the US, Japan and Germany, have become deeply sceptical about important elements of globalisation even as their governments push for further liberalisation, according to an international poll.

Half of all US respondents said trade destroyed jobs at home, with only one in five saying it created jobs, according to the global survey released on Tuesday by the Washington-based Pew Research Center. In Germany, almost 90 per cent said they believed the purchase of domestic businesses by foreign companies had a “bad” impact on the economy, a view shared by three-quarters of Japanese respondents and two-thirds in the US.

Their views contrast sharply with those in leading emerging economies such as China, where respondents expressed largely positive views on trade and foreign direct investment. They also highlight the resentment felt by some in advanced economies after two decades of what some have called “hyperglobalisation” that has seen the economic rise of China and other emerging economies.

The poll sought opinions across advanced and emerging economies and offers a global snapshot of attitudes toward trade and foreign investment. Researchers interviewed 48,643 people in 44 countries ranging from the US with an annual per capita income of more than $54,000 to Uganda with about $1,550.

Overall, 81 per cent of those surveyed said they believed trade was good for their economies, a view that held true across advanced and emerging economies. But opinions about the impact of trade on jobs, wages and prices diverged sharply, as did views on foreign investment.

Among advanced economies, the UK had some of the most positive views on trade, with 50 per cent saying it generally created jobs and 19 per cent saying it destroyed them. However, Britons registered disquiet with globalisation, with 53 per cent saying foreigners buying British companies had negative consequences.

The scepticism about trade and foreign investment in many advanced economies highlights the awkward politics of globalisation in the rich world.

The findings come as governments are pursuing a series of regional and sectoral trade agreements that, if successful, would yield the most significant bout of trade liberalisation seen in the global economy since the World Trade Organisation was created in 1995. They also coincide with predictions that global trade will grow as emerging economies such as Brazil, China and India continue to expand. HSBC on Tuesday forecast that the worldwide trade in goods – now worth almost $20tn annually – would triple by 2030.

Bruce Stokes, director of global economic attitudes at Pew, said the dim view of trade and foreign investment in advanced economies appeared to be linked to the slow recovery most were experiencing from the 2008 global financial crisis. “The politics of trade is going to remain dicey in advanced economies because everyone expects growth to remain subdued for some time,” he said.

But the survey also showed that many people did not accept key economic arguments made for lowering barriers to trade and investment and that governments faced a struggle to convince them, he said. “Talking louder and slower is not going to work. People are clearly
telling us in advanced economies that they don’t feel that trade creates jobs, that they don’t feel it raises their wages and that they don’t feel it lowers prices [of goods].”

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