

# A dangerous turn to economic nationalism

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A comment by former US Treasury Secretary Lawrence Summers published in the *Financial Times* on Monday is indicative of two emerging developments in ruling circles: growing perplexity over the state of the global economy and a turn toward protectionism and economic nationalism.

The article, published under the title, “Voters deserve responsible nationalism not reflex globalism,” is significant because during his period in the Clinton administration Summers was one of the foremost advocates of the “free market” agenda and a booster for the benefits of capitalist globalisation.

In the recent period, amid the failure of all efforts to promote an economic revival after the financial crisis of 2008, Summers has warned of the dangers of “secular stagnation,” a condition in which global demand continues to fall, leading to permanent low growth and recession, despite record low interest rates.

According to Summers, the Brexit vote and the victory of Donald Trump in the Republican primaries show 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.” This is coupled with the rise of populist opposition to economic integration in much of Europe, as well as in Latin America.

Over the past period, what Summers calls the “mainstream approach” has consisted of “inflated rhetoric about the economic consequences of international integration.” But now “the willingness of people to be intimidated by experts into supporting cosmopolitan outcomes appears for the moment to have been exhausted.”

Summers suggests that “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.”

There is an underlying crisis of the entire perspective

of the bourgeoisie, which proclaimed that the “free market” and globalisation would bring continuous economic growth and rising living standards for the world’s people—a doctrine promoted as a kind of secular religion in the 1990s and the first decade of the new century. This crisis is also underscored in a recent article in the *Wall Street Journal* noting that the 2016 presidential election is being propelled by the “American economy’s failed promises.”

In an open admission that the previous perspective lies in tatters, the article states: “The past decade and a half has proved so turbulent and disappointing that it has upended basic assumptions about modern economics and our political system. This string of disappointments has resulted in one of the most unpredictable and unconventional political seasons in modern history with the rise of Donald Trump and Bernie Sanders.”

It cites a string of US statistics that reveal the impact of worsening economic conditions, including: the fall in real median income by 7 percent since 2000, the decline in labour’s share of national income from 66 percent to 61 percent, the loss of jobs in manufacturing industry, the failure of new technologies to produce a growth in jobs or incomes and the “hollowing out” of professional jobs from librarians to engineers.

These economic shifts have produced a deepening alienation of masses of people from the entire political and economic establishment. According to recent polls, seven out of ten Americans believe the country is on the wrong track and some 61 percent of Trump supporters and 91 percent of Sanders supporters believe the economic system is “tilted towards powerful interests.”

The focus on the Trump and Sanders phenomena in both articles points to two overriding fears in the political establishment. On the one hand, there is growing concern over the rise of working-class

opposition to the present economic and political agenda, reflected in the vote of millions, especially young people, for the self-proclaimed “democratic socialist” Sanders and, on the other, over the rise of extreme right-wing nationalist and semi-fascistic political tendencies, personified by Trump.

Summers points to the danger of an extreme right-wing outcome at the conclusion of his comment: “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.”

However, the turn to “rational” economic nationalism that he proposes is not an antidote to the rise of right-wing populism. It merely provides a theoretical rationalisation for largely identical policies. It should be noted, in this regard, that the “progressive” Democrat Sanders supports a protectionist trade policy that differs little from that put forward by Trump.

The fact remains that for all his criticism of the disastrous consequences of the economic agenda of the past three decades, which Summers so assiduously promoted, neither he, nor anyone else in the ruling political economic and political establishment, has any program to reverse its effects.

The turn to economic nationalism, “responsible” or otherwise, has a historical parallel. In his article *Nationalism and Economic Life*, written in 1934 in the midst of the Great Depression, Leon Trotsky wrote that after decades of preaching the virtues of trade and the international division of labour, the bourgeoisie issued the call, “back to the national hearth.”

It should be recalled that this perspective was not only advanced by openly right-wing and fascist forces, such as Adolf Hitler. It was the doctrine of “progressives” such as John Maynard Keynes, regarded as one of the founders of the “modern” bourgeois economic doctrine, whose analysis has been invoked by Summers in his warnings of “secular stagnation.”

The result of economic nationalism in the 1930s, whether cloaked in fascistic or “progressive” garb, was the outbreak of World War II in 1939—the most barbarous event in world history—just 25 years after the outbreak of World War I in 1914. The outcome will be no different in the present epoch, the signs of which are becoming ever-more apparent.

In a warning of the danger of war, Christine Lagarde,

the managing director of the International Monetary Fund, commented in a recent interview with the *Financial Times* that the world faces the increasing prospect of a “1914 moment” amid a rising tide of nationalist and protectionist economic measures.

The open promotion of economic nationalism by establishment figures such as Summers raises fundamental questions of political perspective for the international working class.

The attacks on living standards, the development of increasingly authoritarian forms of rule and the rising danger of war arise not from globalisation as such, but from the fact that this inherently progressive development takes place within the reactionary and outmoded system of capitalist social relations, based on private profit and the division of the world into rival great powers and nation-states.

The essential problem facing mankind is that, in Trotsky’s words, “capitalist development as a whole is faced with insurmountable obstacles and contradictions and beats in frenzy against them.”

The international working class is the sole social force that can provide a solution to this historic crisis. Workers must reject all forms of economic and political nationalism and take up the fight for the program of international socialism, in order to liberate the productive forces they have themselves created from the reactionary fetters of the capitalist mode of production. Only then can these resources be utilised to meet human need, through the development of a planned world socialist economy.



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