The Comparative & International Political Economy of Anti-Globalization Populism

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SUMMARY:
The basic economics of international trade imply that globalization will have driven in the developed democracies of the Western world an increasing divergence between the material advancement of human, physical, and financial capitalists—a minority of the population—and the material stagnation or even decline of labor—a majority. This article reviews that theory and the strong comparative-historical empirical record substantiating those effects, and explains how the rise of xenophobic, nationalistic, anti-elite populism has its complementary roots in these economic developments.

KEYWORDS: comparative advantage, Stolper-Samuelson, globalization, anti-globalization, anti-elite, anti-establishment, populism, comparative and international political economy

If [we] had ever been here before, [we] would probably know just what to do; Don't you?
If [we] had ever been here before on another time around the wheel, [we] would probably know how to deal with all of [this]…
…We have all been here before; We have all been here before; We have all been here before.
– "Déjà Vu" Crosby, Stills, Nash, & Young

<u>Part I</u>: The Last Great Globalization & Its Demise

At the turn of the last century, the 19th into the 20th, the previous great globalization was cresting its apex—world imports as a share of world GDP (Figure 1), the Feldstein-Horioka coefficient of capital-market integration (Figure 2), and, e.g., the foreign-born share of the US population (Figure 3), all reaching levels not seen again until the late 20th century. Meanwhile, on two ominously timed occasions in the early 20th century, the income shares of the bottom 90% of families seem to have been falling while those of the top 0.1% were rising; again: developments not seen returning until the late 20th into 21st century (Figure 4).

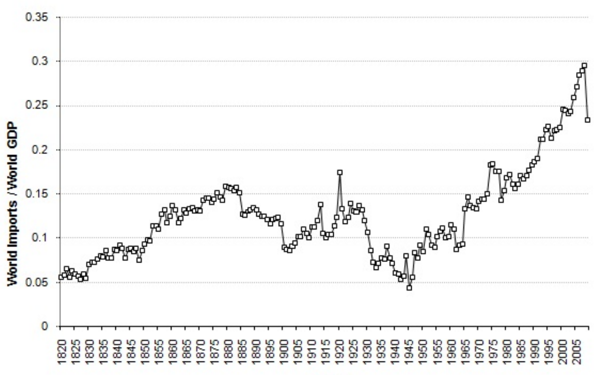

Figure 1: *Trade Globalization* (Sources: Chase-Dunn et al. 2000; World Development Indicators 2011)

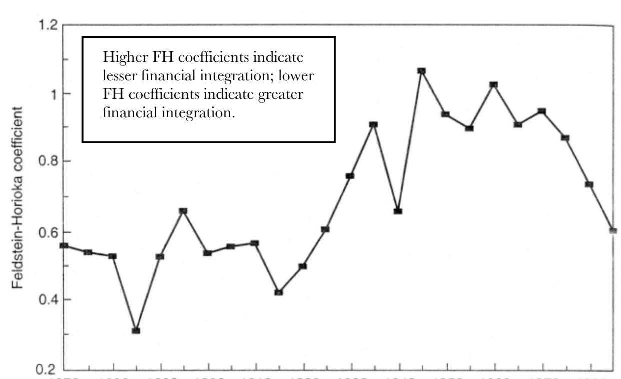

Figure 2: *Financial Globalization* (Source: Taylor 1996, as in O'Rourke & Williamson 2001)

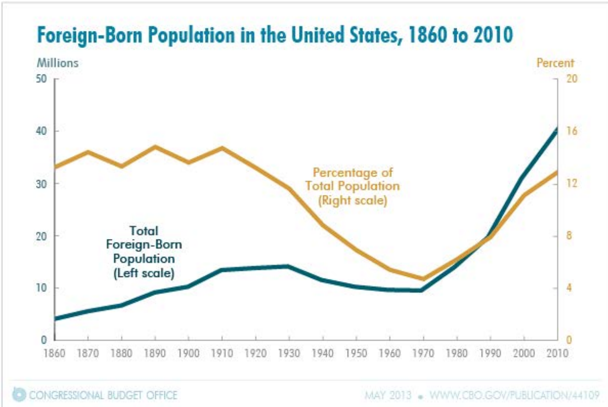

Figure 3: *Foreign-Born U.S. Population* (Source: US Census Bureau 2013)

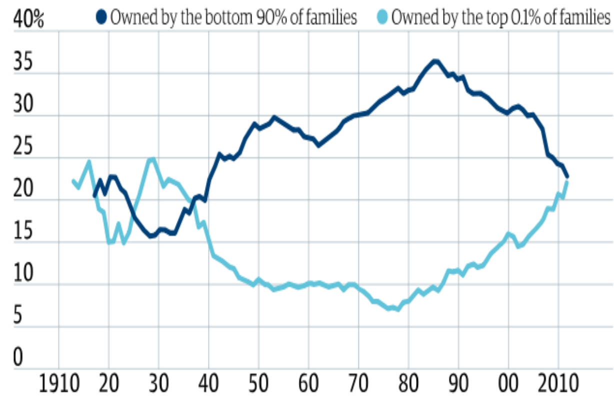

Figure 4: *Bottom 90% and top 0.1% Share of U.S. Wealth* (Source: Saez & Zucman 2014)

An anti-globalization, anti-elite, anti-establishment reaction grew in response, and the world's political economies began to restrict these flows of people, capital, and goods, beginning with immigration restrictions.[1] Global capital-market integration of international capital flows mostly continued to advance until World War I brought its near complete collapse. Capital markets slowly re-integrated a little under the interwar era's gold standard, but international investment flows came again to a halt with the Great Depression, not to begin recovery until the Bretton Woods era post-World War II, and then really taking off with the collapse of that fixed exchange-rate system in 1972 (Figure 2), before accelerating yet further in the 1990s. The parallel path of the world's leading political economies' withdrawal from the global exchange of goods and services (Figure 1) most famously culminates in the Great Depression-triggering trade war begun by the ill-conceived U.S. Smoot-Hawley Tariff of 1930. In recounting this sad history of the collapse of the previous Great Globalization around the turn of the 19th into the 20th century, writing at the turn of the 20th into the 21st, economic historians O'Rourke & Williamson note:

> "The interwar decades saw a return to autarkic trade policies, the breakdown of international capital markets, and an end to mass migration. Global capital markets have only recently regained the ground they lost during that era, and migration is unlikely ever to regain the levels achieved prior to World War I. It would be comforting to think that the interwar de-globalization was an exogenous shock, brought about by the onset of the Great War, events that had nothing at all to do with the globalization forces that had been at work previously. Were this true, we could reason that interwar autarkic reactions could be avoided today, so long as the international community keeps the peace. The evidence presented here suggests that this view of interwar de-globalization is both incorrect and misleading. The correct view is that a political backlash developed in response to the actual or perceived distributional effects of globalization. The backlash led to the re-imposition of tariffs and the adoption of immigration restrictions, even before the Great War. Far from being destroyed by unforeseen and exogenous political events, globalization, at least in part, destroyed itself."
> (O'Rourke & Williamson, *Globalization and History* 2001, pp. 286-287)

In other words, the last Great Globalization generated a political backlash, a successful backlash under the weight of which globalization stumbled into the new century, collapsing in the latter part of the first half of that 20th century, a tragic three decades marked by the two World Wars and the Great Depression between. Note that then, as now, many proclaimed reassuringly that the ever-greater global integration of the world's leading political economies was too advanced, and had brought too much advancement, poverty alleviation, and wealth, to be beaten into retreat, much less to fail. Clearly: it was *not* too advanced, and, even though it had brought these many positive developments, it nonetheless ultimately *did* fail.

How can globalization that so successfully raised the GDP and average living standards of all countries have fallen to an anti-globalization backlash? Notice first the contexts and content of this

[1] The United States, for example, entered a period of tightening immigration restrictions, starting with the infamous Chinese Exclusion Act of 1882, strengthened in the Geary Act of 1892, through the 1907 Immigration Act and the Gentleman's agreement with Japan to end U.S. immigration from that country, and the Asiatic Barred Zone (Immigration) Act of 1917, and further restrictions beginning anew after World War I. See also Figure 3.

"political backlash" to globalization: from the Panic of 1873 and the Long Depression 1873-1879 through the postwar recession of 1945, economic recessions and depressions of -10% to -30% or more were common, although interspersed with boom periods as great or greater. Industrial and financial "robber barons" amassed great monopolistic power and unimaginable wealth through it all. Meanwhile, although workers' lot generally had indeed improved in the then-developed world (and, indeed, in the then-developing world too)[2] – in absolute terms, *on average*, and *on-average* steadily – wage and income growth for workers in the developed world was far slower than that of capital returns and profits; incomes were far more volatile than ever before; and growth was radically uneven across expanding and contracting sectors. That is, while workers' economic conditions had indeed improved on average along with the increasing economic globalization, (a) the absolute real growth was very modest even on average; (b) enormous relative ground was lost to capitalists and to workers in the then-developing world (Figures 5 and 6); and (c) volatility was gargantuan, with some periods of up-to-several years seeing real-income devastations of more than 30% (as mentioned just previously, and see Figure 7).[3] Perceptively, these latter considerations more than dampened the sense that workers were sharing in the gains from globalization; moreover, in relative terms, relative both to the increasingly resented domestic "elite" and to the more-than-resented immigrant and foreign workers at home and abroad, the working class in the then-developed world were objectively losing very considerable ground.

Figure 5: *Global Real-Wage Dispersion 1854-1915* (Source: O'Rourke & Williamson 2001)

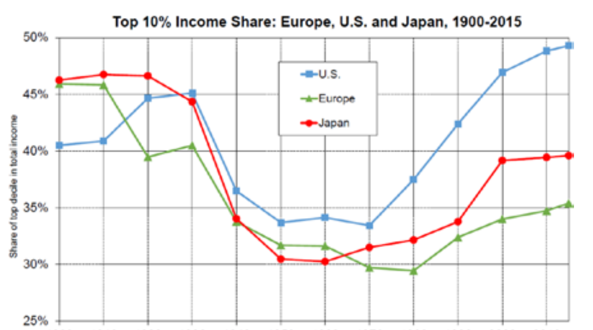

Figure 6: *Top-Decile Income Shares since 1900* (Sources: piketty.pse.ens.fr/capital21c; WDI updates)

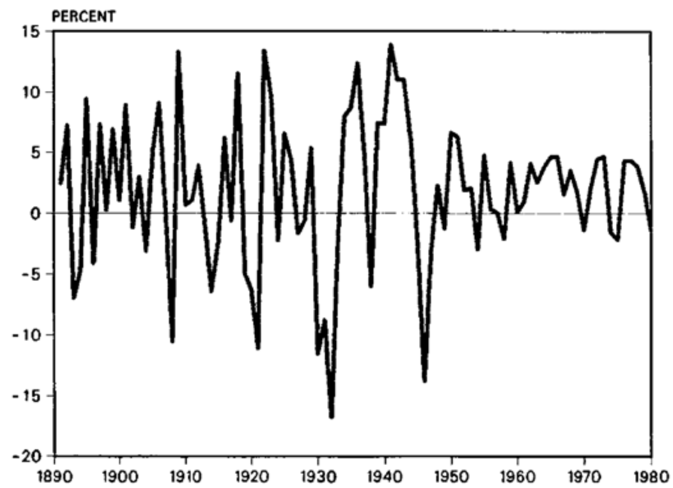

Figure 1.2 Real output stability over time: real GNP per capita growth rates (percent per annum), 1891–1980. *Sources:* U.S. Department of Commerce, *Historical Statistics of the United States, Colonial Times to 1970*, Series F 1-5, 1971; and TROLL-Citibank Economic Database, Series NBER-GNPP72.

	1891–1929	1930–1949	1950–1980
Mean ($\bar{x}$)	1.78	1.32	2.17
Standard deviation (σ)	6.28	9.22	2.65
Coefficient of variation ($\sigma/\bar{x}$)	3.54	6.99	1.22

Figure 7: *U.S. Real-Output Stability Since 1890* (Source: Hibbs 1987)

Although this real and relative economic hardship and decline of the developed-world working-

[2] The "developed" and "developing" world here and throughout references the wealthier, capital-rich political-economies of the time as developed and the less-wealthy, capital-poor political economies as developing. As the discussion to come will clarify, the notions are more continuous than categorical, since the important issue here is the capital-labor ratio of a political economy relative to the ratio in other countries and the rest of the world. Relative to this first Great Globalization, for example, the Americas, North and South, begin the period squarely in the developing world, but North America grows increasingly into the developed world by the period's end.

[3] Although much of the prewar economic volatility seen in Figure 7 is now suspected due to the greater measurement error in that earlier period (Romer 1989), the fact of more-frequent and more-severe recessions and depressions, and so the point being made here, remains.

class gives the background context of the 'political backlash' against globalization, it is important also to notice that the content of the expression of that economic-angst-ridden backlash, particularly as ultimately most-effectively stoked and channeled by its most dangerous entrepreneurial political leaders, was a strident nationalism, anti-immigrant, ethno-religiously xenophobic to racist, anti-elite, anti-government, and anti-establishment. The most vehement and famous expressions of these are Hitler's railings against the traitorously soft and corrupt Weimar politicians who, along with the crooked financiers and the "Jewish lying press" (at whom the strongest vitriol was typically spat), sold out the "true Aryans" and stabbed the German army in the back at Versailles in 1918; against roving criminal gangs whose ravishing of "law and order" required more police with stronger methods and a return to executions; against intellectuals and artists accused of being Jewish, critical, and/or insufficiently patriotic, who were soon exported if they hadn't yet fled; against the disabled and mentally ill, homosexuals, feminists, Gypsies and "illegal immigrant Poles", and so on. Meanwhile, in schools, children's morning routines became obligatory salutations of the flag and National Socialist celebrations of Hitler in place of religious assembly. Across the Atlantic also, one heard perhaps fainter echoes in, e.g., Charles Lindbergh's infamous antiwar speech to the isolationist "America First Committee"[4] and the "America first, last, and always" of the then rising Ku Klux Klan.[5] The point here, before we turn to the political-economic underpinnings of the present anti-globalization, anti-elite, anti-government, anti-establishment populism, is to recognize that the outward, organizing expression that mobilizes all this economic angst into a mass political force has historically taken the form of a stridently ethno-religiously xenophobic, law-and-order nationalism.[6]

We have been here before, and, *inter alia*, this fact implies that an understanding of how we got here again would gain added credibility if it served to explain also the patterns seen in the last great globalization's collapse into extreme nationalistic, ethnoreligiously xenophobic, anti-elite populism.

Part II: The Current Great Globalization, Stolper-Samuelson, & the Rise of Anti-Elite Populism

To understand the political-economic underpinnings of the anti-globalization populism sweeping the Western world today, as it did almost exactly a century ago, one can get rather far considering some fundamental theories—among the most strongly empirically substantiated theories—of international economics related to comparative advantage.

To begin, consider (see Figure 8) a simple graphical HORSS (Heckscher-Ohlin Rybczynski Stolper-Samuelson) model of the international economy to illustrate these crucial processes.[7,8] In this

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[4] Speaking of "the Jewish race," Lindbergh told the large Des Moines audience on 11 September 1941: "Their greatest danger to this country lies in their large ownership and influence in our motion pictures, our press, our radio, and our government."

[5] Columnist Dorothy Thompson writing in 1936 of the then-rising Klan as America's nascient Fascists: "Whom do they hate? Life, which has treated them badly. Who is to blame? Some scapegoat is to blame. The Negroes working in the fields that should be theirs? Or the Jews? Do they not keep the prosperous shops? Or the Communists…or the trade unionists… Or the Catholics who have a Pope in Rome? Or the foreigners who take the jobs? These are to blame. Therefore exterminate them. We are poor and dispossessed. But we are white, Anglo-Saxon, Protestant. Our fathers founded this country. It belongs to us." (as quoted in Churchwell 2018).

[6] Hitler's Nazi Germany was, in addition to a murderous war-mongering dictatorship, an enormous kleptocracy, with the party elites and rulers, and ultimately the state treasury as well, amassing the tainted fruit of Jewish and other persecuted groups' forceful dispossessions and with corporate and military complicity quasi-literally and literally bought in government protection and procurement. Indeed, ethno-religious bigotry and persecution seems often to have some nefarious material motivations running sympathetically underneath their racial or religious overtones. See, e.g., Smith (2015) on Mormon and Jehovah's Witness persecution in the 19th Century United States; and W.E.B. Du Bois' (Du Bois 2014) explanation that, underlying white workers' animus against African Americans was that "white laborers were convinced that the degradation of Negro labor was more fundamental than the uplift of white labor… [they remained poor, & not because of the Negro laborer, but they were] compensated in part by a sort of public and psychological wage [of racial superiority]."

[7] The discussion here follows that of Franzese & Mosher (2002)'s parallel explanation of why, according to international trade theory, globalization should induce institutional and regulatory divergence, not convergence.

[8] Recent developments in international-economic theory, *New* and *New-New Trade Theory*, have introduced various complications into the base-line classical HORSS model: heterogeneous firms within sectors, for example (Bernard et al. 2007). Some of these

model, suppose there are two factors of production (inputs): "capital", understood for these purposes to include physical, financial, and human capital (i.e., highly educated and/or skilled labor), and "labor", here meant to encompass unskilled through moderately skilled (but not human-capital) labor. These two inputs are used to produce two types of goods: one labeled "Textiles" is meant to subsume simple through to moderately advanced manufacturing, and the other labeled "Tech" is understood to include very high-end and specialized manufacturing, soft technology, and financial and other high-end services. "Textiles" production requires relatively more "labor" relative to "capital" inputs to produce, whereas "Tech" requires the opposite relative mix of inputs, i.e., a relatively higher "capital" to "labor" ratio, to produce. In this case, "Textiles" is said to be the labor-intensive good in production, and "Tech" is the capital-intensive good. Finally, let there be two countries, call them the "U.S." and "China", with the U.S. having a (fixed) endowment of inputs that is relatively rich in "capital" compared to China's relatively rich (fixed) endowment of "labor".[9] That is, the U.S. has a higher "capital" to "labor" ratio, and so is said to be the "capital-rich" country; China has a higher "labor" to "capital" ratio, and is labeled the "labor-rich" country. We start with the two countries not trading at all, a situation called "autarky". The countries use their endowments to produce the output they will consume, according to the "production-possibility frontier (PPF)" that depicts the combinations of "textiles" and "tech" that can be produced using all their endowments. Under autarky, the countries can only consume (exactly) what they produce; with trade, they will be able to swap some of their production for the other country's production to consume a different combination than they produce. Let's assume for illustrative purposes that one of the countries, say the U.S. is wealthier or more developed, it has more of both inputs and/or an institutional and regulatory system that is superior for production and being more developed, by definition, it has relatively more human and physical capital. These last suppositions imply that the U.S.'s PPF lies entirely above China's PPF; the U.S. being richer and more developed (and perhaps having superior institutional and regulatory infrastructure) means it can produce and consume more of everything. Finally, the countries purchase and consume the goods to maximize their utility; i.e., they choose to consume the amounts and combination of the two goods that yields the maximum possible satisfaction given the yield of their production. We depict this maximization by drawing a set of "indifference curves (IC)" for each country. All points along each individual IC give a consumption combination of the two goods that make the country equally content. ICs further out from the origin represent more of the goods, which is assumed to correspond to higher utility. So, countries maximize their utility by getting to the IC the furthest possible from the origin given the yield of their production. The ICs curve the way they do because it takes relatively more of one good to compensate for the other as less of that second good is consumed. The PPFs show what happens as inputs are shifted from the production of one good to the other. Using China's PPF, starting from putting all inputs into "textile" (on the y-axis), as inputs are shifted to "tech" production, the inputs best-suited to tech and worst-suited to textiles are shifted first, so relatively large gains in tech output cost relatively small losses of textiles output. Toward the x-axis, those last few inputs shifting into tech and out of textiles are those least and most productive, respectively, in producing that good, so the PPF is nearly vertical. The U.S. PPF curves the same way, but is further out because the U.S. is richer and slopes more steeply toward the textiles (labor-intensive) axis and less steeply toward the tech axis, because the U.S. is developed, i.e., human and physical capital-rich. The relative slopes of the two PPFs derive from the relative capital-to-labor, K/L, endowments of the two countries: the U.S. has higher K/L than does China, so its PPF is relatively less-sloped at the Tech axis, the capital-intensive good, and so the U.S. has

advances would highlight conflicts of interest between more-competitive and less-competitive firms, and their employees, along with comparative advantaged or disadvantaged industries, but most of the political-economy implications discussed here would be substantially unchanged if one instead applied those more-complicated models to derive them.

[9] This simple model is static, i.e., there is just the one time-period in the analysis, so endowments can only be fixed. The fundamental intuitions we need for our analysis can be seen even in this extremely simple static model, and, for most purposes in most regards, a move to dynamic considerations would only amplify the magnitude of all these effects as industries and economies grow.

comparative advantage in Tech production. China necessarily has comparative advantage in the labor-intensive good, Textiles.

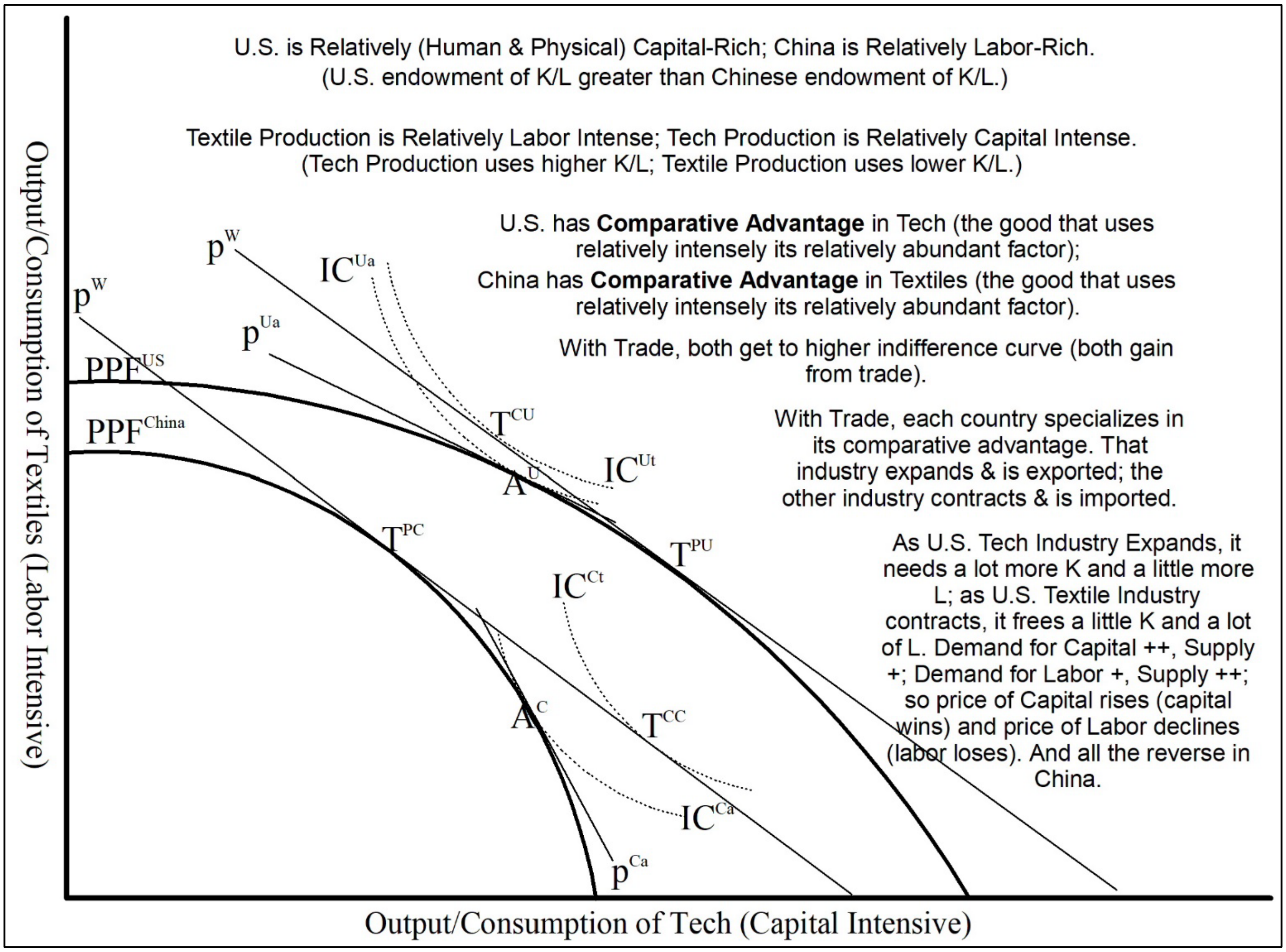

Figure 8: *A Simple Two-Factor HORSS Model of Trade, the Gains from Trade, and the Distribution of the Gains from Trade* (Source: author.)

We can now illustrate the fundamental insights of basic international trade theory, and relate those insights to globalizations and their collapse. Start with the situation of autarky. Both the U.S. and China must consume the same amounts and combination of the goods that they produce; for instance, they could produce and consume at the PPF-IC tangencies labeled A^U and A^C, respectively. The relative price of the two goods that induces firms to produce and individuals to consume these amounts and combinations are p^{Ua} and p^{Ca}, respectively; the lines through and with the slopes of the tangencies. With a shift to open trade, which serves in the model to reflect *globalization*, the countries no longer need to produce and consume the same bundles; they can sell their production and purchase from global production to consume a different bundle at the global relative-price. That world relative-price, p^W, will obviously slope between the Chinese and the U.S. autarkic relative-prices. As seen in the figure, under trade, at the world price, i.e. with *globalization*, China would maximize national income producing at the new tangency to its PPF, T^{PC}, and consume at the world-price tangency to the <u>higher</u> indifference curve, IC^{Ct}, at the point T^{CC}. The U.S. responds to this same world relative-price under globalization by producing at its new PPF tangency, T^{PU}, and consuming at its new indifference-curve tangent, also <u>higher</u> at IC^{Ut}, at the point T^{CU}.

So here we see the first of those core, enormously profound insights: all standard trade theory indicates, and virtually all empirical estimations substantiate, that more-open trade, i.e. globalization, benefits all economies, developed and underdeveloped, regardless of their comparative advantages. *In the aggregate*, *on net*, and *on average*, every country gains from international economic integration. China gets to

IC^{Ct} from the lower IC^{Ca}; the U.S. gets to the higher IC^{Ut} from IC^{Ua}. That raises a puzzle also though: why is there so much resistance to free trade, and why does an anti-globalization backlash arise, even though every country benefits? The first hints to the answer are above: *in aggregate*, *on net*, and *on average* are italicized to foreshadow that not everyone gains. Notice, too, how these aggregate 'gains from trade' are generated: China's production moves from A^C to T^{PC}, i.e. shifts from tech to textiles; U.S. production shifts from A^U to T^{PU}, i.e. from textiles to tech. Thus, production in each country shifts from the good in which that country is comparatively disadvantaged, i.e., which it is relatively less good at producing, into the good in which it has comparative advantage, i.e., which it is relatively good at producing.[10] That hints further at who wins and who loses.

This also gives the second critical insight, again from all standard international economics theory, and very well supported in empirical analyses thereof: as trade becomes freer, i.e., as globalization advances, a nation's comparatively advantaged industries expand and their comparatively disadvantaged industries contract. Indeed, and this is also critically important, the gains from trade cannot fully materialize unless the comparatively disadvantaged industries contract because, unless the disadvantaged industries shrink, the capital and labor used in them cannot relocate[11] to comparatively advantaged industries, and so the advantaged industries will be hampered from what would be their greater-valued expansion. Global economic integration enhances global economic efficiency from which enhancements all economies across the globe gain, on net, on average, and in aggregate, but in each country the comparatively advantaged industries gain and grow and the comparatively disadvantaged lose and shrink. And if the losers are shielded from shrinking—perhaps because some political entrepreneur capitalizes on the anti-globalization angst of workers in contracting industries to offer tariff protection— the necessarily larger aggregate gains of the winners are prevented also. This gives another couple of important points: protection of losers from globalization is possible, "jobs can be saved", but keeping those jobs in the "trade-ravaged" industries necessarily dampens the aggregate gains for the country. That is, the notion that policies like subsidies and tariffs cannot reverse losses in declining industries has no theoretical basis; it's simply that such support and protection cause greater losses across the rest of the economy. And notice, also, that these aggregate gains and losses may be marginal and are likely very hard for individuals to observe, whereas the expansion and contraction of particular industries will be more pronounced and much more easily seen, indeed: *felt*, especially by those workers in those industries (Franzese & Mosher 2002). Furthermore, protecting the trade-threatened industry from contracting will not only keep it in place (inefficiently) but will also keep in place the political influence of its firms and workers to sustain that inefficient, aggregate growth- and wealth-sapping, protection (Davis 2018). The second critical insight, to repeat in summary, is that globalization induces the expansion of industries of each country's comparative advantage and the contraction of its industries of comparative disadvantage, and that the aggregate, on-net, on-average gains from globalization come through, indeed come *from*, this expansion *and* contraction.

The third fundamental insight of all standard trade theory, once again a crucial theoretical insight with great empirical support, relates to who wins and who loses in these globalization-induced expansions and contractions. Economic integration induces countries to expand production of those outputs in which they have comparative advantage, one key source of which comparative advantage that the HORSS analysis of Figure 8 highlights is relative production-factor (here: capital or labor) richness.[12] The U.S.

[10] The graphical presentation here focuses on trade, but the other two parts of economic globalization, financial globalization (capital-market integration) and migration (labor-market integration), have for the most-part similar implications. With globalization, capital (investments) and labor (people) tend to move from where they are relatively plentiful and so relatively cheap to where they are relatively scarce and so relatively expensive. These movements, too, generally tend to increase the total (*aggregate, on net, on average*) value of output in both sending and receiving countries, to the relative benefit of the locally relatively plentiful asset and relative detriment of the locally relatively scarce asset.

[11] Of course, in actual practice, this "relocation" is extremely unlikely to be costless, quite the contrary for those "relocated".

[12] A three-factor model would add land/natural resources. Roughly and generally speaking, the intuitions from the two-factor model apply in the three-factor model more-or-less unchanged for the relatively most-abundant and relatively least-abundant factor, with the implications for the intermediately abundant factor lying intuitively in-between.

(standing in for the developed Western world) is relatively abundant in human/physical/ financial capital compared to un- and semi-skilled labor, and so has comparative advantage in capital and human-capital intensive industries, such as, perhaps, creative and soft technologies and academics and other high-end services. Conversely, developing-world economies like China are endowed relatively abundantly with un- and semi-skilled labor relative to capital, and so have a comparative advantage in industries that use such labor intensively, i.e. in high ratio to inputs of human/physical/financial capital compared to other industries; these industries are labeled “textiles” here, which would perhaps include many kinds of manufacturing excepting the most-“capital”-intensive. Thus, as global economic integration advances, the industries in the developed world that employ capital relatively intensively (i.e., in higher ratio of capital to labor inputs than in other industries) expand; and, as these capital-intense industries expand, demand for capital increases a lot whereas demand for labor increases only little. Meanwhile, the labor-intensive industries are contracting, releasing a lot of labor but little capital into the supply. As with anything else, when capital (labor) demand rises a lot (little) but supply rises a little (a lot), the price of capital (labor) rises (falls) greatly. Thus, the factors employed intensely in expanding industries, human/physical/financial capital in the developed world, gain in real economic terms (jobs and income) from globalization; whereas the factors used intensely in the contracting industries, un- and semi-skilled workers in the developed world, lose in real economic terms (jobs and income) from globalization. That these globalization-induced losses to developed-world workers arise from contraction of industries which must occur in order for the comparatively advantaged industries to expand fully and produce the, necessarily larger, globalization-induced gains to physical capital (industrialists and entrepreneurs), human capital (the highly skilled and educated), and financial capital (financiers)…well, that is probably not even noticed, never mind consoling, to those un- and semi-skilled workers losing wages and jobs[13] (unless these losers from trade could be compensated or, better yet, retrained and redirected smoothly into the expanding industries: more on that later). So the nation gains as a whole from globalization, but (and *because*) some sectors lose and shrink while other sectors gain and grow.

The converse holds for the developing world: overall, developing economies also gain; and this happens because the locally relatively scarce resource, which is human/physical/financial capital in the developing-world case, loses, and the abundant resource, which is labor, wins.[14] Interestingly, then, globalization is a democratizing force in the developing world in that it enriches and presumably therefore empowers the “common peasant” worker, whereas globalization enriches, and so presumably empowers, “elites” in the developed world and so may not be.[15]

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[13] In land & resource rich/poor developed nations, those interests too will be among the winners/losers.

[14] Again, those deriving their incomes from land and natural resources are with the winners if locally relatively abundant and with the losers if locally relatively scarce.

[15] The famous elephant chart of Lakner & Milanovic (2016) illustrates empirically these global distributional developments associated with gobalization’s ever-greater international economic integration. The elephant’s head at the top is produced by the great growth in middle-income countries, particularly the especially labor-rich China and India. The developed-world’s middle class, i.e. the Western democracies’ workers, are near the trough of the trunk, around the global 90th percentile.

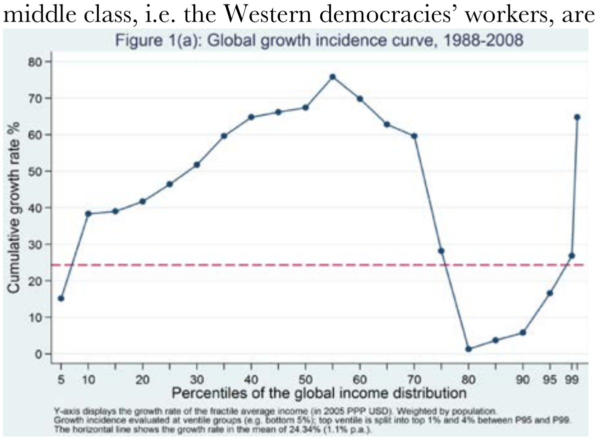

Figure 9: *The Elephant Chart of Income Growth by Global Income Distribution Ventile* (Source: Lakner & Milanovic 2016)

To summarize bluntly: in the developed world, un- and semi-skilled workers lose from global economic integration and human, financial, and physical capitalists win (although the latter gains are necessarily larger in aggregate than the sum of the former losses); that's not some radical misinformation, nor are workers in and communities with shrinking industries mistaken in their complaints;[16] it's just international economics 101. Furthermore, for those in the developed world who value both democracy and the global prosperity and peace brought by the postwar 20th- into 21st-century internationalization, there is a challenge inherent in these truths. Namely: notwithstanding either the overall gains to every country as a whole or the local *relative* scarcity of un- and semi-skilled labor, i.e. of "workers", and in some places land and resources (e.g., rural, agricultural, and mining interests), people deriving their livelihoods from those factors, from wage labor and in some places land/resources, and so who would lose economically from globalization: those losers numerically exceed those primarily owning capital factors who gain. That is, even though they are locally the relatively scarce factors, workers (and farming and mining interests) are a majority of the population, always and everywhere, even in the most capital-rich of the developed economies. More succinctly: losers from globalization *outnumber* winners, i.e. globalization's losers are a majority, even though the gains exceed the losses. Therefore, as the American and Allied elites who constructed the international and domestic institutions and policies of the postwar global political-economy realized, for the grand postwar project of global peace and prosperity through international economic integration to succeed *consistently with Western democracy*, the losers from globalization would need assurances—generous social-safety nets and Keynesian macroeconomic management (and, later, more-efficient economically, relocation and retraining assistance)—and/or to be converted into winners—by enhancing capital investments in them, meaning: converting un- and semi-skilled labor into highly skilled human capitalists and/or increasing the physical-capital content of their work processes (more machines & robots tended by fewer workers,[17] implying higher productivity and wages). This is Ruggie's (1982) now-famous "embedded liberalism"; in essence, globalization's peace and prosperity requires side-payments to its losers for developed democracies to advance and sustain it.[18]

The current (early-21st-century) backlash of anti-globalization populism in the western world—and, indeed, why it is linked to a broader anti-elite uprising of laborers and rural interests against urban financial and educated interests—can, to this extent, be linked to the political-economic failure of accompanying "adjustment assistance" policies to materialize adequately and/or prove effective enough to support the overall peace and prosperity brought by international economic integration. This may help explain, too, why the backlash breaks through first in the Anglo-American former leaders of that enormously successful internationalism, having been the least effective providers of the kinds of assistance which could assuage majority concerns adequately to render their noble globalization project

[16] See Kramer (2016) for a wonderfully rich and in-depth exploration of the sentiments and politics of these areas and people "left behind" by globalization; in the present context, notice especially the omnipresent undercurrent of economic decline.

[17] Among the implications of Walras' Law is that aggregate demand would tend to expand adequately by these productivity gains to accommodate these wage gains without costing jobs.

[18] A similar story can be told from the capital-market integration side, perhaps in three figures:

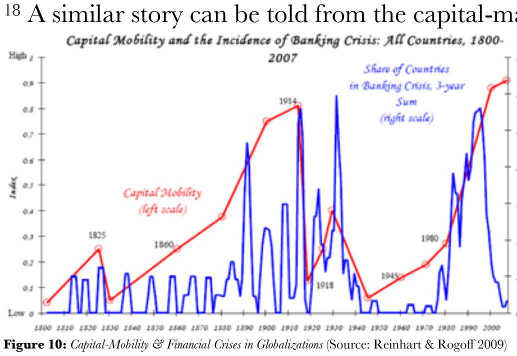

Figure 10: *Capital-Mobility & Financial Crises in Globalizations* (Source: Reinhart & Rogoff 2009)

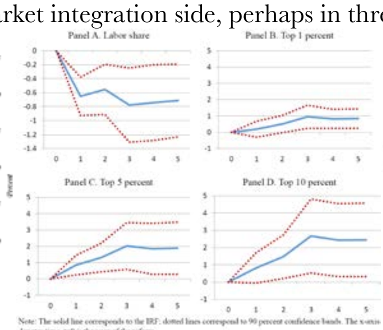

Figure 11: *Estimated Income-Share Responses (IRFs) to Capital-Market Liberalizations* (Source: Furceri et al. 2017)

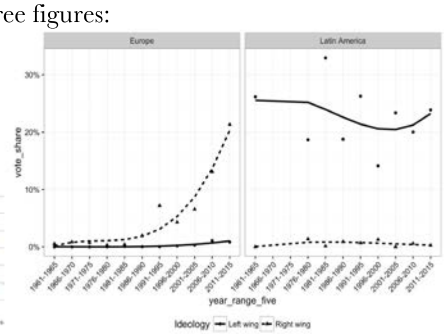

Figure 12: *Extremist Vote-Shares in Europe & Latin America* (Source: Rodrik 2017)

democratically sustainable.[19]

Retold from the perspective of international political economy, one could recount the history (to a certain extent, both histories) of the Great Globalization(s) as follows. The internationalization agenda of the postwar rebuilding of economic integration was supported, much better in some places than in others, by a domestic political economy of macro- and micro-economic stabilization: social insurance, macro-economic management, and relocation and retraining assistance (Ruggie's 1982 "embedded liberalism"). Global economic integration, however, heightens workers' economic anxieties—recall: volatility rises and workers in the developed world are harmed—and so increases popular demand for their governments to advance and strengthen the aforementioned labor-market assistance, macro-management, and social insurance—in short: to *do something* about the global economic vicissitudes to which voters increasingly exposed—but, at the same time, that very same global economic integration (especially international capital-mobility) makes government funding of any such *somethings* more difficult due to ever-tightening global tax-competition (especially capital taxation bears this downward competitive pressure from international competition for increasingly mobile investment capital). This is Rodrik's (1998) "globalization dilemma".[20] Hays (2009), finally, wraps it together and explains why both sides of the globalization dilemma are felt most strongly in, ironically, the initial champions of that global embedded liberalism, i.e. in the Anglo-American liberal-market economies, predicting any backlash that may come would begin in political economies like the U.S. and U.K. From this perspective, he first gives evidence from the 1995 and 2003 *General Social Surveys* that, in fact, majorities of the populations in all the surveyed Western developed democracies expressed weakly-to-strongly supportive preferences for trade protection (Table 2.1 in Hays 2009). Then, regression analyses of these public-opinion survey-data show that Ruggiean policies like active labor-market spending (search and retraining assistance), social-insurance generosity, employment subsidies, and job-protection legislation all did indeed tend to lessen the anti-trade preferences of their survey-respondent beneficiaries (Hays 2009, Tables 2.3 and 2.4). Further data analysis confirmed that employment and real-wage volatility increased with exposure to international trade and capital-mobility and that this was especially so in the less-regulated labor markets of the more-liberal economies of Anglo-America (Hays 2009, Tables 3.1-3.4). And finally, these same liberal-market economies were also majoritarian democracies that relied more-heavily upon capital taxation for public revenues (Hays 2009, Table 4.2),[21] and so these political economies feel the bite of both sides of Rodrik's globalization dilemma most sharply.[22]

[19] Perhaps, too, the flip side of all this explains the readiness of extremely labor-rich east and south Asian political economies to rise to replace whatever global spaces the West vacates, as well as the rise (again) of left-wing populism in Latin America (see note 18).

[20] The central role within this globalization dilemma of rapidly and greatly increasing capital-market integration, especially financial-capital mobility and the consequent extreme intensifying of inter-governmental tax and regulatory competition merits further discussion. The enhanced tax and regulatory competition specifically, and the growing political influence of (especially financial) capital more generally effectively hamstrings compensatory or adjustment policies that may have eased the developed democracies' political-economic adjustments to globalization. These forces also, notably, would even more certainly and completely forestall development of any globalization-adjustment strategy that involved capital restraints or regulation.

[21] That Europe is generally more social-democratic and left-leaning in its economic policies and Anglo-America more conservative and right-leaning is an (empirically factual) truism, but also masks one of the great puzzles of comparative & international political economy, which is why this truism is broken in this one policy area, capital taxation, where Anglo-America taxes more and Europe less. Hays' (2009) explanation is that Anglo-America being majoritarian democracies, the majority, labor, does not have to compromise with the minority, capital, and so sets revenue-maximizing capital-tax rates, whereas, in European proportional democracies, the majority labor does have to compromise with minority capital and so sets lower rates. (This explanation would seem "too strong", however, in that it would predict this orientation in all policies.)

[22] Relating back historically, the worst fears of economic historians in all this would be of lessons forgotten from the last great globalization and the horrific consequences of its backlash and collapse. Before World War II, the economic-consensus appropriate response to the then-frequent and often-severe recessions and depressions was to redouble fiscal and monetary "prudence": to preserve the value of the currency against inflation by tight money and fixed exchange-rates, up to and including that era's hard Gold Standard, and balanced-to-surplus budgeting and retiring debt: "putting one's monetary and fiscal houses in order." Yet, we now know, all these policy reactions were great contributors to those previous centuries' economic disasters.

In summary, in light of all fundamental and empirically strongly substantiated international economics theory (namely, basic Ricardian, Hecksher-Ohlin, and Stolper-Samuelson trade theory), we can understand: (a) the political-economic underpinnings of the anti-globalization backlash; and (b) why that backlash breaks through first, ironically, in globalization's Anglo-American former leaders. We must also understand, however, that, (c) insofar as anti-globalization forces capture government in powerful countries and begin implementing anti-immigrant, anti-trade, isolationist reversals of international economic integration, their comparatively disadvantaged industries and factors will indeed experience some relative gains (perhaps meaning only smaller losses and slower shrinking) even while their overall economies lose more in aggregate and their comparatively advantaged sectors and factors lose especially sharply. That is, the overall losses to the economy as a whole from globalization backsliding will be, as the aggregate gains from globalization's advance were, marginal and slow to accumulate, and so it will be very difficult for individuals living in the time to perceive those on-average losses, mostly in the future, against the less-marginal and immediate improvements for the retrograde industries and setbacks to the advancing ones. This means that the political battles over globalization will be primarily perceived as distributional and fought as sectional, advancing versus declining industries and their inputs, battles between those elites well-situated to compete and thrive in the global economy versus those "common folk" losing ground and left behind.[23] Another important insight from this last point: since the aggregate losses will tend to be modest, especially in the immediate and short term, and since any protectionist-nationalist success in slowing or reversing globalization will indeed lessen the costs borne by, or perhaps even bring modest gains to, the anti-globalists' support-bases, it follows that any notions that the economic costs of anti-globalization policies will suffice *political*-economically to bring their self-correction are ill-founded. An anti-globalization backlash will not die of its own economic inefficiency and costs;[24] that's what those who argued of the last globalization that its gains were too great, that global integration was too far advanced, that the costs of globalization's reversal too large for it to fail, wrongly believed as well. Instead, those who would desire to reinvigorate in the West the economic, democratic, and pacific gains from globalization,

Those were all moves in exactly the wrong direction, and we're to have learned not to do that again. Likewise restricting immigration and trade: those were the first and last strikes of the previous anti-globalization backlash, and we now know trade wars made things worse, and immigration restriction not only exacerbated economic problems but also spread the proverbial flammable liquid upon the burning populist anger and culminated worst of all. As for those soft, traitorous, corrupt sell-out politicians in Weimar-Westminster-Washington, as for kicking them all out because we need someone from outside the political class, who can understand and channel the righteous anger of the real German-Brit-American onto Westminster-D.C.-Munich and Wall Street-London-Berlin: that didn't work out so well last time either.

[23] Two further considerations pointing in this direction: (a) Rodrik (2017) estimates that, due to decreasing marginal returns, the gains from global economic liberalization in the present times have diminished greatly, having largely been realized already. So, although the costs to comparatively disadvantaged industries and inputs have also diminished, the ratio of these declining-sector proportionate costs to the total economy proportionate gains have increased tremendously. (b) The benefits from cooperative international political-economic arrangements accrue over time through the fruits of continued cooperation. These benefits are bought, so to speak, by countries refraining from taking now the maximal current payoffs they could get from uncooperative behavior, i.e. refraining from taking the most they could get from their bargaining strength at the moment in the current interaction. This is one crucial lesson from repeated-games theory (Axelrod 1984). Here, it implies that, as anti-globalists achieve "successes" in breaking currently cooperative arrangements and abandoning the *liberal world order*, they can point to the immediate returns of their "tough bargaining" whereas globalists can only try to explain how these immediate returns are building a, possibly enormous, karmic debt that will sooner or later come disastrously due (last time, for example, the world eventually paid with two Great Wars and a Great Depression).

[24] Some suggest that other countries' policy reactions to the globalization backsliders' damaging victories might be sufficiently painful to deter or reverse anti-globalization populist advances. Those countries gaining most from global integration might target their international-economic or other foreign policies toward sanctioning the anti-globalization populists into retreat. With the last great globalization collapse, adequate such reactions did not emerge until in the form of World War II. The 21st-century anti-globalization backlash has seen some noticeable reactions aimed in this direction—Chinese targeting of soya farmers in the U.S. Midwest and Plains, bi- and multi-lateral trade and other international economic agreements being renegotiated around and in the absence of the U.S., for example—but certainly these have not seemed adequate to deter or detour the anti-globalization populists either.

from the international liberal world order, would do better to refocus on adjustment assistance for and reinvestment in globalization's losers, who outnumber, but perhaps could come by such strategies and policies to join, its winners.[25]

Part III: Epilogue – Addressing Some Questions and Counters

We turn now to address some questions and counterarguments to this proposition that one can find the political-economic underpinnings of the anti-globalization, anti-elite, anti-establishment, anti-immigrant, ethno-religiously xenophobic populism in the Stolper-Samuelson theorem.

One very fundamental challenge that may be raised points to estimates that the stagnant real-wages of the developed-world's workers owes more to automation and technology than to trade. The responses to this concern are manifold: firstly, there can of course be more than one source of wage stagnation, and ultimately, political-economically, perception is what matters (although perception too far divorced from reality usually does not prove sustainable). Furthermore, the correct attribution of un- and semi-skilled workers' real-wage stagnation is thoroughly contested in empirical economics.[26] Secondly, economic dislocation from technological advance and automation manifests political-economically similarly in many regards to dislocation from global economic integration; namely, human, physical, and financial capitalists gain while un- and semi-skilled workers who do not manage, or aren't lucky enough, to profit from technology-based productivity-gains lose. Thirdly, the effects of trade and of technology are not entirely separable: developed-world producers in comparatively disadvantaged industries facing greater competition from labor-rich countries are pushed that much more strongly to automate, to increase their capital-labor input-ratio, to regain comparative advantage. To these extents, the question isn't "globalization *or* technology" because it is "globalization *and* technology".

Somewhat relatedly, the counter-contention is often made that immigration, the labor-market integration component of globalization from a political-economy perspective, poses little or no economic threat to native workers in actuality because immigrants "take jobs that native workers won't do." A review of the voluminous empirical literature on this question (Okkerse 2008, e.g.) reveals that, in fact, immigration does negatively affect wages of native and earlier-immigrant less-skilled workers, although estimates of the size of this adverse real-wage effect vary. Unemployment, on the other hand, does seem to be negligibly if at all affected by immigration. This, too, is as basic economic theory would insist: even if there is in the main no direct competition for specific jobs, increased labor supply of a particular type will put downward pressure on the nearest labor-types' wages due to input-substitution effects through employers' input-demand. Furthermore, again, what matters political-economically is perception, and the coincidence of native workers' real-wage stagnation with conspicuous mass immigration would suffice to induce considerable threat perception even if the economic effects were smaller.

Other criticisms of the view presented here focus on patterns of electoral support among voters for populist candidates and positions. Carnes and Lupu (2017), for example, point out from their analysis of the 2016 American National Election Survey that most Trump voters were not middle class, but in fact relatively well-off or even affluent (and white, and religious). Nor were most Trump voters less educated than Republicans on average. These contentions underscore that voting remains primarily a partisan act: that is, most voters, i.e. most citizens who turn out to vote, identify or at least lean toward a particular political party, and almost all of those voters vote for their party's candidates. Republicans are relatively well-off or affluent (and white and religious), and they comprise by far the largest part of Republican candidate's votes. What's critical here is whether and how far, against that relative constant of partisan affinity or leaning, Stolper-Samuelson distributed economic hardship shifted how many voters toward

[25] Most economic studies of such adjustment policies conclude that active labor-market policies like retraining and job-search assistance and the like, policies that work to enhance labor-market efficiency, that work with rather than against markets, are the Pareto optimal forms for such adjustment assistance to take.

[26] See, e.g., Wood (1995) for a review that presents both sides (albeit, non-neutrally).

anti-globalization populism. The contention of the present article is: "appreciably" to "considerably".

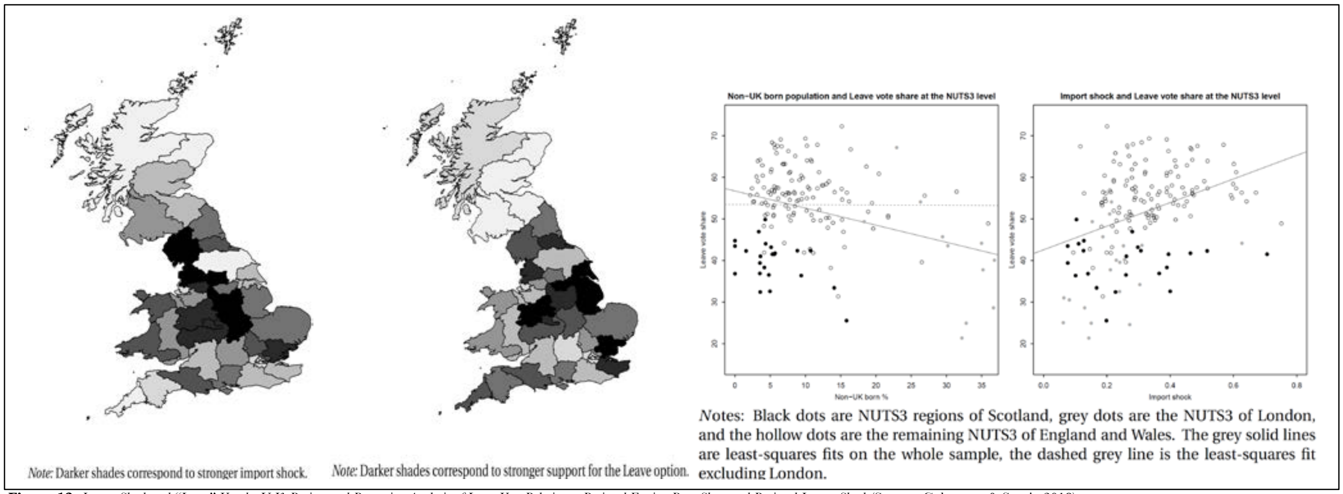

Figure 13: *Import Shock and "Leave" Vote by U.K. Region, and Regression Analysis of Leave Vote Relation to Regional Foreign-Born Share and Regional Import-Shock* (Source: Colantone & Stanig 2018)

Furthermore, studies are beginning to emerge that show a very strong regionalism to the support for populist candidates and positions. Colantone and Stanig (2018), e.g., show that there is a very strong relationship between a U.K. region's Brexit referendum Leave vote-share and that region's "import shock," a measure of Chinese-import competition of the region's output. Conversely, there is no relation or a negative relation between a region's foreign-born share of population and its Leave vote share. As a matter of fact, regional clustering of electoral support for particular parties or positions is ubiquitous in democratic politics. For examples, consider the French presidential and German parliamentary elections of 2017 and the Spanish and Italian votes in the 2014 European Parliament elections (Figure 14). Notice that the same patterns unfold of correlations of regional support for populist parties with regional economic hardship (unemployment), and *not* with regional immigration or foreign-born shares of the population.[27] The strong impact of regional economic conditions is not surprising, considering that housing values and costs are very strongly determinant of most people's economic well-being, so most people's *wealth* is heavily dependent on their region's economic health (see Scheve & Slaughter 2001, e.g.). One's emotional state and well-being are also linked to his/her community's socioeconomic health.

Combining these two patterns of strong correlation of regional economic hardship and regional support for anti-system populism[28] and the previously noted correlation at the individual level of at least some right-wing populism with being economically well-off or affluent suggests that *regions* depressed by globalization's Stolper-Samuelson effects create fertile ground for anti-establishment populism, but that different individuals are susceptible to differently ideologically tinged varieties of populist anti-globalization mobilization. Indeed, one recent study (Rooduijn & Burgoon 2017) suggests something along these lines, finding (a) that voters are more likely to support radical right or radical left parties when under economic duress themselves[29] but while the country as a whole is doing well; and (b) that radical left (right) support emerges when/where/among individuals whose perceived immigration threat is low (high). The first of these findings may stem from perceptions of "relative deprivation," roughly of feeling "left behind," or from low risk-aversion or risk-seeking preferences—since voting for radical parties is a risky proposition

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[27] In fact, the at least modestly strongly negative correlation between regional percent foreign-born or immigrant and anti-immigrant regional vote-share seems rather general. This may have to do with the endogeneity of immigrant/foreign-born settlement and residence: migrants would presumably tend more to concentrate in communities that are not hostile or welcoming and labor demand is great and growing, which in the developed world under advanced globalization will be the cities of human, financial, and physical capital-intense industries. Thus, immigrant/foreign-born share of the population will tend to be higher in the more cosmopolitan, educated, advanced-tech etc. centers which strongly oppose such populism.

[28] Germany's *AfD* being somewhat exceptional here in that, although its regional support seems even more strongly negatively associated with regional foreign-born shares than that of other populist anti-establishment parties, it does not seem particularly correlated with local regional economic hardship (although its geographic stronghold does lie in the poorer East).

[29] The analyses reviewed previously suggest this may be more "when their region is experiencing economic duress".

for national performance, this risk is greater when things are going well for the country. Rooduijn & Burgoon (2017) find evidence for the risk-seeking preferences proposition among both right- and left-radical supporters, but evidence for the left-behind resentment of the "relative deprivation" proposition only among right-radical supporters.

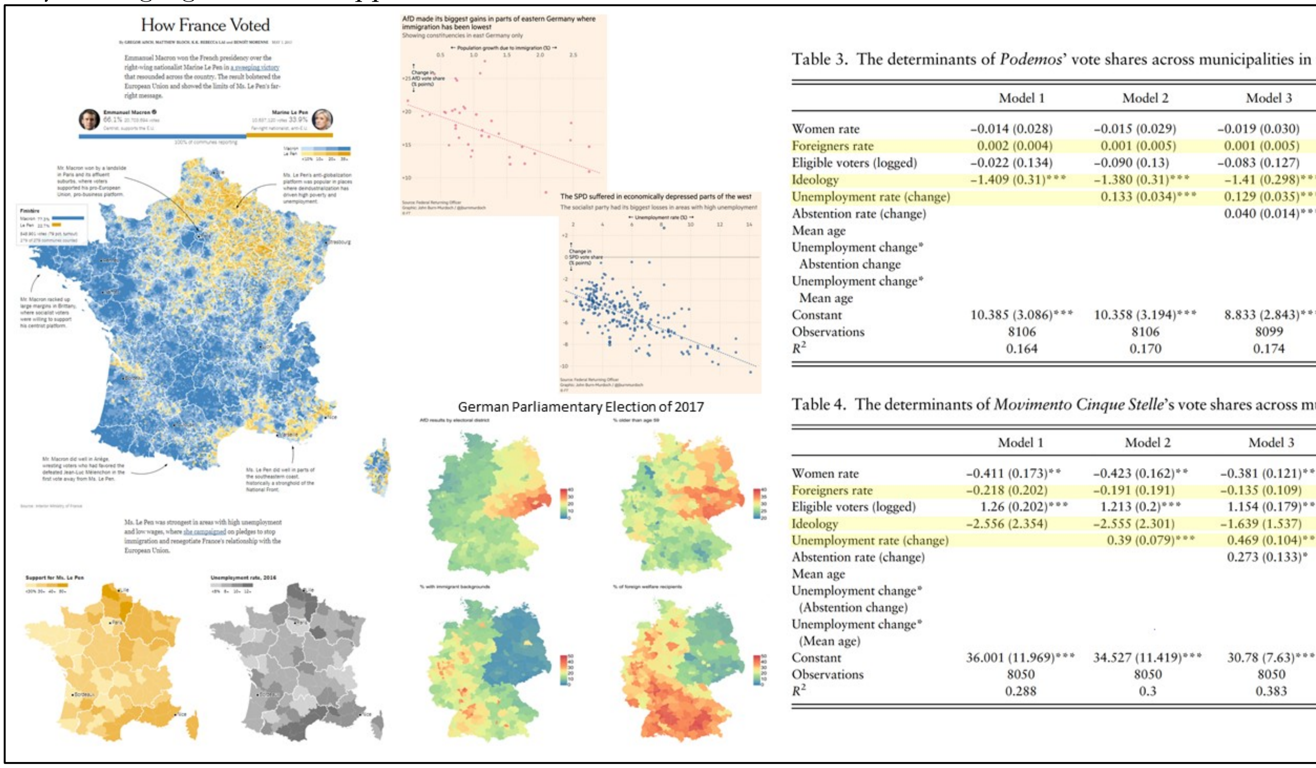

Figure 14: *Recent French Presidential, German Parliamentary, and Spanish & Italian European Parliament Elections Results and Analysis by Region* (Sources: *The New York Times*, *The Financial Times*, *The Guardian*, and Riera & Russa 2016)

The final counter-argument to the comparative and international political economy of Stolper-Samuelson effects-driven anti-globalization backlash offered here are the many studies, particularly of the 2016 U.S. presidential elections and U.K. Brexit referendum, concluding that voters' support for the anti-globalization option was not based in economic hardship at all, but rather in racial or ethnoreligious anti-immigrant animus (e.g., Collingwood et al. 2017), or nationalist and anti-elite sentiment (Iakhnis et al. 2018), or perceptions of socioeconomic "status threat" (Mutz 2018). The quickly amassing empirical literature on this question regarding the rise of anti-elite, anti-establishment populism—"Is it driven by economics or [some form of status threat]?"—by-and-large finds the evidence supports more the latter. The response from the present perspective to such interpretations is, essentially, that the question is ill-formed: it's not status threat *or* economic hardship, it's *and*, or even *because*. In the first place, we do not suppose that anyone's vote choice is driven by any one issue or consideration; one's vote is a multi-factor consideration. Scholars will recall that vote-choice, like any choice that can be distilled to a binary X versus not-X decision, is usually modeled as a sigmoidal (*s*-shaped) function of the net preference for X. A sigmoidal function is chosen because the probability of a choice is bound between 0 (0%) and 1 (100%), being a probability, and because the relationship of the probability to net-preference smoothly approaches, rather than kinking at, 0% and 100% as net-preference decreases or increases. Together, these two logical considerations imply an *s*-shape (Figure 15).

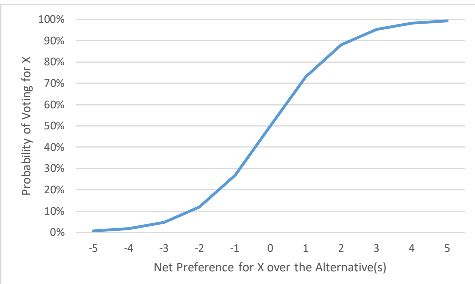

Figure 15: *Relation of X Vote-Choice Probability to Net Preference for X* (Source: Author)

Table 1. Predicting change in presidential support from 2012 to 2016: Fixed effects analysis

	Model 1: Thermometer advantage				Model 2: Vote choice among validated voters			
	Effects of change in predictors on change in Republican thermometer advantage		Effects of change in salience of 2012 predictors on change in Republican thermometer advantage (predictor by wave)		Effects of change in predictors on change in presidential vote choice		Effects of change in salience of 2012 predictors on change in presidential vote choice (predictor by wave)	
Change in predictors	Coefficient	*z* Value	Coefficient	*z* Value	Coefficient	*z* Value	Coefficient	*z* Value
Party identification (Democrat)	−0.686	−2.870**	0.275	1.420	−1.610	−8.121***	−0.551	−1.589
Personal economic hardship								
Household income	−0.004	−0.080	−0.036	−1.070	−0.052	−1.082	−0.029	−0.399
Looking for work	0.006	0.010	0.624	0.760	−0.692	−0.691	−2.162	−1.481
Personal finances (better)	−0.032	−0.190	−0.104	−0.540	−0.025	−0.107	0.228	0.545
Personal effects of trade (better)	−0.303	−1.850	−0.253	−1.270	0.104	0.530	−0.321	−1.205
Own issue opinions								
On trade	−0.037	−0.290	0.042	0.300	−0.029	−0.200	−0.261	−1.098
On immigration	−0.170	−1.490	−0.219	−1.770	0.103	0.768	0.138	0.652
On China	0.190	1.640	0.002	0.020	0.112	0.821	−0.035	−0.154
Perceived distance of Democratic candidate on issues								
On trade	0.120	1.140	−0.108	−0.760	0.530	3.116**	0.166	0.890
On immigration	0.199	2.000*	−0.086	−0.680	0.338	2.425*	0.099	0.422
On China	0.392	3.840***	0.106	0.830	0.370	2.748***	−0.086	−0.315
Perceived distance of Republican candidate on issues								
On trade	−0.213	−2.280*	−0.034	−0.260	−0.484	−2.986**	−0.239	−0.921
On immigration	−0.010	−0.110	0.219	1.930	−0.418	−3.208**	−0.274	−1.059
On China	−0.206	−2.340*	0.072	0.650	−0.357	−2.963***	−0.017	−0.061
SDO	0.184	2.570*	−0.022	−0.280	0.276	2.556*	−0.046	−0.246
National economy	−0.583	−3.730***	0.083	0.440	−0.773	−3.884***	−0.296	−0.722
Economic context†								
Unemployed, %			−0.035	−0.520			−0.077	−0.407
Manufacturing, %			0.018	0.900			−0.072	−1.712
Median income			−0.007	−1.160			−0.011	−0.729
Wave (2012–2016)			0.811	0.620			5.396	2.165*
Constant			12.710	10.590***			3.981	2.663*
R^2/pseudo-R^2			0.65				0.78	
Sample size (*n*)			1,088				793	

Figure 16: *Analysis of Determinants of U.S. Presidential Election Vote-Choice, Change 2012 to 2016* (Source: Mutz 2018)

These logically necessities of a vote choice also imply that the question "status threat *or* economic hardship?" is logically ill-formed. It could be that only one of the two considerations matter to voters, but it could of course instead be that neither or both do. And for voters who care about economics *and* their ethno-religiously xenophobic status-threat perceptions, then both considerations logically necessarily must interact to determine their net preference for vote-choice X. Their feelings of economic duress, for example, could put these voters into a net-preference range where some demagogic appeal by the X campaign to these voters' sense of status threat could make a significant difference in their probability of choosing X, and, *vice versa*, their status-threat perception could put these sorts of voters in a range where they're especially sensitive to their (or their community's) economic distress.[30] In fact, the evidence from one prominent of these studies suggests just this (Figure 16). Mutz (2018) emphasizes that personal material experiences do not seem to influence vote-choice change of parties from the 2012 to 2016 presidential elections (the second through the fifth rows of the table), but that SDO, i.e. changes in "social dominance orientation", a measure of the respondents' perception of threat to the socioeconomic status of their societal group (race, religion, gender), does (near the bottom of the table).[31] However, these same estimation results show that the respondent's perception of their personal distance from the two major

[30] Pause here to consider what light a simple, formal analysis can shed on the accusatory connotation of such conclusions, namely that anti-immigrant populist voters reveal themselves by their vote-choice to be ethnoreligious xenophobes, i.e. bigots. *Revealed preference*, however, proves only this: a voter's choice of X over not-X reveals that they prefer X to not-X, which, assuming they choose their higher-utility option, means U(X)>U(not-X) or, equivalently, U(X)−U(not-X)>0. If we pull from the many considerations about X and not-X the ones having to do with racial animus or bigotry, leaving *x* and not-*x*, and calling the difference between the candidates on this racial-animus/bigotry dimension, *b*, then we learn about someone who votes for X only that, for that voter: U(*b*)>U(not-*x*)−U(*x*). Since such voters very likely considered not-*x* highly inferior to *x* on those other dimensions, we learn only that, among X voters, their perception of the candidates' bigotry-difference was less distasteful than the candidates' differences on other dimensions. (And such voters are likely also not to see the difference in the candidates' bigotry as great to begin.) In other words, we learn that, for X voters, their disutility for not-*x* on other dimensions outweighs whatever disutility they may have felt from whatever net-bigotry of X they may have perceived, but only that and no more. And, conversely, we learn comparably little of not-X voters: we learn only that their *utility* for X's net-bigotry that they perceived could not have been greater than their disutility for X relative to not-X on other dimensions.

[31] The insignificance of the contextual economic conditions is largely uninformative in these fixed-effect regressions: the 'fixed effects' control the total net effect of the respondent's context: the analysis controls rather than evaluates contextual effects.

candidates on trade, immigration, and China affected vote-choice switches even more strongly than did SDO. Since one would expect change in voters' personal experiences to affect change in their vote-choices only insofar, and in fact: *through*, their perception of how the candidates differed on issues related to those experiences, these results are precisely what the present Stolper-Samuelson C&IPE view would expect. Being presented in 2016 a choice of a Republican candidate closer to oneself on trade, immigration, and China relative to the Democratic candidate than the 2012 choice presented, would induce a voter experiencing economic duress *and attributing that duress to immigration and trade*, especially with China, to be more likely to choose the Republican candidate in 2016 than 2012. Controlling for this, personal experience of economic hardship should not register because voters under duress *who do not attribute blame for their duress to trade and immigration* would not change their vote confronted with a candidate novelly stressing promises for policy on those dimensions for change. Furthermore, even more fundamentally and basically, the socio*economic* dominant status that these sorts of voters feel to be threatened is expressly rooted in at least some part in *economic* dominance; that is, perceived (socioeconomic) status threat is at least partly economic threat, by definition. Nor is this demagogic strategy of blending ethnoreligious threat to the dominant culture with material-economic anxiety about that status of dominance at all new. Recall (see note 6) that, historically, ethno-religiously xenophobic anti-immigrant sentiment and other kinds of *other-izing* scapegoating have been successfully mobilized into political action precisely when there is economic hardship or threat, blame for which demagogic populists can connect to those *others*. That is, a fuller view would arrive closer to the statement "status threat *because* economic hardship;" to elaborate: economic distress more at the community than the individual level, and susceptible to being politically mobilized as ethnoreligiously xenophobic action in voters of certain types or with certain experiences.

Part IV: Conclusion

To summarize in total: we can understand quite a lot about the comparative and international political-economic dimensions of the present and past rises of anti-globalization, anti-immigrant, anti-elite, anti-government, and anti-establishment populism from the basic foundations of standard international economics, especially the Stolper-Samuelson theorem. International economic integration, for the most part whether speaking of global trade, finance, or migration, leads in the developed world to the expansion of human, physical, and financial capital-intensive industries and, indeed: *through*, the contraction of un- and semi-skilled labor-intensive industries. Human, physical, and financial capitalists see real material gains by this, and un- and semi-skilled workers see real losses. All of this, the winning and losing industries and input factors, etc., unfolds oppositely in the developing world.[32] Now, those deriving their livelihoods from labor are always and everywhere a majority however, even in the most-developed of political economies, and so developed *democracies* that desire the overall peace and prosperity that globalization theoretically brings and empirically has indeed brought, must find ways to assuage the very real and serious economic anxieties that same globalization brings a majority of their citizens. Normative economics suggests the optimal ways for developed-democratic governments to bring their citizens on board will work with, rather than against, labor markets, offering search, relocation, and retraining assistance, and helping convert labor into human capital, in order to share in, rather than be bludgeoned by, globalization's advance. Especially insofar as governments' actions have been deficient in these compensatory-adjustment regards, developed democracies have become susceptible again, as they proved to be a century ago, to an extreme-nationalist populism[33] that can threaten globalization and democracy both.

[32] For many present purposes, technological advancement and automation have similar political-economic effects.
[33] Demagogic populism, even though rooted in some good part in material-economic distress, often finds politically powerful mobilization through ethnoreligiously xenophobic appeals.

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