

Global Leadership in an Era of Growing Nationalism, Protectionism, and Anti-Globalization

Farok J. Contractor
Rutgers University

Abstract

The rise of nationalistic political leaders has spanned the globe—from Donald Trump and Marine Le Pen in the West, to Recep Tayyip Erdoğan in the Middle East, to Narendra Modi and Rodrigo Duterte in the East. To varying degrees, each of these leaders espouse an “our country first” mentality, skepticism or outright hostility toward multilateral institutions and global trade, and leadership styles that emphasize ethnic or group identification, distrust of immigrants, and increased assertiveness sometimes bordering on bluster and aggression.

How do we measure this phenomenon called globalization? What are some underlying causes of the backlash against globalization? Is national progress incompatible with global progress? Has globalization stopped or slowed in recent years? Is nationalism—or a “my country first” approach—compatible with economic growth? What leadership qualities are needed for a 21st-century civilization? Are leadership styles that emphasize strength of personality, ethnic or group identification, and increased assertiveness compatible with human progress and civilization? In the most general sense, does human evolution suggest a dominant role for competition—or cooperation?

Globalization and How to Measure It

To trace the progress or slowdown of globalization, we first need to measure it. Various criteria of globalization have been used by the OECD,¹ consultants such as McKinsey & Co., and academics. They generally include

- Trade flows (products and services)
- Investment flows (portfolio and direct investment capital)

- Information flows (cross-border information and data flows on internet networks)
- People flows (persons crossing borders temporarily or permanently)

One of the most comprehensive is an index developed by Pankaj Ghemawat at New York University and sponsored by DHL (a global courier and delivery service), whose categories are shown in Table 1. The weightings of the sub-indexes roughly correspond to their relative importance in the world economy. The DHL “Depth” measure is a ratio of a country’s international flows compared with its domestic economy (GDP), whereas the “Breadth” index in Table 1 compares a country’s distribution, or spread, of international flows with the rest of the world’s distribution of the same index.

Table 1. DHL Global Connectedness Index 2016²

Pillar (weight % of total)	Depth Component (weight % of pillar)	Breadth Component (weight % of pillar)
1. Trade (35%)	1.1. Merchandise Trade (75%)	1.1. Merchandise Trade (100%)
	1.2. Services Trade (25%)	-
2. Capital (35%)	2.1. FDI Stocks (25%)	2.1. FDI Stocks (25%)
	2.2. FDI Flows (25%)	2.2. FDI Flows (25%)
	2.3. Portfolio Equity Stocks (25%)	2.3. Portfolio Equity Stocks (50%)
	2.4. Portfolio Equity Flows (25%)	-
3. Information (15%)	3.1. International Internet Bandwidth (40%)	-
	3.2. Telephone Call Minutes (40%)	3.2. Telephone Call Minutes (67%)
	3.3. Trade in Printed Publications (20%)	3.3. Trade in Printed Publications (33%)
4. People (15%)	4.1. Migrants (33%)	4.1. Migrants (33%)
	4.2. Tourists (33%)	4.2. Tourists (33%)
	4.3. Students (33%)	4.3. Students (33%)

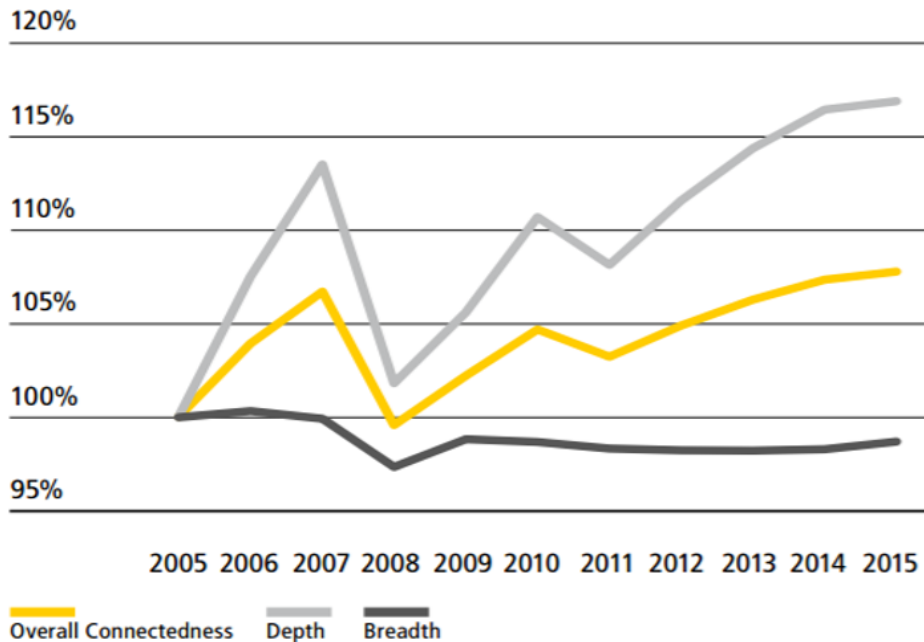
Source: Ghemawat, P., & Altman, S.A. (2016). DHL Global Connectedness Index 2016: The State of Globalization in an Age of Ambiguity.²

How has globalization progressed (or some say shrunk) in the past decade? Figure 1 shows the movement of the Depth, Overall or Average, and Breadth indexes over the period 2005–2015. For a half century after the end of World War II, globalization by most measures had shown an unremitting upward increase. But some things began to go wrong around the year 2005. The great recession of 2008 is reflected in the dip in the graphs in Figure 1. And indeed, on the Breadth measure, globalization has been flat, or has even shrunk slightly, since 2005. The Breadth measure tracks the geographical *spread* of multinational activity. The Depth measure, by contrast, tracks the *penetration* of international trade, investment, data flows, and people in each

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country—i.e., how *deep* a role globalization is playing in each nation's Gross Domestic Product (GDP).

Figure 1. How Globalization Has Progressed or Shrunk Recently: Global Connectedness, Depth and Breadth (2005–2015)

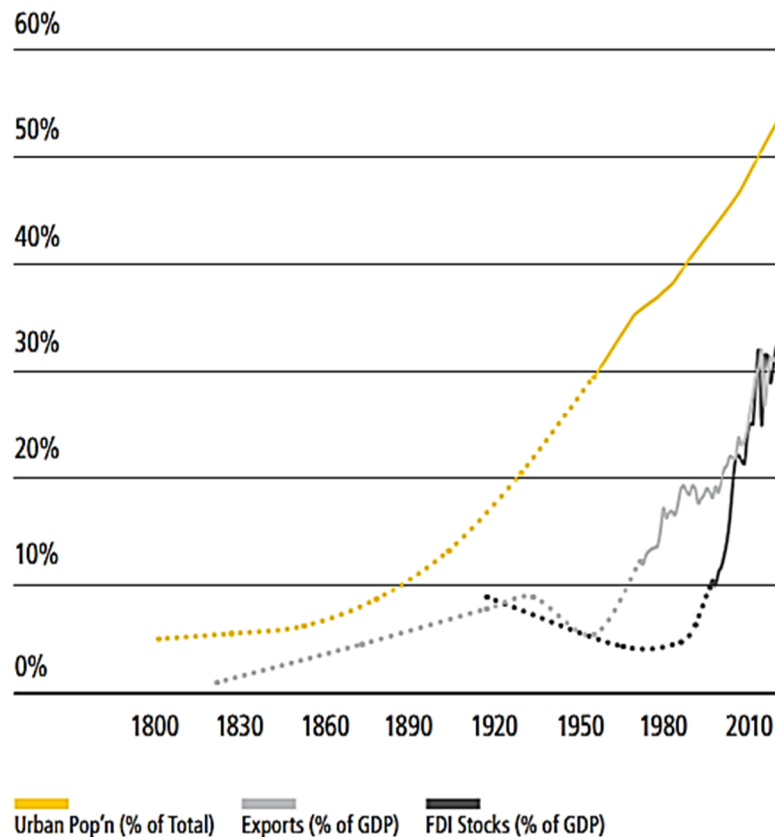


Source: Ghemawat, P., & Altman, S.A. (2016). DHL Global Connectedness Index 2016: The State of Globalization in an Age of Ambiguity.²

By the Breadth measure (coverage of number of countries), globalization may indeed have plateaued temporarily.³ But by Prof. Ghemawat's Depth and Overall indexes, after the dip in 2008, globalization kept increasing at a healthy rate, as seen in Figure 1.

Taking a longer sweep of history over the last two centuries gives us an even more dramatic perspective on how world civilization has integrated across borders. See Figure 2. While international trade over distances of thousands of kilometers has been occurring since the Babylonian and Persian empires 2,600 years ago, a big acceleration in globalization occurred from the year 1800 onward. The overall trend, covering two centuries, is decidedly upward, although we see in Figure 2 that exports and Foreign Direct Investment (FDI)⁴ as a percentage of GDP declined temporarily after the Great Depression, with exports recovering and growing exponentially after 1950. FDI took off sharply after the 1980s, following the collapse of socialist ideologies, and a liberalizing sea-change in government attitudes that began to welcome multinational companies into local markets.⁵ Today, for the most part, governments appear to be falling over each other to welcome FDI.

Figure 2. Globalization Over the Last 215 Years: World Urbanization and Selected Indicators, 1800-2015



Sources: Ghemawat, P., & Altman, S.A. (2016). DHL Global Connectedness Index 2016: The State of Globalization in an Age of Ambiguity,² who in turn drew from UNCTAD, World Bank, and IMF data.

Agglomerations and Networks: Their Impact on Civilization and Global Business

An even more significant change affecting world civilization generally is the acceleration in the exchange of ideas and innovation through physical proximity. Historically, humans had been isolated into small groups of hunter-gatherers. Even after the agricultural revolution around 10,000 BCE, relatively little interaction occurred between isolated farming villages and communities. Urban centers such as Babylon, Rome, ChangAn (Xian today), or Pataliputra (Patna today) were the exception, never containing even at their peak more than a few hundred thousand inhabitants each, so that 95 percent of humanity lived lives within a 10 kilometer radius. See the Urbanization graph in Figure 2.

Innovation, science, and progress require a cross-fertilization of ideas, to say nothing about mass production needing a market of sufficient national

or international scale that can sustain the development and sale of new products and ideas. By the year 1800, barely 5 percent of humanity lived in urban centers. Today, 55 percent of us do so, as seen in Figure 2. Urban clusters such as Silicon Valley or Bangalore, where like-minded firms and individuals congregate, confirm the need for physical proximity of technicians to spark the interchange of knowledge and ideas.⁶ But it is not just high-technology sectors such as Information & Communication Technology (ICT) or Bio-Pharmaceuticals that form clusters. Mundane production does the same: 70 percent of bags and suitcases sold in the US and Europe are produced in Shiling, China (population 350,000); 90 percent of global-brand eyewear comes from Ou Hai, China (population 900,000); and 85 percent of polished diamonds destined for the global market are produced by over half a million workers in Surat, India.^{7, 8}

And this is not just about cheap labor. An agglomeration of local suppliers of, say, only zippers, or diamond-polishing compounds, or plastic injection-molding machinery, provide accumulated expertise, and rapid delivery because of proximity to the assemblers of the final product. Buyers from abroad communicate quality and design standards that spread throughout firms in the cluster. Physical proximity rapidly disseminates ideas, designs, labor, standards, and materials for rapid response to changes in global market demand.

But why do we need physical proximity in an internet-connected world? Virtual networks do substitute for physical proximity⁹—partially. In the new millennium, Information & Communication Technology ICT networks are as critical a measure of globalization as are shipping lanes for the export of goods. The DHL Global Connectedness Index (Figure 3) shows this as the fastest growing component of its index. Whereas International Trade, Cross-Border Capital, and Migration of People increased by barely 10 percent in the 2005-2015 decade, Information Flows zoomed by more than 60 percent.

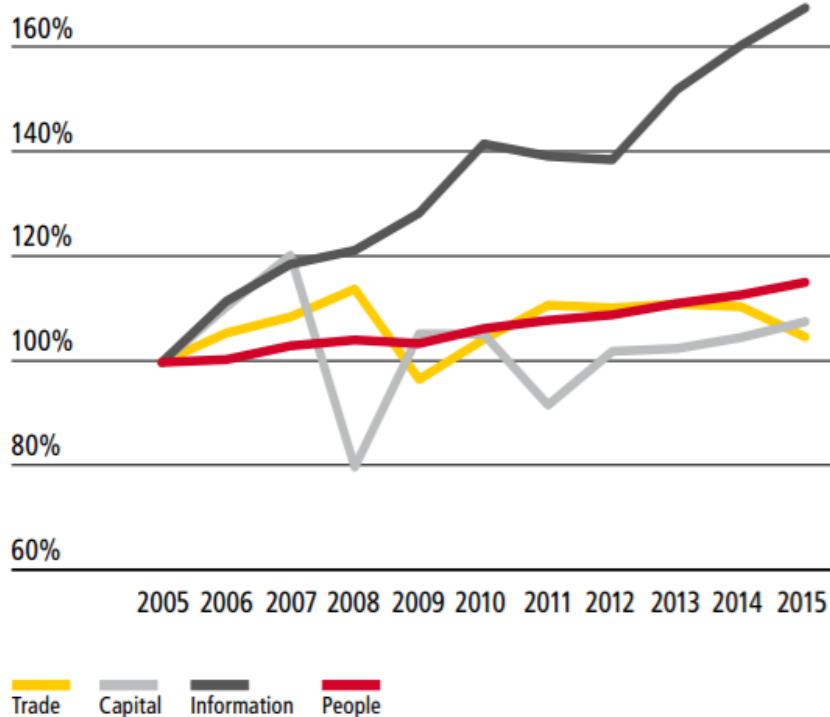
The Viral Spread of Thoughts, Sentiments, and Phobias Worldwide

If we define globalization not merely in commercial terms (exports, capital, etc.) but also in terms of the transmission and blending of ideas, concepts, lifestyles, cultures—and also phobias—then the introduction of the internet must surely be reckoned as a major inflection point in human history.

The term “virus” is not inappropriate. In my opinion humankind is developing an emerging “global consciousness”—a global simultaneity and collective sensitivity to noble thoughts, as well as to phobias and ignoble protectionism. The same channels that transmit the latest *décolleté* fashion styles from Milan or Gangnam music style from Seoul to a farm family outside

Bombay or Basra also then engender in those viewers a feeling of cultural unease or ambiguity, raising questions about identity that are often expressed in a backlash against globalization.

Figure 3. Trade, Capital, Information, and People Pillars of the DHL Index of Globalization, 2005–2015



Source: Ghemawat, P., & Altman, S.A. (2016). DHL Global Connectedness Index 2016: The State of Globalization in an Age of Ambiguity.²

The Backlash against Globalization

Anti-globalization sentiment springs from very different sources in the developed and the developing worlds. In richer nations, globalization has been (for the most part falsely) accused of causing job losses and economic stagnation. In developing nations, the reaction stems from the threats to identity because of the influx of foreign products and ideas.

Cultural Angst

Among the more than 10,000 Catholic Christian saints, St. Valentine (226–278 CE) of Terni, Italy remained a relatively obscure figure until the 1850s, when American entrepreneurs began marketing greeting cards. Even past the middle of the 20th century, Valentine's Day was unknown outside the US and UK. Today we have the astonishing spectacle every February 14 of malls in Asian cities from Beijing to Singapore thronged with extra shoppers

and restaurants and shows being heavily booked, with streets suffering additional traffic, because of this almost mythical figure that lived 1,700 years ago and 8,000 kilometers away.

The transmission of ideas, fashions, and “cultural” practices began, even before 1998, via print media. But the internet has radically speeded up the interchange. One may ask, “What’s wrong if flower and chocolate shops in Asia and Latin America do additional business on February 14?” After all, if consumers and merchants are happier, that may appear to be a good thing.

But not everybody agrees. Demonstrations against Valentine’s Day occur almost annually in India, some involving vandalism of shops, and also resulting, albeit rarely, in the lynching or suicide of harassed couples.¹⁰ Hindu fundamentalist groups protest the incursion of foreign cultural practices as eroding traditional culture.

The incursion of foreign styles and culture is threatening to all ancient societies. Only one or two generations ago, the markers of identity in India or Korea or Bolivia or the Middle East were based on local religion, traditions, and small-distance familial relationships.¹¹ Today, to their children squinting at a small screen, all the world’s a stage.

Job losses

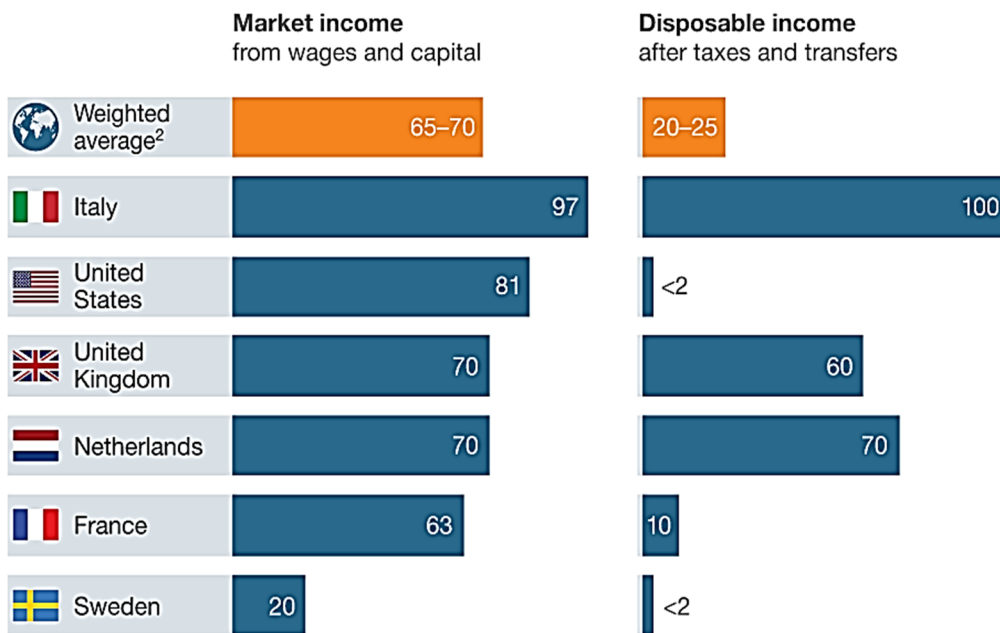
The laid-off workers in the rust belts of Ohio, USA or Northeast France bear a different grudge. Whipped up by politicians such as Don Trump or Marine Le Pen, they blame globalization for their misfortunes. The job losses and angst are real. The diagnoses of politicians (blaming trade and immigration) are grossly overstated or false. Figure 4 shows the results of an analysis done by the McKinsey Global Institute, which concludes that in six industrialized nations (with the exception of Sweden) the majority of households saw a flattening or drop in their wages and investment income.¹² Even after accounting for taxes and transfer payments, households in Italy, the Netherlands, and the UK were affected. Undoubtedly, a major reason was that the year 2014 was compared with the year 2005, a period during which the effects of the Great Recession were still present in most nations.

The reader should note that it is easy to misread the survey results in Figure 4. The survey covers both “falling (as well as) flat incomes.” But for many respondents, even if their income remained “flat” for a decade, that is certainly cause for dismay—a legitimate concern that politicians such as Le Pen and Trump latched onto and magnified.

In 2017, jobs have rebounded since 2014. However, a sense of malaise lingers. Employees in the US and Europe (and perhaps worldwide) are working harder, running faster, and more apprehensive because of greater competition in the labor market, aided by the relentless drive for productivity

gains through automation and ICT. Most depressingly, the McKinsey report suggests that a great psychological letdown is felt in western nations where two centuries of economic progress led every generation to believe they would be better off than their parents. No longer.

Figure 4. Flat or Falling Incomes: Percent of Households in Segments with Flat or Falling Income, 2005–2014



Source: McKinsey Global Institute, 2016

Politicians demagogically put the blame on international trade, the offshoring of production, and immigrants allegedly robbing native-born citizens of their jobs. This assertion is true only in small part. For every one US job lost through international trade (1980–2016), informed analysts, such as the Wharton School, conclude that three or four jobs have been lost because of automation, robotics, information technology, and other productivity boosters.¹³

The simplest example of a “productivity” measure is “output-per-worker.” When workers are laid off and replaced with machines, computers, or robots, the same output comes out of a factory, but with fewer workers, thus raising the output-per-worker ratio, or productivity measure. Automation, much more than international trade, has made the US the world’s most productive nation, by far.¹⁴ International business has certainly produced cheaper prices for industrial and retail consumers. But productivity increases and automation have delivered far greater benefits.

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Which groups have benefited most from the productivity gains in the US and Europe over the last 30 years? There are three principal beneficiaries (and they do not include labor):

- 1) *Consumers* of the finished products and services, who benefit from cheaper prices when productivity savings are passed on to buyers.¹⁵
- 2) *Top managers* of companies that award themselves bonuses and higher salaries in cases where the incremental profits from productivity gains need not be passed on to consumers in the shape of lower prices, but can be otherwise allocated. (It is worth noting here that the power of unions in Europe, and particularly in the US, has greatly diminished so that they cannot demand a significant share of the incremental benefits for workers, as in the past. Union membership in the US, for example, has fallen to a low of less than 10 percent of the workforce.)
- 3) *Shareholders* of the firms who expect, and get, fatter dividend distributions and equity growth.

What about labor sharing in the benefits? Gains from automation, robotics, ICT, and artificial intelligence have *not* gone to labor, as many studies show.^{16, 17} Over the past 15 years, the best an American or Western European worker could hope for, on average, is to keep his/her job and earn the same pay as before. The ones laid off because of automation are degraded to lower-paying jobs and/or receive government assistance, which partially ameliorates their pain (this is why the right-hand side of Figure 4 shows lower percentages compared with the left-hand side).

International trade (on the import side only) and globalization have undoubtedly resulted in job losses. But automation has caused far more. The benefits of cheaper imports are widely dispersed over all the consumers in an importing nation. (In a hypothetical scenario, assuming all Chinese manufactured imports were replaced by US manufacturing, I calculated an additional cost of \$295 billion to American consumers.¹⁸ That is to say the average US household benefits to the tune of \$2,380 each year because of Chinese imports compared with the make-it-in-America alternative.) On the export side, international trade creates millions of new jobs. But the pain of import-induced job losses tend to be geographically concentrated in certain regions of France and the US.¹⁹ Depending on the voting system, these (dis)affected regions can sometimes have a disproportionate impact in elections in some countries.²⁰

Immigration

Most studies (even those by authors with a conservative bent)²¹ concur that immigrants, on the whole, produce a net benefit for a country in the

medium and long run. That is to say, on average, and over time, immigration produces a net benefit for the nation. Alas, the economist's and sociologist's favorite expressions, "on average" and "over time," are small comfort to those affected in labor markets by competition from immigrants—generally at the unskilled or low-income end of the spectrum. As in the case of import competition, the pain of job competition is concentrated on a small proportion of the population, while the benefits of immigration are widely spread over the entire population. (For example, while all Americans benefit, few think about how much more their lettuce, or meat, or lawn-cutting service would cost were it not for Latin American and Mexican immigrants who toil in difficult conditions for a pittance.)

Figure 5 lists the 10 countries with the largest immigrant populations.²² With the exception of Russia, the number of immigrants has increased slightly since 2005. Nevertheless, for most on the top-10 list, immigrants constitute only around 11–14 percent of the population. (Exceptions are small-population nations with a large land surface—Canada, Australia, and Saudi Arabia—which have quietly been welcoming selected immigrants to boost their GDP and expand and spread their populace over their large empty spaces.)

Despite as many as 43 million US residents born elsewhere, immigrants (both legal and undocumented) constitute only around 13 percent of the overall US population of 326 million in 2017. Germany, France, and the UK have comparable or lower percentages.

Besides competition for jobs, mostly at the lower-income end of the labor market,²³ immigrants bring foreign ideas, religions, and ethnicity that threatens the self-perception and identity of sensitive native-born segments of the population.

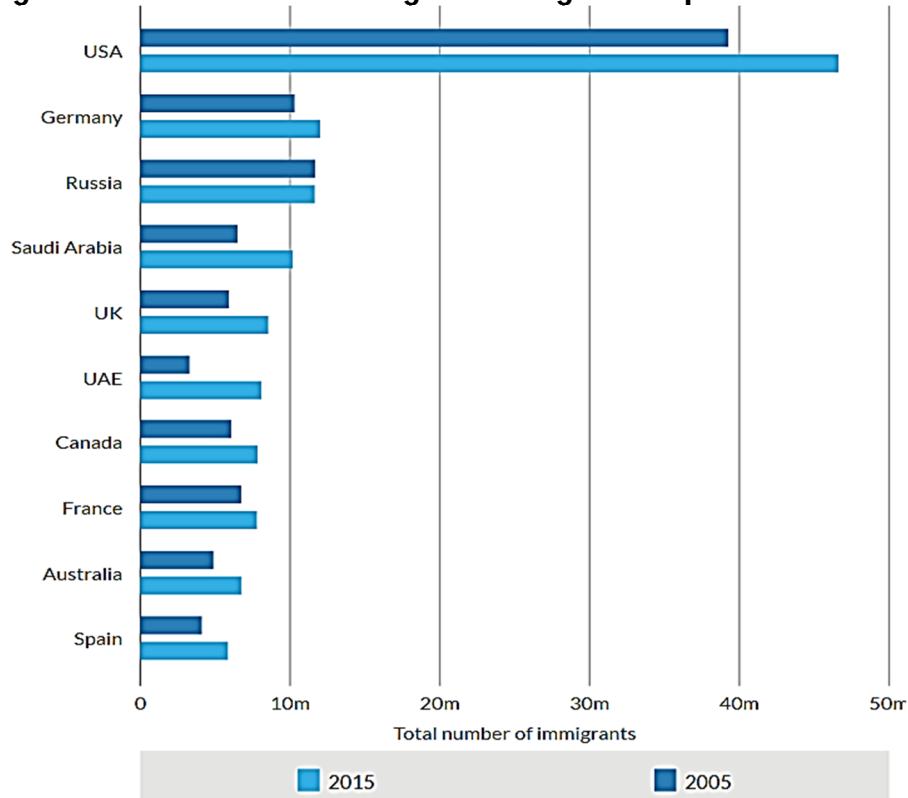
Again, as in many aspects of globalization, the impact is concentrated in certain parts of each nation. Immigrants tend to congregate in certain cities and areas. The irony in the US and French presidential elections, as well as in the Brexit vote, was that in areas with the largest immigrant concentrations (such as New York, San Francisco, London, and Paris), the native-born votes went to the liberal and globalist candidates. But in areas where immigrants are scarce or unseen (such as in Wyoming and West Virginia in the US, or in Lincolnshire in the UK), the votes went to the nativist scaremonger.^{24, 25}

How to explain this seemingly paradoxical result? In part, the answer lies in the fact that major metropolitan areas tend to be more prosperous and contain more educated and higher-income residents than outlying areas. Immigrants also cluster in major metropolises. Eventually, the proximity of multicultural ideas and ethnicities renders immigrants unthreatening to the

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native-born urbanites. By contrast, in Lincolnshire or Wyoming, where few foreigners are seen, residents, who may not be as well-educated as their urban counterparts, tend to be more fearful watching images of terrorism on their televisions, making them easier targets for scaremonger politicians.

Figure 5. Countries with Largest Immigrant Populations



Source: Kirk, A. (2017). Which Country Has the Most Immigrants? *The Telegraph*.²²

In cold-blooded insurance or actuarial terms, the likelihood of an American being killed by a foreign-born terrorist is vanishingly small.²⁶ Even including the 3,000 deaths on 9/11/2001, the lifetime odds are roughly comparable to tornado deaths, at one in 60,000.²⁷ Since 9/11, which is unlikely to occur again on that scale, fewer than five Americans have died annually at the hand of terrorists, domestic or foreign. By contrast, around 350 Americans die annually by falling out of beds, chairs, or other furniture. Traffic fatalities in 2016 killed 40,000 people, and injured 4.6 million more, on U.S. roads.²⁸

Fragmentation of the New Media Landscape and Erosion of Trust in Institutions

Fear sells products as well as political platforms. Advertisers, mass-market television news stations seeking higher ratings, and campaign

managers all know that what hooks viewers and votes are the two bookends of mortality: sex leading to conception and death. Male candidates can be more appealing when gossip links them with multiple women.²⁹ A strong personality that frequently threatens or scares is similarly attractive to many.

The internet has fragmented and multiplied media sources. At the turn of the millennium, Americans got their information from what were then considered reliable and venerable sources such as CBS, NBC, and the *New York Times*, just as the British public trusted its institutions such as the BBC and the *Times of London*. Today, that trust in institutions has eroded to the point where Don Trump and Nigel Farage (the UK Independence Party [UKIP] leader principally responsible for Brexit) can openly mock the traditional news outlets—and get thunderous applause at rallies. Readers and viewers do not know whom to trust anymore.

Hence, many turn to Facebook as their principal source of “information.” Especially pernicious and troubling has been the role of algorithms in the new media companies. Half of 18–49-year-old Americans get their “news” online in a biased fashion.³⁰ According to a Pew Research study, “About two-thirds (63%) of Americans say family and friends are an important way they get news.”³¹ What nobody realizes is that algorithms at Google and Facebook deduce what users prefer and then steer them toward “like-minded” customized news sources that their family, friends, and social network also read.

Why do Google, Facebook, and others do this? The answer is that a user is more likely to purchase from an advertiser when the content viewed is congruent with his/her preconceptions and predilections. Similarly, Fox News, MSNBC, and Breitbart endeavor to lure and retain “like-minded” viewers whose biases are confirmed and reinforced every time they visit the site. No organization wishes to drive viewers away by presenting them with dissonant or uncomfortable facts—hence, the selective algorithm-driven filter.

Such viewer screening and algorithms create and perpetuate inbred, selective, and self-reinforcing “filters” that segregate the public into “alternative realities”—separate camps and “silos” from which the world looks very different, depending on which silo one occupies. Is it any wonder that politics in the US, Europe, and even Turkey and India are becoming polarized into camps with markedly different views on the same phenomenon?

This institutional failure away from objective journalism that presents a wide range of facts—however uncomfortable—should not be blamed on the internet, which is merely a dumb medium. Rather, it is a manifestation of a phenomenon that has been gaining momentum over the past three

decades—the drive for profits superseding the duty of a journalistic institution or company to serve the largest interest of the public. (Mind you, I am a professor at a business school who very much believes in the social value of fair competition. But I also recognize that sometimes corporate interests diverge from the “greater good.”)

Is Globalization in Retreat?

No. Some aspects of globalization, such as trade, saw their growth slowed in the 2005–2014 period. And increasing nationalism in some nations such as the US, UK, and Turkey may result in greater protectionism against the import of several categories of products. Immigration may level off or decline in certain countries. But the welcome mat continues to be laid out for incoming FDI. Cross-border data and communication flows continue to grow rapidly. Moreover, the giant domestic markets of China and India are far from a saturation point for foreign products and ideas. Indians and Chinese (who total 2.6 billion persons and constitute 37 percent of humanity) are not xenophobic. They are more ready to adopt foreign ideas and modern 21st-century lifestyles³² compared with sections of US and European societies currently undergoing self-examination and angst. The “middle class” citizens who buy processed or manufactured goods and services in China and India have been variously estimated to total between 800 million and 1,400 million. They joyfully buy mobile phones from Korea or the US, watch action-oriented American movies with subtitles, and clothe themselves in jeans and tailored western-cut garments.³³

Is globalization in retreat? The answer is a reasonably strong “no,” especially if the view is from an emerging-nation context rather than the West. While America and parts of Europe are in a temporary bout of introspection, developing nations are optimistically forging ahead. While aging infrastructure (roads and bridges) in the US need attention, Don Trump calls for billions to be spent on a border wall. Meanwhile, thousands of kilometers of China’s “One Belt, One Road” construction project, designed to connect China with Europe and SE Asia by road and train, have already been completed, as well as a string of ports built on the Pacific and Indian Oceans.³⁴ The Asian Infrastructure Investment Bank (AIIB), with 70 emerging countries as members (from Azerbaijan to Vietnam), has an already subscribed capital of \$100 billion and is sponsoring projects in Asia and Africa.³⁵

The second broad conclusion is that globalization has been falsely accused. It is not globalization, *per se*, that causes job losses, culture shocks, and xenophobia among sections of the public in the US and Europe. Rather, it is modernization of lifestyles and industries that more fundamentally alters

the patterns of work and life. Much more than imports or offshoring, it is automation that eliminates jobs in advanced nations. Increased domestic competition (more than import competition) drives companies to try to cut costs and the labor content of production.

In part, Marine Le Pen is correct. In the US, Western Europe, and indeed worldwide, the last 25 years have proclaimed the gospel of hyper-competition and an intense focus on company stock values and profits. The power of unions has shrunk. This has tilted the social balance in favor of capital investors, top management, and all consumers (who benefit from better and cheaper products) and against labor. “Nothing wrong with that,” many would say. Indeed, before the 1980s, unions in several manufacturing sectors were perhaps overly strong, resulting in inefficiencies, low productivity, and meager profits. For each society it is a matter of finding the right balance—how to manage the allocation of benefits accruing to (1) labor, to (2) consumers, to (3) top management, or to (4) shareholders.

Do not blame globalization. It is a symptom, and not the cause, of the introspection convulsing some western societies groping for the right balance in lifestyles between work and leisure, as well as between consumerism, corporate interests, and social justice.

A Globalizing World: Benefits and Backlash

We still live in a world of distinct nation-states and cultures, although the various aspects of globalization such as trade, FDI, the internet, travel, and migration are stitching us together. Today, nations and societies are grossly unequal in income and knowledge. But this inequality is not based on malevolent forces trying to keep the poor down. On the contrary, globalization has lifted around two billion people out of poverty since 1980 through FDI and trade. Table 2, derived from World Bank data (using \$1.90 per person per day as their cutoff), shows dramatic decreases in poverty rates after 1980. In 1981, 44 percent of humankind lived in absolute poverty. With the big increase in global trade and investment since then, even though the world population almost doubled, by 2015 only 9.6 percent of us were in grinding poverty.

Take Bangladesh as an example. Although it is one of the poorer nations on the planet, today it is the second biggest exporter of garments to retailers around the world (e.g., H&M, Zara, Marks & Spencer, Walmart). Its 2.4 million garment workers, supporting households totaling 8.5 million, enjoy a minimal lower-middle-class life. True, their hourly wage, hovering at 45–85 US cents per hour, appears shockingly low to westerners. But a \$5 daily wage times two income earners, or \$10 per day, is enough in a low-cost nation to allow a family to live an adequate or tolerable life. (The alternative, in the

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farm villages from where many came to work in the urban factories, would likely be below the World Bank's criterion of \$1.90 per person per day.)

Table 2. Reduction in Poverty

Year	World Population	% Living in Extreme Poverty (at \$1.90 per person per day)	Absolute Numbers of Humankind Living in Extreme Poverty
1981	4.5 billion	44%	1.98 billion persons
2015	7.4 billion	9.6%	.71 billion persons

Source: World Bank. <http://iresearch.worldbank.org/PovcalNet/index.htm?1>

Citizens of Europe, the US, and Japan also benefit. As consumers, they enjoy low prices compared with a world where international trade and FDI did not exist and garments would cost thrice as much, for example. They can spend the savings on a wider range of items. As producers, many have jobs intended for foreign markets—i.e. export. In the US alone, 12 million jobs are *directly* related to exports, with up to 35 million jobs if ancillary suppliers of components and services are included.³⁶ (Contrary to the statements of scaremonger politicians, the US remains by far the most productive nation on earth and is also highly competitive in world markets—a very close second to China in total exports, as seen in Table 3, where the EU is grouped into a total of 28 countries).^{37, 38} Worldwide, I conservatively estimate at least 200 million jobs directly dedicated to exports and around 600 million total jobs, including ancillary suppliers.

FDI is an alternative channel to exports in reaching a foreign buyer. An American purchasing a Honda CR-V may not know whether his or her particular car was assembled in Honda's US subsidiary, exported to the US from Honda's Mexico subsidiary, or shipped to the US out of Japanese production. (All three sources are used.) Honda's USA subsidiary employs 30,000 Americans directly³⁹ (and an estimated 60,000 more indirectly). The worldwide total stock of FDI in 2015 was \$24,983 billion, and the total jobs (at multinational headquarters and subsidiaries globally) are likely to approach the hundreds of millions, the numbers attributable to exports.

Some economists estimate that the world GDP is at least 10 percent higher—or an additional \$8.5 trillion—because of globalization.⁴⁰ Globalization has produced enormous net benefits for the world: gains for consumers, hundreds of millions of additional jobs, and alleviation of mass poverty in developing nations.

Table 3. The US and EU (28 Nations) Together Are Far Bigger Exporters than China and Japan

Country/Region	Services Exports \$ Billions	Merchandise Exports \$ Billions	Total Exports \$ Billions
EU (28 nations)	2,064	5,374	7,438
USA	752	1,455	2,207
Japan	174	645	819
China	208	2,098	2,306
WORLD	4,879	16,002	20,881

Source: UNCTADStat. <http://unctadstat.unctad.org/wds/ReportFolders/reportFolders.aspx>

What Leadership Qualities Are Needed in an Interdependent Globalizing World?

All of the above suggest we are in a far more complex, interdependent world where negotiated cooperation, based on common rules, is the only way to make our planetary civilization function. My exports are your country's imports. My new drug discovery needs patent protection in your nation. International banking and finance cannot function without common norms and protocols for transactions. African dust pollution wafts over to the eastern US. Air travel is impossible without close coordination among controllers in many nations. Millions outside the US use GPS devices receiving signals from American satellites. Passengers and cargo require assurances of safe passage through waters claimed by individual countries. The internet must operate on commonly accepted technical standards. Mutually negotiated technical standards apply to almost all industries.

Since we live in a world of nation-states (as opposed to a world government), negotiations on a multitude of issues must take place. A "my country first" approach may be desirable, but only as an early starting point. Great mutual gains are to be had in every nation by participating in planetary standards, common rules, technical and economic cooperation, and policies that promote trade and FDI—while tackling at home the inevitable adjustments and pain suffered by segments of each country's workers who are laid off. Globalization is not pain-free. But the overall gains vastly outweigh the pain felt by affected segments of each nation's population.

For politics, if global cooperation inevitably means a minor loss of economic sovereignty, what are desirable leadership qualities in an interdependent world? Our recent tribal past still powerfully influences human behavior and politics. From a leadership qualities point of view, the opposite of globalization is not nationalism, it is tribalism. Tribes were, and are, led by "big chiefs," "strong men," potentates, and kings—in short, autocrats.

Table 4. Leadership Qualities for a Global Civilization

The "Big Chief" or Autocrat	The Globalist Leader
Personality expansion	Process facilitation
Central decision-making	Collaboration across organization levels and borders
Egotism / Impulse	Humility / Deliberation
Family / Nepotism / Patronage	Merit
Demands for personal loyalty	Loyalty to principles / Democracy
<i>Mano a mano</i> (Win / Lose)	Consensus (Win / Win)
No obligation beyond immediate circle	<i>Noblesse oblige</i>
Secrecy	Openness / Disclosure / Communication
Language:	Language:
<ul style="list-style-type: none"> • Short • Succinct • Repeated • Powerful 	<ul style="list-style-type: none"> • Nuanced • Contingent • Complex • Persuasive

Tribal leadership is characterized by centralization of power, concentrated in an individual (the chief) and his immediate circle. See Table 4. Ego, impulse, and passion are frequently displayed. Outward impressions are emphasized, and flaunting of wealth, power, hangers-on, and retinue are the result. Value is placed on fast decision-making and the appearance, or image, of decisiveness and machismo.

The globalist leader, on the other hand, recognizes her apex role differently, knowing that a global economy and civilization require cooperation and assent from other countries, as well as from her own organization and citizens. S/he sees her/himself as a facilitator of interactive and interdependent processes, a catalyzer of cooperation across organization levels in her own government, as well as inter-organizational cooperation at the international level. Passion (strong likes and dislikes) and rapid decision-making are recognized as impulses to be suppressed in favor of deliberation, consultation, and advice from a wider circle of opinion.

The tribal leader, or autocrat, typically draws from a smaller circle of advice—from family, sycophants who have pledged personal loyalty, and external patrons who stand to be politically rewarded. Sharing information and disclosure are seen as forms of weakness, giving needless advantage to others. Secrecy is a desirable norm. His language is characterized by short phrases, often repeated, and his speech projects an impression of "great" power. Life and work to him are an endless series of "mano a mano" negotiations in which one party wins and the opponent loses. Maneuver, covertness, and psychological tactics are seen as important ways to get ahead in this world view that emphasizes a "me first" or "my country first and the rest be damned" mentality.

The globalist leader has a more realistic and humble perception of her own capabilities. Her instincts are democratic. She knows, in today's complex, interdependent, and multicultural world, that no single person is knowledgeable or wise enough to make highly centralized decisions. Advisors are chosen based on merit, rather than nepotism. Her language style is moderate, nuanced, contingent, complex, and persuasive. Openness and disclosure make for better collective decisions. Openness, communication, and cooperation also enable reciprocity and consensus to be reached with other countries on common rules, standards, protocols, and norms without which something as simple as the internet or cross-border phone calls and air travel would not be possible—let alone the “architecture” of thousands of worldwide technical standards or the political dialogue needed to build and sustain a global civilization.

The tribal leader's world view is a planet populated by distinct and often conflicting tribes, with each tribe looking after its own. If not racist, tribalists look upon other tribes as inferior in capability and skills. The globalist's *weltanschauung*⁴¹ is a planet populated by a uniform and undifferentiated humanity with a collective global consciousness. If in the 21st century some of humanity remains inferior in wealth or education, that is not an indictment or judgment against them. Rather it represents an opportunity, nay an obligation, to raise their education and living standards higher. As Table 2 shows, this happy transformation of billions being lifted out of abject poverty is something that globalization is already accomplishing.

Conclusions

It took humankind 100,000 years to reverse their scattering into tiny isolated tribes occupying remote corners of the planet and begin having contact with one another, and another 12,000 years to move from being hunter-gatherers to launching the industrial revolution in the 18th century. Another 250 years later, we are today in a globalizing economy that has benefited most of humanity, especially in the developing world, although it may have adversely affected jobs, expectations, and self-worth in some segments of society in Europe and the US. The gains of globalization, as seen in Table 2, vastly exceed the pain felt by some in advanced nations—although it is no consolation to the laid-off worker in Lille, Detroit, or Birmingham⁴² to be told that millions in Buenos Aires, Bombay, and Beijing enjoy an elevated existence. It is small comfort to the television viewer in Kent, traumatized by images of terrorism (however minuscule the probability of being personally affected may be) to be told that millions in Kinshasha, Kolkata, and Kunming don western dress, speak English, listen to

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Beyoncé, and follow Facebook, so that their culture and life, superficially at least, approximates that of the person in Kent.

Darwin may not be all wrong. But today we know that he was less than half-right. Cooperation, even more than competition (or “survival of the fittest”), forms the basis, or architecture, of biological life at the cellular level, as well as behavior within and between species.⁴³

The same applies to the mind. In the 21st century, when we speak of “institutions” (be they national or international) we are speaking of mental architecture. Treaties, technical standards, air traffic control, shipping lanes, GPS, international postage, the internet, and all such commonly accepted standards may have a paper or softcopy repository. But once negotiated and implemented, they really are collective pathways of the mind that most of humanity follows to its advantage.

The coming-together of humankind in a global, integrated economy will likely continue—although history is replete with scenarios of human progress followed by retreat or even “dark ages.” To build a global civilization, we need leaders who espouse democracy, openness, morality, benevolence, meritocracy, egalitarianism, and a recognition that our edifice is built on international cooperation, mutually negotiated rules, and commonly accepted procedures.

Author

Farok Contractor is Distinguished Professor of Management and Global Business at Rutgers Business School, a Fellow of the Academy of International Business (AIB), and author of nine books and over 100 scholarly articles. He holds a Ph.D. (Managerial Science and Applied Economics) and an M.B.A. from the Wharton School, as well as two engineering degrees (M.S. in Industrial Engineering, University of Michigan, and B.S. in Mechanical Engineering, University of Bombay). He has chaired or been on the supervisory committees of 17 doctoral dissertations on International Business topics. He has taught at the Wharton School, Copenhagen Business School, Fletcher School of Law and Diplomacy, Tufts University, Nanyang Technological University, Indian Institute of Foreign Trade, XLRI (India), Rutgers business programs in Beijing and Shanghai, Lubin School of Business, and Theseus and EDHEC in France. He has also conducted executive seminars in the US, Europe, Latin America, and Asia. Farok Contractor's research focuses on key issues in International Business, such as corporate alliances, outsourcing and offshoring, valuation of intangible assets, the technology transfer process, licensing, and foreign direct investment. His papers and books have been cited approximately 9,000 times, and he is among the top-ranked contributors of scholarly papers in the field. He has served Rutgers as Department Chair, CIBER (Center for International Business Education and Research) Research Director, Ph.D. program coordinator, and other key school and university initiatives. He

writes a blog for managers, students, policy makers, and educated laypeople covering International Business issues from economic and cultural perspectives at <https://globalbusiness.blog>.

email: farok@business.rutgers.edu

Acknowledgment

Small portions of this article were derived from Contractor, F. (2017). *Why Do People Oppose Globalization?*. *YaleGlobal* (June 15). <http://yaleglobal.yale.edu/content/why-do-people-oppose-globalization>

Endnotes

1. The Organization of Economic Cooperation and Development (OECD) is a research and policy think tank organized and funded by 35 of the richest nations. See <http://www.oecd.org/about/membersandpartners/list-oecd-member-countries.htm>
2. Ghemawat, P., & Altman, S.A. (2016). DHL Global Connectedness Index 2016: The State of Globalization in an Age of Ambiguity. *Deutsche Post DHL Group*. http://www.dhl.com/content/dam/downloads/g0/about_us/logistics_insights/gci_2016/DHL_GCI_2016_full_study.pdf
3. Ibid. Multinational companies grow out of their home markets to serve neighboring nations. But most multinationals—even the giant ones—have controlled subsidiaries typically in no more than 40-odd nations. There are natural limits to a firm's geographical spread. In a ranking of countries, below rank 40 the remaining 153 nations are not considered attractive enough markets for most multinationals based in rich nations to bother with directly, or invest in substantially. See Contractor, F. (2007). The Evolutionary or Multi-Stage Theory of Internationalization and its Relationship to the Regionalization of Firms. In *Regional Aspects of Multinationality and Performance: Research in Global Strategic Management* (pp. 11–30), Rugman, R. (Ed.), Oxford: Elsevier. Hence, the geographical breadth of coverage for most multinational firms is decidedly limited—even if the penetration, or depth of investment, in the favored 40-odd markets keeps increasing over time.
4. Foreign Direct Investment (FDI) is the globalization category describing a multinational parent firm's ownership of affiliates and subsidiaries in foreign nations. A "foreign affiliate" of a multinational company is a case where the foreign firm owns at least 10 percent of the shares in the local company: 10–49 percent is a minority share, and 50–100 percent foreign ownership is considered to be majority control. In fact, most foreign affiliates of multinational companies are fully owned subsidiaries, with 100 percent of the shares controlled by the foreign firm. In the 18th century, the Dutch and English East India Companies had full control of their overseas operations—not by legally formed subsidiaries, but by royal charter.
5. The UN has been tracking government policy changes since the 1980s; data shows an almost worldwide dismantling of barriers and restrictions on incoming FDI. Despite opinions voiced against multinational companies, most governments today have a welcome mat put out for them. See UN Conference on Trade and Development's Investment Policy Monitor database at: <http://investmentpolicyhub.unctad.org/IPM>.

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15. Hundreds of travel agencies in China and other emerging countries specialize in travel to the US for the express purpose of shopping. Because of intense competition and one of the world's most open markets, prices in the USA (on a wide range of items from iPhones to jeans to food) are among the lowest in the world. For the US consumer, this is an unmitigated boon. Of course, for the foreign visitor, the attractiveness of US prices depends on the strength or weakness of the US dollar. In 2017, the dollar is strong compared with the currencies of visitors from Latin America, and so shopping tourism has diminished somewhat from that region of the world. But the Chinese RMB (yuan), which has been appreciating against the dollar, continues to lure Chinese tourists to American shopping malls.
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20. Hillary Clinton won the 2016 US Presidential Election, receiving 3 million more votes than Don Trump. However, Trump won more congressional districts (many in depressed areas, or “rust belts” in Ohio, Pennsylvania, West Virginia, etc.). Under the American electoral college system, where the number of electors only roughly corresponds with the numbers of votes cast, Trump captured the presidency.
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23. Much has been made by Don Trump about how the H-1B visa program illustrates the displacement of qualified Americans at the middle or upper end of the salary spectrum, \$60–100,000 per year. The 2017 quota fixed by the US Congress was a maximum of 85,000 temporary three-year H-1B visas; 85,000 temporary workers are a tiny fraction of the 123 million US full-time work force. True, many of these temporary workers then apply to stay on in the US under permanent visas, and their applications are sponsored by their companies because of their talents. There are no reliable data on how many H-1B visas were converted to permanent visas. Even if we use the upper-end guesstimates that, over the years, cumulatively 600,000 US permanent residents immigrated originally via the H-1B program, this number is still less than one half of one percent of the US workforce. Moreover, H-1B visa holders are some of the planet’s most talented and skilled computer, bio-tech, and science-technology-engineering-math (STEM) specialists.
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26. In actuarial terms, the numbers speak for themselves. Yet I hesitate to use these numbers as an analogy because whereas accidents are not premeditated, terrorism involves premeditated, vicious, and politically symbolic acts that deserve vigilance and countermeasures, however small the numbers of fatalities may be.
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31. Ibid.
32. Undercurrents of nationalism in China and Hindu fundamentalism have manifested in protests against Valentine's Day; but they are not the dominant or driving factors affecting the attitudes of the rising consumer classes in China and India.
33. Over the last decade, there has been considerable cross-investment by Chinese companies in Hollywood and in movie chains in the US, as well as US investment in Chinese studios. For example, see Toonkel, J. (2017). China Extends Hollywood Push with \$1 Billion Paramount Investment. *Reuters Business News* (January 19). Retrieved from <http://www.reuters.com/article/us-viacom-paramount-china-idUSKBN153335>
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35. See Asian Infrastructure Investment Bank at <https://www.aiib.org/en/index.html>
36. Johnson, S. (2016). Trump's Tariff Proposal Would Gut US Export Jobs. *The Boston Globe* (June 27). Retrieved from <https://www.bostonglobe.com/opinion/2016/06/26/johnson/ZE8JbSqqJb4pP2hE6rohM/story.html>
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38. The 28 EU nations combined appear to be highly export-oriented because they export to one another, compared with giant unified economies such as China and the US. This is to say that if, in 1787, the constitutional convention in Philadelphia had failed, and we had a DSA (Disunited States of America) as opposed to the USA (United States of America), each individual state in the "DSA," like today's EU, would be very export-oriented, with New Jersey selling to Pennsylvania and so on.
39. See Honda in America Employment: Honda Employs More Than 30,000 Associates in the U.S. at <https://hondainamerica.com/employment/>
40. Tyson, L., & Lund, S. (2017). Adapting to the New Globalization. *Project Syndicate* (February 8). Retrieved from <https://www.project-syndicate.org/commentary/digital-globalization-policy-response-by-laura-tyson-and-susan-lund-2017-02>
41. The German word *weltanschauung* literally means "world perspective" and is denotatively the same as the English word "worldview." But to a German, *weltanschauung* has a larger and broader connotation as "philosophy of life."
42. In January 2017, the city of Birmingham in the UK had the worst unemployment in that country. See Walker, J. (2017). Birmingham Has the Worst Unemployment in the Country. *Birmingham Mail* (18 January; updated 30 January). Retrieved from <http://www.birminghammail.co.uk/news/midlands-news/birmingham-worst-unemployment-country-12471928>
43. For example, see Rand, D.G., & Nowak, M.A. (2013). Human Cooperation. *Trends in Cognitive Sciences*, 17(8), 413–425.