

# Seeing off extreme right populism with ‘progressive protectionism’

By Colin Hines

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The first step to an effective response by progressives to the rising tide of right-wing populism in Italy and elsewhere is to realise that ever more open borders are the problem. It was predominantly opposition to inadequately controlled immigration that brought the Italian election result, the Brexit vote and Donald Trump’s election. The other contributing factor was globalisation, with its job-destroying and far-too-open borders to goods such as steel. Lastly, inadequately constrained flows of capital and financial services assisted in the economic crash of 2008. The only counter will be some form of protectionism.

However, Trump’s threatened trade war over steel is the wrong kind of 1930s-style one-sided protectionism. He wants to curb imports that cause domestic unemployment, but at the same time plans to use all possible leverage to open up foreign markets to US exports. To avoid a re-run of the 1930s will require a very different “Progressive Protectionism”.

This will require the introduction by nation states of a set of interrelated and self-reinforcing policy priorities:

- In response to rising wealth inequalities within and between nations, the lack of economic security for the majority and the growing environmental damage inherent in economic globalisation, there must be a rejection of the underlying causes of this worsening situation: evermore open markets and the fetishisation of international competitiveness and export dependence. These must be replaced by the reintroduction of protective safeguards to ensure revitalised local and national economies. These will include the reintroduction of tariffs, quotas, capital controls and the ability to strengthen constraints on the numbers and pace of

immigration. This is the fundamental mind wrench that will do most to curb the present power of big business to play countries off against each other and to threaten to relocate unless countries bow the knee to open borders and global competition. It is the necessary precursor to being able to introduce the remaining policies;

- Introduce a site-here-to-sell-here policy for the majority of manufacturing and services domestically or regionally;
- Control and localise finance, including the breaking up of global banks, such that the majority stays within its country of origin;
- Control the numbers, rate and ability of new immigrants to stay and work temporarily or permanently
- Introduce fairer and socially positive taxes and resource and pollution taxes and tackle aggressively tax dodging nationally and globally in order to fund social and environmental improvements and help pay for the transition to permanent, sustainable and flourishing local economies;
- Increase democratic involvement both politically and economically to ensure the effectiveness and equity of the movement to more diverse local economies;
- Implement a local competition policy to eliminate monopolies from the more protected economies;
- Re-orientate the end goals of aid and trade rules such that they contribute to the rebuilding of local economies and local control worldwide.

Under these circumstances, beggar-your-neighbour globalisation gives way to the potentially more cooperative, better-your-neighbour Progressive Protectionism.

What I'm not advocating is the oxymoronic protectionism of the 30s, where the goal was often for each protected industry or country to increase its economic strength by limiting imports and then hoping to compete and export globally at the expense of others. Unsurprisingly, the more countries did this, the less trade there was between them. Progressive protectionism aims at reducing permanently the amount of international trade in goods, money and services and to enable nation states to decide the level of migration that their citizen's desire.

### **Progressive protectionism needs regional groupings of countries**

Aside from the United States, no one country has the economic and political power to introduce progressive protectionism policies on its own. Should a single nation attempt such a challenge to the interests of big business, then it would almost certainly face threats of large-scale relocation and investment strikes. However, the European Union would be a powerful enough bloc to be the first one to pursue this path.

### **A new direction for Europe**

'Progressive Protectionism' involves proposing a new direction for Europe, one of a cooperative grouping of countries prioritising the protection and rebuilding of local economies. This could then provide a hopeful and secure future for its people and turn the EU from an increasingly discredited entity to one which provides a positive answer to voters' concerns. Cross-border issues like responding to non-European migration, climate change, pollution and crime would still require intra-European cooperation and so would become a priority for a newly popular EU.

To achieve this, what is required is to start a debate in Europe about turning the Treaty of Rome into a 'Treaty of Home Europe-wide'.

### **The treaty changes required**

It is the Treaty of Rome which in Europe forces the abolition of controls on the free movement

of people, goods, money and services. What seems to have been overlooked is that it was not hewn out of stone by Moses. It's an outdated political agreement that is now increasing economic insecurity through the policies adopted such as austerity, relocation of businesses and the rapid migration of workers and so is prompting growing opposition. To overcome this, the fundamental changes proposed in changing the Treaty of Rome to a Treaty of Home Europe-wide can be summarised as:

#### **EC Treaty of Rome Article 3 (ex Article 3)**

(c) an internal market characterised by the abolition, as between Member States, of obstacles to the free movement of goods, persons, services and capital;

#### **Proposed 'Treaty of Home' Article 3 (ex Article 3)**

(c) a market characterised by the maintenance, as between Member States, of *appropriate controls* on the free movement of goods, persons, services and capital *in order to allow regional, national and local economies to prosper.*

### **Seeing off the extreme right**

Progressive protectionism could thus benefit all countries by nurturing and rebuilding local economies through the permanent reduction in the level of international trade in goods, money and services, while enabling nation states to control the level of migration that their citizens desire. This approach can return a sense of optimism to the majority through championing policies geared to achieving more job security, a decrease in inequality and protection of the environment. It is also the only way to see off a further rise of the extreme right.

*Colin Hines is Convenor of the Green New Deal Group and former Co-ordinator of Greenpeace International's Economics Unit, having worked for the organisation for 10 years.*