

Nationalism, and Nightmare



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“History is a nightmare from which I am struggling to awake” - James Joyce (Ulysses)

Much of the rise of nationalist and populist politics in recent years has been premised on economic rhetoric about the enemy at the gates, usually uneven trade deals or job-stealing immigrants. But the ramifications of the “Fourth Industrial Revolution” and the vast technological changes that accompany it are less often spoken about, given their complex nature as a target. Rafael Friedman looks at these phenomena and the risks for greater polarisation that can be easily stoked to promote nationalist or populist policies.

Introduction

Various developments in the past few years have elicited in many across the liberal, progressive world a sinking feeling that we are moving inexorably backwards. The liberal world order is seemingly in its gravest danger since its initial rise at the end of the Second World War. This is given that the relative political stability most ‘Western’ nations have enjoyed in recent decades has been shattered by a dramatic re-shaping of electoral politics as well as an increasing backlash towards policy orthodoxy. Consequently, this has fostered fears that the world is showing signs of reversing many important gains. The United Kingdom’s vote to leave the European Union and Donald Trump’s seemingly unlikely election in the United States of America are the best publicised examples of these signs. But, they are by no means the only ones. Although the “contagion” effect that many thought would lead to similar results in other Western European elections has not materialised; what *has* materialised is a general shift globally over the past few years towards governments of more nationalist character. The fear is that this will result in many societies re-adopting principles that we believed belonged to an earlier time. However, the driving causes behind this trend are often far more about the future than the past. The solutions these problems require are therefore likely to also require more attention to the future than to the past.

South Africa itself has a strong undercurrent of nationalist politics and the increasing promotion of populist economic policies from a number of political parties speaks to South Africa’s place in the global shift towards populist politics. However, South Africa’s history of racial division and discrimination has centred much of the focus of nationalist politics on internal divisions between racial and ethnic groups. This is not uncommon since internal divisions are a clear marker of populist sentiments throughout the world. Significantly however, South Africa’s

focus has remained on this ethnic or post-colonial centred nationalism and is yet to give rise to a nationalism based around a historic conception of the state and its power. Nevertheless, as both populism and nationalism begin featuring ever more greatly in global politics, it is worth exploring what the trends that have driven this mean for the future of South African politics and society.

Trade

Throughout the world, the rise of nationalism and populism have also seen a rise in economic thinking that calls for the foregrounding of national interests over any global considerations. This is often premised on the notion of protecting local jobs and industries. A prime target of these sorts of policies is therefore the international free trade regime that has formed a crucial part of post-World War Two globalisation. According to figures from the Organisation for Economic Co-operation and Development (OECD), the world is experiencing exceptionally weak trade growth. This is driven partly by a stark rise in protectionism that flowed from the beginning of the financial crisis in 2008. Free trade deals, particularly multilateral ones, are facing increasing criticism and have become easy targets for politicians pushing a narrative that their nation's pride, prosperity and values are being sacrificed in favour of the citizens of other countries and an ideology of "globalism". This has generated the idea that jobs that should be reserved for locals are being sacrificed on the altar of free trade. This is not entirely the case; in most advanced economies, these jobs are being lost almost entirely to automation as we enter what many have called the "Fourth Industrial Revolution".

The 2017 National Treasury Budget review identifies being a part of the global trading system as crucial to the South African economy. Additionally, further identified in the review as an integral component of South Africa's economic development is the existence of a fair and rules-based trading system. Hence, similar anti-free trade sentiment in South Africa would likely be misplaced.

As a continent, Africa continues to maintain a stubbornly high number of trade barriers and a remarkable lack of intra-regional trade, with only 25% of exports going to other African countries. As trade barriers increase globally, a growth in trade within the continent will be vital for African countries to secure the continent's future success. But in order to avoid antipathy developing, these trading relationships will need to demonstrate clear advantages at all levels; as opposed to only amongst certain industries or in discrete segments of societies. What this requires is a trade policy that seeks to promote development rather than viewing free trade as an *automatic* driver of development. In fact, this forms part of the founding provisions of the World Trade Organisation. Encapsulated in the treaty that established the WTO is the phrase: "[r]ecognizing that their relations in the field of trade and economic endeavour should be conducted with a view to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand". This speaks to the ideals that should guide the establishment of free trade areas; regardless of the debate about whether the WTO has lived up to these ideals itself.

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Automation

One of the hallmarks of what is being referred to as the Fourth Industrial Revolution is the increasing automation of many traditional jobs. While it has been barely mentioned in major political campaigns, it has had a profound effect on the escalation of nationalist politics in the Western World. One study in the United States of America estimated that 87% of recent manufacturing job losses have been due to the increased productivity brought about by automation. However, the concept of 'automation' is a complex political target. So, numerous politicians have instead preferred to blame these job losses on foreign countries, immigration and the global trading regime.

A particular concern for developing economies is that this is driven by de-industrialisation as automation allows foreign companies to move factories back to their home nations. The study estimates that 60% of South African jobs are at risk of computerisation.

Nonetheless, there remains a debate about whether automation will create jobs or lead to widespread job losses. Previous industrial revolutions were typified by an increase in productivity that enabled job growth, but there are fears this will not be the case this time round. Many traditional manufacturing jobs are at risk - which have long held a treasured space as reliable, well-paid and lifelong jobs.

The split regarding whether automation will create more jobs than it will destroy is reflected in a Pew Poll of tech-professionals and economists that found that 52% believed it would create jobs while 48% believed it would nullify them. But even if automation produces jobs, they are unlikely to be situated in the professions or areas where it causes job losses. Automation will probably phase-out low-skilled manufacturing jobs while creating engineering and technological jobs which require high skill-sets. This has been seen as a driving force behind much of the populist backlash in Western politics as politicians target anti-trade initiatives and similar economic policies which are directed towards the disillusioned who have lost out due to the changing nature of the global economy.

A recent study by the Oxford Martin Institute examined the risks automation poses to employment in developing markets. It holds that developing countries would be impacted negatively because they face the issue of increasingly being unable to close the gap with wealthier nations. A particular concern for developing economies is that this is driven by de-industrialisation as automation allows foreign companies to move factories back to their home nations. The study estimates that 60% of South African jobs are at risk of computerisation. This is a devastating figure given South Africa's current unemployment rate.

While jobs will be added in particular digital industries, these require a high skills base and additionally will be likely to be concentrated in South Africa's urban areas. They can also be expected to favour those with resources and access to education. If swift interventions are not undertaken, then our future economy might well severely worsen the deep divisions in South African society between those who are and those who aren't included in the formal economy. These divisions manifest typically take the form of inequality and racial exclusion, and have already become a key rallying point for populist politics in South Africa.

Therefore, progress will require finding ways to harness the possibilities presented by automation positively. This demands an emphasis on education; both to allow

the currently employed to re-skill as well as to even the playing field concerning job-access in growing industries. In addition, South Africa will have to ensure that people are able to relocate easily to take advantage of growing industries as other industries shed jobs. This requires policies aimed at enabling people to move to where jobs are emerging as well as between industries. Most importantly, a new strain of thought is needed regarding the direction of the South African economy. Some of the country's traditionally job-creating industries, such as mining and manufacturing, can be doubted to create jobs *en masse* - even if they recover from their current slump. New ideas are necessary to adapt the South African economy to the digital age if it is going to ensure that its full potentials are capitalized upon and that the economy's benefits are more widely shared.

Divisions

Around the world, globalisation and inequality have brought divisions in societies to the fore that have driven the rise of populism and nationalism. The growing divide between rural and urban communities as well as divisions based on age and education-level have shaped Western politics during current election cycles. This is politically interesting, but more crucially highlight the lessons South Africa should learn in order to avoid the upsurge of a potentially damaging strain of politics.

The roots of this politics go back far, but some of the challenges that are driving it are profoundly modern. Having entered a new age of 'the global economy', the challenges faced by traditional economic and social structures are great. The way the divisions emerging from this are navigated, and in particular the way that those who have not borne the fruit of the advances are included in their successes, will play a decisive role in defining our future.

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