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The Possible World After Globalism

If we can dethrone the reign of Big Finance and Big Tech, what new worlds can we imagine?

BY BRIAN KETTENRING SEPTEMBER 30, 2022



Foroohar depicts the green shoots of a new, deglobalized economy.



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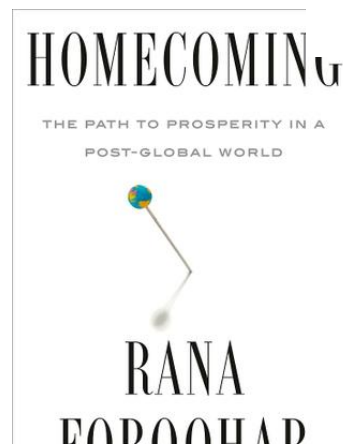
Homecoming: The Path to Prosperity in a Post-Global World

By Rana Foroohar

Crown

You don't necessarily expect trenchant critiques of Wall Street and Big Tech from *Financial Times* columnists, but in the case of Rana Foroohar's first two books, that's exactly what you get. In *Makers and Takers: How Wall Street Destroyed Main Street* (2016), Foroohar laid bare how speculative finance distorts economic outcomes and shifts investment away from productive economic ends. Three years later, she followed up with a critique of the giants of the internet age: *Don't Be Evil: How Big Tech Betrayed Its Founding Principles—and All of Us* (2019). What's most helpful about these two books is the way they inaugurate a comprehensive critique of our modern form of capitalism and the powerful interests that buttress it. But how do we build a different economy? Now, with her third book, *Homecoming: The Path to Prosperity in a Post-Global World*, Foroohar does something even more interesting: point to what's next for the economy.

Homecoming hangs its hat on metaphors of place. Foroohar's vision is, as the title makes clear, rooted in a rebalancing: away from the intense globalization of the past 40 years and toward the interests of local communities. "The bottom line is that



globalization as we've known it for the last half century is over,"



she writes. “But a certain amount of deglobalization is not a retreat or a failure. In fact, it’s both necessary and welcome, for economic, social, political, and environmental reasons.”

After the shocks of COVID-19, the Ukraine war, and intensified competition with China and Russia are fully priced in, deglobalization makes economic sense. The book is a tour through the United States in search of communities and companies seeking new ways to produce economic value. From vertical greenhouses that use land more efficiently to high-technology textile firms resisting the tides of globalization in the Carolinas to 3D printing firms that facilitate the reshoring of manufacturing, Foroohar depicts the green shoots (pun intended) of a new economy.

Foroohar’s work here is equal parts journalism and visioning, offering a host of case studies of how we might produce and consume differently while simultaneously painting a picture of a more resilient and rooted economy. In the course of demonstrating these alternatives, Foroohar also brings to life ways in which the assumptions undergirding our economy—our paradigm—have been proven just plain wrong.

Debunking standard theory, she shows how economist David Ricardo’s theory of comparative advantage—the foundation on which the entire edifice of unfettered globalization was built—has been largely disproven. “In a world that is more regionalized,” writes Foroohar, “there are inherent tensions within the Ricardian model, and cracks that are only just now beginning to show.”

THE PROBLEM FOROOHAR AIMS TO SOLVE is obvious enough. Since the 1980s, the United States has had an



economy that privileged wealth over work, that exacerbated economic and racial disparities, that degraded the planet in the extreme, and, ironically, that failed to deliver the level of growth seen in the postwar era when unions were stronger and taxes on corporations and the wealthy were much higher. This way of doing things, this paradigm, is most accurately termed “neoliberalism,” an ideology that values markets and efficiency over community and resiliency.

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During the New Deal, it wasn't merely public spending that mattered, but also the ways in which government directed the private sector.

With the election of Ronald Reagan in 1980, the “neoliberal order,” as historian Gary Gerstle calls it, came into being. And with the rise of Trump on the right and Sanders on the left, and with the outbreak of COVID-19, that same neoliberal consensus came undone. *Homecoming* offers a way out of the morass with a vision of community-rooted economics that redraws the connection between capital and community. By coming at the neoliberalism problem through the lens of globalization, Foroohar offers up “localnomics” as an alternative. Will it work?

Any reading of recent U.S. economic and political history will point to three key elements that ultimately come together to create a new form of “political economy.” The first of these is a conceptual framework that predominates in society, what has been called a paradigm, originally given life in the history of science by Thomas Kuhn's *The Structure of Scientific Revolutions* (1962), now applied to the study of society. The second is



economic forces, both micro- and macro-, which combine with dynamics like technological innovation to shape what kinds of economic forces comprise our political economy. Interacting with the paradigm and with these economic forces is politics, in particular the dominant political forces that tend to align with evolving economic forms; political orders.

These political realignments are often lagging indicators, triggered by tectonic economic forces that generally evolve slowly—except when they don't. A generation of historians and political scientists studying the rise and fall of the New Deal (1932–1980) and neoliberal (1980–2018) orders—or political realignments in general—have demonstrated the extraordinary richness and complexity of the forces that conspire over time to pull down one set of electoral majorities and elevate another. Part of the intensity of the struggle over our democracy today is driven not only by the authoritarian turn on the far right, but also by the recognition that the next set of rules is soon to be written for a generation or two.

In the late 1980s, political economist Peter Hall pointed out the ways by which economic ideas hold sway with a study of Keynesianism aptly named *The Political Power of Economic Ideas*. First, Hall pointed out, frameworks like Keynesianism or neoliberalism are deployed in economic policy debates; see today's debate among economists about inflation, for example. Second, economic ideas influence the thinking of those in government, often those making practical decisions such as how to manage a budget. Finally, economic ideas are deployed by the political class to build their coalitions. Here, the relative value or demerit of a particular set of ideas correlates to its potency at mobilizing segments of the electorate. Hall's point was that each of these use cases of economic thinking has its value; the most persuasive theories deployed them all.



This is where names like the Federalist Society, the Chicago school of economics, and the Mont Pelerin Society enter the picture.

During the heyday of New Deal liberalism, these conservative thinkers and activists built an ecosystem of neoliberal ideas that was available when the economy hit a wall in the early 1970s and policymakers sought out new approaches. By Reagan's election in 1980, many of these intellectuals and their institutions had matured to the point that they were prepared to govern; many entered government directly. These ideas became so pervasive that ultimately a Democrat, Bill Clinton, embraced the neoliberal framework in many respects, famously declaring an end to "big government."

In addition to the power of ideas and shifting political tides, economic forces and developments in particular industries or regions can drive broader changes in society. In Foroohar's new book, the author points to some of these forces, though often the geopolitical forces she describes—for example, decoupling from China—feel more powerful than the purely economic forces driving toward inclusion.

"The economic decoupling of America and China and, more particularly, the trade war and new cold war between the two nations is sometimes thought of as a result of the misguided policies of the Trump administration," she writes. "In fact, the conflicts between the two countries and their systems were there long before, hiding in plain sight."

Foroohar adds that the premise that growth in trade was unambiguously good for the United States has been an ideological commitment for decades, irrespective of party. Even trading with corrupt or hostile countries was seen as beneficial. "But the downsides to globalization," writes Foroohar, "which range from the loss of



important jobs and skill sets, to the vulnerabilities of complex and far-flung supply chains and financial networks, to the fact that China wasn't, in fact, becoming freer as it got richer—were papered over for decades.”

So geopolitical reckonings are reshaping our economics, and Foroohar is right to lift up some of the progressive possibilities of decoupling. But when you bring back in Foroohar's earlier work on the power of finance and Big Tech, you appreciate the persistent political obstacles.



ROSS D. FRANKLIN/AP PHOTO

If the progressive response to neoliberalism fails, anti-democratic ethnonationalism—Trumpism—looms as an alternative.

The relentlessness of exclusionary economic forces is brought home by a new book by Texas A&M historian Fritz Bartel, who explains how economics eats geopolitics. Bartel's thesis in *The Triumph of Broken Promises: The End of the Cold War and the Rise of Neoliberalism* is that in the immediate postwar years the Western and Communist blocs competed to raise working standards for their working classes to show that their economic systems were superior. “Democratic



capitalism,” Bartel writes, “prevailed because it proved capable of imposing economic discipline on its own citizens. Communism collapsed because it could not.”

But this dynamic was reversed under a new logic of austerity driven by the voraciousness of the energy and finance sectors. This phenomenon played out on both sides of the Iron Curtain, its relentless economic logic driving the end of communism and the rise of neoliberalism—“broken promises” to the world’s working classes.

The economic dynamics that anchored the New Deal, and then brought on neoliberalism and contributed to the unmaking of communism, occurred in other historical periods. Thomas Ferguson, writing in *The Rise and Fall of the New Deal Order: 1930–1980* (1989), argued that emergent sectors of capital aligned with FDR’s electoral coalition. It wasn’t just workers, Black voters, and the poor who anchored the New Deal coalition, but also segments of finance: “a new ‘historical bloc’ ... of capital-intensive industries, investment banks, and internationally oriented commercial banks.” Historian Louis Hyman has argued something similar about the New Deal; that it wasn’t merely public spending that mattered, but also the ways in which government directed the private sector—telling businesses, in essence, that they could make money in particular arenas to build the economy, with government help, but not in an exploitative manner.

Returning to Foroohar’s latest work, we can see that for her vision of an economics of resilience to predominate, several requirements must be met. For one, the ideas and policy prescriptions need to be fleshed out and these need to work in multiple settings; with economists, for policymakers, and with the electorate. Further, the prevailing economic structures and incentives in society



need to be harnessed to this vision. And third, the politics need to buttress this emergent paradigm. The United States is in such a dangerous place right now precisely because a competing alternative, an anti-democratic ethnonationalism—Trumpism—is on the march. Foroohar points this out, noting that “populism is a natural result of this disconnection between the global economy and national politics.” A key, then, to defeating the forces of ethnonationalism lies in our successfully realigning international political economy with the interests of local communities at home and abroad.

Foroohar may not have set out to write a trilogy, but by starting with critiques of finance and Big Tech, she has laid the predicate for a new form of political economy. The question for the 2020s is, how do we get from here to there? *Homecoming* persuasively argues that the process is already under way, but some of the essential ingredients for an inclusive political economics are very much up for grabs. Can we develop and deploy the ideas quickly enough to outmaneuver both neoliberal and ethnonationalist alternatives? Further, can we mobilize the public behind state action to rein in finance and tech? And third, will macro-level economic dynamics, sometimes predictable, sometimes not—think of the energy and commodity shocks brought on by the Russian invasion of Ukraine—reinforce or undermine an inclusive form of economics? This last element is extremely hard to predict or to control.

The elements, then, that are most within our control are the ideas—and the infrastructure to buttress these—and the organized public demand for elected officials and regulators to meet a much higher standard when it comes to building a new economics. As Foroohar’s new book spells out in vivid detail, we have our work cut out for us to bring the economy home.



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