

THE
ECONOMIC
CLUB OF
CHICAGO

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The Club welcomed Editor-in-Chief of *The Wall Street Journal* and Managing Editor of Dow Jones Gerard Baker for the Second Forum of the 2017-2018 Program Year on November 16. The Forum was held at The Mid-America Club, where Mr. Baker gave brief remarks before participating in a live Q&A moderated by Second Vice Chair Elizabeth Connelly.

Mr. Baker's prepared remarks covered what he considers the most significant macro trend of his lifetime – the rise of nationalism.

“It's a political phenomenon that is the resurgence of something I think we'd thought we saw largely dispatched to history maybe 30 or 40 years ago,” said Mr. Baker. “Nationalism is very much back in vogue.”

President Trump was a prime example of this movement, given that he ran on a platform of economic nationalism in his campaign to “Make America Great Again.” However, Mr. Baker noted that even before the election of Donald Trump, the trend was rooted in western society with the success of Brexit in the United Kingdom. It continues to expand across Europe, as nationalist parties gain traction in Germany, France, Austria, the Netherlands, Hungary and Poland.

“The impetus of the European Union was putting [nationalism] behind them,” he noted. “The European leadership is trying to eliminate national boundaries but most Europeans don't want to do that.”

This assertion of national identity expands beyond western society and has rebounded in many Asian countries like China and Japan. According to Mr. Baker, this relatively recent push towards nationalism is a reaction to the explosion of globalization over the last 40 years.

“It became increasingly clear that while globalization was having a net benefit for the global economy as a whole, the benefits of that were spread in a poorly distributed way,” he said. “More and more of the elites were identifying with globalization and less and less with their fellow [citizens].”

Along with the vast and growing economic inequality in the U.S., Mr. Baker mentioned the large discrepancy between lifestyles of the elites and other citizens creates a sense of alienation while the rise of Islamic terrorism heightens perceived needs for stronger national borders. He ended his remarks predicting a continued advancement of nationalist politics.

“I think we're entering a period of danger. We're likely to see these tensions rise,” he said. “The key thing is to address the understandable grievances and resentments of a large number of people in these developed countries who feel they've been left behind.”

During the Q&A period, Ms. Connelly continued the theme of globalization when she asked if the current state of the financial markets is an indication that nationalism can lead to economic prosperity.

“While there are concerns about economic nationalism, there’s a stronger optimism right now particularly about the measures the Trump administration is expected to take,” answered Mr. Baker.

Those measures include tax reform and the rollback of regulations in the energy, financial and labor sectors. While these changes bode well for business, he also noted that business leaders still hold very real concerns of his intentions with NAFTA and North Korea.

Ms. Connelly took a question from the audience on NAFTA negotiations and where Canada and Mexico currently stand. Mr. Baker alluded to a general skepticism of President Trump’s threats to “rip up” the agreement, claiming that it’s his attempt at forcing both countries to accept U.S. terms of the agreement. When it came to North Korea, he similarly cast doubts on President Trump’s intentions but notes one unintended success of his tweets.

“Simply by scaring everybody he has pushed the Chinese to be a more aggressive with North Korea,” said Mr. Baker.

After the Forum Luncheon, Mr. Baker sat down with the Young Leaders of the Club for a “Continuing the Conversation” program, where he answered additional questions about global politics, domestic policy and the news industry.