

Towards a New Global Economic Order

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When (hyper-)globalization was viewed as permanent and immutable ...

- Bill Clinton: “Globalization is not something we can hold off or turn off. It is the economic equivalent of a force of nature, like wind or water.” (2001)
- Tony Blair: “I hear people say we have to stop and debate globalization. You might as well debate whether autumn should follow summer.” (2005)

Outline

Many globalizations

Why there's no going back to hyper-globalization

The challenges the global order must meet

Three scenarios

Different globalizations in history

	aspiration				
	Capital mobility	Free trade in goods	Labor mobility	Rules that reach behind borders	Multilateral governance institutions
Gold Standard	✓	✓	✓	✓	
Bretton Woods		✓			✓
Post-1990s hyper-globalization	✓	✓		✓	✓

What hyper-globalization shares with the Gold Standard

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The China exception

There is no going back: hyper-globalization's failures

International economic integration => domestic disintegration

- erosion of the middle class and its political consequences
 - growing income, social, cultural gaps within countries
 - in middle-income as well as advanced economies
- biggest beneficiaries were countries that played by different rules
 - The Chinese case

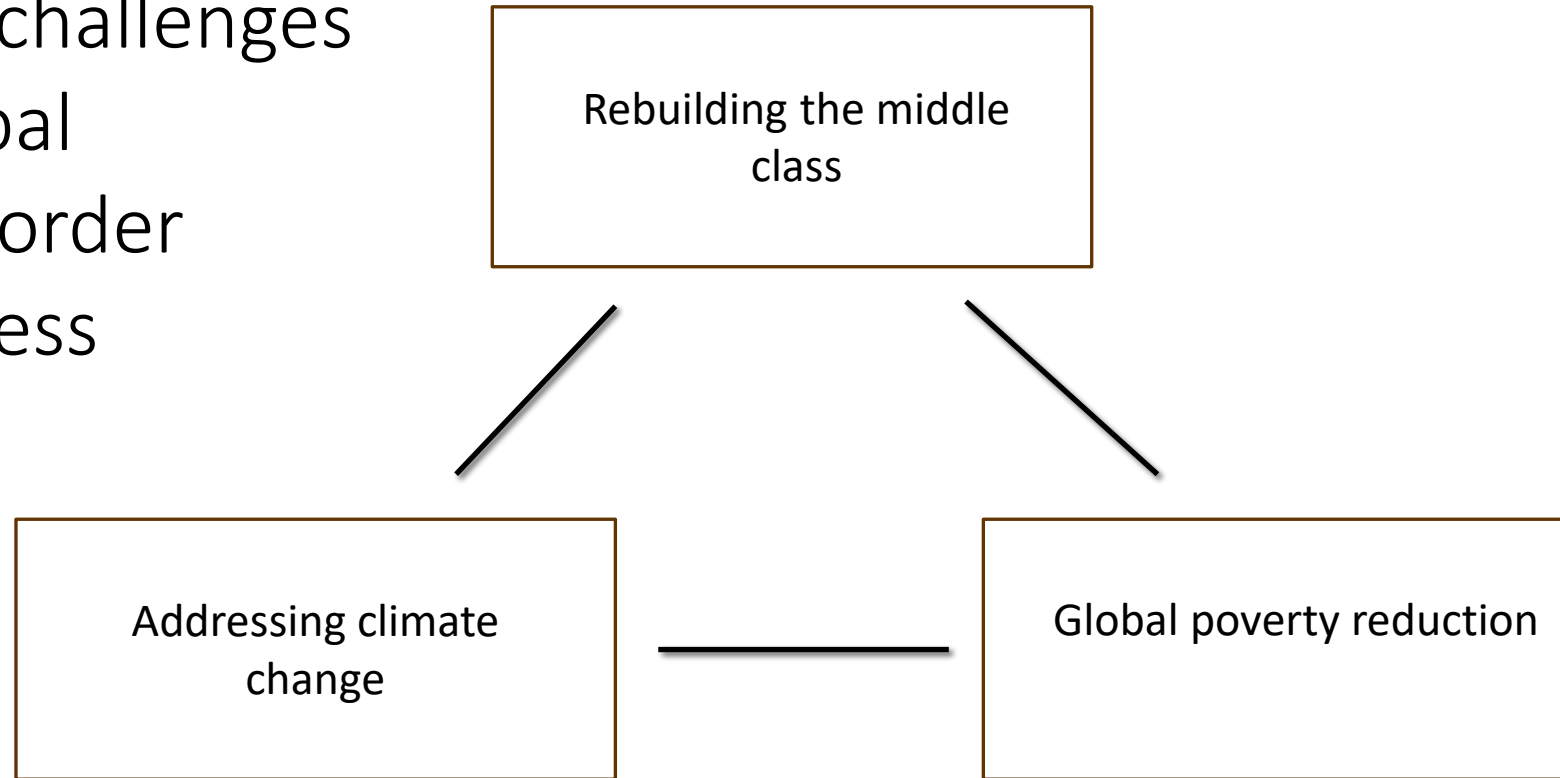
The rise of China => geopolitical competition with the U.S.

- inducing today's industrial policies, near-shoring and friend-shoring

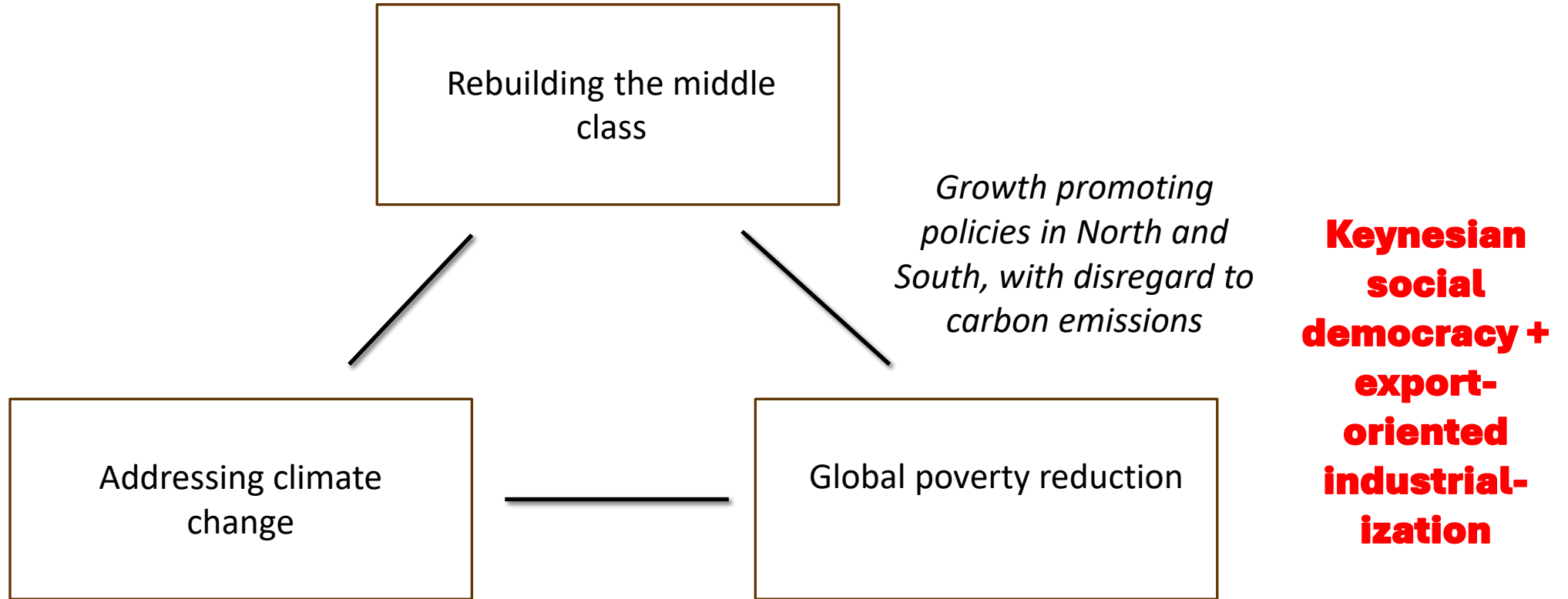
Disregard for climate challenge

- replaced today by industrial policies that are often in tension with traditional trade rules

The three challenges
a new global
economic order
must address

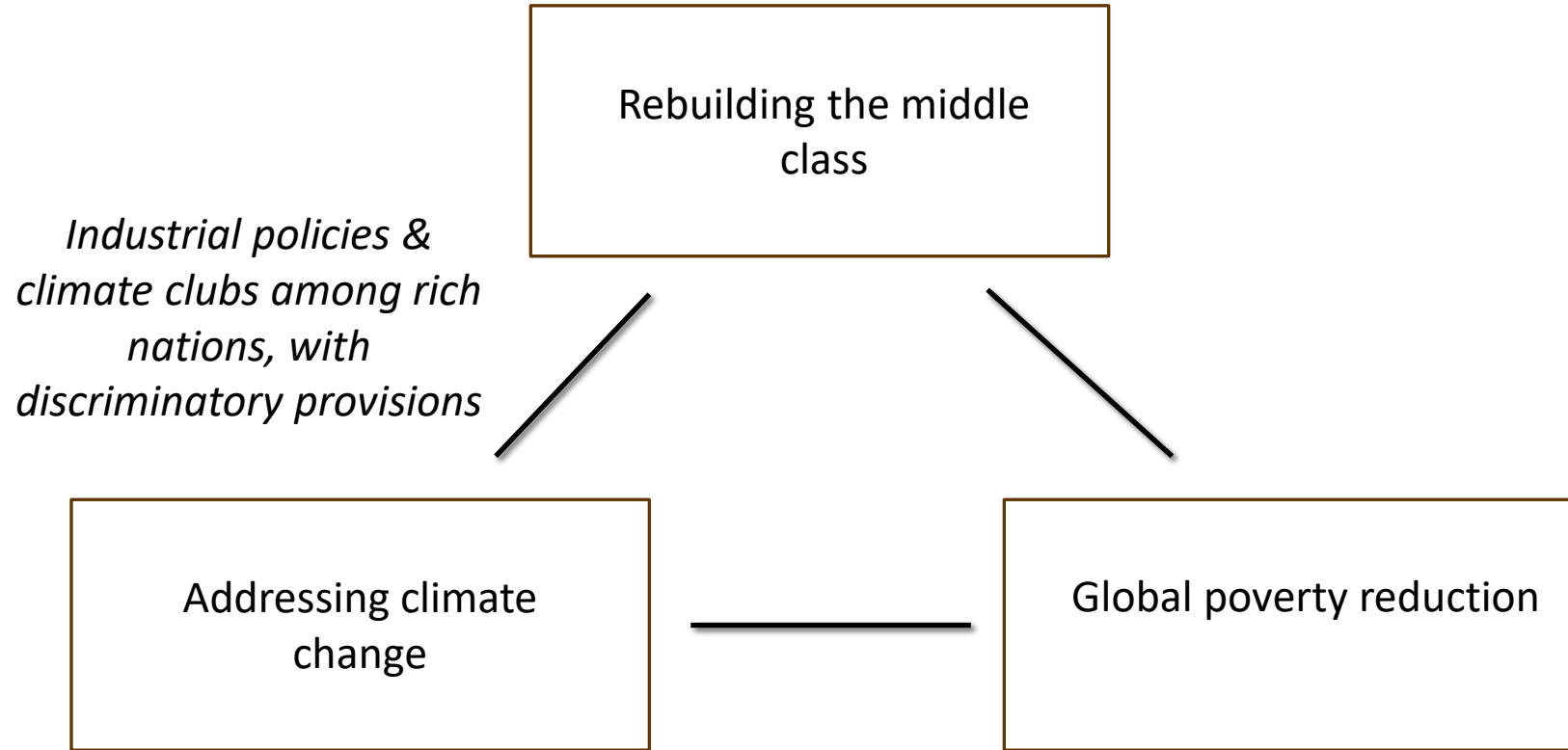


A rich country problem, a poor country problem, and a global problem
-- though ultimately they are all everybody's problems



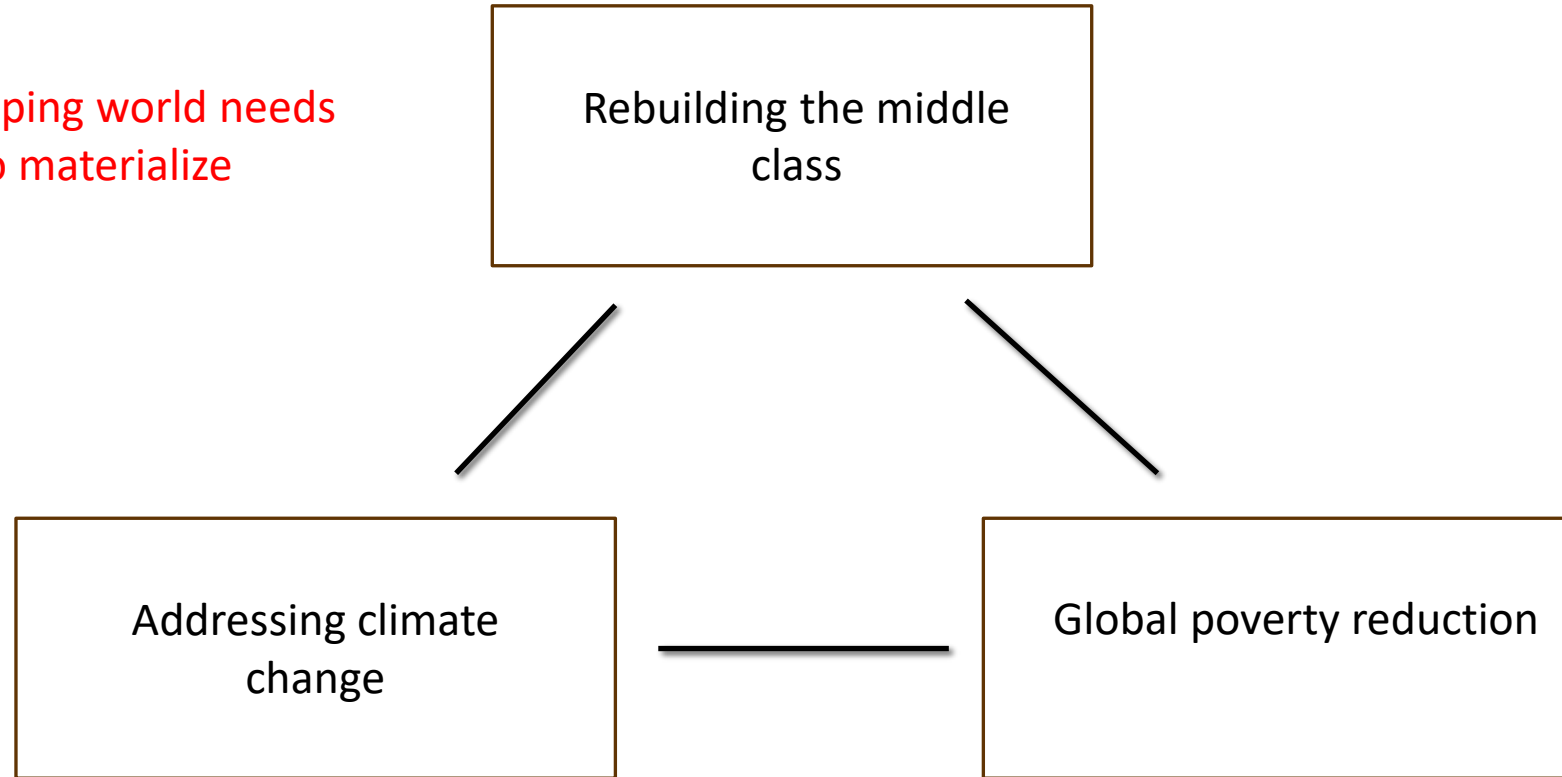
The post-war “miracle”
-- undone by neoliberalism and premature de-industrialization

Bidenomics



The backlash to neoliberalism and hyper-globalization

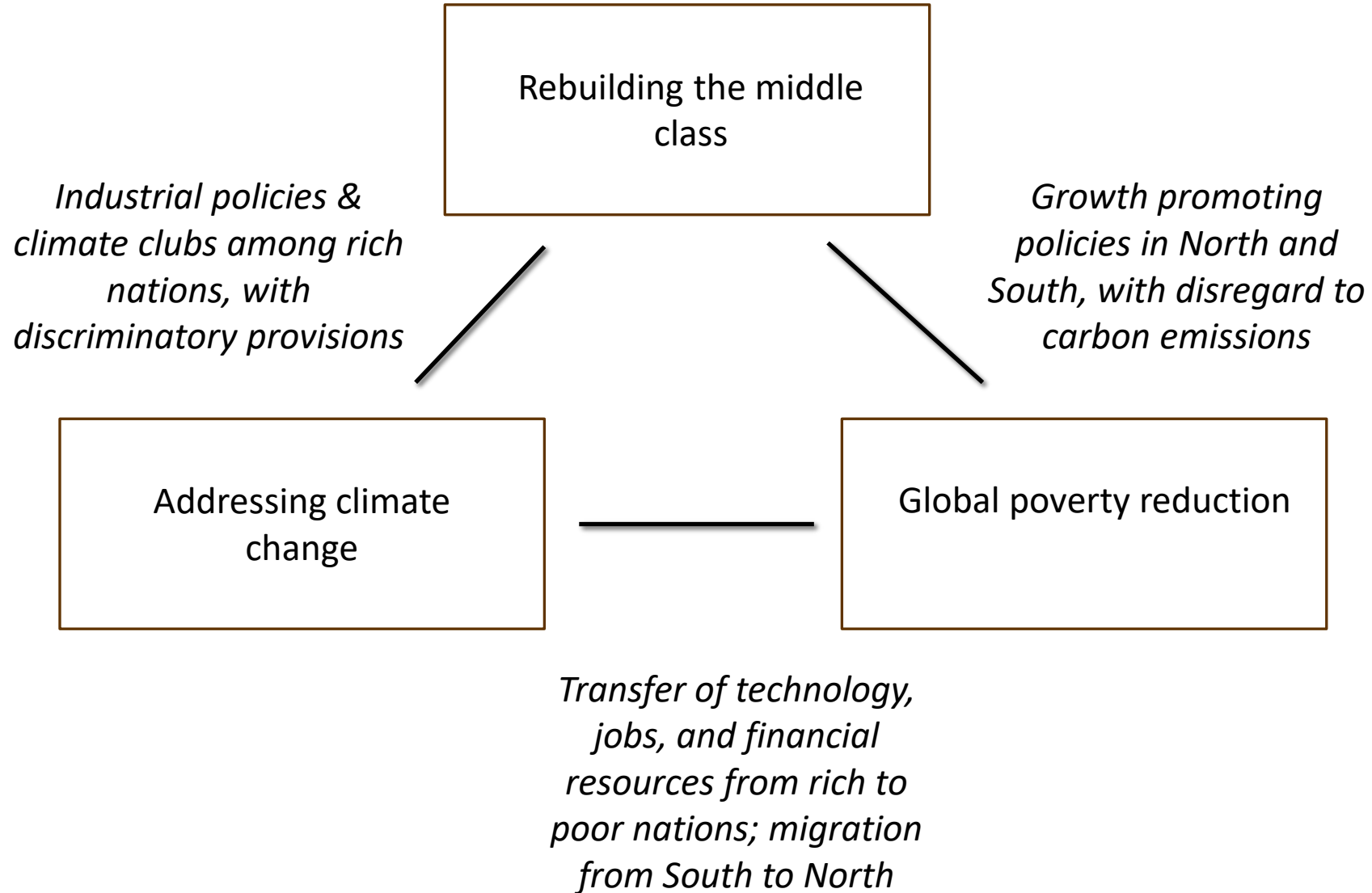
What the developing world needs
– very unlikely to materialize



*Transfer of technology,
jobs, and financial
resources from rich to
poor nations; migration
from South to North*

**Global
Rawlsianism**

Bidenomics



Keynesian social democracy + export-oriented industrialization

Global Rawlsianism

Reasons for optimism

- There is real action on climate transition front, though it is at national, sub-national, and regional level
 - Renewables, Chinese IP, IRA, etc.
 - Green industrial policies are not a threat
- The future of development is services-based
 - So Northern industrial policies do not really undercut development prospects
- There is some momentum for global taxation to raise resources for LDCs
- “The world is second best, at best”

What will replace hyper-globalization?

Three scenarios

- the good: a rebalancing between domestic prerogatives (economic, social, environmental, security) and the requirements of external openness; a thinner but more sustainable globalization
- the bad: return to 1930s style autarky
- the ugly: geopolitics undermines world economy while decoupling remains (necessarily) incomplete

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The good path: re-integrating domestic economies

New policies for domestic economic & social cohesion and for climate transition

- primacy of domestic economic, social, environmental agenda
- emphasis on “good jobs”
- from cost-saving to “resilience”
- public investment in skills, health, green transition
- “new industrial policies” connecting advanced firms/technologies with rest of economy

New responsibilities for business elites: from globalism to social solidarity

- quid pro quo: investment in local suppliers, communities, and workforce in return for public goods

A thinner but more sustainable globalization

- “peaceful economic co-existence”
- right to protect own standards/regulations/tax regimes/national security
 - but not to impose those standards on other countries

Would prioritizing the domestic agenda hurt the global economy?

Prioritizing domestic equity and social cohesion not inimical to open economy

In fact, essential to it

Christine Lagarde (2019): “Bretton Woods launched a new era of global economic cooperation, in which countries helped themselves by helping each other.”

In fact, the truth was closer to the opposite of this. The genius of BW was that countries were allowed to help themselves first.

The success of any future global regime rests on the idea that countries help each other by helping themselves.

An important pre-requisite: managing geopolitical competition

US must accept multipolarity, accept China as a major power, not oppose giving it greater voice in global economic governance, and not try to undermine its technological development

- In other words, US must accommodate China rather than continue to seek primacy over it

China must stop bullying its neighbors militarily, limit cyber-espionage, and accept status quo over Taiwan (and avoid military takeover)

The greatest threat to a healthy global economy is not the new domestic economic agendas in US and elsewhere, but the mismanagement of geopolitical competition