

Discussion of Globalization and Global Governance in Transition

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Big Picture Frame

- Globalization changing not ending
- Moving to a world with competing objectives of efficiency and resilience/security
- US led multilateralism crumbling and not coming back
 - Globalization now a variety of governance arrangements in different areas
- US acting more as an “extractor of profit”
 - Small addition here, US not really within the efficiency/resilience frame at present, fundamentally rejects positive sum trade and instead is focused on bilateral deficits

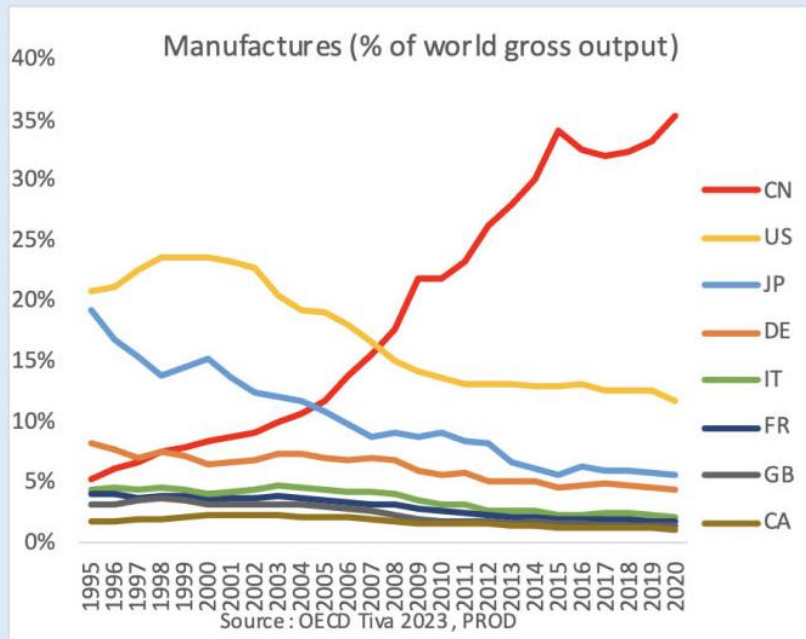
A few additions

- China:
 - role of China really only picked up as part of the political momentum for Trump
 - Ignores rise of China as a fundamental shock to the system, not just in a rising power sense, but because China's economy not consistent with how WTO is designed (state control, subsidies, etc).
 - Made in China 2025 good example (got to de-risking long before the West, huge resource mobilization to acquire global market share)
 - Absent Trump, there still would have been huge shifts in how globalization was organized and how countries thought about concentration of production
 - Makes the problem even bigger: not just US as extractive, but other largest economy as mercantilist state driven.

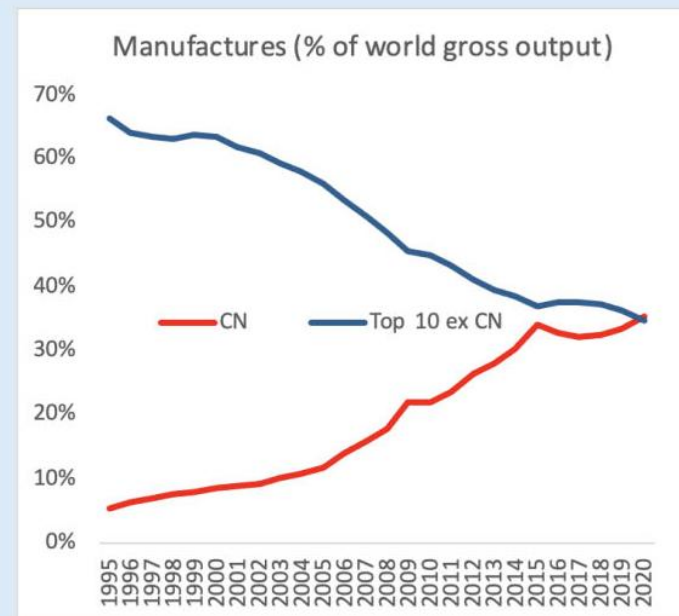
China is the dominant manufacturer

World shares of gross production

G7 shares declined sharply (gross production)



China's share rose sharply (gross production)



A big addition



Big addition

- The only place G is mentioned is G0 at the end. G20 seems highly relevant here.
- It is a place where coordination happens of big players on big picture issues.
- Also highly relevant to some of the areas you argue there's little coordination, eg:
 - Banking/financial regulation is not just Basel, its really FSB which is a G20 creation and coordinates via G20
 - Tax: huge international coordination here on Pillar 1 and Pillar 2 via OECD inclusive forum, but again, often guided via G20
 - Other areas (health and Pandemic Fund, Debt and Common Framework)
- The G20 may be getting broken as we speak, so understanding the extent it was playing a role here is important.

Also, the UN

- I'm not a UN expert, and granted a lot of its activity is more in the war and peace area or refugees, but...
- It does at least try to play a coordinating role on a lot of the topics mentioned.
- Would be interesting to understand authors' views on the relevance

GFSN

- You mention the GFSN fragmenting in spots, in what way?
- One place it still seems you have real coordination is that the IMF/WB take a leadership role when a country gets in trouble
- There are other institutions (e.g. AIIB) but nothing realistically challenges the primacy of these institutions at this moment
- And... its one of the few places the Trump team has not come in with a wrecking ball.
- Why the view as fragmenting, and why have these institutions maintained relevance.
 - IF what you mean is wide range of “non-traditional” lenders and the fact that the Paris Club can’t just swoop in and solve things, then I agree.

A future scenario

- One future scenario that seems likely, I'm not sure if it fits into one of your three:
 - The rest of the world moves on when it comes to trade, and increasingly other issues without the US.
 - Trade (CPTPP)
 - Climate (as you discuss, climate clubs)
 - Health (US not constructive anymore)
- Curious how much you think that is a possible world or....
- What if the US tries to return to form. Can it ?
 - And as side note: tariffs very unpopular and will have serious growth impacts, and may raise less revenue over time as firms adjust, so I'm not sure we want to assume they last forever