

Globalisation and Institutional Change Workshop

Monday 21 May 2018, National Institute of Economic and Social Research

Briefing Note

Globalisation brings together markets and societies through a network of international institutions. These institutions set common yet slow-changing rules of engagement. The UN, G20, World Bank, IMF, and World Trade Organisation are institutions that have evolved and today exist broadly to support further globalisation.

Yet globalisation is neither value-free, nor is it static; and neither are these institutions. If we want to answer the question, ‘Can globalisation benefit all?’ we have to answer the question, ‘Can the institutions of globalisation benefit all?’ This question is especially relevant given the current challenges to international integration and the unprecedented shifts in global economic power.

Can the Institutions of Globalisation Benefit All?

The consequences of globalisation can be measured through different lenses by different people. The academic debate on globalisation has mostly emphasised the aggregate gains from free trade. The public debate has focused on the groups who have lost from increasing globalisation, the challenges to the domain of the nation state, rise in inequality and populist calls for protectionism.

If academic and policy institutions focus on efficiency and pay less attention to distributional concerns then the outcome of policy is perhaps less likely to benefit all, with some gaining more than others. Do the institutions of globalisation need to reflect the public debate more? Has a lack of this, and people feeling as though their voices aren’t being listened to, contributed towards the backlash against globalisation?

[Goldberg & Pavick \(2016\)](#) documented a shift in the debate around globalisation from tariffs and international agreements towards transportation, information and communication costs. They also show that the current gains from trade are quite “small” using [Arkolakis et al. \(2012\)](#)’s model. If the gains from globalisation are small, what does this mean for institutions of globalisation? Should they try to increase these gains, or are they inevitably small? In which case, do the distributional concerns become more important?

On May 21 we will meet to discuss these shifts and shocks. Our sessions will be based around three themes, framed by guest speakers. Based on these ideas, we want to foster a discussion of world-renowned experts on the following topics. Each topic is designed to help inform our forthcoming funding call.

Session 1 – Evolution of the Institutions of Globalisation

The post-war institutional design created a set of incentives at the national and international level and has changed over time. It is important to understand the evolution of the key institutions of globalisation such as the WTO, the IMF, and the EU. Institutions are path-dependent processes, and their past influences our future. Understanding that path will give us a necessary context and background for what comes next.

Which factors are the most likely to influence the evolution of these institutions? To what extent can we rely on past changes for explaining what may come next? How should the evolution of these institutions be guided, and with what priorities in mind when doing so?

Session 2 – Innovation of the Institutions of Globalisation: How Will Globalisation and Institutions Interact in the Asian Century?

Globalisation is expressed as a governance issue in practice, because governance is the application of institutional control and oversight.

Danny Quah writes:

“Global governance—strong or weak, secure or absent, multilaterally benevolent or unilaterally self-serving—is one of the principal outcomes of a given world order.”

Recent changes in the institutional makeup reflect changes in global governance, producing what Quah calls, the coming “Asian Century.”

[Amoore et al. \(1997: 186\)](#) put the problem like this:

“The usual understanding of a dichotomy between the state and globalisation is an illusion, as the processes of global restructuring are largely embedded within state structures and institutions, politically contingent on state policies and actions, and primarily about the reorganisation of the state.”

[Pierre \(2013: 141-143\)](#) suggests that the institutions of globalisation can influence other countries. This could be through [economic governance](#), the [rescaling of domestic policy](#) concerns, and administrative reforms.

How might the growing importance of emerging economies affect the institutions of globalisation? If the institutional structure changes as a result, as we’ve seen in the past, how will this affect the current advanced economies?

We are already seeing a change in opinion about the influence of some economies. A Pew Research Center poll in 2017 [found](#) that across 38 nations polled, a median of 42% said the U.S. is the world’s leading economy, and 32% named China. EU countries, 7 of 10 times, said China was the world’s most influential economy.

China is [currently](#) enhancing its soft power. Most notably through the megaproject ‘[belt and road](#)’ initiatives, its \$50 billion investment in the Asian Infrastructure Development Bank, its New Development Bank, and a host of bilateral aid agreements.

What might these changes mean for the distribution of earning and income in developed as well as developing countries? What about the global distribution of earning income across countries?

Session 3 – Acceptable vs Unacceptable Channels of Globalisation: How Robust Are Our Institutions to the Future?

Globalisation operates through the increased [interconnection of institutions](#). We know this often [expresses itself](#) through channels which markets for goods, services, labour, and finance. Some channels feature higher levels of political and social acceptability, while others can be politically sensitive and contingent on other important economic variables. For example, changes in the [income or wealth distributions](#), [large scale migration](#) or [changes](#) in the composition of economic activity.

A distinction between ‘acceptable’ and ‘unacceptable’ forms of globalisation has always existed, across the political spectrum and across the broad range of social science disciplines. What do these distinctions stand for in 2018, and are they useful in understanding how to make globalisation benefit all?

MEETING AGENDA

The meeting will be held on the 21 May 2018 at the National Institute of Economic and Social Research in London, SW1P 3HE

12.00: Light lunch

13.00: Workshop begins

13.15: Session 1 on the history and evolution of institutions of globalisation

14.35: Session 2 on innovation of institutions of globalisation and the Asian Century

15.50: Tea/Coffee

16.20: Session 3 on the channels of globalisation

17.35: Drinks