

Globalisation: The start of a new Renaissance, or the end of an order?

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The era of global connectivity has only just begun, according to Ian Goldin, Professor of Globalisation and Development at Oxford University and former Vice President of the World Bank.

Addressing the Exclusive Books Bicycle Talk at the Gordon Institute of Business Science (GIBS), Goldin said, "People who want to go back to a world with higher borders and turn their backs on trade agreements and political cooperation are fundamentally misguided. It's not that we are connected, we are in fact entangled.

"There is no wall high enough to keep out a pandemic, or climate change, or a cascading financial crisis or a cyber-attack," he added.

Goldin said we needed to throw away notions of walls, and get smarter at managing integrated systems, as "this new nervous system (of global connectivity) that we are hyper-dependent on has also become our key vulnerability. Not only good things connect: events such as pandemics and financial crises travel that much quicker in a connected world."

Globalisation has meant we have made technological and ideological leaps within our lifetime, as well as fundamental transformations in the way in which we understand the world. The process of change has only accelerated and become more unpredictable, as was seen with the Arab Spring movement.

The only certainty of our times is that there is more uncertainty, Goldin said.

Goldin said technology and automation and their effect on human interaction needed more scrutiny: "What jobs are technology going to take and how is it going to change society? People are threatened; they believe technological change is not helping them, only others. How one embraces technology becomes absolutely crucial."

He called climate change "our biggest and most complicated challenge in many ways. Government is acting in the short term to defend its own interest and is often doing the wrong thing."

Global governance institutions to navigate change

The ability to successfully navigate these complex challenges now and in the future would be dependent on agile global institutions.

Goldin said there is a "huge disconnect between global systems, connectivity and governance. The present system of global institutions is totally unfit for the purposes of twenty-first century globalisation."

He said the International Monetary Fund, which was "by far the most sophisticated of all the global institutions", was "totally blind."

"We have to think better how we are going to navigate global systems, how we are going to understand the complexity that is integrated into the system and how we can overcome the governance gaps which arise through national systems and global integrations."

Former Minister of Finance Trevor Manuel said established global institutions such as the World Trade Organisation, World Bank, IMF and United Nations have become stymied and are incapable of resolving issues: "These institutions were born of

a different time. The reality is that there is momentum that continues to drive the world to a different place, but there aren't institutions that can deal with it."

Goldin's suggested solution is to think increasingly of coalitions, what he called "groups of actors that can make a fundamental difference". These coalitions could be comprised of countries, cities, even companies, to solve specific problems, such as the eradication of disease.

"We do need a more variable geometry. We have created a system that has become a real impediment and needs to have a whole series of interventions. If we wait for Big Brother, we will be dead."

Fundamental shift in power

The consequence of a desire for increased protectionism, a return to an isolationist era in the United States and the "collapse and retreat of Europe", would be a more rapid assertion of Chinese leadership in globalisation, Goldin explained.

He said he took great heart in Chinese President Xi's speech at Davos in January, which was a robust defence of globalisation. "China realised that they won't succeed for their people locally if they don't take on a broader role. It is a fundamental, structural change.

"Now India must step up, as they have been a very reluctant player," Goldin added.

Anticipating change

It is only through the improved management of globally integrated systems that the potential of globalisation can be achieved, Goldin said. "If we can do that, then I believe the promise of this new Renaissance will be realised. We will live in the best century ever for humanity and will be able to overcome poverty and diseases, not only for ourselves, but for the next generations. But this requires wisdom, thinking and action."

"Trying to understand history as it unfolds is exceedingly difficult," Manuel told the gathering. "We need a rational and ordered discourse, as the issues won't disappear because we don't talk about them.

"Everything we've known in the past is going to be different in the future," Manuel concluded. "We are better equipped to anticipate the change, and we can develop rules-based systems that are appropriate.

"We can't stop the forces of globalisation. But we must engage in discussion which allows us to govern science and politics to ensure that there are institutions that do."

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