

## PANELISTS DEBATE

### Jeffrey FRIEDEN

Thank you very much to all four of you. I wanted to start by asking you all a question, taking advantage of the chair's privilege. I think among the four of you, you have identified two important sources of the crisis of the world economy, and of multilateralism more generally. Kemal focused on the fact that in some sense the multilateralism of the last decades was a multilateralism of the rich and powerful, not a multilateralism that benefitted all, both within the major countries and the world more generally. Of course, the irony is that the principal immediate source of the crisis is the apparent retreat from, indeed attack on, multilateralism by the most powerful country in the world, the United States. I think both of these positions are accurate. First, there is a problem in the multilateral order and in the international economic order more generally, in that it is seen as having served the interests of the rich and powerful, as Kemal has pointed out. The other related problems that the United States seems to be moving away from its commitment of many decades to multilateralism.

I have a very simple question and an easy one to answer, which is, what shall we do about that? If we think about it from the standpoint of those of us in the United States, what kinds of alternatives can be proposed, what kinds of solutions can be suggested that might help salvage the American commitment to multilateralism? Then, more broadly for those of you who think about the rest of the world, how might the rest of the world respond? SaKong, you suggested the possibility of a coalition of the willing, leaving the United States out of a new multilateral order. That seems like a possibility, but one, as we are finding in the Iranian situation, that has grave difficulties. I would like to hear how you think the world, or individual countries within it, might respond to this crisis?

### II SAKONG

I do think that any global endeavour cannot fully succeed without the US participation. Undoubtedly, the US in the next five years will be still the most powerful and influential country in the world anyway. China may become the second largest economy in the next five years, but China is not expected to fill the gap left by the US.

When we had the global financial crisis of 2007/8, there was a shared sense among leaders of not letting "crisis wasted." So they got together and achieved a lot in saving the world economy only to suffer a great recession, rather than a great depression. Now is the time for the global leaders to make such an effort again. Toward that end, the G20 should be revitalized.

### Jeffrey FRIEDEN

Okay. That is a potential way forward. Can I have all your thoughts on this?

### Kemal DERVIŞ

I agree that potent multilateralism, efficient multilateralism cannot be achieved without the US. That is for all kinds of traditional reasons, the size of the US, in terms of military strength, it is still way above anybody else. In terms of economy it is more or less equal now with China, but I think leaving it out and trying to aim at the multilateralism without the US is not an avenue one can follow. Actually, amazingly and nobody has talked about it, the World Bank has achieved the capital increase on the Trump's US, when it was unable to do that for decades, so it is a very funny kind of situation.

The other point again I wanted to make is that we are on the cusp of a technological revolution, where the US is again leading, and China is also quite strong in it. It is a kind of technological revolution that five years from now, we sit somewhere in the World Policy Conference and we will say how could this all have happened in five years? I think it is



a huge change. One example, a computer already used to beat a human at chess, having learned from the experience of other chess games. Now you can teach a computer just the rules of chess and within four hours it learns the game itself and beats humans. That is the kind of thing we are in for and that is where a new multilateralism is really needed, because when you look at one or other in genetic engineering for example, you cannot have a world without some kind of order with this kind of technology. Again, that is another reason why we need the US in that world, because having that order without the US will not work.

**Jeffry FRIEDEN**

It strikes me though that our past experience implies, I think, that these new technologies typically do have a distributional effect as you have alluded to, that is not one of democratising access to economic activity. I do not see the technological innovations you are talking about resolving this problem of multilateralism.

**Kemal DERVIŞ**

That was my last point in my first intervention. In fact, the challenge is the technologies are there. They are coming, and we cannot change it. They will accelerate and change the whole productive sphere in the world. How to regulate them in such a way that there is a semblance of equity and balance in this new world of new technologies, I think, is the biggest challenge that humanity faces today.

**Jeffry FRIEDEN**

Marc, given your pessimism, perhaps realism, about American policy, where do you see things going? Where do you think the alternatives may lie?

**Marcus NOLAND**

The simple facile response would be, get rid of Trump. The problem is that the default position within the Democratic party in the United States, is one of anti-globalisation, so simply replacing Trump with a Democrat does not solve the problem. What has to happen is there has to be a rebuilding of a bi-partisan coalition in the United States in favour of open trade. I think that such a coalition would have basically two elements to it. The first would be the traditional non-populist conservative elements in the Republican party aligned with business. It is worth recalling that Vice President Pence was in favour of NAFTA, TPP, supported the WTO, etc. There still is a traditional pro-business part of the Republican party that would support open trade. On the Democratic side there seem to be two elements of a potential pro-trade coalition. The first is simply to observe that cities tend to be more open to international trade than the rest of the country in the United States. If you think of a state like Washington, and a city, like Seattle, they are very open to international trade, so you have elements of the Democratic party for regional or sectional reasons, that are still pro-trade.

The second thing, and I realise my opening intervention was pretty pessimistic, but the thing that gives me optimism is that if you look at public opinion polling data, the most pro-globalisation, most cosmopolitan part of American society are the young. They are much more open to the rest of the world than their elders. Even those young people who supported Bernie Sanders in the primaries, supported him because of authenticity and free college education. They supported him not because of his anti-globalisation, anti-trade agreement stances, they supported him in spite of it. I think there is hope for political renewal in the United States, that would generate a coalition much more supportive of open trade than we have today. However, that is not going to happen overnight, and it is going to take real political work.

**Jeffry FRIEDEN**

Okay. That is a bit of optimism. Yide, do you have a similarly optimistic view on the international level with respect to potential cooperation, either between China and the US or between China and other middle powers perhaps?

**QIAO Yide**



I would say China is one beneficiary of international cooperation. Just in the opening session, Prime Minister Coulibaly mentioned China had made great achievements in the reduction of poverty. The funny thing is, a while ago in China there are still some voices against globalisation. Someone do not feel happy. They feel that China is being take advantage by foreigners. Now, due to the escalation of the trade war, these voices have disappeared, and we have some consensus. We think the international order or international cooperation fundamentally is of benefit both to China and the rest of the world. I guess that is also critically important for the rest of the world to understand the situation that China is now facing. I guess that the Chinese government will try very hard to promote international cooperation, or even in some sense I would say that they try hard to turn outside pressure into motivation to carry out economic reform internally.