

Global Agenda Outlook: The Future of Globalization

The following materials are excerpts from the conversations that took place in Dubai that were not included in the final publication, Global Agenda Outlook. They summarize content raised by participants, which offers additional context and insights into the issues discussed. The following materials are not direct quotations from the speakers and should not be quoted as verbatim text.

Moderator

You have said that globalization is increasing inequality. That does not sound very safe for the people who are experiencing the less equal part.

Pascal Lamy

That is correct and it is the reality that we have to change. The problem is that if we don't change this, inequalities will create so much social reaction that this will endanger globalization in its entirety – coming from the “left side” of the debate. Even if I was on the right side and pushing globalization for efficiency reasons, these issues are creating inequalities that need to be addressed. Avoiding populist scapegoats that aim to break up globalization is a danger we are nearing in some places.

Kevin Rudd

Support for the globalization project ultimately comes from the social democratic view in the range of equality goals – whether it's equality of opportunity or a range of acceptable equal outcomes. To a certain degree, the success of the globalization project depends on ensuring an adequate level of equality to sustain the politics that underpin the entire project. But the net consequence of both is a level of interventionism.

Moderator

You are both saying that globalization needs to be made safer not just to protect the poor, but also to save the system itself. What's the most important thing to make it safer that's not being done?

Pascal Lamy

At country level, social safety nets. At international level, proper global governance that has the necessary tools, power and capacity to recreate a more level playing field.

Moderator

Kevin you are at the national government level in Australia; what is it that is preventing governments from putting in place adequate social safety nets?

Kevin Rudd

For us that is less of the issue because in Australia we are proud to have an adequate social safety net. There will be debates about the quantum, but it's reasonable. For us the challenge is actually looking at the sustainability of the globalization project, where you do have entrenched long-term unemployment and peoples' inability to escape it. This is because the skill set they have doesn't enable them to adjust to new employment opportunities as a consequence of the globalization phenomenon.

To add to Pascal's point about what we perceive to be a deficit in the globalization project affecting us – actually it's the failure of global institutions to deal with systemic challenges, such as climate change.

Kevin Rudd

The most basic ingredient to the globalization project is to have open economies and the most important sub-element is open lines of commerce. The defensive agenda, as Pascal said, was resolve among the G20 countries to freeze any protectionist measures and provide an open report card. On the offensive side, it's equally critical, particularly in a debt constrained Europe, in America which faces its fiscal cliff and the continuing impasse in the Congress more broadly on the economy, and a global private capital market still hiding capital rather than investing it.

How do you actually add confidence to the global economy and how do you add new activity in a way it wouldn't cost an arm and a leg? Open trade. In terms of politics, it is the two economic powers of China and the United States that could have chosen to make this work tomorrow, and it could work. What is interesting is that there is an emerging Chinese constituency rethinking whether they need to become a force for delivering Doha. This is for the simple reason that they're beginning to experience resistances in markets that they don't particularly like.