

Patriots vs. Globalists

Commentary:

Aaron Klein

Fellow, Economic Studies

Brookings Institution

Key findings

- Need for EU to Go All the Way into a fiscal union
 - “Unless Germany agrees to some form of fiscal union ... the Eurozone will fail in the end – and with it quite possible the whole European Union
- UK 2004 decision to embrace immigration came back to bite them.
 - What about Sweden and Ireland?

More Hidden Gems

- Existing IMF/World Bank governance de facto, “rules out eminently qualified candidates if they are not American or European citizens.”
 - What to do: Global resistance to next appointments (if not Malpass then who could prompt this), or mandate rotation?
- Big Tech (FAANGs) “are world monopolies.”
 - Lack accountability, escape taxation.
 - Not clear what to do about it, beyond better taxation accounting. Break them up?

Core Critique

- Paper assumes the conclusion:
Globalists are right, Patriots are Wrong.
 - “Pareto optimality of a globalized economic system” in tension with Rodrik’s Trilemma
 - “Obvious benefits from trade” for whom?
 - Squeezed 90% of Western Europe/US. Are they winners (as consumers) or “true losers of globalization” (page 10).

Smaller Critiques

- Paper seems to argue corporate tax avoidance is a symptom and globalization gone too far, but it also a goal of Trump.
- Reinvigorate the WTO. Ok, but how?
 - Currency manipulation is or isn't trade.
 - US relationship with China's currency not exactly
- Immigration: Why now not 20 years ago?