

# Comments on Zsolt Darvas

## EU perspective on Globalisation

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Analysis of 'hard data' concludes that trade, finance and labour movements have kept up much better in EU than elsewhere.

- **Trade:** In general some evidence that trade openness has held up rather better than elsewhere. But:
  - This is very dependent on the last few years
  - For both the EU and ROW there was a similar pause in the upward trend in openness from the mid 70s. Why? Absence of EMEs?
  - Should we not have expected to see even greater expansion of intra-EU trade during completion of the single market?

- **Capital:** the EU's performance here is more clear-cut, with a massive increase in EU outflows and GFA build-up from the mid 90s (figure 5)
  - A very plausible explanation is the creation of the euro, which removes one substantial element of risk from foreign flows
  - But more recently (since the GFC) the dominant trend is the increase in EU capital outflows to the non-EU. Why? Is it perhaps more to do with current account positions?
- **People:** the big increase in immigration coincided with the surge in asylum seekers
  - Is this necessarily a sign of 'willing' openness?
  - Is it not surprising that intra-EU migration has been so low (only about 1-1.5 million a year) given freedom of movement?

Use of survey data to explore attitudes is a very useful complement

- **Support for globalisation:** the increase is striking (figure 8), but rather at odds with voting behaviour (support for 'populist' parties). Why?
  - A similar point applies to reduction in negative attitudes to immigration from outside the EU (figure 12)
  - The impact of the euro crisis seems to be understated: attitudes to free trade are on balance very positive; but they fell sharply between 2010 and 2011 and have only just recovered (figure 9)
  - Does this justify the conclusion that 'Europeans has rediscovered their enthusiasm for globalisation'?

# Interesting data on causation of attitudes to globalisation

- **Causality:** some of the data (table 2) are very consistent with analysis of polling data in the UK's EU referendum: support for globalisation is stronger among: the younger; the better educated; the better off (ie those most likely to benefit from globalisation)
  - Also not surprising that there is no correlation with political orientation
  - Less consistent is that there is no correlation with urban/rural split

# The role of policies to improve social fairness?

- The conclusion that recent increases in support for globalisation and immigration are due in part to 'policy measures to improve social fairness' is plausible, especially given Europe's good record on income inequality within countries. But is there evidence for this role?
- Is this conclusion consistent with the observation that social policies are the responsibility of member states, and the evidence that they are not very good at implementing recommendations made at the EU level?

The paper's central thesis is that at least some of the attitudes to globalisation are driven by economic factors

- The evidence on the link with unemployment suggests that there is a degree of endogeneity – if good external performance delivers better employment outcomes, that will reinforce support for globalisation
- But what happens if countries get into a vicious spiral? Is there a way to break the link?