

Brace yourself: the most disruptive phase of globalization is just beginning

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[To properly understand globalization, you need to start 200,000 years ago. Richard Baldwin skillfully takes on this daunting task in a new book, starting all...](#)

In reply to Dr.George Githuka



[George Githuka](#)

[Professional NGO Programs and Security Manager](#)

From: Mahmoud saneipour



Mahmoud saneipour

Dear sir

George Githuka , your speech is Tonic for those who follow the truth language, and you are one of masters in usefulness science in the world, you criticized to pillage of world's sources from a globalization point of view and by the so much good analysis this matter, but pay attention to this mothed is one of kinds globalizations please, and we have a kind of globalization by more than 400 criterion in usefulness science that it is not duplicated yet, but the fact that many the biggest thieves are stealing the people ,s rights , your speech is truth Absolutely. So, I thank you very much.

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From other side, the disgraced drum of England made ring by a loud voice and The **Group of 7**(except United Kingdom) have jumped to carry off the remainder of that quartz you mentioned before , that same treasure (2000 patents of technologies from distorted [Germany](#) in world war II have stolen by England and France) and all of those technologies have transferred to other countries , at this age , the almost developing countries have known- how for demolishing the world and heads of nations have been left caps(the rights of nations).

The last analyses of the world have indicated us that castle of west (and at the head of that: England and America) has Crumbled and has come to the end the western hermeneutic else, we should build a new hermeneutic for restoring of human rights, I am ready in the important matter and I struggled tried about 30 years in this way and I have studied about 12000 several and necessities books, I am ready, how about you? Please refer my profile in LinkedIn.

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Brace yourself: the most disruptive phase of globalization is just beginning

To properly understand globalization, you need to start 200,000 years ago.

Richard Baldwin skillfully takes on this daunting task in a new book, starting all the way back with the hunter-gatherers. For too long, he says, traditional analysis of trade has been too narrow, he argues.

The economist, who is a professor at the Graduate Institute in Geneva and president of the Centre for Economic Policy Research (CEPR) in London, has been researching globalization and trade for 30 years. As anti-globalization forces now sweep across the world, [The Great Convergence: Information Technology and the New Globalization](#) (Harvard University Press) is well timed.

Baldwin argues that globalization takes shape in three distinct stages: the ability to move goods, then ideas, and finally people. Since the early 19th century, the cost of the first two has fallen dramatically, spurring the surge in international trade that is now a feature of the modern global economy.

The standard line from politicians in recent times is that everyone wins from globalization. But the backlash from low-skilled workers who lost their jobs to cheaper labor abroad has forced a change in tone.

Mark Carney, the governor of the Bank of England, gave a [candid speech on globalization](#) in northwest England this week, where unemployment is among the highest in the country. He said:

Amongst economists, a belief in free trade is totemic. But, while trade makes countries better off, it does not raise all boats... the benefits from trade are unequally spread across individuals and time.

A better understanding of globalization is more urgent than ever, Baldwin says, because the third and most disruptive phase is still to come. Technology will bring globalization to the people-centric service sector, upending far more jobs in rich countries than the decline in manufacturing has in recent decades. (In the UK, the service sector accounts for almost 80% of the economy; less than 10% of US jobs are in manufacturing.) The disruption won't come because people will move more freely across borders, but because technologies will provide "a substitute for being there," Baldwin says.

Baldwin spoke with Quartz at the CEPR's London office (**LONDON'S PREMIER OFFICE SPACE EXPERTS**) about technology's role in the future of globalization. The conversation has been edited and condensed. Your book starts with an interesting chart on the share of global income owned by G7 countries. What does it tell us about the early phases of globalization?

When there wasn't massive trade, every city and every village had its own butcher, baker, candlestick maker, and the bonfire of innovation in modern growth couldn't get going. For a millennium, incomes for human civilization were stagnating. It wasn't until 1820 or so, when you could move goods over long distances, which we started to see big factories and industrial clusters happening.

But it was hard to move ideas over distance so those ideas stayed in the North. That was the Great Divergence. The North, the G7 more or less, had knowledge-driven growth that took off sooner and faster than the developing countries.

And this lasted a very long time.

For almost two centuries, basically all of what we call globalization. The G7 share rose from about a fifth to two-thirds in 170 years.

By the end of this whole thing, around 1990, there was a massive imbalance between know-how per worker in the rich countries and in the nearby poor countries. The information and communication technology revolution allowed the firms to move the knowledge across borders. This was transformative in rich countries, where it led to deindustrialization, and a wonderful thing in nearby developing countries, which saw rapid growth, rapid industrialization, and 650 million people rise out of poverty.

The steepness of the decline from 1990 in the chart is quite something. Is this sudden change what upsets people?

The suddenness is one element. For example, Bombardier, a Canadian firm, moved the production of the tail of one of its aircraft from Canada to Mexico in a matter of months. The second thing is that globalization was very individual. The globalization was not hitting the whole sector or a single skill group; it was breaking everyone up on their own

You mean within companies?

Within companies, within factories, within industries. There were winners and losers, which were more finely defined than in the old globalization. It's got nothing to do with skills. That sort of sudden, unpredictable, individual aspect of globalization has made everybody very anxious, frustrated, and afraid.

This explains a lot about Donald Trump's election and the Brexit vote, which were

Able to tap into a lot of those concerns.

Absolutely. The rage is rational but the reaction is not. My story of knowledge-driven globalization has technology at the heart of it. American workers are competing with robots at home and China abroad and neither one is going well.

People want to blame trade and immigration, and politicians want to address these concerns. But are people directing their anger at the wrong culprits? And if so, what to make of the way politicians are now scrambling to roll back trade agreements and curb immigration?

It's a misdiagnosis of the problem. When Dyson offshored its jobs from the UK to Malaysia it wasn't moving goods but technology. What happened there would not have been stopped by tariffs. What you end up with is trying to treat a 21st-century problem with 20th-century tools, and you get all sorts of unintended effects. In any case, it just won't work. In the case of the UK and Brexit, the Brexiteers were all talking about leaving the European Union and so Nissan went and explained to the government the reality of modern manufacturing. The UK's motoring industry is part of factory Europe: they need that back and forth movement of goods, services, people, and intellectual property rights. Without that, the factory shuts down.

It sounds like a recipe for making angry people even angrier.

Boy, are they going to be angry!

What about Donald Trump's promise to bring back US manufacturing jobs? He made a deal to keep nearly 1,000 jobs at the Carrier gas-furnace factory by offering a big tax break.

We shouldn't try and protect jobs; we should protect workers. It's really a fool's errand to struggle with because after a year or two those jobs will still go. Either they will be replaced by robots or they'll move to Mexico or China. If Carrier becomes inefficient from being forced to stay in the US, its business will go to competitors in Japan or Germany.

So even if we put up trade barriers, the jobs we protect will be for robots, not people?

Absolutely. There are jobs for people, even in manufacturing these days, but not for the low-skilled people who have been dispossessed by this. Their jobs were

routine and the easiest to replace with automation. The first thing to do is accept the 21st-century reality that no matter what you do, these jobs aren't coming back.

An important aspect of your book is that we still have the so-called third phase of globalization to come, which will drive down the cost of moving people.

There are two technologies that are key: **telepresence** and **telerobotics**. They exist but are expensive and clunky. Telepresence is half of a table with life-size screens, good light, lots of cameras, and microphones. Then the other half of the table is somewhere else. When people sit at the table you have a very strong impression that they are in the same room.

So the “movement” of people is not physical?

It's a substitute for being there. It's Skype that's really, really good.

The second is telerobotics. There are a couple of well-known ones. One is the surgeon operating at a 100-kilometer distance from the patient. But you can imagine that hotel rooms in London could be cleaned by people driving robots sitting in Kenya or Buenos Aires or wherever, for a tenth of the cost here. That's coming, and it will be very disruptive.

What happens to the chart on global income distribution during this phase of globalization?

It keeps going down. It will be disruptive in the G7, but instead of just in the manufacturing sector, it spreads to services. Only about 10-15% of the population works directly in manufacturing in the G7—the rest work in services. It will create great opportunities in many of the countries that have been left behind by earlier globalization, for instance almost all of sub-Saharan Africa and South America.

You say governments need to do more for the losers of globalization. How?

We have to look for inspiration from northern European countries that have comprehensive retraining, help with housing, help with relocation. Typically they have the unions, governments, and companies working together to try and keep the social cohesion. It doesn't always work, but at least they try and most people feel that the government is helping them.

What about education?

We need to change the education system so you spend less time when you are young learning to be hyper-specialized and more lifelong learning. The jobs that will still be here will require face-to-face skills and making networks of human interactions work. Telepresence and telerobotics won't replace those

Given the backlash against globalization, and the way politicians are reacting to it, is there a possibility this phase of globalization won't actually happen?

I don't think you can stop it. There are very likely to be some nasty policies against it, but on the edge it's going to happen.

The Group of 7 (G7) is a group consisting of Italy, Japan, the United Kingdom, Canada, France, Germany, and the United States. The European Union is also represented within the G7. These countries are the seven major advanced economies as reported by the International Monetary Fund: the G7 countries represent more than 64% of the net global wealth (\$263 trillion). A very high net national wealth and a very high Human Development Index are the main requirements to be a member of this group. The G7 countries also represent 46% of the global GDP evaluated at market exchange rates and 32% of the global purchasing power parity GDP. -

Brexiters: A person who is in favour of the United Kingdom withdrawing from the European Union: *'Many Brexiters laud Norway for its separateness from the EU'*