

The new rules of the road

A progressive approach to globalization

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Where we're coming from...

- The election and the elevation of trade
- The importance of promoting globalization: recognizing costs but not losing track of benefits (micro/macro)
- Our proposals: in with the good, out with the bad
- Status quo won't hold

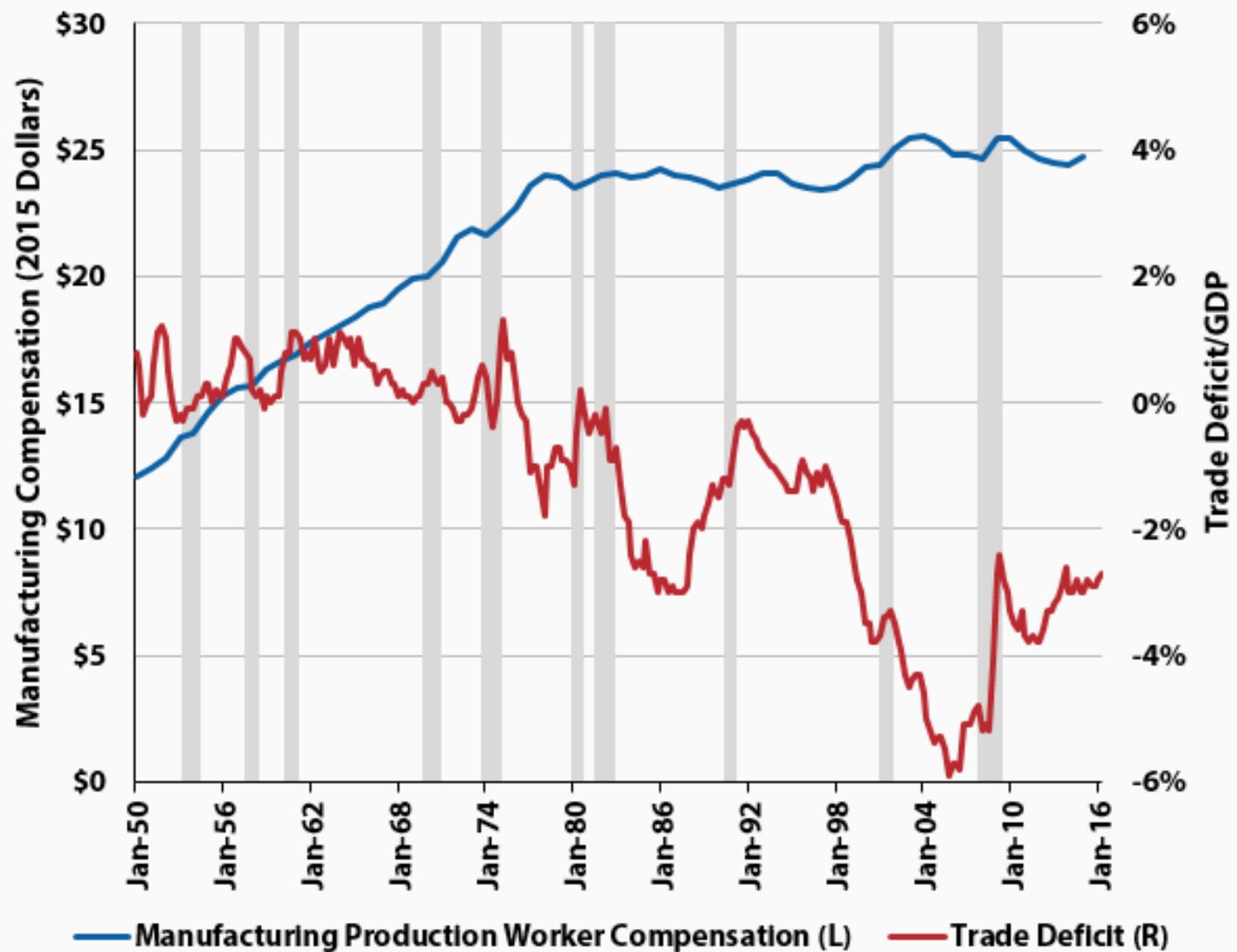
The current context

- Why now?
- Trade (and immigration) as sinkhole for stagnation, inequality, erosion of labor standards, institutional dysfunction
- Politics: non-transparency, presidential pivots, elites vs. those left behind
- Persistent imbalances, loss of manufacturing, secular stagnation
- Brexit, rise of anti-globalization movements abroad
- WSJ: “Globalization on the skids”

To what extent is trade (vs. trade agreements) the problem?

- Autor et al.'s “China shock,” Bivens
- Stagnation of blue-collar manufacturing compensation
- Sec stag: we can get to full employment with large trade deficits, but a) bubbles, b) ZLB, c) capital flows
 - Gagnon: Trade deficits cost jobs in bad times, distort economy in good times

Manufacturing Compensation and the Trade Deficit



Writing new rules of the road that put workers and consumers in the deal

- In with the good:
 - Enforceable rules on currency
 - Change sequencing on labor and environmental standards
 - Tighter rules of origin
 - More “logistics,” less rent seeking

Writing new rules of the road that put workers and consumers in the deal

- Out with the bad:
 - ISDS must go; wrong skin in the game
 - Constraints on food safety and consumer product protections
 - Patents, IP
 - Limits to fin reg
 - Process changes

The center can't hold

- Non-inclusive growth, stagnant trends in middle-class incomes/wages, slowing productivity, and dysfunctional government have contributed to our current challenging moment. Do you really think the status quo can hold?
- In order to preserve the benefits of globalization and push back on protectionist impulses, I urge us all to try to think outside the status quo box.
- Whatever happens with TPP/TTIP, likely hold on US FTAs
- Time for a rethink! What's your idea?

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