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Trying Times 2019

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INTERVIEW

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Ian Goldin

**Globalisation, Transformation
and Social Cohesion**

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Globalization and the changes it brings pose challenges for social cohesion. Uncertainty is growing as many people are concerned about their economic future, social inequality and growing diversity in societies as a result of global migration. At the “Trying Times” conference addressing the issue “Rethinking Social Cohesion” hosted by the Bertelsmann Stiftung in Berlin from September 4-6 in 2019, thought leaders from around the world convened to discuss the future of social cohesion. Ian Goldin, Professor of Globalisation and Development at Oxford University and Director of the Oxford Martin Programme on Technological and Economic Change, gave the keynote speech at the High-Level Round Table kicking off the conference. In his speech “Globalisation, Transformation and Social Cohesion,” he discussed the effects of globalization and its potential in shaping the future. In the following interview, he explores various aspects of his argument in further detail and emphasizes the key pillars of strengthening social cohesion in the future: demonstrating solidarity with others and rediscovering our own capacity for action.



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Globalisation, Transformation and Social Cohesion

Interview with Ian Goldin

Mr. Goldin, in January you said you hoped 2019 would bring historical change. You saw division within and between societies deepen and social cohesion crumble in 2018. So here we are, in November 2019. Did change happen?

Quite significant changes. Some are good, some are worrying. What we're seeing is a dramatic increase in awareness of the need for action. Maybe one symbol of this is how Greta Thunberg has sparked a worldwide movement that has developed very quickly and has gone global. Young people everywhere are now active. We see in many societies – in Hongkong, Santiago de Chile, Algiers, cities in Europe, and elsewhere – a rapid rise in protest movements against growing inequality and against the elites who seem to be out of touch. Of course, there are also negative things happening: Too little is happening too late on climate change, there's a worrying failure to hit the SDGs, there's a short-termism in politics, and of course, in my own country, the Brexit shambles. In conclusion, I wouldn't say that all the changes I hoped for were happening, but certainly we're in a time of immense change.



One could easily think things are getting worse. Is there hope for a better future?

Yes. There are different ways to understand where we are. The first is: If you look at the aggregate indicators for humanity, things really depend on where you are. In much of the developing world, certainly in Asia, incomes and life expectancies have improved dramatically, and things are going extremely well. And that is also true for many people in the advanced

economies who live in dynamic cities. We see record-high incomes and record-low unemployment in dynamic cities. The big issue is that not everyone is enjoying these benefits. Many countries are being left behind, and within many countries there are many people – even in the rich countries – who are going backwards.

Let me give you an example: Life expectancies were going down in the United States and the United Kingdom in the last year. Now no one lives the average. That's why we have to go behind averages to understand why social cohesion is being pulled apart. It is because of growing extremes. Some people doing better and better off, and other people doing worse off. And this is particularly the case in the rich countries where there's been the most rapid increase in concentration of wealth, and where people are going backwards more quickly, especially since the financial crisis of ten years ago.



In your book *Age of Discovery: Navigating the Risks and Rewards of Our New Renaissance*, co-authored with Chris Kutarna, you claim that we live in times comparable to the Renaissance in Europe 500 years ago. That there is a huge potential for progress in science and culture, a kind of Renaissance 2.0. How do you come to this analogy?

Some people think of our times as a fourth industrial revolution, but I think it is more helpful in many ways to think about this as a new Renaissance. The Renaissance was an incredible time, an explosion of genius that 500 years later we celebrate. The Renaissance was driven by an information revolution, then it was the Gutenberg press. It totally transformed the way ideas were generated and shared. It broke the monopoly of the Catholic church of knowledge. It was no longer guarding the heavens; the heart was

no longer the soul, it was a pump. And you had a total change in perspective. Everything was questioned, and interestingly enough, this transformation to print led to explosive growth in ideas, 25 million printed books over a 50-year period. It led to the creation of new religions which challenged the corruption of the Catholic church as Luther's sermons went viral. It led to discoveries not only in art, but also it crucially changed perspectives of the world. We went from a flat earth to circumnavigation to Mercator projection and Globalization 1.0: the discovery of the Americas.

That revolution had many consequences comparable to those of today. One is the explosion of genius and innovation, the challenging of old ideas and authorities. Another was making people feel pretty uncertain and creating new risks. The old certainties disappeared. And amongst the risk that people highlighted was, of course, the fact that ships that came back from the Americas brought unimaginable wealth – gold, spices, fur. But most people didn't see them, they went to the rich. So, inequality grew, and the scribes and many other people were put out of work by the great printing revolution. Place became more important, like today. The information revolution – like all information revolutions – did not lead to the death of distance, on the contrary. It made place more important; getting and being in these dynamic places became a goal. It also led to the spreading of risks; the ships that went to the New World spread diseases that killed many Native Americans, and the ships that came back brought syphilis that killed many Europeans. And what happened also in Europe was the Inquisitions. The tolerance which had been absolutely central in Florence was stamped out by the church. Diversity was expelled from Europe and we had religious wars for hundreds of years.

While the walls have been going down between countries, within countries they're going up.

I think the Renaissance is interesting because it led to an explosion of genius which we celebrate. And it is interesting because within a 70-year period, Europe went from being one of the most backward places on Earth during the Dark Ages in the middle of the 14th century to being by far the most advanced place. All of this because of the information revolution. But because it was badly managed, and inequality and systemic risks grew, it led to disaster. Europe went backwards – until the Enlightenment. I think the Renaissance teaches an important lesson about the power of information revolutions, about the need to manage globalization, and to ensure that we have more social cohesion, inclusion, and that we worry about those who are left behind by change as much as we celebrate those who have advanced because of it.



And there are people left behind: Worldwide, about one billion people live in absolute poverty, and more than 2.2 billion people live on less than \$2 per day. Even in wealthy countries like Germany, every fifth child lives in poverty. What can we do, on a global scale, to tackle economic inequality?

That's an absolutely central issue. There's a number of facts we need to address, but there is one reason why we see growing inequality and that is that companies and wealthy individuals have globalized and no longer follow national rules. So, we need to close the offshore tax havens. Otherwise the power of government to redistribute, to look after people left behind, to invest in social welfare and in other redistributive activities, is being eroded. That's one very important factor.

Another one is that places are becoming more important. I'm thinking of the poorer regions in East Germany, the North of England, the Midwest

in the United States – and that we can see that politics is a reflection of the difficulty people have in getting to where the jobs are. While the walls have been going down between countries, within countries they're going up. National governments need to do much more about redistribution. I don't think it's very easy to take jobs to people, it's much easier to bring people to jobs. So, this is about affordable housing, public transport, how long you need to go to work, it's about childcare – it's about all these things that explain why we have this situation in many countries where people are less mobile than their parents were. In the United States and the United Kingdom, there's a dramatic decline in mobility between different places, same in many places in Europe. That's because housing prices are unaffordable where the jobs are.

The final point I would like to make is that risk increases inequality. Poor people suffer more from risks than people with savings, whatever the risks are, maybe it be climate or financial crises. Rich people can be resilient, they can move, they have savings, a network to rely on. Poor people often don't have these options. And because globalization is leading to more risk, it's exacerbating inequality. So, we need to manage these risks, we need more cooperation between countries – but we're actually getting less. This deficit of coordination to manage risks that transcends national borders is an absolute key failing of globalization.



When we talk about poverty, we do not only mean economic hardship, but also lack in education, lack in healthcare, lack in participation. It affects society as a whole. Earlier this year, you held a keynote at the “Trying Times” conference where you laid out why social cohesion matters and what can be done to build it. What was your conclusion?

The key message is that we have a responsibility – ethical, economical – which goes beyond our immediate selves and our immediate families. The less we feel that we’re in the same boat heading into the same direction, that we have a shared future and a shared interest, we risk tearing ourselves apart. In the end, not only those that are weakest and poorest

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suffer, but we all will suffer because we are unable then to make decisions which affect our collective future on a regional, national, and global level. This applies increasingly. We are seeing

our societies fragmenting, we are seeing politics in grid lock. We are seeing massive difficulties in taking decisions, whether it’s a decision on climate change or redistribution or education or infrastructure. We are finding that governments are short-termed, that businesses are increasingly short-termed – and that there’s no one in charge when you look at the long term. This is very dangerous.

My own view is that we need to rediscover things that I think we have in all of us, which is a solidarity with others, and an ability to act. In order to win for an individual, we all have to be winning. That means that we need to be prepared to make some short-term sacrifices. And the people that have the most are mostly able to make sacrifices without this really changing their lives. I think the responsibility to give the most is on those who are doing best. And because some of those who are well off don’t like that, we need rules and governments and regulations that enforce these things.



And one last question: You once said that our time was defined by the image of the Berlin Wall coming down in 1989. A concrete structure torn down 30 years ago had dramatic effects on people's lives, not only in Germany but worldwide. Subsequently many other walls came down, and the world became this complex, connected place it is today. What is the next wall to fall?

The past is easier to understand than the future (laughs). In many places of the world today we see the struggle for freedom and self-expression. I think of Hongkong or Venezuela. These things were also in the center of what was happening in the GDR. It is not going away. This demand has maintained its energy and we're seeing it in different forms. So, I think the walls which are being torn down now are some of the walls around what was once committed to but no longer holds weight. Think of the #metoo movement. We see how quickly those walls can crumble. In Catholic Ireland, we have a gay prime minister. That's a wall that disappeared, the wall of prejudice in that regard. And I think that's happening with many walls built of prejudices in many ways. The walls that will be coming down are walls around climate change, inequality and social cohesion. At least there are strong signs of those walls being eroded.

Ian Goldin



Ian Goldin is the Oxford University Professor of Globalisation and Development, the Director of the Oxford Martin Programme on Technological and Economic Change and the founding Director of the Oxford Martin School. He previously was World Bank Vice President and the Group's Director of Policy, after serving as Chief Executive of the Development Bank of Southern Africa and Economic Advisor to President Nelson Mandela. He has served as Principal Economist at the EBRD and Director of Programmes at the OECD Development Centre.

*He has a BA (Hons) and BSc from the University of Cape Town, an MSc from the London School of Economics, and an MA and DPhil from the University of Oxford. He has been knighted by the French Government and has published 21 books, including: *Age of Discovery: Navigating the Storms of Our Second Renaissance; Development: A Very Short Introduction; The Butterfly Defect: How Globalisation Creates Systemic Risks and What to Do; Divided Nations: Why Global Governance is Failing and What Can Be Done; Exceptional People: How Migration Shaped our World and Will Define our Future; and, Is the Planet Full? He presented the BBC Series After the Crash and documentary Will AI Kill Development? He has been a non-executive Director on numerous boards, is the Chair of the CORE-Econ initiative to modernize the teaching of economics and advises governments and leading global companies.**

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