Project Syndicate

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Says More...

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Project Syndicate: As you and Robert Muggah noted in May, the COVID-19 pandemic has thrown into sharp relief many of the negative side effects of rising economic inequality. In your recent BBC Series The Pandemic that Changed the World, you highlight the critical importance of equity in vaccine distribution. Could a plan for the equitable distribution of a vaccine be designed in a way that helps to catalyze broader efforts to address inequality in a post-COVID world? What might that look like?

Ian Goldin: The first step is the vaccine itself. It is vital that everyone – from the richest to the poorest, in developed and developing countries – be given access to any effective COVID-19 vaccine at the same time. If vaccines were available only to countries or individuals that can afford them, this would exacerbate existing health and economic inequalities. Within countries, poor people – who most likely lack a savings cushion, and probably cannot secure an income working remotely – would have to risk exposure to the virus or face deepening poverty and hunger. And countries without access to vaccines would have to uphold social-distancing measures and even full lockdowns for longer, hampering their economic recovery. Given the negative impact this would have on overall global growth, even countries that did get access to a vaccine would ultimately be affected.

The good news is that GAVI, the Vaccine Alliance, has received almost $10 billion to enable it to provide COVID-19 vaccines to 92 low- and middle-income countries. But the vaccine itself is not enough. The same principles of global equity and solidarity that must shape vaccine-distribution efforts should also be applied to addressing other dimensions of inequality, which have been exacerbated by the COVID-19 crisis.

The international community must provide livelihood support – in the form of a basic income – to poor people in countries where the national government cannot afford to do it alone. The governments that can afford it have so far allocated a whopping $10 trillion for economic stimulus at home. The amount of support offered to developing countries amounts to less than 1% of that total. That is why I have called for a global Marshall Plan that would include writing off the $44 billion in debt that will come due for African countries this year, and giving at
least $2.5 trillion in aid to poor countries. The only condition should be that the money is used to alleviate the pandemic’s impact.

**PS:** Back in 2017, you and Jonathan Woetzel showed how “destination countries that take a thoughtful, long-term approach to immigration can capture large and tangible economic benefits.” The COVID-19 pandemic has already spurred many countries to close their borders, and the public-health crisis is decimating economic growth and straining public budgets. How might migrants contribute to the recovery?

**IG:** From the people working in the slaughterhouses of Germany and the United States to those living in crowded hostels in Singapore and the United Arab Emirates, migrants are among the groups most vulnerable to the effects of the COVID-19 crisis, including infection, mortality, unemployment, economic insecurity, and loss of income.

Yet migrants are indispensable in the battle against COVID-19. In the US, the United Kingdom, and Europe, they comprise between one-quarter and half of the doctors, nurses, and hospital and care-home staff that are on the frontlines of the pandemic. In the US, an estimated 69% of all immigrants are working in essential services. In the UK, migrants comprise about half the workers in the food chain and 40% of those in logistics and cleaning services. And their remittances – a lifeline for their dependents in developing economies – have held up even as their incomes have fallen.

Rethinking the role of migrants in our economies and societies was imperative even before the pandemic. Now, it is more urgent than ever.

**PS:** In 2018, you and Benjamin Nabarro delved into the complexities of migration’s economic impact, focusing on the destination countries of Europe and North America. But developing countries also receive large numbers of migrants, including both refugees and economic migrants. What policies and programs would enable them to reap similar economic benefits?

**IG:** In fact, more migrants move between developing countries than go to the advanced economies, and that share is growing. More than 90% of African migrants never leave Africa. Likewise, over 85% of refugees go to neighboring and other developing countries, even though those governments are far worse equipped to support them than richer countries are.

Yet, despite differences in resources, the policies that would enable destination countries to reap the economic benefits of migration are similar in developing and developed economies. For starters, policymakers should allow migrants to work and contribute to society, and afford migrants the same labor protections as locals. Employers must be required to ensure workplace safety and adhere to laws against child or forced labor, excessive overtime, and other employment abuses.

Migrants and their employers should also assume the same responsibilities and obligations as local workers, such as tax compliance. And programs should be created to support migrants’ social integration, such as language training, and their ability to contribute to the economy, such as by enabling them to develop productivity-enhancing skills.
**PS:** In January 2019, you and Muggah wrote that the “anger and frustration” that have fueled the resurgence of right-wing populism “can and should be harnessed to serve the goal of constructive change.” Today, large-scale protest movements are active in many parts of the world, from the US to Lebanon to Belarus. While the causes obviously vary widely, are there common factors or tactics that can help to translate such explosions of popular anger into “constructive change”?

**IG:** While the particularities of each protest differ, they all reflect anger at the authorities’ abject failure to address inequality, climate change, corruption, and entrenched privilege. The increasingly obvious evidence of injustice – from viral videos of US police killing unarmed black people to the staggering differences in COVID-19 infection and mortality rates across races, ethnicities, and socioeconomic groups – have left leaders with nowhere to hide, and imbued calls for change with a new sense of urgency.

The problem is that the anger is often mobilized by anti-establishment populists, who deepen societal divisions by villainizing experts and foreigners. This will not lead to constructive change. What will is a strategy that applies lessons from countries, cities, communities, and companies worldwide that are addressing the key challenges of our time.

Some of these lessons arise from the COVID-19 pandemic. Countries such as Greece, New Zealand, and Vietnam have done far better than others in reducing the coronavirus’s infection and mortality rates, highlighting the need for much stronger and more accountable governments. We must start at home and fix what can be fixed. But we must also build much stronger institutions capable of responding to global challenges, such as pandemics and climate change.

Beyond the pandemic, communities are making extraordinary progress toward transforming their cities into clean, carbon-free, and livable environments. Countries like Denmark accept high levels of taxation and redistribution as a necessary foundation for an equitable, dynamic society. At the company level, firms like Unilever have committed to take steps to address climate change, and many cities, such as those engaged in the C40 network, are fostering positive change. Spontaneous movements – such as Fridays for Future, #MeToo, and Black Lives Matter – have gone global and had a marked impact. Much more needs to be done, given the scale and urgency of the challenges, but these examples show that, if citizens, communities, and companies mobilize, and governments are compelled to respond, better outcomes – for people and our planet – are possible.

**BY THE WAY . . .**

**PS:** Six years ago, you predicted in your book The Butterfly Defect, that the next financial crash would be caused by a pandemic. From an economic-policy perspective, what is the key difference between responding to a crash like that of 2008, which began with the failure of US subprime mortgages, and one precipitated by a global public-health crisis? Conversely, are there lessons from 2008 that remain relevant today?

**IG:** In The Butterfly Defect, I showed that in a networked system, systemic risks can originate anywhere, and that mitigating them requires coordinated local
actions. The US subprime crisis led to a global economic crisis, owing to contagion through financial networks. The pandemic also reflects contagion – this time, through travel (especially air-travel) networks.

For years, the distance between virus reservoirs and densely populated cities and their increasingly connected airports has been shrinking. It was this observation that led me to the conclusion that a devastating pandemic was inevitable, and that it would lead to a global economic crisis. The big surprise when the COVID-19 pandemic emerged was how unprepared the world was.

I also did not anticipate that the US would actively undermine the international response to the public-health and economic crises. In fact, herein lies a lesson from 2008 that remains very much relevant: during the last crisis, the US used the system to marshal a massive coordinated response, which restored confidence and prevented the crisis from spiraling, not least in emerging economies.

Today, the US has shown no such leadership and has resisted coordinated responses. This is compounding the health and economic emergencies, especially for countries that depend on international support. The United Nations and the International Monetary Fund estimate that addressing the economic and health needs of developing countries will cost $2.5 trillion; less than 5% of that amount has been mobilized so far.

The US government’s decisions are intensifying the crisis both at home and internationally. The contrast between America’s post-2008 leadership and its failures today could not be sharper.

**PS:** In the third and final part of The Pandemic that Changed the World, you express your hope that we can take inspiration from those who decided that the suffering of World War II wouldn’t be for naught. Their determination led to the creation of multilateral institutions, such as the United Nations, the International Monetary Fund, and the World Bank, as well as the Marshall Plan. Will new institutions need to be built after the pandemic?

**IG:** In my 2013 book Divided Nations, I showed that there was already an urgent need to reform the existing international institutional architecture, which is not fit for purpose in the twenty-first century. Some issues – such as climate change, digital privacy, and cybercrime – have no institutional home. And existing institutions – including the World Bank, the IMF, and the UN Security Council – suffer from fossilized governance structures, which reflect the political power held by their founders 70 years ago.

For example, America’s anachronistic hold over the World Bank’s presidency must end. Establishing merit-based processes for appointing leadership is essential to ensure that institutions deserve the increase in support that is needed to enable them to address the challenges the world faces.

The World Health Organization, for its part, must be transformed into a true fighting force for global health, with the requisite budget, staff, and authority. Pandemics pose a much larger and farther-reaching threat than war, but we
currently allocate more than 1,000 times more resources to our militaries than we earmark for pandemic preparedness and response. Even before the US launched the formal process of withdrawing from the WHO, its budget for the body was smaller than that of the US Coast Guard.

Addressing the COVID-19 crisis urgently requires a massive increase in financial transfers from developed to developing countries and large-scale debt write-offs. This should be accompanied by reform of the international institutions and a renewed commitment to supporting them.

**PS:** You served as an economic adviser to Nelson Mandela in the wake of apartheid. Today, many societies around the world are highly polarized, deeply unequal, and in many cases, reckoning with systemic racism. What advice do you have for policymakers struggling to navigate these challenges?

**IG:** I would advise them to emulate Mandela. He was an inspirational leader who taught me many things. For starters, he consistently put the needs of the poor first. This translated into a focus on how to overcome poverty, right the wrongs of apartheid, address the racism that remained entrenched in South African society, and strengthen human-rights protections.

Moreover, Mandela’s approach to decision-making should be an example to leaders everywhere. He always listened carefully and asked questions, in order to grasp fully whatever problem he was confronting and its potential solutions. He sought a diversity of views: he did not want to hear just one perspective or from only his political party.

Mandela was not afraid to admit that he did not have all the answers or to change his mind as new information came to light. In fact, he did change his approach to a number of key economic issues, such as nationalization and macroeconomic policy. This was the result of a careful and forensic examination of the relevant ideas, informed by the views of dozens of experts – and their critics.

This approach is reflective of Mandela’s approach to people. He viewed everyone as deserving of equal respect and attention. He did not bow to hierarchy. I witnessed him listen with the same intense interest and empathy to an unemployed person as he did to royalty. He thus provided a living example of the equality he enshrined in South Africa’s constitution.

It was an enormous privilege to work with – and get to know – Mandela. I have never met or observed another leader who is in the same league as he was. Policymakers or not, we could all learn a lot from him.

**PS:** Your newest book *Terra Incognita: 100 Maps to Survive the Next 100 Years, with Muggah, demonstrates in graphic form how humans have changed the world. In our recent interview with Muggah, he noted that “this knowledge is the first step toward greater insight – and a better way forward.” What is one of the most surprising (or alarming) maps included in the volume, and how might it guide us?**

**IG:** Many of the more than 100 maps in the book changed my perspective. Those showing the pace of deforestation and the implications of rising sea levels for Miami and other cities are a terrifying wakeup call as to the implications of
climate change. Those showing rising literacy rates and declining fertility rates might surprise many on the upside. The maps of trade flows show the extent of global interdependence – something that is often discussed, but rarely visualized in all its glory. And the maps showing migrant and refugee flows highlight a reality that many rich-country citizens overlook: the overwhelming majority of refugees and migrants don’t come anywhere near them.

One map that was particularly surprising to me shows endangered languages – I had no idea there were so many, including in the US. This points to the book’s central purpose: to amaze, inform, and inspire constructive change in areas that affect our lives. We selected maps that we believe will do just that.

**Goldin recommends**
We ask all our Say More contributors to tell our readers about a few books that have impressed them recently. Here are Goldin’s picks:
The Ages of Globalization: Geography, Technology, and Institutions
by Jeffrey D. Sachs
Sachs’s newest book is a magisterial presentation of the historical origins of our entangled world. He shows that without these global flows of people, goods, technologies, and ideas, there would be no progress. But that doesn’t mean he is a globalization apologist. Far from it: he exposes globalization’s weaknesses. He also proposes ways to overcome them.

The Globotics Upheaval: Globalisation, Robotics and the Future of Work
by Richard Baldwin
Written before COVID-19, this book has become even more salient as a result of the pandemic. Baldwin shows how automation is likely to create a new international division of labor, in which professional jobs are undertaken remotely at low-cost locations, with profound implications for future patterns of employment, growth, and incomes.
The Technology Trap: Capital, Labor, and Power in the Age of Automation
by Carl Benedikt Frey

My colleague Frey compares the current period of disruptive technological change to similar eras in the past. Building on the work of the group on the Future of Work that I founded at the Oxford Martin School, Frey highlights the need to take seriously the danger that automation and robotics will lead to massive inequality and job losses. He shows that even if everyone may be better off in the long term, significant numbers of people could face serious pain and suffering lasting for a generation or more, with profound economic, social, and political consequences.

From the PS Archive
From 2014

Goldin demands coordinated action to address the systemic risks produced by globalization. Read more.

From 2017

Goldin and Woetzel dispel the myth that immigrants impose a heavy economic burden on destination countries. Read more.

Around the web

In the International Monetary Fund’s latest issue of *Finance & Development*, Goldin shows why the only remedy to the pandemic-induced strain on economic and social fault lines is international cooperation. Read the article.


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Ian Goldin is Professor of Globalization and Development at the University of Oxford and the co-author (with Robert Muggah) of *Terra Incognita: 100 Maps to Survive the Next 100 Years*.

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