



Centre for Economic
Policy Research
Research Excellence, Policy Relevance

RIETI-CEPR Symposium
Post-Brexit World Economy



講演 1
Presentation 1
Handout

RICHARD BALDWIN

Professor of International Economics,
Graduate Institute, Geneva

March 22, 2019

Deflating the deglobalization narrative

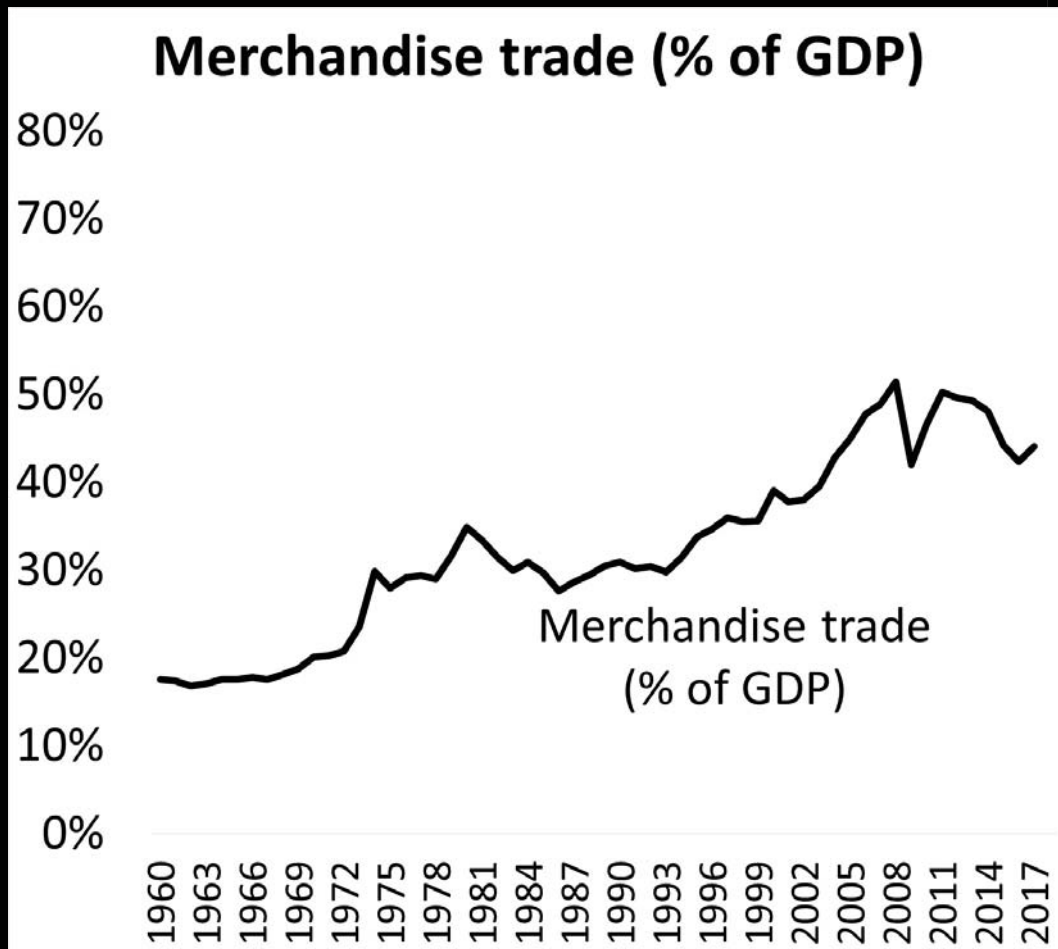
RICHARD BALDWIN

PROFESSOR OF INTERNATIONAL ECONOMICS
THE GRADUATE INSTITUTE | GENEVA

RIETI-CEPR, Tokyo, March 2019



Sources of the narrative



1. US trade war
2. Brexit
3. Anti-immigration sentiment
4. Failing WTO

20th century vs today's trade

Globalisation as arbitrage:

1st unbundling

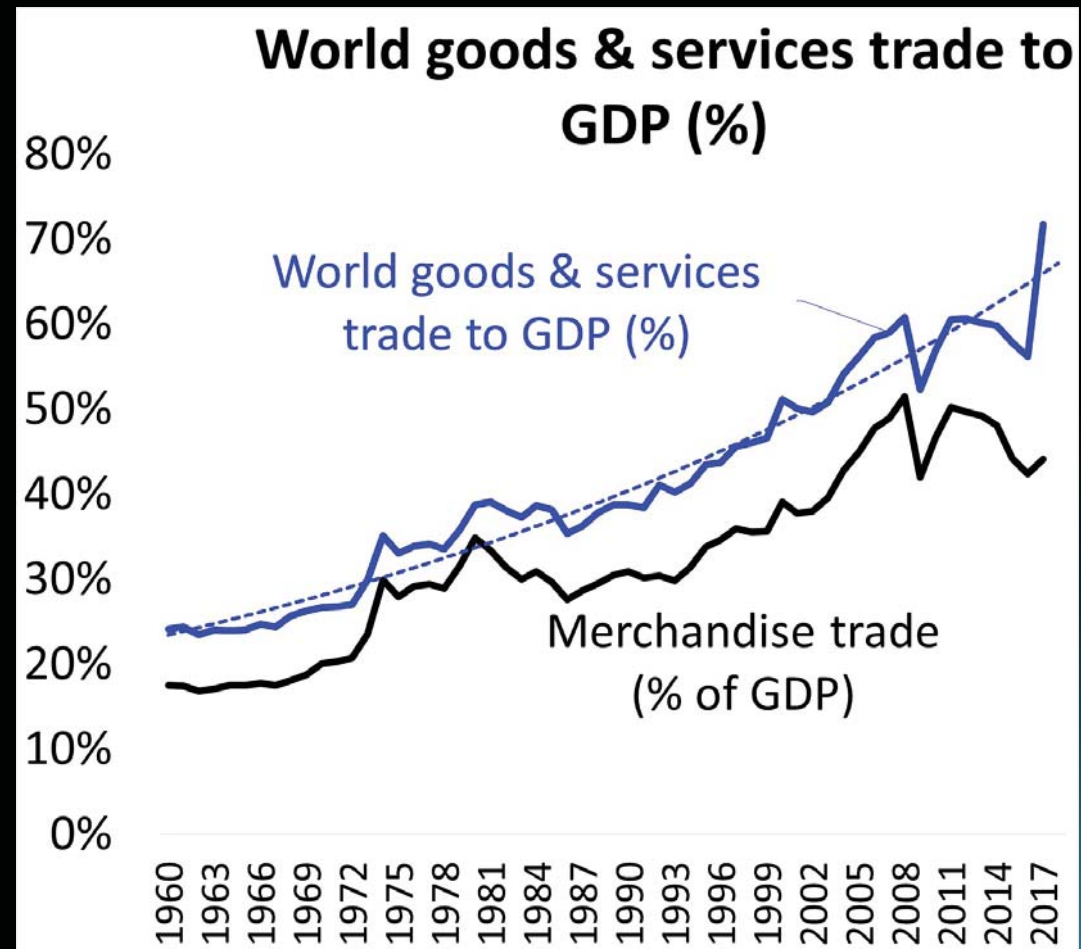
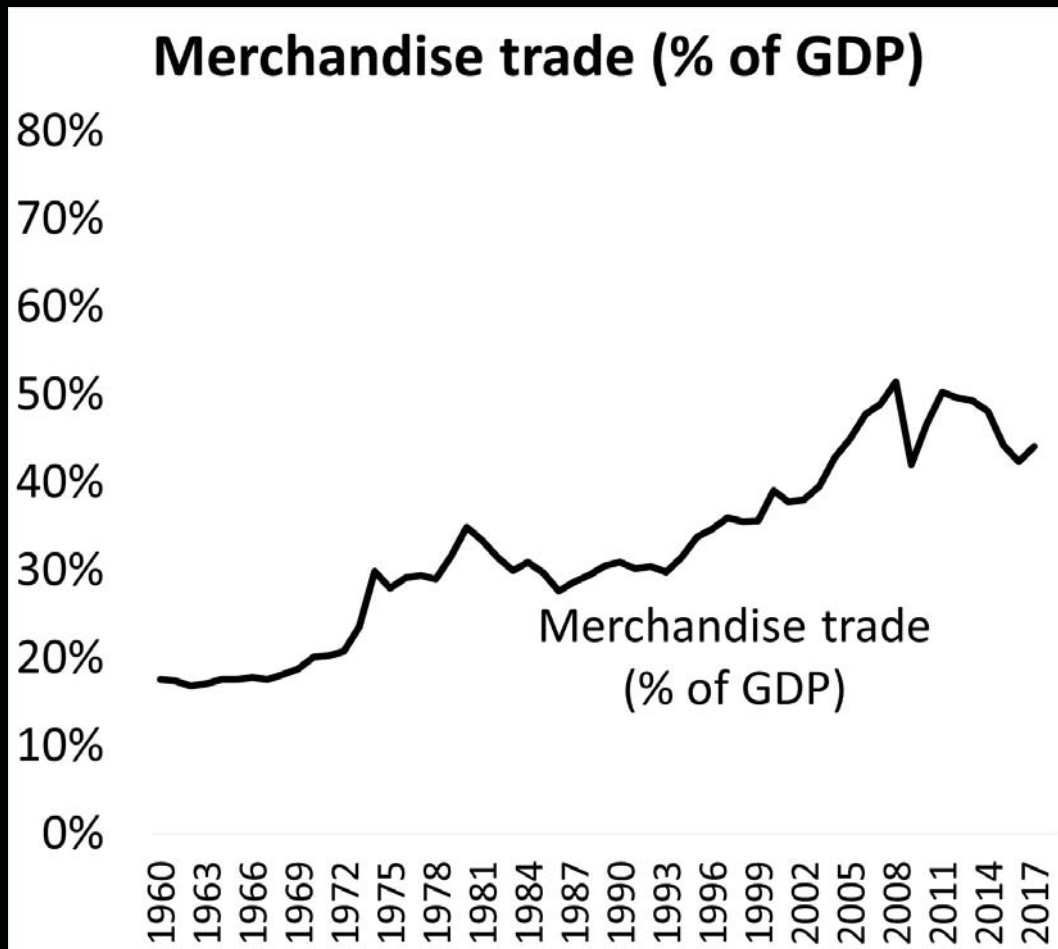
2nd unbundling

3rd unbundling



Key facts

Just add in services



Trump's trade war as reverse regionalism

Tariffs on US-partner trade high/rising

Tariffs elsewhere falling (Japan-EU, CPTPP, Canada-EU, etc)

“Reversal regionalism” around the US

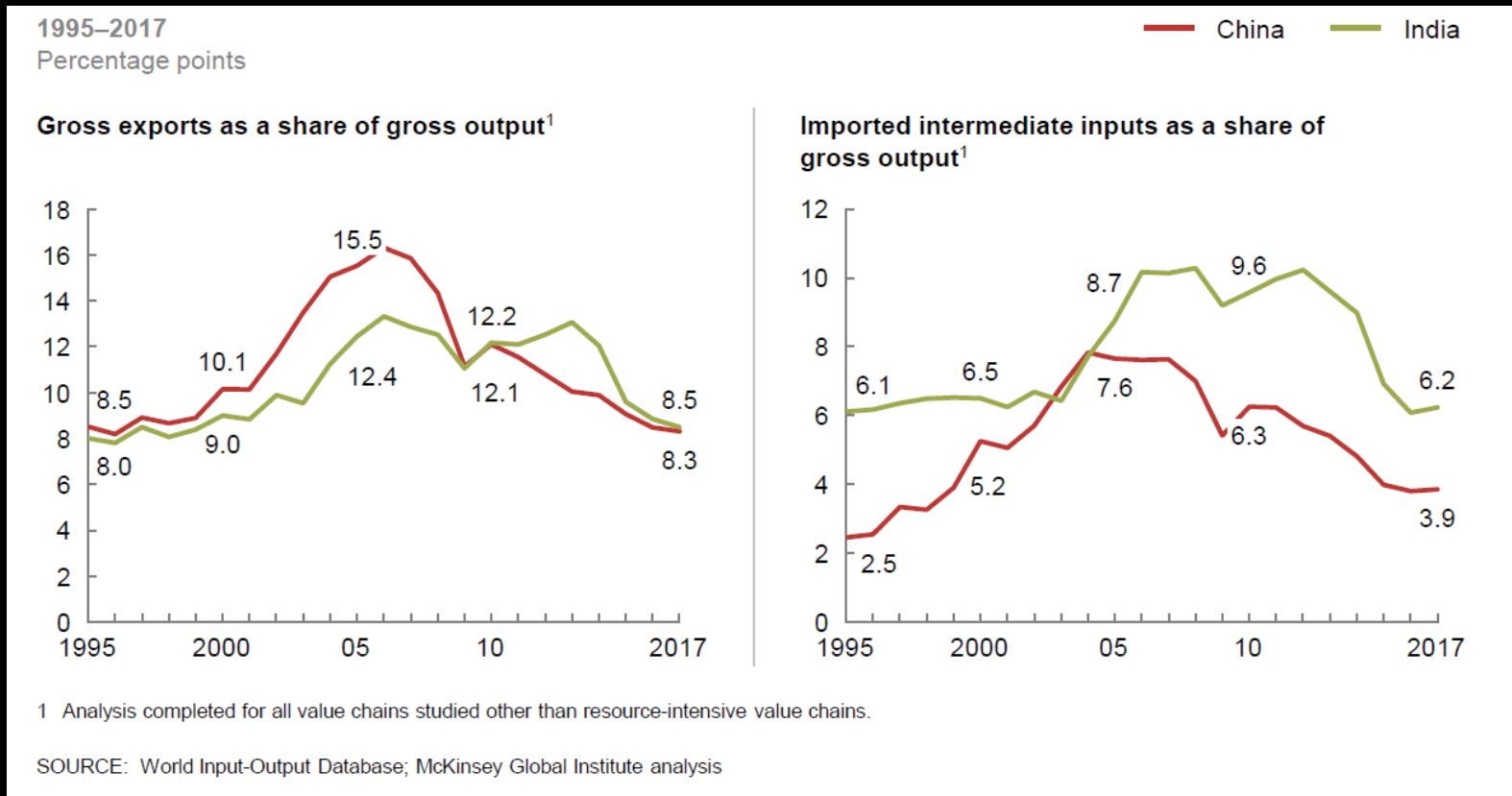
Brexit as a tragic example

EU exit movements in rest of Europe were extinguished.

UK actually is pro-free trade, pro-globalisation – just objects to Single Market loss of sovereignty.

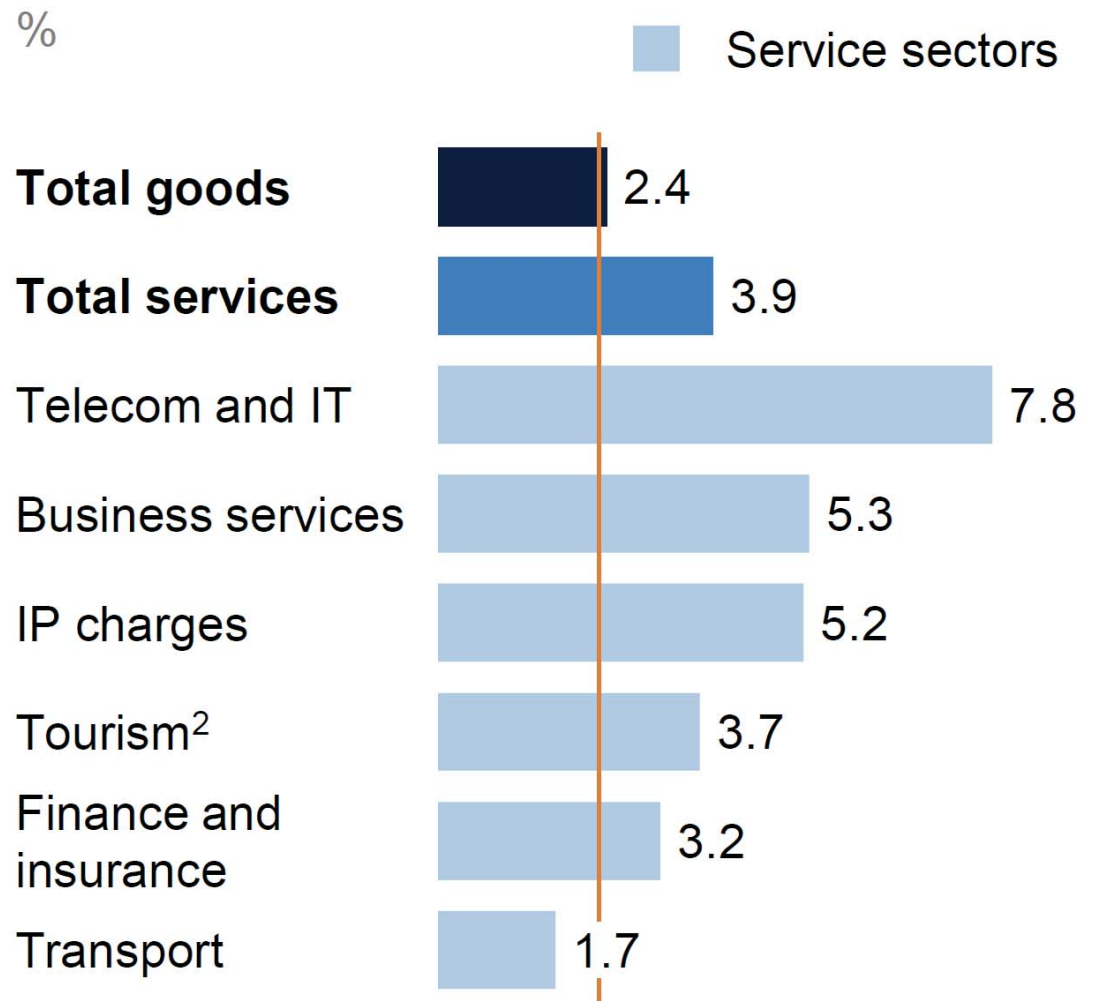
Some details

India & China account for much of the reversal of GVC trade intensity



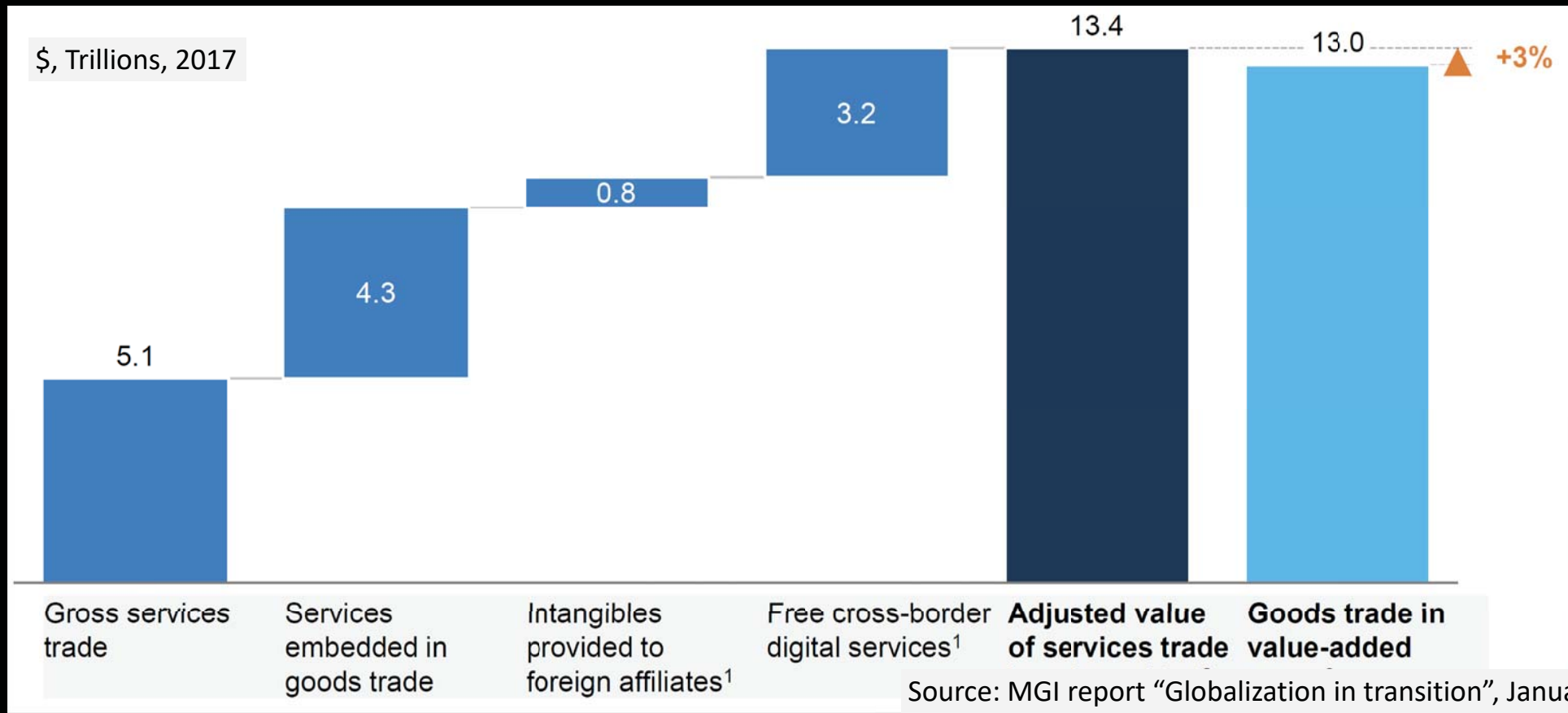
Service
trade is
growing
fast

Global compound annual growth rate, 2007–17



Source: MGI report "Globalization in transition", January 2019

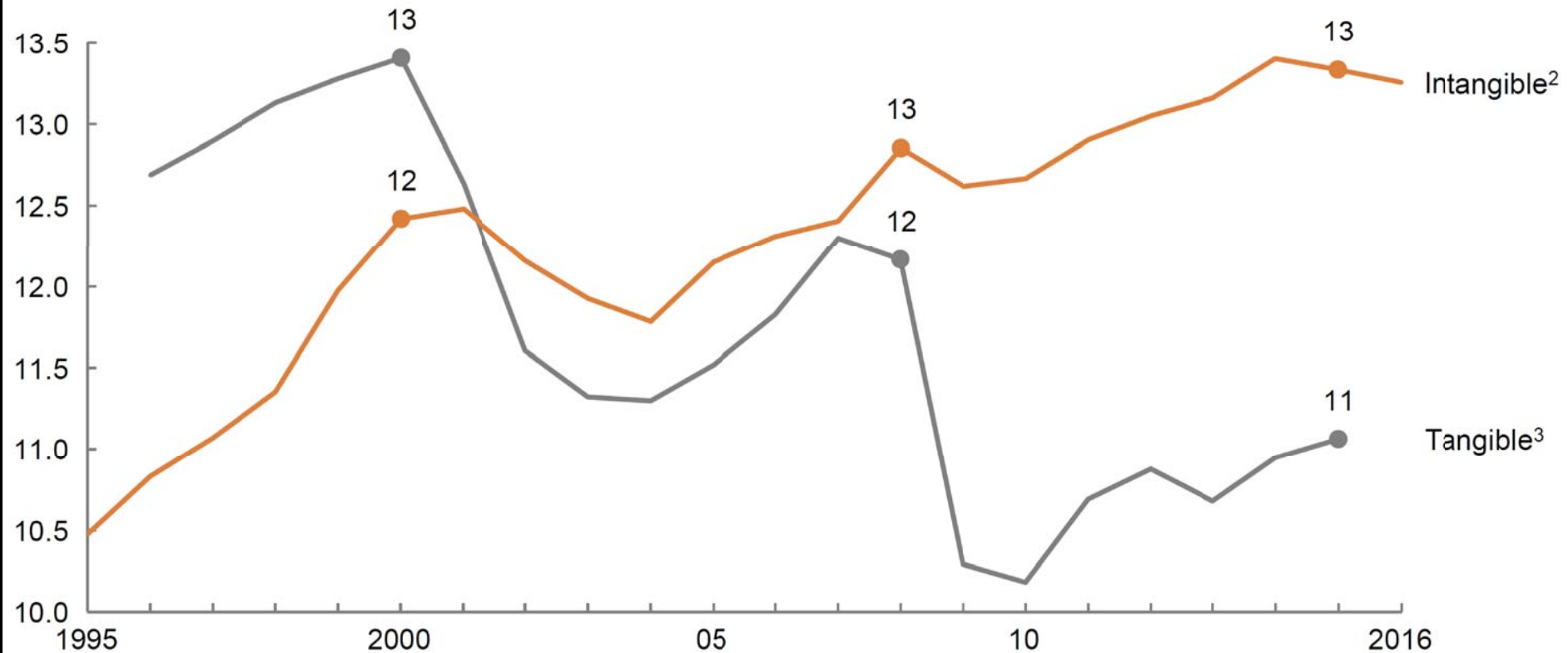
Service & intangibles trade is underestimated



'Intangibles' are more important

Corporate investment in intangible assets now exceeds investment in physical assets.

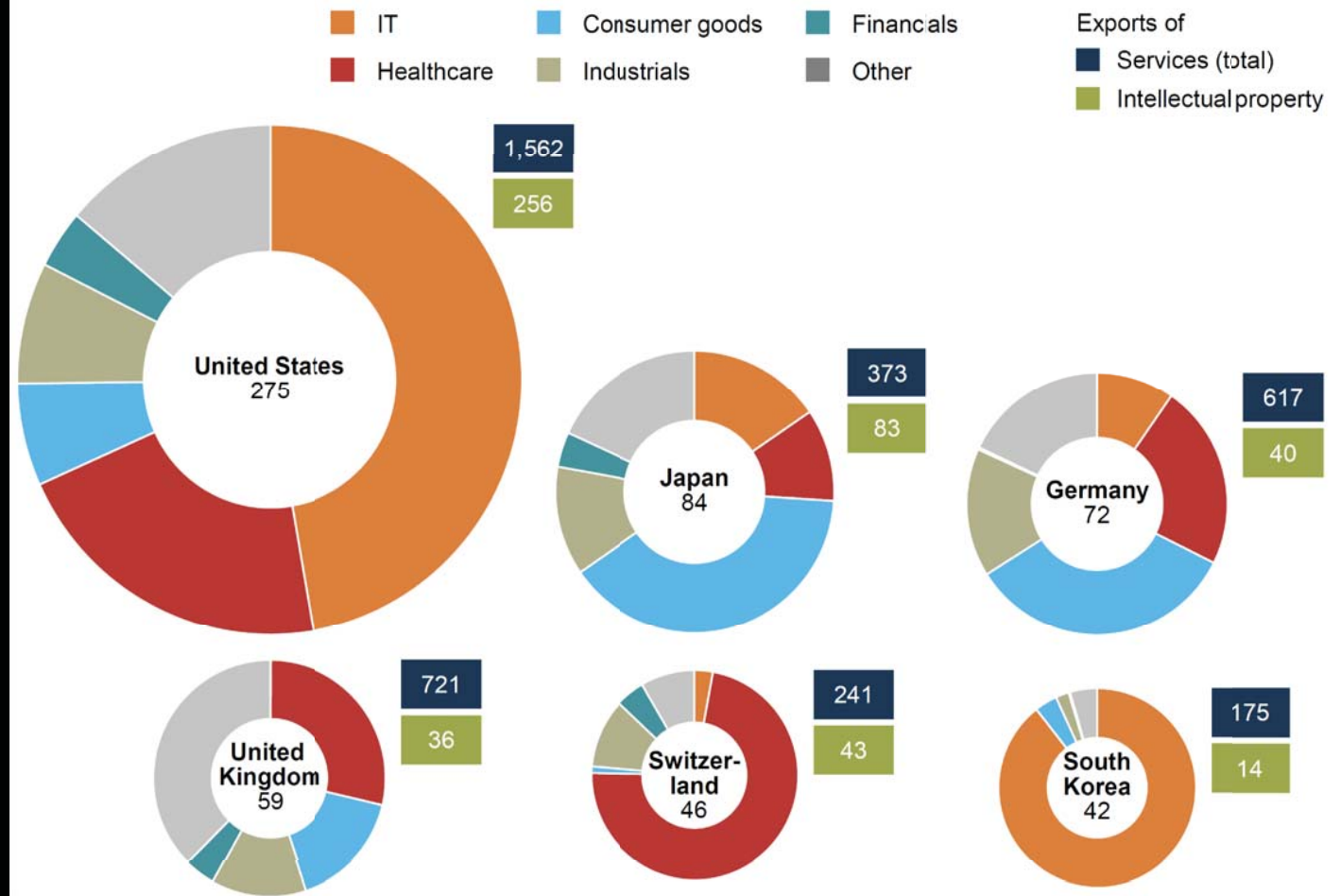
Total private investment in Europe and the United States¹
% GDP



Source: MGI

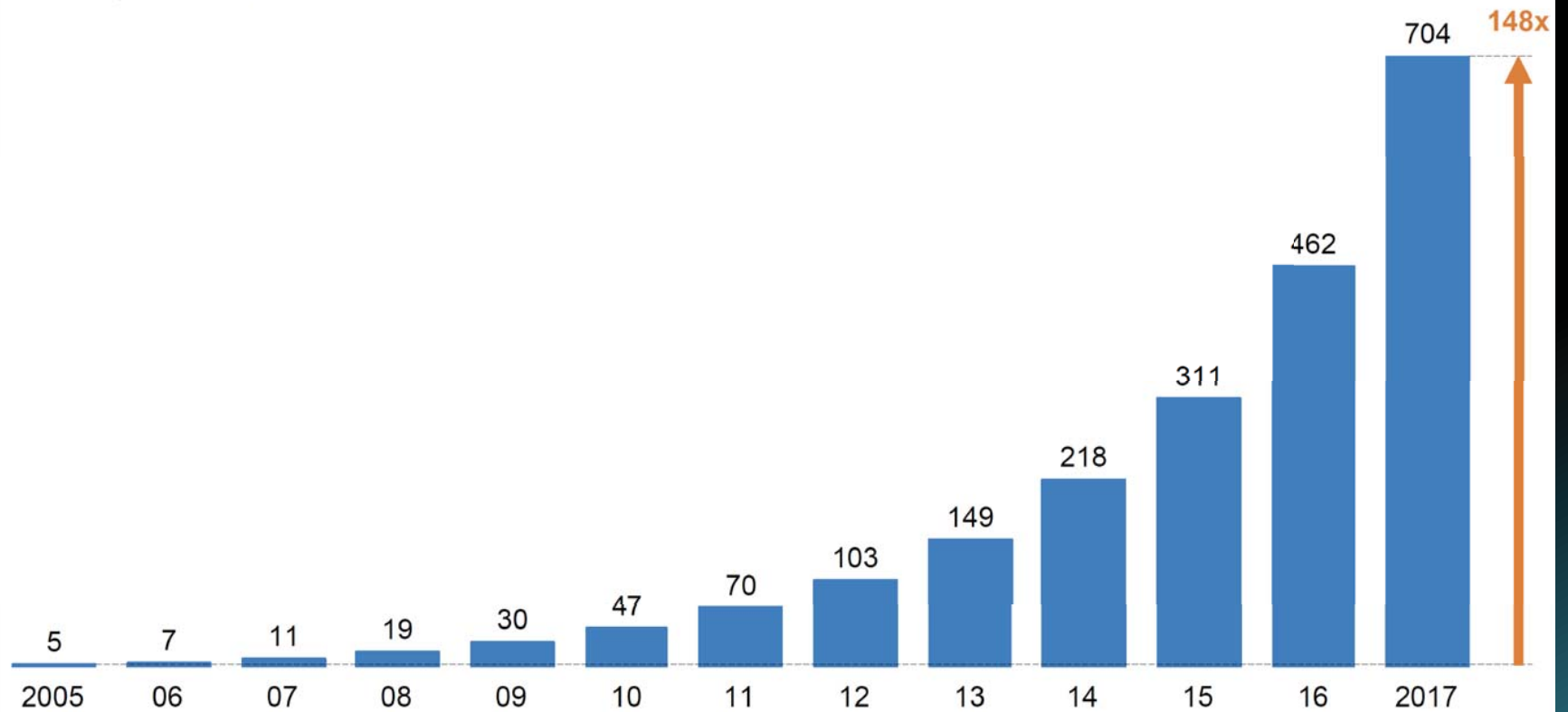
Exports of intangibles

Estimated outflows of Intangibles from corporate headquarters to foreign affiliates, 2017
\$ billion



Data flows are booming

Used cross-border bandwidth, global
Terabits per second



SOURCE: Telegeography; McKinsey Global Institute analysis

Source: MGI

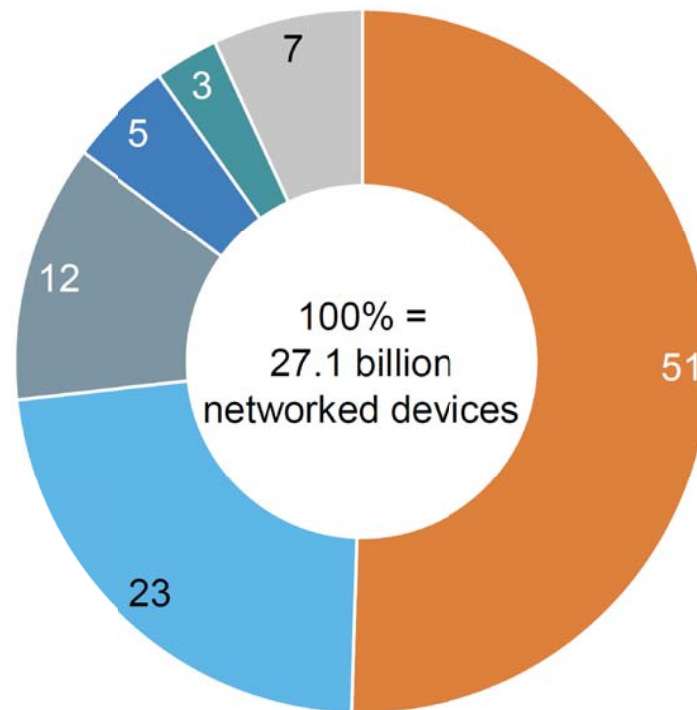
Data flows are changing fast

By 2021, machine-to-machine connections will account for half of all global devices and connections, but only 5 percent of global IP traffic.

- Machine-to-machine
- Smartphones
- Connected TVs
- PC
- Tablets
- Others

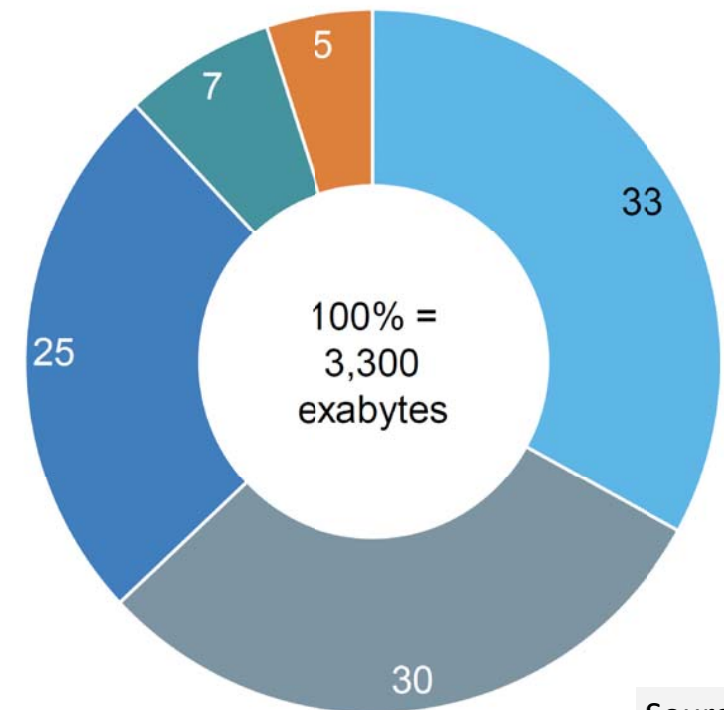
Global devices and connections, 2021F

Billion



Global IP traffic, by type of device, 2021F

Exabytes (10^{18} bytes) per year



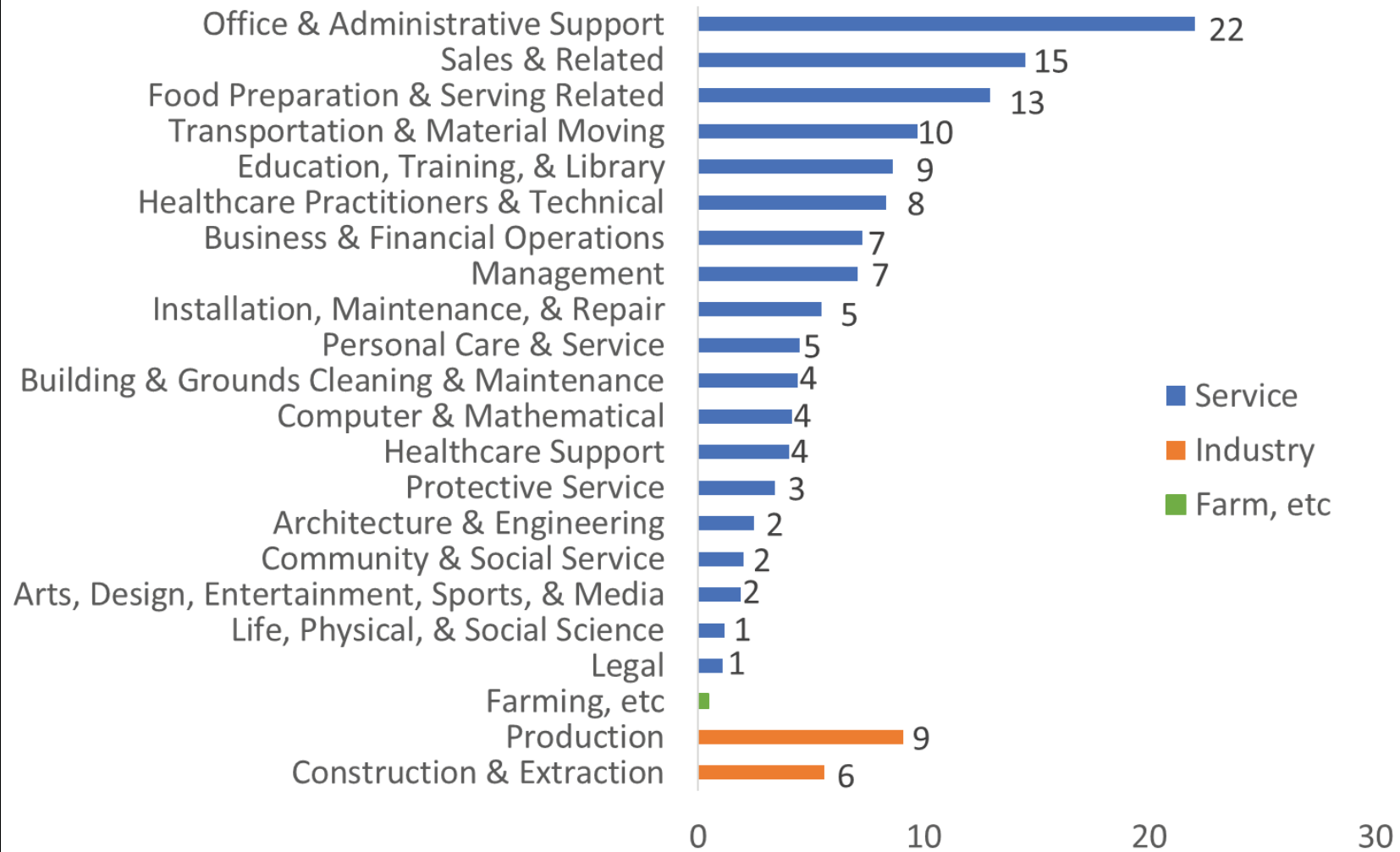
Key points

Service & professional jobs - not just factory jobs



Most people work in service jobs

Most People have Service Sector Jobs (US, 2016)



Think “tasks” not occupations

Many jobs will go but few occupations

Faster than expected

Apollo 11

iPhone 6s

iPhone 10



1969



2015



2017

It won't look like
Janesville

*No mass
unemployment
Rust Belt style*

Copyrighted Material

"Brilliant, probing, and disturbing. A gripping story of psychological defeat and resilience." —BOB WOODWARD, *The Washington Post*

Janesville

AN AMERICAN STORY



AMY GOLDSTEIN

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Tele- migration

Tele-migration (RI)

People sitting in
one nation &
working in offices
in another.



Telemigration: Remote Intelligence

Wage gaps make telemigration
profitable

Digitech makes it possible:

4 factors

1

Domestic telecommuting

2

Online freelancing platforms

Matchmaking
websites (like
eBay for
services)

The logo for Upwork, featuring the word "up" in a green, lowercase, sans-serif font and "work" in a grey, lowercase, sans-serif font.The logo for Amazon Mechanical Turk, featuring the word "amazon" in black with the orange arrow logo below it, and "mechanical turk" in orange below that. The word "beta" is written in small grey text to the right of "amazon".The logo for Fiverr, consisting of the word "fiverr" in white, lowercase, sans-serif font, centered within a solid green circle.The logo for Witmart.com, featuring a cartoon character on the left wearing a red shirt with a yellow dollar sign and holding a rake. To the right, the text "witmart.com" is written in a stylized font with "wit" in orange and "mart.com" in red. Below it, the tagline "The best crowdsourcing solution" is written in a smaller, grey font.

(Zhubajie.com)

3

Machine translation

Machine Translation is no longer Star Trek

- Google Translate
- Skype Translator
- YouTube Auto-Translate captions
- Microsoft translator



4

Advanced telecoms

Global “talent tidal wave”

1990s: industry

2020s: services

Thanks for
listening

*NB: 1st chapter is
free on google
books*

