

A Fracturing World: The Future of Globalization

September 13–14, 2022



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> EXECUTIVE SUMMARY

Is the world deglobalizing? Are we witnessing the end of the current geoeconomic system of global value chains? Can countries feasibly decouple and onshore industries critical for national security? These questions and others guided the discussion at Perry World House’s Global Order Colloquium, “A Fracturing World: The Future of Globalization,” on September 13-14, 2022. The colloquium brought together policymakers, academics, politicians, practitioners, and journalists to explore these topics and identify policy priorities to address the future of globalization.

The two-day convening featured four panels, conducted under Chatham House Rules, on the future of the globalized world and supply chains, digital currencies, labor and the workforce, and the internet as a connecting and disconnecting force. In addition to the panels, the colloquium included three public programs—featuring Malcolm Turnbull, the twenty-ninth prime minister of Australia, in conversation with Dr. Michael E. Mann, Presidential Distinguished Professor in the Department of Earth and Environmental Science at the University of Pennsylvania, on climate politics; and Hilda Suka-Mafudze, permanent representative of the African Union

to the United States, Ashok Kumar Mirpuri, Singapore’s ambassador to the United States, and Andrés Durán, Uruguay’s ambassador to the United States, to discuss whether the global economic order is fracturing and the opportunities this may or may not provide panelists’ regions or countries. Finally, *Financial Times* journalist Rana Foroohar joined Dr. Erika H. James, dean of the Wharton School at the University of Pennsylvania, in conversation, highlighting the ramifications of the neoliberal economic order and suggesting alternative priorities that could shape economic policies in the United States and around the world.

Participants discussed an array of issues and opinions, with little agreement on policy actions. One emerging area of consensus was that governments would likely only be able to afford to onshore select industries in small quantities given the immense cost of moving entire supply chains from one country to another. Another point of agreement highlighted the need for greater resiliency in the global supply chain to reduce the risk of shortages in times of crisis, as happened during the outset of the COVID-19 pandemic in 2020.

Beyond these points, participants focused on high-level and large-scale policy inflection points. After suffering numerous shocks, there is a values shift in the global economy from efficiency to protection and adaptation against vulnerabilities, such as the bifurcation of globalization and nearshoring of supply chains and social safety nets. The technological innovations of the growing digital economy require strong, publicly funded cooperation across sectors and entities to identify specific, well-informed solutions. The vulnerabilities of the global neoliberal status quo must be addressed both internationally and within individual states.





The Financial Times' Rana Foroohar and The Wharton School's Dean Erika H. James take questions from the audience on the future of globalization. Photo by Eddy Marengo.

➤ INTRODUCTION

The designation of COVID-19 as a global pandemic cast into doubt the international community's longstanding vision of inexorable globalization and interdependent worldwide prosperity. Over two years since the outbreak of the pandemic, the future of globalization appears more uncertain than ever, as the recovering global economy faces a war in Europe, strategic competition between Washington and Beijing, volatile energy prices, and rising inflation, among other conditions.¹ The worst economic recession since the Great Depression, 2020 saw an approximately three

percent contraction in the global economy, worse than the 2008–2009 global financial crisis.² Even before the onset of COVID-19, academics and policymakers observed deepening challenges to the expansion of globalization from populist-fueled backlash to its perceived costs.³ In response to the pandemic's disruptions and its relationship to global connectivity, states, industries, and scholars reevaluated globalization's inevitability, its desirability, and the failure of the international community to mount a collective pandemic response.

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- 1 Krzysztof Kwiatkowski, Vivien Singer, and Sven Smit. "The Coronavirus Effect on Global Economic Sentiment | McKinsey." *McKinsey & Company*, September 30, 2022. Accessed August 12, 2022. <https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-coronavirus-effect-on-global-economic-sentiment>; Stephanie Oum, Jennifer Kates, and Adam Wexler. "Economic Impact of COVID-19 on PEPFAR Countries." *KFF*, February 7, 2022. <https://www.kff.org/global-health-policy/issue-brief/economic-impact-of-covid-19-on-pepfar-countries/>.
 - 2 International Monetary Fund. *World Economic Outlook: The Great Lockdown*. Washington, DC: International Monetary Fund, April 2020, xiv.
 - 3 Diana C. Mutz. "Status Threat, Not Economic Hardship, Explains the 2016 Presidential Vote." *Proceedings of the National Academy of Sciences*, 115(19), May 8, 2018. <https://doi.org/10.1073/pnas.1718155115>; Gene M. Grossman and Elhanan Helpman. "Identity Politics and Trade Policy." *The Review of Economic Studies*, 88(3): 1101–26, May 22, 2021. <https://doi.org/10.1093/restud/rdaa031>; Dani Rodrik. "Why Does Globalization Fuel Populism? Economics, Culture, and the Rise of Right-Wing Populism." *Annual Review of Economics*, 13(1): 133–70, August 5, 2021. <https://doi.org/10.1146/annurev-economics-070220-032416>.

With the future of globalization in the balance, Perry World House convened the 2022 Global Order Colloquium on September 13–14.⁴ Key stakeholders from a range of fields discussed critical issues, built relationships, and exchanged ideas in order to shape more robust policy responses. Scholars and practitioners examined the global order and critical issues within it—including supply chain resilience, economic decoupling, proliferation of new technologies, crypto and digital currencies, labor rights, automation in industry, internet openness and regulation, climate change, and more.

Panelists—representing six continents—examined the future of globalization at multiple levels of analysis: the individual laboring under new uncertainty; private corporations responding to changing market demands; states navigating national economic policy to ensure against future shocks; the Global North facing challenges to the neoliberal status quo; the Global South recovering from COVID-19 and identifying novel opportunities; the digital economy and its growing need for clearer regulation; and an international system balancing resilience with efficiency. Amid the many puzzles and issue linkages that emerged within the colloquium’s conversations, the theme of scale was clear: policy, practice, and scholarship must not neglect how this will impact individuals.

The colloquium comprised four panels and three public keynotes. This summary report first provides context for the colloquium’s motivating questions, then describes the highlights and most important elements of the two days, concluding with recommendations in three broad categories for further research.

⁴ All panel discussions were held under Chatham House Rules. Participants’ remarks and survey responses have been anonymized and are not to be attributed to specific speakers. Any quotations attributed to panel participants have been taken from written analyses that participants contributed to the colloquium.



> BACKGROUND


Informed by the results of and responses to the COVID-19 pandemic, analysts and policymakers now face decisions that may define the future of globalization. The pandemic's direct and indirect effects on the global economy gave rise to numerous industry shortages and supply chain disruptions, to which the international community largely failed to coordinate a coherent global response. Instead, many nations eschewed connectivity and multilateral coordination in favor of unilateral acts focused on travel bans, export controls, and restricted information-sharing.⁵ If these deglobalized responses to COVID-19 were not unique to the pandemic's specific circumstances, then states may continue to weigh alternatives to globalization, from economic decoupling to regionalization,⁶ particularly as new challenges to the global order emerge.

The pandemic's impact on the global economic order accelerated changes in emerging technologies, instability in the labor market, and internet penetration and regulation; academics, industry leaders, and policymakers face the challenge of adaptation while managing the uncertainties of globalization. These issues directly align with Perry World House's Global Order theme, which focuses on the intersection of power, technology, and governance, and the issues discussed during the colloquium addressed how power and governance structures around the world have been, and will be, affected by the rise of new technologies and their widespread adoption in the financial sector and via the internet. The colloquium's participants discussed how governance structures changed under the stress of the COVID-19 pandemic and how these structures may further adapt, particularly through conversations about decoupling and deglobalizing.

The Global Order theme has convened previous colloquia and workshops to advance policy responses to the overarching concepts of the 2022 colloquium. This year's colloquium sought to build on and expand the policy discussions of these earlier meetings. Previous gatherings grappled with specific issues related to the pandemic and the effect of the Trump presidency on global affairs, while the 2022 colloquium tackled the specific dimensions of a restructuring global economy. After the 2021 conferences, the global economic situation changed greatly, creating the need for deeper and more specialized conversations on globalization. In 2021, Perry World House hosted a colloquium on geopolitical forecasting, during which participants sought to exchange ideas on the effects of great power competition between Washington and Beijing on the

⁵ Stewart Patrick. "When the System Fails." *Foreign Affairs*, April 21, 2022. <https://www.foreignaffairs.com/articles/world/2020-06-09/when-system-fails>.

⁶ For the purposes of this report, "economic decoupling" refers to the desire for governments to reduce their reliance on another country for critical goods, and "regionalization" refers to moving certain industries from one country to somewhere closer to the homeland.



world, the effects of COVID-19 on the global economy, and the effects of pandemic-induced shocks on the global economic structure.⁷ In February 2021, Perry World House, in cooperation with the Brookings Institution, organized a workshop to provide a “strategic roadmap for reentry” to international engagement for a post-Trump United States. The workshop participants discussed the roots of Trumpism, made general critiques of the multilateral system, and looked at how the Biden administration could and should re-engage with the world.⁸ Before the COVID-19 pandemic, Perry World House’s Global Order colloquia focused on the changing nature of the world through the lenses of populism and nationalism, competing global governance visions, and the role of technology in reshaping the world order. The 2022 colloquium is a natural continuation and extension of these previous convenings as it homes in on critical policy questions about how the pandemic and economic downturn have changed the prospects for the future of globalization.

7 Breanna Moore, Jared Rosen, and Christian Ruhl. “How to See the Future: Forecasting and Global Policy.” *Perry World House*, September 27-28, 2021. <https://global.upenn.edu/sites/default/files/perry-world-house/PWH-2021-GO-Colloquium-Report.pdf>

8 William Burke-White. “A Strategic Roadmap for Reentry 2021 and Beyond: Advancing Institutional Commitments in a New Geostrategic Environment.” *Perry World House*, February 2021. https://drive.google.com/file/d/1xtzg313Nt72pOzqkFSXFbS7_Broj07KI/view.

> DAY ONE (SEPTEMBER 13)



> A DEGLOBALIZED, DECOUPLED, AND REGIONALIZED ECONOMIC ORDER?

Moderating the colloquium's first panel was Regina Abrami, the Chang Sun Term Professor and director of the Lauder Institute's Global Program and head of its international studies faculty at the University of Pennsylvania. Panelists included Mark P. Dallas, associate professor of political science and Asian studies and director of Asian studies at Union College; Alicia García-Herrero, senior fellow at Bruegel and chief economist for Asia Pacific at Natixis; Dalia Marin, professor of international economics in the Munich School of Management at the Technical University of Munich; and Darrell M. West, vice president of governance studies at the Brookings Institution.

The first panel examined the future of globalization in the context of a global economy recovering from the COVID-19 pandemic in the face of supply chain disruptions, conflict, growing great power competition, and other uncertainties. The immense economic disruption of COVID-19 induced severe shortages in critical industries and dealt blows to public health and infrastructure, leading countries around the world to question whether the efficiency and profit borne of interdependence may have resulted in overly complex, and therefore vulnerable, global supply chains. Empirically, panelists described both a clear slowdown in global value chains as well as a trend toward regionalization across national economic policies, particularly visible in China's pursuit of self-sufficiency and deepening US-China economic competition. The panel discussed how to characterize these shifts in the global economic order: whether these changes indicate decoupling, regionalization, fracturing, or overall deglobalization appears to depend on the success of policies that states take in the pursuit of economic resilience.

Participants noted in the pre-colloquium survey the effect that the pandemic had on such conversations.⁹ Over 40 percent of respondents believe that the pandemic had a "moderate effect" on countries' desire to decouple and onshore critical industries, with another 27 percent saying it had a "significant effect." Not a single participant believes that the pandemic had "little effect" or "almost no effect" on this issue.

⁹ In order to identify expert perceptions of the many changes visible in the current global order, Perry World House asked participants to fill out a short survey on key outcomes of the changing international environment. The figures in this report are thus based on participants' responses. Not all panelists answered all questions, and these charts should not be interpreted to represent any individual panelist's view.

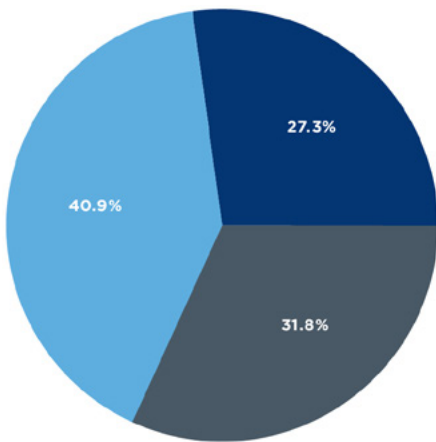


Figure 1: What effect did the COVID-19 pandemic have on countries' desire to decouple and onshore critical industries?



The panelists identified clear signs of faltering globalization, beginning after the 2008 financial crisis and evident in the decentralized global response to pandemic-related disruptions and the halt in global value chain growth. According to Dalia Marin's written contribution to the colloquium,¹⁰ the pandemic "will likely lower [global value chains] by 35 percent and increase robot adoption by 76 percent." Part of the reason for this, according to Marin, is transportation costs: "During the pandemic, the cost of containers used to ship goods from Asia to Europe and the United States rose nearly tenfold, and transport workers, facing increasingly harsh working conditions, have been leaving their jobs. It remains to be seen whether the turmoil in the transport sector,

which has led to supply chain bottlenecks, is transitory or persists in the long term."¹¹

The pandemic shed light on the vulnerabilities of extant global supply chains, and the idea that the current trajectory of global competition is likely to exacerbate those vulnerabilities. Russia's invasion of Ukraine is estimated to have shrunk the region's economy by over 4 percent, instead of the projected regional growth of 3 percent.¹² The European Union is increasing energy imports from more distant countries to reduce dependence on Russia, and Russia is likewise increasing trade with Asia instead of Europe.¹³ Strategic competition between the United States and China, as well as supply disruptions to critical US industries, engenders ongoing

¹⁰ Participants contributed articles for discussion during the colloquium. Some of these articles are quoted throughout this report to expand on particular key points.

¹¹ Dalia Marin. "Uncertainty Affects All: How Supply Chains Change with COVID." *Perry World House Global Order Colloquium*, Draft Submission, September 2022.

¹² World Bank. "Russian Invasion to Shrink Ukraine Economy by 45 Percent This Year." Press release: The World Bank, April 10, 2022. <https://www.worldbank.org/en/news/press-release/2022/04/10/russian-invasion-to-shrink-ukraine-economy-by-45-percent-this-year>.

¹³ Steven A. Altman and Caroline R. Bastian. "Trade Regionalization: More Hype Than Reality?" *Harvard Business Review*, May 31, 2022. <https://hbr.org/2022/05/trade-regionalization-more-hype-than-reality>.

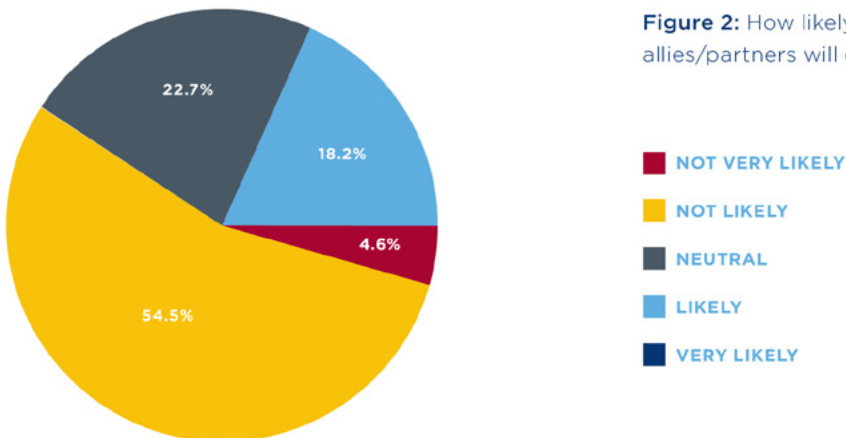


Figure 2: How likely is it that the United States and its allies/partners will economically decouple from China?

US conversations on decoupling from China and increasing regional and domestic production.¹⁴ According to Alicia García-Herrero: “There is also increasing disillusion in the West about what can be expected from China as a responsible stakeholder in the global order. China is doubling down on its state-driven economic model, with many sectors still closed to foreign competition and a lack of reciprocity. Major events have further weakened the West’s trust in China, such as the lack of cooperation during the pandemic, with major disruption to a China-centric supply chain, which has increased inflationary pressures.”¹⁵ Panelists discussed evidence of such a fracturing global order, from US-led economic sanctions on Russia after its invasion of Ukraine to China’s ongoing push toward self-sufficiency. Despite the slowdown caused by pandemic disruptions, Xi Jinping continues to push domestic industrial development and self-sufficiency, as well as an expansion of export markets.

Survey respondents were skeptical that the United States and China would actually follow through on the conversations around bilateral decoupling. Nearly 55 percent said that such an outcome is “not likely,” with 18 percent saying it was “likely,” and 23 percent taking a “neutral stance.”

RESTRUCTURING THE GLOBAL ORDER

Though panelists agreed that supply chain resiliency and nearshoring appear to be high on government policy agendas, they also noted that the complexities of the global economy will make such efforts both very difficult and extremely expensive, with inflation as one

byproduct. While vital sectors, such as microchips and pharmaceuticals, will be necessary to regionalize and re-shore in order to ensure against future shocks, some panelists suggested that true decoupling would be impossible. Other panelists agreed that decoupling will be very difficult, but identified historical antecedents for its success, such as automobile production in South Carolina and subsidy-driven industrialization in East Germany. In South Carolina, BMW has built an entire manufacturing ecosystem for the production of cars in the United States. The plant in South Carolina produces the most BMW vehicles worldwide. While panelists varied on the extent to which the global order will fracture and the depth of possible bifurcation, consensus emerged on supply chain resilience as a worthy—though costly—policy goal.

Panelists all noted that initiatives to decouple will likely vary widely across industries, and any economic policy aiming to restructure global value chains will need high levels of context and specificity. While the Biden administration issued an executive order on supply chains in 2021, panelists identified a need for precision in order for such a policy to be effective. For example, states may identify and focus on rectifying key vulnerabilities in critical industries, many of which lack redundancy. In 2021, Taiwan, frequently mentioned during the panel as crucial to the outcomes of growing US-China bifurcation, manufactured 92 percent of the world’s advanced semiconductors, with South Korea holding the other 8 percent.¹⁶ Any possible challenge to Taiwan from China could jeopardize the increasingly digital global economy.

14 J. Stewart Black and Allen J. Morrison. “The Strategic Challenges of Decoupling from China.” *Harvard Business Review*, May-June 2021. <https://hbr.org/2021/05/the-strategic-challenges-of-decoupling>.

15 Alicia García-Herrero. “China and the West: Growing Apart as Geopolitical Tensions Grow.” *Bruegel*, October 5, 2022. <https://www.bruegel.org/blog-post/china-and-west-growing-apart-geopolitical-tensions-grow>. (García-Herrero wrote this article for the colloquium.)

16 Yimou Lee, Norihiko Shirouzu, and David Lague. “Silicon Fortress: T-Day: The Battle for Taiwan.” *Reuters*, December 27, 2021. <https://www.reuters.com/investigates/special-report/taiwan-china-chips/>.

IMPLICATIONS FOR THE GLOBAL SOUTH

Whether these moves toward nearshoring and decoupling result in a bifurcated global economy, members of the Global South have much to gain and to lose. While some panelists noted that smaller states without strong extant trade relationships with either side may be caught in the middle and that developing states with economies enmeshed in global value chains will suffer intensely in a bifurcated global economy, other panelists noted that small states may stay relatively neutral in order to take advantage of opportunities on either side. There was consensus that competing powers, such as the United States and China, should not force developing states to take sides. Many developing states, noted panelists, are not complying with sanctions toward Russia for its invasion of Ukraine, something that Washington may keep in mind when developing strategies about how to engage with developing states on economic decoupling. During discussions, panelists and other colloquium participants identified Africa as a region well-situated to fill gaps

caused by bifurcation. As further evidenced by the subsequent panel on digital currencies, changes in the global economic status quo may provide the Global South with new opportunities.



QUESTIONS FOR FUTURE RESEARCH:

What tools and information do policymakers need to identify more specific, contextually informed goals for globalization?

How can governments best make alternative plans for global supply chains when shocks like pandemics happen?

How can analysts expand research and data collection to better understand global value chains in critical high-technology sectors, both in and out of government?



Top photo, left to right: Moderator Regina M. Abrami and panelists Alicia García-Herrero, Dalia Marin, Darrell M. West, and Mark P. Dallas look at the economic impacts of the COVID-19 pandemic, including the global implications of supply chain issues.

> THE USE AND REGULATION OF CRYPTOCURRENCIES AND CENTRAL BANK DIGITAL CURRENCIES

The second panel included **Steven B. Kamin**, senior fellow at the American Enterprise Institute; **Ananya Kumar**, assistant director of the GeoEconomics Center at the Atlantic Council; **Olayinka Odeniran**, founder and chairwoman of the Black Women Blockchain Council; **Hermine Wong**, director of policy at Coinbase; and **Reuben Youngblom**, managing editor and communications lead at MIT's Digital Currency Initiative and fellow at Stanford Law. Moderating the panel was **Sarah Hammer**, managing director of the Stevens Center for Innovation in Finance at the Wharton School and adjunct professor of law at the University of Pennsylvania Carey Law School.

This panel focused on the increasing adoption of digital currencies and cryptocurrencies by both private actors and national governments—an emerging challenge to the international financial status quo. Spurred by the

destabilizing effects of the COVID-19 pandemic, adoption of digital currencies and cryptocurrencies by both private actors and national governments poses another challenge to the international financial status quo. Panelists first examined actors' motivations for enshrining digital currencies in mainstream policy and finance. The majority of International Monetary Fund (IMF) member countries are evaluating the adoption of state-backed Central Bank Digital Currencies (CBDCs) in order to modernize countries' payment systems and protect them from the future risks of technological innovation.¹⁷ A global survey of central banks found that from 2017 to 2020, the share of central banks exploring CBDCs grew by about one-third to 86 percent.¹⁸ Functionally indistinguishable from cash, save the blockchain technology they are built on, CBDCs possess advantages particularly attractive to emerging economies: they may improve citizens' ability to make payments cheaply and efficiently, spurring investment in the local economy; they increase financial inclusion by reducing the cost and increasing the convenience of payments; and they make cross-border payments, such as remittances, less costly than traditional methods of transfer. Panelists' insights on CBDC adoption incentives aligned with self-reported central bank policy goals, which named financial inclusion, access to payments, making payments more efficient, ensuring resilience of payments, reducing illicit use of money, monetary sovereignty, and competition as key drivers of state adoption.¹⁹

17 Gabriel Soderberg, Marianne Bechara, Wouter Bossu, et al. *Behind the Scenes of Central Bank Digital Currency Emerging Trends, Insights, and Policy Lessons*. Washington, DC: International Monetary Fund, FinTech Notes, 2022. <http://elibrary.imf.org/view/journals/063/2022/004/063.2022.issue-004-en.xml>.

18 Codruta Boar and Andreas Wehrli. *Ready, Steady, Go? Results of the Third BIS Survey on Central Bank Digital Currency*. Basel, Switzerland: Bank for International Settlements, Monetary and Economic Department, 2021. <https://www.bis.org/publ/bppdf/bispap114.pdf>.

19 Ibid.



Panelist Steven B. Kamin (right) shares his insights on the use of cryptocurrencies and the adoption of Central Bank Digital Currencies.

While the public sector invests in CBDCs, private digital currencies, typically referred to as “cryptocurrencies,” are emerging as alternatives to state-controlled currencies. Uncoordinated state responses meant to alleviate the pandemic’s economic disruptions led to uneven results across countries. Investors, concerned by measures central banks or political actors may take in response to further disruptions, may prefer the unregulated, decentralized environment of the cryptomarket and its liquidity across state lines.²⁰ Despite the risks of largely unregulated cryptocurrencies, the pandemic saw

rapid swelling of the cryptomarket. The uncertainty of global financial markets, low interest rates, and concern for inflation may act as drivers of adoption among investors.²¹ Panelists stated that the decentralization of cryptocurrency solves problems with payment systems in the current international economy: it sidesteps corruption within state financial systems, provides transparency of fund movements without attribution, and allows for instantaneous settlement of payments in micro-transactions. Cryptocurrencies and the blockchain technology they are built on are permissionless

20 Hadar Y. Jabotinsky and Roe Sarel. “How the Covid-19 Pandemic Affected the Cryptocurrency Market.” *The CLS Blue Sky Blog*, March 26, 2021. <https://clsbluesky.law.columbia.edu/2021/03/26/how-the-covid-19-pandemic-affected-the-cryptocurrency-market/>.

21 Samuel Asumadu Sarkodie, Maruf Yakubu Ahmed, and Phebe Asantewaa Owusu. “COVID-19 Pandemic Improves Market Signals of Cryptocurrencies—Evidence from Bitcoin, Bitcoin Cash, Ethereum, and Litecoin.” *Finance Research Letters*, 44: 102049, January 2022. <https://doi.org/10.1016/j.frl.2021.102049>.

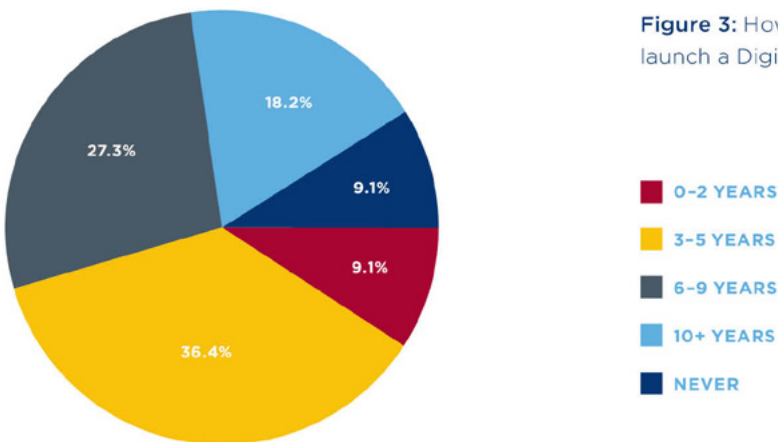


Figure 3: How long will it take for the United States to launch a Digital Dollar?

and are thus particularly suited to crossing borders.²² However, post-colloquium developments regarding FTX, a cryptocurrency exchange run by Sam Bankman-Fried (who was charged with fraud in December 2022) and now in bankruptcy proceedings, put into question the transparent nature of these currencies and their ability to reduce corrupt dealings. With valuation swings and crypto exchanges going bankrupt, national governments and international institutions alike must consider future policies—and potential cooperation—in order to adapt to and regulate their use.

Survey respondents expressed differing opinions on how long it would take the United States to launch its own state-backed digital dollar, as China, Nigeria, and others have done: 27 percent said that it would take between six to nine years for the United States to adopt a digital dollar, while 36 percent said it would only take three to five years. Nearly 20 percent believe that it will take over ten years, and nearly 10 percent do not think it will ever happen.

THE GLOBAL SOUTH AND NEW OPPORTUNITIES IN GLOBAL FINANCE

A recurring theme among discussants was how digital and cryptocurrencies could enable the Global South—and the world's unbanked population of approximately 1.4 billion people²³—to participate in the global

economy. State adoption of CBDCs in high-income countries lags behind as states in the Global South are leading the way. Ten states, including the Bahamas with its Sand Dollar (October 2020) and Nigeria with its eNaira (October 2021), to date have fully launched a CBDC as an alternative payment system.²⁴ According to Steven Kamin's colloquium contribution: "Considering the enormous challenges facing [emerging market economies]—mounting fiscal debt, soaring inflation, scarring from the COVID-19 pandemic, and underlying structural impediments to growth—improving the payments system might seem an especially paltry reform. But an efficient and inclusive payments system can provide important support for the process of economic growth and development. Indeed, in many respects, CBDCs may offer more benefits to [emerging market economies] than to advanced economies (AEs), such as the United States or Europe."²⁵

The development of these currency technologies can open up new opportunities for those looking for alternatives to the traditional global financial system, currently dominated by high-income states in the Global North.²⁶ As cryptocurrencies operate outside traditional banking through decentralized peer-to-peer mechanisms, proponents perceive these currencies as a democratizing force, providing financing, transfer, and investment opportunities to underserved markets.²⁷ There exists a lack of trust within economically disadvantaged communities in traditional financial institutions. Fewer

22 Given the collapse of several cryptocurrency companies since this colloquium took place, the future of cryptocurrencies as a true alternative to state-backed currencies is now put into doubt.

23 Asli Demirgüç-Kunt, Leora Klapper, Dorothe Singer, and Saniya Ansar. *The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19*. Washington, DC: World Bank Group, 2022, 33. <https://www.worldbank.org/en/publication/globalfindex/Report>.

24 Atlantic Council. "Central Bank Digital Currency Tracker." 2022. <https://www.atlanticcouncil.org/cbdctracker/>.

25 Steven B. Kamin. "Do Central Bank Digital Currencies Make Sense for Emerging Market Economies?" *Perry World House Global Order Colloquium*, Draft Submission, September 2022.

26 Anshu Siripurapu. "Cryptocurrencies, Digital Dollars, and the Future of Money." *Council on Foreign Relations*, September 24, 2021. <https://www.cfr.org/background/cryptocurrencies-digital-dollars-and-future-money>.

27 Bitange Ndemo. "The Role of Cryptocurrencies in Sub-Saharan Africa." *Brookings Institution*, March 16, 2022. <https://www.brookings.edu/blog/africa-in-focus/2022/03/16/the-role-of-cryptocurrencies-in-sub-saharan-africa/>.

regulations allow cryptocurrencies to provide financial services to small enterprise sectors and in irregular income environments. These benefits are reflected in comparative cryptocurrency adoption worldwide: the majority of states with the highest rates of cryptocurrency adoption in 2021 are low-income countries, such as Vietnam, India, Pakistan, Kenya, Nigeria, and Venezuela.²⁸ How the collapse of a number of cryptocurrency exchanges will affect perceptions in the Global South will come to light in the coming months.

REGULATION, PRIVACY, AND CRITIQUES OF DIGITAL CURRENCIES

Despite growing excitement for CBDCs and the opportunities that they present for emerging economies, discussants also noted that these new technologies must be carefully implemented, and their benefits are more likely to be incremental than transformative. The central debate regarding CBDC implementation that emerged from the panelists' discussion revolved around how different or decentralized CBDCs will be in comparison with traditional payment systems; though 110 states are currently researching or implementing CBDCs, global standardization or interfacing across currencies has yet to take place. States must also invest in educational outreach, regulatory reforms, and policies to improve competition in their financial sectors to ensure CBDCs' adoption and successful use.

In the private sphere, the decentralization that makes cryptocurrencies attractive for investors also makes them difficult to regulate. The growth of such a largely unregulated sector raises concerns about fraud, tax evasion, cybersecurity, and broader financial security, as the increasing adoption of digital currencies may limit the ability of weaker central banks to set monetary policy through control of the money supply.²⁹ Valuation swings in cryptocurrency may require government intervention. Panelists stressed the importance of protecting financial privacy and assessing how cryptocurrencies are used in different contexts in order to tailor suitable regulations.

Panelists were optimistic when discussing the privacy features inherent in cryptocurrencies. Because transactions on the blockchain are end-to-end, they circumvent centralized actors like banks or other facilitators, such as popular transfer app Venmo. While users might value this added privacy, therein lies the anxiety of blockchain; if nobody can see who is making



Top to bottom: Steven B. Kamin, Ananya Kumar, and Olayinka Odeniran share their thoughts on the difficulties of regulating cryptocurrencies, and the benefits of their built-in privacy features.

or receiving payments, how do government bodies regulate such cryptocurrencies? Some panelists pondered this question, while others were confident that blockchain can also function as a transparent ledger. Indeed, blockchain incorporates capabilities to monitor transactions across the shared network.³⁰ While both of these may be true, panelists found no single answer to a key question: How can these systems be kept both transparent and private?

28 "2021 Geography of Cryptocurrency." *Chainalysis*, October 14, 2021. <https://blog.chainalysis.com/reports/2021-global-crypto-adoption-index/>

29 Anshu Siripurapu. "Cryptocurrencies, Digital Dollars, and the Future of Money." *Council on Foreign Relations*, September 24, 2021. <https://www.cfr.org/background/cryptocurrencies-digital-dollars-and-future-money>

30 Stephen Laaper. "Using Blockchain to Drive Supply Chain Transparency." *Deloitte*, 2017. <https://www2.deloitte.com/us/en/pages/operations/articles/blockchain-supply-chain-innovation.html>

Other colloquium participants raised a number of concerns with digital and cryptocurrencies. Beyond economic and political concerns, participants noted that mining Bitcoin incurs intensive energy consumption and may severely impact the environment in the future. The Cambridge Bitcoin Electricity Consumption Index estimates that Bitcoin consumes roughly the same amount of energy annually as Sweden.³¹ Participants also sought more clarity on how states may better regulate cryptocurrencies in order to prevent monopolization by global elites. While digital currencies have high rates of adoption among low-income populations, panelists agreed that competitive regulatory policies across currencies can protect against the eventual domination of cryptocurrencies by elites.



QUESTIONS FOR FUTURE RESEARCH:

How can policymakers make the most of the transparency of blockchain while securing the privacy of citizens?

What regulations do governments need to adopt to mitigate the climate impacts of cryptocurrency?

How do CBDCs help developed countries achieve a more equitable financial paradigm between the banked and unbanked populations?



The panel led to a productive discussion on the regulations needed to make cryptocurrencies more secure for citizens.

31 Katie Martin and Billy Nauman. "Bitcoin's Growing Energy Problem: 'It's a Dirty Currency.'" *Financial Times*, May 20, 2021. <https://www.ft.com/content/1aeb2db-8f61-427c-a413-3b929291c8ac>.

PUBLIC KEYNOTE

➤ PRIME MINISTER MALCOLM TURNBULL AND MICHAEL MANN ON THE GLOBAL RESPONSE TO CLIMATE CHANGE

The first day of the colloquium concluded with a public discussion between Michael E. Mann, Presidential Distinguished Professor in the Department of Earth and Environmental Science (with a secondary appointment at the Annenberg School for Communication) and director of the Penn Center for Science, Sustainability, and the Media at the University of Pennsylvania, and the Honorable Malcolm Turnbull, the twenty-ninth prime minister of Australia. Liz Magill, the ninth president of the University of Pennsylvania, introduced the discussion, which focused on finding solutions to the climate's pressing challenges to the global order. Moderating the conversation was Kathleen Hall Jamieson, the Elizabeth Ware Packard Professor of Communication and director of the Annenberg Public Policy Center at the University of Pennsylvania.

Mann and Turnbull reminded the audience that the world has the technological and economic capacity to implement widespread policy to adapt to and mitigate climate change. The 2019–2020 bushfires that raged across Australia, known as the Black Summer, demonstrated the urgent need for such policy action. Similar instances of climate change's effects are occurring more rapidly than previous predictions, adding to growing international uncertainty. Both Turnbull and Mann identified the roles of fossil fuel lobbies and the media in stirring public skepticism toward climate initiatives. The hesitancy of legislators to implement climate reforms is being confronted by the overwhelming scientific consensus that the world needs to meet the near-term benchmark of a 50 percent reduction of emissions by 2030. Mann emphasized that economies based on resource extraction are no longer sustainable. Both speakers called for dramatic restructuring of global energy in favor of wind and



University of Pennsylvania President Liz Magill (center) introduced the conversation with former Prime Minister of Australia Malcolm Turnbull (left) and Director of the Penn Center for Science, Sustainability, and the Media Michael E. Mann (right). Photo by Eddy Marengo.

solar in the Global North and South. While the political obstacles to such policy changes are daunting, they stated that individual voters still have agency at the polls.

To transform individual agency into policy progress, Mann and Turnbull discussed the lessons that other countries may learn from rapid adaptation in Australia, which generates emissions at similar rates to the United States but which is quickly transitioning to alternative energy sources. While the Pacific’s geography makes it particularly vulnerable to rising sea levels, they argued that the key differences between Australia and the United States that explain Australia’s relative speed at instituting broad change lie in Australia’s electoral system. In Australia, voting is compulsory, there is no

equivalent to gerrymandering, and rank-choice voting allows for progressive independents, who appeal to left-wing and right-wing voters, to win and implement reform in a number of districts. Known as the “teal independents,” these candidates demonstrate bipartisan victories, which Turnbull and Mann argued are necessary for the success of policies promoting alternative energy. They noted that environmental conservation has growing bipartisan appeal and that functioning democracies with free and fair elections are necessary to achieve the reforms that can ensure net-zero emissions. While it is the responsibility of the state to eschew private interests in favor of public goods, Mann and Turnbull emphasized the agency of each voter in securing the planet’s future.



Kathleen Hall Jamieson of the Annenberg Public Policy Center (center) moderates the conversation between former Prime Minister of Australia Malcolm Turnbull (left) and Director of the Penn Center for Science, Sustainability, and the Media Michael E. Mann (right). Photo by Eddy Marengo.

> DAY TWO (SEPTEMBER 14)



> THE FUTURE OF LABOR AND WORK

The colloquium's second day opened with its third panel, moderated by Sarah H. Paoletti, Practice Professor of Law and director of the Transnational Legal Clinic at the University of Pennsylvania Carey Law School. Panelists included Shikha Silliman Bhattacharjee, Ph.D. candidate at the University of California, Berkeley School of Law; Anne Gemmell, principal at A. Gemm Consulting; and Joell Molina, program coordination and cross-regional programming associate director at the Solidarity Center.

The third panel identified rapid changes in the labor market engendered by the COVID-19 pandemic, technological development, and continued economic uncertainty. Much of the brunt of pandemic-related disruptions has been borne by individual workers, even as the global economy begins to recover. Workers continue to face high levels of wage stagnation across sectors, failure of public social safety nets, rapid transition to automation, and technological advancement driving many jobs into obsolescence. Structural inequality at both the domestic and international levels was a recurring theme of the

discussion: just as COVID-19 revealed the vulnerabilities of the globalized economy, it demonstrated the concentration of power among lead firms and the Global North. Vulnerable populations, such as migrant workers and indigenous communities, struggled to maintain their few rights as the pandemic increased wealth inequality and amplified labor issues. COVID-related labor losses amounted to over 230 million full-time workers globally.³² Stronger worker protections are a first step, but the enabling conditions of legislation and organization are multivariate. According to Shawna Bader-Blau and Joell Molina's colloquium thought piece: "Despite these dire setbacks, workers and their organizations have persevered, holding the line on health and safety, supporting vulnerable workers, and taking on major social issues, from police violence to regressive laws that hurt working people. They know that no one is coming to their rescue and that better wages, economic justice, and respect are not magically granted by employers and governments."³³

Respondents were divided on the effect of the pandemic on labor rights: 22 percent said that the pandemic had a "very negative" effect on labor rights, and another 22 percent said it had a "somewhat negative" effect. However, 27 percent also said that the pandemic had a "somewhat positive" effect on labor rights, with another 22 percent taking the "neutral" position. When participants expanded on their answers, many noted how the pandemic created "labor shortages," slowed down immigration and border crossings, and disrupted supply chains as negatives, while others discussed the rise of remote work, government support of the unemployed, and the emergence of a new labor movement as positive developments.

³² Katie Martin and Billy Nauman. "Bitcoin's Growing Energy Problem: 'It's a Dirty Currency.'" *Financial Times*, May 20, 2021. <https://www.ft.com/content/1aeb2db-8f61-427c-a413-3b929291c8ac>.

³³ Shawna Bader-Blau and Joell Molina. "No Rights, No Recovery: Toward a Worker-Centered, Post-Pandemic World." *Perry World House Global Order Colloquium*, Draft Submission, September 2022.

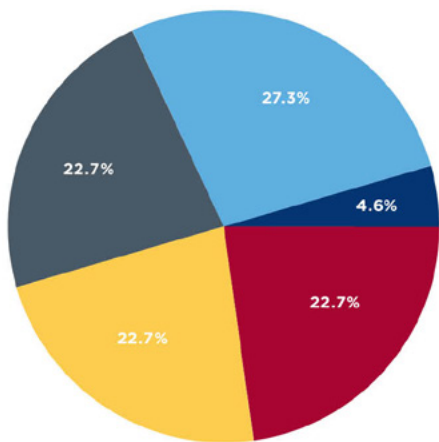


Figure 4: The COVID-19 pandemic had a ____ effect on labor rights.



Policy, panelists discussed, must provide social welfare to ensure against continued uncertainty and to protect workers’ rights, particularly freedom of association and protections against discrimination. Policy must promote conditions that allow for labor organization. The discussants noted that the pandemic saw union-busting practices grow globally in response to attempts at organization and that even powerful unions are slow to enact change. However, many of these ideas should not be limited to just pandemic-centered conversations.

Despite these setbacks, panelists also raised country cases that demonstrate the enabling conditions that labor organizations need to effectively lobby for public policy protections for workers. The United States-Mexico-Canada Agreement created unique labor environments in which independent unions may emerge, one panelist stated. Trade agreements that provide collective bargaining power may yet engender improvement in labor organization as they are ratified and implemented. Another panelist suggested that the

historical precedent of successful informal sector organization, such as methods of organizing at the sector level instead of the factory level, can provide mechanisms for labor organization on the internet—crucial as the digitization of the global economy continues to increase.



The colloquium’s third panel featured experts, scholars, and practitioners discussing the impact of the COVID-19 pandemic on the labor market.



Panelist Anne Gemmell (center) discusses the future of labor and work.

INTERNATIONAL ORGANIZATIONS AND THE FUTURE OF LABOR

To fill the void of protections left by state governments, trade agreements and other forms of international organization may play critical roles in promoting workers' rights and conditions for organization. While panelists conceded that international labor groups and UN agencies like the International Labor Organization (ILO) are slow-moving, even as rapid change in global labor occurs, they stressed their continued importance as platforms for naming and shaming, as well as in providing coordination for global worker coalitions to hammer out new frameworks and strategies appropriate for the current global economy. International monetary organizations like the IMF are also bound by their mandates to uphold ILO standards. To facilitate the power that international organizations have to solve problems faced by workers, the discussants suggested that communication between local and international leaders must improve so that solutions are properly contextualized. These issues existed before the pandemic but were amplified by the visible inequalities and inequities caused by pandemic-related labor shifts.

WORKING AROUND TECHNOLOGICAL DEVELOPMENT

Developments in automation and telecommunications technology changed employment patterns under the imposition of lockdowns and social-distancing measures. Panelists described the spike in demand for delivery-service apps as a demonstrative case in which firms exploited new technology in order to reduce the rights of workers. Food-delivery demand skyrocketed during lockdowns, and while economies quickly came to rely on couriers, couriers themselves had little job security and no benefits, as the firms that employed them misclassified them as "independent contractors" instead of as "employees." As technological change forces workers to adapt to new contexts, similar cases may occur in which employers exploit employees in new, unregulated contexts.

While panelists noted that automation is an evergreen issue due to continual technological innovation, they also identified conditions under which shifts in labor costs due to technology could be offset by public social welfare programs and labor organization efforts. The discussants emphasized the need for local retraining

and continued education programs for low-wage workers, particularly in sectors with talent shortages, such as project management, nursing, and education. Germany's unique norms of cooperation between industry employers and education, for example, help to prepare its labor force for the potential shocks of automation and even provides opportunities for workers to continue their education and professional development. As uncertainty in the labor market remains while the pandemic recovery continues, global competition intensifies, and further technological advancements emerge, policymakers and labor groups must identify measures to facilitate smooth transitions and respond to continued change.



QUESTIONS FOR FUTURE RESEARCH:

Across diverse country contexts, what enabling conditions are necessary for labor organizations to effectively lobby for public policy protections?

How can international labor organizations effectively interface with local leaders to provide nimble solutions to specific labor rights obstacles?

How may public and private actors establish continuing education programs to provide new opportunities for laborers as technology rapidly changes?



Top to bottom: Shikha Silliman Bhattacharjee, Joell Molina, and moderator Sarah H. Paoletti discuss policy changes to support stability in the labor market.

> THE FUTURE OF THE INTERNET: COMPETING VISIONS OF PURPOSES AND OPENNESS

Moderating the colloquium's fourth and final panel was Victor Pickard, the C. Edwin Baker Professor of Media Policy and Political Economy at the University of Pennsylvania Annenberg School of Communication. This panel included Katherine W. Getao, former eGovernment Secretary in the Office of the President in Kenya; John Kelly, founder and chief executive officer of Graphika; Sofie Maddens, head of the regulatory and market environment division of the International Telecommunication Union Development Bureau; Guobin Yang, the Grace Lee Boggs Professor of Communication and Sociology at the Annenberg School for Communication and the Department of Sociology at the University of Pennsylvania; and Jillian C. York, director for international freedom of expression at the Electronic Frontier Foundation.

The final panel focused on the internet's centrality to the global economy and human development, as well as the suite of challenges it entails, including information, openness and regulation, freedom of expression, and political participation. Access to the internet and the digital world, agreed panelists, is central to ongoing human development. The imposition of social distancing and lockdown measures to combat the spread of COVID-19 highlighted the importance of internet accessibility in keeping economies afloat and politics communicating. Yet, as internet penetration grows, governments and international organizations must adapt to issues of regulation and openness. The number of internet users increased from 4.1 billion users in 2019 to 4.9 billion in 2020; despite this growth, nearly three billion people, largely in developing countries, remain without internet access.³⁴ Web browsing and social media use also increased internationally over the pandemic: web browsing increased by 70 percent and social media engagement by 61 percent in the early stages of the pandemic.³⁵ While information may be more accessible to more people than ever, panelists anticipated contention over different forms of digital governance.

Respondents were split on the effect of more users on the internet: 31 percent took a "neutral" position, and 18 percent stated that an increase in users would have a "somewhat negative" effect; 22 percent said that more internet users would have a "somewhat positive" effect, and another 22 percent a "very positive" effect.

34 Yinuo Chen. "As Internet User Numbers Swell Due to Pandemic, UN Forum Discusses Measures to Improve Safety of Cyberspace." Press release: United Nations Sustainable Development, December 6, 2021. <https://www.un.org/sustainabledevelopment/blog/2021/12/as-internet-user-numbers-swell-due-to-pandemic-un-forum-discusses-measures-to-improve-safety-of-cyberspace/>.

35 "COVID-19 Barometer: Consumer Attitudes, Media Habits and Expectations." Kantar, April 3, 2020. <https://www.kantar.com/inspiration/coronavirus/covid-19-barometer-consumer-attitudes-media-habits-and-expectations>.

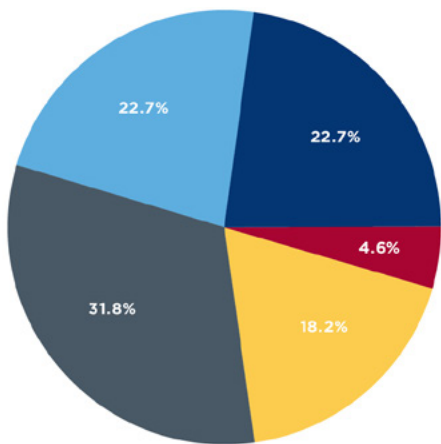


Figure 5: The increase in the number of internet users will have a _____ effect on the internet.



Panelists noted that the nature of the internet challenges government control over media narratives, commercial revenue, and life in general. Like other forms of media, states may choose to impose policies to regulate information access through the internet with a heavy hand or a light hand, but unlike print, radio, or television, individuals may contribute to the body of information on the internet with relative ease. The US Department of State launched the *Declaration for the Future of the Internet* with signatories from over sixty countries across the world, emphasizing the critical role the internet plays in protecting human rights, ensuring privacy, and providing a mechanism by which people and governments may interact.³⁶

States now face a balancing act of imposing regulations to prevent misinformation and abuse while avoiding censoring the free expression of speech. Some states may use a heavy-handed approach to internet regulation to serve their own interests, suppressing dissent and censoring unapproved sources of information. China's and Russia's strong internet regulations are leading examples of non-democratic, authoritarian states limiting information access and freedom of expression. In spite of this censorship, panelists noted that the internet still may be used in authoritarian contexts for democratic purposes.

³⁶ "A Declaration for the Future of the Internet." *US Department of State*, April 28, 2022. <https://www.state.gov/wp-content/uploads/2022/04/Declaration-for-the-Future-for-the-Internet.pdf>.

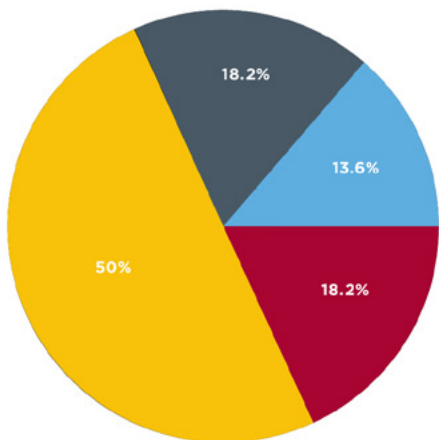


Figure 6: The future of the global internet is:



On the other hand, in democratic states, panelists identified how technology corporations control the internet and challenge the future of free speech through content moderation. During the restrictions of the COVID-19 pandemic, major social media platforms increasingly used automated content moderation rather than individual workers, leading to high error rates and low transparency on what technology corporations deem acceptable content. Panelists also expressed concern over a lack of publicly funded platforms, such as the Internet Governance Forum, for stakeholders in digital governance to come together and discuss suitable policy regulations and corporate social responsibility.

As the pre-colloquium survey results indicate, participants have doubts over the future of the internet: 50 percent of participants said that the future of the global internet is “less free and open than currently,” with 18 percent thinking it would stay the same or be “significantly less free and open than currently.”

INFORMATION OPERATIONS AND DISINFORMATION

Beyond freedom of expression and misinformation, another major area of concern for panelists in the digital age is the internet’s role in conflict and disinformation. Panelists described social media platforms, specifically Twitter, as information-based battlefields for geopolitical competition. They also noted that technology corporations are meeting these rising concerns with high investment in methods of identifying and blocking information operations and that these methods are costly and require expertise. In discussion with the rest of the colloquium’s participants, panelists agreed that further public-private collaboration on information operations is necessary. Panelists suggested that governments create publicly funded independent organizations where all platforms may share their findings with academics and analysts in order to best adapt to this new form of information warfare.

DIGITAL FINANCIAL INCLUSION AND INDIVIDUAL RIGHTS

Though panelists stressed the internet’s importance in providing new opportunities for human development, they also identified numerous structural barriers built into the very nature of the internet, reproducing existing global inequality in the digital sphere. Promoting internet openness is crucial to future global politics and economics, particularly for the sake of protecting the increasing opportunities provided by the development of new technologies and the growth of internet accessibility. Many governments, however, may not have the capacity to realize these new economic opportunities or to deal with the explosion of issues that have emerged with technological innovation. Even in high-income states, panelists discussed, there exist massive digital divides in internet accessibility, and the fruits of the digital age must not come at the expense of inclusion and individual rights. For example, there were large disparities in internet access for many communities in developing and developed countries during the pandemic when schools turned to digital learning.

In order to share the internet’s economic opportunities more equitably, panelists suggested states incentivize investment in the digital sector while also opening up the competitive environment in order to keep large technology corporations accountable to universal service obligations. At the intersection of the internet and labor, states may wish to invest further in technological skills training. Panelists also agreed that policy must promote digital privacy as well as digital economic development, especially since the internet plays an increasingly important role in promoting political participation.



QUESTIONS FOR FUTURE RESEARCH:

How might states equitably and effectively use the economic and political opportunities of growing internet penetration?

How should public policymakers and private corporations balance the responsibility to protect or regulate content?



Clockwise: Moderator Victor Pickard and panelists Katherine W. Getao, Sofie Maddens, Jillian C. York, Guobin Yang, and John Kelly discuss the role of the internet in the global economy and human development.

› AMBASSADORS ON NAVIGATING A FRACTURING ECONOMIC ORDER

Moderated by *New York Times* diplomatic correspondent Edward Wong, roundtable participants included Andrés Durán Hareau, ambassador of Uruguay to the United States; Ashok Kumar Mirpuri, ambassador of Singapore to the United States; and Hilda Suka-Mafudze, permanent representative of the African Union to the United States.

The conversation between these ambassadors provided a diplomatic perspective on the future of globalization. The ambassadors largely focused on meeting the challenges of a changing international environment, characterized by Wong as a “world of crises” with more interdependence, not less—though the character of such interdependence varies on the strategic interest of each actor.



Clockwise: The panel of ambassadors in conversation with the New York Times' Edward Wong onstage; Ambassador Hilda Suka-Mafudze addresses the audience; Ambassador Andrés Durán Hareau meets with event attendees.
Photos by Eddy Marengo.

FRACTURING OR RESHAPING?

Despite growing uncertainty due to global shocks and possible great power competition, the ambassadors cautioned against prematurely giving up hope on globalization: perhaps globalization as we know it is ending, but the global economic order is reshaping, not fracturing. A recurring theme during the roundtable was that changes to global supply chains may create economic opportunities for small states; global competition is not a zero-sum game. Instead, small states may bridge fractures in globalization and forge new economic partnerships.

In Latin America, Ambassador Durán agreed, there is a widespread perception that the United States has disengaged from the region, but he also noted that the present Uruguayan government is taking advantage of regional nearshoring initiatives in response to the pandemic and supply chain disruptions to forge new trade agreements. On the other side of the globe, many Asia-Pacific states find themselves geopolitically caught in the middle of US-China competition. However, Ambassador Mirpuri stated that Singapore is forging ahead with development, economic interdependence, and engagement in international institutions, as well as continuing free trade with both the United States and China; across Southeast Asia, states are learning to navigate great power competition while still investing in economic cooperation. Similarly, Ambassador Suka-Mafudze noted that Africa is uniquely positioned between the East and the West to fill new economic gaps and that the continent is vast enough to establish partnerships with any willing parties, as long as such relationships are not extractive, as they have been in the past. She highlighted both African intra-regional development and extra-regional labor migration as crucial to the future global economy: the African Union is pursuing both borderless integration and development.

Small states, the ambassadors agreed, must meet the changing global structure and competitive environment with increased cooperation to protect against future shocks and crises. Across regions, states should improve information-sharing and invest in public health global value chains. Suka-Mafudze called for improved regional vaccine and medical-supply production while pointing out that the African continent exceeded expectations in COVID-19 response due to strong public information-sharing and crisis response healthcare infrastructure built during the Ebola outbreak and spread of the zika virus. Durán noted that the COVID-19 pandemic pushed Uruguay to further integrate public health digitization, and Mirpuri emphasized the importance of international institutions in coordinating responses to public health crises in the future. Instead of furthering global divides and deepening political fractures, they identified opportunities in the current environment in which small states may reshape globalization through further integration and cooperation.

> FROM GLOBAL TO LOCAL: A MORE PROSPEROUS WORLD?

In a discussion that spanned all levels of analysis of the global economic order, from the individual to the international, the colloquium closed with Rana Foroohar, global business columnist and associate editor at *Financial Times*, in conversation with Erika H. James, dean of the Wharton School at the University of Pennsylvania. They anticipated significant changes to both the operation and the underlying values of the global economy in what Foroohar called a “post-neoliberal world.”

From the beginning of the discussion, Foroohar made it clear that the COVID-19 pandemic, the Russian invasion of Ukraine, and deep inequality within nations—due to the expansion of capital far beyond labor and goods—all have exposed the weakness of the neoliberal philosophy of conventional modern globalization. Foroohar framed this paradigm shift with a rhetorical question: are we consumers or are we citizens? According to Foroohar, the human suffering caused by the economic disruption of the pandemic necessitates a restructuring of the neoliberal world order around collective good rather than market expansion.



Wharton's Dean Erika H. James (right) moderated the conversation with *Financial Times*' Rana Foroohar for the Colloquium's public keynote. Photo by Eddy Marengo.

This paradigm shift from consumers to citizens must occur at multiple levels, Foroohar stated, and must be fostered by both policy and practice. She pointed to the importance of educational institutions, which have built an intellectual meritocracy, but have not invested enough in high-touch, collaborative human-interest skills and in adapting human labor to the technological advancements of automation. Technological advancements are also changing what products are considered of value to society—in the digital age, intellectual property and ideas are becoming the most important commodities. Foroohar pointed to the spread of populist movements across the world as evidence for the need for a more human global economy. As the world recovers from the pandemic and prepares for new shocks, Foroohar called for increased investment in citizenship, service, ethics, and education to complement investment in economic resilience. Instead of reducing citizens to consumers through its ultimate goal of profit, Foroohar stated, globalization must adapt its goals to seek collective good instead.

One key takeaway from Foroohar’s conversation with James is the role that decentralized technologies will play in adapting the economy to future shocks by bringing production and consumption much closer together. In order to adapt the global economy to a post-neoliberal paradigm shift, while still preserving the international flow of ideas and people, Foroohar pointed to industry regionalization, investment in decentralized technology, and localism at every level. While Foroohar conceded that the process of regionalization will drive inflation, as globalization’s fruits included low costs for consumers, localism will eventually improve human welfare—globalization increased the cost of education, housing, and healthcare. With investment in local solutions, Foroohar predicts a more adaptable, resilient, and human global economy.



Top photo: Panelist Reuben Youngblom asks a question at a public event. Bottom photo, left to right: LaShawn R. Jefferson, senior executive director, Perry World House; Rana Foroohar, global business columnist and associate editor, Financial Times; and Erika H. James, dean of The Wharton School. Photos by Eddy Marengo.

> CONCLUSIONS & POLICY HIGHLIGHTS

Full economic decoupling between the great powers is not financially feasible, but all nations should seek to reinforce their economic base in the event of future shocks, such as pandemics, natural disasters, and climate change. The two days of panels and discussion highlighted the importance of conversations around globalization, deglobalization, and connectivity since these topics have so many intricate layers to unravel before sound policy prescriptions can be debated.

The general consensus across topics was that thoughtful and deliberate work at all levels of analysis must be done to create a more equitable global economic order. Countries in the Global South have greater agency in these conversations with wealthier countries, such as the United States and China, as these states with large economies seek to diversify and create more resilient supply chains. Labor protections, localism, and education were among the many economic reinforcements identified by all panels as necessary as national and global economies change. In the aftermath of the COVID-19 pandemic, leaders have crucial decisions ahead that may affect the future of the global economic order. This colloquium sought to bring these issues to the forefront, forging solutions for the future.

NEXT STEPS AND POLICY RECOMMENDATIONS

The colloquium was guided by a seemingly simple question: is the world deglobalizing? There was no consensus among participants, who, instead, provided competing visions of the future of the global economic and political orders. Given the variety of opinions, panelists addressed gaps between policy and practice in the response to uncertainty shocks, adaptation to new demands, the implementation of technologies, and alleviating the human cost of change. A recurring theme throughout the colloquium was the need to address change at every level of analysis, from the international to the domestic to the individual, pursuing both economic resilience and collective good. The one thing that all speakers agreed on was the need for more robust mechanisms and policy implementation to ensure greater economic resiliency at home and around the world. Participants agreed that policy solutions must be deeply informed by context, but three broad recommendations emerged from their proposed pathways.

Policy Changes to Meet Paradigm Shifts

The COVID-19 pandemic made the fragility of global economic supply chains evident, and in the face of conflict, climate change, and other concerns, it is clear that both public and private actors are pivoting from the pursuit of profit to the pursuit of resilience. Whether or not total economic decoupling between the United States and China occurs, any moves toward shorter supply chains and regionalization necessitate the vast restructuring of industry, rethinking of trade agreements, and large-scale policy changes overall. The growth of the internet also continues to reshape the global economy, as digital assets and new technologies increase in value.

For all states, perceived deglobalization or fracturing must not impede efforts to invest in trade agreements, which also should be balanced with investment in local critical industries and redundant production. The ambassadors' roundtable emphasized renewed efforts toward regional integration and multilateralism, and Foroohar's keynote and the global economy panel echoed the need for both large and small states to invest in resilient supply chain restructuring. While small states with limited local production capacity may be particularly vulnerable to future disruptions, many are uniquely positioned to forge new trade agreements with regional powers. Firms and policymakers must collaborate on implementing decentralized production, leveraging both regional trade and localized technology advancements to narrow the gap and ameliorate the vulnerabilities between production and consumption. While international value chains may shorten, the spread of ideas globally will continue.

Coordination and Cooperation with Innovation

Within each panel, adaptation to technological innovations was a key issue at every level of analysis. The global economy is facing increasing automation and decentralized production technologies to achieve regionalization, and it must accommodate an expanding digital environment, including public and private digital currencies. As high-income labor becomes progressively digitized, low-income labor competes with automation; both income levels require constant adaptability in industry and educational practices to effectively incorporate new technologies and to mitigate the potential harms of obsolescence. All areas of technological growth challenge the existing status quo, and they also beget new challenges. While the digital environment creates potential opportunities for greater democratic political participation as well as for both market expansion and labor, its evolving nature is ripe for exploitation: as a realm for conflict through information operations, political targeting of active voices, and misinformation or constraints on free speech through social media platform moderation.

Digital governance is largely in its infancy, and in many purposefully decentralized areas of the internet, such as crypto and digital currencies, regulating both these positive and negative political and economic possibilities will require collaboration among many

stakeholders. These include public policymakers, private corporations, scholars and experts, labor organizations, and citizen consumers. As these technologies expand exponentially, both expert advice and ordinary experience are required to forge practical, contextually informed solutions. To foster this collaboration, policymakers must invest in public platforms for stakeholders to come together and coordinate expectations, concerns, goals, and action in a space of uncertain but immense economic and political promise.

Consumers or Citizens? From the Individual to the Global

Finally, each of the colloquium's conversations unequivocally identified that individual human concerns must be weighed with great importance as policy and practice grapples with uncertainty shocks and paradigm shifts. The COVID-19 pandemic unveiled the deep human cost of the neoliberal status quo in health, the market, and labor, particularly in low-income states with limited public health and local production capacities. The rise of geopolitical conflict and the ongoing climate crisis will only exacerbate these global issues of inequality. Undergirding all these concerns are evergreen issues emerging from technological change. Establishing resilient supply chains through immense policy restructuring will not be enough to ensure individual welfare—the global paradigm shift away from profit must recast laborers and consumers as citizens with individual rights.

This requires the rebuilding of domestic social safety nets; improvements in conditions of organization; protections of individual rights to association, free speech, and privacy; and education that fosters in-demand skills and continues throughout life to adapt to ongoing technological advancement. States must continue to protect political participation, particularly through careful governance of the internet. As Prime Minister Turnbull emphasized, political participation is also crucial for states to effectively respond to the climate crisis; individual agency may turn the tide in implementing alternative energy policies and reducing global emissions. Any response to unfolding international crises must ensure the collective good of individual citizens.

› WHAT THE EXPERTS ARE READING

Perry World House asked participants to name one book or article that scholars and policymakers should read on the global economy, crypto and digital currencies, labor and work, and internet purposes and openness. Here is what they recommended.

GLOBAL ECONOMY

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LABOR AND WORK

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