

“The Global Outlook: America, China and Beyond”

Featuring
Gillian Tett

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Dr. Gillian Tett, renowned global financial observer and journalist, set out to describe the evolving international system and the United States' place in it.

- Whereas this is difficult given confusing messages coming out of Washington, she suggested that the confusion is an expression of broader geopolitical shifts,

Dr. Tett used the 2007 Davos meeting of global economic elites to illustrate how fundamental assumptions about global trends have eroded over the last decade. She posited 3 near-consensus assumptions from that timeframe.

- *Globalization* is unilinear, moving to progressively deeper levels of integration;
- *Free-market capitalism* had become the world's only workable economic model; and
- *Innovation* would continue to drive human progress.

Per her analysis, in the last few years the first 2 of these assumptions have gone into reverse.

On globalization, the pace of trade growth is slowing, and political rhetoric is increasingly populist.

- The research of hedge fund Bridgewater Associates found that support in the West for populist movements is at the highest level since the eve of WWII,

And populism tends to prize *localization* over globalization.

On free-market capitalism, state entities -- including central banks, state-owned enterprises, and sovereign wealth funds -- are heavily involved in contemporary markets. China's managed economy is the prime example. China exemplifies a model different from free-market capitalism, a successful one, and one giving heft to Beijing's role on the world stage.

There is still belief in innovation, but less confidence that its effects are all harmonious. Taking the Internet as an example of technological innovation, states engage with it in different ways -- for example, the U.S and “fake news,” Europe and privacy concerns, and China in exerting state control.

- These differing approaches point as much to a *Splinternet* as to an Internet.

In sum, Dr. Tett suggested that American dissatisfaction with multilateralism, Chinese confidence, and crumbling faith in underlying assumptions have brought us to an *inflection point*; one from which the future could look quite different than the recent past.

Paul F. Herman, Jr.