

# Globalisation: Don't patch it up, shake it up

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OECD

**In Giuseppe Tomasi di Lampedusa's novel *Il Gattopardo* (The Leopard), character Tancredi Falconeri famously says: "If we want things to stay as they are, things will have to change." The Sicilian aristocracy he represents has only one way to preserve its privileges against Garibaldi's "Risorgimento": change things on the surface so that in practice nothing changes at all.**

In recent months, many voices—including the OECD's—have expressed a resolve to "fix" globalisation amid a worldwide backlash. Understandably, such calls are being met with mistrust. The suspicion is that "the global elite" are tempted by Tancredi's tack: make superficial changes to avoid upheaval of the order that works so well for some.

We can't blame those who are wary. For institutions that have traditionally championed the open markets and liberalisation underpinning globalisation, it might be tempting to "fix" things like you repair an old, broken engine—tweak language, jigger policy, just enough to get past today's protectionism, isolationism and populism and return to business as usual.

The truth is, however, that this won't work. We're beyond quick fixes to address the discontent of citizens. There is no returning to the past. Too many things are not working for too many people. The only way forward is not to patch up globalisation, but to shake it up.

Unless governments undertake fundamental changes—both individually and collectively—in the way our economies, societies, and political systems work, all our efforts will merely water the seeds of further crisis. We will see reversed the peace and progress that openness and multilateral cooperation have brought over decades.

The tackling of core concerns is long overdue: rising inequalities of income, wealth and opportunities; the growing disconnect between finance and the real economy; mounting divergence in productivity levels between workers, firms and regions; winner-take-most dynamics in many markets; limited progressivity of our tax systems; corruption and capture of politics and institutions by vested interests; lack of transparency and participation by ordinary citizens in decision-making; the soundness of the education and of the values we transmit to future generations.

At the OECD, we have been laying foundations for a different type of growth: inclusive, sustainable, and incorporating equality from the start. We have attempted to transcend traditional thinking and promote new approaches to economic challenges that focus on people's well-being, beyond GDP and aggregates. But it will not be enough. There must be a new intergenerational social contract to restore the confidence of citizens in their institutions. To get that, states must set policies that empower every one of their citizens to thrive.

While the answers begin at the domestic level, no solution will ultimately come in isolation. The same global dynamics that stir a sense of vulnerability and uncertainty can offer answers to our challenges. Take for instance ageing in OECD economies, where migration can be an ally. Or transnational trade and investment, which can mobilise resources towards the Sustainable Development Goals. Look at the unprecedented progress to combat tax havens or fight climate change when the international community comes together. Even today, scientific collaboration across borders is harnessing a digital and technological revolution that many fear but which can also positively transform production, consumption, the world of work and the overall functioning of our societies.

The question of "globalisation or no globalisation" is long gone. The question today is what type of globalisation there will be. It doesn't have to be the one

we've had. We must return people's well-being to the centre of our focus, and ensure that the benefits derived from further interconnectedness of our economies, societies, institutions and cultures are more equally shared. To do so, our politics and policies must catch up with our increasing integration. Political globalisation cannot keep trailing economic globalisation. We need better rules of the game and governance mechanisms that improve our coordinated action beyond borders. We need international standards that level the playing field and advance best policy practices. And we need to ensure more transparency, democracy, and civic engagement from the local level to the global.

In June, we looked back on the lessons of the historic speech that launched the Marshall Plan 70 years earlier, a speech which ultimately led to the creation of the OECD itself. "Any assistance that this government may render in the future should provide a cure rather than a mere palliative," said US Secretary of State George C Marshall on 5 June 1947. We now confront a similar foundational moment: one that demands decisive cures, rather than palliatives. These times require the same boldness, innovation, and above all, the long-awaited action to recreate, with our citizens, a fair and prosperous future for all.

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