



Les Rencontres Économiques – Aix-en-Seine
3, 4 et 5 Juillet 2020 – July 3,4 & 5
Agir face aux dérèglements du monde
Dealing with world disorders

A Multidimensional Approach to International Cooperation

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For 75 years, we have seen globalization emerge as one of the most powerful forces in human history in alleviating poverty, significantly expanding the global middle class and enhancing the prosperity of many around the world. While the benefits of globalization have been significant in aggregate, they have not been as broadly spread or equitably shared, and people have faced significant dislocation. We have seen widening income inequality and a decreasing share of productivity gains accruing to labor. There has been a failure of domestic policy in many countries to manage the impact and transition effectively, and there has been insufficient progress in raising standards in other countries to level the playing field.

One can debate what proportion to attribute to globalization versus technology, but there is little debate that the rapidly changing economy of the last several decades have had a significant effect on the jobs, wages and financial security of workers in advanced industrialized countries, particularly in manufacturing – with significant implications for the communities in which they live.

Not surprisingly, this has had substantial social and political ramifications, including the rise of populism, nationalism, nativism and protectionism. We are now living with those ramifications, including a questioning of some of the fundamental underlying assumptions of the international economic system itself.

One of these questions is around the relevance and value of multilateralism. On one hand, the creation of a multilateral rules-based system has created substantial efficiencies: For example, the global economy has benefited enormously from the development of global standards. Think about the definition of a shipping container or telecom standards. Built over time, they take friction out of the system – and there would be a significant loss to the global economy if we found ourselves in a “archipelago” world in which there were no common standards.

On the other hand, multilateralism has the potential to lead either to lowest common denominator outcomes or to no outcomes at all. Witness the WTO. Multilateralism ultimately depends on consensus, supported by political will. In this highly polarized environment, both are scarce.

The COVID-19 crisis has delivered a severe shock to a system of global cooperation which was already under assault from a populist backlash. The effort to review and revise supply chains goes beyond protectionism to a more fundamental element of security.

As we work to reconstruct our economies and restore international ties, the question is how we rebuild that system on a firmer foundation to address some of the legitimate concerns that have been raised.

This, in turn, raises a more basic question: In what areas do we need truly global – multilateral – cooperation, despite the risk of ending up with lowest-common-denominator solutions or, in some cases, deadlock and no solutions at all? When will smaller “coalitions of the willing” be more productive and appropriate?



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Multilateralism is being tested against new risks, but it is important to remember that multilateralism is less an end than a means – a means of cooperation toward some public good. Rather than being overly preoccupied with multilateral cooperation, we might be better served by being focused on multidimensional cooperation – multilateralism where possible, open plurilateralism, regionalism and bilateralism where necessary – like-minded nations coming together to lead, to raise the bar and to address transnational challenges pragmatically, not dogmatically. Initiatives that start out as agreements among a few countries could well lay the groundwork for broader, even multilateral agreements. We should invest at least as much energy in cultivating the political will and consensus necessary to further international cooperation as we do in debating the merits of multilateral institutions designed to channel that will and consensus.

As the world gradually emerges from the challenges of COVID-19, there is likely to be an instinctual drive toward turning inward, going it alone. Ultimately, though, our greatest challenges– from managing pandemics to promoting more inclusive growth to addressing climate change – make international cooperation – multidimensional, pragmatic as it might be -- more important than ever.