



Vision Europe (ed.)

Winners and Losers of Globalization

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This publication deals with the all-encompassing question of winners and losers of globalization. The goal, in tackling such a controversial issue, is to go beyond taking stock of the impact of globalization on economic, political and social systems around the world and to make policy recommendations based on sound scientific analysis.

This publication engages with a problem of historical proportions that has structurally affected the shape of the world as we used to know it, from the global economy to the social fabric of all countries involved, from the legitimacy and power of liberal democracies to the international institutions governing issues transcending national borders.

It therefore identifies a number of main features that characterize globalization and analyses them in separate policy papers: International trade, the challenges national labour and welfare policies face when confronted with globalization, and finally the growing difficulty faced by political institutions and governments in managing the consequences of globalization.

By increasing cross-border exchange of goods, labour, capital, and technologies, the liberalisation of global trade has allowed a better distribution of scarce production factors. This has resulted – as suggested by the Introduction prepared by Thieß Petersen (“Economic globalization – who’s winning, who’s losing out?”) – in growth effects for the economies of all the countries involved.

The other side of the coin, however, consisted of changes in scarcity conditions within the individual economies. This has led to price changes in each country – both for material goods and services, as well as for the production factors of labour and capital. As a result, there are winners and losers of globalization within each country. The deciding factor for how globalization should be shaped in the future is whether the dividends of globalization can be distributed in advanced economies in such a way that globalization’s losers can also benefit from the resulting gains in growth.

The EU – as Maurizio Ferrera, Manos Matsaganis, and Pier Domenico Tortola point out in their paper (“Globalization, economic inequality and political instability: What future for Europe’s welfare?”) - is the appropriate sphere in which to devise such solutions, for it works at a scale large enough to preserve the gains from openness while constituting an arena for the legitimate and viable creation of new tools for market corrections.

Based on these suggestions, it will be interesting to read the paper by Grégory Claeys and André Sapir (“Easing Pain from Trade: the European Globalization Adjustment Fund”), discussing the European Globalization Adjustment Fund, established to co-fund EU member states’ labour market policies that facilitate the re-integration into employment of workers who have lost their jobs as a result of globalization. The paper suggests ways to improve the fund and to make it more effective at easing the negative effects of globalization on EU workers.

The role of institutions in dealing with globalization and its impact on our economies is discussed in the paper presented by Christopher A. Hartwell (“Do Poor Institutions Create More Losers from Globalization?”). It studies the conditions under which extra “losers” are generated during the process of economic liberalisation via an examination of the role of institutions in economic transition.

The impact of globalization on the legitimacy and resilience of Western liberal democracies was examined by Thomas Raines (“Europe, democracy and globalization: Can the EU counter the illiberal turn?”) and by Yves Bertoncini (“Democratic Crises in the EU: Towards ‘New Frontiers’”). European societies are increasingly divided by their attitudes to liberal values and by their views

on the effects of liberalism on society and the economy. In addition, publics and elites are divided over the direction national and European politics should take, which has important implications for European democracy in the future.

While liberalism is challenged at home, it is also struggling abroad. The connections between the international and the domestic challenges to liberalism are important. The increasingly integrated global economy places structural pressures on the Western democratic model. Those countries, which are champions of liberal rules-based international order, must be able to demonstrate that it can deliver for citizens at home.

Project

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