

MARK FENTON-O'CREEVY: A lot of my academic career, a lot of my research, has been involved in, how does management work differently in different countries around the world? And as part of that, one of the things I've been very interested in is, what happens in the global economy? Because that's the context for it all.

And the world has gone through a series of waves of globalisation going right back to Roman times-- in fact, even before. And in between these waves of globalisation, we've seen retreats from world trade. And of course, one of the things to bear in mind is that technology has been part of that all the way through. So in the Roman days, what was one of the technologies that made an enormous difference to world trade was the Roman road.

Go into mediaeval times. We saw the invention of banking systems and various kinds of financial instruments that allowed people to trade at a distance securely. So that made an enormous amount of difference to world trade.

In more recent times, of course, since just after the second world war, we've seen exponential increases in the level of world trade. There was something of a blip around the 2008 financial crisis, but it really was just that-- mostly a blip. And again, technology really implicated in that, most recently, of course, the rise of the internet, the world wide web, and everything that's come with that. And that's made a big difference to globalisation in a number of different ways.

So first of all, it means that that kind of communication there's a distance, and the immediacy of contact between different parts of the world, and the ability to move large amounts of data around, means that, for example, global supply chains become a real possibility in ways that they weren't before. It means that there are new kinds of goods being traded, so for example, digital goods of all kinds. One very good example of that would be the media industry. We've all got used to buying films online, for example, buying music online. But information as a good is being traded in all sorts of ways.

Now what's been the impact of all of that? Well, of course, what we've seen over the period is that globalisation and the technological change that's been woven through that has, overall, made very significant increases in global wealth. In many cases, the wealth gap between richer and poor nations has narrowed considerably in recent years. So on the whole, you'd have to say that's a good thing.

But there's a dark side to it too. Because at the same time, what we've seen is we've seen very significant increases in inequality between individuals. We've seen the impacts of globalisation on the environment. A lot of climate change impacts have come from globalisation.

We've also seen social harm of various kinds-- so exploitation of people on low wages in one part of the world to benefit another part of the world, for example. And in recent years, I think it's clear that we've also seen some kick back against that. Because of these levels of inequality, there seems quite a lot of evidence that that sits behind a lot of the rise in populism that we've seen around the world, sitting behind, perhaps, in the UK, Brexit, in America, the rise of Donald Trump. But in many other situations around the world, you might even argue that some of Angela Merkel's current problems are to do with some of that populist backlash.

So one of the things I think, then, we have to say is that globalisation has produced benefits for the world, but it's produced tremendous challenges, including ethical and social challenges, for individuals, for firms, and for governments. And a big part of this, I think, is how do the institutions around markets work to govern those markets both inside countries and around the world? And one very reasonable argument to make, I think, would be that where there has been inadequate regulation, or weak regulation, or regulation gaps, or regulatory institutions that are really on the set-- just on the surface for legitimacy and not really being under real rule of law, you see a great deal of what economists call rent-seeking behaviour instead of value creation behaviour. What does that mean? Well, it means that this is about people trying to grab a bigger slice of the cake for themselves rather than engaging in behaviours that by creating value make the cake bigger for everybody.