

Brexit and the economics of populism

Ditchley Park, Oxfordshire
4-5 November 2016



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Was Britain's vote to leave the EU the first rebellion in a developed country against globalisation? There were some specific British issues behind the country's vote to reject the EU. But it would be a mistake to dismiss Britain as an anomaly. The factors driving populism in the UK – resentment at stagnant living standards and inequality, discontent about migration, hostility towards elites and a sense of powerlessness – are present across the EU. So far, it is nationalists and nativists who have profited from this trend by exploiting fears over immigration to divide societies. But how should mainstream political forces respond to what has happened? Is further globalisation of trade and finance compatible with political stability? Is there a case for less labour mobility between countries, and is that possible? To what extent should we blame the macroeconomic policy response to the financial and euro crises? Do we need stronger institutions to regulate, stabilise and legitimise markets? Do we need more income redistribution to counter inequality, more investment, and stronger action against rent-seeking?

Friday, 4 November 2016

- 15.00-15.30 Arrival of participants and registration
- 15.30-16.00 Afternoon tea
- 16.00-16.15 **Welcome and introduction: John Kerr**
- 16.15-17.45 **Session 1: Was Brexit a rebellion against globalisation?**
On the face of it, Britain was not the obvious candidate to mount a rebellion against globalisation. After all, its economy has performed relatively well over the last 20 years, at least in a European context. No doubt, there were peculiarly British problems behind the UK's vote to leave the EU, not least, antagonism towards free movement and the EU's democratic deficit. But many of the grievances that led to the Brexit vote, including hostility towards immigration, depressed incomes, the UK's unequal society, resentment of elites in the UK and elsewhere, and a desire for more national control, can be linked to globalisation in one way or another. What lessons should other European countries draw from the British experience?
- Speakers:** David Willetts, Nicholas Crafts, Barry Eichengreen and John Kay
Chair: Simon Tilford
- 17.45-18.15 Coffee break

18.15-19.45

Session 2: Time to rethink the macroeconomic policy consensus?

Western countries have become increasingly dependent on monetary policy as a tool for macroeconomic stabilisation and demand management. Despite borrowing costs at historic lows and negative output gaps, European governments have eschewed fiscal stimulus, leaving central banks to try and boost economic activity and inflation. Is this contributing to rising popular disillusionment with globalisation?

Do governments need to rethink and employ fiscal policy more aggressively? Or is the effectiveness of macroeconomic policies hindered by openness to trade and capital flows? If so, what does this say about the political sustainability of globalisation in its current form?

Speakers: Lorenzo Codogno, Tony Yates, Beatrice Weder di Mauro and Martin Wolf
Chair: Charles Grant

20.00

Drinks reception

20.30

Dinner

Saturday, 5 November 2016

08.00-08.45

Breakfast

09.00-10.30

Session 3: Has trade liberalisation and financial globalisation gone too far?

Over the last 30 years a strong elite consensus has emerged in developed countries over the benefits of trade liberalisation and the globalisation of finance. Is this consensus justified or has it become a source of economic and political instability?

Are there significant gains to be made for developed countries from further trade liberalisation? Are these big enough to outweigh the potential social and environmental costs?

Is capital mobility an unalloyed good, or is there now a case for throwing some sand in the wheels of global finance?

Speakers: Martin Hellwig, Swati Dhingra, Agnès Bénassy-Quéré and Paul Tucker
Chair: John Springford

10.30-11.00

Coffee break

11.00-12.30

Session 4: Is inequality behind the rise in populism?

Income inequality has risen significantly in developed countries over the last 30 years, and this is no doubt a factor behind rising populism. How should governments respond? Does globalisation constrain governments from dealing with inequality? Or are they using the supposed exigencies of globalisation to justify policies that benefit particular constituencies? Is technological change aggravating inequality? If so, how could governments respond to its distributional consequences? What is the appropriate balance between taxes on consumption, carbon, labour and wealth? And how much international co-ordination is required in order to strike this balance?

Speakers: Claire Waysand, Marcel Fratzscher, Ryan Avent and Jean Pisani-Ferry

Chair: Christian Odendahl

12.30-13.30

Lunch

13.45-15.15

Session 5: How should governments respond to migration fears?

Labour mobility is rising between developed countries, as is migration from developing to developed ones. There is a robust academic consensus that wealthy economies benefit from this, and that immigration is not a significant factor behind wage stagnation and rising inequality. But are these economic benefits big enough to justify the political backlash that has ensued? Can governments succeed in countering anti-immigrant feeling by employing the right mix of economic and social policies? Are higher rates of immigration something that developed countries will have to learn to cope with, or can it be limited without damaging side-effects?

Speakers: Shahin Vallée, Christian Dustmann, Martin Sandbu and Jeromin Zettelmeyer

Chair: Megan Greene

15.15

Departure of participants

List of participants

Angus Armstrong	Director of Macroeconomics, National Institute of Economic & Social Research
Torsten Arnswald	Head of Fiscal Policy Division, Federal Ministry of Finance, Germany
Ryan Avent	Senior Editor & Economics Columnist, <i>The Economist</i>
Agnès Bénassy-Quéré	Professor, Paris School of Economics
Andrew Benito	Chief UK Economist, Goldman Sachs International
Sophia Besch	Research Fellow, Centre for European Reform
Peter Bofinger	Professor, Julius Maximilian University of Würzburg
David Bowers	Head of Research, Absolute Strategy Research
Marco Buti	Director General for Economic & Financial Affairs, European Commission
Nick Butler	Visting Professor & Founding Chair, Policy Institute, King's College London
Ben Chu	Economics Editor, <i>The Independent</i>
David Claydon	Co-Founder & Co-Chief Executive Officer, Macro Advisory Partners
Lorenzo Codogno	Visiting Professor, European Institute, London School of Economics & Political Science
Nicholas Crafts	Director, Economic & Social Research Council, University of Warwick
Swati Dhingra	Assistant Professor, London School of Economics & Political Science
Sebastien Dullien	Professor, HTW Berlin - University of Applied Sciences
Christian Dustmann	Professor of Economics, University College London
Barry Eichengreen	George C Pardee & Helen N Pardee Professor of Economics & Political Science, University of California, Berkeley
Henrik Enderlein	Associate Dean & Professor of Political Economy, Hertie School of Governance
Stephen Fidler	Brussels Bureau Chief, <i>The Wall Street Journal</i>
Marcel Fratzscher	President, DIW Berlin
Thomas Fricke	Chief Economist, European Climate Foundation & Columnist, Spiegel Online
Federico Fubini	Journalist, <i>Corriere della Sera</i>
Charles Goodhart	Professor Emeritus of Banking & Finance, London School of Economics & Political Science
Charles Grant	Director, Centre for European Reform
Megan Greene	Chief Economist, Manulife Asset Management
Martin Hellwig	Director, Max Planck Institute for Research on Collective Goods
Harold James	Professor of History, Princeton University & Visiting Professor, London School of Economics & Political Science

Anatole Kaletsky	Chairman, GaveKal Dragonomics
John Kay	Visiting Professor of Economics, London School of Economics & Political Science
Gavin Kelly	Chief Executive, Resolution Trust
John Kerr	Deputy Chairman, ScottishPower
Soumaya Keynes	Economics Correspondent, <i>The Economist</i>
Stephen King	Senior Economic Adviser, HSBC Holdings plc
Stephen Kinsella	Senior Lecturer in Economics, University of Limerick
Matthew Kirk	Group External Affairs Director, Vodafone
Philippe Legrain	Senior Visiting Fellow, European Institute, London School of Economics & Political Science
Eric Lonergan	Macro Fund Manager, M&G Investments
Christian Odendahl	Chief Economist and Berlin Representative, Centre for European Reform
Jean Pisani-Ferry	Commissioner General, France Stratégie
Richard Portes	Professor of Economics, London Business School
Martin Sandbu	Economics Commentator, <i>Financial Times</i>
John Springford	Director of Research, Centre for European Reform
Simon Tilford	Deputy Director, Centre for European Reform
Paul Tucker	Fellow, Harvard Kennedy School & Chair, Systemic Risk Council
Shahin Vallée	Senior Economist, SFM UK Management LLP
Bart van Ark	Chief Economist, The Conference Board
Boris Vladimirov	Partner, Portfolio Manager, Rokos Capital Management
Claire Waysand	General Auditor at the Treasury, Ministry of the Economy & Finance, France
Beatrice Weder di Mauro	Professor of Economics, University of Mainz & Distinguished Fellow in Residence, INSEAD Singapore
Peter Westaway	Chief Economist & Head of the Investment Strategy Group, Vanguard Asset Management, Europe
Karl Whelan	Professor of Economics, University College Dublin
David Willetts	Executive Chair, Resolution Foundation
Martin Wolf	Associate Editor & Chief Economics Commentator, <i>Financial Times</i>
Tony Yates	Professor of Economics, University of Birmingham
Jeromin Zettelmeyer	Senior Fellow, Peterson Institute for International Economics



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