



## 4. A general framework: Rodrik's world political trilemma





Dani Rodrik,

“How Far Will International Economic  
Integration Go?”

*Journal of Economic Perspectives*

14(1), 2000, 177-186



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# Dani Rodrik

Ford Foundation Professor of International Political Economy at the John F. Kennedy School of Government at Harvard University. Formerly the Albert O. Hirschman Professor of the Social Sciences at the Institute for Advanced Study in Princeton, New Jersey.

(1997) *Has Globalization Gone Too Far?* Washington, Institute for International Economics

(2007) *One Economics, Many Recipes*. Princeton University Press.

(2011) *The Globalization Paradox*. Norton & Company, Inc.



(2015) *Economics Rules: The Rights and Wrongs of the Dismal Science*. Norton & Company, Inc.

**Albert O. Hirschman Prize**, 2007: “Professor Rodrik’s work on development economics exemplifies the social science values and engagements evident in Albert Hirschman’s work, as well as the kind of necessary knowledge the Social Science Research Council aims to bring to public affairs.” (Craig Calhoun, SSRC President)

**Website:** <https://drodrik.scholar.harvard.edu/>



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Dani Rodrik: Globalisation - the trade-offs

18.477 visualizzazioni

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# How much more integration could there be?

“The natural benchmark for thinking about international economic integration is to consider a world in which markets for goods, services, and factors of production are perfectly integrated. **How far are we presently from such a world?**”

The answer is that we are quite far. Contrary to conventional wisdom and much punditry, **international economic integration remains remarkably limited.**”

National borders: discontinuities in political and legal systems, producing transaction costs (contract enforcement in particular; incomplete contracts)

“Can markets become international while politics remains local?”





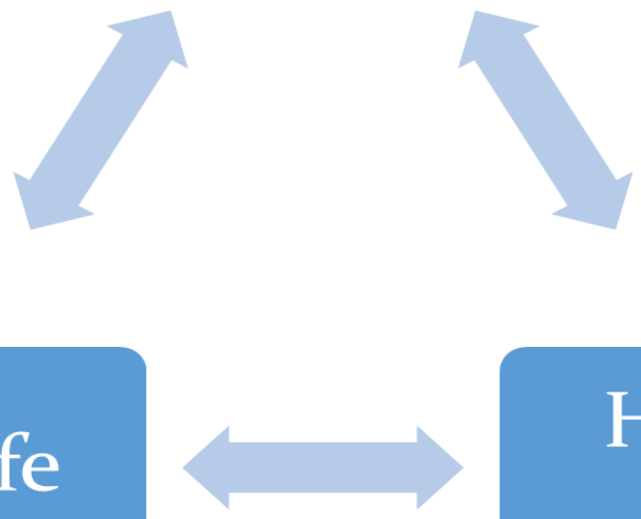
# The College Trilemma

High marks



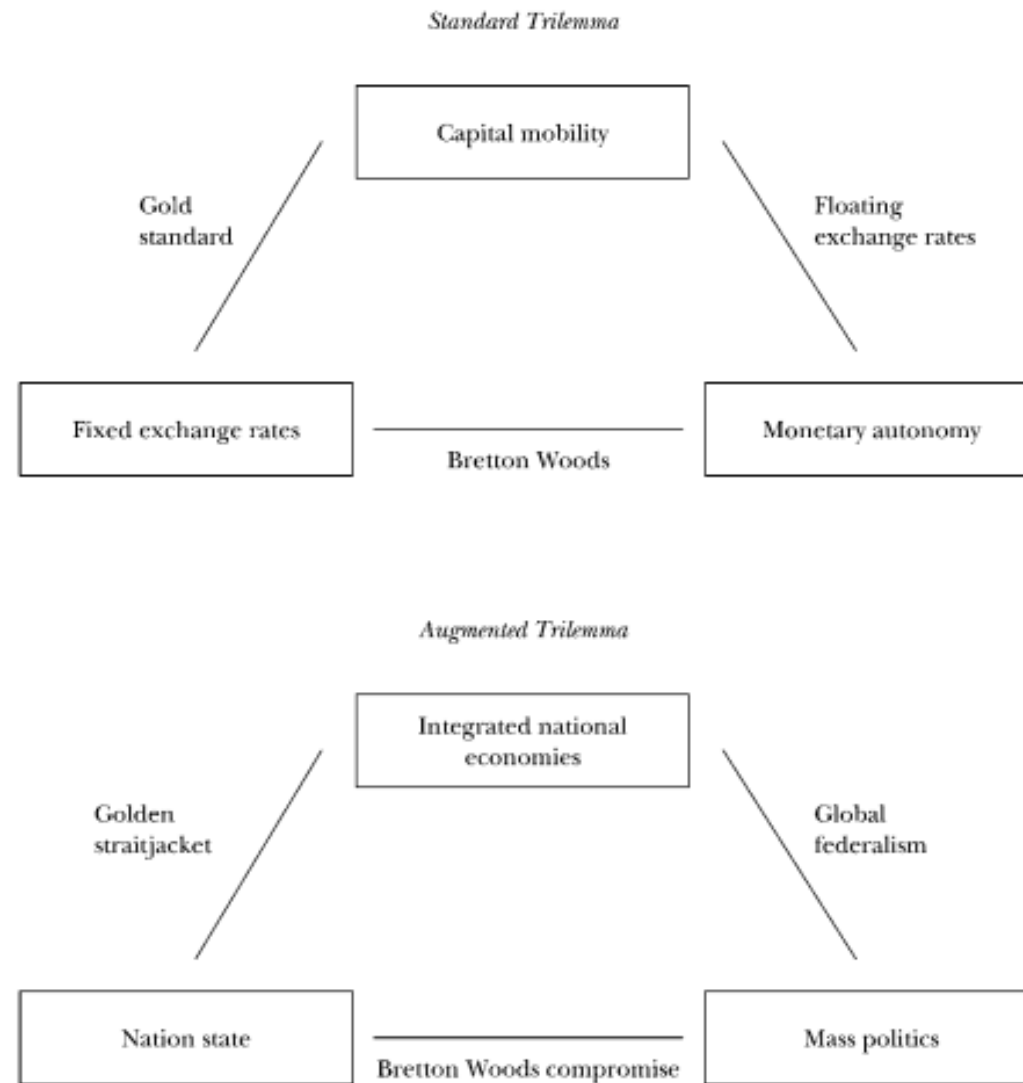
Social life

Hours of sleep



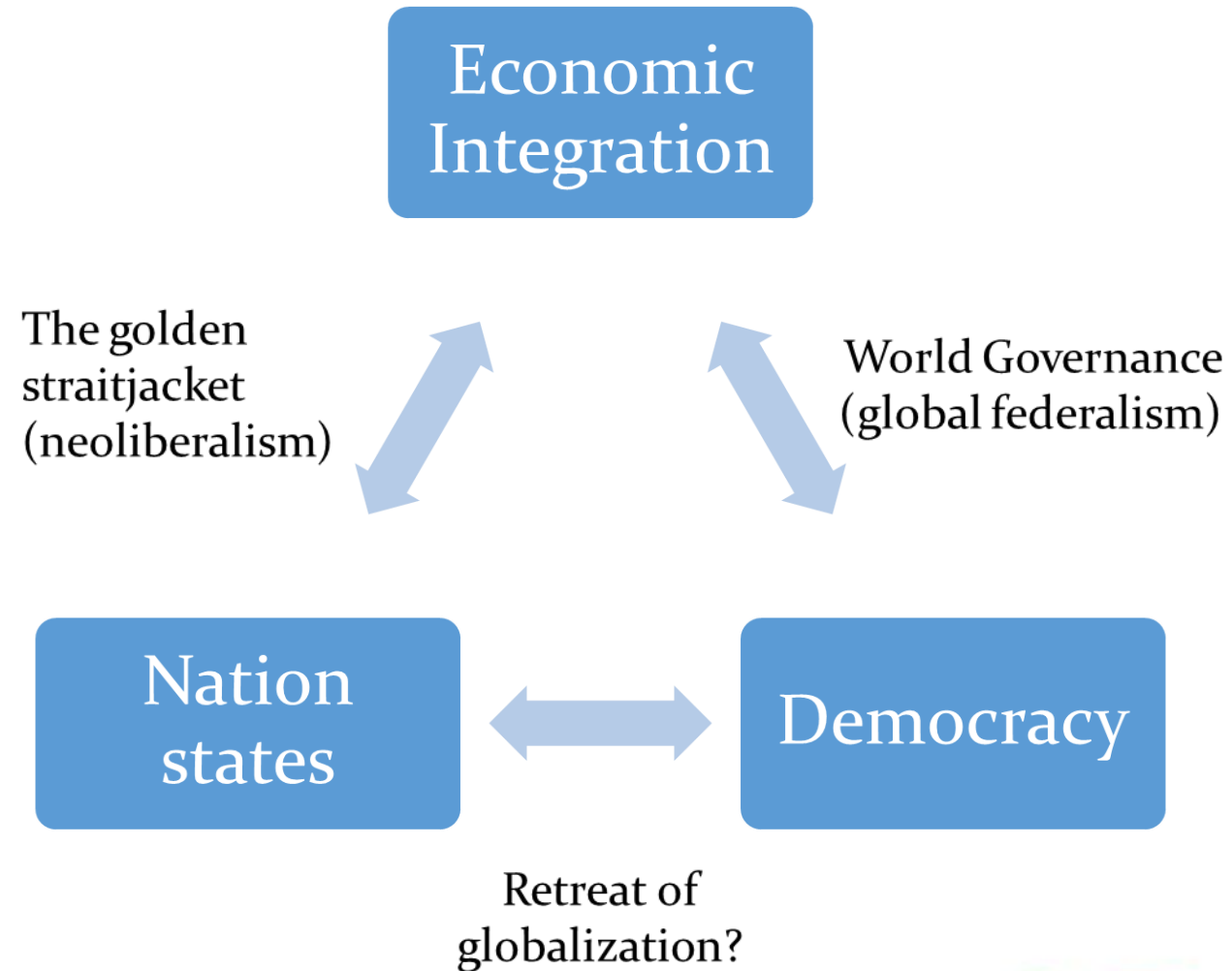


# Caught in an international trilemma





“If we want to have **democratic politics**, then we cannot give too much power to **transnational institutions**. If we cannot have powerful **transnational institutions**, we cannot erect the **regulations** needed to support truly **global markets**. If we cannot have **effective regulations**, we can still have **globalization**—but it will be a globalization that yields **disastrous** results. Our troubles have their roots in our reluctance to face up to these ineluctable choices” (Rodrik 2011).







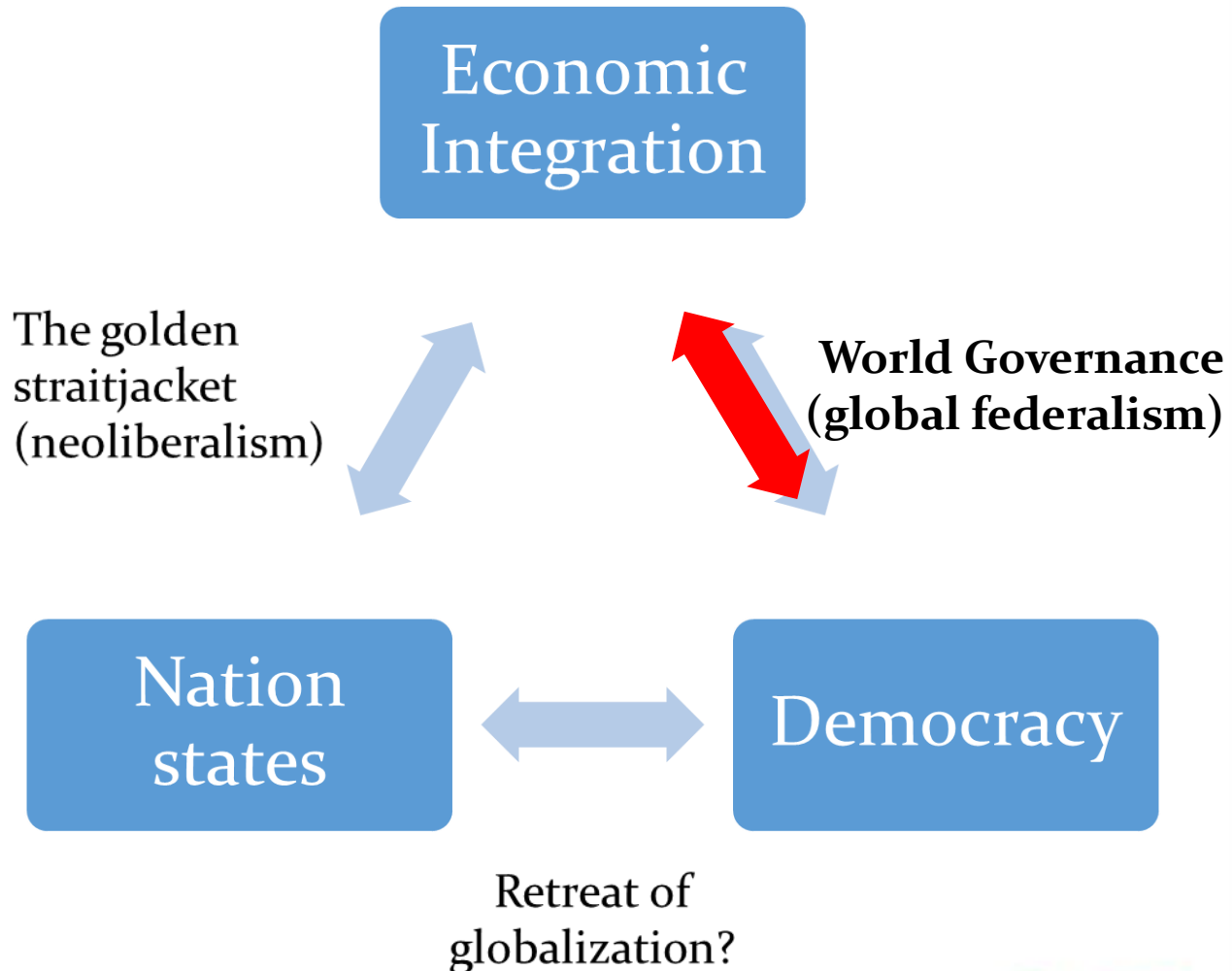
## Global federalism

Perfectly integrated world economy: a world government must take care of a world market

(along the lines of the US system; European Union)

a combination of traditional forms of governance (an elected global legislative body) with regulatory institutions spanning multiple jurisdictions and accountable to perhaps multiple types of representative bodies

In the next 100 years or so...

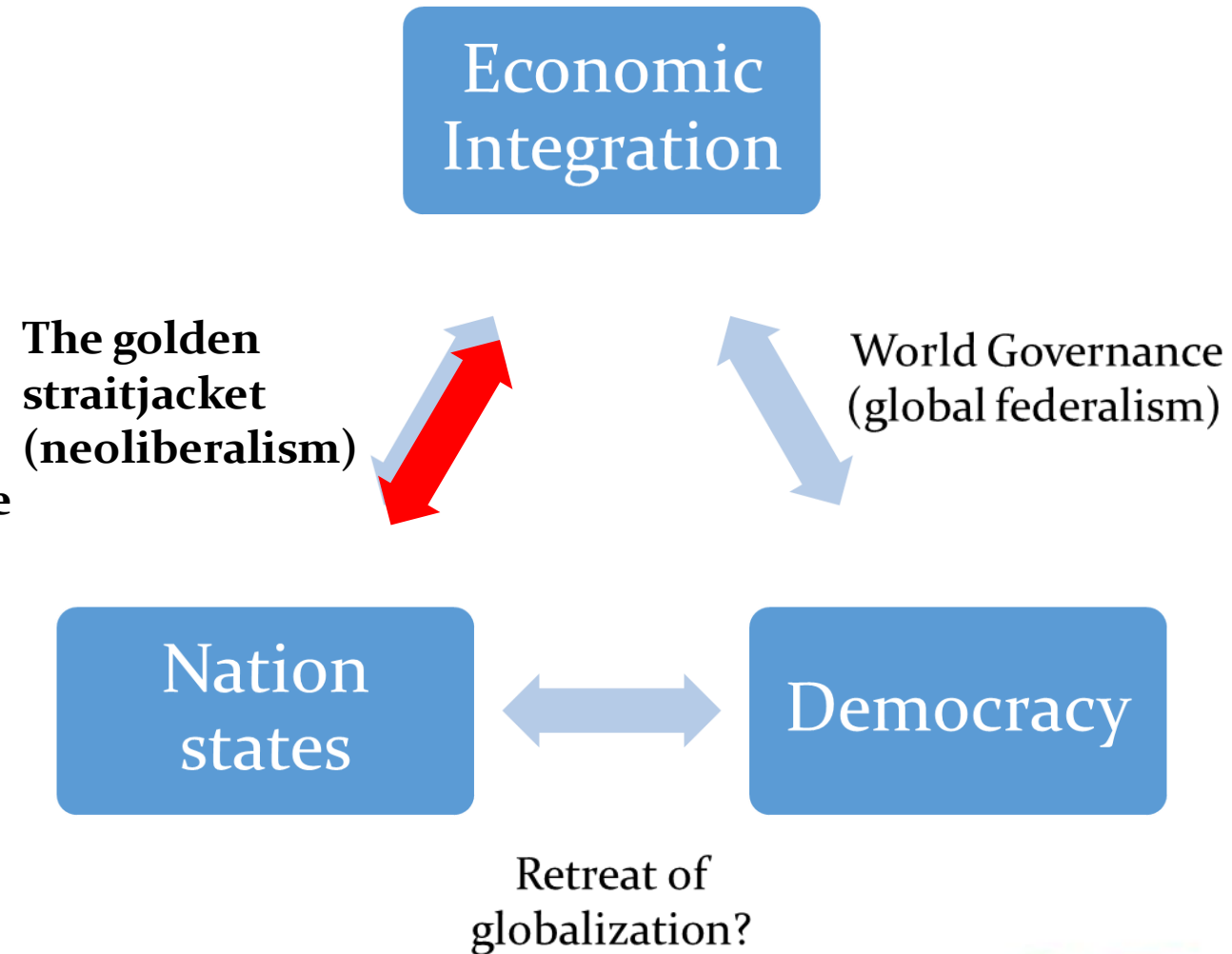




## The golden straitjacket

“The **overarching goal of nation-states** in this world would be to **appear attractive to international markets**. National jurisdictions, far from acting as an obstacle, would be geared towards facilitating international commerce and capital mobility”.

T. Fiedman (2000): the “Golden Straitjacket **narrows the political and economic policy choices** of those in power to relatively tight parameters. That is why it is increasingly difficult these days to find any real differences between ruling and opposition parties in those countries that have put on the Golden Straitjacket. Once your country puts on the Golden Straitjacket, its political choices get reduced to **Pepsi or Coke** ... never any major deviation from the core golden rules”.





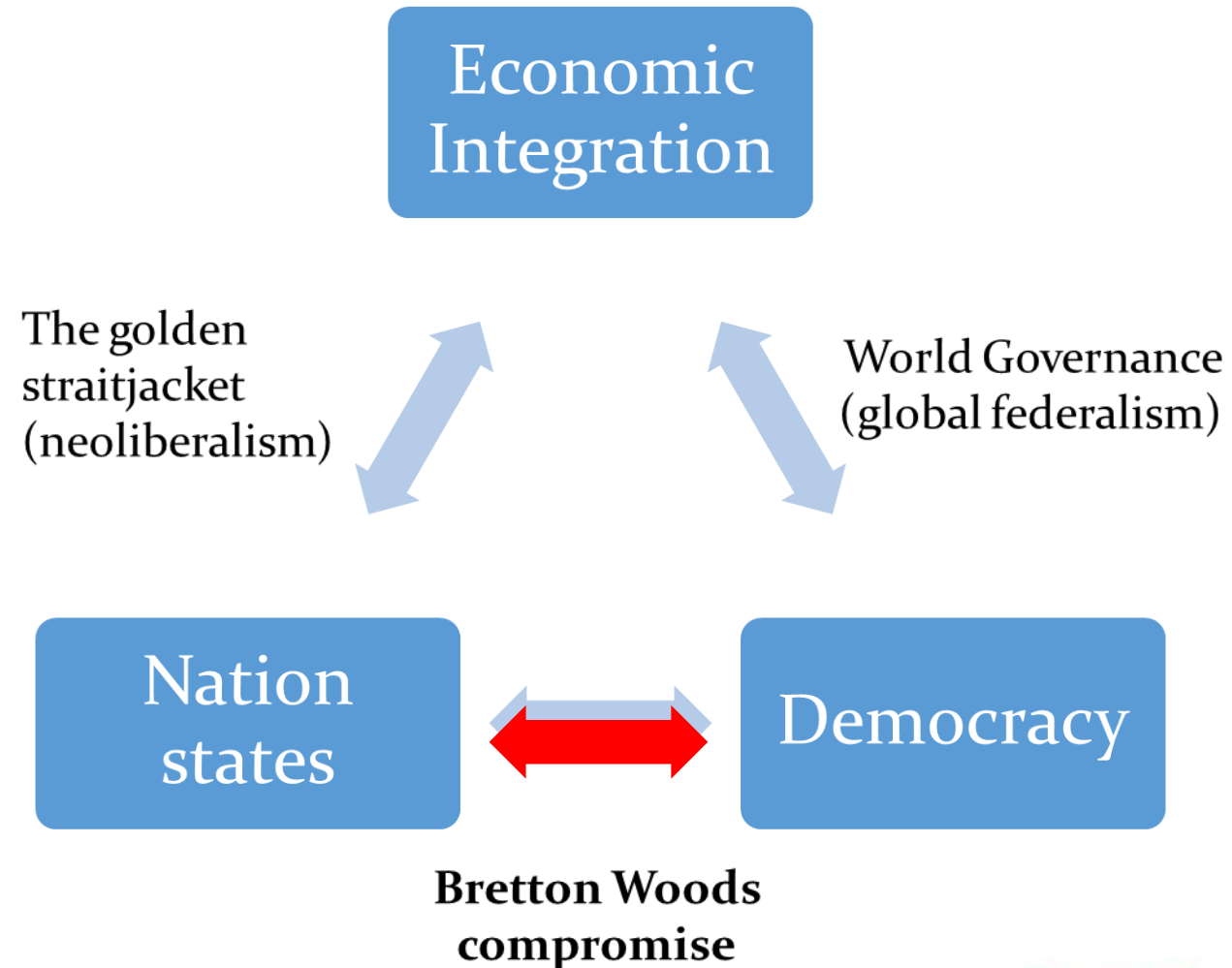
## The Bretton Woods compromise

The essence of the Bretton Woods-GATT regime was that countries were free to dance to their own tune as long as they removed a number of border restrictions on trade and generally did not discriminate among their trade partners.

International finance: restrictions on capital flows.

Trade: no quantitative restrictions, but import tariffs allowed; trade liberalization, but gaping exceptions.

Developing country trade policies were effectively left outside the scope of international discipline. Until roughly the 1980s, these loose rules left enough space for countries to follow their own, possibly divergent paths of development.






'Simply the best recent treatment of the globalization dilemma.'  
Robert Kuttner, *The American Prospect*

WHY GLOBAL  
MARKETS, STATES,  
and DEMOCRACY  
CAN'T COEXIST

# The Globalization Paradox



DANI RODRIK

Author of ONE ECONOMICS, MANY RECIPES

“We have to live in the world we have, with all its political divisions, and not the world we wish we had. The best way to serve global interests is to live up to our responsibilities within the political institutions that matter: those that exist”.

«*Global Citizens, National Shirkers*», 10.02.2017.

<https://www.project-syndicate.org/commentary/limits-of-global-citizenship-by-dani-rodrik-2017-02>



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