



Transcript of IMF podcast:

Patricia Clavin on Turbulence and the Lessons of History

Rhoda Metcalfe:

So, what is it exactly that you think we're moving towards?

Patricia Clavin:

Well, it's not clear what we're moving towards. It's clear that we're moving from where we were.

Bruce Edwards:

With crises, come opportunities, some say. But the lines that connect the two aren't always that obvious. Historians can help us figure it out by looking at how we emerged from some of history's darkest hours.

Patricia Clavin:

My name's Patricia Clavin and I'm professor of Modern History at the University of Oxford.

Bruce Edwards:

Patricia Clavin is also the author of *Turbulence and the Lessons of History* in the June issue of *Finance and Development* magazine. Journalist Rhoda Metcalfe connected with her in Oxford England.

Rhoda Metcalfe:

So we're hearing more about the global order than I think we ever had before. And what does that really mean anyway?

Patricia Clavin:

So I think about the term global order as the set of relationships that exist between states, markets, and civil society. So after the first World War, they stabilize in a new international organization, the League of Nations, which coordinated the relations between states that were members, and also tried to affect economic reconstruction. And then after 1945, you get a new world order with the IMF, the World Bank, the UN, the Food and Agriculture Organization and so on. And of course, there's a wider geopolitical

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context, which is very bumpy in the 1920s and thirties, and the league struggles to navigate it. After the end of the Cold War and around 1990, we've had these institutions continuing with a much more complicated multipolar world where the United States was dominant. The west was dominant.

Patricia Clavin:

We're, now, clearly moving away from that. Certainly Europe, if we look at it from the 20th to the 21st century is really much less important, though of course, it's a war in Europe that's being waged in Ukraine. China's position in international relations has changed a lot. And so is Russia's relations with Europe on the one hand, China on the other. And of course, there are many more big powers in the picture in Central and South America from Africa and, of course, from Asia as well. I mean, India in particular.

Rhoda Metcalfe:

Right. So all of these new power relationships combined with the various crises in the world, I mean, is that system that came out of the last World War, is that beginning to fragment?

Patricia Clavin:

I think it's been fragmented for a long time. I mean, it was more or less fragmented right at the start because of the Cold War. I mean the UN organization itself, its architecture really came out of work that Stalin, Roosevelt and Churchill had done. And then of course it transitions very quickly in 1945 to a completely different international landscape. So this is not a new challenge for the UN. But on top of it's really just that it's facing multiple challenges. That's the tragedy or the challenge for international organizations is they're supposed to anticipate the problems. But the reality is that often international law and diplomacy on any particular question, whether it's to do with trade or the distribution of fair medical information. It nearly always comes when you have to find a pathway through a problem.

Patricia Clavin:

So it's also partly that sometimes we think about international cooperation being about trust, a kind of mutual understanding. But you can understand one another without trusting one another. And so that the key thing that works is to identify areas of mutual interest and push at that, rather than think about it as friendship. And of course, most of the institutions that we have, and a lot of international law that we have is the product of conflict. It's not the product of cooperation.

Rhoda Metcalfe:

Yes, yes, absolutely. So, I mean, you talk about international trade- that when it was coming out of the two World Wars and that it didn't come easily. It wasn't a smooth process. How do you think the current geopolitical situation is going to affect international trade going forward?

Patricia Clavin:

It's one of the things that's often forgotten about the impact of the first world war in particular that the blockade and then there were essentially sanctions on Central and Eastern Europe, which were imposed to ensure that the defeated powers complied with the peace. So the blockade continued after 1918. It proved so difficult to get rid of those trades restrictions that they weren't really effectively removed until the 1960s. So global trade levels were higher in 1913 than they were until the 1960s. So that's the net effect of war. And once you've got these new protections in place, it's difficult, politically, to roll them back because you have to get domestic buy-in and you have to get international agreement to do it.

Rhoda Metcalfe:

Right. And you mentioned in your article that we can expect the disruptions and trade that we're seeing now around the Ukrainian war. Especially, the grain and fertilizer supplies... that these could have longer term consequences. I mean, what kinds of consequences do you anticipate?

Patricia Clavin:

The difficulty is that, I mean, it's not clear quite where this war's going to end and quite the implications of that for Odessa and for access to these Ukrainian ports. And the problem is, of course, that has a much longer time lag in terms of what production's going to be in the Ukraine and how and where you're going to ship this stuff. And the way that it then prompts other farmers to invest or expand their production elsewhere. So there are calculations being made on the basis of how long is the war likely to go on for and where should production be moved in response to it? So, I mean, that's certainly what happened in the First World War. Britain, while it was waging the First World War, actually it massively increased heavy industry, which it really didn't need anymore.

Patricia Clavin:

It was building ships and it was increasing coal production. Well, that was actually the last thing it needed to be doing. While the United States, which wasn't fighting, was able to further develop its consumer orientated economy. And of course, actually for the United States, the First World War really pushed American agriculture out into the global marketplace. So American farmers got used to exporting in a way that they hadn't before and then found themselves in the 1920s, really in a declining market because it was just oversupply and that's partly has this consequence for the United States of then reinforcing this idea that really, it's not good for the United States to be involved in international relationships or international markets because they're not profitable and they're too volatile.

Rhoda Metcalfe:

They're unpredictable.

Patricia Clavin:

That's right. They're unpredictable. And it has consequences even for places like Spain, because Spain is a non-belligerent in the First World War and also plugs into supplying food to Britain and France, which are busy fighting. And then is also hugely disrupted afterwards and has a problem modernizing its agriculture. And that really makes political life in Spain even more difficult and sets it on the road to the civil war. So always, as a historian, I'm always reluctant to say where we're going to go other than to point to the likely difficulties that they won't be just located in the Ukraine. But also in the way that other countries seek to respond to this crisis by developing or increasing, perhaps their own food production, their own fertilizer production that marginalizes the Ukraine in ways that, in the longer term, make it harder to knit back together the globalized integrated markets that we had.

Rhoda Metcalfe:

Right. And I guess for countries that have been very dependent on trade from Ukraine, this sudden drop in their exports, which can't be replaced that quickly. This could cause them serious problems.

Patricia Clavin:

Yeah, exactly. In African countries, Egypt is facing a major food crisis because it's hugely dependent on and used to taking its food supplies from Ukraine. And of course at the same time, we're also looking at parts of the world that are dependent on that food being affected by a completely new element that we don't really have much experience of dealing with in history, in this complicated landscape, which is climate change.

Rhoda Metcalfe:

Which adds another curve ball into it all.

Patricia Clavin:

Exactly. It's not even three dimensional Chess. It's worse than that. All of these elements are operating at the same time. The pandemic, the war, climate change, the inflationary shocks that we're beginning to experience that are coming out of the war. But also feeding into deeper patterns that come from the financial crisis and responses to that. So it's trying to knit it all together and have a vision of what it will take to stabilize this. And I think that's what's difficult compared to the First World War or the Second World War, where for the Western allies that the way to knit the world together was through a vision of democracy and a kind of world order that was built around that and capitalism. And of course, that the alternative was the communist model, which was also supposed to be democratic, but also offered a planned economy model. And now it's hard to have a sense of what the vision would be. I don't really see a vision being articulated anywhere other than we need peace in the Ukraine. That's it.

Rhoda Metcalfe:

Right. If we are shifting towards a situation where instead of just one or two world powers, there's a bunch of different countries, regions that have significant global clout, is there still a place for multilateral institutions? You have the UN Agencies, the IMF, the World Bank, are they going to be useful in this fragmented future?

Patricia Clavin:

I think so. I mean the UN and multilateral institutions can also work as a stage or a venue to facilitate and build other sorts of relationships. It's not just the ones that are visible. But also all the talking and debating that goes on in some respects in opposition to the declared goals of those institutions. Those institutions in a way still facilitate it because people still turn up at their meetings, even if they're there to disagree with them. I think what needs to be taken seriously is the ongoing challenge of- I want to use the word reform, but the problem is reform is so toxic, it's nevertheless the challenge. How to remake them in a way that reflects the reality of geopolitics today. Because the people who designed these organizations, who campaigned for them, for them, it wasn't just about multilateral cooperation. It was about controlling, putting guardrails around what big powers did.

Patricia Clavin:

And so in that sense, opening the security council up say to more members, if that were one element of the reform agenda. That isn't about allowing them run- to run riot, it's actually about agreeing some guardrails. Recognizing that with that status comes responsibility to the international system. And so formalizing that might be helpful.

Rhoda Metcalfe:

So, finally- a big picture question. We saw countries come together after the World Wars and that led to globalization. Now we're seeing countries pull apart. I mean, are we heading towards the end of globalization? What do you think?

Patricia Clavin:

That's a really good question. I mean, it depends. Globalization is one of these slippery terms really. So I'm not sure we are reaching the end because we're still all connected up on one planet. But quite, the nature of that globalization, whether it's productive, whether it enhances people's, not their standard of living than their quality of life. That's harder to say.

Rhoda Metcalfe:

And certainly there's been a growing sentiment of anti-globalization in a lot of places around the world.

Patricia Clavin:

Yes, you're right. And I think that in itself is a form of globalization. I mean, even where I am in this corner of Europe it's presented as for or against globalization. Somewhere like the French elections Macron's for globalization, Marine Le Pen was anti-globalization. But in reality, Marine Le Pen, like Putin, stands for a form of global order. But it's a global order that is a world of blocks. And so it puts more limits on the liberal version of globalization or the Western version of globalization that's about trade and markets and liberal international institutions. But it's still a vision of global order. It's just a different type.

Rhoda Metcalfe:

So is that perhaps a possibility of the future? We still have globalization, but a different version of it.

Patricia Clavin:

Yeah. That's certainly what the 1930s brought us. Germany, Italy, Japan had a vision in that period that was global, but it was much more of that regional power blocks. That's the dark side of an alternative global order that is about globalization. But looks like it's anti-globalization.

Rhoda Metcalfe:

Are you optimistic about the future in terms of the direction we're going on the global front?

Patricia Clavin:

It's difficult, I think, to feel optimistic at the moment. But I'm a child of the late sixties and lived through the seventies and the eighties. So I'm optimistic that things will get better. But perhaps not very quickly.

Rhoda Metcalfe:

Well, that's great. Thank you, Patricia Clavin. It's been thought provoking if somewhat frightening conversation and I thank you for joining us on the podcast.

Patricia Clavin:

My pleasure. Thanks Rhoda.

Bruce Edwards:

Patricia Clavin is a professor of Modern History at the University of Oxford. She was speaking with Rhoda Metcalfe. You can read her article on Turbulence and the Lessons of History at imf.org/FandD. And look

for other IMF podcasts on apple podcasts or wherever you listen. You can also follow us on Twitter at IMF_podcast. I'm Bruce Edwards.

Rhoda Metcalfe:

And I'm Rhoda Metcalfe.

Bruce Edwards:

Thanks for listening.