# Globalization Revisited

## Introduction

America remains the world's economic and political role model; the standard by which all other nations are measured. Americans ourselves are a melting pot of diverse people united by a conscious decision to link our personal destinies to the pursuit of freedom, opportunity, and political equality. The idea in the Declaration of Independence that all people are created with equal natural rights is so deeply rooted in the American mind that Abraham Lincoln called it the "father of all moral principle" in us. For decades, America's purpose of securing and extending natural rights was bolstered by policies that sought to spread the benefits of democracy and free markets to ever-wider regions of the globe. American workers and the American economy benefitted from this process of "globalization" as forward-looking US policy laid the foundation for decades of peace, freedom and prosperity.

Today, however, support for globalization is crumbling both in the US and many other nations. Globalization as a force is largely seen as undermining the American Dream. It is under attack from both the right and the left as a threat to American workers and a menace to America's manufacturing base. And globalization has become detached from the clear foreign and economic policy objectives that guided America's emergence as a global Superpower and made America's thriving post-WW II middle class the envy of the world.

It is time to refocus our vision and reframe our objectives by carrying out a candid, open conversation about the relative costs and benefits of globalization and its underlying policy structure.

For the past 30 years, I have watched the spread of globalization first-hand as a player on the field, not as a politician viewing it from the bleachers. During my career in business, I have navigated a wide range of cultures across nearly every continent, in both emerging and developed countries. Along this journey, I have learned some lessons that may broaden our understanding of globalization's decline in the public mind. Specifically, I'd like to discuss how the current wave of confused trade agreements, massive global central bank interventions, debt-driven economics, and technological disruption has generated a perfect storm that is devastating the economic well-being of America's middle class; sowing pervasive anxiety among voters; and shredding public faith in nearly all political leaders and governing institutions:

- Globalization can be a positive force, but its purpose is being challenged and its architecture must be reformed. The world is now at an inflection point. Political institutions that fail to adapt might be the last bastion of Jurassic irrelevance as angry voters no longer satisfied with the status quo or empty political rhetoric rise up and demand change at almost any cost.

- Support for global trade agreements is being stifled by a thick web of policy concerns, including exotic currency interventions, treaties and bureaucratic administrative bodies that distort the free market balance of commercial interests in almost all circumstances.

- Central bankers, utilizing newly honed but untested tools, have become the modern day architects of the world's debt-ridden national economies. Growth and productivity are sputtering everywhere, yet societies continue to demand more from government. Facing budget constraints due to burgeoning debt and slow growth, government benefits now often come wrapped in costly, burdensome regulations and new entitlements that weaken their value. In essence, this is an invidious form of wealth transfer that will force future generations to pay for our addiction to debt and entitlements and our inadequate productivity with which to finance them.

- Creative disruption generated by rising technology has impacted virtually all legacy businesses and industries. Information is mostly free and available to all, and most goods and services are being provided faster, cheaper and better. While this is beneficial to the macro-economy in the long run, creative disruption is placing severe economic and psychological strains on millions of workers in low-skilled industries in the short run.

- Without major reforms of our policies on trade, immigration, economic regulation, and foreign affairs, the US will lose its capacity to generate growth in the resources needed to improve our underperforming schools, supply adequate health care, fulfill our obligations to aging veterans, provide a robust military defense structure, and modernize our obsolete Social Security system. Over the last 30 years, these needs have been neglected or addressed with little foresight. Aware of these festering concerns and their consequences, voters have exhausted their patience with the presumed wisdom of the current political establishment.

In order to anticipate and adapt for the future, it is often helpful to retrace the footprints of history. Hopefully, the lessons of the past, rightly understood, can point the way to more effective solutions for the future.

## Globalization Revisited

The Financial Crisis of 2008 almost turned off the lights of the global economy. The economy's resuscitation was primarily orchestrated by previously cloistered central bankers, but the unknown implications of the new world paradigm have also generated widespread anxiety and cautiousness. This paradigm lacks transparency and perpetuates global confusion in an environment of low growth, negative interest rates, increasing inequality in the distribution of wealth, terrorism, trade warfare, and the far-reaching effects of disruptive technologies.

History sheds light on how we arrived at this point, particularly a review of the complex chronicle of foreign policy agreements, ongoing monetary evolution and serial trade negotiations shaped over the last century.

### After World War I, The Paris Peace Conference Sows the Seeds of Future Conflict

Prior to World War I, the world experienced the first phase of what we would call globalization. Discussions about "the annihilation of distance" were commonplace. The flow of goods, capital, labor, services and commodities had never been freer or more fluid, enabled by exciting advancements in technology, transportation and communication. Shipping lanes tracked the oceans while railroad lines crisscrossed whole nations. Emigration from Europe to the US between 1880 and 1910 reached more than 25 million people. Between 1900 and the outbreak of World War I, global trade doubled. This was the era of the gold standard, when the pound sterling stabilized economic values and reigned as the world's dominant currency.

The resemblance of the pre-WW I period to today is striking. Optimism prevailed as new technologies (then transportation and communication, now computerization and instantaneous access to information) promised to bring people ever closer together. Increased capital flows and foreign investment were supposed to herald a new era where economic cooperation would overcome political tension among world powers. Statesmen, Winston Churchill would later write, "rejoice[d] in that protecting Providence which had preserved us through so many dangers and brought us at length into a secure and prosperous age."

But, as Churchill warned, beneath a seemingly placid world, "the vials of wrath were full." Then, as today, the trends and the risks are largely the same:

- A complex network of alliances and intense rivalry for global power;
- Arms build-ups and overreaching by global hegemons;
- Rising sentiment against capitalism;
- The emergence of terrorism, anti-immigration movements, and intense localism;
- A period of peace encouraging complacency and dramatic shifts in political structures.

By the end of WW I, the dream of never-ending peace and prosperity was shattered. Over 17 million soldiers and civilians lay dead and another 20 million wounded. Almost every Western nation outside the United States faced financial ruin. Britain, France and 14 other nations stood heavily and precariously indebted to the US, which had loaned the allies massive funds to prosecute the war.

At the war's conclusion, more than 32 countries and hundreds of diplomats gathered for the Paris Peace Conference. Their mission was to revive shattered nations, restore sovereign finances and redraw disputed international borders. But instead of securing peace, the resulting Treaty of Versailles imposed harsh economic and political punishments on Germany, setting the stage for an even more deadly conflict, eventually giving way to the German currency hyperinflation of 1923, the Great Depression and World War II.

In a scathing critique, British economist John Maynard Keynes called the Treaty's degradation of Germany and its people "abhorrent and detestable" and predicted the impending "devastation of Europe."

The new world order that emerged from the Paris Peace Conference fed the economic destruction of the 1930s, which was defined by chaotic monetary policies, tariff acts, ruinous currency manipulation and beggar-thy-neighbor trade wars, including the Smoot-Hawley Act signed by President Herbert Hoover which substantially raised US tariffs on imports. Mass unemployment and economic desperation led central banks into a downward spiral of currency revisions to make their country's goods appear more competitive – part of a futile hope to stimulate demand that US Treasury Secretary Morgenthau called “economic weapons” which “can have no offspring other than war.”

**After World War II, Bretton Woods Ushers in an Era of Monetary Stability**

These were mistakes which Keynes and others were determined would not be repeated following the defeat of Germany and Japan in World War II. In July 1944, 44 nations assembled in the small ski town of Bretton Woods, New Hampshire to establish a post-war global economic order among the economically dominant United States, a once-again indebted and physically destroyed Western Europe and a decimated and starving Germany and Japan. The British delegation led by John Keynes and the American delegation led by Harry White were intent on avoiding the problems of the past by bolstering economic and monetary stability.

The Bretton Woods Conference built the foundation for the post-WW II international monetary order by establishing the US dollar as the world’s reserve currency. Under a new form of gold standard, the possibilities of ruinous inflation and currency manipulations were minimized by pegging international currencies to US dollars, which, in turn, were pegged to gold at $35 per ounce, establishing in effect an international regime of fixed national currency convertibility.

Bretton Woods also gave birth to the International Monetary Fund (IMF) and the International Bank for Reconstruction and Development (today’s World Bank). These institutions were critical in rebuilding modern post-war Europe and have played an important role in global trade negotiations during the 80 years since their establishment.

Globalization at the end of the WW II meant uniting exhausted victorious allies with defeated adversaries in a new common cause against Soviet Communism, signaled by Churchill's "Iron Curtain" speech given in President Truman’s home state of Missouri in 1946. The President, wary of Soviet influence, implemented his Truman Doctrine in 1947 to combat Soviet totalitarian imperialism flowing into the remnants of the old British and other colonial empires. Thus, the Truman Doctrine was established so that “the United States [could] provide political, military and economic assistance to all democratic nations under threat from external or internal authoritarian forces.”

**The Marshall Plan of 1948 Builds on Global Economic Coordination**

In 1948, President Truman signed the Economic Cooperation Act, which became known as the Marshall Plan after its sponsor, US Secretary of State George Marshall. Through the Marshall Plan, the US committed ~ $120 billion in aid (in 2016 dollars) to rehabilitate Europe and revive the economies of England, France, and Germany, among others. The Marshall Plan focused on addressing the population’s immediate need for food, medicine and other staples, as well as rebuilding Europe’s industrial and manufacturing base, repairing transportation, and renewing trade destroyed during the war.

As George Marshall described it, "the United States should do whatever it is able to do to assist in the return of normal economic health in the world without which there can be no political stability and no assured peace. Our policy is directed not against any country or doctrine but against hunger, poverty, desperation and chaos. Its purpose should be the revival of a working economy in the world so as to permit the emergence of political and social conditions in which free institutions can exist."

The Marshall Plan was “an unabashedly strategic enterprise framed in the shifting and perilous geopolitical context of its time.” It “sought nothing less than to refashion Europe in fundamental and audacious ways” and employed US capital and a free-market ideology to prop up socialist regimes, in the name of saving them from Communism.” In order to accept funds from the Marshall Plan, European countries had to pursue pro-market, pro-investment policies – clearly a condition driven by foreign policy objectives.

Not only was the Marshall Plan a work of foreign policy genius, it also delivered tremendous economic benefits for both Europe and the US. With a revived industrial base and favorable trade terms (discussed below), Europe sold to the US to grow its economy, while the US deepened its economic and political influence in Europe. US workers benefitted from this successful effort at globalization as rising global GDP drove the expansion of US companies and created new markets for highly competitive US-made goods, resulting in rising wages and a middle class boom at home.

**Trade Agreements in Wake of World War II**

The year of 1947 marked the establishment of the General Agreement on Tariffs and Trade (GATT), emanating from the Geneva trade negotiations. By reducing tariffs and expanding international trade, GATT sought to mitigate any disastrous trends toward trade isolationism and help lift Europe out of war-induced poverty. In 1955, the US entered into a trade agreement under GATT with its former enemy Japan as a means to supercharge Japan’s economy and further American foreign policy goals in Asia.

By helping Europe and Japan rise again from the decimation of WW II, the US believed these free trade agreements would strengthen capitalism and democracy in the West’s struggle against Soviet Communism. As the Cold War intensified, President John F. Kennedy built on the idea that wider globalized trade would support American ideals and serve American goals at home and abroad. Kennedy signed the Trade Expansion Act of 1962 with the explicit intent of promoting “a vital expanding economy in the free world [as] a strong counter to the threat of the world Communist movement.”

Bretton Woods, the Marshall Plan and GATT stand today among America’s greatest post-war policy achievements. Their creators relied on lessons from the past to guide a strategy for reviving devastated allies and defeated enemies by spreading democracy and free markets; securing American economic and political leadership in an interdependent global environment; and defeating the Communist challenge.

While these ideas had tremendous economic impact, they were aimed primarily at achieving foreign policy goals. In fact, they were negotiated primarily by military leaders, not business executives. Nevertheless, in advancing the broad economic interests of American workers, not simply a class of wealthy elites, they serve as a perfect playbook for effective globalization.

The US should re-examine the institutions that were inspired by these post-war policies and rely on the lessons of history to develop a comprehensive solution to overcome the deepening economic and social problems of the disenfranchised. By doing so, globalization can re-emerge in its proper form and help relieve the desperation and despair that result from perceptions of growing inequalities of wealth and influence among nations and peoples around the world.

**The End of Bretton Woods and Emergence of Fiat Money in 1971**

During the late 1960s and early 1970s, US government fiscal imbalances led to the collapse of the original adjustable-peg Bretton Woods arrangement. Partially emboldened by the post-Bretton Woods monetary system disciplined by gold, the US expanded the quantity of dollars faster than it could possibly exchange them for gold to finance the ever-increasing promises and obligations of a growing federal government.

In 1971, President Richard Nixon cancelled international convertibility of the US dollar to gold, effectively ending the Bretton Woods arrangement. For thousands of years prior to the Nixon shock, cross border value exchange had generally been in the form of gold or currency convertible to gold. Following the collapse of Bretton Woods, "fiat" money replaced gold-backed currencies in the form of "irredeemable IOUs, or IOUs redeemable only in other non-redeemable IOUs."

Under the new fiat system, the notion of an international reserve currency has dramatically changed. The fiat currency regime allows for free floating monetary policies that, at times, enable severe imbalances, such as the runaway inflation of the past and the massive accumulation of debt with little accompanying growth we see today. Instead of a commodity, the value of the US dollar is supported by America's "brand premium" and the ability to tax our citizens. This has helped generate a trade imbalance, allowing the US internal deficit to be significantly financed by the inflow of foreign capital.

China's relationship with the US in the beginning of the 21$^{st}$ century serves as an example of this skewed relationship with a competing power. In 2006, the USA current account deficit reached ~$850 billion while the Chinese current account surplus rose to ~$250 billion. By 2014, China had grown its reserves to almost $4 trillion, of which more than $1 trillion are currently held in US Treasuries, with more invested in other US assets. In addition to enabling America's addiction to debt, this relationship is seen by many as contributing to the loss of millions of American manufacturing jobs and the stagnation of middle class wages.

In addition to contributing to payment imbalances, the collapse of Bretton Woods and the rise of fiat money have also destabilized emerging economies that cannot make efficient use of their domestic currencies for international transactions. On one day, central banks encourage allocations to riskier emerging economies. The next day, bouts of instability occur, and investment is immediately withdrawn without regard to fundamentals – a dance of destabilization that hobbles nations desperate for economic growth.

The bottom line is that the global monetary system has departed from the original post-WWII architecture of Bretton Woods. Today, there are no symmetric adjustment arrangements between surplus and deficit economies. Instead, asymmetric flows cause bilateral tensions and global imbalances.

**The Modern Trade Agreement: The 1990s and After**

Through the early 1990s, trade agreements amended or expanded the articles of agreement from the prior GATT rounds. The very successful Uruguay Rounds in 1995 addressed issues critical to the further growth of the US economy, including issues related to intellectual property, trade in services and global investment flows, along with the establishment of the World Trade Organization (WTO) as a mechanism to umpire trade disputes. Since then, there have been no successful multi-lateral trade discussions. Instead, we've seen the proliferation of Free Trade Areas and bi-lateral trade agreements, notable the North American Free Trade Agreement (NAFTA) and the more recent Trans Pacific Partnership (TPP).

This year marks the 22nd anniversary of the NAFTA, which revolutionized trade among the US, Canada and Mexico. NAFTA created a trilateral rules-based trade bloc in North America, lifting barriers, regulations and tariffs that complicated trade between these three major economies and close neighbors. Highly controversial at the time, the agreement drew objections from unions, environmentalists, low-wage workers and others who predicted the agreement would lead to wage erosion, higher pollution and the devastation of US manufacturing.

Some of these fears proved to be accurate. In 1993, the US ran a trade surplus with its NAFTA partners. In the 22 years since NAFTA was implemented, that surplus has evaporated and now stands at a ~$180 billion deficit. Since NAFTA, over half a million net US jobs have been lost; manufacturing plants of companies including GE, Chrysler and Caterpillar have closed; and income inequality has surged.

NAFTA has also been an economic loser for Mexico. Real Mexican wages have declined, immigration has increased and GDP growth has slowed to historic lows. In a country with such significant potential for growth, NAFTA has been a major factor accounting for Mexico's poor economic performance over the past two decades.

NAFTA has created some positive benefits, including reducing the prices of certain products, creating a better and closer supply chain, and ensuring the seamless integration of goods and services among the US, Canada and Mexico. On balance, however, the American and the Mexican people have reached a point of mutual disenchantment with NAFTA that demands a comprehensive reexamination of the existing agreement.

Mexico is a strong ally of the US and, along with Canada, one of our most dependable trading partners. A re-negotiated NAFTA could ensure the benefits of trade outweigh its negative impact on American workers and strengthen the alliance among the three North American allies. American voters agree; in a July Rasmussen poll, Americans supported renegotiating NAFTA (50 percent) rather than leaving the current deal intact (27 percent) by a 2:1 margin.

**The Trans Pacific Partnership**

The Trans Pacific Partnership (TPP) embodies popular fears of trade agreements that have lost focus. Whose interests are being served? Will average Americans benefit? Do foreign policy objectives dominate over domestic economic goals? How do the two intertwine?

Here, TPP appears to be primarily foreign policy driven – an economic trade arrangement that at best increases mutual security abroad but threatens job security at home.

The current administration claims that under TPP, the economy will expand slightly into 2030. However, as economic studies demonstrate, the benefits will likely bypass American workers and accrue primarily to the traditional cadre of globalization beneficiaries. Most importantly, government economic models struggle to account for the negative consequences when export-related jobs are replaced by cheaper overseas labor, forcing well-paid manufacturing workers to scramble for lower-wage employment in a global race to the bottom of the wage scales.

Just as problematic, the TPP fails to address the practice of currency manipulation, which contributes heavily to the US trade deficit. In fact, the Economic Policy Institute estimates that ending currency manipulation could reduce the US global trade deficit by $200-$500 billion each year. This would increase U.S. GDP by anywhere between $288 and $720 billion and create between 2.3 and 5.8 million American jobs.

**Trade Agreements Generate Lost Jobs and Falling Wages**

Why do strong majorities of Americans believe trade is hurting our people? The answer is obvious: Lost jobs, falling wages and rising trade deficits weaken support for trade agreements specifically and globalization generally.

According to the Economic Policy Institute: "Unfair trade deals have lowered the wages of U.S. workers by displacing jobs and weakening the bargaining position of low- and middle-wage workers." Rising U.S. trade deficits "push jobs out of better-paid tradeable sectors." Even absent a rise in trade deficits, "increased trade changes the composition of jobs, and the new patterns of employment lead to reduced demand for labor and downward pressure on wages."

Poorly anticipated effects of globalization and unfocused trade agreements, guided by elites far removed from their consequences, have generated a rising wave of dissatisfaction and anxiety that pervades the US middle class and workers around the world. The Brexit vote and subsequent fall of British Prime Minister David Cameron is just one outcome of this discontent that is gathering speed. Social unrest and anxiety are increasing exponentially on all fronts. We appear to be at a social and political tipping point.

Confused trade agreements that alienate workers, combined with the consequences of opaque and untested monetary policies and the broad effects of technological disruption, are creating a potent mixture of anger, anxiety and fear that is shaking the political establishment and creating widespread political uncertainty.

**The Surging Role and Power of Central Bankers**

The growth in global trade from 1997 to 2007 was primarily in "finance." In the past quarter century, there have been credit booms in Japan, emerging Asian economies, North Atlantic economies and now in China. The traditional drivers of economic growth – service, agriculture, industry and manufacturing – have been replaced by ever more exotic and complex financial devices

The process was accelerated by the1999 repeal of Glass-Steagall, which allowed financial firms to combine traditional banking and investment banking functions. Banks departed from their historical role as a conduit between savers and borrowers and in favor of originating and syndicating complicated financial instruments. Banking regulations, central banking policies and financial regulators all embraced the increased flow of trade in financial instruments whose operation and impact were not well understood by these stakeholders.

In the aftermath of the 2008 financial crisis, the dominance of finance over industry was extended further. Although the international financial catastrophe exploded on their watch, the central bankers amazingly emerged as saviors, increasing their power over our economy.

Until recent times, central bank activities were mostly technical, marginal, and unreported. Today central bankers utilize exotic new tools such as Quantitative Easing ("QE") and massive asset purchases to manipulate markets to conform to macroeconomic mandates and political leaders' preferences. The driving force behind US economic policy is no longer the Secretary of the Treasury or Chairman of the President's Council of Economic Advisors; it is the new breed of central banker on steroids. Foreign exchange, QE, asset purchases and the printing of money unanchored to any external standard, and other technical monetary tools are today's "super trade weapons."

In the early stages of the financial crisis, central banks acted quickly, decisively and effectively to provide liquidity and help avert another Great Depression. These actions reinvigorated the payments and settlements system, established a floor on value and forced banks to restructure. Yet instead of curtailing emergency policies as economies recovered, central banks have all but monopolized the economy policies of many nations. As a result, investment has stalled and savings rates are pressing historic lows. Middle- and lower-income workers see no benefits from these policies, while the holders of capital, just as with globalization, enjoy burgeoning investment portfolios and bank accounts. At this point, central bank actions seem mainly to impact asset prices while only marginally influencing the true drivers of the economy, such as real investment, productivity expansion and job growth. We have reached the point where central banks – which are a lot better at emergency responses than steering long-term policy – have become the problem, not the solution.

**Who Benefits? Middle Class Americans Left Out of "Recovery"**

The dramatic swelling of Wall Street asset prices has not been accompanied by a revival of the real economy or rising middle class incomes. Unconventional monetary policy is not a reliable force for robust growth in a time of economic stagnation. Instead, it encourages riskier investment, compounding the rising wealth effects from expanding equity markets and real estate prices, which primarily benefit the affluent.

Policies like QE also favor net borrowers over net savers, again benefitting debt-burdened governments and corporations that have the ability to borrow, while middle-class workers with limited borrowing capacity stagnate. This is the primary reason why corporate profit margins and equity markets are at historic highs, while real wage growth remains historically low. Employment data show a resentful workforce feeling despair and doomed to irrelevance in a technologically advanced global marketplace, even as investors enjoy the bull run of the century.

In today's globalized economy, elected leaders who decide fiscal policy, on which long-term economic growth is predicated, make little sustained effort to reform outdated personal or business tax policies or exercise spending restraints needed to reduce government debt. Monetary policy, for which elected leaders disclaim responsibility, leaving it to unelected central bankers, is king. Central banks are frantically seeking market share through currency devaluations, desperately hoping that lower nominal exchange rates will boost exports and reduce imports – part of a zero-sum rush-to-the-bottom. Today, more than 70 percent of outstanding developed market sovereign debt, guided by Japan and Germany, is negative yielding while US Treasuries flirt with historically lows yields.

The main beneficiaries of current monetary and fiscal policies are a small already wealthy class of financial investors while the vast majority of middle- and lower-income working classes live with little hope for a better economic future.

**Debt and Credit: America's Two Favorite Pastimes**

Since 1982, the US government has run a current account deficit in all but one year, slowly growing its obligation to foreign investors eager to own US assets. Today, the US runs a trade deficit with more than 90 percent of world's countries, financed by the purchase of US Treasuries and other US assets. In the US, exports and imports have grown from 10 percent of economic output in the 1960s to more than 30 percent today, aided in part by the acquisition of more than $6 trillion in US government debt by foreign governments. Excluding the Federal Reserve's holdings, at least ~60 percent of outstanding Treasuries are owned by non-Americans.

This unsustainable debt arrangement is exacerbated by policies like QE that have depressed the cost of debt into negative territory. While the details of this arrangement can be debated, the bottom line is that America is in a situation of unprecedented debt. In the US, public debt has risen from $7.4 trillion in 2004, to ~$20 trillion today, excluding contingent unfunded liabilities such as Social Security, which would boost the red ink by many more trillions.

As the central bankers continue down their road without a GPS, no one knows what the effects will be: financial bubbles, a debt bust, an equity bust, a disorderly exit from the sale of trillions of dollars sitting on central bank balance sheets, emerging market capital outflows or increased inequality and disenchantment. Financial engineering by itself cannot achieve the kind of sustainable, inclusive growth that will extend economic benefits to America's hard-pressed middle class. Opaque global monetary policies combined with unfocused, poorly negotiated international trade agreements are undermining the entire project of globalization as proponents of these policies face a growing backlash among voters.

**Compounding Effects from Technological Disruption**

The 21st century economy has become synonymous with creative disruption. Carnegie has been superseded by Jobs, Vanderbilt by Zuckerberg, Rockefeller by Bezos and the sudden success of unknown, youthful, digital-based entrepreneurs on every continent. Social media, the Internet and instant communication are dissolving boundaries, reducing pricing power, and decimating barriers to entry. The “sharing economy” is providing more of everything, cheaper, faster and easier. Between 1990 and 2015, 1.2 billion people around the world emerged from the condition of extreme poverty. Global trade and investment have been a boon to the world’s poor, in one generation reducing the rate of deep poverty by an astonishing 75 percent. This rate of progress toward eliminating deep poverty among mankind has never been seen in human history.

At the same time, the skills and talents needed to succeed in this disruptive era are far different from those utilized in fortress industries and the “retooling is happening very slowly.” Sears has fallen to Amazon, Airbnb is manhandling Marriott, and the taxi medallion is losing value to Uber every day. Today's worker faces a creatively destructive job market – forced to choose between joining the high-paying, knowledge-intensive workforce or remaining trapped in the low-wage economy.

Who benefits from the resulting cost cutting, labor reduction or automated processes spawned by technological disruption? Highly skilled workers and owners of capital capture the larger share of the benefits, while most of the traditional workforce faces the challenge of lost jobs and depressed wages. Technology can be a critical tool to help America increase productivity and growth over the long run, but it is terribly disorienting in the short run.

**Conclusion**

The lessons of history offer clues that can help build a better future. The monetary architects at Bretton Woods avoided the mistakes of the Treaty of Versailles and ushered in an era of peace, stability and prosperity. We should aim for no less.

Citizens everywhere are unhappy with their governments and angry with their leaders. They are no longer interested in a political rhetoric that they do not understand and that has no value in their lives. Monetary policy, trade policy technological disruption and the array of issues that make up globalization are simply a parade of unintelligible horribles to the average working class citizen

Regardless of the decade or the century, all people pursue the same things that constitute their happiness: security, livelihood, hope, a better life for their children and, above all, relevance, meaning, and respect. Faulty trade agreements, opaque monetary policy and the erosion of jobs and entire industries through rapid technological advances can lead to bewilderment, misunderstanding and unfulfilled expectations, instilling anger, envy, and hostility among the people they were designed to benefit.

The world is moving at warp speed, as are all the things within it. In order to keep up, we too need to move and adapt or be lost in the black hole of entrenchment and entitlement. Many decades ago, Winston Churchill wrote a series of essays predicting the ever more dizzying pace of change in the modern world. It could not and must not be stopped, but he worried that mankind might have so much more, yet be unhappier than before. "Their hearts will ache, their lives will be barren, if they have not a vision above material things," he wrote. We need to be reminded about the "simple questions which man has asked since the earliest dawn of reason," about the meaning, purpose, and ends of mankind – in other words, the same kind of questions that led America's Founders to declare the self-evident truth that all human beings are created equal. As we question the status quo and chip away at the corrosion that attends old thoughts, ideas, and institutions, we must not fail to keep in mind the difference between material things that are always changing and the abiding truths that have made America great.