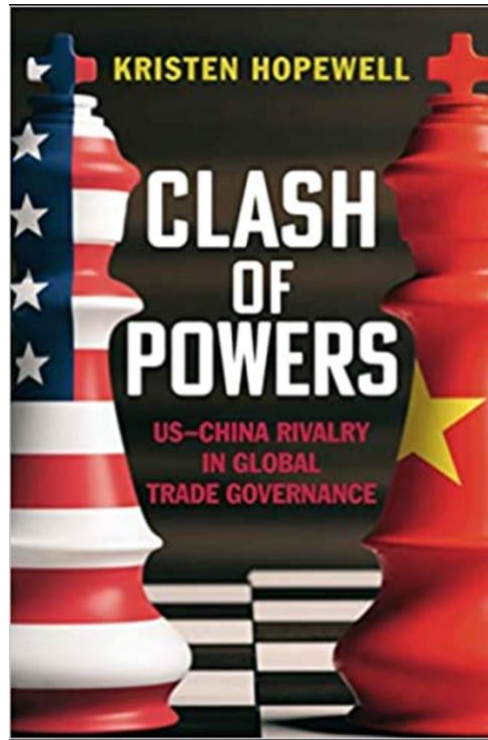


Adam Tooze Chartbook # 2

November 18, 2020

The big news of the last few days was a giant trade deal in Asia that few in the West expected and more good news on the vaccine front. America continues to digest the Biden victory and its implications. The scope for climate politics is uncertain and the challenges are huge.



@KristenHopewell new book could hardly be more timely! One for the bookshelf ...

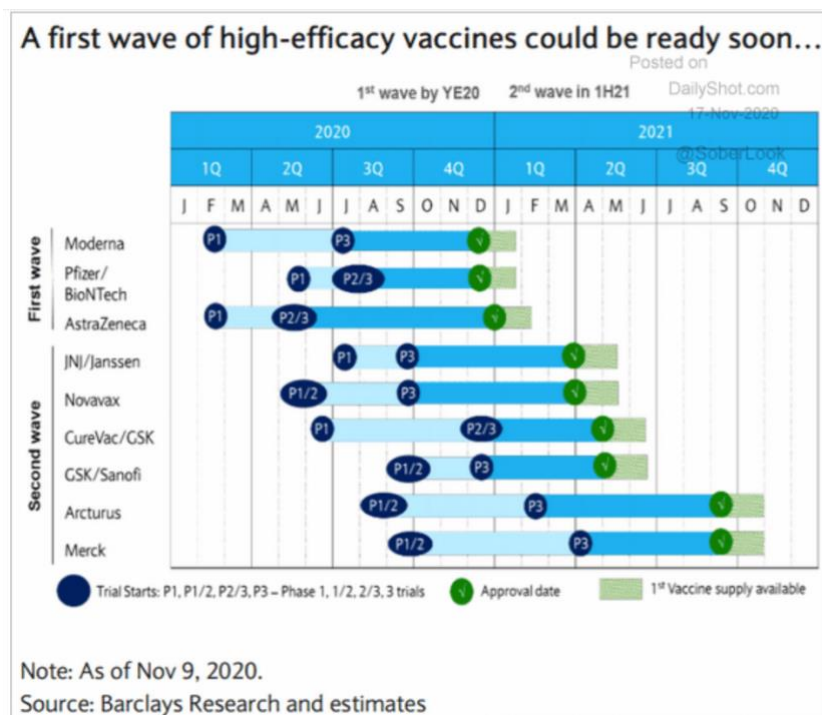
<https://www.cambridge.org/us/academic/subjects/politics-international-relations/political-economy/clash-powers-us-china-rivalry-global-trade-governance>

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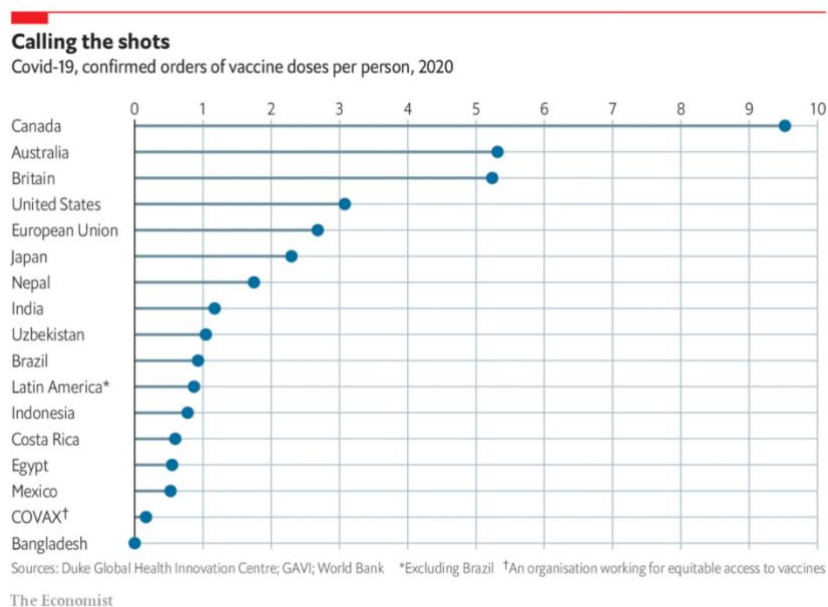
1. Vaccine
2. Pandemic Surge
3. The Big Asian Trade Deal – Regional Comprehensive Economic Partnership (RCEP)
4. RCEP's Geoeconomic Implications
5. Roots of Biden's Victory
6. America after the election
7. Climate Politics
8. Investment
9. Global Garment Sector and Climate
10. Business of Sport
11. Bookshelf

1. Vaccine

The Moderna vaccine and the Pfizer/BioNTech vaccines will likely be available for distribution by January 2021.



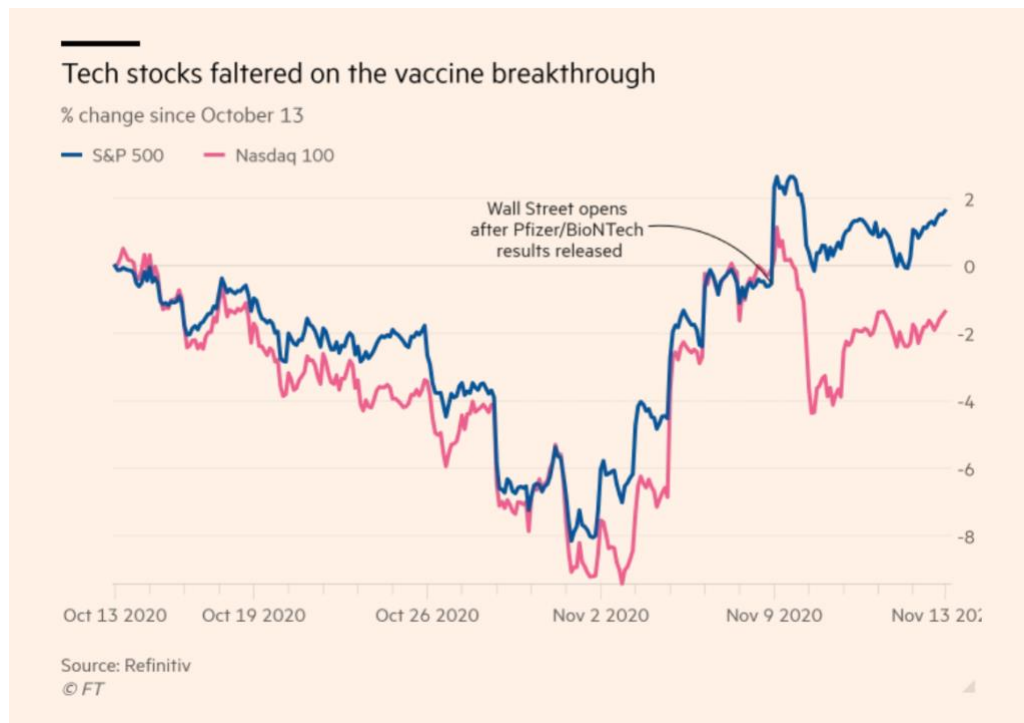
A group of rich countries has already agreed to buy roughly 600m doses of the Pfizer-BioNTech drug = 1/2 total the drugmakers can produce by end of 2021. Canada has most vaccine purchases per capita.
<https://www.economist.com/graphic-detail/2020/11/12/rich-countries-grab-half-of-projected-covid-19-vaccine-supply>



Though it is good for the economy as a whole, the news on the vaccine is not necessarily good for the tech sector, which has been a defensive play during the corona crisis.

@katie_martin_fx @RobinWigg

<https://www.ft.com/content/4e0f8c02-e7d6-452d-91b2-458447847642>



On the vaccine news, the Fed is somewhat less likely to consider further monetary policy stimulus.
<https://www.reuters.com/article/us-usa-fed-clarida/faster-recovery-odds-have-risen-with-vaccine-developments-feds-clarida-idUSKBN27W2MM>

U.S. MARKETS NOVEMBER 16, 2020 / 2:08 PM / UPDATED A DAY AGO

Faster recovery odds have risen with vaccine developments: Fed's Clarida

By Howard Schneider

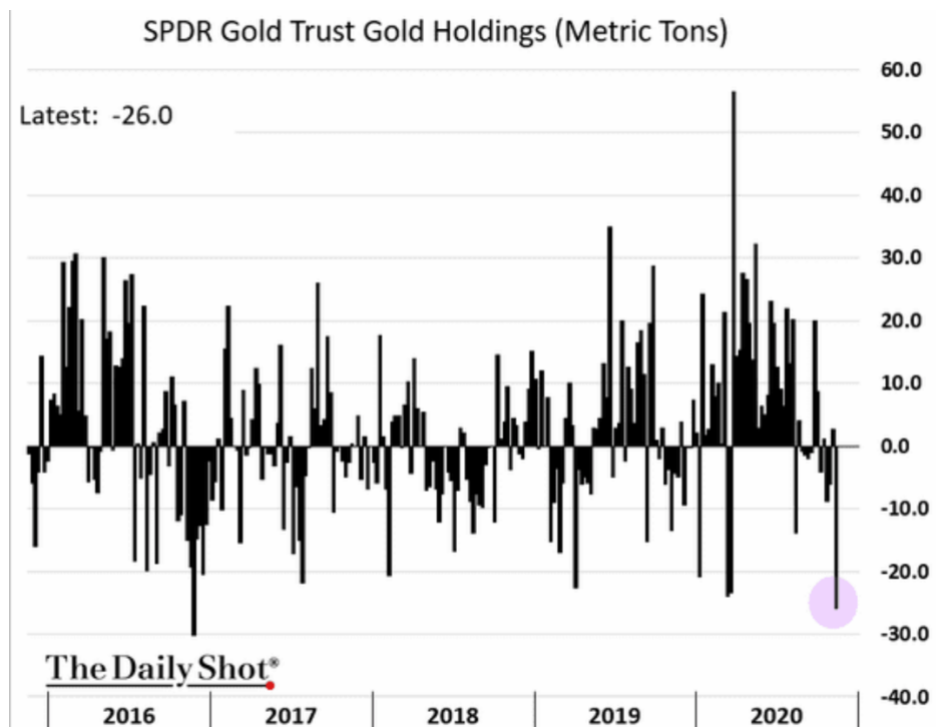
4 MIN READ



WASHINGTON (Reuters) - Successful tests of two coronavirus vaccine candidates have increased the chance of a faster than expected U.S. economic recovery, Federal Reserve Vice Chair Richard Clarida said on Monday.

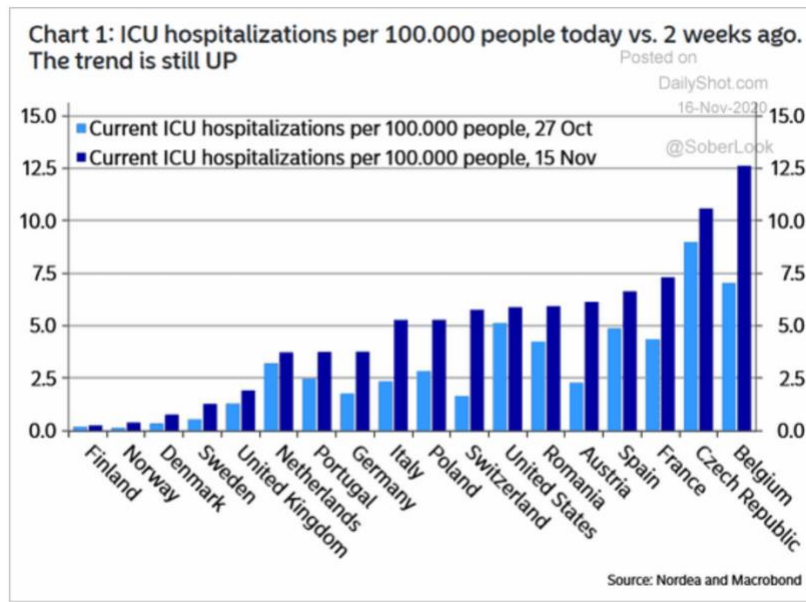
Gold, a classic safe haven, sold off, on the vaccine news.

<https://thedailyshot.com/2020/11/17/the-vaccine-induced-equity-rotation-accelerates/>



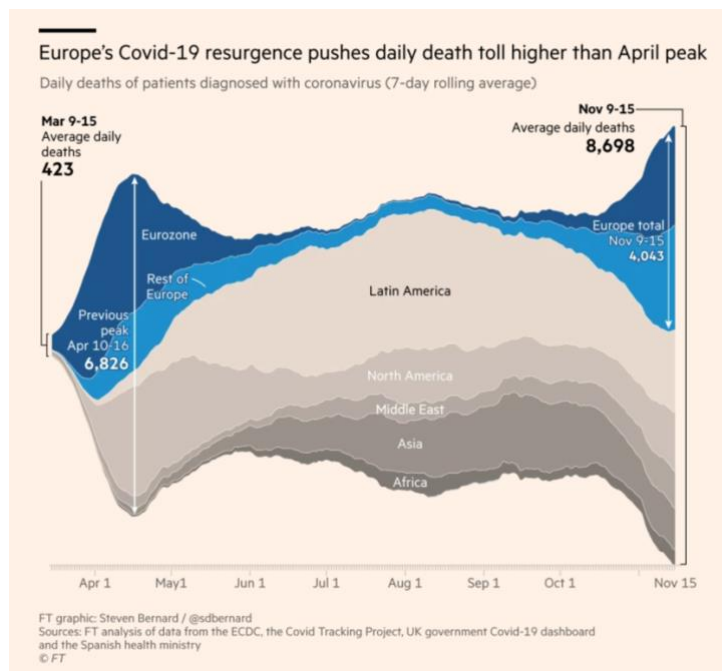
2. Pandemic Surge

In last two weeks rates of Covid ICU hospitalization have risen more rapidly across Europe than in the US. And in Belgium, Czechia and France the rates are substantially higher. Presumably the big surge in the US is yet to come. @NordeaMarkets via @SoberLook



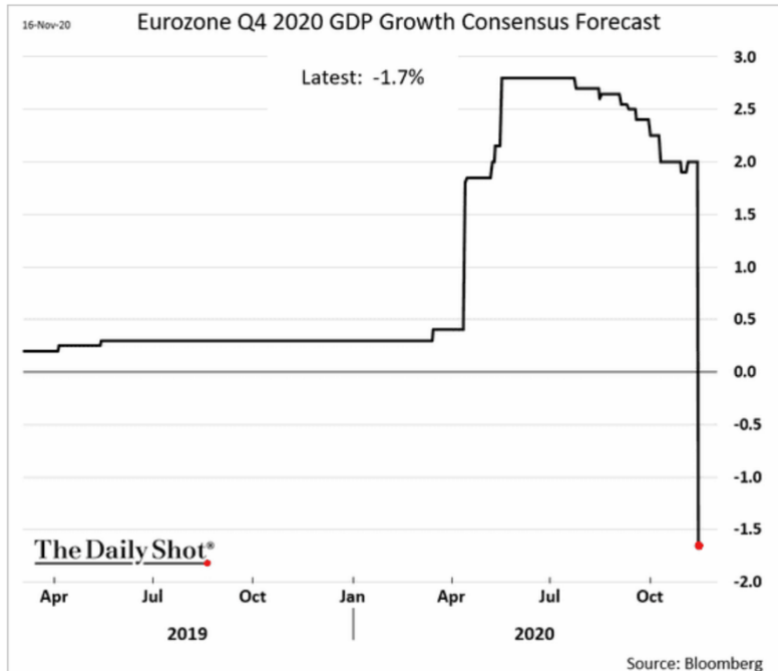
The global death rate from COVID-19 is now substantially above previous peak. The swing variable is Europe. There may be a US surge on the way, but right now Europe is the driver.

<https://www.ft.com/content/27daf526-197f-4b48-94dc-236e49717ace>



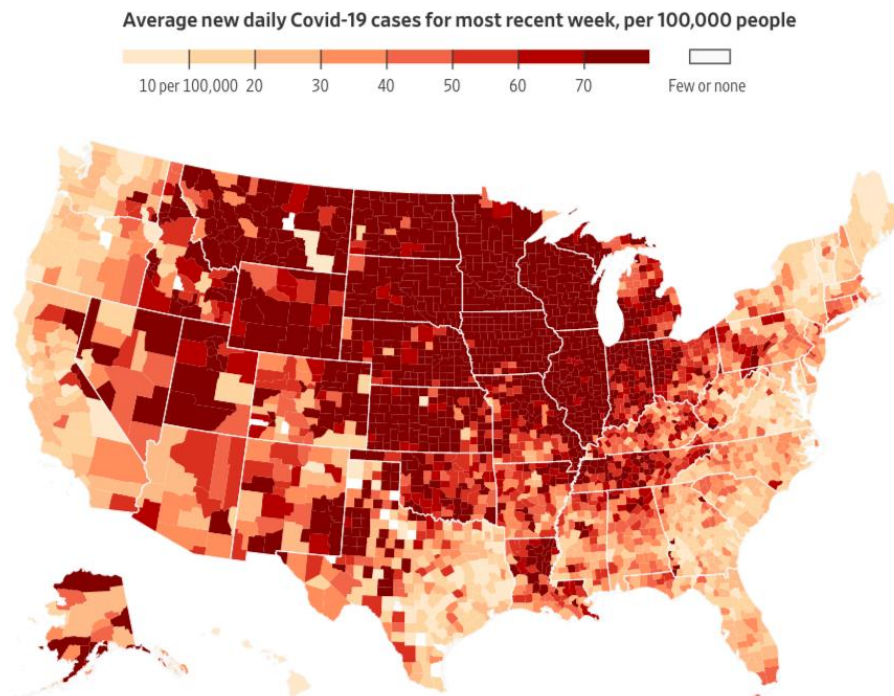
The mood in the Eurozone has turned gloomy, with a vengeance! Rather than rebounding the eurozone economy is now expected to contract in Q4 2020.

@SoberLook



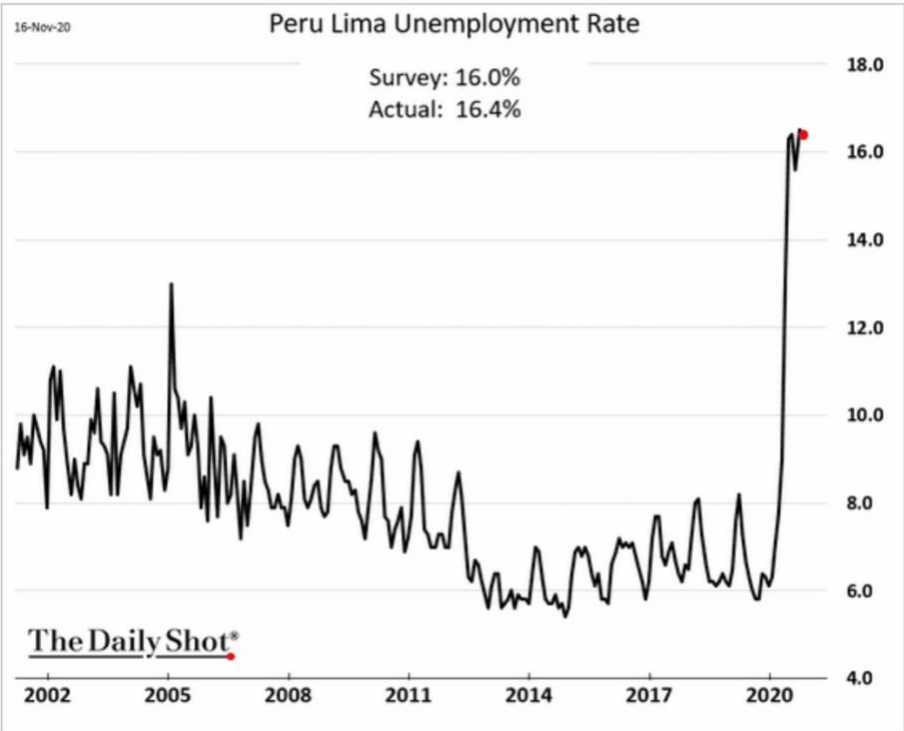
The third wave of the corona epidemic in the US reverses the pattern of the 1st wave in the spring.

<https://www.wsj.com/articles/new-covid-surge-u-s-restrictions-11605466754>



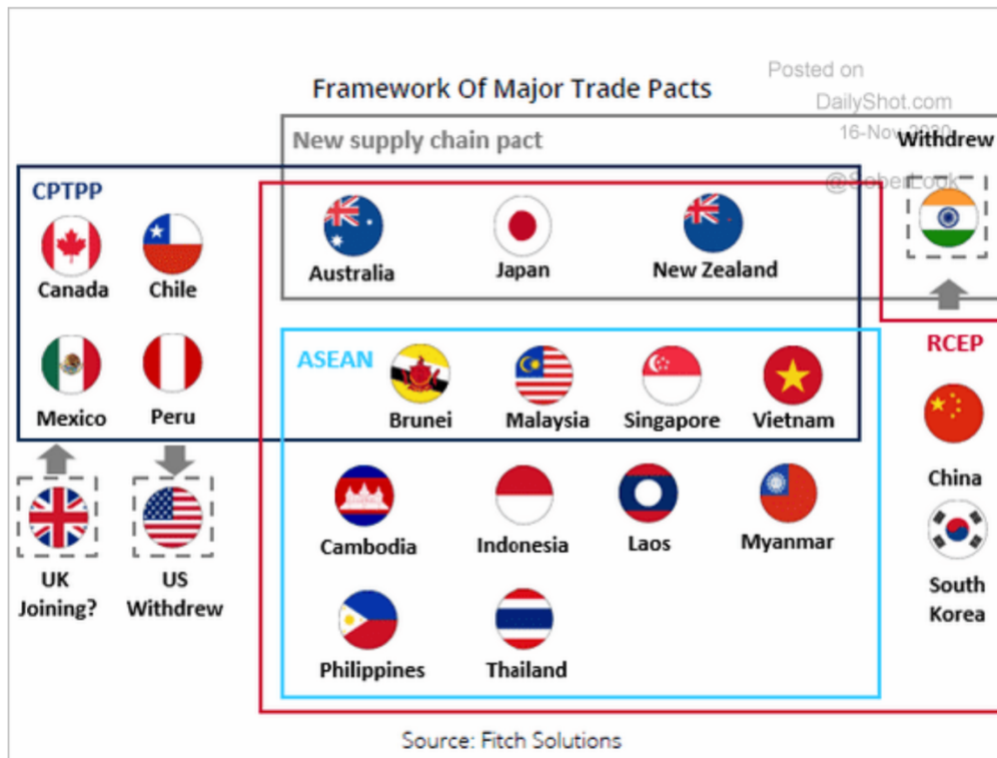
Note: Last updated on Nov. 17, at 9:09 p.m.. Negative values are due to revised figures.
Sources: Johns Hopkins University (cases); Census Bureau (population)

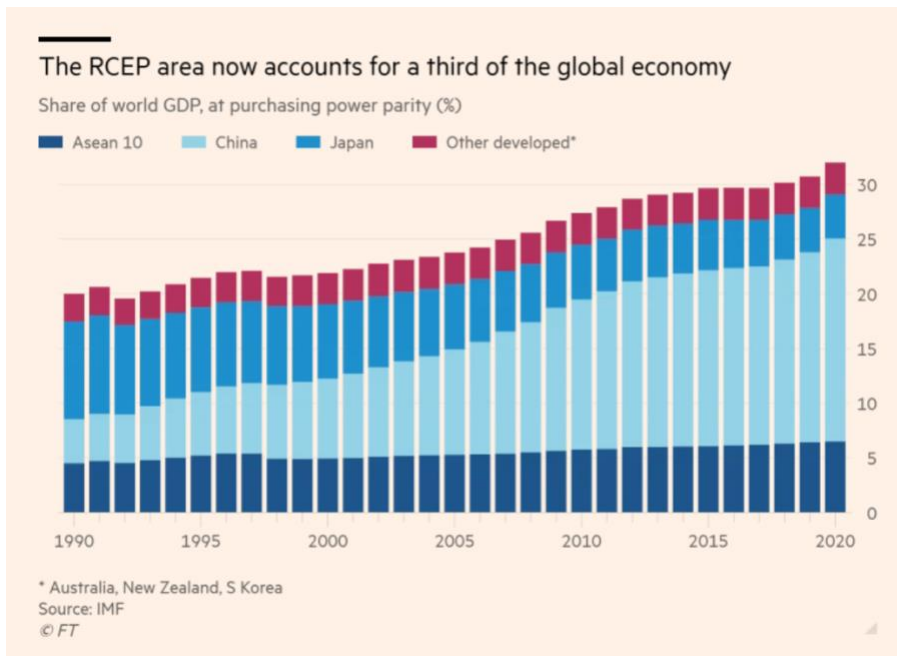
In Latin America the pain continues. Nowhere in the world has been worse affected by the corona crisis than Peru and its capital Lima. Unemployment surging. @SoberLook



3. The Big Asian Trade Deal – Regional Comprehensive Economic Partnership (RCEP)

RCEP: On Sunday 15 Nov the leading Asian economies, Australia and NZ signed what is by some measure the largest trade deal in history, the Regional Comprehensive Economic Partnership. Shallower than TPP, but more encompassing & China is dominant partner.

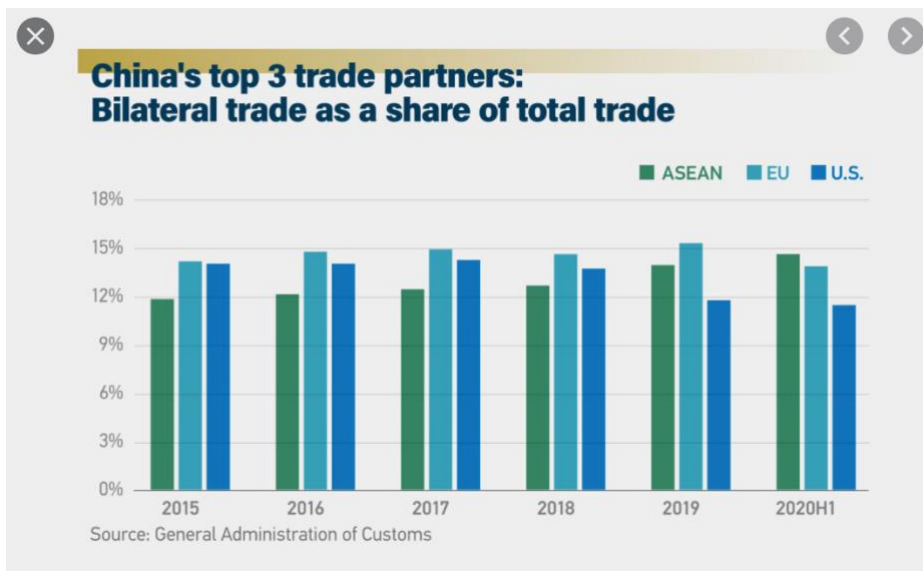




<https://www.ft.com/content/2dff91bd-ceed-4567-9f9f-c50b7876adce>

On Friday, China PM Li Keqiang told Asean's annual summit that bloc had overtaken EU to become China's biggest trading partner in the first three quarters of 202, although USA remained the biggest single-country market. @kinlinglo

<https://www.scmp.com/news/china/diplomacy/article/3110085/why-rcep-trade-deal-could-strengthen-chinas-hand-asia-world>



<https://news.cgtn.com/news/2020-09-09/China-and-ASEAN-will-strengthen-ties-despite-the-U-S-factor-Experts-TEsRi6G4AE/index.html>

RCEP idea was launched by ASEAN in 2011.

Beijing has been pushing the RCEP deal ever since the embattled autumn of 2015.

Trump pulled out of TPP Jan 2017.

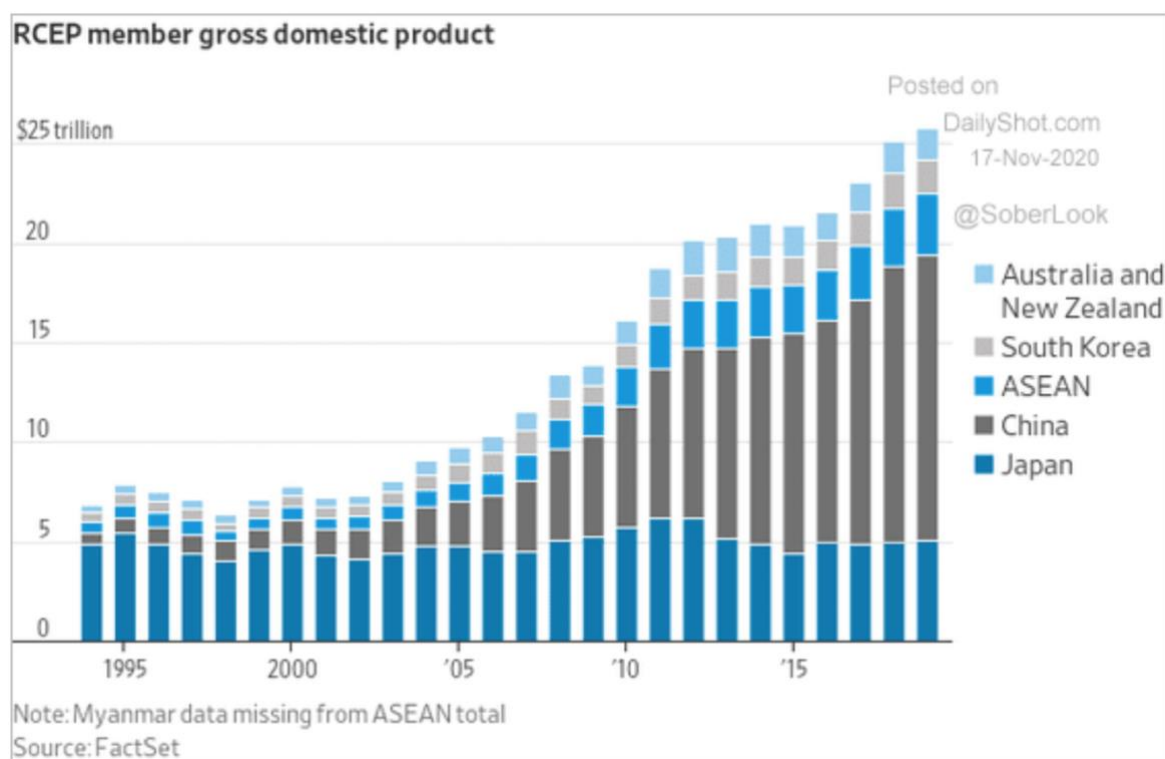
India pulled out of RCEP at end of 2019.

Come Nov 2020, flaunting talk of a new Cold War, ahead of Biden's inauguration, Beijing gets to claim a major regional victory!

<https://www.reuters.com/article/us-trade-tpp-rcep-idUSKCN0S500220151011>

Mike Bird of the WSJ, however, is skeptical. It is far less ambitious than CPTPP. The size of the RCEP is basically a reflection of China's own growth.

<https://www.wsj.com/articles/asias-massive-new-trade-deal-is-no-big-victory-for-beijing-11605510677>



The fact that the RCEP deal came as a surprise for many of us, is symptomatic of our distraction in the West. Agreement in principle amongst the parties to RCEP was reached in late June. This Brookings roundup is very useful.

<https://www.brookings.edu/blog/order-from-chaos/2020/07/16/china-could-help-stop-the-freefall-in-global-economic-cooperation/>

East Asia Decouples from the

United States: Trade War, COVID-19, and East Asia's New Trade Blocs

Peter A. Petri and Michael G. Plummer June 2020

for @PIIE is excellent on the RCEP.

<https://www.piie.com/system/files/documents/wp20-9.pdf>

4. RCEP's Geoeconomic Implications

Germany's @faz.net sees RCEP as "wake-up call" for Brussels & Washington! China and Japan consolidating their influence and their bilateral relations. All the usual provisos about a thin treaty. But Germany has 420bn euro in exports at stake 20% of total.

<https://www.faz.net/aktuell/wirtschaft/groesstes-freihandelsabkommen-ostasien-prescht-mit-freierem-handel-vor-17053273.html>

Gideon Rachman in the FT took aim at Biden's global vision.

"In a world in which power is more evenly distributed, a rules-based order and a US-led world are not the same thing.

That unresolved tension runs through the Biden approach to international affairs." @gideonrachman

<https://www.ft.com/content/58ed5d73-21ac-4733-9c3a-4092d6c5bfa>

In his @ForeignAffairs article, Biden asserts "US must lead the world" on climate change. America will "convene summit of world's major CO2 emitters" at which Biden promises to "lock in enforceable commitments that will reduce emissions". Like at Kyoto? <https://www.ft.com/content/58ed5d73-21ac-4733-9c3a-4092d6c5bfaf>

Opinion **US foreign policy**

Biden's flawed plan for global leadership

The signing of a huge trade deal in Asia shows the world is moving on without the US

GIDEON RACHMAN

✓ Added



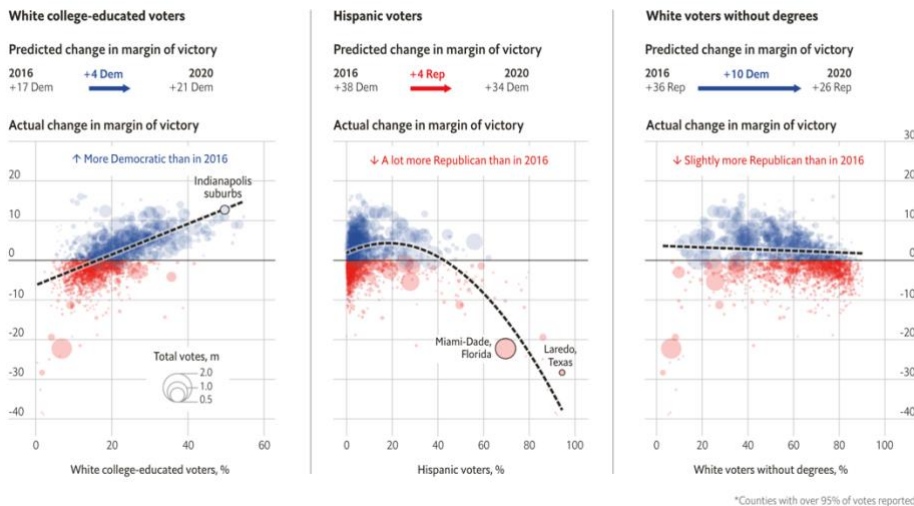
© James Ferguson

5. Roots of Biden Victory

Biden was touted as unity candidate who would bring white non-college voters back to Dems. It likely didn't happen. Instead 2020 saw increased polarization amongst white voters and a surprising shift in mainly Latino areas TO the GOP!

<https://www.economist.com/graphic-detail/2020/11/11/once-again-less-educated-whites-spurned-america's-democratic-nominee>

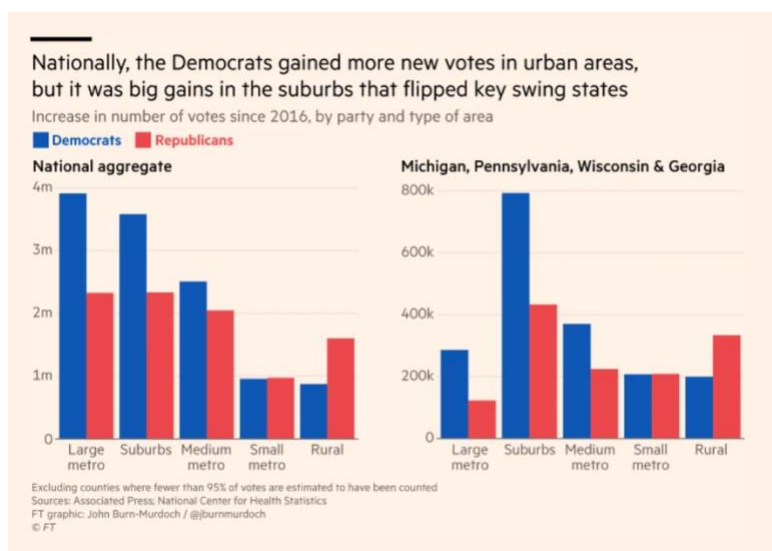
United States presidential elections 2016-20, change in Democratic vote margin predicted by Pew v county results*, percentage points



"In key swing states Pennsylvania, Michigan, Wisconsin and Georgia, Biden/Harris gained a net 355,210 votes in suburban areas, more than double his gains in large metro areas."

@jburnmurdoch C. Zhang

<https://www.ft.com/content/31a0273a-d745-4ed5-b497-c7c61c26e32d>



6. America after the election

In the US, consumer expectations have slumped since the election.



This is driven by the polarized, partisan nature of economic sentiment data in the US. Biden's victory -> sudden collapse in economic optimism amongst Republicans reversing the pattern of the previous 4 years. @SoberLook



Source: @TheTerminal, Bloomberg Finance L.P.

7. Climate Politics

John Podesta may be a climate Tsar in a Biden administration. This interview in the FT is telling. No prospect of \$2trn Green New Deal.

“They’ll be able to get half of that . . . They’ll have to pick their shots in the Congress,”

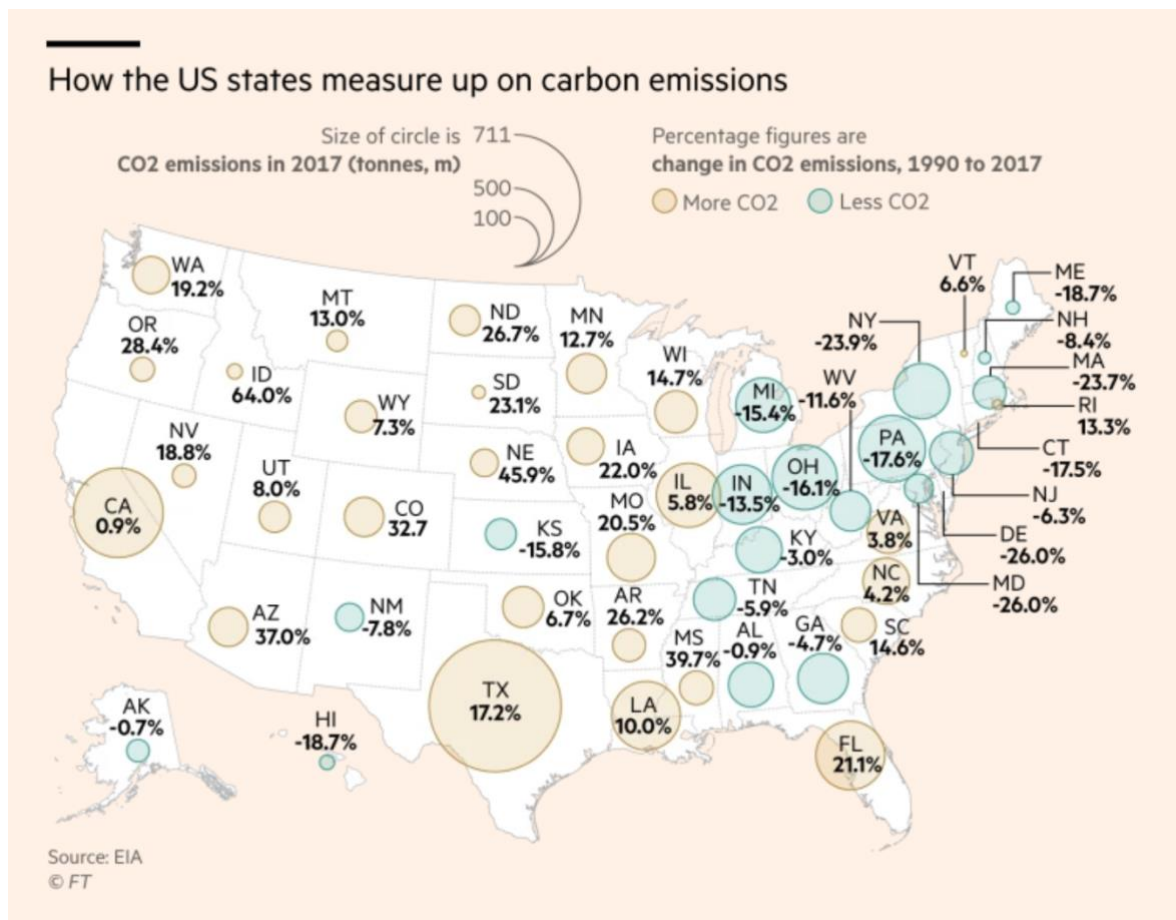
Instead they may be able to agree with GOP on renewable tax credits, R&D, Intl climate efforts Romney, Collins, Murkowski as possible swing votes.

<https://www.ft.com/content/223ca30c-71c4-42d9-8068-1fd8d5759d1a>



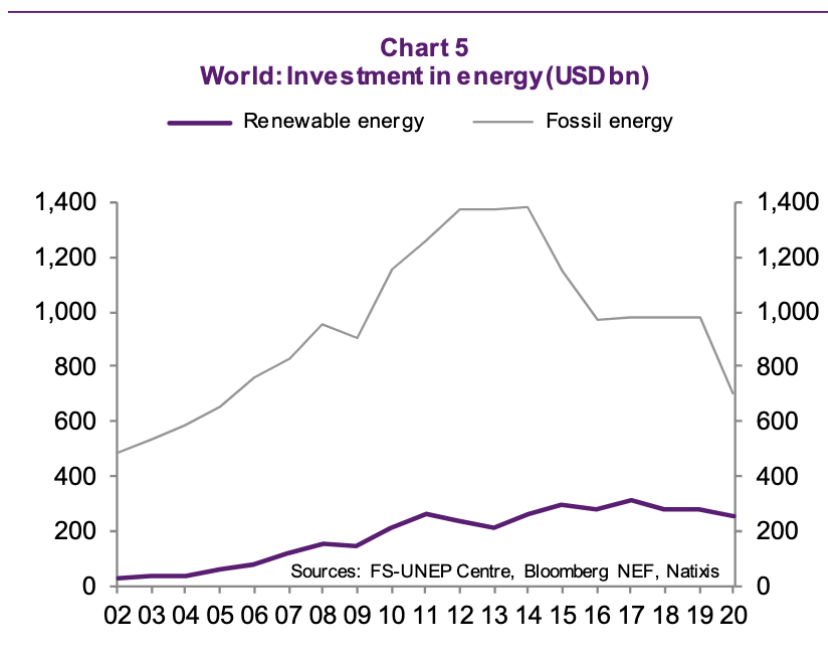
Total US CO2 emissions rose by only 1.9% btw 1990 and 2017 but there was a huge redistribution between states. The rustbelt shrank v. Large increases in Fl, Az, Tx & fracking states. @lesliehook

<https://www.ft.com/content/3845d354-bb49-4f00-9a3e-99df7eac6f9>



8. Investment

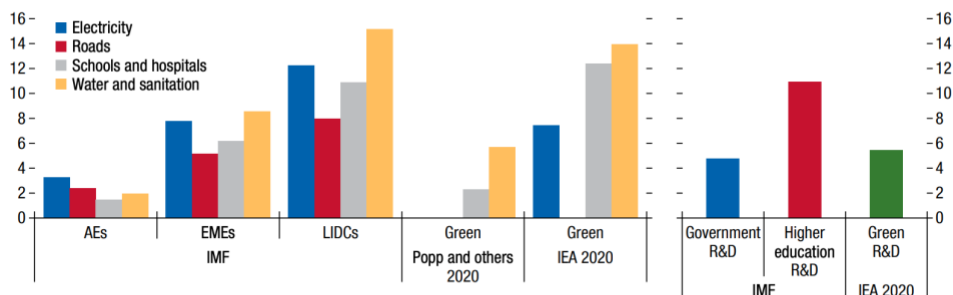
If there is going to be a global energy transition, one thing we are going to have to do is to raise investment in ... energy sector! Renewable is stuck on a plateau and fossil fuels have sagged to 1/2 their pre 2014 peak! @natixis



The latest mantra of the @IMFNews is quality public spending. Public investment is key. Estimates for no. of jobs to be expected vary btw sectors and across AE-LIC.

<https://www.imf.org/en/Publications/FM/Issues/2020/09/30/october-2020-fiscal-monitor#Full%20Report%20and%20Executive%20Summary>

Figure 2.7. Job Content Per US\$1 Million of Additional Investment
(Selected infrastructure sectors)



Sources: Compustat; Orbis; and IMF staff estimates.

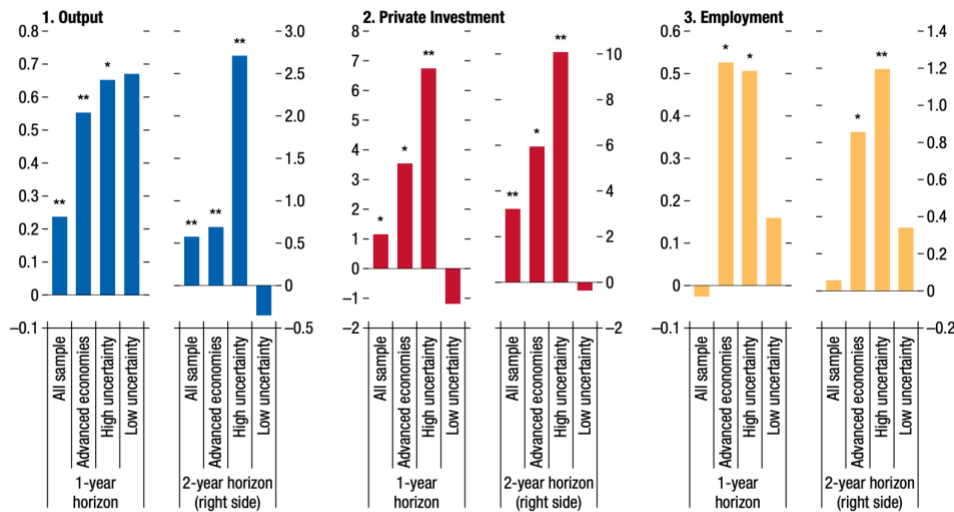
Note: The figure shows for different sectors, types of investment, and for country groups, the estimates of the job content of US\$1 million of investment. The figure is based on regressions of employment on revenues over 1999–2017, covering 47,580 observations for 5,679 privately owned and state-owned enterprises. The estimates for low-income countries are extrapolated from the other estimates. For R&D spending, the figure is based on cross-country panel regressions based on OECD data. Green estimates are available in the literature but only for a few sectors. See Online Annex 2.4 for details. AEs = advanced economies; EMEs = emerging market economies; LIDCs = low-income developing countries; OECD = Organisation for Economic Co-Operation and Development; R&D = research and development.

At times of high uncertainty econometrics suggest that public investment tends to crowd in private spending. Lates @IMFNews Fiscal Monitor.

<https://www.imf.org/en/Publications/FM/Issues/2020/09/30/october-2020-fiscal-monitor#Full%20Report%20and%20Executive%20Summary>

Figure 2.8. Uncertainty and the Fiscal Multiplier of Public Investment in Advanced and Emerging Market Economies

(Effect, in percentage change, of an unexpected increase of public investment by 1 percent of GDP)



Source: IMF staff estimates.

Note: Panel 1: one- and two-year fiscal multipliers of public investment; panel 2: semi-elasticity of private investment to public investment; panel 3: semi-elasticity of employment to public investment. * (resp. **) for statistically significant coefficient at one (resp. two) standard deviation confidence interval. Nonlinear local projections estimated following IMF (2014) and Miyamoto and others (2020) using the model $y_{i,t+h} - y_{i,t} = \alpha_i^h + \gamma_i^h + \beta_i^h G(z_{i,t}) FE_{i,t}^h + \beta_i^h (1 - G(z_{i,t})) FE_{i,t}^h + \theta_i^h M_{i,t} + \varepsilon_{i,t}^h$, where FE is the unexpected shocks to public investment shocks, in deviation from IMF forecasts (following Auerbach and Gorodnichenko 2012), z is an indicator of the degree of uncertainty, and $G(z_{i,t})$ is the corresponding smooth transition function between different levels of uncertainty. M includes lagged GDP growth and lagged shocks. Data cover 72 advanced economies and emerging markets for which standard deviation of GDP forecasts across forecasters were available. See Online Annex 2.5.

9. Global garment sector and the climate

The volume of apparel and footwear being produced globally is forecast to increase by 81 % to 102m tons by 2030 on top of gigantic growth since 2000. @laureni <https://www.ft.com/content/d174e7d7-97c4-43fc-8765-95075e5fcce7> <http://media-publications.bcg.com/france/Pulse-of-the-Fashion-Industry2019.pdf>



Clothing might seem like a “light” industry. But its environmental impact is considerable: 2106 m tons CO2 in 2018 from production, distribution and end use (washing). @laureni <https://www.ft.com/content/d174e7d7-97c4-43fc-8765-95075e5fcce7>



10. Business of Sport

In the four richest sports franchise worldwide – NFL, MLB, NBA, English Premiership - the teams make on average \$300m per team in revenue.

List [\[edit \]](#)

League	Sport	Country(ies)	Season	Level on pyramid	Teams ^[a]	Matches	Revenue (€ mil)	Rev. / team (€ mil)	Rev. / match (€ thousands)	Ref.
National Football League (NFL)	American football	 United States	2019	1	32	267	11,394 ^[a]	356	42,674	^{[3][4]}
Major League Baseball (MLB)	Baseball	 United States Canada	2019	1	30	2,467	9,780	326	3,964	^[5]
National Basketball Association (NBA)	Basketball	 United States Canada	2018–19	1	30	1,312	7,707 ^[a]	257	5,874	^[6]
Premier League (EPL)	Association football	 England Wales ^[a]	2018–19	1	20	380	6,020	301	15,842	^[7]
National Hockey League (NHL)	Ice hockey	 United States Canada	2018–19	1	31	1,358	4,570	134	3,365	^[8]
Campeonato Nacional de Liga de Primera División (La Liga)	Association football	 Spain	2018–19	1	20	380	3,400	169	11,787	^[9]
Fußball-Bundesliga (Bundesliga)	Association football	 Germany	2018–19	1	18	306	3,300	186	13,137	^[10]
UEFA Champions League (UCL)	Association football	Europe	2018–19	1 (International)	39	138	2,853 ^[a]	73.2	14,500	^[11]
Lega Nazionale Professionisti Serie A (Serie A)	Association football	 Italy	2018–19	1	20	382	2,500	125	8,039	^[12]
Championnat de France de football (Ligue 1)	Association football	 France Monaco	2018–19	1	20	380	1,900	95	6,676	^[13]
FIA Formula One World Championship (Formula One)	Auto racing	Worldwide	2019	1	10	20	2,022	202.2	101,100	^[14]

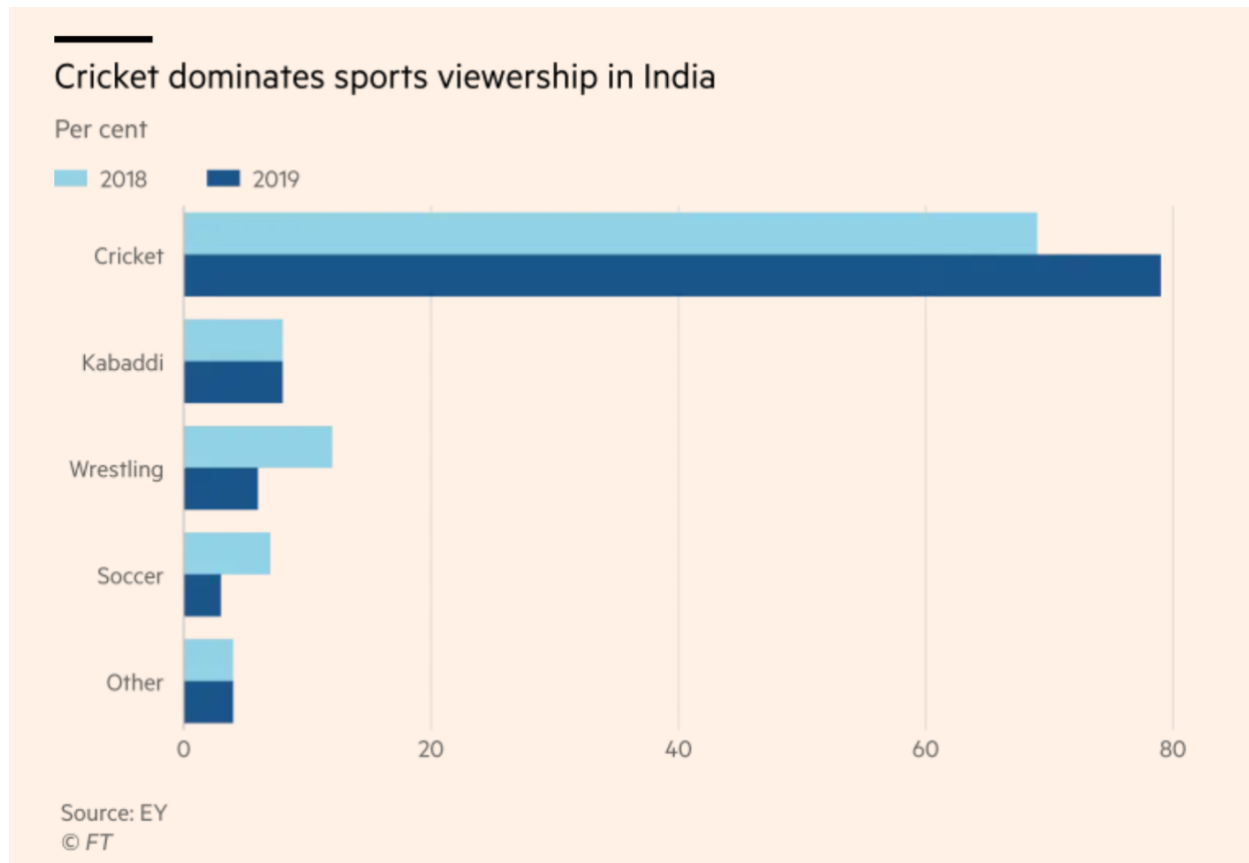
Giant broadcast revenues make the English Premier League into by far the richest soccer franchise, putting rivals like the French Ligue 1 under severe pressure.

<https://www.ft.com/content/91f222f7-90dd-4ae6-909c-fdb711818d3a>



By FAR the largest sports franchise in the giant and rapidly growing Indian market is cricket with revenue of c. \$510m. Guess who owns the TV rights? Disney! Market gigantic and it can easily be extended by broadcasting in languages other than Hindi.

<https://www.ft.com/content/91f222f7-90dd-4ae6-909c-fdb711818d3a>



11. Bookshelf

On time for the Biden administration, top guns of liberal internationalism have new books out.

