Deglobalization: Resilience and the Rise of Disembedded Unilateralism

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IATRC annual meeting, Dec. 3, 2017
• Peak Globalization
• Peak Trade
• Peak Finance
• “America First”
Deglobalization (KOF)?

Source: KOF index
Embedded liberalism: Rules

• International agreements (Bretton Woods)
• Government regulations (trade law)
• Public regulatory authorities (IOSCO)
• Private standard setters (IOS)
Imports and GDP

![Graph showing the relationship between import growth and GDP growth over the years (1960-2014). The graph is based on the IMF WEO database.](image-url)
• Labor-saving technology
• Shortening of supply chains
• Dematerialization
Trade Measures

Source: Global Trade Alert
Globalization

• Egypt and Mesopotamia (14 -12 centuries BC)
• Roman Empire / Eastern Han dynasty
• Pax mongolica (13-14 centuries)
• Pax Britannica
• Pax americana
Backlashes

- Revolts against luxury (Ambrose, Augustine)
- Trade protectionism
The Kindleberger spiral (interwar)

Figure 10. The contracting spiral of world trade, January 1929–March 1933: Total imports of 75 countries (monthly values in terms of old U.S. gold dollars [millions]).

(in millions of dollars)
Today

• Costs higher: gains from trade greatest for poorest consumers
• Product chains
• Job losses have already occurred (Humty Dumpty)
• Words tougher (Peter Navarro)
Migration backlashes

• Shakespeare (1590s): Thomas More deals with Londoners “breaking out in hideous violence”
• Max Weber (1892)
Financial deglobalization

- 1907 (Warburg)
- 1931
Post-2008

Renationalization of finance:

• Regulation
• Sale of bank assets in non-core areas
• Unconventional monetary policy targeting domestic lending
Governance

- Coordinated action in 2008-9 (London summit)
- Seoul (November 2010)
- Cannes (November 2011)
2010 – waving goodbye?
Hegemonic stability
Decisionism

- Carl Schmitt
- Arbitrary action
- Deconstruction of the administrative state (Steve Bannon)
- Disembedded unilateralism