

“De-Globalization? Global Value Chains in the Post-COVID-19 Age” by Pol Antràs

Discussion

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Pol Antràs: Rich analysis debunking some popular, strongly held beliefs:

- It is **slowbalization** rather than **de-globalization**
- «Main challenge for the future of globalization is likely to be **institutional and geopolitical** in nature»



My view: Implication is that on **aggregate** it will likely look like slowbalization/ deglobalization, but we can expect a lot of underlying **heterogeneity** with globalization accelerating for selected categories of **products/services** and selected **trade partners**, and decelerating or reversing for others:

- «**Selective re-globalization**» as a compromise in terms of economic gains and political vulnerability
- For global value chains: «**friendshoring**» rather than **reshoring/ onshoring/ nearshoring**
- Reconfiguration of the global economy in terms of integrated groups of **like-minded countries**, coalitions competing for economic, political and cultural hegemony



Uncomfortable question for western democracies :

- Is it prudent for **democratic** societies (with economies based on **market** capitalism) to maintain normal economic relations with **autocratic** societies (with economies based on **state** capitalism), when these autocratic societies become all the more **aggressive** as they get richer thanks to those economic relations?
- In other words, is globalization increasingly looking like a «**Faustian bargain**»?

This question has become pressing for western democracies especially since the **balance of forces** has changed



Context:

- A history of **globalization** since the Second World War in 3 slides
- A history of **democracy** since the French Revolution in 1 slide



Countries connected to their primary trading partner in 1960

Exports + imports. Data: International Monetary Fund. Flags were not available for countries in black.



@sundellviz

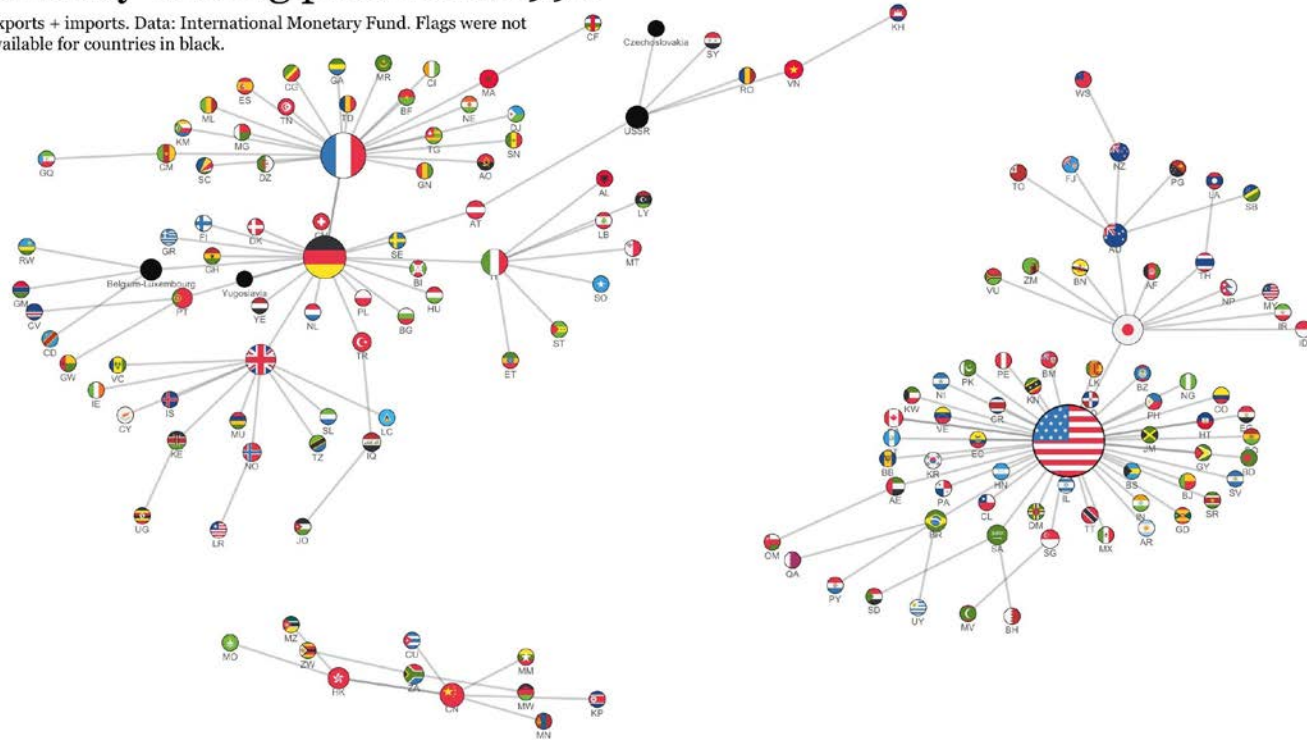


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Source: <https://www.visualcapitalist.com/cp/biggest-trade-partner-of-each-country-1960-2020/>

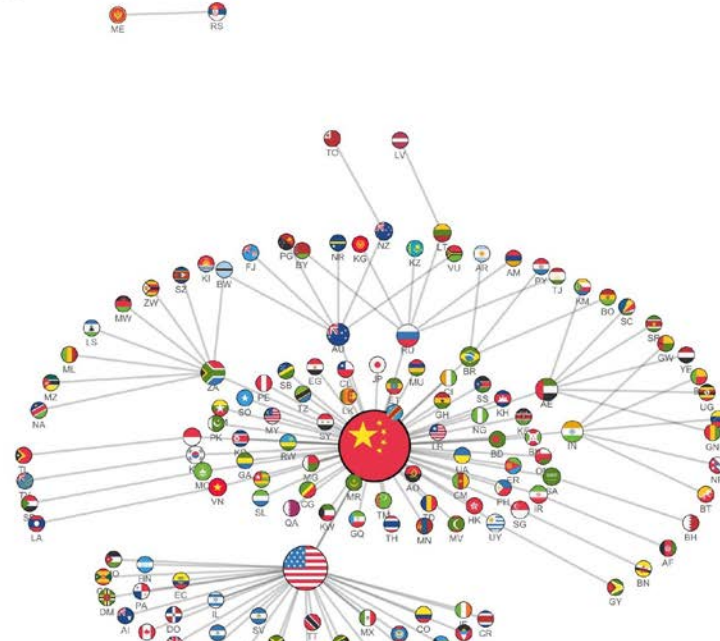
Countries connected to their primary trading partner in 1990

Exports + imports. Data: International Monetary Fund. Flags were not available for countries in black.



Countries connected to their primary trading partner in 2020

Exports + imports. Data: International Monetary Fund. Flags were not available for countries in black.



In 2001, **China** joined the World Trade Organization.

In Europe, **Germany** consolidates its role as the dominant center, while the United Kingdom is increasingly linked to the United States.

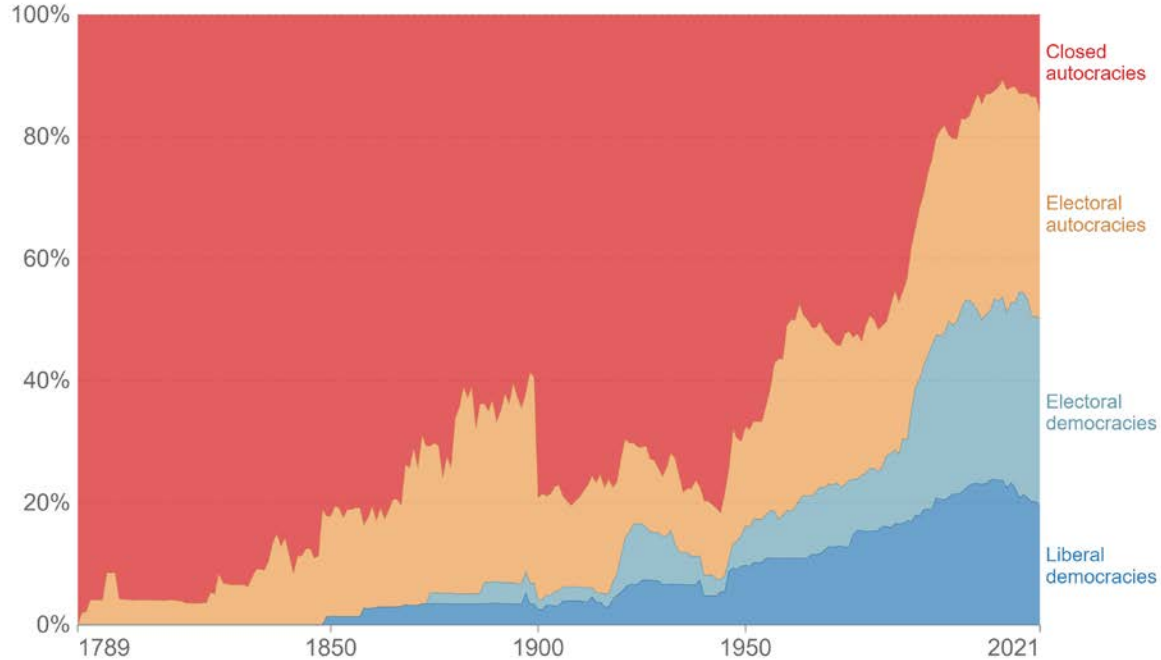
In 2020, the role of central country in the global trade network passed from the **United States** to China, surrounded by a growing number of **second-level centers**, which connect it in a privileged way to various parts of the world.

Among these, some G20 countries such as **Australia, Brazil, India** and **South Africa** stand out, but also **Russia**.



Share of democracies, World

Political regimes based on the criteria of the classification by Lührmann et al. (2018) and the assessment by V-Dem's experts.



Source: OWID based on Lührmann et al. (2018) and V-Dem (v12)

OurWorldInData.org/democracy • CC BY

Note: The share of closed autocracies increases a lot in 1900 because V-Dem covers many more countries since then, often colonies.



After a gradual advance, democracy seems to be **in retreat** in recent years.

In **2005** about 50% of the world's **population** lived in an autocracy and about 50% in a democracy.

As of **2021** about 75% live in an autocracy and only 25% in a democracy.

Today autocracies account for more than 30% of **world output** up from less than 15% in 1989.

The combined market value of their **listed companies** is 30% of the worldwide total up from 3% in 1989.

Since the mid-1990s, their share of global **patent applications** has increased from 5% to over 60%.

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The behavior of the **G20 countries** regarding the military war in Ukraine provides an opportunity to imagine the future of international relations.

Take, for example, the **UN General Assembly** vote to suspend Russia from the Human Rights Council following its invasion of Ukraine.

Russia voted against and with it **China**, which is its main trading partner.

Among the other G20 countries, almost all of those that abstained (**Saudi Arabia, Brazil, India, Indonesia** and **South Africa**) have China as their main trading partner: only the former is an autocracy.



Since the end of the Second World War **economic integration** and parallel **political disintegration** have led to a world made up of more and smaller countries.

These countries seem to perceive it as increasingly attractive to place themselves within economic, political and military alliances based on the trust that **mutual ties** will never be used as tools of coercion between allies (Strategic autonomy).

However comforting such alliances are, they seem **essentially inadequate** to the most pressing challenges of our time.

Global warming, poverty, pandemics and **wars** remain problems that transcend the boundaries of any alliance that is not essentially global.



Thank you for your attention

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