



PIIE PETERSON INSTITUTE FOR
INTERNATIONAL ECONOMICS

Hyperglobalization is Dead. Long Live...?

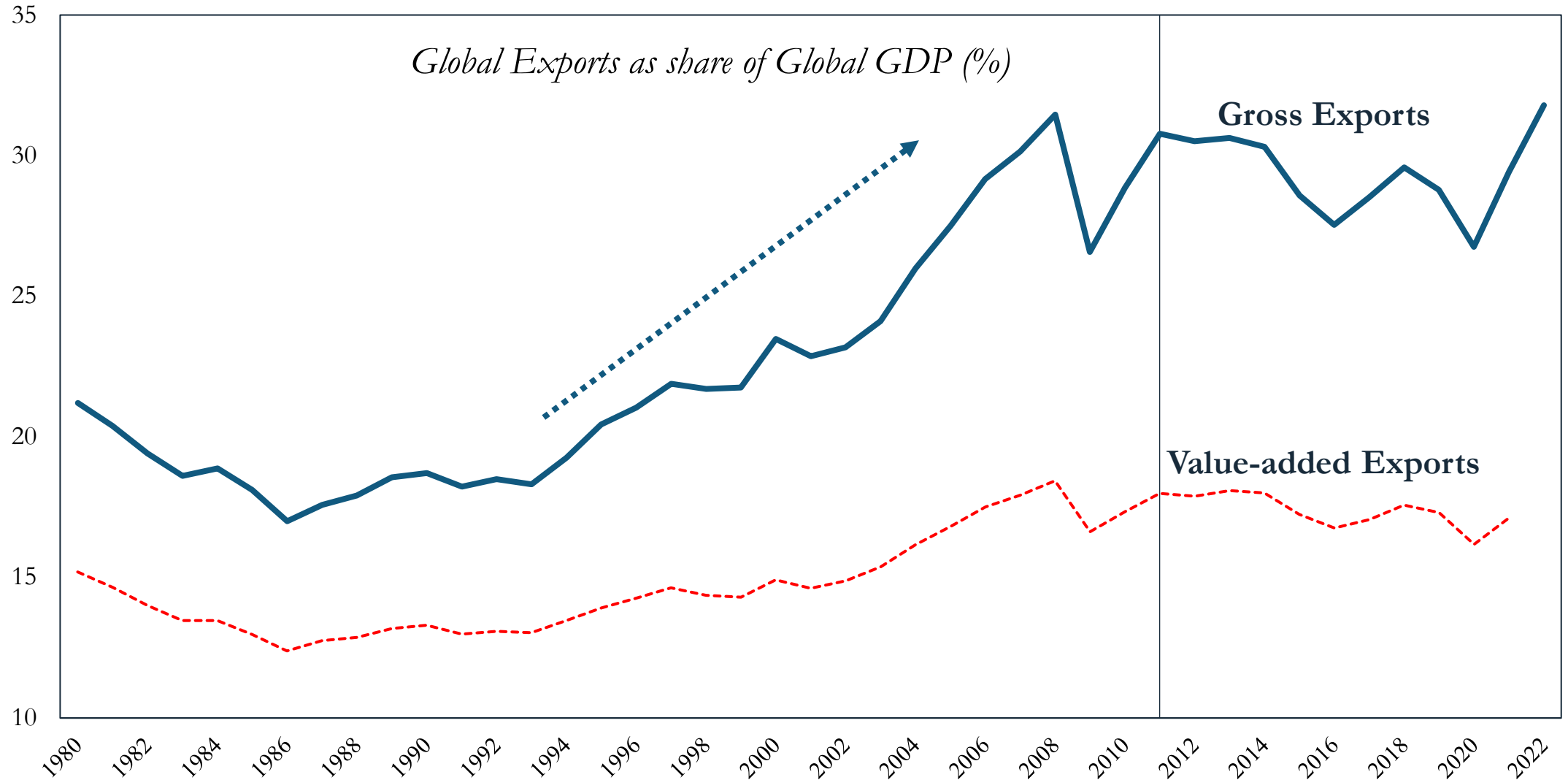
Arvind Subramanian

October 30, 2023

PIIE Event on Is Globalization Really in Retreat

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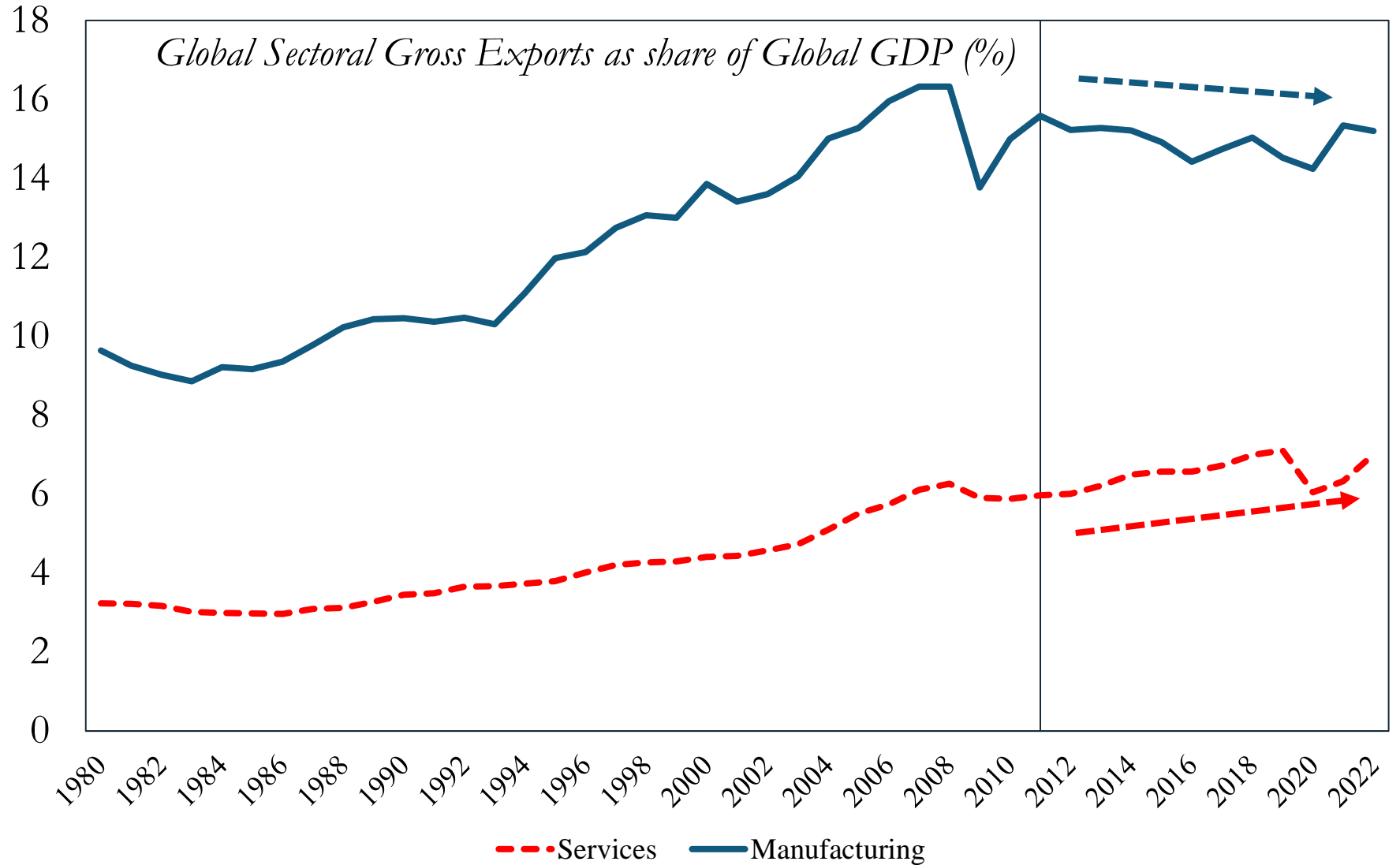
Hyperglobalization is Dead



Post-Hyperglobalization: Two-Track Globalization?

De-globalization in manufacturing

Slower but continuing globalization in services

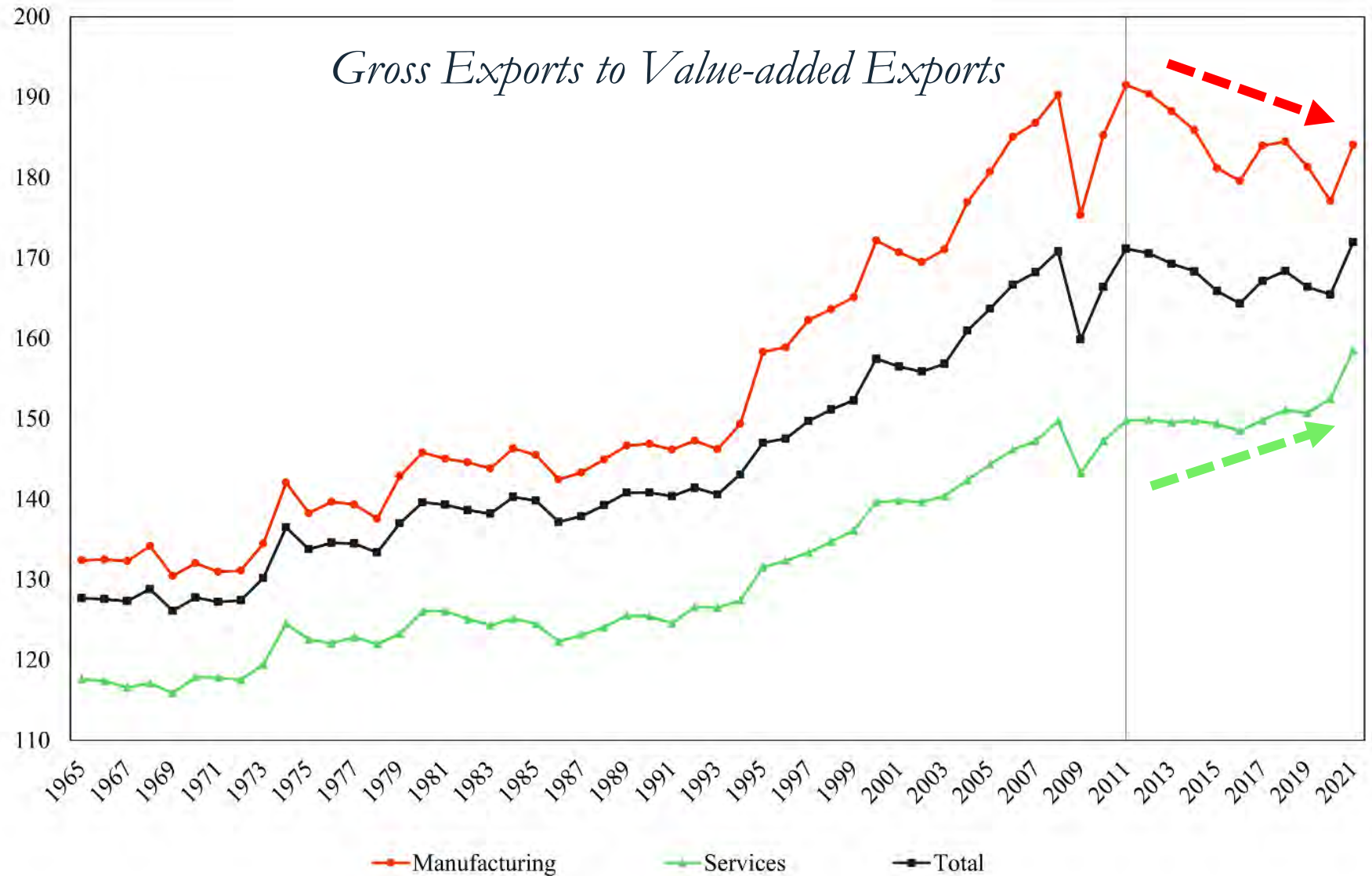


Two-Track Globalization?

2-track globalization
also true evident in
value chains

De-globalization in
manufacturing

Slower but continuing
globalization in
services



Why De-Globalization? Role of “Gravity”

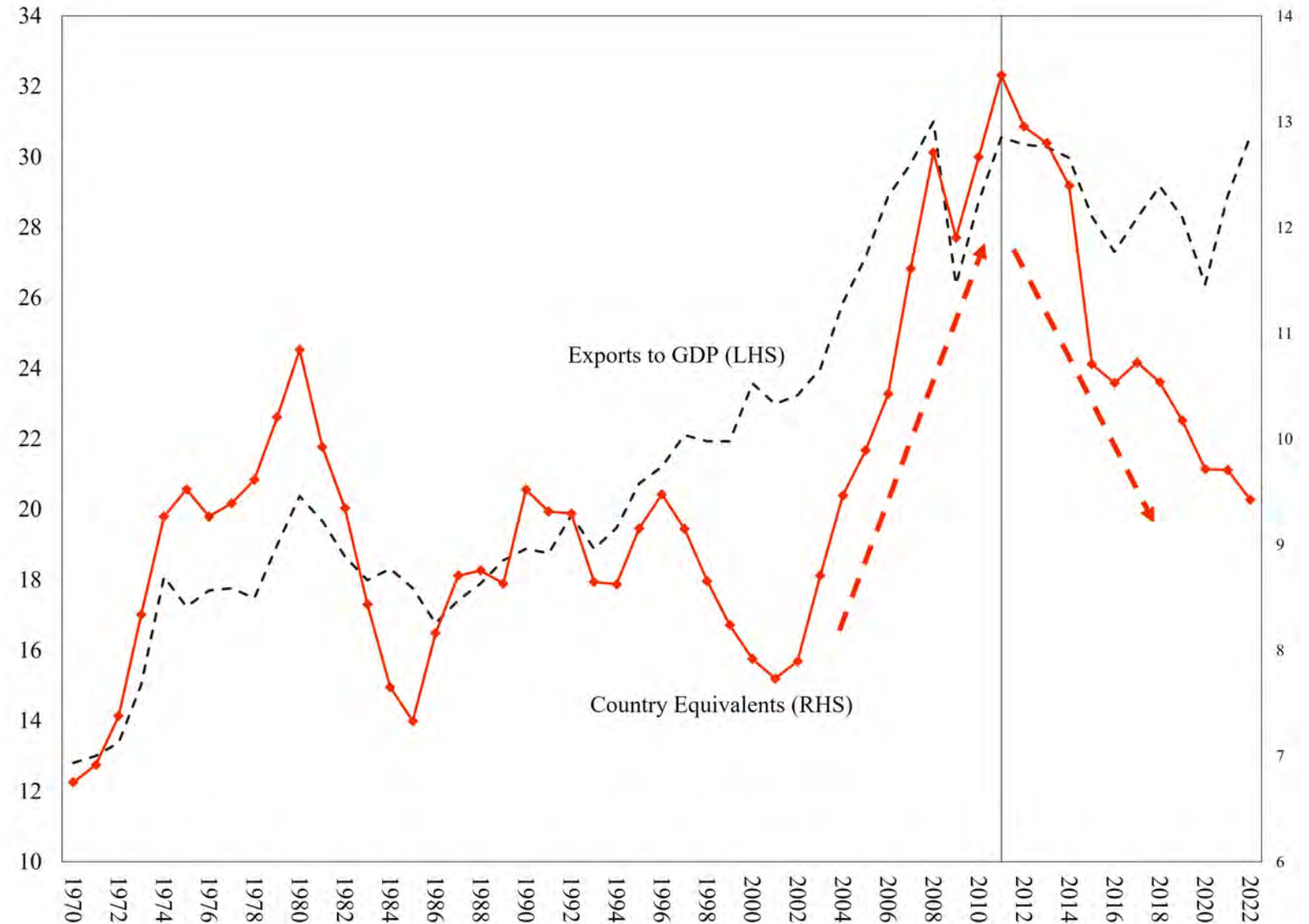
Policy restrictiveness

Financial deglobalization

Ideological reversal of neo-liberalism

Geo-politics and self-reliance

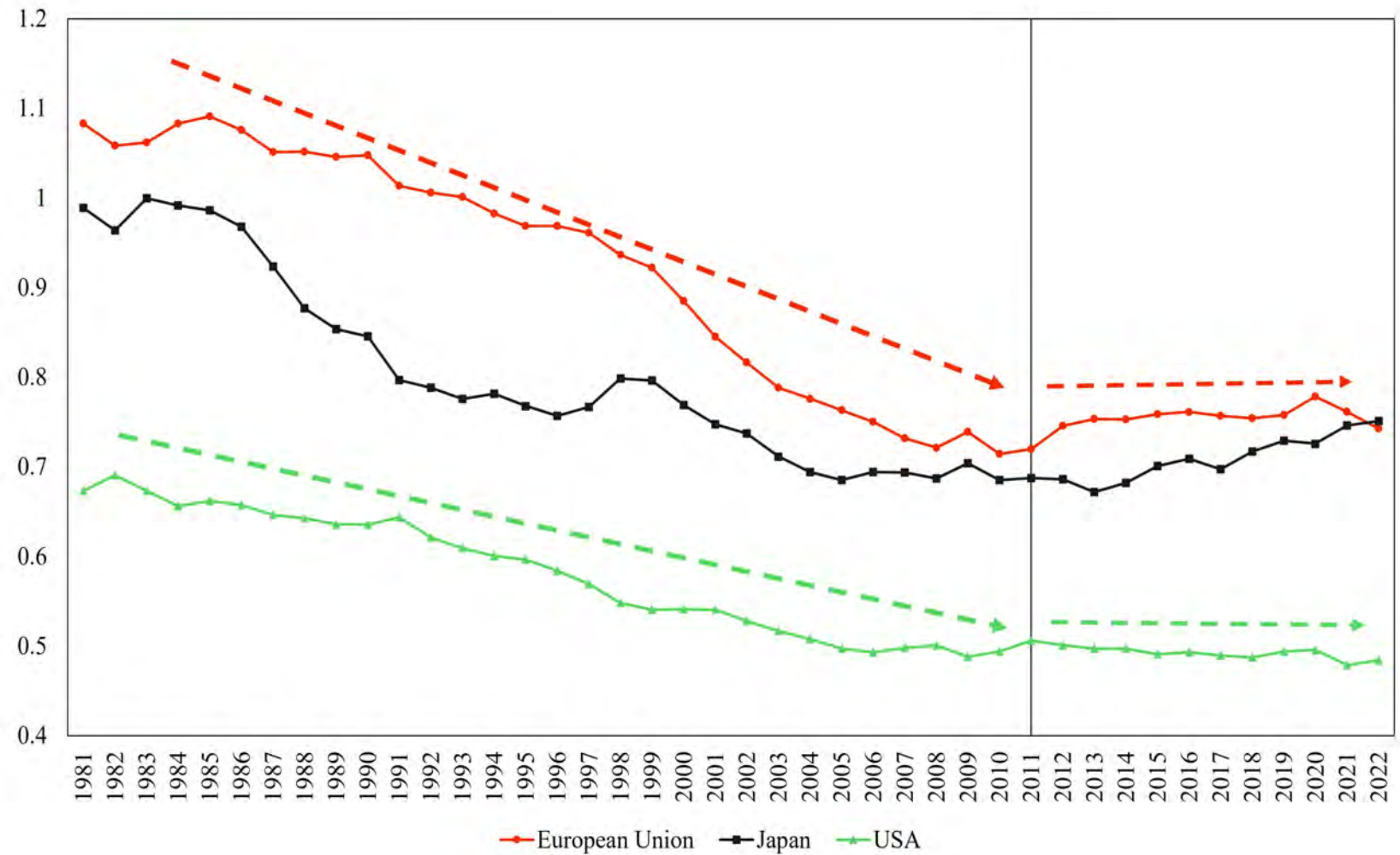
Gravity: A more equal world trades more



End of Disruptive North-South Trade

Post-global financial crisis, imports from South into North have exerted less “pressure”

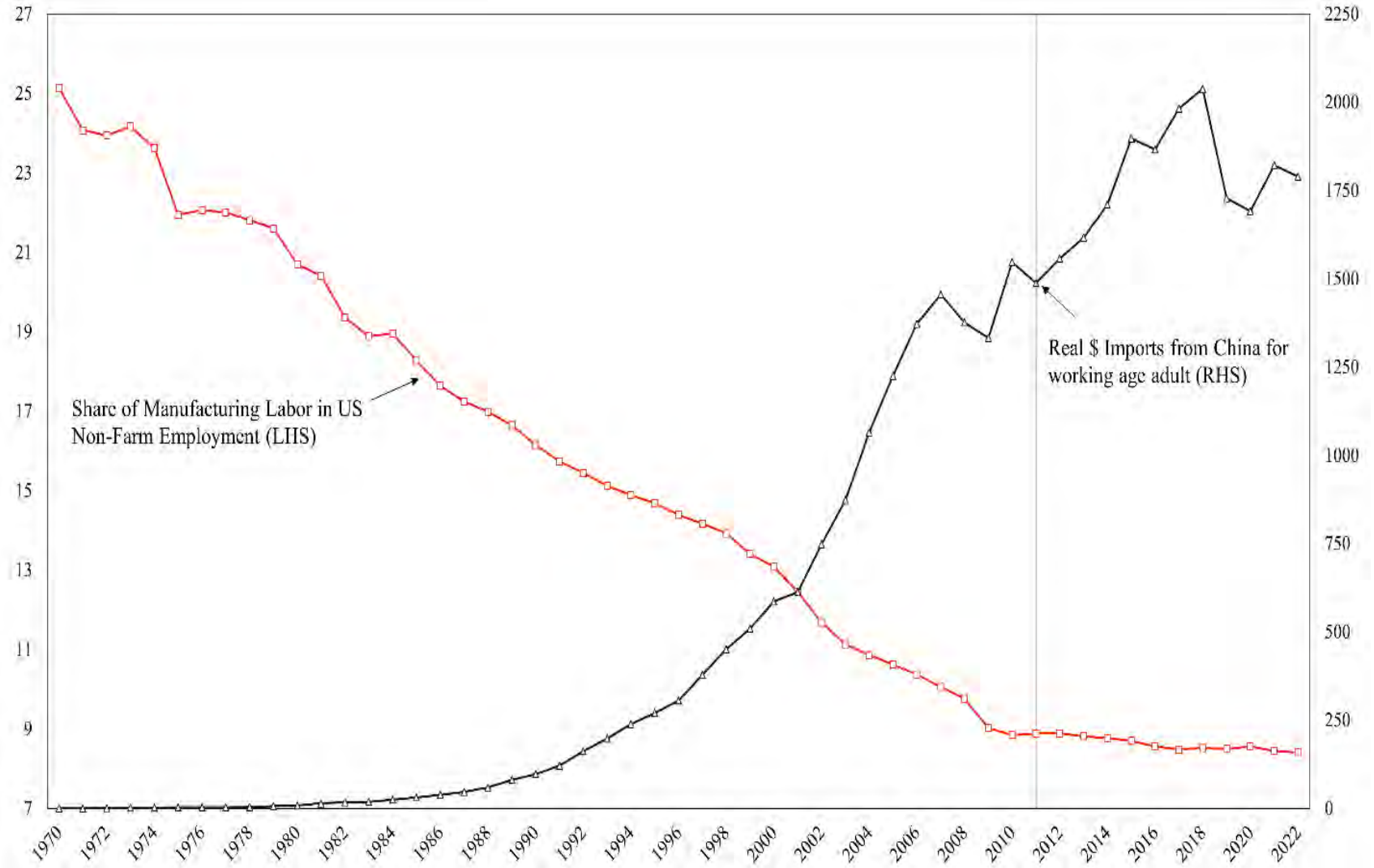
Average income level of manufacturing imports



CHINA

China Shock Continues

Post-global financial crisis, the China shock in the US persisted without apparent impact on manufacturing employment



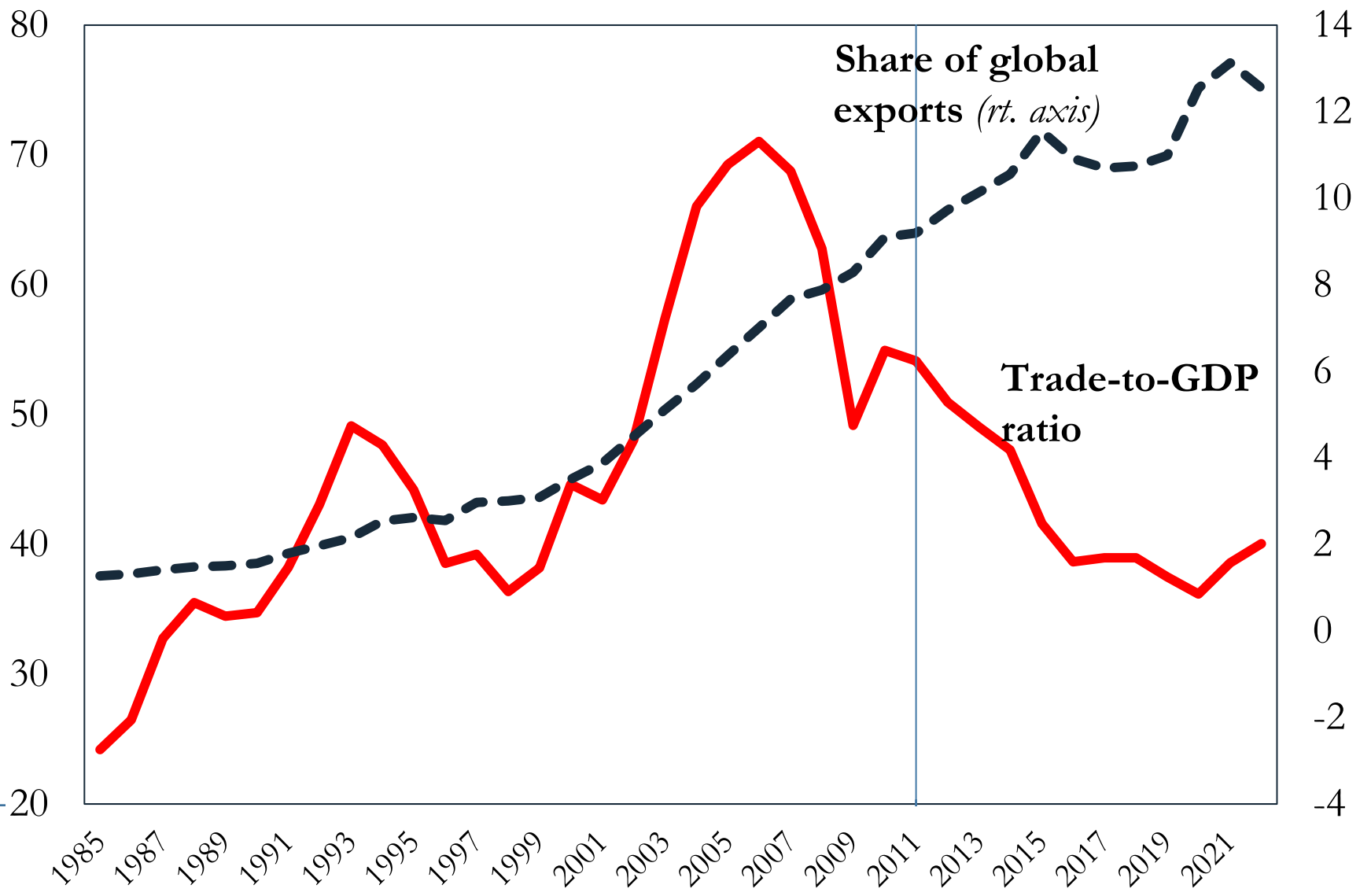
A New China Puzzle

China's ...

Internal trade-GDP ratio
nearly halves...

Global export market
share nearly doubles

Both a puzzle and a clue
to the future



Future of Globalization

- Geo-politics and ideas (rejection of neo-liberalism) will be “serpents” in the paradise of globalization. But ...
- Cardinal sin of forecasting is extrapolating the recent past
- Trade today is far from potential: 20 percent relative to 100 percent
- Technology and income differentials still a potent force
- The China and India globalization “stories” are far from over: Electric vehicles (China) and Global Capability Centres (India)

Future of Globalization

Ideas are fickle and self-serving

Hyperglobalization was golden era of poverty reduction and convergence for developing countries

Purveying of inwardness is a neo-imperialism that developing countries should reject and the world should resist

