

Globalization and de-globalization



By Carolina Guevara-Rosero (email).

Globalization is a phenomenon that has evolved over time in a non-linear way. The world has experienced three waves of globalization and two waves of deglobalization. The first wave of globalization occurred between 1850 and 1914, when transport costs were significantly reduced, and new technologies emerged to boost land-intensive primary goods. In this period, the share of exports in the global income doubled to 8% approximately (Angus, 2001). Developed countries specialized in exporting manufacturing products, meanwhile developing countries specialized in exporting commodities and primary goods. Capital flows and a high level of labour migration accompanied international trade. Convergence between countries immersed in globalization took place. Nevertheless, globalization increased inequality within some countries, especially in developing countries such as Latin American countries, where the benefits of globalization went towards few land-owners who concentrated large territories and exploited land workers, following established practices related to the colony time consisting in

giving indigenous people small plots of land in exchange of their work without payment (the so-called *huasipungo* in Ecuador, *terrazqueros* in Colombia, *inquilinos* in Chile, *yanacunas* in Peru and *colonos* in Bolivia (Oberem, 1978)).

The second wave of globalization emerged after a period of de-globalization between 1914 and 1945, when countries implemented protectionist policies in response to the depression. During this period of de-globalization, the share of exports in the world's income reduced to 5% (World Bank, 2002). During the second wave of globalization (1945-1980), trade liberalization increased the specialization of developed countries in manufacturing products and services, which induced agglomeration economies in these countries (World Bank, 2002). For developing countries, international trade was limited due to protectionist barriers and incipient capital investment flows. Hence, they remained dependent on primary goods exports. The third wave of globalization started in 1980, and it was characterized by the rise of participation of some developing countries in international trade, resulting in a new hierarchy with three poles: North America, Occidental Europe and Japan-Asia-China. In addition, developing countries undertook trade liberalization agreements. A new specialization pattern emerged where developing countries export manufacturing products with a high labour component (labour-intensive) and developed countries export manufacturing products with a high component of technology and qualified labour. However, not all developing countries liberalized, remaining lagged and still specializing in commodities.

While globalization has increased over time, deglobalization forces have also played an important role in the current time. Those forces are related to powerful nation-states, local solutions and border controls. Events such as the Brexit, nationalism advocated by Trump in the United States and restrictive measures to halt migration are samples of this phenomenon. One of the characteristics of deglobalization is the weakening of international treaties regarding human rights and arms control (Kornprobst & Wallace, 2022).

Globalization brings benefits such as economic growth but also negative effects such as world monopolies (Ex. Amazon, Meta, etc.) (Kornprobst & Wallace, 2022) and more inequality across and within countries, which depends on initial characteristics and existing spatial disparities. For instance, regions that remain lagged might have an initial weak absorptive capacity to benefit from international trade (Guevara-Rosero, 2020). Hence, it is important to look for a

balance through regulations, policies for regional cohesion and international agreements.

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We hope you can join us in Florence for the #RSA24.

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