



## Are We in an Era of De-Globalisation?

### Introduction

There are many ways of defining the term 'globalisation'. However, in simple terms, we can think about it as 'the increasing interconnectedness of people and places in an ever-shrinking world'. Globalisation is caused by numerous factors. Many A-level exam boards require you to study some of these factors including: the development of technology (including ICT and transport technology), the expansion of financial systems, changes in security arrangements and trade agreements. These factors work independently, or in many cases, together to encourage globalisation. This **Geo Factsheet** suggests that in the last few years, there have been indications such as decreases in the volume of trade, that globalisation in some areas is actually in decline and that a process of de-globalisation is occurring. A number of groups are against globalisation, for a whole array of reasons, it is precisely because of these negatives that some de-globalisation has occurred. For your exam preparation you are required to develop a critique of globalisation which assesses its advantages and disadvantages, environmentally, socio-economically and culturally.

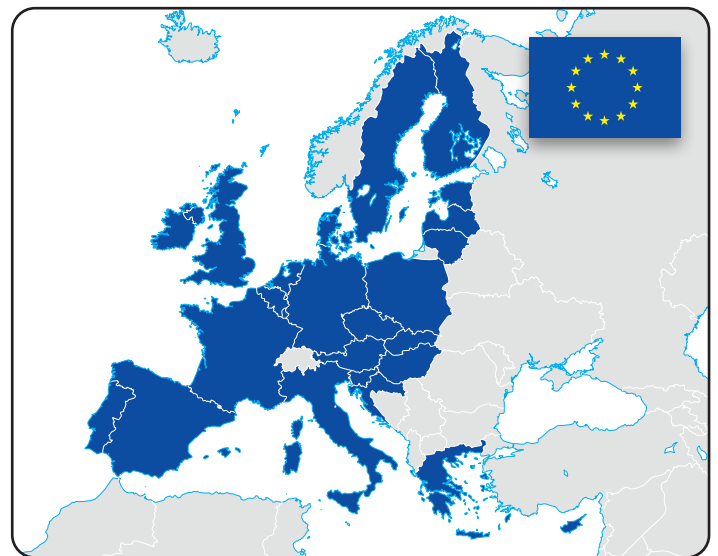
This **Geo Factsheet** will discuss a number of situations and events that themselves suggest that the world, or indeed parts of it, are involved in a process of de-globalisation with more nationalistic and self-sufficiency eras developing.

### Brexit

On the 23<sup>rd</sup> of June 2016, the UK held a referendum on membership of the European Union (EU). 51.89% of the population voted to leave, whilst 48.11% voted to remain. The voter turnout was 72% of the population which is judged to be a very significant voter turnout. Following this vote, it has taken a very long time for the UK actually to leave the EU. There have been many debates since the referendum about the form of exit that the UK should take, including discussions on the details of what, if any, deal the UK will have with the EU. At the time that this Factsheet was written, Boris Johnson had held a general election on the 12<sup>th</sup> December 2019 which saw 365 Conservative MPs returned, giving him a sizeable majority of 80 seats. This allowed Johnson to get legislation through Parliament leading to the UK leaving the EU on January 31<sup>st</sup>, 2020. Existing arrangements will continue until 31<sup>st</sup> January 2021 leaving twelve months to negotiate a new relationship regarding trade and other matters. The global crisis caused by the Covid-19 pandemic may delay this agreement, but to date the UK Government are determined it will not do so.

At this stage, it may be worth noting what the claimed advantages and disadvantages of Brexit are. See the following tables.

Figure 1 Countries of the European Union



### Advantages of EU and Disadvantages of EU

#### Advantages of EU Membership

- Although the UK contributed around £13.1 billion to the annual EU budget, some £4.5 billion a year found its way back to the UK through EU spending (e.g. Regional Fund) making the country a net contributor of around £8.5 billion. However, there were also other positive, financial gains in areas such as trade and investment from companies as a result of EU membership.
- The EU operates as a single market. In such a situation, imports and exports between countries are free from tariffs (taxes) and other barriers such as extensive border checks. Furthermore, the UK has been able to benefit from free trade deals that the EU has with other countries such as Canada and Japan. For people in favour of remaining in the EU, trade is a particularly important point as the Office for National Statistics (ONS) figures show that in the period 2006–18, 45% to 55% of the UK's exports went to the EU.
- As a result of being in the EU, many companies invested in London to gain access to the EU. For example, US banks. Some questioned whether this would continue following Brexit.

- As a result of EU membership, people in the UK were free to live and work across the EU (freedom of movement for workers). This had many advantages for businesses operating in the UK, especially hotel and catering, care homes and agriculture.
- The EU began to have a major world influence in global governance with some observers describing it as a 'super-power'.
- People in favour of remaining in the EU claimed that continued membership of the EU would allow for greater cooperation with European countries to reduce security threats and also allows greater cooperation in times of crisis.

### Disadvantages of EU Membership

- Many saw the EU as diminishing the powers of individual sovereign states, in this case, the UK.
- Being a member of the EU means following EU laws and treaties. Many in favour of Brexit claimed that this meant the UK lost some control over domestic affairs. For example, under EU law it is illegal to make an employee work for an average of more than 48 hours a week.
- As a result of the free movement of labour mentioned above, the UK could not prevent someone from another EU nation coming to live and work in the UK. This resulted in a large amounts of migration and did cause some problems – namely relating to housing and service provision in pressurised areas such as Boston, Lincolnshire.
- Some also claimed that due to the free movement policy, the risk of terrorist attacks was enhanced'. This was because there were fewer checks against people entering the country.
- In some cases, people felt that membership of the EU had benefited the wealthy London population over the rest of the UK.

Whether you agree or disagree with Brexit, there is no doubt that this constitutes a form of de-globalisation. At present, it is unclear how the central issue of trade will be resolved in the coming years. However, what is clear is that there will never be the same confidence and stability regarding trade as afforded to EU members. This point has been confirmed by businesses who have been forced to stockpile products and even move aspects of their businesses to EU countries in the event of high tariffs on trade. Some have also claimed that if we do enter into some form of trade relationship with the EU in future, we will be bound to some degree by the rules of EU membership, but have little power or influence to alter the rules. Furthermore, as the right to freedom of movement is almost certain to be removed, with the development of a points based system for all migrants, a significant flow in terms of people (one of the central factors in creating globalisation) will be reduced. This will result in less globalisation. People bring with them ideas, cultures and investment. Returning the other way is a flow of capital in the form of migrant remittances. These flows are central to globalisation and without them, we are almost certainly less globalised. The Economist rather gloomily summed up the situation stating 'the UK might well find itself a scratchy outsider with somewhat limited access to the single market, almost no influence and few friends'.

### President Trump – America First

Figure 2 President Trump



Donald Trump became the 45<sup>th</sup> president of the United States on the 20<sup>th</sup> of January 2017. Trump has been one of the most controversial world leaders ever. Since Trump's election, he has pursued political goals and policies which have had the effect of de-globalisation. Some in the USA trace these policies back to the financial crisis in 2008. Some have called this crisis 'peak globalisation' with less globalisation happening after this crisis.

The financial crisis is such a significant event that a whole Factsheet could be dedicated to it. However, in summary, the crisis started in America. Banks were giving out high-risk mortgages and eventually too many people failed to pay the bank back. This resulted in the bankruptcy of the Lehman Brothers company. As a result of the highly interconnected banking system, the collapse of this American company caused problems across the world. Eventually, banks had to be given money by governments in controversial 'bail out' schemes which were funded by taxpayers.

Possibly as a result of this crisis, and other factors, Trump has been engaged in a brand of politics which has sought to disengage America in some areas of global governance. Trump, famous for his use of Twitter, wrote the following on the issue of trade with China:

*'Our country has lost, stupidly, Trillions of Dollars with China over many years. They have stolen our Intellectual Property at a rate of Hundreds of Billions of Dollars a year, & they want to continue. I won't let that happen! We don't need China and frankly, would be far better off without them. (...) Our great American companies are hereby ordered to immediately start looking for an alternative to China, including bringing your companies HOME and making your products in the USA'.*

**Source:** Trump Twitter, 23<sup>rd</sup> August 2019

This Tweet refers to an ongoing trade battle between the two largest economies in the world. The above Tweet discusses the American position, whereas in China there is a feeling that the USA is trying to hold back China's rise as a global power (it must also be remembered that the USA has an approximate \$419 billion trade deficit with China). Essentially, what has happened is that both the USA and China have imposed tariffs on one another's goods. Trump aims to encourage consumers to buy American products by making imported goods more expensive (a form of protectionism). So far, the US has imposed tariffs on

more than \$360bn (£268bn) of Chinese goods, and China has retaliated with tariffs on more than \$110bn of US products. What is interesting about this situation is that the longer this goes on for, the worse it may be for American companies. Many American manufacturing businesses rely on raw materials and components from China. By increasing tariffs, these manufactured products actually become more expensive and so the incentive to buy American produced products diminishes.

It is hard to discuss Trump without mentioning climate change. In 2012, Trump claimed that *'the concept of global warming was created by and for the Chinese in order to make U.S. manufacturing non-competitive'* (Trump Twitter, November 6<sup>th</sup> 2012). Since taking office, Trump has pursued policies aimed at helping fossil fuel companies and reducing investment in the environment and renewable energy. Famously, in June 2017, Trump announced that the USA would be formally exiting the Paris Climate agreement – the only country in the world to do so. For reference, the Paris agreement, among other aims, sought to keep global temperatures 'well below' 2.0°C. This is a clear case of de-globalisation and a weakening of international co-operation moving forwards. Most recently, Trump has withdrawn the USA from WHO over the row about what he calls the Chinese virus, Covid-19. Therefore, it is clear that Trump has caused some de-globalisation to occur. Trade is the cornerstone of globalisation and trade wars represent disconnect here. Furthermore, withdrawing from highly important international agreements also represent de-globalisation as America, following the exit of the Paris agreement, is now less interdependent in this area.

Trump's plans are also aimed at diminishing America's role as 'the policeman of the world' with the withdrawal of American troops from some areas such as Syria, and engaging in discussions about equalising contributions to NATO.

### The rise against cultural globalisation

In less than 50 years, a coffee shop that started in Seattle has grown to 20,000 shops across 60 countries (see **Figure 3**). For the first time in history, thanks to globalisation, a cappuccino from Starbucks is the same no matter where you drink it. In geography, we call this phenomena cultural globalisation or

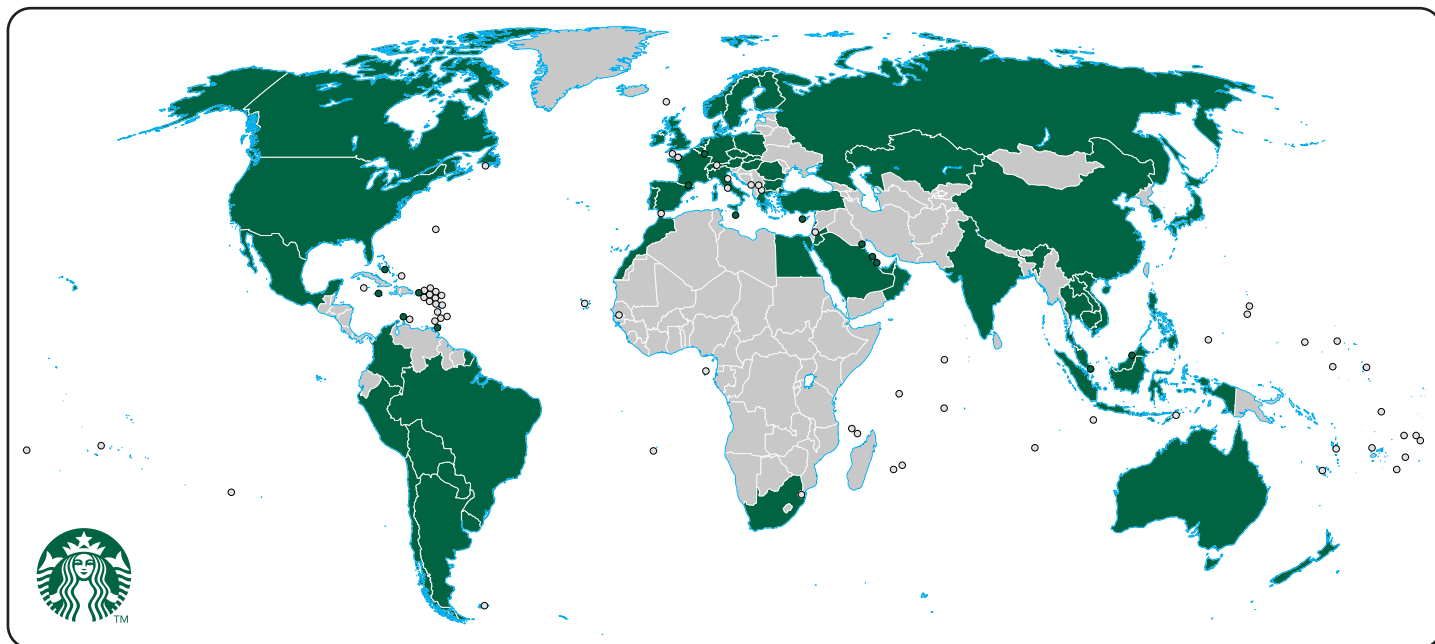
**Figure 4** Starbucks in Seoul, South Korea



cultural homogenisation. Many see this process as a good thing, but there are many who would disagree. In our daily lives, cultural globalisation is everywhere you look. From tv programmes imported from the USA to the UK, fashion, food, the cars we drive, to technology. However, for each of these globalising forces, there is an emerging scene of de-globalising effects that rise against cultural globalisation. In the past, the news was dominated by a few major media outlets – these media outlets then shaped the cultural opinions of millions of people.

Now, thanks to technology and the internet, there are many media channels and outlets which cater to a vast number of audiences. Taking the coffee example, as much as Starbucks has grown, in many UK towns, the number of independent coffee shops has also grown. Perhaps, these independent stores represent a form of de-globalisation. Such coffee shops face stiff competition from established chains, however, analysis reveals that such shops are generally more flexible to market trends and can offer a more personalised local experience for their customers. However, it must be noted that many TNCs have actually adapted their products and practices to mesh with local culture. This is known as **glocalisation**. You could research this further by looking at McDonalds in India.

**Figure 3** Countries that contain Starbucks coffee shops



Nevertheless, there is an increasing movement (mainly motivated by fears about climate change) to promote the concept of 'local produce' thereby reducing food miles. In the UK movements such as the development of Transition Towns reflect this.

### The negatives of globalisation

As mentioned in the introduction, globalisation has both positives and negatives. This paragraph considers the idea that this possible era of de-globalisation is occurring because more and more people are becoming aware of the negatives of globalisation. Some of the well documented negatives include:

- job losses in developed countries as jobs are moved to developing countries,
- increased pollution as a result of greater levels of transportation and use of technology
- the ability of large companies to influence policies and practices in the countries in which they operate.

An example of this is Apple. Apple has made the news in recent years following reports of factory conditions in China where their famous iPhones are made. In some cases, staff are paid the equivalent of £1.26 an hour and Apple are said to disregard laws regarding overtime. There have also been reports that staff are regularly exposed to harmful chemicals. In one instance, over 90% of a factory had to be hospitalised following extreme exposure to sulphur and phosphorous. Such negative media coverage is clearly not good for Apple. However, stories such as this highlight the problems that globalisation causes. This helps to promote initiatives, often at grass roots level, that support local industries over large corporations. Increasingly, the term sustainability is heard more and more. It has become 'fashionable' and such people are more conscious about where their products, and increasingly their food, are being made. Initiatives such as 'buy local' represent an alternative to the well-established globalised options.

### Conclusion

Globalisation is almost certainly going to continue. As some say, 'we have come too far' to stop now. We will continue to buy products from around the world and we will continue to share information like never before. However, there is uncertainty in the future. It is clear that there is de-globalisation taking place. The degree to which the world will become de-globalised is unclear, however, in the case of Brexit, the UK has taken the decision to de-couple itself from one of the world's most significant trading blocs. This is de-globalisation in its purest form.

### Further Work

There are many other examples of de-globalisation. Can you research them?

#### Examination Question

You could attempt the following essay title: *'The world is going through a process of de-globalisation'*. To what extent do you agree with this statement? (20 marks)

*The COVID-19 pandemic of 2020 may have fundamentally changed the world and people's visions of what things should be like. There is no doubt that the movement of people, goods and capital will flow less freely in the immediate future.*

#### Guidelines for Examination Answer

In order to answer this question successfully, you will need a clear structure. This will allow for a well-reasoned argument to be put across for both positions. You should start by defining the key terms in the question and providing an outline of the essay. It would be useful to outline the examples you will use in your essay.

The first main paragraph should discuss the idea that the world is indeed going through a process of de-globalisation. You should discuss a number of ideas here. The contents of this Geo Factsheet, plus any wider reading and research you have conducted should help you here. You should try and use a PEEL structure in your paragraphs (point, explain, example and link back to the question).

The next paragraph should examine the idea that the world is not actually going through a process of de-globalisation. Key ideas to support this position include the increases in global trade that have taken place recently, the great flows of people that move from country to country each day, as well as the significant flows of capital that stimulate the global economy. It would also be possible to discuss cultural ideas here.

Finally, you should come to a conclusion. The conclusion should provide a solid judgement on whether the world is actually going through de-globalisation or not. Ideally, the conclusion you draw should be self-evident to the reader, it should not come as a surprise, and you should try and steer your reader towards this conclusion in the main body of your essay.

An alternative structure would be to look at flows associated with globalisation, such as migration.

### Further Reading and Research

- Global systems – *A-level Geography Topic Master* by Simon Oakes. Published by Hodder Education 2019.
- Frequent articles from The Economist, available online, e.g. Goodbye Globalisation May 16th, 2020.
- <https://www.theweek.co.uk/brexit-0>
- <https://www.forbes.com/sites/patrickwwatson/2019/09/04/globalization-hits-a-brick-wall-named-trump/#1abda8277d1b>
- <https://www.binance.vision/economics/the-2008-financial-crisis-explained>
- <https://www.theguardian.com/us-news/2019/nov/04/donald-trump-climate-crisis-exit-paris-agreement>
- <https://www.bbc.com/future/article/20120522-one-world-order>
- <https://www.theinquirer.net/inquirer/news/3024628/apple-factory-conditions-lead-to-90-per-cent-of-workforce-taken-to-hospital>

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