

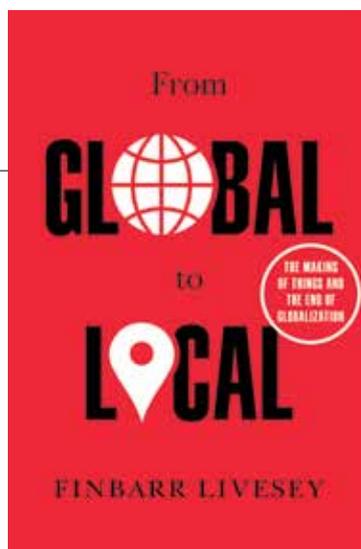
# End of Globalization? Maybe, Maybe Not

**FROM GLOBAL TO LOCAL**, by University of Cambridge lecturer Finbarr Livesey, argues that technological change, consumer preferences, environmental challenges, and nationalism are driving a shift from globalization to an era of localization. Despite its subtitle, the book is cautious, arguing that global trade in goods will slow but not end as businesses locate production nearer to their customers.

The argument rests on four pillars. First, additive manufacturing and 3-D printing enable localized production that is more capital (robot) intensive than dependent on traditional economies of scale. Second, higher wages in China make offshoring less attractive. Third, consumers want custom products delivered fast, and global shipping costs are subject to limits on carbon emissions. Fourth, nationalism is driving trade, tax, and regulatory policies to resist offshoring.

International trade growth will slow relative to national incomes, reversing the trend toward globalization, Livesey predicts. Advanced manufacturing will reduce or eliminate fixed costs and hence scale economies, allowing multiple, small-scale facilities to serve local customers. Meanwhile, worldwide differences in resources are diminishing: production is increasingly concentrated in mobile smart machines such as 3-D printers and robots, and rapid capital accumulation in China has dramatically narrowed the difference between China's capital-labor ratios and those of Europe and the United States. Add in Livesey's observations about shipping costs and today's nationalistic politics, and his case is made, that trade will diminish relative to income.

Maybe yes, maybe no. The fixed costs of production depend on robots and 3-D printers, but also on specialized knowledge, intellectual property, nearby complementary natural resources, and more. I doubt specialization will disappear. Resources available to countries depend on more than capital-labor ratios: climate, water, renewable energy, safety from natural hazards, and cultural traits, to name a few. For example, advances in technology are more likely to expand than displace global tourism. Moreover, many places with low-cost labor will continue to export labor-intensive goods and services, such as construction.



*Finbarr Livesey*

**From Global to Local:  
The Making of Things and  
the End of Globalisation**

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Shipping costs may just as easily fall as rise. An expanded polar sea route from Asia to Europe would cut shipping time. Improved logistics and Internet-based services will ease trade, while advances in shipping and aviation will likely lower carbon dioxide emissions at a relatively low cost.

Nationalism is a real but hardly a decisive threat. US President Donald Trump's protectionism is more bark than bite. And Chinese President Xi Jinping's embrace of globalization and One Belt One Road initiative hold as much weight as nationalistic rumblings in Europe and the United States.

Part of the challenge is to define "globalization" more precisely. Trade growth in some manufactured goods might slow, but it could rise in many goods and services with crucial but scarce environmental inputs, such as food and feed, nonfood agriculture, renewable energy, tourism, and the like. Trade in intellectual property and financial services, including capital-intensive-infrastructure leasing and manufacturing facilities for low-income countries, is likely to grow.

The great strength of Livesey's book is to make us look more closely and intelligently at the underlying drivers of globalization. Whether more or less of it, there will surely be a different kind of globalization in the coming years. Livesey's fine book will help us understand and anticipate the changing dynamics of global economic interdependence. **FD**

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