In today’s policy note, we highlight an important multi-year theme, “policy” de-globalization, from our comprehensive global market & economics outlook (attached).

Over the past 200 years, two major waves of globalization in the late 1800s and late 20th century were each interrupted by WW1&2, the GFC in 2008-9, and more recently, the US-China trade wars and COVID crisis. While other structural factors have contributed to de-globalization (China slowdown, post-GFC cross border bank deleveraging, slowing global supply chain expansion), a rising tide of government “policy de-globalization” has also been a formidable contributor to the reversal.

Since the GFC, such “policy” de-globalization has been characterized by: creeping protectionism (tariffs, subsidies, restrictions), declining global trade growth, rising techno-nationalism, rising anti-immigration sentiment, cross border bank deleveraging, lower US-China cross-border trade & FDI, and greater scrutiny of cross border M&A.