Globalisation, uneven development and the North–South ‘big switch’

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An apparent ‘big switch’ in attitudes towards and discourse over economic globalisation has occurred since the turn of the Millennium. Economic globalisation was formerly widely identified as being orchestrated in the interests of the global North. Sceptics, mostly left-leaning, expressed particular concern for its impacts in the global South. However, a recent backlash against globalisation has emerged within the global North from the political right, while some support for globalisation has been expressed within the global South. This ‘big switch’ defies many theoretical predictions, and can be situated in relation to a shifting geography of global uneven development.

Keywords: globalisation, region, development, global North, global South
JEL codes: F10, F60, O10

Introduction

[T]he rules of the game have been largely set by the advanced industrial countries— and particularly by special interests within those countries—and, not surprisingly, they have shaped globalisation to further their own interests. They have not sought to create a fair set of rules, let alone a set of rules that would promote the well-being of those in the poorest countries of the world. (Stiglitz, 2006, 4)

If we step back from a US perspective, step back actually from an Organisation for Economic Co-operation and Development (OECD) perspective, and take a ruthless cosmopolitan, global perspective, then this hyperglobalisation thing has been an incredible force for good and it’s not just China... And yet, can you imagine trying to run a US national campaign saying, look, we know that a bunch of you guys, your communities are being gutted, but we gotta keep these markets open for the sake of the people of Bangladesh? So, I don't know how we deal with that, and it's, I really just don't know the answer to that. (Paul Krugman, panel on ‘Trade, Jobs and Inequality’, City University of New York, 26 April 2017)
The USA, and to a lesser extent the UK and other OECD countries, have long been recognized as the chief architects and beneficiaries of economic globalisation. Their political influence was represented through their dominant roles in organisations such as the World Bank, International Monetary Fund (IMF) or World Trade Organisation (WTO), as well as in the corporate dominance of their multinational companies, as conjured in images such as ‘McWorld’. This provoked a backlash from the political left in the 1990s, variously known as anti-/alter-globalisation, which opposed deepened economic integration for its supposed deleterious impacts on countries and people in the global South. Protestors famously disrupted the World Trade Organisation (WTO) Ministerial Conference in Seattle in 1999.

Joseph Stiglitz’s quote above is indicative of critiques of globalisation that infused the rhetoric of the alter-globalisation movement into the early 21st century. A more extreme position was advanced by Bello (2000, 2002), who argued for the dismantling of the World Bank and IMF. These and other progressive critics argued that the ‘developmental space’ available to countries in the global South was shrinking (Wade, 2003), as financial crises rippled across East Asia and Latin America in the late 20th century. Poverty persisted in South Asia and sub-Saharan Africa and many governments were forced to devote significant resources to service debt. Meanwhile, the USA seemed entrenched as the sole hyperpower in the post-Cold War world order, and it aspired to shape a new American century.

Fast-forward to the quote of another Nobel Laureate, Paul Krugman, in April 2017 and globalisation appears to be in an intractable crisis. Supporters of the UK’s exit from the European Union seek to ‘take back control’ (i.e. developmental space) from Brussels, while Donald Trump’s economic ethno-nationalism has promised to put ‘America first’. Meanwhile, economic and political crises have engulfed other parts of Europe, with the IMF increasingly rescuing countries in the global North rather than the South. The backlash against economic globalisation has come from discontents in the global North, and on the right of the political spectrum (Stiglitz, 2017). In this context of political reversal and economic uncertainty, it may appear that globalisation is in crisis, particularly when viewed from the backyards of its chief 20th century proponents. The World Bank struggles to maintain its relevance (Kanbur, 2017). To top off the sense of changed times, Chinese President Xi Jinping has stated that China will assume the leadership of 21st century globalisation.

In this article, we present evidence of this apparent ‘big switch’ in attitudes and dominant discourse, which has occurred since the 1990s. The primary opposition to globalisation then emanated from the political left and was concerned with its impacts in the global South. In contrast, in recent years the backlash has shifted and is now firmly rooted in the global North and on the political right. We argue that a key factor underlying the ‘big switch’ is the contrasting fortunes for many people in the global North and global South. The geography of uneven development has evolved in ways which defy the predictions of both the most vocal proponents and critics of globalisation in the late 20th century. In the following sections, we highlight two contrasting theoretical perspectives on the outcomes of globalisation, before outlining arguments that supported late 20th century globalisation and its discontents. We then chart the current backlash against, and also the continued support for, contemporary globalisation. In the penultimate section we discuss factors which may underlie the big switch, followed by the conclusion.

**Economic globalisation and uneven development**

Economic globalisation is typically understood as the increasing integration of national economies through movements of goods, services, capital and labour (e.g. Stiglitz, 2006). The late 20th century variety has been distinctive from earlier periods of globalisation (e.g. the late 19th century) in terms of its depth of functional integration, particularly
through the rise of multinational enterprises and trade in intermediate goods. Almost all theoretical perspectives on globalisation acknowledge its impacts vary and that ‘winners’ and ‘losers’ exist under globalisation. Disagreements are centred around who the winners and losers are, if the ‘goods’ exceed the ‘bads’, and whether the losses are temporary or permanent (Dicken, 2015; O’Brien and Leichenko, 2003).

The politics of globalisation have been primarily informed by two influential theoretical frameworks. Proponents of globalisation pointed to (neo-)classical trade theory, while many of its most vocal critics drew on critical Marxian political economy. Much of classical and neoclassical trade theory’s claims hinge upon the Ricardian theory of comparative advantage, that everybody could be better off when engaged with trade. Yet conventional trade theory also suggests that globalisation could have uneven impacts on different groups. The Heckscher–Ohlin model, wherein differences in factor abundance are understood to drive trade, predicts that countries will specialise in the production of goods that most intensively use whatever factor of production they have in relative abundance. The Stolper–Samuelson theorem links this with distributional consequences, claiming that if trade liberalisation increases the price of a product, it should increase the return to the factor used relatively intensively to produce it. Thus, distributional changes induced from North–South trade could broadly be expected to favour unskilled workers in the global South (given the relative abundance of unskilled labour), while disfavouring unskilled workers in the global North. While not everyone would win from market liberalisation and economic integration, many have suggested that the benefits have far outweighed the comparatively small costs, and that the losers could be compensated (e.g. through transfer payments) (Krugman, 2008).

Marxian political economic perspectives, particularly in the form of dependency and world systems theory, have been less sanguine about the consequences of globalisation and the ability of states to simply compensate the losers. These theories emphasise how international economic integration fosters and perpetuates inequalities. Singer (1950) and Prebisch (1959) argued that international integration based on comparative advantage was biased against developing countries due to declining terms of trade. Such unequal exchange was even suggested to lead to the underdevelopment of the global South (Frank, 1996). From a world-systems viewpoint, globalisation in the late 20th century was interpreted as yet another regime designed to entrench hierarchy between the core, semi-periphery and periphery (Wallerstein, 1974). From this perspective, globalisation was tailor made to maintain and deepen the stark inequalities among differentially endowed countries.

These two theoretical frameworks underpinned, to varying degrees, the politics of proponents and critics of economic globalisation. The (neo-)classical trade theory perspective would suggest all countries should be in favour of trade, and ‘losers’ in the global North could be compensated by the state via welfare payments, while the global South would benefit from a growing pie. From the perspective of Marxian political economy, countries in the core were expected to benefit from international economic integration, while the dependency of developing countries would be entrenched. Of course, there were more nuanced positions too, which Dicken (2015) refers to as ‘sceptical internationalist’. Economists such as Dani Rodrik (1997) and Joe Stiglitz (2002) prominently staked out positions which were critical of gung-ho international economic integration by pointing to key differences between more abstract trade and economic theory and the uneven realities of both how globalisation was proceeding and its apparent distributional consequences.

**Twentieth century globalisation and its discontents**

Proponents of global economic integration have long relied on (neo-)classical trade theory to
argue that its benefits extend broadly across both the global North and global South. Bhagwati (2004) suggested that as well as ‘lifting all boats’, economic globalisation also advanced social agendas, ranging from gender equality to reducing child labour. Dollar and Kraay (2004, F22) produced evidence which, they claimed, showed that ‘globalisation leads to faster growth and poverty reduction in poor countries’. To cite another example, 13 economics Nobel Laureates and 136 other influential economists issued an open letter to the American public in April 2000, extolling the virtues of trade and explaining how allowing China into the WTO would benefit the US economy:

[W]e, the undersigned economists, strongly support China’s entry into the World Trade Organisation. China’s entry will raise living standards in both China and its trading partners. By acceding to the WTO, China will open its borders to international competition, lock in and deepen its commitment to economic reform, and promote economic development and freedom (Associated Press, 2000)

Proponents dismissed potential losses within countries as inconsequential, because of the possibility that the losers could be compensated. In a case which garnered considerable debate, the United States witnessed a divergence of wages between skilled and unskilled workers in the 1980s and 1990s. Economists supporting globalisation argued that this was a result of skill-biased technological change, rather than a result of international market liberalisation (Autor et al., 2016; Krugman, 2008). This reasoning was based on a number of factors: the long-standing decline in the share of US employment in manufacturing, the lack of close correlation in timing between rising wage inequality and rising trade openness in developed countries, and substitution towards high-skill workers occurring despite rising skill prices. It was assumed that displaced workers would either relocate or adapt to the job market by reskilling. As recently as 2008, the view that trade has little to do with inequality remained dominant. According to the IMF, ‘globalisation is rarely the primary factor … a more significant factor is technology’ (2008, 6–7) in driving wage declines among low-skilled workers in the global North. When globalisation’s impacts are evaluated in isolation, the IMF argued that ‘the number of people who “lose” under globalisation is likely to be outweighed by the number of people who “win”’ (IMF, 2008, 6).

Many critics, however, charged that late 20th century globalisation would reproduce and even augment existing global uneven development. Building on the legacy of earlier movements such as that for a New International Economic Order, and with long-standing resistance to World Bank and IMF structural adjustment programmes in the global South (e.g. Bello et al., 1982; Payer, 1974), many observers were deeply concerned with the continued impoverishment of the global South. Critics cohered into a loose confederation of aligned groups, known alternatively as the anti- or alter-globalisation movement, who most prominently came to public attention at the so-called ‘Battle of Seattle’ during the WTO Ministerial Conference in late 1999. Rather than a single coherent opposition, however, this was a ‘movements of movements’ (Buttel and Gould, 2004), whose diverse members opposed globalisation for a range of reasons. They objected to such diverse issues as unchecked corporate power, the Washington Consensus, structural adjustment and biopiracy, and were populated by activists, NGOs and organisations espousing a variety of concerns – peace, climate change, conservation, indigenous rights, fair trade, debt relief, organised labour, anti-sweatshops and the AIDS pandemic. Starr and Adams (2003) classified three broad groups advocating a range of ‘solutions’ to address globalisation’s ills: radical reformists who sought to effectively regulate globalisation (e.g. Stiglitz’s (2006) Making Globalisation
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Work), those supporting globalisation from below who advocated the introduction of participatory global governance institutions (e.g. the World Social Forum, Bello’s (2002) Deglobalisation), and finally a third group who sought local autonomy from distant elites (e.g. Zapatistas, community currencies, the Mondragon experiment in Spain). These groups and approaches exhibited important differences, but they held in common the notion that globalisation largely served the interests of the global North at the expense of those in the global South (Buttel and Gould, 2004; Clark and Themudo, 2006).

To the critics, the Uruguay Round of trade negotiations, which culminated with the creation of the WTO in 1994, was emblematic of globalisation’s excesses. Economic globalisation was widely seen as a means through which countries in the global North aggressively forced open markets in the global South (e.g. Oxfam, 2002). Bello, for example, claimed that the Uruguay Round represented ‘the culminating point of a campaign of global economic containment of the legitimate aspirations to development on the part of Third World countries’ (2000, 3). Stiglitz concurred, stating that since the end of the Cold War ‘the advanced industrial countries actually created a global trade regime that helped their special corporate and financial interests, and hurt the poorest countries of the world’ (2006, ix). Critics pointed to ways in which the largest economies wielded power at the World Bank and IMF (e.g. Wade, 2002), and to the consequences of their Washington Consensus structural adjustment programmes. As a result, the ‘developmental space’ of countries in the global South was seen to have been reduced, by inhibiting the very trade and industrial policies that had been crucial to fostering growth of the Asian Tigers (Wade, 2003). Furthermore, the policies recommended to developing countries by the World Bank and IMF (e.g. trade liberalisation, limited industrial policy) had little resemblance to the development strategies that had met with success in the advanced countries during their own industrialisation (e.g. trade and industrial policies that protected ‘infant’ industries) (Chang, 2003).

Other critics dismissed claims that globalisation served to improve human development indicators in the global South, and reduce poverty and inequality. Kaplinsky (2001, 48) suggested that there was little change in the absolute number of people living below $1 a day between 1987 and 1998, and that, in fact, the number of people in poverty had grown in the regions of ‘South Asia’, ‘sub-Saharan Africa’ and ‘Eastern Europe and Central Asia’. This was in line with Wade’s (2001, 72) assertion that ‘global inequality is worsening rapidly’, an assessment that was supported by Milanovic’s observation that the 1980s and 1990s witnessed less growth and income convergence between rich and poor countries than the 1960s and 1970s (2003, 676). Wade (2004) also challenged the argument that countries in the global South which were ‘globalisers’ (i.e. opening to international trade) had experienced more rapid economic growth than ‘non-globalisers’; whilst Stiglitz disputed claims that trade liberalisation would lead to more trade and growth, and that all boats would rise, arguing that ‘neither [claim] is consistent with economic theory nor historical experience’ (2006, 100).

Perceptive critics also challenged the notion that globalisation represented an unambiguous opportunity for rich countries. Kaplinsky (2001) noted that inequality was growing in the global North, with the combination of falling real incomes (e.g. in the Netherlands and USA) and expanding economic activity fostering a pattern of ‘immizerizing growth’. Stiglitz (2006, 9) also worried that ‘globalisation might be creating rich countries with poor people’, pointing out that this was exactly what the Stolper–Samuelson theorem predicted. For the time being, however, these concerns over negative impacts within the North were drowned out, on the part of many economists by the
belief in skill-biased technological change, and on the part of the left by the focus on the South within the alter-globalisation movement. Buttel and Gould (2004, 58–59), for example, claim that the alter-globalisation movement was ‘speaking primarily on behalf of the poor in the global South’ and exhibited an ‘overt prioritisation of Southern poverty over Northern poverty (2004, 62)’. The anti-/alter-globalisation movement and those concerned with increasing poverty and inequality in the global North thus had less solidarity than might have been expected, with disagreements common over issues such as labour and the environment. This led Krugman (2000) to lament that it was ‘a sad irony that the cause that has finally awakened the long dormant American left is that of—yes!—denying opportunity to third-world workers’.

Indeed, despite the overtly left-wing character of much of the anti-/alter-globalisation movement (Clark and Themudo, 2006, 57), ‘the most significant left movement of the new Millennium’ (Buttel and Gould, 2004, 38), some nationalist and right-wing groups in Europe also opposed globalisation over issues such as job losses and cultural identity (Milanovic, 2003, 668). Furthermore, Peter Evans drew on Karl Polanyi and perceptively observed that ‘progressive forms’ of movements against globalisation were not guaranteed, and that the emergence of ‘regressive movements for social protection’ was a real possibility (2008, 281). Evans warned that:

[u]nless progressive movements for social protection succeed in addressing the failures of neo-liberalism, regressive movements are likely to contribute to a downward spiral of repression and anti-democratic politics (Evans, 2008, 286).

More recently, and eerily in light of Evans’ warning, a sea change in stances on economic globalisation has occurred, including most prominently in the domestic politics of the USA and UK. We refer to this as the ‘big switch’, and in the next section we trace its origins and evolution.

**The ‘big switch’: Northern backlash, Southern optimism**

Economic globalisation in the 21st century has evolved in ways that neither its extreme proponents nor its most vocal critics predicted. During the global financial crisis that began in 2008, The Economist (2009) observed that ‘the integration of the world economy is in retreat on almost every front’. World trade as a percentage of Gross Domestic Product (GDP) fell considerably in 2009 (by 14%) and, by 2017, had still not recovered to its pre-crisis level. Foreign Direct Investment (FDI) inflows peaked at $1.90 trillion in 2007, and then fell considerably, only recovering to $1.76 trillion by 2015 (Kobrin, 2017, 161). Cross-border capital flows have also declined considerably from their 2007 peak (Donnan, 2017).

The major backlash against late 20th century globalisation, generated by the left and over the prospects for the global South, has now largely lost momentum. In some instances, countries have sought to alter the terms in which they are integrated into the global economy (e.g. Bolivia, Venezuela and Ecuador) (Grugel and Riggirozzi, 2012), yet for many ‘the euphoric optimism with regard to the political potential of global movements that was widespread at the end of the twentieth century...is harder to defend a decade and a half later’ (Evans, 2015, 11). Furthermore, even sympathetic commentators have observed that the influence of the World Social Forum has relatively declined (Systemic Alternatives, 2014).

A very different backlash against globalisation has instead been launched from the populist right in the global North. The UK’s referendum decision in June 2016 to leave the European Union was made amidst widespread expression of anti-globalist, anti-immigrant
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and nationalist sentiments. Theresa May, Prime Minister of the UK, offered a sceptical assessment of globalisation at the World Economic Forum in January 2017: ‘[T]alk of greater globalisation can make people fearful. For many, it means their jobs being outsourced and wages undercut. It means having to sit back as they watch their communities change around them’ (World Economic Forum, 2017). Donald Trump was elected as the President of the United States by invoking economic ethno-nationalism, seeking to withdraw from trade agreements (calling the North American Free Trade Agreement (NAFTA) ‘the worst trade deal ever’), and to reinforce borders. The USA has subsequently begun renegotiating NAFTA and has withdrawn from the Trans-Pacific Partnership (TPP). The Economist (2016) echoed the general mood by observing that ‘unqualified defences of globalisation by Western leaders feel as archaic as the self-indulgent guitar solos of hair metal past’. Media commentary by the Wall Street Journal, the New York Times and the Washington Post in the USA, and the Times of London, The Guardian and the Financial Times in the UK, also demonstrates that the tone toward globalisation has become more negative (Ghemawat 2017, 115).

Scepticism toward globalisation is not limited to the USA and the UK, but extends to a number of European countries such as Hungary, Poland, France, Netherlands, Greece and Spain. Considerable support has emerged for anti-globalisation populists who espouse anti-immigrant and nationalistic messages (Rodrik, 2017a). Saval suggested that critics of globalisation may have been dismissed before because of their lack of economics training, or ignored because they were in distant countries, or kept out of sight by a wall of police, [but] their sudden political ascendancy in the rich countries of the west cannot be so easily discounted today. (Saval, 2017)

In a remarkable twist, China has now put itself forward as a leader of economic globalisation. China has long been seen as a reluctant leader, following Deng Xiaoping’s philosophy of tao-guang yanghui, or keeping a low international profile while building up internal strength (Hopewell, 2015, 18). However, at the World Economic Forum in January 2017, Xi Jinping, the Chinese President, argued that globalisation was not to blame for the world’s problems. Defending the liberal economic order, Xi said that China was committed to make globalisation work for everyone, which was a responsibility as ‘leaders of our times’ (Bolton, 2017). In another example of support for globalisation from beyond the North, Singapore’s Official Committee on the Future Economy stated: ‘Given the current sentiments against globalisation, we must not only resist protectionism but forge ahead to deepen linkages with our overseas partners and seek opportunities in new markets’ (2017, 4). Thus, rather than a consensus that globalisation is in crisis, leaders in East and South-East Asia appear to remain committed to enhancing economic integration.

Citizen surveys further reveal dramatic changes in attitudes to globalisation across and within the global North and South. While such surveys have methodological limitations,1 the results indicate distinctive trends that support the thesis of the ‘big switch’. Among people in the global South, polls have consistently found quite positive attitudes towards globalisation. In 2007, the Times of India claimed that ‘Indians believe globalisation benefits their country’, citing a poll by the Chicago Council on Global Affairs and World Public Opinion that 54% of Indians answered ‘good’ compared to 30% ‘bad’ to the question of whether increasing economic connections ‘with others around the world is mostly good or bad’. More recently, Stokes (2016) reported on Pew Research Surveys from 2016 which found that 60% of Chinese think their country’s involvement in the global economy is good (compared to 23% who think it is bad), while 52% of Indians surveyed thought...
it was good compared to 25% who said it was a problem. A recent YouGov survey of 20,000 people across 19 countries found a majority believed that globalisation has been a force for good. That survey found the most enthusiasm for globalisation in East and South-East Asia, where over 70% in all countries believed it has been a force for good. The highest approval, 91%, was in Vietnam, a relative latecomer to globalisation (Smith, 2017).

By contrast, public support for globalisation in the global North has plummeted. Bhagwati (2004) cited an Environics International Survey presented at the 2002 World Economic Forum Meetings to argue that disillusionment with globalisation was not universal; ‘anti-globalisation sentiments are more prevalent in the rich countries of the North, while pluralities of policy makers and the public in the poor countries of the South see globalisation instead as a positive force’ (2004, 8). Although Bhagwati suggested this was an ‘ironic reversal’, it proved to be in line with a 2007 BBC World Service poll that found 57% of people in G7 countries thought the pace of globalisation was too rapid, whereas the majority of those in developing countries surveyed thought it was just right or too slow (e.g. IMF, 2008; Pieterse, 2012). A 2007 Pew Global Poll similarly found a decline in the percentage of people in many Northern countries who believed trade had a positive impact. In its analysis of the survey results, Kohut and Wilke (2008, 6–7) commented that ‘it is in economically stagnant Western countries that we see the most trepidation about globalisation’. Almost 10 years later, The Economist (2016) reported on a YouGov survey of 19 countries, which found that fewer than half of people in the USA, UK and France believed that globalisation is a ‘force for good’ in the world. This broad change in attitude toward globalisation is playing out in national electoral politics as well as gatherings such as the World Economic Forum and the meeting of the Asia-Pacific Economic Cooperation.

The ‘big switch’ and the geography of uneven development

The ‘big switch’ seemingly confounds the predictions of the most vocal proponents and critics of globalisation alike. Uneven development is dynamic and relates to differences both within and among countries (Sheppard, 2016). Naïve claims that the world is flat or that economic globalisation is ‘win-win’ have rightly been dismissed (Baldwin, 2016; Christopherson et al., 2008; Turok et al., 2017), yet it is also insufficient to suggest that globalisation simply leads to a reproduction of existing inequalities, overlooking how that unevenness may be changing as a result of new macroeconomic geographies (Peck, 2016). While trade theory could predict that there would be ‘losers’ in the global North from international economic integration, proponents of economic globalisation have asserted that they would be few in number and could be compensated. More recently, it appears that a large group of people feel more forsaken than compensated. Similarly, for those who embraced Marxian political economy, and warned of its negative consequences in the South, the apparent optimism and support for globalisation in the South may have been unexpected. The sceptical internationalists (e.g. Evans, 2008; Kaplinsky, 2001; Stiglitz, 2006) should be acknowledged, however, for forecasting downsides in the global North. As we outline below, many people in the global North have experienced relative stagnation, whereas, albeit from a very low starting point and amidst considerable inequality, many people (but not all) have experienced improved development outcomes in the global South. We then explore what this apparent ‘big switch’ may tell us about contemporary economic globalisation.

The new geography of global uneven development

Significant portions of the population in the USA and other countries in the global North
have experienced limited, if any, income gains in an era of globalisation. Milanovic’s (2016) ‘elephant graph’ (Figure 1) has quickly become a popular way to demonstrate the relative stagnation experienced in North America and Europe in recent decades. Exploring changes in real incomes between 1988 and 2008, he showed that those who particularly lost out on any relative gain in income were the global upper middle class (those between the 75th and 90th percentiles on the global income distribution) and the poorest 5% of the world population. Of these least successful percentiles, 86% of the population were from mature economies in the global North (Lakner and Milanovic, 2016, 23). Considering these contrasts more widely, a growing body of evidence shows that the global North’s dominance in the global economy is receding, with the share of high-income countries in global GDP having fallen from 76.8% in 2000 to 65.2% in 2015 (see Figure 1).

A different picture emerges in the global South. In Figure 1, it was Asians who comprised 90% of the population in the percentiles which did best in terms of relative income gains from 1988 to 2008 (Lakner and Milanovic, 2016, 223). The UNDP has remarked that

A striking feature of the world scene in recent years is the transformation of many developing countries into dynamic economies...doing well in economic growth and trade ... they are collectively bolstering world economic growth, lifting other developing economies, reducing poverty and increasing wealth on a grand scale. (UNDP, 2013, 43)

The share of global GDP of low and middle-income countries increased from 22.5% in 2000 to 34.1% in 2015 (Figure 2). Much of this increase is accounted for by China, as well as India and Brazil. Their share of global GDP, only 4.6% in 1960, 6.6% in 1990 and 9.3% in 2000, had almost doubled in the 21st century to 18% by 2015.

The development context of the global South has changed significantly since the turn of the Millennium, across a variety of important indicators. The total number of people in the world living on less than $1.90 per day (i.e. extreme poverty) has more than halved from 1.69 billion in 1999 to 766 million in 2013. At least by official estimates, the share of the population in the global South who are living in extreme poverty has fallen considerably this century. Whereas the percentage
of the population in the global South with a
daily consumption level of less than $1.90 was
33.4% in 1999, it was just 13.4% in 2013. The
percentage of the world’s countries classified
by the World Bank as low-income, albeit a
very low threshold, more than halved within
the first 15 years of the 21st century. Moreover,
the total number of countries which are highly
dependent on aid (having a net ODA > 9% of
GNI) has fallen considerably, from 42 in 2000
to 29 in 2015, or from 34.1% to 23.2% of all low
and middle-income countries with data avail-
able over that period.

Considered overall, in comparison with
the 1990s, the global South, in aggregate, now
earns a much larger share of world GDP, has
more middle-income countries, more middle-
class people, less aid dependency, consider-
ably greater life expectancy and lower child
and maternal mortality. Table 1 provides some
summary indicators for high-income countries
(HICs) and low and middle-income countries
(L&MICs), as somewhat imperfect approxima-
tions for global North and South.

After two hundred years of a ‘divergence, big
time’ (Pritchett, 1997) between developed and

Table 1. Selected development indicators in 2000 and 2015, HIC and L&MIC comparisons

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<td>Share of global GDP (% at market prices, constant 2010 US$)</td>
<td>22.5</td>
<td>76.8</td>
<td>34.1</td>
<td>65.2</td>
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<td>% of HICs GNI per capita, PPP (constant 2011 international $)</td>
<td>15.3</td>
<td>100</td>
<td>20.7</td>
<td>100</td>
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<td>Life expectancy (years)</td>
<td>65.4</td>
<td>77.6</td>
<td>69.6</td>
<td>80.6</td>
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<tr>
<td>Child (under 5) mortality rate (per 1,000 live births)</td>
<td>85.2</td>
<td>10.7</td>
<td>473</td>
<td>6.8</td>
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<td>Maternal mortality rate (per 100,000 live births)</td>
<td>376</td>
<td>12</td>
<td>237</td>
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Source: Data extracted from World Bank World Development Indicators.
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developing countries following the Industrial Revolution, recent measurements suggest a change in the pattern of global inequality across a number of indicators (Horner and Hulme, 2017). The Global GINI of income distribution across all individuals in the world has fallen from 69.7 in 1988 to 66.8 in 2008 and 62.5 in 2013 (World Bank, 2016, 81). Analysis presented in the World Bank’s Taking on Inequality (2016) suggests that, in 1998, 26% of global income inequality was related to differences within countries, with the remaining 74% relating to differences among countries. By 2013, these shares were 35 and 65%. Two hundred years of a great divergence between global North and South now seems to have had some reversal, although more than half of an individual’s income can be accounted for by the country where he/she lives or was born (Milanovic, 2013). Inter-country inequality, rather than intra-country inequality, is still dominant, but it accounts for a diminished share of income-based and other inequalities (World Bank, 2016).

A new geography of global uneven development nevertheless involves contrasting standards of living and trajectories of change for many people in the global North and South. Thomas Piketty has suggested a further period of convergence between North and South (2014, 91), with intra-national inequalities projected to continue growing as a share of global inequality (2014, 59). Significant differentiation is present within the North and South. A chorus of analyses—including the OECD’s (2011) Divided We Stand—have pointed out that income inequality in the Global North has rapidly increased in the 21st century, with growing income and wealth shares for the top 5%, top 1% and top 0.1%. Growing unevenness has also been observed in the global South (UNDP, 2013), with income inequality higher in many countries than in 1980 and a growing gap between the lowest consumption level people are surviving at and mean household consumption levels (Ravallion, 2014, 2016).4 Enclaves of affluence (Sidaway, 2012), as well as many localised juxtapositions of wealth and poverty (Power, 2012), appear in both global North and South. While impacts vary, it has been found that countries that are more economically integrated with the rest of the world tend to have higher levels of regional inequality (Ezcurra and Rodríguez-Pose, 2013). Both the UK (Martin, 2015) and China (Dunford and Liu, 2017) have attracted particular recent attention for the extent of their spatial unevenness. McCann’s (2008) observation of global flattening and local steepening appears particularly prescient.

‘The big switch’ and economic globalisation revisited

Given the observation that ‘good times dampen anti-globalisation attitudes, while bad times deepen them’ (Bhagwati, 2004, 10; see also Dollar, 2003; The Economist, 2016), a growing sense of decline in the global North and optimism in the global South, have implications for attitudes and politics towards globalisation. A Pew Research survey (2013) of 39 countries around the world found that people in North America, Europe and the Middle East tend to believe that their children will have worse lives than they have, while the opposite is the case for Africa, Asia-Pacific and Latin America. Many people in the global North have experienced a shift from ‘an optimistic era of full employment, rising prosperity, and diminishing social and spatial inequalities’ (Turok et al., 2017), to an era of unyielding crisis with uncertain career pathways and precarity (Standing, 2011). However, this does not necessarily shed light on what kind of backlash-induced retreat from economic globalisation, or what kind of new political-economic model, may be supported.

Emerging evidence indicates that increased trade has played a role in economic stagnation or decline for people in the global North, especially in the USA. Earlier evidence that dismissed the negative impact of trade was based on data from the 1980s and 1990s, before the
significant expansion of imports into the USA from lower wage nations and China in particular (Krugman, 2008). However, the work of Autor and colleagues (2013a, b, 2016) has suggested that the ‘China shock’ has had major redistributive effects in the USA. According to their estimates, import competition from China played a significant role in the decline of US manufacturing employment, accounting for a quarter of the fall between 1990 and 2007 (Autor et al., 2013a; also Kemeny et al., 2015). They have also estimated that 2.4 million people in the USA experienced employment reduction as a result of the growth of imports from China between 1999 and 2011 (Autor et al., 2016). Moreover, while technological change became more geographically dispersed, the loss of US manufacturing jobs has had a very uneven geography, with the costs disproportionately borne by trade-competing regions (e.g. counties in Tennessee, Missouri, Arkansas, Mississippi, Alabama, Georgia, North Carolina and Indiana) (Autor et al., 2013a, 2013b, 2016). It has been found that while there have been increases in transfer payments (unemployment, disability, retirement and healthcare) to regions of the US hardest hit by the trade shock, they fall far short of compensating for the income loss (Autor et al., 2013b, 2016).

The impact of the ‘China shock’ strongly contradicts the rosy predictions made by eminent economists in their open letter in 2000 prior to China’s accession to the WTO (see above). It is thus not surprising that there is considerable public ambivalence about globalisation in the USA (Autor et al., 2016), and scepticism of assurances that international trade lifts all boats or that ‘losers’ will be compensated. Some legislators have thus embraced protectionism (Feigenbaum and Hall, 2015), and decreases in incumbent party vote shares have been found for counties with high employment in low-skilled manufacturing. The ‘China shock’ is, of course, not limited to the USA in the global North. Workers in industries exposed to competition from Chinese exports have experienced considerable losses of earnings in the UK (Pessoa, 2016, for the period 2000–2007), Denmark (Ashournia et al., 2014, for the period 1997–2008), Norway and Spain (Autor et al., 2016, 226). ‘Vote Leave’ in the UK has been shown to be correlated with regions hit by Chinese imports (Colantone and Stanig, 2016) and more broadly with regions with struggling local economies (Lee et al., 2018; Los et al., 2017; Rodríguez-Pose, 2018).

However, in terms of influence on the global income distribution, it is difficult to separate economic globalisation from skill-biased technological change as well as other factors (Milanovic, 2016). National policy choices around taxation and transfers have played key roles in shaping inequality patterns within countries (Ravallion, 2017). In such a context, ‘globalisation’ can be deployed as a scapegoat, in some instances invoked by cunning governments invoking external blame for internally generated economic problems. The current backlash involving ethno-nationalist and anti-immigrant components further complicates the picture, with voters in the global North supporting populist and protectionist politicians.

The optimism in parts of the global South may paradoxically be a result of an earlier rejection of neoliberal globalisation, at least in its Washington Consensus form. As noted by Rodrik (2006), the success of late developers appears to bear little relationship to the neoliberal vision of their being passively ‘lifted out of poverty’ by factor price convergence. China, in particular, has not followed an idealised Washington Consensus approach to economic globalisation. One result of this growth and development is increased autonomy, as much of the global South is increasingly ‘outside the grasp of Western institutions’ (Pieterse, 2012). Many countries in the global South are now participating in a globalisation which is more multipolar (Horner and Nadvi, 2017). China, India and Brazil have become key players at the WTO (Hopewell, 2015). The New Development Bank was
founded by the BRICS in 2014 and is headquartered in Shanghai. The Chinese-initiated Asian Infrastructure Investment Bank was launched in January 2016. Some human development trends may even be driven by a counter-movement to neoliberal globalisation, such as the expansion of social protection policies in parts of the global South (Ferguson, 2015; Harris and Scully, 2015). Nevertheless, optimism cannot necessarily be generalized across the whole population in the global South, as many of the world’s poorest have seen very little improvement in quality of life in recent years, yet are much more marginal and less well-positioned than the ‘losers’ in the global North to express their discontent.

The extent to which the USA, in particular, and other countries in the global North will seek to retreat from, or reform, globalisation remains to be seen. On the one hand, it is unclear whether globalisation is being altogether rejected in some parts of the global North or whether the current backlash may largely relate to controls on labour migration. Both the UK exit from the EU, in particular, as well as potentially the renegotiated NAFTA, do imply changes to trade relationships. On the other hand, it is difficult to predict how opinions in the global South may shift over time. Although Xi Jinping has stated that China will play a leadership role in economic globalisation, it is unclear whether the Chinese state is actually willing or able to assume the burden this entails (Pettis, 2016). Indeed, even if it does, the form of globalisation is likely to be very different from that envisioned by globalisation’s proponents at the turn of the Millennium (Liu and Dunford, 2017). Thus, it may be more appropriate to debate the nature, rather than the end, of globalisation.

**Conclusion**

Our central thesis is that a ‘big switch’ has taken place since the turn of the Millennium with regard to the politics of globalisation. The North was seen as the architect and driver of globalisation at the turn of the Millennium, as well the main beneficiary of increased economic integration. The critics of globalisation, including the anti-/alter globalisation movement associated with the ‘Battle of Seattle’ and the World Social Forum, were mostly associated with the political left, and argued that globalisation rendered the global South dependent and reduced its autonomy. However, as we approach 2020, a right-wing populist nationalist backlash against globalisation has erupted on the world’s stage from the global North. This Northern populist backlash represents the single most significant challenge to globalisation in the 21st century, yet the notion that globalisation is in crisis is far from universal. China has asserted a desire to play a global leadership role, while many other regions have already moved beyond fully-fledged neoliberal, US-dominated globalisation and are actively involved in a new more multi-polar globalization.

The ‘big switch’ from South-left to North-right can be situated within a new geography of uneven development, which has a more fine-grained footprint at the individual, industry, city and regional level. The Northern working and middle classes and some of the extreme poor in the global South appear to be losing vis-à-vis other groups, albeit from very different starting points. At a time when there are more poor people in rich countries and more poor countries with rich people, global inequality is increasingly manifested within territorial proximity. Such a reorientation challenges both the mutual benefit claims of many trade theorists, as well as the viewpoint of those Marxian political economists who suggested economic globalisation would reproduce existing inequalities. While the claims of neither the most vocal proponents nor the most vocal critics of 20th century globalisation have played out, the ‘sceptical internationalists’ were arguably the most sensitive to the more nuanced patterns of winning and losing in an era of economic globalisation. A major lesson is thus to be wary of both wholesale
attacks on, and wide-ranging defences of, 21st century globalisation. In light of the difficulties in establishing solidarity between ‘losers’ in the North and ‘losers’ in the South, the challenge of our times, as intimated by Paul Krugman in the opening quote, is for an alter­globalisation movement which addresses both (Rodrik, 2017b). While the former are currently the most vocal in expressing their distaste, the latter remain much more marginal to global prosperity and must not be forgotten amidst contemporary debate over the global­ization backlash in the global North. Neither the earlier era, in which a vast gulf between prosperity and poverty was defined by national and continental boundaries, nor the 21st century situation where prosperity and poverty are increasingly juxtaposed in closer proximity, is desirable.

Endnotes

1 Many do not specify which aspect of globalisation the respondent is being asked about (Bhagwati, 2004, 7). Also, they often mirror economic performance (Bhagwati, 2004, 10). Thus, it is difficult to know how representative international comparative citizen surveys are, and it is impossible to closely track how opinions have changed over longer time periods.


3 Analysis based on World Bank World Development Indicators.

4 This is not the case for many Latin American countries, although they had extremely high levels of inequality in 1980.

5 Autor et al. found that the increase in transfer income to US households at the 75th percentile of trade exposure ($58), only fractionally offset the earnings loss of $549 in annual household wage and salary (2016, 231).

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