

Document Summary and Annotations Report

Summary:

Summary in English: There is growing domestic opposition to globalization, with investors benefiting the most. Deglobalization is not expected to result in countries isolating themselves but may lead to the formation of blocs. This shift may result in higher inflation, lower corporate margins, slower real growth, and increased concern over supply chain and energy security. Deglobalization encompasses various factors such as trade, labor movement, and corporate structure. The current phase has been driven by a rejection of the perceived power of markets over governments. The concept of deglobalization questions the permanence of these shifts and potential reversals. Résumé en français : Il existe une opposition croissante à la mondialisation au niveau national, avec les investisseurs en tant que

Annotations:

Page 4, Highlight: domestic opposition to globalization

Page 4, Highlight: Korea, Taiwan and China), but investors have been the main beneficiaries, enjoying a free flow of capital, higher corporate margins and the deflationary impetus that has driven down the cost of capital. Deglobalization has direct implications for effective tax rates,

Page 4, Highlight: Deglobalization won't be a move toward some neo-Westphalian state, with each country its own island. Instead, it seems more likely to be a move toward blocs. Recent

Page 4, Highlight: face on defense policy this year. The logical consequence is that it's more likely that Germany will realize it needs Europe as much as Europe needs Germany, implying a greater acceptance of outcomes that further the overall interests of the bloc.

Page 5, Highlight: Higher inflation Lower corporate margins (due to less tax and labor arbitrage, as well as higher inventories) Lower real growth Dampened outperformance of financial assets over real assets, and perhaps a reversal Supply chain and energy security becoming a key concern, leading to more direct government involvement

Page 6, Highlight: Deglobalization is a very broad concept covering trade, the movement of labor and capital, regulation, sociopolitical forces and corporate structure. Above and beyond t

Page 8, Highlight: two questions emerge: 1) What drove this phase? and 2) What's the basis for the claim that it's now under threat? To answer the first question, we believe the recent

Page 9, Highlight: In answer to 1st question

Page 10, Highlight: that has favored corporations and capital markets. In his book Planetary Politics, Lorenzo Marsili writes: The revolt of our times, too hastily attributed to austerity politics or to a backlash against a multicultural society, represents instead a rejection of the new condition of impotence that is the result of a world that has surpassed its organisation in separate nation states.⁵

Page 10, Highlight: Postmodern Condition, in 1979. It set the stage for a disbelief in history and progress, as well as an acceptance of relativism that we argue has been a key part of this globalization wave. A tenet of the book is a rejection of what Lyotard calls metanarratives, or the grand theories of history. (However, it's become increasingly clear that any claims of the end of metanarratives are themselves merely another metanarrative.) The assumption that the market's role is a given is the other intellectual underpinning of globalization. Probably the most well-known work in this vein among

financial-services professionals is Francis Fukuyama's assertion in *The End of History and the Last Man* that history had ended because of the alleged consensus that a market-based liberal order was the final form of human government, a claim that has long been under attack. This rejection seems particularly relevant in the context of the rise of an alternative economic/political system in China, the internal social problems in advanced economies and changing demographics. Some of the developed-market backlash against globalization relates to the power shift that has favored corporations and capital markets. In his book *Planetary Politics*, Lorenzo Marsili writes: The revolt of our times, too hastily attributed to austerity politics or to a backlash against a multicultural society, represents instead a rejection of the new condition of impotence that is the result of a world that has surpassed its organisation in separate nation states. In other words, the greater power of markets in recent decades at the expense of governments has been a key force in making globalization seem inevitable and permanent, but this power shift seems set to reverse. Franco Berardi made an assertion in a similar vein in *The Uprising: On Poetry and Finance*: The financial dogma states the following: if we want to keep participating in the game played in the banks and stock markets, we must forfeit civilization. But why should we accept this exchange? Europe's wealth is not based on the stability of the Euro it is wealthy because it has millions of intellectuals, scientists, poets and has historically managed to valorize competence. 3 4 5 6

Page 11, Highlight: In examining the reasons for deglobalization, one should ask: How permanent are these shifts? If deglobalization is painful, won't there be a push to simply reverse its driving forces? We think Russia's isolation should be viewed as semipermanent at least while Putin remains in power. There's been too much rhetoric to easily go back. Investors

Page 12, Highlight: in 1980, inequality within countries has risen (Display 3). The world en masse doesn't vote for individual country governments, so intra-country wealth outcomes determine policy more than the global picture does and intra-country is where inequality is higher today.

Page 13, Highlight: Globalization drove discount rates down and growth up, fueling a massive rally in financial assets that boosted wealth inequality. Globalization also enabled corporate

Page 15, Highlight: funding of more than 43 billion for new chip fabrication plants. In the US, the recently passed CHIPS Act provides \$52 billion in government subsidies (\$39 billion directly related to manufacturing) for boosting US semiconductor production. It will also grant an estimated \$24 billion in tax subsidies for the industry. It's part of the broader CHIPS and Science Act, which will also include around \$200 billion for research and innovation in advanced technologies related to areas including energy, biology and quantum information science. 13 14

Page 62, Highlight: Remember to cook veg