

The Brexitologic of Competitiveness¹

Denisa Čiderová – Dubravka Kovačević – Jozef Čerňák²

Abstract

Adam Smith finalised his magnum opus An Inquiry into the Nature and Causes of the Wealth of Nations between 1773 (Boston Tea Party) and 1776 (Declaration of Independence), and in its final paragraph Britain should "endeavour to accommodate her future views and designs to the real mediocrity of her circumstances". The Wealth of Nations was "aimed to influence British MPs [Members of Parliament] to support a peaceful resolution to the American colonies' War of Independence", A. Smith "urged legislators to awaken from the "golden dream" of empire and avoid "a long, expensive and ruinous war"', and "rejection of the protectionist Corn Laws in favour of opening up to the world economy marked the start of an era of globalization which contributed to Britain's prosperity", as Yueh (2019, p. 16f) puts it. Over the years, industrialization brought about by the Industrial Revolution has been challenged by deindustrialization, globalization by deglobalization. So with the "Brexit issue" at stake, what has been the "Brexitologic of Competitiveness"? In an earlier relevant series of analyses published by Čiderová et al. between 2012-2014 our focus was on the Global Competitiveness Index (alias the GCI by the World Economic Forum) in a spectrum of territorial and temporal perspectives related to the European Union. Now, in this follow-up comparative study zooming out to globalization and zooming in to competitiveness, our focus is streamlined to the "open-ended Brexit issue" on the background of updates of the GCI (alias GCI 4.0) and the KOF Globalisation Index (the latter by ETH Zürich).

Key words

Brexit, competitiveness, globalisation/globalization, European Union, UK, USA

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Introduction: "Brexit alias Make Great Britain great again."

"Radical doubts are gripping the global economy. The world appears to be wavering between two alternatives: either a wave of backlash and deglobalization, with nationalism and market segmentation, and national priorities set against "globalism"; or a transition to a very new kind of globalization, sometimes referred to as globalization 2.0. The Brexit referendum and the election of Donald Trump have brought a new style of politics. [...] While the United States and the United Kingdom were the main architects of the post-1945 order, with the creation of the United Nations system, they now appear

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to be pioneers in the reverse direction, steering an erratic, inconsistent – and domestically highly contested – course away from multilateralism.” James (2017).

On the grounds of approximately 200 withdrawals of member states from intergovernmental organizations (IGOs) in the post-war era, von Borzyskowski & Vabulas (2019) perceive that “this number of IGO withdrawals is a large number when considering that states have sunk costs in the IGO, including already having paid for policy changes (economically and politically) that were necessary to join the institution in the first place”.

In the words of Schimmelfennig (2016, p. 186), ““globalization” pressures on Europe and interdependence within the region” raise the (opportunity) costs of non-cooperation and geographical spill-overs result from externalities between integrated and non-integrated/non-member countries: hand in hand with deepening its economic integration a regional organisation increases its market power, diverts trade and investment away from non-members and imposes its regulatory choices on them – “thus increasing the gains and lowering the costs of joining.” It is no surprise that a number of countries (including the UK) “reversed their initial decision to stay out of the common market”, though in the recent case of the UK just to *re-reverse* it (unless it will be *re-re-reversed*...). Brexit chronology has been a story of “pro-Leave” campaigning in favour of the so-called “hard Brexit” as a symbol of the change of status quo versus “pro-Remain” campaigning in favour of the so-called “soft Brexit” with participation in the Common Commercial Policy of the EU (Staněk et al., 2018, p. 89).

On the individual level, having examined the 2015-16 waves of the UK Household Longitudinal Study (Understanding Society) for subjective wellbeing around the time of the June 2016 EU membership referendum in the UK, Powdthavee et al. (2019) reported that persons with lower life satisfaction in 2015 were more likely to express a preference for leaving the EU in 2016. On the corporate level, exposure of UK firms to Brexit as an event, which resulted in an unprecedented rise in political uncertainty, was addressed by Hill et al. (2019). In their findings internationalization has a moderating effect on Brexit exposure, with international activities acting as a diversification mechanism for domestic risks. Vis-à-vis the post-Brexit competitive performance on the UK level, Culkin & Simmons (2019) concentrated on the policymakers’ portfolio of remedial measures targeting the impact of Brexit. In their analysis of transactional change as regards the pre-Brexit (1 May 2015 – 23 June 2016) and post-Brexit polling (24 June 2016 – 28 December 2017) effects on the UK economy Jawad & Naz (2018) classify Brexit as “the biggest transactional change of the twenty-first century [...] accrued or taking place in the most developed economic hub when world and economies are facing serious challenges”.

Poiană & Stretea (2018) coined “Brexitology” (*alias* a story of renegotiations, referendums and “bregrets”), “emphasizing the differences and similarities between the two British referendums (1975, 2016) while drawing parallels between the arguments that the two Prime Ministers at the time (Harold Wilson and David Cameron) used for granting the British citizens the right to decide upon leaving or remaining within EU”. Our analytical approach on the quest for “Brexitologic of Competitiveness” rests both on normative economics *alias* normative economic statements, and positive economics *alias* positive economic statements. In order to properly comprehend competitiveness, the

respective setting, which is nowadays represented by globalisation, is of utmost importance; this is why we shall zoom out our focus in part 1.1 (Globalisation revisited) before zooming it in in part 1.2 (Competitiveness revisited). Subsequently, on the background of updated methodology of both the *Global Competitiveness Index* (World Economic Forum) and the *KOF Globalisation Index* (ETH Zürich) we shall discuss the scale of globalisation and competitiveness of the UK as compared with the USA in part 2 (Global Britain). Finally, we shall proceed to conclusions in the final part (The Brexitologic of Competitiveness). Our research has been conducted in the framework of the VEGA research projects No. 1/0654/16, No. 1/0897/17 as well as No. 1/0812/19 and we wish to acknowledge our research visits at Université Catholique de Lille, France (in 2015, 2018 and 2019).

1 Methodology

1.1 Theoretical background: Globalisation revisited

"[A]lthough Hume and Smith had proclaimed the economic efficiency of free commerce, they were essentially "economic liberals but political realists," convinced of the enduring qualities and patriotic attachment of citizens to nation-states."

R. Sally (2008) in Bannerman (2015), pp. 41-2.

The study of globalisation – as a rapidly growing field – is necessarily one of an interdisciplinary nature. Globalisation (explored by key thinkers as indicated in Tab. 1 in Annex) is usually associated with its economic and/or political aspect; nevertheless, it also encompasses other spheres of life due to increasing interdependence of countries and communities, including features that Dudáš et al. (2017) identify as: political; industrial; financial; economic; informational; military; legislative; ecological; cultural; and social.

Though there have been numerous definitions of globalisation, we wish to accentuate the most comprehensive one of a multidisciplinary nature formulated by R. Urzua (2000) and included by UNESCO: "Globalisation is a multi-dimensional process characterised by: the acceptance of a set of economic rules for the entire world designed to maximise profits and productivity by universalising markets and production, and to obtain the support of the state with a view to making the national economy more productive and competitive; technological innovation and organisational change centred on flexibilisation and adaptability; the expansion of a specific form of social organisation based on information as the main source of productivity and power; the reduction of the welfare state, privatisation of social services, flexibilisation of labour relations and weaker trade unions; *de facto* transfer to trans-national organisations of the control of national economic policy instruments, such as monetary policy, interest rates and fiscal policy; the dissemination of common cultural values, but also the re-emergence of nationalism, cultural conflict and social movements."

W. I. Robinson (in Ritzer, ed., 2007) and Dudáš et al. (2017) speak of many different approaches and even disputes amongst scholars on what is perceived as the optimal

theoretical tool in explaining globalisation, including the meaning of globalisation. The matter of fact is that globalisation represents one of the key concepts in the 21st century, and it will without any doubt be analysed and discussed in time ahead. Currently, in the context of the theory on globalisation we shall only indicate several theoretical approaches: World-System Theories; Theories of Global Capitalism; The Network Society; Theories of Space, Place and Globalisation; Theories of Transnationality and Transnationalism; Modernity, Postmodernity and Globalisation; and Theories of Global Culture. Furthermore, one can also differentiate between the: Theory of Liberalism; Theory of Political Realism; Theory of Marxism; Theory of Constructivism; Theory of Postmodernism; Theory of Feminism; Theory of Transformationalism and Theory of Eclecticism that represent eight globalisation theory categories as listed on the Political Science (2017) website. Held & McGrew (eds., 2007) speak of Hyper-globalist, Sceptic and Transformationalist Globalisation Theories; B. F. Shareia (2015) refers to theories of development that include: World-Systems Theories (yet again), Modernisation, Dependency Theory and Globalisation Theory.

Although some of them are not "clean-cut" theories that lie within the borderlines of one particular feature, but are spread over economic, political, social, cultural aspects of life, we have strived to categorise theories of globalisation according to their *economic* and *political dimension*. The third aspect of globalisation theory that automatically imposes itself herein is the *social* one, forming the "globalisation theories economic-political-social trio".

In terms of accolades versus critique, proponents and opponents of globalisation are many (see e.g. Gledhill, Dolan & Snyder, 2019) – with both groups representing equally strong arguments. Hence, out of fifty key theorists of globalisation mapped in Tab. 1 in Annex we are going to dwell on the views of the 2001 Sveriges Riksbank Prize in Economic Sciences (*alias* Nobel Prize) laureate J. E. Stiglitz over the course of time. Having believed that globalisation could be reshaped (and if it indeed was), there would be a possibility that it would assist in creating a new global economy with growth not just being more sustainable and less volatile, but also more equitably shared (Coleman & Sajed, 2013, p. 232). In his *Globalization and Its Discontents Revisited* 2018 edition Stiglitz portrays the new status quo of the contemporary fast-changing world as follows: "*In the last quarter century we've had the Argentine crisis, the Russian crisis, the East Asia crisis, the global financial crisis, and the euro crisis. [...] While the standard model a quarter century ago was based on rational households and firms interacting in competitive markets in ways that achieved efficiency and stability, each of the underlying assumptions has come to be questioned: firms and households often act in a far-from-rational manner; markets are often not competitive; and the outcomes often seem far from efficient or stable.*". Thus, globalisation is not to be understood as "*an end in itself, but, possibly, if it's made to work right, a means to an end* [i.e. higher living standards on a more extensive (*alias* inclusive) rather than a more intensive (*alias* exclusive) basis, as a result of more equitably shared benefits of globalisation – authors' remark]. *Too often, the advocates of globalization confuse ends and means. They continue to glorify globalization, even when it appears to harm a majority of the citizenry, or at least a large portion of it*", Stiglitz (2018, p. 76) emphasises.

Since we introduced the theoretical background with a reference to D. Hume, "whose influence is evident in the moral philosophy and economic writings of his close friend Adam Smith" (Morris & Brown, 2019; see also Holman et al., 2005), and A. Smith

himself (NB: both Scottish; for “evolution before devolution” in the case of the UK see Čiderová, 2016), the reader might possibly wonder how the contemporary status quo of the world economy would have been perceived. As this question puzzled L. Yueh, too, we shall now provide the reader with a brief authentic account of her assumptions on the lines of thought of a number of Great Economists:

“For *Adam Smith* and *David Ricardo*, pursuing free trade would be at the top of their priorities. [...] Consistent with his policies to reduce inequality, *Alfred Marshall* would urge using moderate redistribution in terms of taxes and transfers to help the losers from globalization. [...] *Irving Fisher* would be watching for signs of major economies turning inward, which would add to the risk of repeating the 1930s. That’s when protectionist measures such as the Smoot-Hawley Act imposed high tariffs on imports into the United States, which worsened the Great Depression. [...] For *John Maynard Keynes*, an active government which spent to help the losers from globalization would be an answer. [...] His contemporary *Joseph Schumpeter* would concur with the need for all nations to maintain their global outlook. [...] *Friedrich Hayek* and *Milton Friedman* [...] would advocate for free markets, in particular, ensuring that political events such as Trump’s America First policy and Brexit did not mean that the US and Britain turned inward and compromised the operation of markets. [...] *Douglass North* would urge an examination of where the current trade deals have failed to address the concerns of losers and reform them where appropriate. [...] *Robert Solow* [...] would presumably support a push to set common standards on investment and liberalize or open up the services sector, for which rules and regulations are more important than tariffs. [...] *Paul Samuelson* [...] would have recommended that [...] redistributive policies be judged through the lens of an ethical observer to decide which policy was better than another. The challenging practicalities of implementing such an approach also helps explain why good policies are not always adopted.” (2019, pp. 292-296).

Although Tab. 1 in Annex maps links to authorship of selected globalisation-related concepts, we are aware of the trajectory moving on from “globalisation so far” on the wave of “trends changing globalisation” as framed by the European Commission, the McKinsey Global Institute and the OECD in the following Tab. 2.

Table 2 Globalisation then and now

Globalisation so far	Trends changing globalisation
Tangible flows of physical goods	Intangible flows of services and data
Demand for more, and more diverse goods and services	Demand for more fair trade, sustainable and local products
Global supply chains	Global value chains
Flows mainly between developed economies	Greater participation by emerging economies and megacities
States and big multinational companies drive flows	Growing role of small enterprises, non-state actors and individuals
Easily monetised transactions	Rise of open-source and shared content
Technology transfer from developed to emerging economies	Technology transfer in both directions

Source: European Commission, 2017, p. 10.

As regards the "look of a global outlook" outlined in Tab. 2, in the course of the so-called "White Paper process: from Rome to the European Parliament elections in 2019" the European Commission issued its *Reflection Paper on Harnessing Globalisation*, underlining that "[m]ost products are no longer made in one country alone but are rather "made in the world"" while "[t]he fact that other countries do not all share the same living, social, environmental, tax and other standards as Europe means that companies can use these differences to their competitive advantage" (European Commission, 2017, pp. 6-9). In this respect we wish to underline that both an "altruist solidarity-seeking zero-sum win-lose levelling-off" comprehension of the 2015 United Nations Sustainable Development Goals (SDGs) and a "rationalist win-win poverty-alleviation-turning-into-export-market-expansion" perception are likely to proceed in parallel in line with the human nature. Just like the development of the human society has been fuelled by inventions and innovations, the history of economic thinking has been one of addressing reinforced competition and newly-arising benchmarks of performance, as could be seen in part 1.1. Hence, in our pursuit of the "Brexitologic of Competitiveness" we shall address the novel nature of the concepts of competitiveness in part 1.2.

1.2 Research objective, methodology and data: Competitiveness revisited

"The term competitiveness belongs to the most frequently applied terms in the contemporary economic policy of individual countries as well as with relevance to the European Union economy as a whole. In an economic perspective the term as such is not an issue as long as it is meant to express the ability of a particular enterprise to produce goods or services demanded on the market, at a price, which the customers are willing to pay. However, if we refer to the national or regional economy, application of this term becomes an issue. [authors' translation]"

Krpec & Hodulák (2012), p. 372.

Since in the theoretical background focused on globalisation we considered authorship both before (2007) and after (2017) the outbreak of the recent global economic crisis (*alias* the Great Recession), we shall proceed in an analogical manner in the introductory passage to the research objective, methodology and data. Hence, vis-à-vis our statement oriented on interpretation (i.e. the "altruist solidarity-seeking zero-sum win-lose levelling-off" point of view & the "rationalist win-win poverty-alleviation-turning-into-export-market-expansion" point of view) of the theoretical background in the previous part we unfold the argument further.

First, let us recall the claim by Waisová et al. (2007, p. 128) that the development of the human society has been accompanied by rising performance of individual countries along with internal changes in the sectoral structure of their economies (i.e. in terms of shifts in the production and employment structure) taking place. Next, we consider the following line of reasoning by Šikula (2017, p. 63): *"The position of countries prevailing in the position of actors adhering to and implementing rules of the global environment simultaneously invokes among them a special sort of competition, and,*

thus, also a need of assessing their competitiveness. [...] In the 1990s various international economic institutions started to undertake regular assessments of countries' competitiveness on a multi-criterial basis. [...] The significance and impact of assessing countries' competitiveness is also documented by the fact that while in 1979 the World Economic Forum [WEF] evaluated merely 16 European countries in its initial assessment, in 2013 the assessment was undertaken for up to 148 countries of the world on the basis of 112 criteria. [authors' translation]".

In an earlier relevant series of analyses published between 2012 and 2014 (Čiderová & Repášová, 2012; Čiderová et al., 2013a; Čiderová et al., 2013b; Čiderová et al., 2013c; Čiderová & Drobcová, 2013; Čiderová & Kovačević, 2013; Čiderová & Majerníková, 2013; Čiderová & Šimorová, 2013; Čiderová & Šeptaková, 2014; Čiderová & Stubniak, 2014) our focus was on the *Global Competitiveness Index* (*alias* the GCI by the WEF) in a spectrum of territorial and temporal perspectives related to the European Union. In this follow-up comparative study we have already introduced assessing countries' competitiveness as viewed by Šikula, which we wish to complement with the comment by Ardinat (2013, p. 52): "*Les rankings, dont la subjectivité est patente, constituent donc une représentation de la compétitivité et non sa mesure à proprement parler.*". Now, our focus is streamlined to the quest for "Brexitologic of Competitiveness" in the context of the status quo of the "Brexit issue" as well as updates of both the GCI (*alias* GCI 4.0) and the KOF Globalisation Index (the latter by ETH Zürich).

Marking 10 years since the Great Recession with social and economic consequences "of a magnitude unprecedented in recent generations" had broken out, the WEF launched GCI 4.0. Such "much-needed economic compass, building on 40 years of experience in benchmarking the drivers of long-term competitiveness" is based on the role of human capital, innovation, resilience and agility as drivers and defining features in terms of the Fourth Industrial Revolution (4IR), and GCI 4.0 results "reveal the sobering conclusion that most economies are far from the competitiveness "frontier" – the aggregate ideal across all factors of competitiveness" (Schwab et al., 2018). GCI 4.0 is a composite index comprising 98 indicators and combining traditional components (macroeconomic stability, property of rights, ICT and physical infrastructure) with new concepts such as: multistakeholder collaboration, entrepreneurial culture, companies embracing disruptive ideas, critical thinking, social trust. Though not included in the computation of the GCI, four overarching components: *Enabling environment* (institutions; infrastructure; ICT adoption; macroeconomic stability), *Human capital* (health, skills); *Markets* (product market, labour market, financial system, market size), *Innovation Ecosystem* (business dynamism, innovation capability) facilitate presentation and analysis of these 12 pillars. Hard data from international organisations are complemented with soft data originating in the WEF Executive Opinion Survey (detailed meta information as well as datasets are available at <http://gcr.weforum.org>). A new progress score on a scale from 0 to 100 (100 was set as the ideal) is meant to convey the message of competitiveness not being a zero-sum game between countries.

The KOF Globalisation Index is a composite index measuring globalization along its economic (*alias* long-distance flows of goods, capital and services as well as information and perceptions that accompany market exchanges), social (*alias* spread of ideas, information, images and people) and political (*alias* diffusion of government policies) dimension with almost global territorial coverage since 1970. Contrary to the Globalisation Index (Robertson & Scholte et al., 2007, pp. 1514-1515; see also Tab. 1 in Annex) by

the Centre for the Study of Globalisation and Regionalisation (CSGR, University of Warwick) and the first revision of the KOF Globalisation Index (KOF, Swiss Federal Institute of Technology Zürich), respectively, the recent second revision of the KOF Globalisation Index (documented in Tab. 3 in Annex) launches a distinction between *de facto* and *de jure* globalisation indices. "Single indicators, often reflecting openness, such as trade as a percentage of GDP, are frequently used as a proxy for globalization. Globalization is, however, a multifaceted concept that encompasses much more than openness to trade and capital flows." (Gygli et al., 2019); in this respect, whilst the *de facto* globalisation index measures actual international flows and activities, the *de jure* globalisation index maps policies and conditions facilitating and fostering (such) flows and activities. Following the initial version of the KOF Globalisation Index (2006) and its update (2008), the most recent revision combining *de facto* and *de jure* globalisation expanded from 23 into the current 43 variables. Besides a split between trade globalization and financial globalization as well as time-varying weights of the underlying variables, variables especially measuring *de jure* characteristics of globalization are a new feature (detailed definitions and sources of variables are available at <http://www.kof.ethz.ch/globalisation/>).

The "n=1 Brexit-issue" represents a challenge for policy-related research and necessitates methodological pluralism allowing for flexibility in application of social research methods; we believe in pragmatism as a form of methodological pluralism, combining qualitative and quantitative perspectives. In the ensuing part 2 (Global Britain), in our pursuit of the "Brexitologic of Competitiveness" in the framework of problem-based research we shall apply the GCI and the KOF Globalisation Index to the UK and discuss the scale of globalisation and competitiveness of the UK when compared with the USA championing the GCI "competitiveness league".

2 Results and discussion: Global Britain

"Sollten die Briten ernst machen und den Austritt aus der EU vollziehen, dann wird die Brexitannia aufs freie Meer hinaussegeln. Untergehen wird die alte Fregatte nicht, doch ein Zickzack-kurs ist wahrscheinlich. Little England und Global Britain werden um den Kurs streiten, den ihr Schiff nehmen soll."

Szyszkowitz (2018), p. 257.

First and foremost, we wish to prompt the claims made by Krpeć & Hodulák (2012) and Ardinat (2013) presented in part 1.2 vis-à-vis the statement by Šikula that "authors of methodology intrinsically imprint interest- and ideology-driven positions into the overall system of the multi-criterial assessment of competitiveness". Though multi-criterial assessments of competitiveness are predominantly addressed to national governments, their media coverage arouses interest of all stakeholders. Interpreted as an icon of a country's credibility, multi-criterial assessments of competitiveness have, on the one hand, been applauded as a prestigious quest for the most welcoming host of investors; on the other hand, however, the most disapproving voices opine that imprudent compliance with a plethora of criteria to maximise the country's appeal to investors leads to a "race to the bottom" (Šikula, 2017, pp. 64-66).

The Economist (2018) lists the UK as *one of the biggest economies* (the UK 5th, the USA as the biggest economy worldwide in terms of GDP in bn. USD, 2016); *one of the biggest exporters of goods* (the UK 5th, the USA 1st in terms of % of the world, 2017); *one of the biggest importers of goods* (the UK 9th, the USA 2nd in terms of % of the world, 2017); *one of the countries with the largest industrial/manufacturing output* (the UK 8th/9th in terms of bn. USD, 2016, the USA 2nd in terms of bn. USD, 2015); *one of the countries with the largest services output* (the UK 5th in terms of bn. USD, 2016, the USA 1st in terms of bn. USD, 2015); *one of the biggest earners from services and income* (the UK 3rd, the USA 2nd in terms of % of world exports of services and income, 2016); *one of the largest bilateral and multilateral donors* (the UK 3rd, the USA 1st in terms of bn. USD, 2016); *one of the countries with the highest total spending on R&D* (the UK 7th, the USA 1st in terms of bn. USD, 2016); *one of the countries with the highest innovation index* (the UK 5th, the USA 4th, 2017); and *one of the countries with the lowest brain drain* (the UK 6th, the USA 3rd, 2017).

According to the pilot 2018 GCI 4.0 edition, the top 10 most competitive economies are in Europe and North America, East Asia and the Pacific region. The USA, commented as "the closest economy to the frontier, the ideal state, where a country would obtain the perfect score on every component of the index" (Schwab et al., 2018), maintained its top position in the GCI 4.0 in comparison with the 2017 GCI (calculated using the GCI 4.0 methodology). Among the G20, Germany, the USA, Japan, the UK and South Korea scored high in innovation. Out of 140 economies assessed in the pilot 2018 GCI 4.0 edition the UK ranks 8th (compared to 6th among 135 economies in the 2017 GCI when calculated using the GCI 4.0 methodology); the UK outnumbered the USA in the overarching component *Enabling environment*, in the case of *Markets* and *Innovation Ecosystem* it was vice versa, and in the area of *Human capital* results were mixed [NB: the UK ranking 9th and the USA 2nd out of 141 economies in the 2019 GCI 4.0 edition; ceteris paribus].

The Global Competitiveness Report 2018 mentions Brexit twice (2018, pp. 28-29): firstly, introducing the status quo by stating that "Brexit remains unresolved"; and, secondly, pointing out that "[i]ndependent of other effects of Brexit, the event will, by definition, weaken the United Kingdom's markets component as integration with the EU is rolled back". Certain aspects of political and economic impact on the UK from Brexit are briefly outlined in Tab. 4 in Annex.

In the context of multi-level governance the Commission's *Reflection Paper on Harnessing Globalisation* explicitly illustrates the respective layers in a top-down manner (EU level; member state level; regional level; local level); nonetheless, in Tab. 5 in Annex we shall draw attention only to the EU level and the member state level, bearing in mind the scope of our focus in this article.

Vis-à-vis the EU's "no-deal" Brexit preparedness" the European Commission has issued practical guidance to EU member states (European Commission, 2019) concerning: citizens' residence and social security entitlements; police and judicial cooperation in criminal matters; medicinal products and medical devices; data protection; and fisheries. It goes without saying that emphasis was placed on the fact that "the EU's contingency measures will not – and cannot – mitigate the overall impact of a "no-deal" scenario, nor do they in any way compensate for the lack of preparedness or replicate the full benefits of EU membership or the favourable terms of any transition period, as provided for in the Withdrawal Agreement. These proposals are temporary in nature,

limited in scope and will be adopted unilaterally by the EU. They are not "mini-deals" and have not been negotiated with the UK", adding that "[a] *"no-deal" withdrawal will cause disruption and is not desirable, but the EU is fully prepared for it*" (NB: EU member states have been engaged in intensive national preparations, too, and relevant information can be accessed at: https://ec.europa.eu/info/brexit/brexit-preparedness/national-brexit-information-member-states_en).

In fact, it is *not unequivocally feasible* to precisely assess *how Brexit will affect EU member states and EU enlargement countries* owing to pending negotiations (i.e. both the EU withdrawal negotiations of the EU and the UK on one hand at the time of writing; and the EU accession negotiations of the EU and EU enlargement countries on the other hand); still, (immediate) stakes are high in the short and medium run in the case of the first. Common sense wisdom, however, claims that (*ceteris paribus*) "you can't have your cake and eat it"; hence, with regard to globalisation harnessing (Tab. 5 in Annex), the UK would beyond any doubt need to prioritise (in terms of strategic planning and/or funding). Acknowledging that "there are, inevitably, tensions – social, economic, and environmental – between the various dimensions of economic progress", *The Global Competitiveness Report 2018* (pp. 1-2) reiterates that "[m]ajor economic challenges need long-term solutions, but short-termism prevails in governments, administrations and corporations around the world". In this regard let us shortly shed light onto the line of thought pursued by Acemoglu & Robinson (2008) before we proceed to any further conclusions related to the global prospects of the UK – as measured by the recently re-revised KOF Globalisation Index (Gygli et al., 2019), which introduces a separate *de facto* and *de jure* globalisation index in every dimension and sub-dimension.

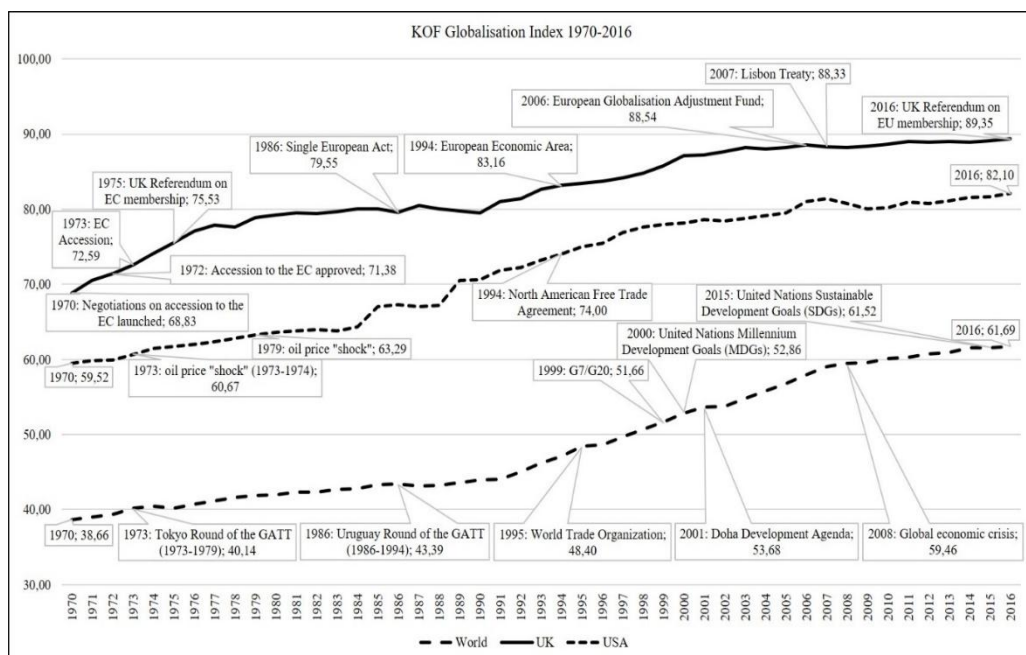
Ascertaining that over the last half millennium different societies have moved onto distinct paths of political and economic development, Acemoglu & Robinson (2008, pp. 673-679) unfold their argumentation as follows: "[B]eginning in the seventeenth century, Britain experienced a series of changes in political institutions which led to the emergence of a constitutional monarchy and a much greater stability of property rights. In consequence, the British economy began to develop rapidly and was at the forefront of the industrial revolution in the 19th century. [...] While political institutions determine the distribution of *de jure* political power in society, the distribution of resources influences the distribution of *de facto* political power at time *t*. These two sources of political power, in turn, affect the choice of economic institutions and influence the future evolution of political institutions. Economic institutions determine economic outcomes, including the aggregate growth rate of the economy and the distribution of resources at time *t + 1*."

Historically, Adam Smith witnessed the beginning of the Industrial Revolution, which turned Great Britain into the first industrialized country (*alias* the "workshop of the world") in the late 18th and 19th centuries, followed by Germany and the USA. His view of prosperity was chronologically associated with agriculture, manufacturing, and foreign trade, but "[s]ervices weren't valued, as Smith could not have conceived of the technological revolution that would allow output from that sector to be traded as a commodity or a manufactured good on such a huge scale as it is today. [...] When Britain specialized in manufacturing as the earliest industrial power, it imported agricultural goods. Smith certainly saw the interconnections between trade and the structure of the British economy. In fact, Smith's beliefs about a circumscribed role for the state were influenced by his deep-seated opposition to the mercantilist policies of that time. He

strongly objected to mercantilists distorting international trade by seeking to run a surplus.” (Yueh, 2019, pp. 26-28). Regulation and taxation of trade by the British government in the course of the 18th and early 19th centuries (mercantilist trade policy during the Industrial Revolution, tariffs imposed on agricultural goods under the Corn Laws, and English vessels to be used in trade in terms of the Navigation Acts) were succeeded by declining trade barriers in the 1830s [NB: Relatedly, tariffs had amounted almost to 100 per cent of government revenues in the newly-established USA in the late 18th century before they halved in the early 20th century.]. Roughly since the repeal of the Corn Laws, globalization has experienced its “ups” (the 1850-1913 & the 1950-2007 periods) and “downs” (the Great Depression & the Great Recession periods). Individual post-war decades have witnessed tendencies towards multilateralism or plurilateralism.

Namely, in the case of the UK the 1950s symbolised its direction away from negotiating establishment of the European Economic Community (EEC) towards negotiating alternative European Free Trade Association (EFTA); and, the 1960s marked the UK’s redirection from EFTA membership towards the EEC/EC (*alias* the European Communities), which (subject to unanimity among EEC/EC members) failed to materialise owing to recurrent veto of the UK’s bid. The 1970’s were dynamic for the UK, too, when shortly after its 1973 EC accession the UK held a referendum in 1975 whether to sustain its EC-oriented direction, or to redirect it again. If we zoom out from the Anglo-Saxon (UK), through the Anglo-American (the USA) to the global perspective, the year 1973 is to be seen as the one of: the UK’s accomplished EC accession, the start of the first oil price shock and launch of the Tokyo Round of GATT negotiations (Fig. 1a).

Figure 1a KOF Globalisation Index (1970-2016): the UK, the USA and the world.



Source: own illustration.

The final Uruguay Round of GATT talks (1986-1994) prior to the establishment of the World Trade Organization (WTO) was paralleled: in the EC/EU (*alias* the European Union) context with the "inward" 1986 Single European Act & the "outward" European Economic Area; and, in the USA context with the North American Free Trade Agreement. Since the formation of the WTO (1995) the Doha Development Agenda has been pending.

Overall KOF Globalisation Index (Fig. 1a) of the UK not only exceeded the one of the USA, but corresponded with almost a double of the world level in 1970 (displaying major discrepancy between the UK & the USA on the one hand, and the world on the other hand); as a matter of fact it has been on the rise throughout the 1970-2016 interval, despite the UK's 1975 Referendum on EC membership & the 2016 Referendum on EU membership.

As for the KOF Globalisation Index *de facto* (Fig. 1b in Annex) and the KOF Globalisation Index *de jure* (Fig. 1c in Annex), both have demonstrated an upward trend in the respective 1970-2016 time span albeit the world, the UK and the USA displayed varying trajectories. When addressed on the world level, *de jure* globalization "overtook" *de facto* globalization around the time of transformation from GATT to WTO. Since 1975 (which coincides with the UK's 1975 Referendum on EC membership), the UK has been more *de jure* than *de facto* globalised, and standing at 93.01 out of 100 in 2016 in *de jure* globalisation terms, it could be expected to retreat to lower levels in the years to come unless it engages in an extent of international treaties/agreements comparable with that of its EU membership. Though *de facto* globalisation was lagging behind *de jure* globalisation in the USA across the 1970-2016 time period, such performance is in line with the causality observed by Gygli et al. (2019) and formulated as: "countries that are most globalized in the de facto indices also tend to be most globalized in the de jure indices". Reversed causality would suggest a shift to bi-/tri-/plurilateralism away from multilateralism, but one ought to be aware that "de facto and de jure globalization describe different characteristics of globalization resulting in distinct country rankings" (Gygli et al., 2019).

Conclusion: The Brexitologic of competitiveness

"Many Britons seem to lack or positively reject a European identity, and may feel a closer affinity with the USA, because of a common language and a substantially shared culture. Yet the sometimes canvassed possibility of the UK exchanging EU membership for membership of the North American Free Trade Area, even if feasible, would substitute an unequal dependent relationship with a superpower, inevitably preoccupied first and foremost with the interests of the Americas, for a partnership between equals."

Coxall et al. (2003), p. 287.

Our analytical approach to the quest for "Brexitologic of Competitiveness" rests both on normative economics *alias* normative economic statements, and positive economics *alias* positive economic statements. In order to properly comprehend competitiveness, the respective setting, which is nowadays represented by globalisation, is of

utmost importance; this is why we zoomed out our focus in part 1.1 (Globalisation revisited) before zooming it in in part 1.2 (Competitiveness revisited). Subsequently, on the background of updated methodology of both the *Global Competitiveness Index* (World Economic Forum) and the *KOF Globalisation Index* (ETH Zürich) we discussed the scale of globalisation and competitiveness of the UK as compared with the USA in part 2 (Global Britain).

Our conclusions shall be motivated by the magnum opus *An Inquiry into the Nature and Causes of the Wealth of Nations*, in which Adam Smith advised that Britain should endeavour to accommodate her future views and designs to the real mediocrity of her circumstances, and urged legislators to awaken from the "golden dream" of empire. In the quote above, Coxall et al. (2003) put forward a reversed asymmetry in interdependence from the one of Smith's era. Would, indeed, the "US-first" (*alias* single-centred "America First") attitude switch to a "us-first" (*alias* dual-centred "America First" & "Britain First") approach? And, this being the case, would the interdependence be on a par (*alias* metropolis-metropolis)? It goes without saying that in the perception (and official rhetoric) of UK political elites steering the "Brexit issue" it would represent a shift from a "tolerated" *win-lose* (*alias* "EU win – UK lose") to the "promising" *win-win* (*alias* "US win – UK win"). Be that as it may, *The Global Competitiveness Report 2018* underlines that "while openness has been a "win-win" between countries it is at times a "win-lose" within countries".

Over the years, industrialization brought about by the Industrial Revolution has been challenged by deindustrialization (just to revert to reindustrialization in terms of 4IR?); globalization by deglobalization (just to revert to globalization 2.0?); and UK preference of alternative integration by UK preference of mainstream EU integration (just to revert to alternative integration?). As a matter of fact, current developments in the world economy are characterised by many contradictory processes and the *modus vivendi* was summarised by Staněk et al. (2018, p. 107) as follows: "Globalisation itself is subject to a process of change. Integration-driven tendencies seek a new shape (EU, NAFTA); simultaneously, there is renaissance of protectionism, tariff barriers (USA) just like a call for the need of a major reform in the sphere of world trade (WTO reform). Encouragement of orientation on ecology (Paris Protocol) has reinforced, too. Developments are also shaped by the ever more extensive impact of 4IR, changes in the environment, the financial sector as well as the overall perception of the society. Acceleration of changes occurring in the environment strengthens the imperative of an environmentally-friendly economy and society. Robotisation, artificial intelligence, big data, digitalisation just like the new concept of production systems result in the reinvention of production systems (customisation of production, new forms of subcontracting and offshoring adapt the entire chain of production processes). Digitalisation of the society not only modifies forms of communication, but also reinvents services, consumption and trade. At the same time, the central concept of societal evolution – in the energy sector, transportation, health care and education is subject to transformation. Artificial intelligence has already permeated a number of areas. Digitalisation also recasts interactions (of societal and economic nature). Ceaseless modification of the course of action translates into consumption marked by flexibility and adaptability."

A. Smith and D. Ricardo experienced an epoch of vast change, too. In terms of food security, Smith excluded food in his pursuit of free trade – unlike Ricardo who did not mind depending on foreign countries for food supplies and whose campaign against

trade restrictions contributed to the repeal of the Corn Laws in 1846, which eventually triggered an era of globalization. Inspired by J. Bentham's definition of utility for a society (*alias* the greatest happiness for the greatest number), Ricardo modelled benefits from international trade for the economy as a whole, which was challenged by J. Schumpeter as the "Ricardian Vice". Still, Ricardo himself was aware of a clash of interests due to a negative correlation (availability versus price of food) between landowners (*alias* proponents of the protectionist Corn Laws) and consumers (*alias* opponents of the protectionist Corn Laws) [NB: J. E. Stiglitz contradicts the current "existing-trade-agreements-challenging America-First campaign" by arguing that "*American negotiators got most of what they wanted. [...] The problem was with what they wanted: From the perspective of America as a whole, they wanted the wrong thing. What they asked for was essentially what American corporations wanted. [...] They were thinking about what would increase the profits of America's big corporations [...] even if it increased the prices that American consumers had to pay*" (2018, pp. xx-xxi)].

The UK as one of the most globally oriented economies has accumulated a trade deficit since its 19th century glory days. One would be prone to assume that A. Smith (*alias* "the father of economics") and D. Ricardo (*alias* "the father of international trade") would seek a complete "health check of the domestic economy" rather than a partial scrutiny of the country's trade position (a trade deficit or a trade surplus) due to the trade balance being linked to a country's comparative advantage. This brings us to the overall concept of competitiveness before we relate it to the "Brexitologic of Competitiveness".

Essentially, argumentation by Krpec & Hodulák (2012, p. 372) that in an economic perspective "the term [*competitiveness*] as such is not an issue as long as it is meant to express the ability of a particular enterprise to produce goods or services demanded on the market, at a price, which the customers are willing to pay" continues as follows: "Classical economists proved that, subject to monitoring of signals on the market, individual economic entities will identify certain products associated with *comparative advantage* in any economy, and international trade will then build up a utility effect for all actors. Strictly speaking, the issue of competitiveness on the country level is not inherently relevant from the viewpoint of the classical theory of international trade. Situation in the *reality* of international relations in an economic and in a political perspective, however, differs. Historically, the most pivotal problem ever was deemed to be a failure to safeguard security. Specialisation in international trade channelled the risk of compromising self-sufficiency. Disruptions in international trade by a rival led to a discontinuity of raw material or food supplies, which as a matter of fact made the essence of statehood vulnerable. [*authors' translation*]".

Globalisation shaped competitiveness then just as now "globalisation revisited" exposes "competitiveness revisited". In introduction we have conveyed our analytical approach to "Brexitologic of Competitiveness" as one resting both on normative economics (*alias* normative economic statements) and positive economics (*alias* positive economic statements). We wish to reiterate that stagnation of living standards was attributed to globalization as well as (implied) "skill-biased technical change", with an interpretation provided by Yueh (2019, p. 21): "Manufacturing output and retail sales, once the mainstay of the economy, have been usurped by specialists advising the world how and where to invest, organizing their companies, proposing better product designs, writing contracts, preparing accounts and offering technical advice in the worlds of engineering,

IT, architecture and finance. The output of these activities takes the form of blueprints, designs, specifications, recommendations, computer code, ideas, reports, databases and the like. Business activity increasingly consists of people sitting in front of computer screens and having meetings to appraise projects." In this domain of both the UK and the USA, competition becomes ever fiercer on the growing market for services. With the "Brexit issue" at stake and being one of crucial exporters of services, the UK as a post-industrial economy would benefit not just from an advanced classification of the so-called "manu-services", but also from progressing service-sector liberalisation.

On the background of the GCI update the results "reveal that countries that optimize their performance on the factors included in the GCI 4.0 are also more resilient to various shocks" (Schwab et al., 2018). In terms of positive economics let us zoom into the GCI 4.0 *Product market pillar* & *Market size pillar* (2018-2019).

Firstly, when we zoom into the GCI 4.0 *Product market pillar*, the benchmarks are: Singapore (7.01 Distortive effect of taxes and subsidies on competition & 7.04 Prevalence of non-tariff barriers), Switzerland (7.02 Extent of market dominance), Hong Kong (7.03 Competition in services; 7.05 Trade tariffs % duty; 7.06 Complexity of tariffs), Germany (7.07 Efficiency of the clearance process/Border clearance efficiency) and Ecuador (7.08 Services trade openness – the latter available in the 2018 edition only). In the respective 2018-2019 GCI 4.0 *Product market pillar* the USA outperformed the UK.

Secondly, a zoom into the GCI 4.0 *Market size pillar* discloses overall leadership (with continuity in 2019) by China (just like in 10.01 Gross domestic product PPP in bn. USD) together with Hong Kong being the benchmark in 10.02 Imports % GDP. In this case both the USA (ranking 2nd) and the UK (ranking 7th and 8th in 2018 and 2019, respectively) have seen an upward trend.

In terms of the "Brexitologic of Competitiveness" the UK would seek measures to reduce its long-term trade deficit introduced earlier, which has been "largely masked by the amount of inward FDI that the UK attracts" [NB: 5-year average foreign direct investment (*alias* FDI) inward flow % GDP of 2.3 in the UK versus 1.7 in the USA as documented in *The Global Competitiveness Report 2018*, and 3.1 in the UK versus 1.8 in the USA in *The Global Competitiveness Report 2019*, respectively] as Driffield & Karoglou (2019, pp. 560-561) put it and continue: "The naïve approach, which was sometimes offered by politicians in the run up to the referendum and indeed by some for the 12 months up to the 2017 UK general election but dismissed almost unanimously by policy makers, academics and the popular press, would be simply to assume that the effect on FDI would simply be zero, with new opportunities offsetting any detrimental effects. And yet, what may happen to (inward) FDI is more than an important concern; it is a centrepiece economic criterion to make a decision to remain or not in a free-trade area or a customs union." [NB: On the background of the KOF Globalisation Index update, the issue features in the financial sub-dimension of economic globalisation: FDI as *de facto* financial globalisation, and investment restrictions as *de jure* financial globalisation]. With reference to our introduction as if the so-called "hard Brexit" epitomised (an uncompromising) change of the status quo and the so-called "soft Brexit" a (compromise) bond with the EU, so in actual fact "the harder the Brexit, the higher the transaction costs". The unconventional nature of the EU tends to be characterised as "sui generis"; subsequently, a conventional "FDI checklist" (*Who* invests?, *What* kind of investment?, *Where* would be an investment appropriate?, *When* would it be appropriate

to invest?, *Why* is an investment to be made?, *How* is an investment to be made?) is in case of Brexit likely to incorporate "*Why not?*", too. It is precisely "*Why not?*" that could lead to the decision to prefer the EU for (re)location of supply chains and to import to the UK from the EU afterwards as Driffield & Karoglou (2019, pp. 578-579) specify: "As such, the lack of new investment is similar in effect to exit, as it implies de facto a relocation away from the UK. It is also likely to cause a move of supporting sectors and supply chains away from the UK, and an increase in imports.". The UK government addressing the "*Why?*" (in contrast to "*Why not?*") may perhaps embark on cost competitiveness (if labour market flexibility is pursued in opposition to the advancing European social model) or "pull" (in the short term by means of inward investment incentives beyond EU state aid rules, or in a longer term by investing in skills and fostering access to finance for small- and medium-size enterprises).

In line with the earlier observation cited from *The Global Competitiveness Report 2018* of short-termism prevailing in governments, administrations and corporations around the world let us zoom also into the GCI 4.0 *Institutions pillar* (2018) by streamlining our attention to 1.13 Future orientation of government [*alias* the detailed indicators 1.20-1.26 in the 2019 edition]. One might comprehend deflection of the USA from the benchmark (Singapore) as an outcome of the "America First" doctrine, and inclination of the UK to the identical benchmark as a consequence of the previously envisaged two-year "business contingency plan for the Brexit process".

In terms of normative economics we conclude that the "Brexit issue" has had a disruptive impact on business operations; one may wonder if the "Brexit issue" turns into "sui generis creative disruption" (i.e. one beyond Schumpeter's original concept), though only the future will determine the ultimate nature of the "Brexitologic of Competitiveness" as: *win-win* (globalisation and competitiveness revisited by both the EU & the UK); *win-lose/lose-win* (renaissance for the UK and/or the EU); *lose-lose* ("Global Britain" versus "the EU as a global player" both facing global competition). What remains certain is that "it took three UK Prime Ministers to enter the E(E)C" and "it has taken three UK Prime Ministers to exit from the EU".

To conclude our quest for "Brexitologic of Competitiveness" prior to the 12 December 2019 (yet another) UK general election as this article goes to press, when the UK was reserved about pooling its sovereignty upon becoming a member of the E(E)C, the winning (pro-accession) argument was the "price of non-participation" (*alias* having no say in decision-making in case of non-integration). Should one relate the line of thought pursued by Acemoglu & Robinson (2008, pp. 673-679) that *de jure political power* is derived from political institutions in the society whereas *de facto political power* is associated with activities of pressure groups, to the "Brexit issue", both the UK Parliament and the UK Government have been instrumental in the *de jure* budgetary aspects of UK withdrawal from the EU (i.e. in terms of the *Withdrawal Agreement*). Yet, the *de facto* "Brexit profit & loss account" (*alias* an analogy of the intrinsically profit-oriented corporate profit & loss account philosophy echoed in the pro-Brexit campaign) will be on post-Brexit Day 1 topped by sunk costs paid for policy changes (economically and politically) that were necessary to join.

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Annex

Table 1 Links to authorship of selected globalisation-related concepts.

Author	Cf.	Authors of related concepts
ABU-LUGHOD, J.	→	AMIN; ARRIGHI; BRAUDEL; COX; HELLEINER; SASSEN; TAYLOR
AMIN, S.	→	ARRIGHI; BELLO; COX; HARDT & NEGRI; HELLEINER; SCHOLTE
APPADURAI, A.	→	ABU-LUGHOD; CASTELLS; CHOW; ESCOBAR; FALK; HANNERZ; HARVEY; MIGNOLO; ONG; ROBERTSON; ROSENAU; RUGGIE; SANTOS; SASSEN; SCHOLTE; SPIVAK; TAYLOR
ARRIGHI, G.	→	AMIN; BELLO; BRAUDEL; BRENNER; COX; HARVEY; ROSENAU; SANTOS
BAUMAN, Z.	→	BECK; CASTELLS; HARDT & NEGRI; HARVEY
BECK, U.	→	ABU-LUGHOD; BAUMAN; BRENNER; CASTELLS; DIRLIK; ESCOBAR; HARDT & NEGRI; MIGNOLO; SASSEN; SCHOLTE; TAYLOR
BELLO, W. F.	→	AMIN; ARRIGHI; COX; HARVEY; HELLEINER; SANTOS
BRAUDEL, F.	→	ABU-LUGHOD; AMIN; ARRIGHI; BRENNER; COX; FALK; HARVEY; HELLEINER; ROBERTSON; TOMLINSON
BRENNER, N.	→	ABU-LUGHOD; AMIN; ARRIGHI; BECK; CASTELLS; GIDDENS; HARVEY; HELD; ROBERTSON; SCHOLTE; TAYLOR; TOMLINSON; TSING
CASTELLS, M.	→	AMIN; ARRIGHI; BAUMAN; BRENNER; CERNY; COX; DIRLIK; ESCOBAR; HELLEINER; SEN
CERNY, Ph. G.	→	AMIN; HELD; ONG; SASSEN; SCHOLTE
CHAKRABARTY, D.	→	APPADURAI; DIRLIK; GIDDENS; HARDT & NEGRI; MIGNOLO; ROY; SANTOS; SPIVAK; TSING
CHOW, R.	→	APPADURAI; DIRLIK; ESCOBAR; McCLINTOCK; SANTOS; SHIVA; TOMLINSON
COMAROFF, John & COMAROFF, Jean	→	APPADURAI; ARRIGHI; BECK; BRENNER; CASTELLS; CERNY; CHAKRABARTY; COX; DIRLIK; HARDT & NEGRI; HARVEY; HELLEINER; ONG; SEN; STRANGE
COX, R. W.	→	APPADURAI; ARRIGHI; CASTELLS; CERNY; FALK; SCHOLTE

DIRLIK, A.	→	APPADURAI; ARRIGHI; BECK; BRENNER; CASTELLS; CHAKRABARTY; ESCOBAR; GIDDENS; HARDT & NEGRI; HARVEY; MIGNOLO; ONG; ROBERTSON; SANTOS; SASSEN; SCHOLTE; SPIVAK; TAYLOR; TOMLINSON; TSING
ESCOBAR, A.	→	BECK; CASTELLS; DIRLIK; GIDDENS; HARDT & NEGRI; MIGNOLO; SANTOS; TOMLINSON
FALK, R. A.	→	AMIN; ARRIGHI; BELLO; CERNY; COX; DIRLIK; ESCOBAR; HARVEY; HELD; HOWARD-HASSMANN; TSING
GIDDENS, A.	→	BECK; CASTELLS; ESCOBAR; HELD; MIGNOLO; SASSEN; TOMLINSON
HANNERZ, U.	→	ABU-LUGHOD; APPADURAI; BAUMAN; BECK; BRENNER; CASTELLS; ESCOBAR; GIDDENS; HELD; SASSEN; TAYLOR; TOMLINSON
HARDT, M. & NEGRI, A.	→	ARRIGHI; BAUMAN; BELLO; CHAKRABARTY; COX; DIRLIK; ESCOBAR; FALK; HARVEY; HOWARD-HASSMANN; ONG; ROBERTSON; SANTOS
HARVEY, D.	→	AMIN; ARRIGHI; BELLO; BRENNER; CERNY; COX; GIDDENS; HELLEINER; SANTOS; SCHOLTE
HELD, D.	→	CASTELLS; HOWARD-HASSMANN; ROSENAU; SASSEN; SCHOLTE; TOMLINSON
HELLEINER, E.	→	ARRIGHI; BRAUDEL; CASTELLS; HARVEY; HIRST, THOMPSON & BROMLEY; HOWARD-HASSMANN; RUGGIE; STRANGE; WEISS
HIRST, P. & THOMPSON, G. & BROMLEY, S.	→	AMIN; ARRIGHI; BECK; BRENNER; CASTELLS; CERNY; COX; HELD; HELLEINER; HOPKINS; ROSENAU; SCHOLTE; STRANGE; TAYLOR; WEISS
HOPKINS, A. G.	→	ABU-LUGHOD; ARRIGHI; BRAUDEL; CHAKRABARTY; DIRLIK; HELD
HOWARD-HASSMANN, R. E.	→	ARRIGHI; BRAUDEL; COX; FALK; HARVEY; HELLEINER; SANTOS
KLEIN, N.	→	BELLO; CASTELLS; ESCOBAR; HARVEY; McCLINTOCK; MIGNOLO; ROY; SANTOS; SHIVA; STIGLITZ
LEE, K.	→	CERNY; HARVEY; HELD; HELLEINER; SASSEN
McCLINTOCK, A.	→	APPADURAI; CHOW; ESCOBAR; KLEIN; MIGNOLO; SANTOS; TSING
MIGNOLO, W. D.	→	AMIN; ARRIGHI; BRENNER; COX; ESCOBAR; HARVEY; McCLINTOCK; SANTOS
ONG, A.	→	APPADURAI; CASTELLS; DIRLIK; GIDDENS; HARVEY; HELD; ROBERTSON; SASSEN; TSING
ROBERTSON, R.	→	CASTELLS; FALK; GIDDENS; HANNERZ; HOPKINS; HOWARD-HASSMANN; SEN; TOMLINSON; TSING
RODRIK, D.	→	AMIN; ARRIGHI; BECK; BELLO; BRENNER; COX; HARVEY; ONG; ROSENAU; SCHOLTE
ROSENAU, J. N.	→	CASTELLS; CERNY; ROBERTSON; TOMLINSON

ROY, A.	→	BRENNER; FALK; HARDT & NEGRI; HARVEY; HELD; HELLEINER; KLEIN; ONG; RODRIK; SHIVA; STIGLITZ
RUGGIE, J.	→	AMIN; ARRIGHI; CERNY; COX; HARVEY; RODRIK; ROSENAU; SCHOLTE
SAID, E.	→	CHOW; ESCOBAR; HOPKINS; McCLINTOCK; MIGNOLO; SANTOS; SPIVAK; TOMLINSON
SANTOS, B. de SOUSA	→	BECK; BELLO; BRENNER; CERNY; ESCOBAR; HARVEY; HELD
SASSEN, S.	→	ABU-LUGHOD; BRAUDEL; BRENNER; CASTELLS; CERNY; COX; ESCOBAR; HELLEINER; RUGGIE; TAYLOR
SCHOLTE, J. A.	→	APPADURAI; BECK; BRENNER; CASTELLS; CERNY; DIRLIK; HANNERZ; HARVEY; HIRST, THOMPSON & BROMLEY; ROBERTSON; ROSENAU; RUGGIE; SASSEN; TOMLINSON
SEN, A.	→	APPADURAI; CASTELLS; RODRIK; STIGLITZ
SHIVA, V.	→	FALK; ROY; STIGLITZ
SPIVAK, G. Ch.	→	APPADURAI; ARRIGHI; CHAKRABARTY; CHOW; COX; DIRLIK; MIGNOLO; ONG; SANTOS
STIGLITZ, J. E.	→	AMIN; ARRIGHI; BELLO; ESCOBAR; HARVEY; MIGNOLO; ONG; RODRIK; SANTOS; SHIVA
STRANGE, S.	→	AMIN; ARRIGHI; CASTELLS; CERNY; COX; HELLEINER; HIRST, THOMPSON & BROMLEY; SCHOLTE
TAYLOR, P. J.	→	AMIN; ARRIGHI; BRAUDEL; CASTELLS; COX; SASSEN
TOMLINSON, J.	→	APPADURAI; BECK; BRENNER; CHOW; ESCOBAR; FALK; GIDDENS; ROBERTSON; ROSENAU; SANTOS; SCHOLTE; TSING
TSING, A. L.	→	APPADURAI; CASTELLS; CHAKRABARTY; DIRLIK; ESCOBAR; GIDDENS; MIGNOLO
WEISS, L.	→	BRENNER; CERNY; HARVEY; HELD; HIRST, THOMPSON & BROMLEY; ONG; RODRIK; ROSENAU; SASSEN; SCHOLTE

Source: adapted from Coleman & Sajed (2013).

Table 3 Globalisation indices – Overview and main characteristics.

Measure; Countries; Years; Variables	Description and characteristics
KOF Globalisation Index 2018 version	Comprehensive indicator covering the economic, social and political aspects of globalisation distinguishing between <i>de facto</i> and <i>de jure</i> . Distinction between <i>de facto</i> and <i>de jure</i> globalisation for each dimension and sub-dimension of the index. Differentiation between trade and financial globalisation. Wide coverage in terms of countries and years.
203; 1970-2016; 43	
207; 1970-2015;	

KOF Globalisation Index – 2007 version	– 23	coverage in terms of countries and years. Hybrid-measure. No clear distinction between trade and financial globalisation.
Maastricht Globalisation Index (MGI) – 2012 edition	117; 2000, 2008, 2012; – 11	Comprehensive indicator covering the political, economic, social & cultural, technological and environmental domain of globalisation. Includes an environmental dimension. Covers only three years.
A.T. Kearney/ Foreign Policy Globalisation Index (ATK/FP)	62; 2002-2007; 14	First composite indicator measuring globalisation. Covers political engagement, technology, personal contact and economic integration on a global scale. Serves as benchmark by many alternative indices.
GlobalIndex	97; 1970-2002; 31	Sociological index of globalisation covering the economic, sociotechnical, cultural and political dimensions of globalisation. Extends existing indices by additional dimensions and indicators representing a sociological concept of globalisation.
CSGR Globalisation Index	119; 1982-2004; 16	Composite index measuring the economic, political and social aspects of globalisation. Weights of variables are determined by principal components analysis. Variables measuring openness are corrected for by fixed country characteristics (initial population size, land area and if a country is landlocked).
New Globalisation Index (NGI)	70; 1995-2005; 21	Comprehensive indicator measuring the economic, political and social aspects of globalisation controlling partly for geographical distances between countries. Controlling for geographical distance helps to some extent to distinguish globalisation from regionalisation.
DHL Connectedness Indicator	140; 2005-2015; 12	Composite indicator measuring depth and breadth of country's integration with the rest of the world. Covers international flows of goods and services, capital, information and people. Distinction between depth and breadth of integration.

Source: adapted from Gygli et al. (2019).

Table 4 Political and economic impact on the UK from Brexit.

If out, ...
the UK could develop new global allegiances through its trans-Atlantic and Commonwealth links and remain a key member of international bodies such as the G7/8 and G20.
Parliament would be obliged to follow some EU laws if the UK joins the European Economic Area (EEA) like Norway. Companies trading in Europe would still have to meet EU legal and technical rules, and comply with its competition policy, none of which the UK would have a say over.
the UK would save its annual payment towards EU regional funds and could choose how much to spend on UK projects. Non-EU member Norway pays a contribution towards NMSs in a deal to smooth access to the Single Market, while Switzerland also makes a payment as part of its agreement with the EU.
Outside the EU but in the EEA, the UK would regain sovereignty over policy areas such as trade and agriculture. The UK could negotiate its own preferential trade agreements, regain the power to decide its own import duties and explore a wider

Commonwealth trading deal. It could continue to deal on preferential terms with the EU through a Free Trade Agreement.

the UK would have a range of attractions to persuade international firms to invest such as flexible and well-educated labour force, quality of life and language advantages, good technology and transport infrastructure, stable framework and comparatively low corporate taxes.

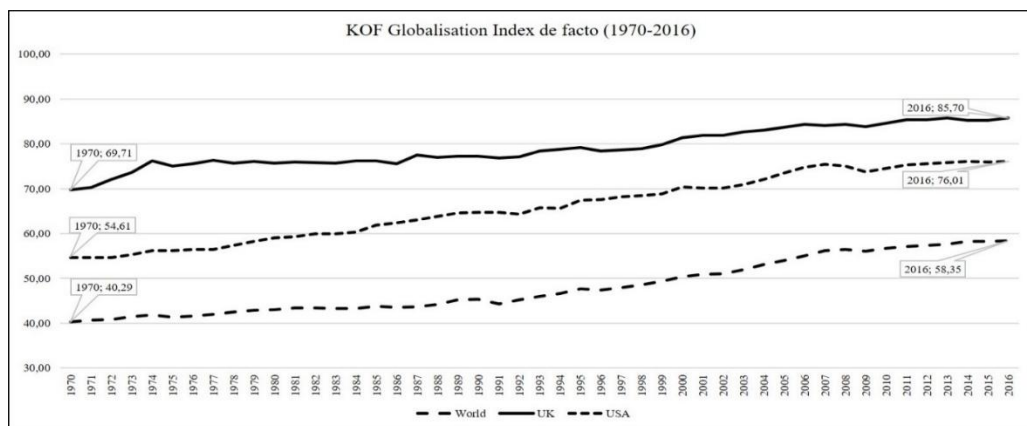
Source: adapted from Charter (2016).

Table 5 Ex ante, i.e. pre-Brexit (EU level and member state level), versus ex-post, i.e. post-"no-deal"-Brexit (*ceteris paribus* non-member country level), globalisation-harnessing approach.

Ex ante (pre-Brexit) EU level	Trade agreements to open markets and enforce a level playing field	Ex post (post-"no-deal"-Brexit) <i>ceteris paribus</i> non-member country level
	Measures to address tax avoidance and evasion as well as tax erosion	
	Promotion of globally relevant regulatory standards	
	Trade Defence Mechanisms	
	European budget (such as EFSI, ESIF, GAF, Horizon)	
	European external investment plan	
	Development assistance	
	Product and food safety	
Ex ante (pre-Brexit) member state level	Provision of education and training	
	Active labour market policies and instruments to assist workers	
	Social fairness through taxation	
	Development assistance	
	National investment plans	
	Infrastructure spending	
	Research and development	

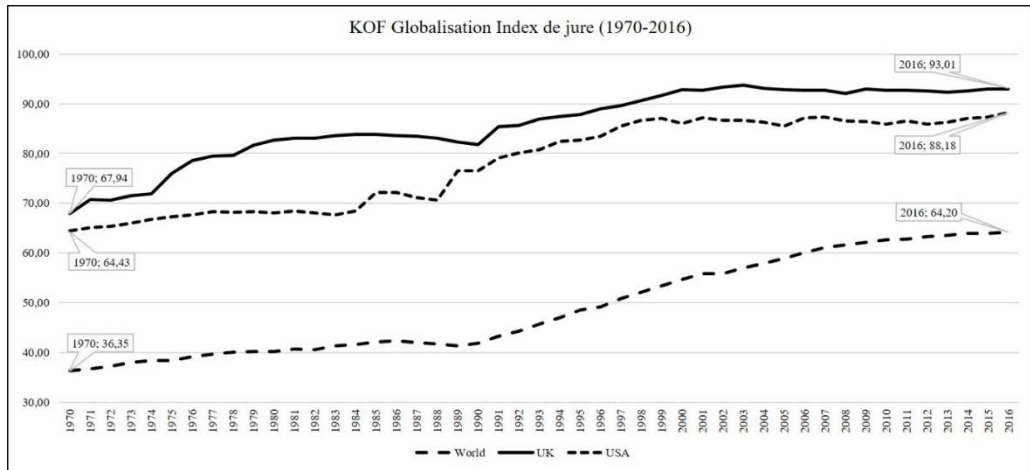
Source: adapted from European Commission (2017), p. 20.

Figure 1b De facto globalisation: the UK, the USA and the world (1970-2016).



Source: KOF.

Figure 1c De jure globalisation: the UK, the USA and the world (1970-2016).



Source: KOF.