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Whether Economic Globalization Comes to an End or Not: an Analysis From the Perspective of Hegemonic Stability Theory

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Abstract:

At present, the world has entered a new period of turbulence and change, and the trend of anti-economic globalization makes the development of economic globalization face difficulties. Faced with great challenges and threats, whether economic globalization has come to an end has become an important issue. Analyzing from the theory of hegemonic stability, the declining hegemonic countries cannot provide enough international public goods to promote economic globalization, while the rising emerging countries have become an important driving force of economic globalization. Guided by the theory of hegemonic stability, this paper analyzes the current situation of economic globalization, and reveals the essence of economic globalization moving forward in a tortuous situation. In order to promote the steady development of economic globalization, in the absence of the United States, emerging countries such as China must actively promote economic globalization.

Keywords:

Hegemony, Economic Globalization, International Public Goods, Emerging Countries, United States

1.Introduction

The report of the 20th National Congress of the Communist Party of China points out that "the world has once again reached a crossroads in history" [1].

Currently, protectionism is on the rise. Many countries have adopted the policy of giving priority to domestic interests. And the trend of anti-economic globalization has become prominent, which brings severe challenges to the process of economic globalization.

The academic community has different views on the prospect of economic globalization, but it is generally acknowledged that economic globalization is already facing various difficulties. Among them, some scholars hold a positive attitude toward economic globalization, while some scholars hold a more negative attitude toward economic globalization.

This paper focuses on the question of whether economic globalization has come to an end and analyzes it from the perspective of hegemonic stability theory. This article expounds the current situation that America,

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as a hegemonic country reduces the supply of international public goods but has fewer intention of promoting economic globalization and the efforts of emerging countries such as China to participate in economic globalization. The conclusion is drawn that economic globalization has not yet come to an end. The active participation of emerging countries is the key to promoting the continuous development of globalization.

2.Review of Literature

2.1. Literature Review of Chinese Scholars

According to Zhicheng Wu, economic globalization is the trend of the future, but he also points out that populism, isolationism, extreme nationalism and protectionism have exacerbated anti-globalization [2]. The report by the Center For China & Globalization (CCG), points out that from a broad perspective, economic globalization has not come to an end, but the era of super-globalization dominated by neoliberalism, driven by Western countries and led by capital is coming to an end [3]. Furthermore, this report also points out that the globalization is in the crisis, which is reflected in the fragmented and unstable global governance, a new international order which has yet to be established, the supply of global public goods which is insufficient and not effective enough, and conflicts and local wars which are inevitable [3].

2.2. Literature Review of Western Scholars

Eichengreen believes hyperglobalization has come to an end, and Barry Eichengreen also points out that globalization is likely to continue to exist, although it will be different from the current globalization [4]. Olivié and Gracia pointed out that globalization has slowed down but it has not shrunk [5].

2.3. Comments on Current Literature Review

Due to limitations of the length of the article, this article only reviews some of the literature.

On the issue of economic globalization and anti-economic globalization, scholars in China and overseas have done in-depth research. As for the prospect of economic globalization, there are some divergences in the views of scholars.

Some scholars admit that globalization is facing difficulties such as negative policies and wars. Some scholars still hold a positive attitude towards its future. However, there are also some scholars who hold a relatively negative view of globalization.

At present, the academic circle has conducted relatively abundant research on economic globalization. The article supplements it on this basis.

3.Basic Problems and Situations

Economic globalization presents a complex situation in which both difficulties and opportunities coexist.

Local conflicts in the world add to the uncertainty of economic globalization. The Russia-Ukraine conflict has been going on for two years. And a new round of Israeli-Palestinian conflict highlights the plight of the Gaza Strip.

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In addition, with the approach of the 2024 US election, Trump is likely to return with a new round of trade protectionist measures, which is bound to affect the global cooperation between countries in the economic and trade field.

It is encouraging to see that regional integration is showing good momentum. For example, in 2024, BRICS welcomed five new members, and they are Iran, Egypt, Saudi Arabia, Ethiopia, and the United Arab Emirates [6]. Furthermore, with the continuous development of social media, digital technology and other technologies, the world will be more closely connected, which also brings new opportunities for globalization.

Based on the current difficulties and opportunities of economic globalization, this paper raises the question of whether the economic globalization has come to an end

4.Theoretical Mechanism: Hegemonic Stability Theory

As Huang and Zhang write in Essentials of International Relations, the theory of hegemonic stability holds that in a state of anarchy in the international community, the hegemonic country is the dominant one and it has the strength and willingness to maintain global political and economic stability [7]. Therefore, we can regard hegemony as an important actor for the economic globalization, and the existence of hegemonic powers is an important factor for the economic globalization. According to Zhang's research, the theory of hegemonic cycle and the international public goods theory are two related theories of hegemonic stability theory [8]. The fourth and fifth part will explore from these two aspects.

4.1. Hegemonic Cycle

Modelsky believed that the global political system has cycles, and Modelsky also mentioned that there is a dominant country in each cycle, and after the old cycle declines, a new one will begin [9].

4.2. International Public Goods

Gilpin believes that according to the theory of hegemonic stability, hegemonic countries should provide international public goods to maintain stable currencies and open trade systems [10].

5.Results and Discussion

Analyzing from the perspective of the theory of hegemonic stability, hegemonic countries influence the development of economic globalization. Therefore, hegemonic countries and emerging countries, have a major impact on the development of economic globalization. The fifth part will explain the end of economic globalization from two aspects.

5.1. Hegemonic Cycle

Today, in such an era, the hegemony country is trying to suppress economic globalization, while the emerging countries are promoting economic globalization. This makes economic globalization not yet over, but showing a tortuous while forward trend.

After the Second World War, the United States made a lot of money from the war, and by virtue of its sci-

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entific and technological advantages in the second Industrial Revolution, it won the position of the first power in the Western world. The United States held the United Nations Monetary and Financial Conference in 1944, which linked the dollar to gold and the currencies of other countries to the dollar, and the dollar became the central currency of international transactions, and the United States successfully built the Bretton Woods system [11]. This system helps to maintain the hegemonic status of the United States.

Objectively speaking, the establishment of the Bretton Woods system established a platform for international economic cooperation and promoted the in-depth development of economic globalization. In the trend of economic globalization, the United States has built an international political and economic system based on the Bretton Woods system and maintained its hegemonic position. It can be seen that at that time, economic globalization is equivalent to a tool for the United States to maintain its hegemony, so the United States held a positive attitude toward economic globalization.

Since the beginning of the 21st century, emerging countries such as China have enhanced their overall national strength and international influence by virtue of open trade policies, and demographic dividend, and become an important force that cannot be ignored by the international community. Thanks to their lower labor and land costs, emerging countries have become an important beneficiary group of economic globalization. The United States also benefits from economic globalization, but it is also threatened by rising costs and the outflow of its industries. The United States' attitude towards globalization has gradually become negative. For instance, the United States withdrew from UNESCO and the Trans-Pacific Partnership agreement one after another [12]. The measures taken by the US government have moved in the direction of anti-economic globalization.

Emerging countries, on the other hand, have taken a more active approach to economic globalization. In 2020, the Regional Comprehensive Economic Partnership (RCEP) was signed by the 10 ASEAN countries, China, New Zealand, Japan, Australia, and South Korea [13], which has brought new momentum to economic globalization. In addition, on January 1, 2024, Saudi Arabia, Ethiopia, Iran, Egypt, and the United Arab Emirates officially became members of BRICS, expanding the BRICS group to 10 members [14].

Thus, it can be seen that the United States, as a hegemonic country, has not assumed the responsibility of economic globalization and even promoted anti-economic globalization, while most emerging countries encourage economic globalization, which makes economic globalization present a tortuous trend.

5.2. International Public Goods

In addition, economic globalization also needs the support of international public goods.

Hegemonic countries are supposed to be the main suppliers of international public goods. But the US has failed to live up to its responsibilities and even believed that other countries have engaged in "free-riding" behavior. For example, in 2023, the US Department of Commerce upgraded its sanctions on Chinese semiconductors, adding more Chinese companies to the "entity list" and restricting companies such as Intel from providing the latest products to China [15].

In contrast, some rising emerging countries such as China, have been making efforts to provide international public goods to the international community. For example, the Belt and Road Initiative of China has provided low-interest loans to developing countries.

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On the one hand, as a hegemonic country, the United States is providing less and less international public goods, which has an impact on the international order. On the other hand, emerging countries such as China have been more active and have proactively provided international public goods, which to some extent has alleviated the shortage of international public goods supply. The complex situation of the provision of international public goods has enabled globalization to move forward while facing troubles.

6.Case Study: The Belt and Road Initiative Promotes Economic Globalization

The Belt and Road Initiative is a national-level initiative proposed by China. Tu and Zhang mentioned that the Belt and Road Initiative provides international public goods from four aspects: establishing a new type of international financial organization, providing new international currencies, promoting infrastructure construction, providing tools to eliminate terrorism and partial wars, and bringing new concepts and models of international cooperation [16]. Drawing on the research of Tu and Zhang [16], the article analyzes how the Belt and Road Initiative has provided international public goods and promoted globalization from the aspect of infrastructure and international organization.

The Belt and Road Initiative has promoted the construction of infrastructure. For example, on December 3, 2021, the China-Laos railway line was fully operational [17]. By October 3, 2023, A total of 83,500 tons of fruits and vegetables were transported, including 11,000 tons of exported fruits and vegetables and 72,500 tons of imported fruits, with a total value exceeding 2.2 billion yuan [18].With the help of the Belt and Road Initiative and the continuous operation of the China-Laos Railway, Laos' infrastructure has developed, which will further promote the economic development of Laos.

The Belt and Road Initiative has promoted the establishment of new international organizations. China advocates the establishment of some international organizations. They are open and inclusive and will further promote economic cooperation. Furthermore, these international organizations, as platforms for cooperation, have promoted multilateralism and international cooperation, and thereby facilitated economic globalization.

7.Policy Suggestions

The anti-economic globalization trend threatens to bring economic globalization to an end. With its hegemony on the decline, the US has fewer intention to promote economic globalization, which must rely on emerging powers with potential, such as China.

First, it relies on regional integration to promote economic globalization. Although different countries have different attitudes towards economic globalization, lots of countries have a clear attitude towards regional integration. In this context, it is extremely important to promote economic globalization through regional integration. For example, the signing of the Regional Comprehensive Economic Partnership has promoted regional integration.

Second, we should establish an open and mutually beneficial cooperation mechanism such as international organizations. Economic globalization in the past relied on the old international political and economic order with the United States at the center. In the absence of the United States, future economic globalization needs a new international political and economic order. In this regard, an open and mutually beneficial cooperation

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mechanism is particularly critical.

Third, we need to maintain multi-channel exchanges with other countries. At a time when economic globalization is facing obstacles, economic globalization also needs to rely on the strength of culture, science, and technology. By promoting cultural and scientific exchanges, we can make them react against economic globalization.

8.Conclusions

The world has entered a period of turbulence and change, and the trend of anti-economic globalization has emerged. Based on the theory of hegemonic stability, this paper focuses on the question of whether economic globalization has ended or not. This paper reveal the essence that economic globalization has not ended yet, but it is moving forward in the tortuous situation, and concludes the path to solve the problem: promoting economic globalization needs the active participation of emerging countries such as China.

This paper summarizes the situation of economic globalization and the efforts made by emerging countries to promote economic globalization, analyzes the situation of economic globalization, and provides references for understanding and participating in economic globalization.

However, there are still some problems in this paper. Due to space limitations, when analyzing the measures taken by emerging countries to participate in economic globalization, this paper only takes China as an example and elaborates its measures to promote economic globalization, without conducting detailed research on the practices of other emerging countries. The analysis of the measures taken by other emerging countries to promote economic globalization can be carried out in the future research.

At present, economic globalization has entered the deep-water zone, and more and more countries have realized the importance of promoting economic globalization. How to call on more countries to participate in economic globalization, share its opportunities, and promote its further development remains a question to be answered.

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