

The Changes and Unchanges of Current Economic Globalization and China's Solution

Huimin Duan

Guangxi Normal University, Guilin 541006, China.

Abstract: The strong rise of emerging markets and developing countries, and the increasing potential of "reverse globalization" are accelerating the formation of a new type of economic globalization. However, the internal driving mechanism of the new economic globalization has not changed, and market factors and institutional rules are still important driving forces for the development process of globalization. However, the form has changed, and more attention will be paid to the institutional rules to keep pace with the times and the diversification of participating subjects. And China needs to speed up the new development of building a double-cycle pattern, promote the change of the current unreasonable institutional mechanism, lead the construction of an open world economy, and contribute to the world with Chinese solutions.

Keywords: New Type of Economic Globalization; Intrinsic Dynamic Mechanism; Chinese Solution

1. Introduction

At present, the current economic globalization system suffers from imbalance in development, governance failure, lagging rules and lack of moral values, which has led to increased economic polarization and a widening gap between the rich and the poor, as well as the rise of thoughts and actions questioning or opposing economic globalization, and the process of economic globalization has been hindered. However, this does not mean the end of the process of economic globalization, on the contrary, "economic globalization is a historical trend", the old system of unreasonable, unjust and unscientific has accelerated the formation of a new type of economic globalization.

On January 18, 2017, in a speech at the United Nations headquarters in Geneva, General Secretary Xi Jinping further put forward the new economic globalization concept of "building an open, inclusive, inclusive, balanced and win-win economic globalization" and "embracing development opportunities with greater openness, seeking mutual benefits with better. It emphasizes that the new type of economic globalization is a globalization of cooperation and co-governance of multiple subjects, which pays more attention to the interests of emerging economies and developing countries, and better deals with the issue of capital seeking profits and the development of the countries concerned, as well as the issue of how to better benefit the immediate welfare of the middle and lower classes. This paper analyzes the inevitable trend of the new type of economic globalization, explores the inner dynamics of the new inevitable economic globalization, and explores how China can lead the new type of globalization.

2. The new economic globalization is the general trend

2.1 The strong rise of emerging markets and developing countries

Since the financial crisis in 2008, the contrast in power in the international economic landscape has changed fundamentally. The economies of the major developed economies have not yet emerged from the effects of the crisis and remain in recession. The global share of GDP of developed countries has been decreasing, while the economies of developing countries have been striving to keep moving towards the share of GDP of developed economies, which has been increasing. The economic strength of major developed economies is declining relative to some emerging economies (China, India, etc.) Since 2000 to 2020, the economies of six countries -

Germany, Japan, the UK, France, Italy and Canada - have been declining in size, from a global share of 54.85% in 2000 to 21.25% in 2020; the global share of GDP of the EU region has fallen from 21.51% to 18.25% in 2020; even the U.S. has seen a slight decline in its economic power and position.

The strong rise of economic power of emerging markets and developing countries has also increased their voice and influence in global governance, which has raised the demand for reform of unfair, unreasonable and unscientific global governance models and governance structures. At the same time, the willingness and ability of emerging markets and developing countries to participate in global governance has been increasing, becoming an important support for promoting global governance reform. The institutionalization of BRICS cooperation, the prominence of the G20 in global governance, and the development of the "Belt and Road" all highlight the strong rise of emerging market forces represented by China, which is playing an increasingly prominent and important role in the international community.

2.2 The potential of "reverse globalization" increases

In the past decades, the economic globalization led by Western countries has been one-way, fragmented and exclusive. On the one hand, with the continuous development of the globalization of financial capital, the industrial capital of developed countries has been transferred to the outside world, the hollowing out of domestic industries has become more and more serious, some ordinary enterprises and ordinary people have not benefited much from globalization, domestic class division has become more and more serious, and the gap between rich and poor in the country has become bigger and bigger; on the other hand, developed countries have long used their own advanced management technology, military power and scientific and technological advantages to occupy the top of the global industrial and value chains and carry out crazy resource plundering, commodity dumping and economic blockade on the vast number of developing countries, resulting in the vast number of developing countries being in a "low-end lock-in state" and not reaping the benefits of economic globalization, increasing the gap between North and South and rising income inequality between countries^[1]. The unequal and unreasonable distribution system has widened the gap between the rich and the poor and intensified the conflict of interests between different groups. Those who suffer from the interests of economic globalization in developed countries are more sensitive, and they often interfere with the policy direction through political channels. Even the internal conflicts in some countries have intensified, and in order to maintain their own interests, they are willing to drive backwards in history, adopt protectionist policies and oppose economic globalization.

With the prevalence of anti-globalization thinking, the shortcomings and problems of the traditional economic globalization process are emerging, and more and more countries and people hope to build an "open, inclusive, balanced and win-win" economic globalization. First, all countries should participate in globalization equally and actively, and unify their own development with global development, rather than isolating themselves from the world with narrow national and ethnic concepts; second, the development trend of a multipolar world is becoming more and more obvious, and the spirit of democracy and equality should be carried forward internationally, rather than letting the fate of the world be controlled by one or a few countries; third, the relationship between efficiency and fairness should be properly handled, so that the fruits of economic globalization can benefit all countries. The fourth is to make the parties involved in development have equal opportunities and fair distribution, so that the fruits of human development benefit all countries in the world; the fifth is to abide by the principle of mutual benefit and win-win, and not to damage the interests of other countries while each develops.

More and more countries are recognizing the risks of economic globalization and turning to more focus on industrial chain security, localization and host country institutional environment factors. The future development trend of the global industrial chain will be that large countries will seek regionalization and diversification in key industries, while small countries will continue to participate in the industrial chain system dominated by large countries, forming an international pattern of "industrial chain competition"^[2].

3. The inner dynamic mechanism of the new economic globalization

3.1 Market factors are still the intrinsic driving force of globalization

Smith's theory of division of labor: "market expansion - increased exchange - deeper division of labor - economies of scale -

increased efficiency - economic growth" is the economic Objective law. After the financial crisis in 2008, the world economy has gradually recovered, and although the growth rate has slowed down, the overall trend is still in a steady growth state. Moreover, economic globalization is the trend of historical development, and it is impossible and unrealistic to revert back to the previous closed state, which is also not in the fundamental interests of people. Even though the impact of the new crown pneumonia epidemic, countries are paying more and more attention to the security of the industrial chain, the global industrial chain and supply chain towards localization, regionalization, demand, controllability and backup, but this also promotes the global production layout towards a more rational and efficient direction. In other words, the fundamental driving force of the international division of labor and economic globalization has not changed, and the mode of production and the large unified world market have not changed fundamentally.

3.2 Institutional rules are still the guarantee of the new globalization

The worldwide market system and international rules are an important part of economic globalization and provide the institutional basis for globalization. After the Cold War, countries around the world have adopted the path of market-oriented reform, which has played a great role in promoting the process of economic globalization. With the broadening and deepening of economic globalization, international order and international mechanisms are needed to provide rules and procedural safeguards for market opening and to give the necessary regulation to state behavior. Although the current multilateral trading system has encountered challenges, lack of stronger constraints, and the rise of trade, international rules will increasingly develop in the direction of democracy and fairness and transparency as the global economy undergoes major changes, restructuring and reorganization. Countries around the world will work together to improve the imbalance of the world economy, curb trade protectionism, and maintain a sustainable trading system and monetary system for the management of regional agreements. 2021 G20 has actively promoted global tax reform, set the lowest global tax rate for multinational companies, and optimized the global allocation of resources. The formal signing of RCEP member countries sends a strong signal to the world that it opposes unilateralism and trade protectionism, supports free trade as well as upholds the multilateral trading system. The large integrated market converged through RCEP can effectively alleviate the pressure brought by counter-globalization and epidemic shock, and inject new vitality into international free trade and multilateralism.

4. China's solution under the new economic globalization

4.1 To play the advantages of the domestic mega market, and promote the construction of a high-level open economy

From the perspective of consumer demand, China has a large market of 1.4 billion people and 400 million middle-class groups, with the world's largest middle-income group, with huge consumption potential and diverse levels of demand. From the supply side, China has the most complete and largest industrial system. China's economy has now become the engine of the world's economic development, with China's contribution to global economic growth reaching about one-third. China will soon become the world's largest economy, and its total retail sales will already surpass those of the United States in 2020, making it the world's largest consumer goods market and growing at least twice as fast as developed economies. At a time of global economic downturn, the large and robust Chinese market has become a stabilizer for the global consumer market.

Therefore, as a responsible power, China, while effectively strengthening its own development and progress, should insist on opening up to the outside world, improve the quality of opening up to the outside world, combine the restructuring of the global value chain with the restructuring of the domestic economy, actively carry out bilateral trade, innovate industrial cooperation mechanisms, further deepen the construction of "One Belt, One Road", encourage domestic enterprises to strengthen cross-regional docking with various regions outside China, build an open platform for the world, and allow global participation in the process of China's high-quality economic development and share the dividends of growth^[3]. In addition, China should further improve its industrial infrastructure and modernize its industrial chain, continue to optimize its business environment to further enhance China's attractiveness to foreign investment, lay a solid foundation for improving the world's supply chain system, provide global enterprises with a low cost, convenient and smooth manufacturing system, and bring global enterprises a broader space for development and lucrative profit income.

4.2 Demonstrate China's image as a responsible power and improve the current institutional mechanism

China under the new trend of economic globalization is a participant and defender of the international order, as well as a reformer, striving to contribute Chinese wisdom, Chinese solutions and Chinese power to global governance. We should stand in a brand new historical orientation, actively participate, play a constructive role in promoting the international order in a more just and reasonable direction, and make Chinese applied contributions. Specifically:

First, it will further participate in the international division of labor, improve competitiveness, strengthen itself, grow and change its disadvantaged situation, and thus enhance its position in negotiations with developed countries, so as to promote the gradual improvement of the unreasonable international order. Second, to provide new institutional arrangements, further promote the construction of "One Belt, One Road", rationalize and unify the existing international cooperation norms of countries along the route, strengthen the application and improvement mechanism of global international rules, and at the same time, use interconnection as a channel to strengthen the construction of interregional systems and collective identity. More importantly, it is necessary to innovate a dispute settlement mechanism that suits the needs of the "Belt and Road" construction, to enhance consensus in the cooperation through joint discussion and joint construction, and to solve problems that arise during the construction process through policy docking and consultation and communication. Third, build a new cooperation platform, further promote the G20 from a crisis response mechanism to a long-term economic governance mechanism, actively participate in and promote regional and sub-regional cooperation, promote the Asia-Pacific Economic Cooperation (APEC) cooperation, and actively participate in the construction of cooperation mechanisms such as the Asia Cooperation Dialogue and the Asia Trust Conference.

References

- [1] Gao Y, Qu QB. The Concept of Building a Community with a Shared Future for Mankind and The Vision of New Economic Globalization[J]. Northwest Ethnic Studies, 2022(02):18-26.
- [2] Zhou W, Bao WJ. Analysis of Economic Globalization and the World Significance of China Path[J]. Fudan Journal (Social Science Edition),2019,61(03):133-140.
- [3] Liu ZB, Ling YH. From away market to home market: A new pattern of China' s economic globalization[J]. Journal of Chongqing University (Social Science Edition),2020(6):1-9.