

# REFORM OF THE GLOBAL ECONOMIC GOVERNANCE SYSTEM UNDER THE TREND OF RE-GLOBALIZATION

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**E**conomic globalization is a process of forming a global market under the conditions of technological progress and national opening-up. Influenced by factors such as national policies, the international environment and geopolitics, the values, concepts and choices of the participants of globalization will change accordingly, thus affecting the mode, scale and speed of globalization. Therefore, the development of globalization is not always smooth and its evolutionary path is not linear but fluctuating and tortuous. There may even be stagnation, regression and division in some periods, ultimately leading to the reorganization and transformation of the globalization process and its governance.

## THE TREND OF RE-GLOBALIZATION IN ANTI-GLOBALIZATION

From the perspective of modern history, globalization driven by industrialization has always been accompanied by the contradictory movement of anti-globalization forces. Since the 1990s, the neoliberal globalization dominated by the United States has experienced more than a dozen anti-globalization movements. In the process of the struggle between globalization and anti-globalization forces, the latter has never prevailed. However, under the combined influence and continuous impact of multiple factors such as the 2008 global financial crisis, the intensification of major-power strategic competition, the COVID-19 pandemic and geopolitical conflicts, the perceptions of globalization

in major Western countries have undergone important changes. Amid rising populism, unilateralism and protectionism have become prominent, free trade has faced doubts and the globalization process has encountered unprecedented headwinds.

Different from previous anti-globalization civil movements, the anti-globalization trend today is an upgraded government version of anti-globalization promoted by populism. From Brexit to the large-scale trade war launched by the US, from “de-risking” to building “small yards with high fences”, the former so-called “Washington Consensus” oriented by privatization, marketization and democratization has been replaced by the “New Washington Consensus” based on new industrial policies, new interventionism and value-chain alliances. The logic of pursuing economic efficiency has been replaced by that of pursuing “safe development”. A series of anti-globalization policies and actions by major Western countries have severely impacted the globalization process.

Regarding the judgment on the nature of this anti-globalization trend and its consequences, there are many different views in the theoretical circle, such as the end-of-globalization theory, the slow-globalization theory, the globalization-division theory, and the re-globalization theory. In the face of the anti-globalization trend, re-globalization can more scientifically and accurately describe the current development trend of globalization. The connotation of re-globalization is the international community’s judgment on the future development trend of globalization

after the severe setbacks of neoliberal “hyper-globalization”, and it is also a process of readjusting economic globalization based on reflecting on historical lessons. This requires the international community to re-converge on the development concept of globalization, re-coordinate the development subjects, re-adjust the development direction and reshape the development mode.

First, from the perspective of concept, re-globalization is not the neoliberalism once advocated by the West. The self-denial and change of neoliberalism in the Western world announced the bankruptcy of neoliberal globalization. What should replace it is the common values shared by humanity with peace, development, equity, justice, democracy and freedom as the core, reflecting the globalist sentiment and multilateral values, rather than narrow-minded nationalism and unilateralism. In the confrontation of different concepts, the international community expects a more inclusive and universally beneficial economic globalization. The World Trade Organization (WTO) also pointed out in the World Trade Report 2023 that re-globalization is to include more people, economies and urgent issues in global trade, so as to strengthen multilateral cooperation and effectively address the current global challenges.

Second, from the perspective of the subjects, the US is no longer the dominant force promoting the development of globalization. On the contrary, the US has changed from the former standard-bearer of globalization to the pusher of anti-globalization. After the end of the Cold War, the US, relying on its hegemonic position, became the main promoter and shaper of economic globalization. However, this glo-



On October 22, 2024, the IMF held the World Economic Outlook Press Briefing in Washington, and cautioned that deepening geopolitical divisions could undermine the long-term growth prospects of the global economy.

balization model dominated by the US is difficult to adapt to a multi-polar world. Especially with the collective rise of emerging economies, the US, with its relatively declining hegemony, has introduced a series of anti-globalization policies based on the consideration of relative gains, suppressing emerging economies to maintain its hegemony. In contrast, emerging economies such as China have become the main driving forces of re-globalization by strengthening and expanding the BRICS mechanism, creating regional and cross-regional development-oriented financial cooperation institutions and free-trade agreements. At the same time, the vast number of developing countries actively embrace multilateralism, advocate and promote re-globalization that is adapted to the multi-polar pattern, with common development as the orientation, fairness and inclusiveness as the goal. In the future globalization process, the main actors will engage in competition at the multilateral, regional and bilateral levels. Countries with hegemonic thinking must abandon the zero-sum mentality and seek to coexist in competition and cooperate in coexistence so that the resistance to re-globalization can be effectively alleviated.

Third, from the perspective of future direction, re-globalization should follow the law of globalization development, conform to the trend of the times and go in line with the principles of mutual benefit, win-win results, inclusiveness and benefit for all. Looking back on history, globalization is both the result of the development of productive forces and the progress of civilization, as well as the internal requirement for the further development of productive forces. At a time when technological progress promotes the development of productive forces, which in turn drives the development of globalization, blocking the globalization process through policy not only defies the law of globalization development but also violates the law of market-economy development, where the cooperation of comparative advantages, the refinement of international division of labor and the flow of production factors are the internal logic. In this sense, building tariff “barriers” cannot ensure one’s self-preservation and maintain its own hegemony, and it is even more difficult to stop the development pace of re-globalization. Therefore, re-globalization should embed the principle of inclusiveness in designing the rules to achieve fairness of the rules, pursue universal benefit throughout the practice of cooperation to promote the fairness of distribution, and anchor win-win results as the goal for common development. Only in this way can we effectively avoid slipping into division and confrontation due to

the disorder of power-reconstruction.

Fourth, from the perspective of mode, any globalization mode is generated under a certain international order. Re-globalization is the reconstruction of globalization under a multi-polar pattern, and the globalization mode once dominated by the US and the West will gradually withdraw from the historical stage. On the one hand, the US, with its relatively declining hegemony, has significantly reduced its willingness and ability to provide global public goods. The national-centrism narrative under the concept of “Make America Great Again” (MAGA) will boost the anti-globalization trend and cast a shadow over the re-globalization process. On the other hand, the vast number of developing countries are the vital forces promoting re-globalization, which will enhance the fairness and inclusiveness of globalization. Re-globalization will unfold under the complex competition among major countries, between developed and developing countries, and within developed countries. Phenomena such as globalization and regionalization, free trade and fair trade, global production and industrial return will overlap in the same time and space, marking the accelerating reconstruction of the globalization mode. Therefore, re-globalization needs to balance and make choices between national sovereignty and international cooperation, common interests and individual interests, as well as among efficiency, fairness and security. By building a more just and reasonable global economic governance system, the behaviors of various actors could be regulated and managed.

### **RE-GLOBALIZATION CALLS FOR A NEW GLOBAL ECONOMIC GOVERNANCE SYSTEM**

Economic globalization and global economic governance are mutually causal, complementary, and inseparable, which determines that promoting re-globalization naturally requires reforming and improving the global economic governance system in line with the times.

From the perspective of international politics and economy, the failure of globalization under the dominance of neoliberalism is not a problem of globalization itself. Joseph Stiglitz, an American economist, believes that globalization itself is not the problem, while the problem lies in the management of globalization. Therefore, it is not so much the failure of the neoliberal globalization mode as the failure of global economic governance under this mode. This is mainly manifested in the crisis of effectiveness and legitimacy of global economic governance and the internal-external im-

balance of the governance of the dominant country itself.

First, the global economic governance system under the neoliberal globalization mode has structural defects and is difficult to effectively cope with systemic risks. For example, the stagnation of WTO reform has made it difficult for multilateral trade rules to adapt to the development trend of emerging fields such as the digital economy. In the face of the 2008 global financial crisis, international financial institutions such as the International Monetary Fund (IMF) failed to effectively prevent the spread of risk. Neoliberalism over-emphasized the self-adjustment of the market, weakened the cross-national public-governance ability and resulted in the continuous deterioration of global problems such as the polarization between the rich and the poor.

Second, the power structure of the global economic governance system is unbalanced. The voting rights of international financial institutions such as the World Bank and the IMF are still controlled by Western countries, and the voting rights and voices of developing countries have not increased with their growing strength, resulting in a lack of democratic consultation in the decision-making process of these institutions and the inability to effectively safeguard the rights and interests of developing countries. The US frequently abuses its domestic laws to conduct long-arm jurisdiction over international trade, causing great damage to international multilateral trade rules and the basic principles of international law.

Third, the dilemma of neoliberal globalization reflects the internal crisis of the US. The problems of increased polarization between the rich and the poor, the shrinking of the middle class and the hollowing-out of industries in the US are caused by multiple factors. It is unfounded to completely attribute them to globalization. The domestic distribution policy of the US has not been adjusted correspondingly with the development of globalization. The political polarization brought about by uneven distribution and the resulting national governance crisis make it difficult for it to maintain a good interaction with the global economic governance system, and it is inevitable to transfer contradictions outward. At the same time, the far-right ideological trend represented by MAGA and “America First” emerged and spread globally, intensifying the political and social crises in many countries, bringing new challenges to promoting an open world economy, and further expanding the global governance deficit.

It's fair to say that the multilateral mechanism established since the end of World War II has indeed laid a basic



*On September 10, 2024, at the WTO headquarters in Geneva, Switzerland, a seminar was held under the theme “Building Greener and More Resilient Supply Chains”.*

institutional system for global economic governance, which has played an important role in the process of economic globalization. The global economic governance system needed by re-globalization is not to start all over again but to reform the unreasonable and unfair factors in the original global economic governance system and explore to build a set of global economic governance principles that can reflect fairness, rationality and effectiveness.

To be specific, the new global economic governance system required by re-globalization needs to adhere to the following principles. The first principle is sovereign equality. This principle is the basis for the equal rights, equal opportunities and equal rules of all countries, that is, all countries, regardless of their size, strength, or wealth, have the right to equally participate in global economic governance. The second principle is symmetry between rights and responsibilities. Countries at different development levels and stages enjoy different institutional powers in the global economic governance system and also need to assume corresponding responsibilities and obligations to make the allocation of governance power, economic strength and responsibility-sharing reasonable. The third principle is efficiency and fairness. When promoting economic globalization, all countries should work hand in hand to promote the steady and efficient growth of the global economy through collective actions and actively implement the United Nations 2030 Agenda for Sustainable Development, develop and improve the international aid mechanism, and focus on solving global problems such as poverty and the imbalance, inequality and insufficiency of global development.

Indeed, there is still a huge gap between the actual and the desirable in global economic governance, and it is still difficult to form a broad global consensus on the

above-mentioned principles. Especially, the unilateralism, protectionism and isolationism tendencies highlighted by the new Trump administration will increase the difficulty of forming a consensus. In this context, the international community needs to adhere to true multilateralism and build a more just and effective global economic governance system that is adapted to re-globalization.

## **THE GLOBAL SOUTH IS A KEY FORCE IN THE REFORM OF THE GLOBAL ECONOMIC GOVERNANCE SYSTEM**

With the enhancement of the composite strength of developing countries, especially emerging market economies, the rising Global South is playing an increasingly important role in promoting world peace, maintaining fairness and justice, and cooperating to address global challenges. It has thus become an indispensable key force in global economic governance.

First, from the perspective of values, ideas and development visions, development and revitalization, fairness and justice, and inclusiveness and benefit for all are the common value pursuits of the Global South and also the expectations of the Global South for the reform direction of global economic governance. Specifically, the Global South takes poverty-eradication and development financing as urgent demands, energy and food security as core concerns, economic development as an unremitting pursuit, and economic growth and innovative development as goals and visions. For example, the G20 Summit held in Brazil in 2024, with the theme of “Building a Just World and a Sustainable Planet” and “Fight against Hunger and Poverty” as the top priority, reflects the pursuit and desire of the Global South for achieving development and prosperity and realizing modernization. In the same year, in the general debate of the 79th Session of the United Nations General Assembly, the representatives of the Global South countries issued a strong call for jointly promoting peace and development and improving global governance. The development of the Global South and the globalization process are closely interconnected and are advancing simultaneously. The Global South actively embraces inclusive economic globalization, opposes the “center-periphery” economic-monopoly globalization, adheres to multilateralism, advocates multilateral governance and fairness of rules, opposes unilateralism and protectionism, emphasizes common development, and advocates the establishment of a fair and equitable new international order. With the collective rise

of the Global South and the enhancement of its strategic autonomy, its development concept is gradually transforming from demands and visions into actions and practices of participating in global economic governance.

Second, from the perspective of change in strength, the Global South is the basic force promoting world multi-polarity and also the main force promoting the reform of the global economic governance system. For a long time, the Global South has been a passive participant in the globalization process and lacks the strength to shape the global economic governance system. Since the 21st century, the economies of the Global South countries have developed rapidly, becoming the key force promoting the development of world multi-polarity. In 2013, the total GDP of emerging markets and developing economies exceeded that of developed countries for the first time, accounting for 56.4% of the world. In 2023, this proportion rose to 58.8%, and it will further increase in the future. This means that the structure of the world economy with the West as the “center” and the vast Global South countries as the “periphery” will no longer exist.

Third, from the perspective of rules making and mechanism building, the Global South has become the builder and reformer of the global economic governance system. It has achieved a historical breakthrough by creating new multilateral mechanisms and reshaping the system of rules. The establishment of the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) of BRICS, and the proposal of multilateral initiatives such as the Belt and Road Initiative and the Global Development Initiative are all supplements, improvements and optimizations of the traditional global economic governance system, enhancing the legitimacy and effectiveness of global economic governance and helping to alleviate the deficits in governance, development and democracy faced by the world today.

China is the world’s largest developing country and a natural member of the Global South. “The Global South emerges for development and prospers through development. We should make ourselves the main driving force for common development. We should play an active and leading role in the global economic governance reform, and make development the core of international economic and trade agenda,” President Xi Jinping emphasized. China is a firm supporter of economic globalization and an advocate and promoter of an open world economy. In the face of the resistance to re-globalization and the reform dilemma of global economic governance, China will unite with the

Global South countries and continuously inject Chinese strength into the reform and improvement of the global economic governance system, playing a greater role in breaking the dilemma of global economic governance and leading the transformation of the global economic governance system. Firstly, China is committed to enhancing the representation and voice of the Global South in the global economic governance system to make the institutional system of global economic governance adapt to the global economic power contrast. On the one hand, it will actively promote the reform of traditional international financial institutions such as the World Bank and the IMF. While enhancing their governance effectiveness, China will focus on promoting the reform of the governance structure of these institutions to make them better reflect the due status of developing countries. On the other hand, China will make full use of the emerging multilateral mechanisms of the Global South such as the AIIB and the NDB to leverage more development financing, promote the sustainable and common development of the Global South, and make the process of economic globalization more inclusive. Secondly, China will always adhere to the global governance concept of extensive consultation, joint contribution and shared benefits, bridge the ideological division and shape value consensus with the Global Civilization Initiative. By making full use of the existing bilateral and multilateral exchange mechanisms of the Global South, China will work to transform the basic proposition of the Global Civilization Initiative, which contains “respecting the diversity of civilizations, and letting cultural exchanges transcend estrangement, mutual learning transcend clashes, and coexistence transcend feelings of superiority”, into a consensus and action on cooperating to address global challenges, laying a solid ideological foundation for promoting the establishment of a fair and equitable global economic governance system. Thirdly, China will adhere to true multilateralism and firmly safeguard the multilateral trading system with the WTO as the core. China will continuously promote the reform process of the WTO, give play to the role of regional multilateral trade agreements, and hedge against the damage of Trump 2.0’s unilateral trade policy to the international trade order with “rules-based trade governance”. In the process of rules-making in emerging fields such as digital trade, data flow and green tariff, the Global South countries need to step up cooperation to ensure that emerging mechanisms can be built in a fair and equitable way, thus offering sound institutional guarantee for the common development of the world. ■