

III. Momentum of Economic Globalization Remains

From a long-term historical perspective, the development of everything has its own laws. The internal driving force of economic globalization is usually thought to be declining international transaction costs caused by natural or man-made factors, and is the result of productivity development and technological progress. The fall of the Berlin Wall, China's opening-up, the integration of the European Union, and the deepening of the global value chain system — the “global village” has for the first time become a reality in a real sense. Until today, this driving force has not been reversed, and no one can bear the price of moving backwards.

1. Market factor: Demand for economic development becoming the fundamental driving force for economic globalization

In terms of economics theory, market expansion → deepening of division of labor → economy of scale → efficiency improvement → economic growth is an objective law. In essence, all countries suffer from varying levels of contradictions, such as lack of natural resources, capital, labor, technology, and markets. To resolve those contradictions, they must make full use of international markets and resources and make utmost efforts to participate in the international division of labor. The 2008 global financial crisis and this year's novel coronavirus pandemic both have some impact on the international production model. However, the modern industrial production determines that global distribution is more reasonable and efficient. As long as this production pattern and the unified world market do not change fundamentally, there will always be the driving force for the in-depth development of economic globalization. In fact, after the 2008 global financial crisis, global production activities quickly recovered after a brief decline; although the growth rate was not as high as it was before the crisis, the global production had expanded steadily. People have experienced unprecedented integration and had access to the benefits of economic globalization, and it would be a historical “regression” to return to the previous state of isolation, which is not in the fundamental interest of mankind.

2. Technology factor: Technological progress having provided solid material foundation for economic globalization

The scientific and technological revolution is the main driving force for economic globalization. Generally speaking, the great advancement of scientific and technological revolution and the expansion of market division of labor have promoted the rapid development of productivity and led to accelerated globalization. Economist Richard Baldwin holds that economic globalization is an economic phenomenon caused by the successive reduction of three “transportation” costs. First, it is the decreasing cost of transportation of goods, which leads to the concentration of production and the formation of several regional manufacturing sections. Second, it is the reduced cost of information dissemination. The cost of cross-border communications has been greatly reduced, which has brought about another major change in the production model to form a global supply chain. Last but not least, it is the reduction in the cost of personnel mobility, which will further flatten the world in the future. As new energy, new medicine, artificial intelligence, internet of things, virtual reality, 3D printing, blockchain and other cutting-edge scientific and technological achievements become applicable and be applied to industrial production, they will create great new market demands. With the support of the global 5G network, the threshold for some small companies, start-ups and even individuals to integrate into economic globalization has been greatly lowered. Hundreds of millions of people have participated in cross-border e-commerce, and there are more and more cross-border personnel exchanges. Global interconnectivity and free flow of commodities and factors will become easier, and the global economic integration will be further deepened.

Box 4-5 Technological Development Promotes Economic Globalization

The United States has proposed to increase its R&D investment to the highest level in history of 3% of GDP, in an effort to achieve breakthroughs in the fields of new energy, basic science, stem cell research, and aerospace. The EU has increased its investment in the green economy to maintain its leading position in the world in the field of green technology. Japan has focused on the development of energy and environmental technologies, and taken information technology, environmental protection, electric vehicles, medical care, and solar energy as key areas for the development of emerging industries. Russia has proposed to develop nano and nuclear energy technologies. In

tackle climate change, all countries have actively developed new energy industries and accelerated the energy revolution marked by green and low-carbon technologies. New energy vehicles have become the development direction of the global automotive industry. The information network industry is an important driving force for the recovery of the world economy. The global internet is being upgraded to the next generation, and the sensor network and the internet of things are on the rise. In these fields, breakthroughs in key technologies and industrialization will promote industrial revitalization, leading to a new round of industrial transfer, international division of labor, and global market expansion, making it difficult to separate a country's economy from the world economy, with economic globalization thus becoming irreversible.

3. System factor: Global market system and international rules provide institutional foundation for economic globalization

After the end of the Cold War, many countries have successively embarked on the road of market-oriented reform, which has vigorously promoted economic globalization. At present, although the multilateral trading system is struggling, as the global economy undergoes major changes, adjustments and reconstructions, international rules are evolving rapidly, and market-oriented reforms in various countries are deepening, the institutional foundation of economic globalization is still being reinforced. At the same time, regional integration is booming; more and more economies have signed free trade agreements to promote regional openness cooperation, which is an important supplement to the multilateral system and a devious process of multilateral governance. Regional economic integration strengthens internal alliance and the concerned countries can not only enjoy the benefits of the open market in the region, but also rely on it to formulate a higher level of opening-up standards. After the implementation of the rules becomes mature, they can be adopted at the global level, become the universal global rules, and provide the institutional foundation for deepening economic globalization.

4. Security factor: openness security provides new inherent demand for economic globalization

The theory of dissipative structure indicates that an open system can constantly exchange matter and energy with the exterior and move towards an orderly state. In a

closed system, entropy will continually increase, pushing it towards disorder and decay. The same is true for the economic system. Economic globalization has knitted all countries together, and they have to share interests and risks, reducing the possibility of large-scale hot wars. In today's globalization, a country's financial and economic policies can never be confined within its own border. Changes in the monetary policy of the US affect global financial markets, and China's economic policy adjustment also has a significant spillover effect. As their interests are intertwined, economic security has also become a global issue, and no country can deal with it alone; cooperation and joint response need to be strengthened on a global scale. At the same time, global challenges such as climate change, pandemic, and food security are increasing. Global cooperation and global governance need to be strengthened to cope with those global challenges. It has become a pragmatic choice for all countries to strengthen international cooperation, ensure their own security through opening-up, and improve common security. The experiences of East Asia show that a country can have more room for manoeuvre if it has higher level of openness. If one learns to swim in the sea, it would be easier for he or she to swim in the river. the same is true for the opening-up of a country, which can gain an edge in international competition if it voluntarily and pro-actively open up.

IV. New Economic Globalization Trends against the Backdrop of Novel Coronavirus Pandemic

“Warm and cold, we share together.” Globalization has made it easier for the novel coronavirus to spread. But the pandemic will not put an end to global interconnectedness. It is more accurate to say that the basic direction of globalization has not been changed. Only the adjustment of globalization has accelerated to ensure globalization can be more sustainable in the future.

1. Pandemic triggers reflections on economic globalization

The huge impact of the epidemic has plunged the world economy into serious contraction, which is second only to the two world wars and the great depression in 1929 during past 100 years. According to statistics, the world economy shrank by 4.3% in 2020, and the GDP of more than 85% of economies declined. **The epidemic has**