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The Past, Present and future of Globalization

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Abstract

In today's world, there are serious disputes over the definition and thoughts of globalization at all levels. The dispute is so intense that it can reach the point of confusion. British scholar Anthony Giddens believes that globalization is merely the expansion of modernity from society to the world, because "modernity is globalizing in its essence"¹. In the past few decades, anyone who did not know about globalization, or did not talk about it, almost meant that he or she is outdated and ill-informed.

The problem is that modernity is also changing, and what used to represent modernity in the past may become "outdated and ill-informed" today. With the growth of the post-war generations, a lot of theories and classics were established on the basis of the concept of globalization, making globalization a classic consciousness. However, the world is now in a new zone of development: On the one hand, we see that national policies are still based on the sustainable development of globalization. On the other hand, we can see a large number of anti-globalization phenomena and major challenges to the current path of globalization. This contradiction has sometimes turned into a violent and unrealistic struggle.

In today's world, there are too many specious explanations and too many one-sided understandings for globalization. What should we think of the future path of globalization? How should we adapt to the great challenges of anti-globalization? These are some of the major problems and challenges we face today.

The conclusions of this report differ from a large number of existing theories and opinions on these issues. We believe that globalization must be comprehensively defined and understood within the overall framework of globalization, rather than being fragmented artificially. It is then necessary to interpret and describe it hypothetically in terms of "economic globalization". As the report concludes, we are convinced that globalization is a curve with peaks and troughs, that the term "anti-globalization" should be precisely defined as the phase of anti-globalization of globalization, and that the fundamental driving force behind globalization is the power of capital. Just because of this dynamic factor, as long as

¹ Anthony Giddens, *The Consequence of Modernity*, Cambridge Press.

the power of capital remains, globalization will continue after the phase of anti-globalization.

It should be noted that the duration of the phase of anti-globalization would be very long, possibly ranging from a decade to several decades. The projections we provide suggest that a variety of unexpected geopolitical phenomena will occur on a regular basis during the phase of anti-globalization, including:

- economic contraction;
- Serious geopolitical conflicts;
- Large-scale industrial restructuring;
- Political leftward shift;
- The discourse power of elites is affected by the social tide;
- The gradual emergence of new spatial discoveries;
- Higher social costs;
- An increase in general social prices;
- The fragmentation of global space.

These predictions of anti-globalization are closely related to the actual social dynamics, which will be helpful for people to understand the phase of anti-globalization.

In addition, we also provide a summary of trends that characterize our predictions for future phases of anti-globalization, including the following three points:

- In the future, globalization will develop towards regionalization, with strong regionalization features. The theory that supports this regionalization feature is primarily the concept of space fragmentation in geopolitics². Globalization is a process of "integration", while the phase of anti-globalization is a process of "fragmentation". This "integration-fragmentation" process and its changes represent and reflect the changes from the peaks to the troughs of globalization, which is also the basic trend of future anti-globalization.

² From "The Theory of Space Conflict and Competition", see: Chan Kung, *Several Theoretical Issues in Geopolitics*, ANBOUND Strategic Observation, No. 680, 2019.

- Second, the phase of anti-globalization will inevitably bring social harm. The phase of anti-globalization is the phase of the irrational rise, which is the inevitable result of the long-term accumulation of contradictions and pressures. Not only will the consequences of irrational social movements cause serious social impact and shocks, forming social harm, but the social damage may also spread throughout societies, leading to wars and conflicts when the general costs of such social harm exceed the carrying capacity of social structures. The interesting potential change is that after violent conflicts, when certain political forces break down, the world may emerge from the phase of anti-globalization and start globalization again.
- Third, the great transfer of wealth is taking place. The phase of anti-globalization is an era of great wealth transfer. This great transfer of wealth may be achieved through capital markets, industrial investment, or even other means such as art investment. In the process of great transfer of wealth, some conventional investment theories in the capital market may become ineffective, and instead, there will be a large number of speculative activities and investment arbitrage behaviors based on wealth security. The soul of globalization is capital, and the greatest resistance force of anti-globalization is also capital.

We believe that the phase of anti-globalization is the main theme of the current world. We should not continue to indulge in the dream of globalization because of illusions and preferences, which will lead to serious policy dislocation, a huge drain on resources, and miss the window period of reform and adjustment.

In terms of research methodology, this report takes the theory of space conflict and competition as the main analytical tool and conducts systematic research and analysis mainly from the perspective of structuralism. Although there are some conjectures, assumptions, claims, views, and reflections in the current discussion and research on anti-globalization, there is a serious lack of systematization, resulting in the lack of an overall logic of the various research results, which can only address the phenomena. Once these views and ideas are placed within a holistic framework, it is difficult to reconcile them. Recognizing the shortcomings of such research and discussion, we have always emphasized the holistic framework of understanding and definition of globalization and anti-globalization.

We believe that the world of the future is different and the first chapter of a new era has begun.

Chapter 1: A Brief Summary of Globalization Theories

The term “globalization” has become increasingly popular over the years. Government policy makers, political party leaders, business as well as academic circles, trade union leaders, and even the mass media cannot help but talk about the impact of globalization and how it will affect the lifestyle of people currently. Many people consider the growth of international trade and investment in the past few decades as globalization, believing globalization to be tearing down the borders of countries and integrating the global market. Some people even refer to the world after globalization as a "global village." In regard to globalization, the general understanding is that globalization is the process of international integration brought about by the exchange of world views, products, concepts and other cultural elements.

Admittedly, globalization has had a great impact on all countries of the world. Take China as an example; since its reform and opening to the rest of the world, almost all major policies and large-scale development plans have been built based on globalization. The reason why China's southeast coast can become an economically developed region is also because globalization has provided sufficient support. In the academic world, research on globalization has become somewhat of a trend. However, most of the classical academic research assumes “unstoppable smooth advancement of globalization”, this leads to obvious contradictions between reality, trends and academic theories. Thus, making the redefinition of globalization a major theoretical task of practical significance and challenge.

Looking back at the theoretical development of globalization, it was during 1980 when Theodore Levitt first put forth the concept of “globalization” in the field of economics within the article "Globalization of Markets". He believes that globalization is essentially "the proliferation of goods, service capital and technology in the world of production, consumption and investment³". However, the origin of "globalization" can be dated back earlier. David Helder and Anthony

³ Theodore Levitt, "The Globalization of Markets", *Harvard Business Review*, May–June 1983. Accessed on May 28, 2020. <https://hbr.org/1983/05/the-globalization-of-markets>

McGrew managed to trace the origins of globalization within human history to approximately 9,000-11,000 years ago. Its symbol is the emergence of agricultural settlement civilization⁴. Roland Robertson, a sociology professor at the University of Aberdeen, believes that globalization began in Europe in the early 15th century to the mid-18th century⁵. Wallerstein and Giddens also hold similar views. They both set the starting point of globalization in Europe where the Renaissance and Enlightenment began to develop⁶.

The complex theoretical viewpoints reflect a core topic in the study of "globalization", i.e., the definition of globalization. Because different definitions will lead to a discrepancy in the understanding of globalization. In this regard, as a new cosmopolitan, the definition of globalization proposed by the German sociologist Ulrich Beck has involved quite a wide range of fields. He defined the theoretical extension of globalization from seven aspects: geographic expansion, information revolution and technology, human rights and democratic principles, cultural waves, worldwide poverty, cross-cultural phenomena and conflicts⁷. It was also during this stage of globalization theory that scholars began to pursue the understanding of the framework of globalization. For example, the International Monetary Fund (IMF) has defined four basic aspects of globalization: trade and international exchanges, capital and investment flows, population flows, and knowledge dissemination.

Reality has always infiltrated theories. With the development of globalization, new problems continue to emerge, which promote the change and enrichment of globalization theories. Issues like global warming, cross-border water and air pollution, overfishing of and other environmental challenges, all of which have led to a change in people's understanding of globalization theory. It is found that the process of globalization not only affects human communication, economic, social and natural environment, these factors in turn also act on the process of globalization. On this basis, the academic world's understanding of globalization has been divided into three major areas on the basis of detailed assumptions: economic globalization, political globalization, and cultural globalization. Among them, economic globalization is divided into commodity market integration,

⁴ Held, David; McGrew, Anthony, *Global Transformations: Politics, Economics and Culture*, California: Stanford University Press (1999).

⁵ Robertson, Roland. *Globalization: Social Theory and Global Culture* (Reprint. ed.). London: Sage (1992). ISBN 978-0-8039-8187-4. OCLC 28634687.

⁶ Anthony, Giddens. *The Consequences of Modernity*. Cambridge: Polity Press (1990): p. 64. ISBN 0-7456-0793-4. OCLC 22305142; Immanuel Wallerstein, *The Modern World-System, vol. I: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century*, New York/London: Academic Press (1974).

⁷ Wang Ning, et al, *Globalization and Culture: The West and China*. Beijing: Peking University Press (2002), p. 238.

labor market integration and economic market integration. Now based on understandable interest concerns and theoretical definitions, the most well-known one is economic globalization.

In response to this concept, Rakesh Mohan Joshi defined it as the enhancement of economic ties between countries brought about by the transnational flow of production factors⁸. However, the discussion of economic globalization can actually be traced back to the origin of modern economic theory. For example, Adam Smith pointed out the necessity of international trade in *The Wealth of Nations* and believed that countries should not regulate trade⁹. Once trade starts between different countries, the process of economic globalization has actually begun. On the basis of Adam Smith's theory, David Ricardo further pointed out the importance of "comparative advantage" in international trade¹⁰. As the culmination of classical economic theory, Karl Marx and Friedrich Engels put forward the concepts of "world history" and "world market" in their own works, discussing "the needs of productivity development and international exchanges" as the characteristics of "economic globalization", although they did not explicitly mention the term¹¹.

The second peak of the discussion of globalization in the economic theory circle occurred during the period of neoclassical revival after World War II. In this stage, many scholars directly linked globalization with the expansion of the capitalist system, and these scholars can be divided into two academic schools.

The first school inherited the view of classical liberalism in the narrow sense, that globalization is essentially the global expansion of the capitalist system. Paul Sweezy believed that economic globalization is not a certain condition or a certain phenomenon, but a process that has long been ongoing, and this process started four or five hundred years ago, when capitalism emerged as a living social form. Since the emergence of the world, this process has begun¹²." Jacques Adda believes that the expansion of capitalism in space has spread to all corners of the world, and economic globalization is not only a manifestation of such spatial expansion, but also a process of reform, adjustment, and finally elimination of various natural and man-made borders between countries, whereas borders are an obstacle to the accumulation of capital on a world

⁸ Joshi, Rakesh Mohan, *International Business*, Oxford University Press: New Delhi and New York (2009). ISBN 0-19-568909-7.

⁹ Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations*, Charleston, SC: Bibliobazaar, 2008.

¹⁰ David Ricardo, *On the Principles of Political Economy and Taxation*, Library of Economics and Liberty 1999.
<https://www.econlib.org/library/Ricardo/ricP.html>

¹¹ Karl Marx, Friedrich Engels, *Selected Works of Marx-Engels*, Beijing: People's Press (1995).

¹² Paul M. Sweezy . "More (or Less) On Globalization", *Monthly Review*, 1997, September, pp341.

scale¹³." According to this theoretical logic, developing countries' path of development lies in accelerating its own "modernization" and integrating into the world economic system dominated by developed capitalist countries. This school of theory is also called the "modernization theory", and its representative is mainly American scholar Walt Whitman Rostow¹⁴. In addition, some scholars have affirmed the positive role of globalization from a broader sociological perspective. For example, British scholar David Held believes that globalization promotes the interconnection of human beings¹⁵. In this regard, Francis Fukuyama's "end of history" can be said to be a complete summary of the neoliberal theory of globalization. In his view, the modern system of capitalism and liberal democracy has surpassed the contradictions between history and ideology, but other sides of the world are still catching up with history. Liberal democracy may be the end of human ideological development and the last human governing form, and globalization is essentially a manifestation of the expansion of the capital system¹⁶. In 2002, ten years after the "End of History" was put forward, Fukuyama once again published an article in *The Wall Street Journal* in response to the doubts about his theory. He firmly believed that his theory was correct, but compared with the past, the globalization of information technology is becoming a new trend, and no country can isolate itself from the global media¹⁷. Of course, with the occurrence of the financial crisis in 2008, the description of globalization by neoliberal scholars represented by Fukuyama has been somewhat challenged and questioned, but Fukuyama is the most explicit example of such scholars who linked institution, capital and globalization.

The other school inherits the Marxist viewpoint, emphasizing that "economic globalization" is essentially an act of exploitation by "central countries" against "underdeveloped countries". Therefore, this group of scholars are also called "new leftists." This theory has gone through the development process from "dependency theory" to "world theory". In 1950, Raúl Prebisch, Executive Secretary of the United Nation's Economic Commission for Latin America and the Caribbean (ECLAC), submitted the report entitled *Economic Development of Latin America and its Principal Problems* to the United Nations, and the dependency theory was born from this¹⁸.

¹³ Jacques Adda, *La Mondialisation de l'Economie*, La Decouverte, 2012.

¹⁴ Rostow, W. W., *Politics and the Stages of Growth*. Cambridge University Press (1971) . ISBN 9780521081979.; Rostow, W. W., "The Five Stages of Growth-A Summary", in *The Stages of Economic Growth: A Non-Communist Manifesto*. Cambridge: Cambridge University Press(1960). pp. 4–16.

¹⁵ Held, David, *Global Transformations: Politics, Economics and Culture*, Stanford, Calif: Stanford University Press, 1999.

¹⁶ Francis Fukuyama, *The End of History and the Last Man.*, Free Press, 1992. ISBN 0-02-910975-2.

¹⁷ Francis Fukuyama, "The Fall of the Libertarians", *Wall Street Journal*, May 2, 2002. Accessed on MAY 31, 2020. <https://www.wsj.com/articles/SB1020295939549459480>

¹⁸ Raúl Prebisch, *The Economic Development of Latin America and Its Principal Problems* (New York: United Nations, 1950).

From the perspective of classical economics, Prebisch believes that the actual development in Latin America is inconsistent with Ricardo's prediction: the decrease in wealth in poor countries is consistent with the increase in wealth in rich countries¹⁹. Subsequently, scholars began to notice this new economic theory, with the first peak being Theotonio Dos Santos who first proposed the "dependency theory" and defined "dependency" as a situation in which the economic development of certain countries is subject to the economic development and expansion of another country on which it depends. There is an interdependent relationship between the economies of two or more countries and between the economies of these countries and global trade, but the final result is that a very small number of countries ("central") is able to continuously expand and strengthen itself, while the expansion and growth of other countries ("peripheral") is only a reaction to the positive or negative impact of the former's expansion on the latter's recent development. This relationship between the two takes the form of dependency²⁰.

Immanuel Wallerstein further developed Santos' theory and put forward the idea of "world systems theory". He looked at the world as a whole and proposed development mechanisms for core, semi-periphery, and periphery regions. According to Wallerstein, "unequal exchange" and "capital accumulation" are the basic driving forces for the operation of this system. The unequal exchange between "core regions" and "periphery regions" is the basis for the operation of capitalism. Capitalism is constantly expanding into "backward regions" and integrating them into the world system. Industrialized countries plunder backward countries through an unequal exchange, resulting in their "underdevelopment". Wallerstein also pointed out that the whole world formed an unreasonable division of labor system, and the core, semi-periphery, and periphery regions transformed each other in different periods. The way to eliminate inequality lies in breaking this "center-periphery" pattern²¹. The international development strategy evolved from the viewpoint of the "neo-leftists" is called "decoupling strategy"²². Based on the "economic dependency theory" and the "world systems theory", Gerald Boxberger and Harald Klimenta further proposed that globalization could not solve any problems, but would create new problems, which was actually a terrible "trap" set by developed countries, and the excessive expansion of

¹⁹ Ibid.

²⁰ Santos, Theotonio dos, *Imperialismo y Dependencia*, Buenos Aires: CLACSO, 2011.

²¹ See, Immanuel Wallerstein, *World-Systems Analysis an Introduction*. Johannesburg: MTM (2019); and Immanuel Wallerstein, *The Modern World System*, Berkeley, CA: University of California Press (2011).

²² This is the theoretical basis for the issue of US-China decoupling today,

globalization would eventually lead to the disintegration of the society²³. However, it should be pointed out that there are also some different views on economic dependency theory in the academic world. Many neo-liberal economists believe, for example, that the institutional advantages of developed countries over developing ones are real, especially when it comes to tackling corruption and promoting fair market competition. Moreover, no country has truly achieved rapid economic development by relying on the "decoupling strategy". Instead, the Four Asian Tigers and later China's development model has proved that the neo-liberal argument is more effective so far²⁴. It should be emphasized that economic globalization and the division of labor and cooperation in global industries can only be regarded as an artificially defined node field in the study of globalization. The biggest problem with economic globalization is that it is impossible to explain the motivation of anti-globalization. Therefore, there must be inaccurate and obviously subjective biased definitions. In fact, this is just a result of induction from the phenomenon. It is very imperfect in logic and full of uncertainties.

After all, the hypothetical theory detached from reality is difficult to last. Since the 1980s, with the deepening of theoretical research, the concept of globalization has begun to expand to fields other than economics. Sociologists Martin Albrow and Elizabeth King have defined "globalization" as "the integration process of people's living spaces²⁵". Anthony Giddens, on the other hand, describes "globalization" as a process in which "social relations crossing over spatial barriers²⁶". In 1992, Roland Robertson proposed a more abstract concept: "globalization" is the "compression" of global space²⁷. In fact, globalization has now become an interdisciplinary topic. Scholars in different fields have interpreted globalization from their own perspectives. This is an advancement in the study of globalization, but it has also caused confusion and even contradictions in the understanding of globalization.

It is worth noting that with the deterioration of the US-China trade war and the rise of unilateral policies, 2019 is undoubtedly regarded as an important year in the progress of "globalization". Although there is no well-developed theoretical research to make a systematic definition of the

²³ Boxberger, Gerald & Klimenta, Herald; *Die Zehn Globalisierungslügen München*: Dt. Taschenbuch-Verl., 1999.

²⁴ Hartman, John and Pamela B. Walters, " *Dependence, military assistance and development: a cross national study*", *Politics and Society*:1985(14), 431-58 .

²⁵ Albrow, Martin; King, Elizabeth . *Globalization, Knowledge and Society*. London: Sage (1990). ISBN 0-8039-8323-9. OCLC 22593547

²⁶ Anthony, Giddens, *The Consequences of Modernity*. Cambridge: Polity Press (1990): p. 64. ISBN 0-7456-0793-4. OCLC 22305142.

²⁷ Robertson, Roland. *Globalization: Social Theory and Global Culture* (Reprint. ed.). London: Sage (1992) . ISBN 978-0-8039-8187-4. OCLC 28634687

trend of globalization in 2019, many analysts have given their preliminary observations. Goodman, for example, argues that if globalization can indeed be reversed, the signs that happened in 2019 certainly point to it²⁸. Neil Shearing argues that globalization is "dead", and there are days to adapt to post-globalization²⁹. However, most economists and analysts still hold a relatively optimistic attitude, believing that the trend of globalization has not fundamentally changed, but that its specific connotation and the path of operation are undergoing some uncertain transformation³⁰. What exactly is this shift? A research report by McKinsey summarized the five relatively comprehensive changes in globalization: The decline in cross-border flows of goods; the increase in cross-border operations of services (industries); the impact of labor force advantage on economic globalization is weakened; the influence of scientific research level and related factors on globalization is increasing; the intra-regional trade is becoming a new mainstream³¹.

To sum up, globalization is undoubtedly a very huge topic. Due to the accumulation of wealth, economic globalization has attracted the most attention and has been mistakenly regarded as the whole content of globalization in many cases, thereby leading to the biggest misunderstanding in globalization. As a matter of fact, the biggest obstacles and challenges to globalization are all derived from the social, cultural, rich and poor, information, race, values, other non-economic space, and all kinds of forces resulting from the changes in social relations. These obstacles and challenges are increasing at an unprecedented speed and scale, posing a huge challenge to globalization. If the process of global integration is reversed in the future, the biggest problem is the non-economic factors of countries around the world, not the superficial economic factors. However, just like the existing globalization theories, the important role of capital in globalization is basically a consensus. The foundation and starting point of many studies have focused on the relationship between capital and globalization. Marx, Fukuyama, and many scholars have keenly

²⁸ Peter S. Goodman, "Globalization Is Moving Past the U.S. and Its Vision of World Order", New York Times, June 19, 2019. Accessed on May 31, 2020. <https://www.nytimes.com/2019/06/19/business/globalization-us-world-order.html?searchResultPosition=1>

²⁹ Neil Shearing, "Globalization Is Ending. Here's How to Prepare for What's Next", Barrons, Oct 21, 2019. Accessed on May 31, 2020. <https://www.barrons.com/articles/globalization-is-ending-heres-how-to-prepare-51571652900>

³⁰ See, for example: Pankaj Ghemawat, Steven A. Altman: *The State of Globalization in 2019, and What It Means for Strategists* <https://hbr.org/2019/02/the-state-of-globalization-in-2019-and-what-it-means-for-strategists>; Anna Tunkel, "Globalization is changing. Here's how your business can adapt," World Economic Forum, August 2019. Accessed on May 31, 2020. <https://www.weforum.org/agenda/2019/08/globalization-is-changing-your-business-must-become-agile-too-heres-how/>; Shawn Donnan and Lauren Leatherby, "Globalization Isn't Dying, It's Just Evolving", Bloomberg, July 23, 2019. Accessed on May 31, 2020. <https://www.bloomberg.com/graphics/2019-globalization/>; and etc.

³¹ McKinsey Global Institute (MGI), "GLOBALIZATION IN TRANSITION: THE FUTURE OF TRADE AND VALUE CHAINS", January, 2019. Accessed on May 31, 2020.

<https://www.mckinsey.com/~media/McKinsey/Featured%20Insights/Innovation/Globalization%20in%20transition%20The%20future%20of%20trade%20and%20value%20chains/MGI-Globalization%20in%20transition-The-future-of-trade-and-value-chains-Full-report.ashx>

discovered the importance of capital, so their understanding of globalization is also closely related to capital and the institutional system based on capital. But so far, neither the neo-leftists nor neo-liberal scholars seem to have an overwhelming theoretical advantage over the other side. Only one thing is clear, that is, the study of globalization must be based on a structural understanding of globalization. In other words, the understanding and thinking of globalization actually depend largely on the definition of globalization, and the deconstruction and understanding of key driving factors³².

Chapter 2: The Fundamental Driving Force of Globalization

Global capital is the biggest promoter of globalization, and the US dollar is the core of world capital. The contemporary world monetary system, which originated from the Bretton Woods Conference in 1944, is actually an artificial result of political and monetary elites in some major countries under the historical conditions at that time, which reflects the leading role of the United States in today's globalization. At that time, there were two proposals. The first proposal was put forward by John Maynard Keynes (1883-1946), which was to issue a "supranational currency" with free multilateral exchange through the International Clearing Union. This "supranational currency" rules out the need for gold as an international reserve, and the share of the world's currency depends on the average of imports and exports in the three years before the World War II. The second proposal was proposed by Harry Dexter White (1892-1948), the then head of the US delegation. Under this proposal, gold remained as the international reserve, and the U.S. dollar was pegged to gold, while other currencies were pegged to the US dollar, forming an international monetary system centered on the US dollar. In the end, the White's proposal received support at the Bretton Woods Conference. There were two main reasons for this. First, the strong historical inertia of the "gold standard"; the second was the undoubted economic strength of the United States and the decline of Britain's power as a result of World War II.

In the end, the Bretton Woods Conference not only determined the international reserve status of gold, but also stipulated the value of the dollar, excluding the direct relationship between the currencies of other countries other than the US dollar and gold. As for the downfall of the British pound, some British officials have lamented that the Bretton Woods Conference's blow to

³² ANBOUND researcher Tony Pan has made substantial contributions in the brief summary section of this policy research report.

Britain was second only to the World War II. It was at this point that the US dollar began to become the de facto "world currency" and began to be associated with the hegemony of the world geopolitics.

However, the world monetary system determined by the Bretton Woods Conference only lasted until the summer of 1971, that is, it had existed for less than three decades. On August 15, 1971, then U.S. President Richard Nixon suddenly announced in the evening news that the window of exchange between the US dollar and gold was closed and the era of fixed exchange rate between the US dollar and gold was over. From this point on, the world monetary system began to enter the so-called "post-Bretton Woods system" era. The global monetary order we are now talking about should, in fact, be marked by the watershed of August 15, 1971. In other words, the contemporary world monetary system is only 49 years old, if counting from 1971.

Of course, this "post-Bretton Woods system" has actually been undergoing continuous change over the past half-century, and each change has been in favor of strengthening the dominant position of the U.S. dollar and making the dollar and its assets the real-world currency and world asset. The most famous of these changes was the signing of the "Plaza Accord" in 1985. At that time, the Japanese economy was on the rise, and the book *The Japan That Can Say No* was all the rage, but the United States soon used its geopolitical power to calm Japan down and successfully realized the US capital attempt, that is, "to increase the export competitiveness of products through the devaluation of the dollar," thereby improving the imbalance in the US balance of payments. On September 22, 1985, the Ministers of Finance and Central Bank Governors (G5) of the United States, Japan, Federal Republic of Germany, France, and Britain held a meeting at the Plaza Hotel in New York. They agreed that the governments of the five countries would intervene in the foreign exchange market and induce the US dollar for an orderly devaluation, thereby addressing the problem of a huge US trade deficit. It can be said that the "Plaza Accord" was just the US using the dollar status in the "post-Bretton Woods system" to show its strong geopolitical edge and strengthen its world capital position, but did not make structural adjustment or reform of the modern world monetary system.

In fact, the more unalterable reality is that, after 1971, the dollar became the first paper currency that was no longer bound to gold and based solely on the credit of the state. This precedent led to the unprecedented emancipation of "fiat money" and the complete nationalization of

currencies around the world. Under such circumstances, on the one hand, with the rising demand for capital management, the role of central banks has risen sharply. On the other hand, the United States has become the unshakable leader of the world financial capital system. Objectively speaking, in the world after this, the dollar is capital, and the expansion of American capital is the direct manifestation of economic globalization.

It can be seen that first of all, the US monetary authority has an extraordinary power to issue currency and has a dominant influence on the world monetary system. This is supported by the movement of the world capital and the scale of transactions. Secondly, a reserve currency dominated by the US dollar is formed in the global currency system. Through historical evolution, although the global reserve currencies after 2008 include the euro, yen, pound, renminbi, etc., yet these are mostly nominal reserve currencies, and the US dollar's status remains substantially dominant. Thirdly, there is the "credit" advantage of the US dollar. As the United States has a developed economy and stable political system, the US dollar has naturally become the "fiat currency" of the world. Fourthly, the world develops dependency on the US dollar, which penetrates every industry, every class, every region, and every corner of the world. Fifthly, the US dollar enjoys a worldwide "seigniorage tax", but if the US dollars held by countries are converted into US Treasury, the seigniorage tax will be gone, but US Treasury will be more popular. Obviously, the status and interests of the US dollar in the real-world monetary system are always global rather than regional. This is an independent capital system closely related to the US government and geopolitics. Abandoning the US dollar's world status will be unimaginable to the United States; it will mean a major revolution to American society and economy, and the global monetary system will definitely be reconstructed as a result.

In the current international monetary and financial system, the US dollar accounts for more than 61% of global foreign exchange reserves. In contrast, China though being the second largest economy in the world, the RMB accounts for less than 2% of global foreign exchange reserves. In 2016, the global oil trading volume was 40mb/d, and at an average price of US\$ 50, the annual transaction was US\$ 700 billion³³, still petrodollars were only a "small part" of the dollar in its worldwide transactions. In international trade, the global US dollar settlement of foreign trade

³³ BP data, from Oil Trade Movements.

transactions is about US\$ 10 trillion³⁴, and the global daily foreign exchange market US dollar trading volume has reached an amazing scale of US\$ 6.6 trillion in 2019³⁵. It is quite interesting that as one of the most important areas of capital globalization, in the global foreign exchange market, it is not the United States but the United Kingdom that maintains the first place. The United Kingdom's daily average transaction volume is US\$ 3.58 trillion. Ranking the second place is the United States, with an average daily transaction size of US\$ 1.37 trillion; Singapore's foreign exchange market ranks third with US\$ 633 billion; Hong Kong, China ranks fourth with a difference of US\$6 32 billion, and on the fifth place is Japan, with a daily average transaction volume was US\$ 376 billion. It is worth noting that Shanghai, China has also entered the world's eighth largest foreign exchange trading center with US\$ 136 billion. The emergence of this situation shows the objectivity of capital under globalization and its impact on the world.

According to a BIS survey of nearly 1,300 banks and financial institutions in 53 major countries³⁶, the US dollar still maintains the dominant position among the global currencies, accounting for 88% of all transaction currencies. While the euro's transaction share has risen, it only reached 32%. In contrast, the yen has fallen by about 5%, but it is still the third most actively traded currency, accounting for 17%; this is followed by the British pound with 13%, the Australian dollar with 7%, the Canadian dollar with 5%, and the Swiss franc accounted for 5%. The world's foreign exchange trading activities clearly show that the US dollar is still the representative of global capital activities and has the largest coverage in the world market. The situation in the global investment field also supports the universality of this kind of capital. In 2018, although the global foreign direct investment flow continued to decline and decreased by 13%, with still a total scale of US\$ 1.3 trillion³⁷. Therefore, it is no exaggeration to say that it is the world capital represented by the US dollar that covers the global market. While winning capital returns, it continues to promote the operation of the world, support the division of labor and cooperation in industries, and promote globalization and the effective operation of the multilateral trading system. Therefore, capital is the only fundamental driving force of globalization.

³⁴ World Trade Statistical Review 2017.

³⁵ BIS data, <https://www.bis.org/publ/rpfx16fx.pdf>

³⁶ BIS data, <https://zhuanlan.zhihu.com/p/82903824>

³⁷ World Investment Report 2019, <http://www.doc88.com/p-3877329311808.html>

Therefore, there is a view that contemporary globalization is the integration and development of industrial and supply chains based on international trade. Globalization improves the economic benefits of the society as a whole through the division of labor and exchanges between countries. In reality, this is a typical misunderstanding. Such view only sees the extremely narrow side of the industrial and supply chain in the global production process, and ignores that capital is the fundamental driving force in the process of globalization.

The full penetration of world financial capital into the economic environment roughly began in the middle of the 19th century. From that time to the present, financial capital has contributed to the globalization and has moved forward with turbulence, but it has never stopped. Financial capital always needs to chase after profits, and profit is the best “propellant” for capital. The expansion and extension of market space is the basis for profit growth. All this has led to capital’s pursuit of market space, even surpassing the pace of technological progress. With or without technical support, capital will rush forward to explore and find new space in the global market. From the Age of Discovery centuries ago to today’s modern era, the pace of capital chasing after profits and profit returns has never stopped.

However, it is worth noting that production activities are actually just a transformation of capital activities, and belong to an intermediate form of capital. The industrial chain and supply chain in today’s modern production have the same attributes and meanings as the production activities in the 19th century, except now they have different technologies. In the era of financial capital, all industries and enterprises are carriers of property and capital transactions. The popularity and scope of such transactions in the world market determine the growth rate of financial capital’s return. New space has always been the greatest interest of financial capital, and it is also the fundamental driving force for financial capital to support large-scale navigation in history and support high-tech innovation today. Perhaps the difference between today and the past is only that the expansion of new space in history was mostly flat expansion, but the emergence of new technologies today has brought the possibility of in-depth expansion, enriching the spatial content in terms of level and depth.

Based on the analysis of space theory, the three elements of modern capital and monetary system development, namely inflation rate, labor force, and resources, are all inseparable from

space³⁸. The environmental support of currency and capital depends on space, and likewise the expansion of currency relies on space as well. From country to region, and then from region to the world, this kind of spatial expansion is a necessary condition for the modern monetary system and capital to expand. Such structural trend is unshakable, so long as capital exists. Even if the US dollar collapses, the next global currency will still need a global market as its space in order to exist. Therefore, capital is always the most positive force for globalization. In this regard, although the social conditions of various countries are different and the attitudes of social forces are inconsistent, capital is the most primarily active pusher of globalization. Even if other elements in the society are different, capital will definitely play an active role through integration to eliminate contradictions and conflicts in various spaces, and promote the continuity of globalization.

Hence, from the perspective of the fundamental driving factors of globalization, as long as the world capital market continues, as long as the currency is expanding, as long as the financial capital is expanding, then globalization will not stop. There is only one problem. The expansion and process of globalization is not smooth and unimpeded. In fact, the process of globalization is an abnormally tortuous curve, with peaks, troughs, advances, and regressions, but with the support of financial capital, the general trend of globalization will not change. Globalization will surely continue to move forward with the discovery of various types of new spaces and the reorganization of spaces.

Chapter 3: The Phase of Anti-Globalization

The fundamental driving force of globalization is capital, and the factor that supports its expansion and efficiency is space. If these conditions were always in place, then the progress of globalization will be smooth and continuous. The trouble is that anti-globalization exists objectively, and it comes to a head when the buffer zone of national and social space breaks down and disappears to some extent. However, this kind of anti-globalization will not end the long-term trend of globalization, because global capital will continue to exert a strong influence, reorganize the buffer zone and social space of geographical space, rebuild and divide the boundary and structure of globalization, thus ending the phase of anti-globalization and re-entering the process

³⁸ This is a theory of the modern monetary system, first seen in Warren Mosler's paper. It believes that the circulation of currency is mainly based on inflation, labor and capital constraints.

of globalization. In fact, this is not the first time in history that a phase of anti-globalization has taken place.

The very first phase of anti-globalization took place in ancient Egypt. In 1500 BC, during the 18th Dynasty of ancient Egypt, there was already primitive form of globalization. At that time, the eastern Mediterranean countries have formed a regional division of labor and a network of long-distance trade dominated by powerful countries, which constituted the first round of primitive globalization. However, with the fall of the ancient Egyptian empire, the division of labor and trade system collapsed and the world was thrown into chaos. This was the first great ebb of globalization in human history³⁹.

The second phase of anti-globalization occurred in ancient Rome. During the first 200 years after the establishment of the Roman Empire, globalization was at its peak. Under the dominance of the Roman Empire, a larger regional division of labor and a network of long-distance trade emerged in Europe, which conducted regional trading with a Roman-centered ruling and influence network. After the fall of the Roman Empire, the highly interdependent, delicate system of division of labor collapsed. Europe then returned to the manorial economy and feudalism, which lasted until the 11th and 13th centuries. This was also a global phase of anti-globalization.

The third phase of anti-globalization came at the end of the Middle Ages, when there was a new division of labor in Flanders, followed by Britain, France, Belgium, the Middle East, the Islamic world, the Byzantine Empire, and Italy. At that time, the regional division of labor was further specified, and the raw materials needed in production might come from distant places. For example, wool from Britain, and fuel from the Middle East. Consumer markets were also located far away, while the production took place somewhere else. This period has seen a global division of labor, and then long-distance trade, which has flourished for 200 years. Eventually, with the emergence of the Black Death and the invasion of the Mongols, this round of globalization declined again and entered the phase of anti-globalization.

The fourth round of globalization took place in the late 15th century, accompanied by the great geographical discovery, which formed a larger market, more division of labor, longer-distance trade, and greater capital exchange. The division of labor at that time was similar to what

³⁹ <https://www.zhihu.com/question/48641621>

it is today, with the Caribbean specializing in sugar cane planting, Africa in "labor supply", and then Britain and Holland specializing in shipbuilding or textile production and so on. It was not until the 17th century that the whole of Central Europe was once again seriously impacted by the Thirty Years' War in Europe. Coupled with the factors such as gradual cooling of the climate and the decline in agricultural production, this round of globalization has receded.

The fifth wave of globalization took shape under the influence of the Industrial Revolution at the end of the 18th century, and lasted until World War II in the 20th century. As for globalization in the modern sense, it began after the United States established its dominant position in the late 1940s after World War II. But so far, this wave of globalization has undeniably shown more and more anti-globalization occurrences, obstacles, and major challenges.

Globalization in historical terms is, of course, one-sided. Because the aforementioned cases are not globalization in the modern sense: globalization refers to the interaction, integration, and efficiency structure of the complex space of countries in the world, which is not just the globalization of the distribution of productivity; it is not only a just network of great empires in a given period of history. Therefore, improper simplification of globalization tends to lead to misleading and meaningless complication.

More specifically, globalization in the modern sense is actually a kind of integration of all the spaces in the world and a system of world order. Since the United States takes the leading position in the existing world system, one can also say that globalization in the modern sense is the US-led globalization after World War II, and this globalization process has only existed for 75 years since its beginning. If we look at the primitive process of globalization in history, there are certain patterns between the rise and fall of globalization. Each cycle of globalization lasts only about 200 to 300 years at most. Whether this is the common law of human development is debatable. However, no matter in what historical period, what region or what religion, after a period of time, the structure of the organizational system of human ruling structure will surely appear gradual and networked decay, and the global influence network will gradually decline. Therefore, the primitive polities and the primitive globalization were able to flourish in the beginning, but eventually there would be problems, such as the competition of supremacy, invasions, class struggle caused by the huge gap between rich and poor, and so on. Problems and contradictions that had accumulated for a long time could not be solved, internal conflicts became

more and more intense, and a new organizational order could not be built and formed. In the end, the whole system may be destroyed by internal and external troubles, which would cause the whole primitive globalized division of labor system to collapse and human civilization to regress.

This kind of primitive globalization formed by integrating order is difficult to recombine to form a new order, so that the collapse of primitive globalization has happened repeatedly in history. However, after a period of social evolution, human civilization, at the command of certain forces, is bound to come back with a more powerful primitive globalization, thus creating a broader and new globalization network, and this also happens repeatedly. Therefore, it can be said that the collapse of the initial globalization was caused by the failure of the reorganization of the world order, while the emergence of the new globalization is the result of the reorganization of the world order, which may be said to be the basic law of the development of human society.

When compared with the process of primitive globalization in history, we can find that there is nothing special in the nature of globalization. Globalization does ebb under certain circumstances, but when it does, globalization cannot be considered to be over, because after a certain period of time, a new wave of globalization will rise again. This situation is very similar to the performance of the stock market, where the stock market rises in the long run, small consolidations, or even longer downturns and consolidations are common. The occurrence of the ebb in globalization indicates the emergence of conflicts and the collapse of the existing order in the globalization system. Globalization itself is a process of integration, in which the countries and regions involved must carry out comprehensive restructuring and reform of their economies, cultures, and societies in order to adapt to the order and system of globalization. However, countries in the world have different stages of development, different traditions, different cultures, and even different degrees of civilization, so they have different degrees of adaptation and acceptance to globalization. This has led to disorders, contradictions, and conflicts in the process of restructuring and adaptation among countries, which will eventually lead to the disorder of globalization and enter a phase of anti-globalization.

Specifically, there are five main reasons for the emergence of the anti-globalization: 1. The social development stage of countries around the world is not balanced, or even in different stages of civilization, which makes globalization a priority political goal of its opponents; 2. On the basis of globalization, countries are bound to follow up and make reforms, including social, industrial,

and economic restructuring and reform. However, many countries fail to realize such restructuring and reform, instead, they attribute the contradiction to globalization; 3. Industrial efficiency, which has been declining in many countries due to rising costs, forcing industries to migrate, relocate, return, and reorganize globally; 4. Political reform lags behind, which is the most difficult part of restructuring and reform in any country, because political reform inevitably involves the social structure, which could trigger great effects. 5. The financial reform lags behind and fails to meet the requirements of globalization, thus leading to a selective shift in the world's financial capital.

In today's world, anti-globalization poses a huge challenge. The multilateral mechanisms of the world, including the World Health Organization, the World Trade Organization, the Global Climate Organization, and others, are facing enormous difficulties, and the phenomenon of withdrawal from the world's multilateral treaties continues to occur. These are the problems with the existing order of modern globalization, not the ultimate destruction of globalization. From a longer-term perspective, globalization is bound to be a long-term historical trend, and this process will not change. The so-called anti-globalization is actually just a phase of anti-globalization in the process of globalization, and the emergence of this phase of anti-globalization will not change the long-term trend of capital-based globalization.

1. Phenomena and characteristics of the phase of anti-globalization

In today's world, the phenomenon of anti-globalization is a definite trend, and one can observe this with the capital outflow. In fact, large capital outflows from emerging economies have been supporting the strengthening of the dollar, as evidenced by the surge in the dollar index. This trend reflects not only continued weakness in emerging markets and shrinking international trade, but also a serious lack of investor confidence in the global economy. Generally speaking, there is a strong negative correlation between the dollar index and emerging markets, and a strong dollar index suggests a large amount of capital flight from emerging markets. Behind the glorious dollar index is the troubles faced by numerous small and medium-sized enterprises in emerging countries.

Figure 1: US Dollar Currency Index (DailyFx)



In the past, emerging market countries have been among the main beneficiaries of globalization, which has provided them with economic capital momentum and thus enhanced their economic performance. However, this is changing markedly, as global FDI flows continued to decline. In 2018, it fell by 13% to US\$1.3 trillion, the third consecutive year that global FDI flows have fallen⁴⁰. The rapid outflow of capital not only reflects the lower global return on capital and lack of economic momentum, but also indicates the gradual contraction of global liquidity.

As for the social benefits of globalization, some point out that the income gap between countries has not improved significantly since the 16th century⁴¹, and the gap in per capita GDP is still widening. The consumer countries, represented by the US, and the producer countries, represented by China, have gained real benefits from this global division of labor. The consuming countries have gained access to a global supply of cheap goods, while the producer countries have upgraded their production capacity, technology, capital, and the labor force. However, other countries with large differences in social development stages, as well as countries that are more dependent on resource exports and producer countries at the lower end of the value chain have not enjoyed such dividends, which are mainly manifested in sluggish growth, resource overdraft, low efficiency, and sluggish industries in the process of globalization. These countries, in particular, have shown anti-globalization attitudes in an era of globalization. In addition, the risks of globalization have been increasingly alarmed and have led directly to restrictive policies that have curbed the process of globalization. With the deepening of economic globalization, especially the

⁴⁰ UNCTAD, World Investment Report 2019.

⁴¹ Piketty, Thomas, *Capital in the Twenty-First Century*. Cambridge Massachusetts :The Belknap Press of Harvard University Press, 2014. See also, Jiang Yunhe, Du Meila, Wang Yamei, *The Problem of Anti-Globalization in 2016: Research on Increasingly Prominent Features and Their Causes*, Shanghai Institute of Futures and Derivatives. <http://www.shfe.com.cn/upload/20170315/1489563614467.pdf>

improvement of the degree of financial integration, the spread of transnational economic risks has been increasingly intensified, which is mainly reflected in the substantial increase in the number of synchronistic failures caused by the financial crisis, the aggravation of short-term fluctuations in the financial market, and the stronger correlation between the changes of major global stock indexes and long-term bond yields. Economic recessions are highly synchronous, with multiple recessions occurring in multiple economies within the same period of time, and large-scale recessions are often directly related to the US economic recession. Because of the dominant and central role of the United States in globalization and its position at the top of the global value chain, the economic recessions in the United States tend to have widespread contagion effects, dragging more countries into recession. A similar pattern could be observed in the course of the four recessions in the United States in 1975, 1980, 1990, and 2001. It is for this reason that the United Nations Conference on Trade and Development (UNCTAD) warned that globalization is at a turning point⁴². In 2018, 55 economies around the world introduced at least 112 measures affecting foreign investment. More than a third of the measures introduced new restrictions or regulations, the highest number in 20 years. They mainly reflect national security concerns about foreign ownership of critical infrastructure, core technologies, and other sensitive business assets. In addition, at least 22 large mergers and acquisition deals have been withdrawn or frozen for regulatory or political reasons, twice as many as since 2017⁴³. Great contractions in globalization always begin with austerity policies, which are contagious and soon lead to the overall structural contraction characteristics of anti-globalization.

Economic and non-economic factors are closely linked, and the full-blown outbreak of nationalism is the most obvious manifestation of the phase of anti-globalization. Nationalism emphasizes safeguarding the interests of the nation and seeking equal rights and independent development in the economy, but this may be in conflict with the global industrial division of labor structure led by developed economies, thus affecting international trade relations, capital circulation, and labor output. Nationalism is mainly manifested in xenophobic sentiments, with antipathy towards the Romani people, Muslims, and Jews being quite serious in some EU countries. The United States has tightened immigration policies across the board, even building a wall at its

⁴² Jiang Yunhe, Du Meila, Wang Yamei, *The Problem of Anti-Globalization in 2016: Research on Increasingly Prominent Features and Their Causes*, Shanghai Institute of Futures and Derivatives.

⁴³ UNCTAD, *World Investment Report 2019*.

borders to keep out immigrants. Although the free flow of labor force brought by globalization has greatly optimized the allocation of human resources, it has also caused a series of social conflicts that seem to be unsolved for the time being.

The most prominent manifestation of these social conflicts is the issue of migration and refugees. The refugee crisis in Europe is in fact a manifestation of the migration and refugee problem in the context of globalization, which is also the direct cause of Brexit. According to the data released by the United Nations High Commissioner for Refugees (UNHCR), the number of refugees around the world has been increasing in recent years, especially since 2012. As a result of years of war in countries such as Syria, Afghanistan, and Somalia, as well as the worsening environmental crisis in the Mediterranean, the number of refugees has begun to soar, reaching 63.5 million in 2015. In addition, the environmental problem is one of the main factors of social conflicts, the worsening of the environment, high input, high consumption, and high pollution industries in globalized industrial production activities. The global flow of scarce resources has led to over-exploitation, over-utilization, overdraft and waste, and the deterioration of the global environment has made environmental protection and sustainable development one of the main starting points of the anti-globalization movement.

There are many more manifestations of the phase of anti-globalization, but the most direct and severe blow to globalization has occurred in Europe, which has often represented the rational side in the past.

The Brexit referendum in the UK is not only a failure of the European economic integration, but also a comprehensive setback in the political, economic, and social aspects of globalization. As the oldest industrial country started with manufacturing, the UK was the biggest beneficiaries of economic globalization, the rise of manufacturing brought huge wealth to the UK. With the deepening of globalization, the UK adjusted its position in the global value chain division system early. As a consumer country in the ternary structure, the UK develops the service industry through active international trade and capital flow, and makes the financial industry the core industry of the country. Since then, however, the UK has behaved essentially as it did during the period of anti-globalization. The outbreak of the financial crisis in 2008 exacerbating the negative sentiment towards globalization, coupled with the economy's structural problems, the UK economy became

increasingly vulnerable and lacked the long-term momentum of endogenous growth after the shock and recession. All these social and economic issues are driving Brexit to become a reality.

It should be noted that once the development phase of anti-globalization emerges and takes shape, it may last for a long time. If we look at it in terms of historical cycles, it could have lasted for decades, so it's a very long counter-cyclical phase that is completely impossible to be ignored. The notion that anti-globalization will pass with the succession of national leaders is an illusion, and a very dangerous one. Anti-globalization is the world's structural adjustment and subversion. Once such structural adjustment takes place and becomes stable, the existence of the phase of anti-globalization will not be easily changed unless a new great change takes place.

So, how should we adapt to the phase of anti-globalization? This is a challenging question, and the answer to it must begin with the prediction of what is likely to happen in the phase of anti-globalization. At this stage, we can only answer the following basic predictions:

First, the phase of anti-globalization has often been accompanied by austerity. With the exception of a few proactive countries in the anti-globalization process, it is a tightening cycle for global markets due to capital outflows and structural adjustment, with a significant proportion of countries experiencing declining growth rates.

Second, geopolitical conflicts are serious. The phase of anti-globalization is the "breaking" and "establishing" of global order. The old order is broken and the new order is being established, therefore the geopolitical conflict has become very intense.

Third, large-scale industrial restructuring. Anti-globalization is a dynamic process. The industrial division of labor and supply chain is dependent on geopolitics and social conflicts among countries. Therefore, the industry must undergo frequent large-scale reorganization and integration.

Fourth, politics has shifted to the left, and nationalism is on the rise. Anti-globalization is a period of extreme confusion in the world's intellectual circles, as it is a period of releasing the accumulated contradictions. As a result, the public opinion in various countries did not have time to think about and define them. The classical theories are being falsified, the traditions and conservatives are on the defensive, but the new rational thought is still in a weak embryonic state; this can easily lead to extremism.

Fifth, the discourse power of elites has been overwhelmed by the social. The discourse power of elites can only play a classical role in a stable social structure in China. When social movements emerge one after another, irrationality will prevail. At this time, only intense emotions and high-profile opinions can be seen. The phase of anti-globalization is a phase of subversion, not a phase of construction. Such a phase of development requires neither rationality nor elites, but those who are reckless, socially brave.

Sixth, the eve of the discovery of new space. After the phase of anti-globalization is over, globalization will continue, and in order for globalization to continue, new spaces must be discovered, otherwise the original contradictions of capital will remain unleashed. Whether it is new geographical space, new economic space, or new space created by high technology, it is critical to get through the phase of anti-globalization. According to this prediction, China could have become a new space and play a supportive role in the process of globalization, depending on its political maneuvers and how well it matches global geopolitics.

Seventh, social costs are high. As anti-globalization is a disruption of the existing global order, all societies will have to pay a certain price and cost.

Eighth, as aggregate social prices rise, real interest rates tend to fall. The phase of anti-globalization does not necessarily exhibit inflation, but the overall price level of the society will rise to a certain extent. Moreover, in this phase of anti-globalization, the coexistence of excessive production and excess capital will promote the regional decline of interest rate, or even negative interest rate.

Ninth, the fragmentation of global space. In the world after World War II, the fragmented global space has been replaced by a tendency towards integration after a long period of globalization. The emergence of common markets around the world is a result of such development. Contrarily, in the phase of anti-globalization, the world tends to show the opposite trend, as global space begins to break down and regional values begin to emerge, so the emergence of regionalization is not something that is surprising.

It is very difficult to assess the phase of anti-globalization perfectly, especially at the present time, but it seems worth pointing out that, with the progress of civilization, globalization and anti-globalization seem to be distinguishable from the integration processes that have taken

place throughout history. It seems that anti-globalization can also be divided into two types: successful anti-globalization and unsuccessful anti-globalization. Successful anti-globalization is a peaceful phase in which there is no war, but a process of offsetting excess capital through austerity, debt default, and bankruptcy, thus ironing out the fierce conflicts caused by excess capital. Unsuccessful anti-globalization is the failure of peace efforts and the eventual outbreak of war, turning years of human capital and technological efforts into the ruins of war. Thus, although there may be two types of anti-globalization, the effect and essence are the same, both are to sterilize the excess capital, restore the growth momentum of human society, and reconstruct the world capitalist system.

2. Linear Relations in Globalization

In theoretical circles, globalization is a fertile ground for controversy, with both rich classical discourse and a variety of vague, specious, and rampant arguments. The 76-year-old Joseph Stiglitz, whose book *People, People, Power, and Profits: Progressive Capitalism for an Age of Discontent* sounds like a doctrine that can only hold true in an all-economist utopian society. It has been commented⁴⁴ that Stiglitz, like many Democratic "elites" in the post-Trump era, is caught up in an epistemological uprooting of grievances, failing to understand that while he criticizes the one percent of the population in the capital markets for holding ninety-nine percent of the capital, the one percent of the population in the knowledge market (let's call it market) also holds the same ninety-nine percent of the discourse - and he himself is part of it. If we set aside these pointed comments and controversies, what Stiglitz emphasizes most on various occasions is that trickle-down economics is not serious economics, and that the gap between the rich and the poor caused by globalization is becoming a major problem, hence globalization is unsustainable.

The United Nations and other multilateral international organizations have always had the most positive, sunny, and upbeat attitude towards globalization. In its 2017 report, the United Nations pointed out that the trend of globalization brings unlimited opportunities. In many countries and regions, globalization and growing economic interdependence have gone hand in hand and contributed to rapid economic growth, boosting world gross domestic product from

⁴⁴ Yu Bingxia, "The Farsightedness and Shortsightedness of Nobel Prize Winners in Economics", CBN, July 12, 2019
<https://www.yicai.com/news/100258123.html>

US\$ 50 trillion in 2000 to US\$ 75 trillion in 2016. Similar to the United Nations, most of the world's international organizations have always been extremely enthusiastic about globalization⁴⁵.

In China, an economic leader of great renown in the past said⁴⁶, "I think it's too short-sighted, too populist, or too much to take what American politicians say, thinking that they're in charge of everything and the world is up to them. That's not the way the world works at all." "This is a fallacy," he argues bluntly. Because globalization is not something that any politician came up with, it is a historical process, and the entire human race from the industrial society to modernization is a process of continuous global integration. "The greatest characteristic of industrial society is that it makes the raw material resources of all countries in the world allocate to each other, a country might have minerals, the other has advanced industries; some have agricultural products, others markets. These countries then exchange with each other, and this is the hundred years of globalization at the beginning of industrial society, mainly based on the material exchange among countries, and the optimal allocation of resources." He was full of enthusiasm that, "further globalization will gradually shape the horizontal division of labor and vertical integration. Horizontal division of labor means that one hundred or one thousand parts and components of the industrial chain are outsourced to others, thereby achieving optimal allocation of resources, low cost, and high efficiency. Vertical integration refers to a thousand companies working in one place, so that the logistics costs nothing and we can save a lot of time".

This economic leader's speech obviously has several "fundamental flaws". The first is the understanding of globalization, which, like most people, is understood as the issue of "global division of labor". In fact, the current dilemma of globalization is caused by a large number of spatial contradictions at different levels, and it is not a production problem at all. Secondly, the relationship between globalization and national policies is obviously flawed, and institutional barriers have always been an important factor hindering globalization. The third is the issue of the so-called horizontal division of labor and vertical integration, which is a flaw in Chinese thinking. Industries depend on logistics, and it is not possible for them to actually concentrate together vertically, and even if there is some concentration of industries, logistics in the downstream would

⁴⁵ <https://www.un.org/development/desa/zh/news/intergovernmental-coordination/new-globalization-report-2.html>

⁴⁶ <https://www.un.org/development/desa/zh/news/intergovernmental-coordination/new-globalization-report-2.html>

still be indispensable. Thus, this thought is basically of an unrealistic pure production-oriented society⁴⁷.

Academia may be more restrained, but the nature of the one-sided view of globalization is practically the same. A Chinese professor in France, for example, said that "romanticized globalization is over"⁴⁸. He further explained that there might be misunderstandings about what he meant by the end of globalization, but that he had been saying was "the end of this frenetic, romanticized globalization". In today's era of transportation and information technology, the "globalization" of production interactions will end, but the interactions among various countries and groups of human beings will not end here, nor is it possible. However, we can foresee that the latest globalization, which was relatively casual, will definitely end here. At the very least, the global industrial chain will be restructured, with emphasis likely on economic sovereignty, the importance of proper border controls, traditional values such as the role of the family, and so on.

Casual commentary and aimless daydreaming are, in fact, nostalgia for globalization. People can often be easily immersed in the things they love and cannot extricate themselves, dreaming what they love could last forever. William Ewart Gladstone, the 19th century British liberal thinker, and four-time prime minister, once said that "more people have been fooled by an obsession with the nature of currency than by love"⁴⁹, and that today's globalization is not much different from the problem of currency.

Perhaps a more helpful way to clarify the theoretical perceptions and their problems is to express them in terms of a "continuous linear relationship", as opposed to the various existing views of globalization and anti-globalization. There are four types of lines that can often be seen in the epistemology of globalization:

First, a straight upward line with a steep and continuing upward slope is the classic globalization idea that most people used to hear and believe in. This theory generally holds that globalization will not end. Perhaps there will be some problems in the process of globalization,

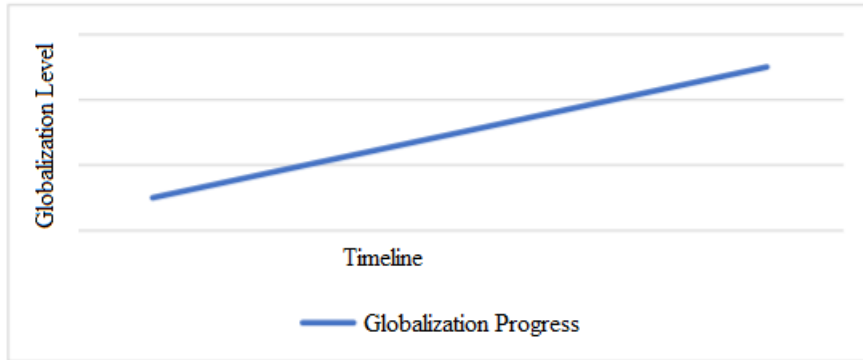
⁴⁷ The so-called vertical integration is actually the "group economy" mentioned in an article by the author in the last century, and it was published in *China Business Journal*. The original study was based on the economic model of a small town in Zhejiang, which was essentially a distributed processing industry. Instead of being multiple companies, the entire town is of a scattered single company.

⁴⁸ <https://www.falanxi360.com/index.php?s=/news/show/id/3611>

⁴⁹ <https://tech.sina.cn/2020-04-21/detail-iircuyvh9038367.d.html>

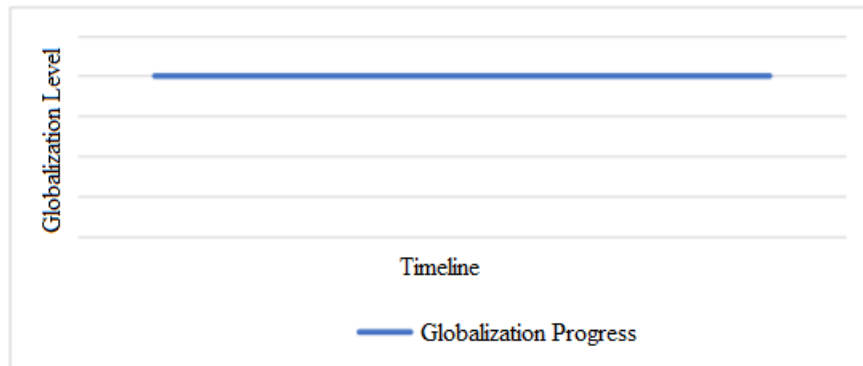
but it will eventually continue. This is a terrible idea, and once implemented in public policy, it could lead to a huge mismatch of resources.

Figure 2: Idealized Globalization



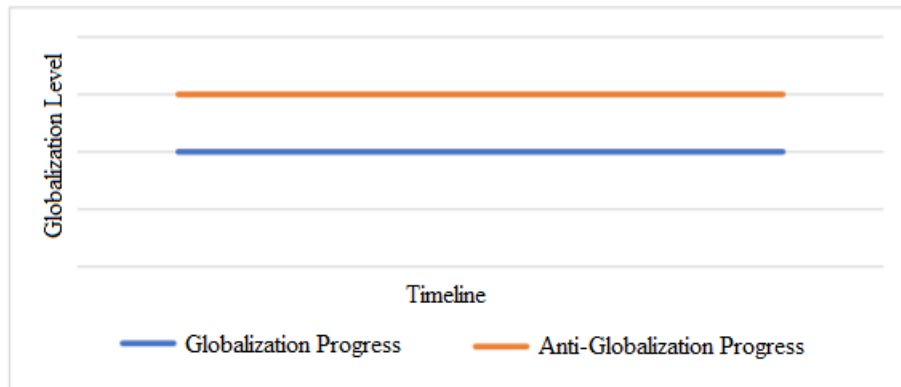
Second, globalization is only a straight line, but the line has ended and a new era of anti-globalization has begun. It simply concludes that "globalization is over", yet this is certainly wrong. As long as the power of capital exists, globalization will continue in its present form or in a new form on the timeline.

Figure 3: Theory that Proposes the End of Globalization



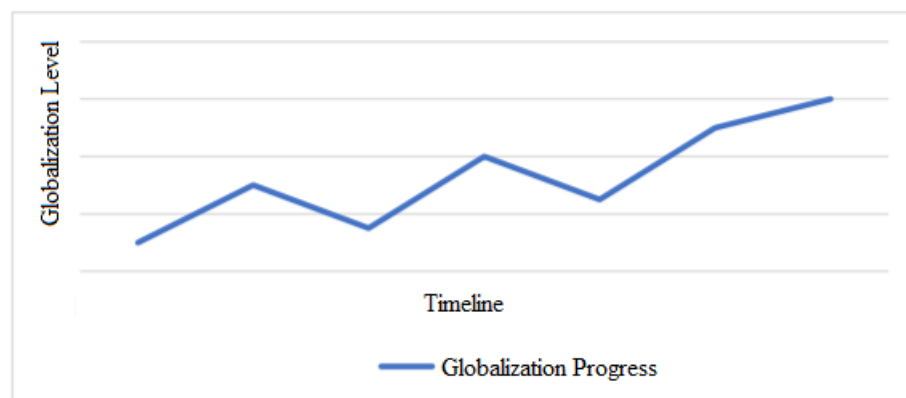
Third, there are two parallel but mutually reinforcing lines, i.e. the globalization and anti-globalization. The typical view, for example, that anti-globalization and globalization go hand-in-hand, is also erroneous and confusing, because it is like saying that the ebb and flow of the sea is impossible because there is still water on the beach. In fact, in the basic logic, globalization and anti-globalization are completely incompatible.

Figure 4: Parallel Globalization Trend



Fourth is fluctuating curve but constantly moving forward. The upward slope indicates the stage of globalization, while the downward slope indicates the stage of anti-globalization. These are the stages of globalization and anti-globalization as defined in this research report. According to this definition, the globalization stage is at the peak of the curve, and the anti-globalization stage is at the trough of the curve.

Figure 5: Fluctuating (Actual) Globalization



Globalization does not happen by chance, and the same can be said about the stage of anti-globalization; it has profound social and economic foundation, and especially a great relationship with the world capital environment. Anti-globalization, if measured in cycles between peaks, can take as little as a decade or as much as a few decades or a century. This is because it takes time for the structure of space in the world to form, and to be subverted. This, of course, means that the stage of the anti-globalization will be a painful cycle for countries that are highly dependent on, or

strongly attached to, globalization. Whether such countries can seize the last window to achieve transformation is crucial. Because once missed this final window period, a painful cycle will be inevitable.

Chapter 4: The Future of Globalization

Globalization is now in a phase of anti-globalization, moving from the peak to the trough. Under such circumstances, the geopolitical orientation of each country will inevitably be reflected in their basic policies, showing the basic characteristics of the phase of anti-globalization.

These representative trend features in the future may include the following three points:

First, globalization in the future will develop towards regionalization, with strong regionalization features and phenomena. Theories supporting this regionalization feature are mainly the concept of spatial fragmentation in geopolitics⁵⁰. Globalization is a process of "integration", while the phase of anti-globalization is a process of "fragmentation". This "integration-fragmentation" process and its changes represent and reflect the changes from the peaks to the troughs of globalization, which is also the basic trend of future anti-globalization.

As pointed out in the summary section of the report, the McKinsey report *Globalization in Transition: The Future of Trade and Value Chains*⁵¹ in 2019 mentions five major transformation directions of globalization from the perspective of trade: 1) shrinking trade in goods; 2) rapidly increasing trade in services; 3) decreasing importance of labor costs; 4) increasing importance of innovative research and development; 5) greater concentration of regional trade. This report is a kind of observation and summary of existing trade trends. Although it has no theoretical significance and cannot explain the causes of the trend, it affirms that regionalization is a direction of future globalization. In fact, with an insight into the concept of space fragmentation, it is clear that regionalization is a certainty for the future.

Second, the phase of anti-globalization will inevitably bring social harm. The phase of anti-globalization is a phase with rising irrationality, which is the inevitable result of the long-term

⁵⁰ Chan Kung, "Some Theoretical Questions on Geopolitics", in *ANBOUND Strategic Observation*, Vol. 680, 2019.

⁵¹ McKinsey Global Institute (MGI), "GLOBALIZATION IN TRANSITION: THE FUTURE OF TRADE AND VALUE CHAINS", January 2019. Accessed on May 31, 2020.
<https://www.mckinsey.com/~/media/McKinsey/Featured%20Insights/Innovation/Globalization%20in%20transition%20The%20future%20of%20trade%20and%20value%20chains/MGI-Globalization%20in%20transition-The-future-of-trade-and-value-chains-Full-report.ashx>

accumulation of contradictions and pressures. Irrational social movements will cause serious social impacts and shocks, forming social harm, which will also spread to the whole society. Once the general cost of such social harm exceeds the bearing capacity of the social structure, it may lead to war and conflict. The interesting potential change is that after violent conflicts, when certain political forces break down, the world may emerge from the phase of anti-globalization and start globalization again.

Third, the great transfer of wealth. The phase of anti-globalization is an era of great wealth transfer. This great transfer of wealth may be achieved through capital markets, industrial investment, or even other means such as art investment. In the process of this great transfer of wealth, some traditional investment theories in the capital market may become ineffective, and instead there will be a large number of speculative activities and investment behaviors based on wealth security. The soul of globalization is capital, and the biggest resistance force of anti-globalization is also the capital.

In the wake of the coronavirus pandemic in the United States, the US adopted extraordinary capital means and successively provided trillions of dollars of stimulus plan, which supported the stability of the capital market and the consumption power of ordinary people. Of these stimulus packages, however, support for the stock and capital markets has been the most significant aspect. While almost all studies in the United States have identified that the country is experiencing the greatest depression in history, the American stock market has bucked the trend, with the Nasdaq even setting an all-time high during the depression⁵². This contradictory situation led CNBC's famous commentator Jim Cramer to exclaim that it paved the way for "one of the greatest wealth transfers in history." It is also true that the government provides massive subsidies to support capital markets and large companies, but these subsidies don't just come out of thin air, it is paid by the residents and they share out the losses. The greater the government support, the greater the scale of wealth transfer. While the bailouts have supported stock market indices, the cost will be borne by American households and will certainly be paid in the future in the form of an erosion of household wealth, higher household taxes, and increased spending. It is not the first time in history

⁵² On June 9, 2020, the Nasdaq, one of the three major US indexes, rose by 1.13% to close at 9,924.74 points. Not only did it recover the ground lost under the influence of the pandemic, the Nasdaq index even achieved a yearly growth rate of over 10%, a record high.

that we have seen the consequences of such large-scale crisis programs, which have often meant great transfers of wealth. This time, however, history has repeated itself.

Lastly, we would like to point out that the process of globalization and anti-globalization is not rational, nor is it subjective. Globalization itself is a world trend constructed by the political, industrial, and capital interactions of many countries, so the decisive factors are always external and there will be no "miracle". In the phase of anti-globalization, the same is true. Externalities are the decisive factors, so all countries in the world will be affected and impacted without exception. It may be argued that, with the exception of a few highly independent economies such as Switzerland, most manufacturing- and resource-based countries will be caught up in the tide of anti-globalization.

For those keen to avoid the shock of the anti-globalization phase, the only policy operation is probably a "new era of self-isolation", which seeks greater industrial and capital independence. In fact, the United States is an example of this, and its turn, which started early, is under a tidal wave that some countries can follow, while others may get bogged down in romanticized theoretical controversies, thus losing a precious window period and entering a painful cycle.

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