

# The era of globalization isn't over, new study argues

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Reports of globalization's death are premature, according to a new study by researchers at the University of Waterloo, the University of British Columbia and the China Europe International Business School in

Shanghai.

Their findings challenge widespread assumptions that the rivalry between the United States and China, recently highlighted during the Chinese spy balloon crisis, can only further escalate and split the world into two hostile camps.

Dr. Victor Cui, a professor at Waterloo's Conrad School of Entrepreneurship and Business, said analysis shows that most likely isn't going to happen.

"First, the potential economic cost of doing this is too high for the U.S., China, their allies, and the entire world," Cui said. "The breakdown of globalization ultimately hurts consumers, which we are all experiencing too well. Globalization is not over."

Beyond economic realities, the researchers found that the U.S.-China rivalry is based, in part, on misunderstanding. For example, China's intentions to seek 'self-reliance' were largely defensive while being interpreted in Washington's narratives as solely aggressive. For their part, China's communist leaders bristled at what they saw as American attempts to limit China's growing economic and political power.

The authors suggest that Washington may have overstated China's technological threat to the liberal world order for a few reasons. First, China increasingly centralizes top-down control over its innovation effort, which is unlikely to sustain its rapid technological advancement. Second, China may not be able to continuously inject the funding required to sustain its technology innovation because of its continuing economic growth decline. Moreover, China also faces a growing shortage of young productive workers in the next decade due to its former one-child policy.

The researchers conclude key assumptions—that China's rapid pace of technology innovation will accelerate, and that China may establish its own technological hegemony and surpass the U.S. in some strategic fields—are overstated.

"We expect China's threat will slowly disappear—it is not sustainable," said Cui, the Conrad Research Excellence Chair. "Once the fear of China's rise declines in the U.S., we expect the disengagement to slow down and even dissipate. We can be conservatively optimistic there will be changes."

The researchers argue the entire world would benefit if the U.S. and China acted as partners instead of rivals, as they can more effectively manage existential global challenges such as inflation, [climate change](#) and future pandemics while minimizing the risks of military confrontations.

A paper on the findings, *The Political Economy and Dynamics of Bifurcated World Governance and the Decoupling of Value Chains: An Alternative Perspective*, appears in the *Journal of International Business Studies*.

**More information:** Ilan Vertinsky et al, The political economy and dynamics of bifurcated world governance and the decoupling of value chains: An alternative perspective, *Journal of International Business Studies* (2023). [DOI: 10.1057/s41267-023-00597-z](https://doi.org/10.1057/s41267-023-00597-z)

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