

# The Logic and Direction of Economic Policy Adjustment in the Context of the Countercurrent of Globalization

Hao Liang

*University of Birmingham, Birmingham, United Kingdom*

*\*Corresponding Author*

**Abstract:** Against the backdrop of the countercurrent of globalization, economies of all countries are confronted with numerous challenges, and the adjustment of economic policies has become inevitable. This article starts from the manifestations and causes of the countercurrent of globalization and deeply analyzes the theoretical logic of economic policy adjustments, including aspects such as responding to external shocks, optimizing resource allocation, and promoting social equity. Furthermore, the direction of economic policy adjustment is explored, covering multiple fields such as trade, investment, currency, finance, industry, regional cooperation, green development, and social security, aiming to provide theoretical references for countries to formulate scientific and reasonable economic policies in the countercurrent of globalization.

**Keywords:** The Countercurrent of Globalization; Economic Policy Adjustment; Theoretical Logic; Policy Direction

## 1. Introduction

Globalization, as an important trend in the development of the world economy, has greatly promoted the growth and prosperity of the economies of all countries. However, in recent years, the process of globalization has encountered headwinds. Issues such as the rise of trade protectionism, the intensification of geopolitical conflicts, and the reconfiguration of global industrial and supply chains have emerged one after another, bringing numerous uncertainties to the world economy. At the economic level, the rise of trade protectionism has become the most direct manifestation. For instance, since 2018, the US government has imposed additional tariffs on Chinese imports, involving goods worth hundreds of billions of US dollars. The tariff rate has gradually increased from the initial 10% to a maximum of

25%. Even in the field of electric vehicles, the tariff rate will rise from 25% to 100% in 2024. [1] This kind of trade protectionist behavior not only harms the economic interests of China and the United States, but also poses a threat to the stability of the global industrial and supply chains.

The investment field has also been hit by the countercurrent of globalization. Multinational companies, considering risk aversion and strategic adjustment, reevaluate their global investment layout and reduce their investment in external markets. Some countries have strengthened the review and supervision of foreign investment, set higher entry barriers, and even adopted measures such as forced technology transfer to restrict the development of foreign investment in their own countries. For instance, the United States has imposed investment restrictions on several Chinese technology enterprises under the pretext of "national security", hindering normal international investment cooperation [2].

In the social and cultural field, the countercurrent of globalization is manifested as the rising sentiment of nationalism and disputes over cross-border migration. Some countries, out of concerns over employment, cultural identity and other aspects, have adopted stricter immigration policies to restrict the inflow of immigrants. For instance, the United States has built a separation wall along the US-Mexico border, and the European Union has reduced its immigration acceptance rate. These measures have exacerbated social division and international tensions [3].

In the field of science and technology, the establishment of data localization policies and technical barriers has become a new manifestation of the countercurrent of globalization. Some countries, in order to protect their own data security and industrial interests, require multinational enterprises to store data within their own territory and set technical

standards and certification requirements, restricting the entry of foreign technologies. For instance, the Cybersecurity Law implemented by China has imposed strict regulations on cross-border data flows, which has drawn widespread attention from the international community [4].

The emergence of the countercurrent of globalization is the result of the interweaving of multiple factors, involving multiple aspects such as economy, politics, and social culture. From an economic perspective, the uneven distribution of benefits in the process of globalization is an important cause of the countercurrent. There are significant differences in the benefits gained by developed and developing countries in the process of globalization. Developed countries, relying on their technological and capital advantages, occupy the high-end links in the global industrial chain and obtain the majority of profits, while developing countries mainly undertake the low-end manufacturing and processing links, with limited profit margins. This pattern of interest distribution has intensified the contradictions and conflicts among countries. Developed countries, in order to safeguard their own interests, have adopted measures such as trade protectionism, which has hindered the further development of globalization [5].

At the political level, the intensification of political multi-polarization and geopolitical games is also an important driver of the countercurrent of globalization. With the rise of emerging economies, the international political landscape has undergone profound changes, and the trend of multi-polarization has become increasingly evident. Competition and games among major countries have intensified. Some countries, in order to achieve their own strategic goals, have adopted "anti-globalization" measures such as trade wars and technological blockades to weaken the strength of their rivals. For instance, in order to maintain its global hegemonic position, the United States has launched trade wars and technological wars against China, attempting to curb China's development [6].

At the social and cultural level, globalization has accelerated population mobility and cultural collisions, triggering resistance among some groups. Some countries are facing problems such as employment pressure and identity crises within themselves. The immigration wave and

cultural differences brought about by globalization have further exacerbated these contradictions. Some groups believe that globalization threatens their own cultural traditions and social stability, and thus oppose globalization and support the adoption of protectionist measures. [7]

In addition, global challenges such as environmental issues and climate change in the process of globalization have also had an impact on the countercurrent of globalization. Some countries believe that globalization has exacerbated environmental damage and resource consumption, posing a threat to the global ecological balance. Therefore, they advocate adopting a more conservative development model and reducing reliance on the outside world to protect their own environment [8]. Therefore, a thorough exploration of the logic and direction of economic policy adjustments in the context of the countercurrent of globalization is of great practical significance for all countries to achieve stable economic growth and sustainable development.

## **2. Manifestations and Causes of the Countercurrent of Globalization**

### **2.1 Manifestations of the Countercurrent of Globalization**

The countercurrents of globalization are prominently manifested in multiple aspects. In the field of trade, protectionist measures are constantly increasing. Countries are raising tariffs, setting up trade barriers and restricting the import of goods and services one after another. For instance, the United States has implemented a "reciprocal tariff" policy, imposing benchmark tariffs on all imported goods and additional tariffs on countries with large trade surpluses. Such unilateralism and protectionism have seriously disrupted the global trade order. In the field of investment, cross-border investment is subject to numerous restrictions. Some countries have strengthened the review and supervision of foreign capital, and have even adopted measures such as mandatory technology transfer and restrictions on investment fields, which have hindered the free flow of international capital. For instance, the United States has abused "national security reviews", obstructing normal cross-border capital flows on the grounds of "endangering national security", and coercing and bribing

technology-advantaged enterprises to invest in the United States. In terms of immigration policies, anti-immigrant sentiment is on the rise. Many countries have tightened their immigration policies, reduced the acceptance rate of immigrants, built separation walls, etc., and restricted the cross-border flow of labor. For instance, the United States has built a separation wall along the US-Mexico border, and many EU countries have reduced their immigration acceptance rates.

## **2.2 Causes of the Countercurrent of Globalization**

The formation of the countercurrent of globalization is the result of the combined effect of multiple factors. From an economic perspective, although the process of globalization has promoted the overall growth of the global economy, it has also brought about problems such as the widening gap between the rich and the poor and uneven domestic income distribution. Within developed countries, the middle and low-income groups are under considerable pressure in the global competition, with reduced job opportunities and slow wage growth, which has triggered resistance to globalization. In the process of participating in globalization, developing countries are also confronted with problems such as difficulties in industrial upgrading and increasing pressure on resources and the environment. Some countries believe that globalization has not fully guaranteed their development rights and interests, and thus have raised doubts about globalization. From a political perspective, geopolitical conflicts have intensified, and strategic competition among major powers has become increasingly fierce. To safeguard their own political interests and security, countries have adopted a series of protectionist measures, attempting to achieve political goals through economic means. For instance, in order to curb the development of other countries, the United States promotes trade bullying and politicizes trade issues. Furthermore, the rise of ideological trends such as populism and nationalism has also driven the development of the countercurrent of globalization. Some politicians, in order to cater to the interests and demands of certain voters, advocate protectionist and isolationist policies.

## **3. The Theoretical Logic of Economic Policy Adjustment**

### **3.1 An Inevitable Requirement for Responding to External Shocks**

The countercurrents of globalization have brought about numerous external shocks, such as trade frictions blocking exports and fluctuations in the international financial market causing capital outflows. To deal with these shocks, countries need to adjust their economic policies and enhance the resilience and risk-resistance capacity of their economies. In terms of trade policy, measures such as adjusting tariffs and non-tariff barriers are taken to protect domestic industries from the impact of unfair competition. For instance, when confronted with trade protectionist measures from other countries, one's own country can take corresponding countermeasures to safeguard its own trade interests. In terms of monetary policy, it is necessary to maintain its independence and flexibility. In light of changes in domestic and international economic conditions, policy tools such as interest rates and exchange rates should be adjusted in a timely manner to stabilize the financial market and prevent large-scale capital outflows. For instance, when confronted with the impact of an external financial crisis, the central bank can ease the tension in the financial market through measures such as lowering interest rates and providing liquidity support.

### **3.2 The Inherent Need to Optimize Resource Allocation**

The countercurrent of globalization has led to a decline in the efficiency of global resource allocation, and the original global industrial and supply chains have been disrupted. All countries need to readjust their economic policies, optimize domestic resource allocation, and enhance the efficiency of resource utilization. In terms of industrial policies, we will increase support for emerging industries, high-end manufacturing and other fields, promote industrial structure upgrading and reduce reliance on traditional industries. For instance, by formulating industrial plans, providing financial subsidies, offering tax incentives and other policies, enterprises are encouraged to increase investment in research and development, enhance their independent innovation capabilities, and cultivate new growth points for the economy. In terms of regional policies, efforts should be made to enhance coordinated regional development and promote the rational

flow and optimal allocation of resources among different regions. For instance, by implementing regional development strategies, increasing support for the central and western regions, narrowing the development gap between regions, and achieving balanced economic development across the country.

### **3.3 Important Measures to Promote Social Equity**

The countercurrent of globalization has exacerbated social inequality, with the gap between the rich and the poor widening and unequal employment opportunities becoming increasingly prominent. To promote social equity, all countries need to adjust their economic policies and enhance protection and support for vulnerable groups. In terms of fiscal policy, we will increase social security spending, raise the level of social security, and ensure the basic living standards of low-income groups. For instance, unemployment insurance benefits and the minimum wage standard should be raised, fiscal transfer payments to poverty-stricken areas should be increased, and infrastructure and public service conditions in poverty-stricken areas should be improved. In terms of tax policy, a progressive tax rate system will be implemented to enhance tax regulation for high-income groups and narrow the gap between the rich and the poor. For instance, raise the threshold for personal income tax, impose higher tax rates on high-income earners, and at the same time strengthen the intensity of tax collection and administration to prevent tax revenue loss.

### **3.4 Necessary Guarantees for Promoting Sustainable Development**

Against the backdrop of the countercurrent of globalization, challenges to sustainable development such as environmental and resource issues have become even more severe. All countries need to adjust their economic policies to promote the coordinated development of economic growth, environmental protection, and resource conservation. In terms of environmental policies, efforts should be made to strengthen the governance and supervision of environmental pollution, formulate strict environmental standards and emission limits, increase support for the environmental protection industry, and promote green development. For instance, a carbon emissions trading system should be

implemented to control and trade the total carbon emissions of enterprises, and encourage them to adopt clean energy and energy conservation and emission reduction technologies. In terms of resource policies, efforts should be made to enhance the protection and rational utilization of resources, improve the efficiency of resource utilization, and promote the recycling of resources. For instance, formulate resource tax policies and impose resource taxes on resource extraction enterprises to promote the conservation and rational development of resources.

## **4. The Direction of Economic Policy Adjustment**

### **4.1 Direction of Trade Policy Adjustment**

Under the countercurrent of globalization, trade policies adhere to the combination of openness and cooperation with moderate protection. On the one hand, actively participate in the multilateral trading system and maintain the global trade order. We should firmly support the reform of the WTO, oppose unilateralism and protectionism, and promote the implementation of the outcomes of multilateral trade negotiations. On the other hand, in accordance with the demands of domestic industrial development, trade remedy measures should be rationally utilized. When domestic industries are impacted by unfair competition from imported products, anti-dumping and anti-subsidy investigations can be initiated in accordance with the law, and corresponding measures can be taken. At the same time, efforts should be made to strengthen negotiations on free trade agreements with other countries and regions, expand cooperation space and lower barriers. If China promotes the high-quality implementation of the RCEP and accelerates the negotiations on free trade agreements with other countries and regions.

### **4.2 Direction of Investment Policy Adjustment**

Investment policies focus on optimizing the environment to attract high-quality foreign investment and encourage enterprises to "go global" to carry out international cooperation. Domestically, efforts should be made to strengthen intellectual property protection, improve the legal system, enhance the efficiency of government services, and create a market-oriented, law-based and internationalized

business environment. For instance, simplify the administrative approval process, reduce the institutional transaction costs for enterprises, and strengthen the enforcement of intellectual property rights. In terms of outbound investment, we will enhance guidance and services, and encourage international production capacity cooperation and global industrial layout. For instance, an overseas investment information service platform should be established to provide services such as policy, market and risk early warning, and to enhance supervision and risk prevention.

#### **4.3 Direction of Monetary Policy Adjustment**

Monetary policy remained prudent and neutral. A variety of tools were flexibly employed in light of domestic and international economic conditions to ensure that the growth rate of money supply and social financing scale was basically in line with the nominal economic growth rate. In terms of interest rate policy, adjustments should be made in a timely manner based on inflation and economic growth conditions to guide the reasonable operation of market interest rates. When economic growth slows down and inflationary pressure is low, appropriate interest rate cuts should be made to stimulate investment and consumption. When economic growth is overheated and inflationary pressure is high, it is appropriate to raise interest rates to curb investment and consumption. In terms of exchange rate policy, we should keep the exchange rate basically stable at a reasonable and balanced level, enhance its flexibility, and play the role of an automatic stabilizer for the macroeconomy and the balance of payments. We should avoid excessive fluctuations from impacting export enterprises and financial markets, and use fluctuations to guide the rational allocation of resources.

#### **4.4 Direction of Fiscal Policy Adjustment**

Fiscal policies have been more proactive and effective, playing a counter-cyclical regulatory role. In terms of expenditure, we will increase investment in key areas and weak links such as scientific and technological innovation, education, healthcare and environmental protection, and improve the efficiency of fund utilization. For instance, increase investment in basic research to enhance independent innovation capabilities, increase investment in rural education to promote fairness, and

strengthen environmental pollution control to improve the ecological environment. In terms of taxation, optimize the structure to reduce the burden on enterprises and stimulate market vitality. For instance, we will promote the reform of value-added tax to lower the tax rate and implement preferential tax policies for small and micro enterprises.

#### **4.5 Direction of Industrial Policy Adjustment**

Industrial policies focus on industrial upgrading and innovative development, fostering new growth points. Increase support for strategic emerging industries such as artificial intelligence, new energy and biomedicine, formulate planning policies and guide the aggregation of resources. For instance, special funds should be set up to support technological research and development as well as industrialization, and innovation platforms should be established to promote the integration of industry, academia, research and application. At the same time, promote the digital transformation and intelligent upgrading of traditional industries to enhance production efficiency and quality. For instance, encourage enterprises to adopt intelligent manufacturing technologies and promote the transformation of traditional service industries into modern service industries.

#### **4.6 Direction of Regional Cooperation Policy Adjustment**

Regional cooperation policies enhance economic cooperation and coordination among regions and promote integrated development. Domestic efforts should be made to strengthen the implementation of regional development strategies and promote coordinated development. For instance, we should promote the coordinated development of the Beijing-Tianjin-Hebei region, the development of the Yangtze River Economic Belt, and the construction of the Greater Bay Area, and enhance industrial cooperation, infrastructure connectivity and joint protection and governance of the ecological environment. Actively participate in regional economic cooperation internationally, promote high-quality development of the Belt and Road Initiative, strengthen multi-field cooperation with countries along the routes, and build an open, inclusive, balanced and beneficial cooperation framework.

#### **4.7 Direction of Policy Adjustment for Green Development**

The green development policy incorporates ecological civilization construction into the economic system and promotes the coordination between the economy and environmental protection. Establish strict environmental standards and emission limits, strengthen supervision over pollution control, such as implementing action plans for the prevention and control of air, water and soil pollution, and increase penalties. Increase support for green industries and foster green growth drivers, such as setting up industrial funds to support the development of green industries and offering tax incentives and financial subsidies. Promote green technological innovation, enhance the efficiency of resource utilization, and reduce energy consumption and pollution.

#### 4.8 Direction of Social Security Policy Adjustment

Improve the social security policy system and raise the level to ensure basic living standards. Expand the coverage, incorporate migrant workers, flexible employees and others into the system, and promote universal participation in insurance registration to ensure that all eligible individuals are covered. Raise the level of benefits and adjust standards such as pensions in a timely manner in accordance with economic development and changes in prices. Strengthen fund management to ensure safe and sustainable operation, and enhance budget management and investment operation supervision to increase returns.

#### 5. Conclusion

Against the backdrop of the countercurrent of globalization, economic policy adjustment is an inevitable choice for all countries to address challenges and achieve stable economic growth and sustainable development. By analyzing the manifestations and causes of the countercurrents of globalization, we can see that economic policy adjustments have multiple theoretical logics, including responding to external shocks, optimizing resource allocation, promoting social equity, and driving sustainable development. In terms of the direction of economic policy adjustment, efforts should be made in multiple fields such as trade, investment, currency, finance, industry, regional cooperation, green development and social security to formulate scientific and reasonable policy measures. All

countries should, in light of their national conditions and development stages, flexibly apply various policy tools, enhance policy coordination and cooperation, jointly address the challenges brought about by the countercurrents of globalization, and promote the healthy development of the global economy. Meanwhile, the international community should enhance cooperation and dialog, jointly safeguard the global trade order and the multilateral system, and promote globalization to develop in a more open, inclusive, beneficial, balanced and win-win direction.

#### References

- [1] Dinh, H. T. (2024). Behind the New US Tariffs on Chinese Products (No. 2404). Policy Center for the New South.
- [2] Lee, K., Qu, D., & Mao, Z. (2021). Global value chains, industrial policy, and industrial upgrading: Automotive sectors in Malaysia, Thailand, and China in comparison with Korea. *The European Journal of Development Research*, 33(2), 275-303.
- [3] Bonifai, N. W., Rudra, N., Boulding, C., & Moya, S. L. (2022). Globalization and nationalism: contending forces in world politics. *International Studies Review*, 24(2), viac021.
- [4] Cumming, D., Johan, S., & Reardon, R. (2023). Global fintech trends and their impact on international business: a review. *Multinational Business Review*, 31(3), 413-436.
- [5] Pejakovic, D. (2025). Globalization and Its Discontents Revisited: Anti-Globalization in the Era of Trump: By Joseph E Stiglitz (Author)(Publisher: WW Norton & Company 2017). *Journal of Liberty and International Affairs*, 11(1), 182-184.
- [6] Brands, H. (2022). *The twilight struggle: What the cold war teaches us about great-power rivalry today*. Yale University Press.
- [7] Higgott, R. (2021). *States, civilisations and the reset of world order*. Routledge.
- [8] Rockström, J., Donges, J. F., Fetzer, I., Martin, M. A., Wang-Erlandsson, L., & Richardson, K. (2024). Planetary Boundaries guide humanity's future on Earth. *Nature Reviews Earth & Environment*, 5(11), 773-788.