Edoardo Campanella

Economic Self-Reliance in a Leaderless World

COVID-19 and the war in Ukraine have exposed the vulnerabilities of deep economic integration. Shortening supply chains, rebuilding domestic production capacity, and diversifying suppliers have become a priority for governments and companies around the world. As outlined by the President of the European Central Bank, Christine Lagarde, there is a clear shift in the nature of global trade from dependence to diversification, from efficiency to security, from globalization to regionalization, and from the market to the state.[1] Whether this global reordering will lead to safer trade and a safer world is an open question. The greatest threat to a stable restructuring of the global economy is represented by the growing lure of self-reliance, which has inspired strategies of "de-risking" across the most important jurisdictions.[2]

In his 2022 State of the Union address, US President Joe Biden promised to ensure that "everything from the deck of an aircraft carrier to the steel on highway guardrails is made in America from beginning to end. All of it."[3] These ideas were crystallized in two major legislations—the CHIPS and Science Act and the Inflation Reduction Act—which aim to boost, through a plethora of fiscal incentives, the American semiconductor industry and the domestic manufacturing of green energy, respectively.[4] The European Union is also moving toward its goal of "strategic autonomy," particularly concerning technology.[5] Back in January 2023, President Emmanuel Macron of France proposed a "Made in Europe" strategy whose goal is to accelerate production targets in key sectors, loosen state aid rules, establish an emergency sovereignty fund, and mobilize trade defense instruments.[6]

Edoardo Campanella is a Research Fellow at the Mossavar-Rahmani Center for Business and Government at the Harvard Kennedy School and co-author of *Anglo-Nostalgia: The Politics of Emotion in a Fractured West* (Oxford University Press, 2019). He can be reached at edoardo_campanella@hks.harvard.edu and followed on X @EdoCampa.

© 2023 The Elliott School of International Affairs
The Washington Quarterly • 46:3 pp. 103–126
https://doi.org/10.1080/0163660X.2023.2259256

The related idea of "friend-shoring," which consists of moving production out of hostile countries into friendly nations, and was proposed by US Secretary of Treasury Janet Yellen, represents a form of regional self-reliance based on a combination of security and normative arguments.[7] It is increasingly challenging for Western democracies to economically interact with autocracies such as Russia or China which endanger security and grow ever more threatening. It is also extremely dangerous for the West to rely on goods provided by these countries that are, at best, rivals, if not even foes. Chrystia Freeland, Canada's Minister of the Economy, has welcomed friend-shoring as a "new norm" that "may require some new institutions, some new relationships."[8]

These inward-looking shifts in production patterns are not the prerogative of advanced economies only. India's Prime Minister Narendra Modi has committed to creating a "self-sufficient India" as a new national goal.[9] Even before the pandemic broke out, China's process of economic self-reliance was already underway. In 2018, President Xi Jinping revived Mao's slogan of "regeneration through one's own efforts."[10] This idea was conceptualized in China's dual circulation strategy, which was announced in 2020 and aims to insulate its domestic market from the rest of the world.[11] By 2025, for example, domestic suppliers are expected to meet 70 percent of the nation's semiconductor needs. In March 2022, Xi, who was concerned with his country's dependence on Ukrainian agricultural commodities, argued that China cannot count on global markets for food security. He instructed the Communist Party to fill "the rice bowl of Chinese people mainly with Chinese grain."[12] Chinese authorities also pledged to secure domestic supplies of grains, energy, raw materials, and other critical supplies as well as the processes involved in producing and distributing industrial parts and commodities.[13]

Self-reliance is different from protectionism. Its declared goal is not to hurt a trading partner but to build domestic resilience and capacity in the wake of a closing and less secure world. In other words, self-reliance is an inward-looking strategy of preservation, not an outward-looking one of punishment. For this reason, it is apparently less dangerous because it aims to reduce a country's vulnerability to potential shocks. Self-reliance does not coincide with pure autarky either, as it might be restricted to a few critical industries. But if self-reliance is a response to closing markets, a generalized process of international economic disengagement, and growing ideological divisions, it can lead to systemic instability and chaos no matter what its intention. In today's complex economies, self-reliance hardly equates to self-sufficiency—as no country will have enough resources to insulate itself (or even just some strategic industries)

Self-reliance is different from protectionism

from the rest of the world. For this reason, self-reliance will more likely lead to the emergence of regional blocs with politically discriminatory economic exchange. In turn, the fear of losing access to key goods in an increasingly fragmentary world might lead to adventurism and expansionism which can eventually feed conflict.

It would be a mistake to think that these autarkic tendencies are just the result of contingent factors like the war in Ukraine or the pandemic. They are more structural in nature and can be seen as a symptom of the fading Pax Americana.[14] The intensifying rivalry with China, as well as the widening divide between democratic and authoritarian regimes, are increasingly impairing America's ability to keep the global market economy open. According to hegemonic stability theory, which will be discussed in more detail in the next section, a trusted and committed hegemon that enforces global rules and provides global public goods is a prerequisite to keeping international markets open. When the leader no longer has the means or willingness to honor its duties, then nations will need to reduce their dependence on the global economy by building domestic capabilities, or in the most extreme cases by expanding their national boundaries to secure access to resources no longer available for exchange on international markets.

Rethinking the way global value chains work will not be enough to bring stability to the system. What is needed is an update and upgrade of the global governance structure to avoid a leaderless world. We are already at a dangerous turning point. As history shows, economic orders—with their rules, norms and institutions—tend to be sticky and outlive the hegemony of the nation that created them.[15] The world is increasingly getting stuck in such an unstable equilibrium, where an order exists, but in practice, it no longer delivers stability and thus forces nations to build domestic capabilities. Without an appropriate redesign of the global governance architecture, the current system will remain in place until a shift toward a new order begins. But hegemonic transitions are hardly peaceful and ordered processes. Understanding the root causes of economic self-reliance, as well as its potentially frightening economic and geopolitical consequences, is important to adopt an effective response.

The paper is structured as follows. The first section briefly discusses hegemonic stability theory, explaining why it is relevant to understand the geoeconomic implications of a fading Pax Americana and the global economic disorder that is emerging. The second will provide evidence of the decline in Washington's relative power as other contenders, primarily China, rise to the world stage. The third section will discuss the geopolitical consequences of self-reliance; while the concluding section assesses three possible scenarios going forward and sketches out possible ways to address current flaws in global governance.

A Fading Hegemon

According to hegemonic stability theory, which was originally developed by MIT economic historian Charles Kindleberger in 1973, periods of deep and broad economic openness occur when a hegemon—a single state that is economically, technologically and militarily more advanced than its trading partners—creates and maintains, for its benefit, sets of international institutions and rules that govern foreign exchange, while providing both global security and management of the international economy.[16] What emerges is a trading structure characterized by low tariffs, expanding trade, and shrinking regionalism, with a specific division of labor and specialization of function across countries which leads to deeper economic integration globally.[17] What changes from one hegemonic era to another is the balance between the market and the state, and so the degree of competition and coercion that characterizes exchange within and between economies.

The US hegemonic era followed this pattern after World War II, at first in the West, until the great global financial crisis. The American Century started in response to the leaderless hiatus of the 1930s and has since relied on the price mechanism, the rule of law, and strong property rights as ordering principles.[18] Thanks to its outsized economic, technological, military and political power, Washington cemented its leadership role within the West through the creation of the Bretton Woods system, the funding of the Marshall Plan, and the establishment of NATO, GATT and the OECD, while setting up trade barriers around the new socialist camp of the Eastern Bloc.[19] With the fall of the Berlin Wall in 1989, many of the barriers to trade that were still in place were gradually removed, giving rise to an unprecedented era of unfettered globalization.[20] Pushing the argument to its extreme, according to some scholars, after the implosion of the Soviet Union the United States acted as the de facto "world's government."[21]

The American hegemonic age did not collapse in the 1970s, it rebounded, reaching a peak in 2007

The first inflection point in the American hegemonic era was reached in the 1970s in the wake of the Nixon shock —a series of economic measures adopted in 1971 to fight inflation domestically that eventually led to the abolishment of the existing Bretton Woods system of international financial exchange. As Kindleberger wrote, "the point of all this is that after about 1971, the United States, like Britain from about 1890, has shrunk in economic might relative to the world as a whole, and more importantly, has lost the appetite for providing international economic public goods."[22] But the American hegemonic age did not collapse. It rebounded, leading to further and deeper economic integration following the end of the Cold War and the entry of China into the World Trade Organization (WTO) in 2001, reaching a peak in 2007 when the global financial crisis hit the world. In this stage, Washington benefited from its lack of a challenger thanks to the implosion of the Soviet Union and a still rising China. It also benefited from the emergence of a hegemonic coalition made of Western allies that contributed to managing the international system, thus partly relieving the United States of its leadership duties.[23] Western Europe, Canada, Australia, Japan and South Korea leveraged international institutions to split the cost of providing the global public good of economic openness.[24]

But hegemony does not last forever. The hegemon will defend the system as long as it remains strong enough to do so and the benefits from openness exceed the costs. Over time, international stability will bring prosperity to other regions too, strengthening allies and potential challengers alike, while making the management of the international system more costly for the hegemon, as more resources need to be diverted from productive uses in order to protect the system. Once the hegemon declines in relative power, compared to challengers that are dissatisfied with the existing order, the system becomes unstable as it is increasingly costly to guard it. For example, the Great Depression, which paved the way for World War II, was partly caused by the absence of a leader. Great Britain was willing but no longer able to serve as a stabilizer because its economy had become too weak, and the United States was able but then unwilling to take up the role because the young nation had not yet matured politically.[25]

During the process of fading hegemony, the rules, norms and institutions that were established by the hegemon remain in place, but they no longer provide stability to the system because the leading power is unable or unwilling to enforce them. As political scientist Stephen Krasner put it: "The structure of the international trading system does not move in lockstep with changes in the distribution of potential power among states."[26] As a result, international economic integration goes into reverse. This specific phase is usually overlooked by hegemonic stability theory literature.[27] The focus is usually on the effects of the collapse of the hegemon, and not on the series of events that lead to it. However, as will be discussed below, one can speculate that over time, the absence of stabilizing mechanisms due to a fading hegemony exacerbates the hegemonic crisis and intensifies the closing of the system, leading to the dissolution of the old economic order.

Markets suddenly become inaccessible as the hegemon uses protectionism to suppress the rise of the challenger, protect its power status, and reduce its international commitments. In response, the challenger undermines the international system by questioning its legitimacy. Then nations turn inward to safeguard their economies through self-reliance strategies, and regional economic blocs emerge.[28] Eventually, unless a modified governance architecture is agreed upon in the meantime, competing powers clash to reopen vital markets until a new order emerges. For example, a key factor underlying Anglo-German rivalry at the beginning of the 20th century was the fact that both Germany and Britain were heavily dependent on imports of different commodities. This was a source of reciprocal insecurity that was fueled by fears of naval blockades. As Germany's Admiral Alfred von Tirpitz put it: "We had global commerce, which compelled us to world power."[29]

> Economic order today exists only in appearance, while the US struggles to keep the system open

The world is now moving at an increasingly fast pace toward such an unstable equilibrium, where an economic order, with its rules and institutions, exists only in appearance, while in practice the hegemon (the United States) struggles to keep the system open and is unable to further deepen the degree of international integration as a competitor emerges (China). In this phase, when distortions due to intensifying economic closure have not yet degenerated into a great power clash, there is still the illusion that the international order can remain in place even if the hegemon has passed the zenith of its power. As the political scientist John Ikenberry put it in 2011: "America's position in the global system may decline but the international order it leads can remain the dominating logic of the twenty-first century."[30] In reality, the declining influence of the leading power sets in motion a process of economic closure that eventually impairs both the legitimacy and the viability of the economic order itself.

Closing Markets

A variety of metrics testify to the decline in the degree of global economic openness since 2010, which imply a gradual drop in Washington's hegemonic influence. Globalization—as measured in terms of the sum of overall exports and imports relative to global GDP—has given way to a period of what a recent IMF paper has called "slowbalization."[31] The slowdown in trade has been partly cyclical, reflecting lower demand, and partly structural, owing to the maturation of global value chains.[32] In addition, since 2010 the free-trade paradigm of the post-Cold War era has been challenged by rising protectionism, particularly in the form of behind-the-border trade measures such as product regulations or imports licensing. Data from the *Global Trade Alert* database shows that trade restrictions globally are increasing, notably in high-tech sectors likely linked to national security or strategic competition.[33] Moreover, a stalled WTO, marked by the failed Doha round of trade negotiations in 2011, has coincided with a drop in the degree of global economic openness as captured by the rise in the number of regional trade agreements which increase the degree of integration only within some regions but not globally.[34] Finally, popular support for globalization among ordinary citizens has also declined in recent years due to the explosion in income inequality that is often perceived as a side effect of the process of economic integration, contributing to the rise of populist leaders in several Western countries who have pushed anti-trade agendas.[35]

The United States turned its back on its own international system in 2016 with the presidential election of Donald Trump, who openly opposed liberal internationalism, while Brexit inflicted another serious blow to the global liberal order. During the Trump administration, the United States seemed to have lost interest and faith in the ideas and purpose which had animated its international presence for the preceding seven decades. His "America First" strategy embodied a Jacksonian approach to global affairs motivated by the idea that both allies and rivals were free-riding the international system run by Washington—a claim consistent, rightly or wrongly, with the idea that the economic return from the American hegemonic era was highly diminishing.[36] Focusing on the economic sphere, Trump's lack of commitment toward the global liberal order was epitomized by his withdrawal from the Trans-Pacific Partnership (TPP) and the Paris climate agreement, his tough anti-immigration policies against both Mexico and some Muslim countries, and his trade war against China and Europe through the adoption of old-style tariffs.[37]

Although China's authoritarian and statist economic approach has proven to be incompatible with the rules-based trading system, Washington itself has contributed to undermining its own economic order. In two separate 2022 decisions, for example, WTO panels ruled that the Trump administration had violated its WTO obligations by imposing tariffs on imported steel and aluminum and by requiring that products made in Hong Kong be labeled as "Made in China."[38] The commercial clash with Beijing was certainly motivated by China's actions—unfair and illegal trade practices, devious terms of market access, currency manipulations, intellectual property thefts, and generous subsidies for its own enterprises—but also by a pervasive sense of decline well captured by Trump's slogan "Make America Great Again," and previously by Barack Obama's attempt to energize his nation with the idea of a new Sputnik moment to out-innovate the rest of the world.[39]

While the Biden administration has tried to repair the damages made to the global liberal order by the Trump presidency, for example by rejoining the

Paris climate agreement, its commitment to a deeply integrated global economy is more formal than real.[40] The resurrection of industrial policies aimed at reshoring production to revitalize depressed economic regions in the United States implies a partial disengagement from the global economy, with substantial efficiency losses. The CHIPS and Science Act and the Inflation Reduction Act exemplify this approach, as they try to rebuild domestic capabilities, particularly in high-tech and the green sector, to the detriment of trading partners through discriminatory subsidies and tax credits.[41]

Moreover, Trump's tariffs are still largely in place, particularly on Chinese goods.[42] The United States is also leveraging its leading role in the international system to weaponize trade in its competition with China. The decision by the Biden administration to ban the exports of high-performance chips to China can be seen as a strategy of economic suppression aimed at establishing a stranglehold on advanced computing and semiconductor technologies that, given their dual-use nature, are the basic building blocks of both a modern military and a modern economy.[43] And the Biden administration doubled down in August 2023 with an executive order whose goal is to limit outbound investments by American private equity and venture capital firms into Chinese companies that are active in semiconductors and micro-electronics, quantum information technologies, and certain artificial intelligence systems.[44] In response, Beijing announced export restrictions on gallium and germanium that are key inputs for the semiconductor industry.[45] More retaliatory measures of this kind are possible in the future given China's global centrality in mining and, even more, in refining rare earths that are of vital importance both for the green and digital transition.[46]

Discriminatory trading measures risk spurring Beijing to bolster its own tech prowess, thus further reducing the degree of economic integration. The message that emerged from the 20th Congress of the Chinese Communist Party (CCP) in October 2022, which granted a historic third term to Xi Jinping, was clear to the world: national security comes first for China, before economic growth. From now on, the CCP seems bent on building a fortress economy.[47] As part of its self-reliance strategy, China is trying to build its own technological capabilities through investments in physical and financial capital, as well as the construction of an innovation ecosystem that links national labs, universities, and high-tech science parks.[48] "Made in China 2025" is a state-driven strategy to achieve tech parity with the United States by 2035 and global leadership by 2049.[49]

From now on, the Chinese Communist Party seems bent on building a fortress economy

At the same time, the war in Ukraine has highlighted the inability of the United States to guarantee the smooth international flow of key goods such as agricultural and energy commodities. Both the war and related sanctions imposed by Western countries on Russia and Belarus led to major dislocations in energy and agricultural commodity markets, as many countries (more than 30 in 2022 alone) also imposed export bans on agricultural goods and fertilizers. In addition, many emerging economies, including China and India, have openly challenged US leadership by refusing to join Western efforts in condemning the Russian invasion of Ukraine or imposing trade and financial sanctions on Moscow.[50] Similarly, Washington's inability to coordinate a global, collective move toward net zero is giving rise to a new form of green protectionism. The Carbon Border Adjustment Mechanism proposed by the European Union, for example, is a tariff aimed at preventing the risk of carbon leakages outside the old continent that would frustrate Brussels' above average efforts to curb emissions. It is a source of tensions not just with Beijing but also with Washington.[51]

Economic fragmentation is coupled with institutional fragmentation. Although the liberal, rules-based global order built by the United States remains largely in place, Beijing has started to openly challenge it.[52] China has reemerged as a global power within the US-led international system, following the script outlined by Deng Xiaoping: "Lie low. Hide your capabilities. Bide your time." But it has also shown its dissatisfaction with an international system that does not pay enough tribute to its history, its power status, and national interests. While China has gained voting quotas in the International Monetary Fund, for example, its share still lags far behind its weight in the world economy.[53] The aggregate voting share of Austria, Belgium, Ireland and the Netherlands in the IMF, for example, is almost 5 percent, compared to a little more than 6 percent for China. However, these four countries have a total population of around 43 million and a world GDP share of only 2.5 percent, whereas China has a population 34 times greater and accounts for about 18 percent of world GDP at market prices.[54]

This frustration has induced China, along with other emerging economies, to challenge Washington by building a sort of shadow, parallel international system with its own institutions or partnerships: the Asian Infrastructure Investment Bank (AIIB), the Shanghai Cooperation Organization (SCO), and BRICS (Brazil, Russia, India, China, South Africa). In addition, China's Belt and Road Initiative (BRI), which seeks to connect Asia with Africa and Europe via land and maritime networks, aims to create a Sino-centric sphere of influence.[55] China recently announced three further initiatives—the Global Development Initiative, the Global Security Initiative, and the Global Civilization Initiative—whose goal is to enlist the support of the

"Global South" and amplify Beijing's voice on the world stage (including in existing multilateral organizations) through the institutionalization of its leadership over the developing world.[56]

Consequences of Self-Reliance

The architecture of the global liberal order is still in place, but both its leader and its challenger are openly undermining it. As a result, nations are becoming increasingly distrustful of their trading partners and have started to build their own domestic capabilities through strategies of self-reliance in the most sensitive sectors, further accelerating economic closure.[57] National security concerns are inducing governments to intervene in value chains which are relevant for the industrial base (e.g., semiconductors and communication equipment); national competitiveness concerns are inducing them to implement industrial policies aimed at capturing market shares in emerging technologies (e.g., quantum computing, artificial intelligence, renewable energy, and electric vehicles); and self-reliance concerns fuel the need for security of supply in various areas (e.g. food, pharmaceuticals, medical equipment, and energy sources).

However, no region today is close to being self-reliant in any strategic sector. According to a recent study by the McKinsey Global Institute, every major world region imports more than 25 percent of at least one important resource or manufactured good.[58] Latin America, Sub-Saharan Africa, Eastern Europe, and Central Asia import more than half of their electronics. European countries import more than 50 percent of the energy resources they need. The Asia-Pacific region imports more than one-fourth of its energy commodities. Even North America, whose economy is sufficiently diversified and less dependent on the rest of the world, relies on imports of resources and manufactured goods. For example, it imports about 10 percent of its mineral consumption, with Asia–Pacific as its largest partner. Moreover, resources like lithium, graphite, and other rare-earth metals—which are essential to produce electric vehicle batteries—are each extracted largely from three or fewer countries. More than 80 percent of natural graphite is refined in China. Likewise, the Democratic Republic of the Congo produces around 70 percent of the world's cobalt, Indonesia around 30 percent of the world's nickel, and Chile accounts for almost 30 percent of the world's copper.[59] Disruption of supplies from any of these places would have sweeping consequences.

As will be discussed below, self-reliance policies will likely accelerate the process of regionalization that is already underway, while creating a dangerous geopolitical environment.

Geoeconomic Blocs

Self-reliance goes hand in hand with regionalization. The adoption of self-reliance policies by one major country induces others to act accordingly, thus quickly accelerating market closings. And the more the world goes down this path, the more difficult it will be to reverse the process. When the global order starts to fracture, economic poles emerge because national resources are hardly enough to meet domestic needs. Even in the past, no project of autarky ever implied full disengagement with regional and global markets, but rather the reorientation from one set of trade and investment relations to another through a process of regionalization. When Japan disengaged from the West in the 17th century, starting a long period of isolation, it ended up strengthening its trading relations with the Korean peninsula and China. Equally in 1940, there was a belief among military planners that the emerging landscape of six regional economic blocs might endure: Japan's "Greater East Asian Co-Prosperity Sphere;" the Soviet Union; Italy's "Impero" in Africa; a German-dominated Europe; the British Empire; and a US-dominated Western hemisphere.[60]

Self-reliance goes hand in hand with regionalization, not autarky

What is now emerging, however, is a division of the world along democratic and authoritarian lines. The emphasis on the divide between democratic and authoritarian regimes was epitomized by the December 2021 Summit for Democracy, convened by the United States, which formally drew a line between good and bad governance. Especially in the aftermath of the Russia-Ukraine conflict, it will be increasingly tempting for Western leaders to divide the world into opposing factions, with democracies on one side and authoritarian regimes on the other. However, all this will do is mix up economic and governance arguments in counterproductive ways.[61] The Indo-Pacific Economic Framework (IPEF), for example, which was announced in 2022 by President Biden during a trip to Asia, brings together a dozen countries in the region to counter China's growing influence. In response, China's then (and current at the time of writing) foreign minister Wang Yi opined that "trying to use a framework to isolate China will ultimately isolate themselves."[62]

Self-reliant blocs that are also deeply ideological in nature will generate international economic frictions of a different kind. Exchange will be based on discrimination, diverting trade from one country to another through a variety of policy measures such as export controls, administrative regulations, or tariffs.[63] This is something that has already happened with the exports of high-end semiconductors to China. Similarly, unlike past attempts to circumvent stalled multilateral trading systems through regional trade agreements—such as the negotiation of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) that left the door open to future signatories without any formal preconception, including for China which applied in 2021—friendshoring is exclusionary by its very nature.[64] The goal is to build economic resilience through supply-chain diversification which favors reliable and like-minded trading partners, allowing national security considerations to shape economic policy. However, this is a rather costly form of disengagement considering that a third of democracies' goods imports come from authoritarian regimes, and a third of multinational investment in autocracies is from democracies.[65]

Similarly, but with less focus on the governance structures of its partners, China is actively building its own economic sphere through BRI or through a planned expansion of the BRICS bloc of emerging economies to help countries that are not perfectly aligned with the West—like Argentina, Egypt, Saudi Arabia and Thailand—find new economic partners.[66] Europe's response to BRI is the Global Gateway Strategy, which is meant to connect the old continent with the rest of the world through infrastructural investments inspired by good governance and democratic principles.[67]

The International Monetary Fund estimates that extreme trade fragmentation may cost global output roughly 7 percent in the long term—an amount similar to the annual GDP of Japan and Germany together.[68] Greater reliance on a more limited geographical area may increase the vulnerability to country-specific shocks.[69] And diversification will take time, requiring significant upfront investment. Minerals—among the most geographically concentrated products in the world—are a case in point. As the International Energy Agency has pointed out, developing new deposits of critical minerals has historically taken over sixteen years on average.[70] Moreover, strongly regionalized value chains may prevent firms and economies from efficiently allocating their scarce resources, harming their productivity and losing efficiency gains that derive from specialization—even if redundancy might lead to more resilience. In a highly compartmentalized global economy, capital and labor will be less mobile and might not be available where they are needed. Eventually, economic fragmentation will disrupt supply chains, exacerbate production delays, and boost prices for consumers. The Boston Consulting Group estimates, for example, that insulating the American semiconductor industry from China would result in a 35 to 65 percent overall increase in chip prices.[71]

Agreements among nations with shared strategic and security concerns, however, might not be enough to build economically viable supply chains if there is a fear that in the future there will not be enough goods to assuage the needs of each member of the coalition. For example, solidarity between states is a key pillar of the European Union's strategy to deal with the energy crisis caused by the shortage of Russian natural gas. However, if a colder 2022-23 winter in Europe had led to natural gas shortages, European countries with surplus energy stockpiles might have been reluctant to share them with their continental peers for fear that they might need these resources in the future. Similarly, the Inflation Reduction Act infuriated European partners because tax breaks for components used in renewable energy technologies like electric cars are granted on condition that they are made in North America.[72] This is why the European Union is working on introducing its own industrial policy in strategic sectors. Finally, friends can quickly turn into rivals, and in some cases even foes. Up until the war in Ukraine, for example, and despite wide political and diplomatic divergences, Russia was considered a reliable energy supplier across Europe. Suddenly, a trading relationship built over the course of several decades fell apart completely.

Political Disturbances

Once it gets ingrained, self-reliance becomes a highly destabilizing geopolitical factor, even more than protectionism itself. Self-reliance starts by looking inward, but it ends up cascading outward, disrupting instead of stabilizing the world. To maintain or improve the living standards of their citizens, countries may find it necessary to exercise political sovereignty over resources they need but do not possess and can no longer access on international markets. The desire for larger economic areas or unavailable goods leads to the formation of groups and alliances which make for international insecurity, leading in the most extreme cases to territorial expansion as well.[73] Tensions over Taiwan, for example, are not only related to its political status but also to the centrality of the island in production of the most advanced semiconductors.[74]

> Self-reliance becomes even more geopolitically destabilizing than protectionism itself

There are plenty of historical examples of economic closure causing conflict.[75] In the 19th century, German philosopher Johann Fichte argued that, in the transition period to autarky, a country such as Prussia needed to annex nearby territories to create "natural frontiers" more compatible with economic self-sufficiency.[76] In the decades before the outbreak of World War I, European empires tried to achieve exclusive control over economically attractive regions. As a result, and as aforementioned, preemptive imperialism turned out to be a source of fear that contributed to the great power tensions that erupted in Sarajevo in 1914.[77]

Equally in the 1930s, autarkic aspirations soon became a prerequisite for preparedness for war. A world divided into air-tight compartments created an irresistible temptation to expand territorially and overcome trade barriers preventing access to key resources which were not available domestically.[78] According to political scientist Dale Copeland, without access to British and French markets, Hitler's goal was "100 percent self-sufficiency … in every sphere where it is feasible" that could only be achieved through the establishment of privileged economic zones, thus generating expansionist fears in other countries.[79] Shortly before World War II began, he told a Swiss diplomat: "I need Ukraine, so that no one will starve us out as they did in the last war."[80] The most compelling historical example is Japan during the interwar years. It tried to reduce its dependence on the United States for key raw materials, particularly oil, expanding in Asia and making a confrontation with Western powers inevitable.[81]

Crucially, if one looks back at the intellectual history of self-sufficiency, its ideologues always mistakenly view this economic strategy as a force for international peace. In a recent overview of the topic, scholar Eric Helleiner points out that over the last four centuries, at different moments in time and across the most disparate countries, self-sufficiency has always been associated with the quest for international peace. Countries' autarkic policies were designed to insulate countries from foreign influences which encouraged war.[82] Similar arguments have been made by the most disparate thinkers, from Englebert Kaempfer and Jean-Jacques Rousseau to Fichte, Mohandas Gandhi, and John Maynard Keynes. Surprisingly, in 1933, Keynes, who later contributed to building a highly integrated international economic system in the aftermath of World War II, praised self-sufficiency as a remedy against imperialism and international conflict: "A greater measure of self-sufficiency and economic isolation among countries than existed in 1914 may tend to serve the cause of peace, rather than otherwise."[83] Historical events, however, have tended to disprove these theories.

Shared Leadership

Global pushes toward economic self-reliance are highly concerning because they imply not just a reversal in the globalization process but a failure of the current economic order that might fuel tensions among great powers going forward. A global governance architecture exists but it struggles to guarantee market openness and stability to the system, forcing nations to rely more on their own capabilities and less on those of their trading partners. Three scenarios are likely going forward.[84] The first is the definitive collapse of the current global economic order; the second considers the current crisis of the global liberal order as just a temporary setback for American leadership, similar to what was experienced in the 1970s; and the third envisages co-leadership among the main powers, including China, which would rebuild collective trust and induce nations to increase their dependence on one another, without any ideological distinction deriving from their domestic political systems. In what follows, we will consider each scenario one by one, while making a concrete proposal to address the current global governance crisis.

Self-reliance might fuel tensions among great powers going forward

First, if the closing of the international economic system continues, leading to the full fragmentation of the global economy and dysfunctional global governance, great power tensions will intensify, making a clash inevitable.[85] In this scenario, the American hegemonic era would end drastically, as the British hegemonic age did in the early 20th century.[86] If Beijing has the upper hand, it is unlikely that the global liberal order will survive the American hegemonic era.[87] As discussed above, China does not seem willing to passively accept the current governance structure, and it is already working on a parallel, shadow international system that puts China center stage.[88] Going forward, especially if it consolidates its power and influence, Beijing will likely push for institutional reforms more in sync with its national interest, generating enormous transition costs. Xi Jinping's vision of the world is rooted in concepts such as "the great rejuvenation of the Chinese nation." In practice, this and similar catchphrases imply a radically transformed international system, with an internally united China at its center.

Second, in a more benign scenario for the West, the current weakening in American power might just be an inflection point like the one experienced in the 1970s. As was then the case, the US hegemonic era might regain momentum, likely with some governance tweaks which give a stronger role to some of Washington's closest allies. However, considering America's rapid disengagement from its economic order, it seems difficult to imagine how the current system can survive if its main promoter no longer supports it consistently. Moreover, this scenario rests on the non-trivial assumption that China will fail to remain a serious challenger to the United States. Back in the 1970s, the rebound in American leadership was due more to the collapse of the Soviet Union than to the strengthening of the US economy.

Certainly, Beijing is faced with a plethora of structural challenges, ranging from misallocation of capital, a declining labor force, stalled productivity growth, corporate debt levels that are unusually high for an emerging economy, and a bloated property market.[89] If any one of these problems spirals out of control, it will likely slow down China's ascendancy, but it will hardly obstruct it entirely. And if the Chinese economy collapsed for real, it would not be good news for international stability. Unlike the Soviet Union, China is deeply integrated into the global economy and still represents a key engine of global growth. A marked slowdown of the Chinese economy would be costly for the world. Moreover, history tells us that revisionist powers are more dangerous when they are declining and not when they are ascending. To cite an extreme instance, according to political scientists Michael Beckley and Hal Brands, Germany launched both World War I and World War II in a mood of profound pessimism caused by the fear of imminent decline.[90]

Third, instead of stubbornly defending the status quo or letting it collapse through policy inertia, the United States—and the West more broadly—could come to terms with the reality of its decline and the end of its hegemonic position, restructuring the global governance architecture in a more inclusive and consensual way.[91] Most emerging powers, including China, do not share Western values and will not become more responsible stakeholders if they are given more responsibility and voice in current global decision-making structures—the so-called "socialization hypothesis."[92] What China wants is "true multilateralism," which implies equal status for all countries and would require a radical change of approach on Washington's side. Currently, the United States engages rising powers as equals in informal forums like the G-20, but it is unwilling to reform formal international institutions like the IMF. Such a system is proving ineffective because informal institutions are unable to move beyond political declarations that must be followed up on voluntarily.[93] Moreover, it might induce dissatisfied rising powers to establish spheres of influence in their region and to continue building anti-West groupings of heterogenous countries like the BRICS, whose membership is likely to expand dramatically after its August 2023 meeting in South Africa, when more than 40 countries showed interest in joining the group.[94]

If one assumes that China's rise is something inevitable that has to be accommodated in order to avoid a great power clash, the third scenario of global restructuring represents the best way forward. What's needed is a new governance architecture that reestablishes trust among countries and deepens openness again, reflecting the shifting economic weights and capabilities of nations.[95] The goal should be to make nations reliant on one another again through a shared governance architecture, preserving or increasing interdependence to keep the international economy open, maximize efficiency gains, and reduce the probability of war associated with inward-looking policies. Diversifying suppliers, rebuilding domestic capacity, and shortening global value chains are legitimate choices as long as they are motivated by wise risk-management concerns and not by delusional aspirations of self-reliance.

Moving beyond authoritarian-democratic rhetoric and separating economic issues from value concerns is the first step to avoiding a division of the world into economic and geopolitical blocs. The West in general, and Washington in particular, cannot reestablish a unipolar world order or turn China into a Western-style democracy. A new governance architecture should promote commonly accepted rules which enable democratic and authoritarian political systems to remain highly integrated economically without coming into conflict, preserving international trade as a key mechanism of exchange with appropriate trading rules, and preventing the emergence of exclusionary regional trading blocs. In addition, each country should be allowed enough breathing space to achieve domestic goals in ways that are consistent with its policy preferences and not with rigid global paradigms.[96] All this should be accomplished while avoiding a return to the pre-pandemic norm of prioritizing efficiency over resilience, especially in the most sensitive sectors for national security. Eventually, this would require upgrading and updating rules as well as institutions to make them more consistent with today's power realities.

Moreover, the West and the ideological camp represented by China should see themselves not just as rivals but as partners in dealing with cross-border threats that require common efforts and could give rise to a different kind of great power politics compared to the past, when competition and the balance of power were the default options. Emerging economies and Western powers should invest political and diplomatic capital in cooperating, along with other major international players, on issues of common interest such as combatting climate change, maintaining open maritime commons, designing norms for outer and cyberspace, preparing for the next pandemic, and preserving international financial stability.[97] In contrast, thorny issues such as the trade distortions created by China's malpractices should be addressed in appropriate fora. Instead of reacting unilaterally, the United States should work with its allies to strengthen multilateral bodies like the WTO Appellate Body to voice its disagreement over unfair Chinese practices, while being ready to retaliate when there is no alternative.

Ultimately, any change in the global governance architecture requires a change of mindset. For Washington, it will be difficult to accept the idea of ceding power. Since it took over the hegemonic baton from the British Empire, the United States has seen its place in the world from the perspective of exceptionalism, meaning that it considers itself a role model whose mission is to make the world in its own image. Exceptionalism has been reinforced by exemptionalism—meaning that Washington does not accept any external constraint that limits its policy actions.[98] But the American policy and political elite should recognize where their nation currently stands in its hegemonic trajectory. Relinquishing some power when you are in a position of relative strength gives leverage to set the frame within which future rules and institutions are designed. Otherwise, by continuing on the current course, self-reliance strategies will increasingly reduce the degree of economic interdependence among nations, leading to systemic chaos as vital markets close down and key goods become inaccessible. This is, after all, what we can learn from history. All attempts to build domestic capabilities in exclusionary ways never brought the national resilience and international peace that their advocates hoped for. They were always, and relentlessly, harbingers of fear, tension and conflict.

Relinquishing some power from a position of relative strength gives leverage over the future

Notes

1. Christine Lagarde, "A new global map: European resilience in a changing world," Keynote Speech at the Peterson Institute for International Economics, April 22, 2022, https://www.ecb.europa.eu/press/key/date/2022/html/ecb.sp220422~c43af3db20.en.html.
2. For an introduction to the concept of "de-risking" see European Commission, "Speech by President von der Leyen on EU-China relations to the Mercator Institute for China Studies and the European Policy Centre," March 30, 2023, https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2063.
3. The White House, "Remarks of President Joe Biden on the State of the Union," March 3, 2022, https://www.whitehouse.gov/briefing-room/speeches-remarks/2022/03/01/remarks-of-president-joe-biden-state-of-the-union-address-as-delivered/.
4. The White House, "FACT SHEET: CHIPS and Science Act Will Lower Costs, Create Jobs, Strengthen Supply Chains, and Counter China," August 2022, https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/09/fact-sheet-chips-and-science-act-will-lower-costs-create-jobs-strengthen-supply-chains-and-counter-china/; and The White House, "Building a Clean Energy Economy: A Guidebook to the Inflation Reduction Act's Investments in Clean Energy and Climate Action," January 2023, https://www.whitehouse.gov/wp-content/uploads/2022/12/Inflation-Reduction-Act-Guidebook.pdf; to understand the rationale of the industrial strategy of the Biden administration see Jake Sullivan, "Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution," April 27, 2023, https://www.whitehouse.gov/briefing-room/speeches-remarks/2023/04/27/remarks-by-national-security-advisor-jake-sullivan-on-renewing-american-economic-leadership-at-the-brookings-institution/.
5. Mario Damen, "EU strategic autonomy 2013-2023 From concept to capacity," European Parliament Research Service, July 2022, https://www.europarl.europa.eu/RegData/etudes/BRIE/2022/733589/EPRS_BRI(2022)733589_EN.pdf.

6. Paola Tamma and Samuel Stolton, "Revealed: France's massive 'Made in Europe' strategy," *Politico*, January 13, 2023, https://www.politico.eu/article/france-europe-strategy-revealed-revealed-frances-massive-made-in-europe-strategy/.
7. Department of the Treasury, "Remarks by Secretary of the Treasury Janet L. Yellen on Way Forward for the Global Economy," speech at the Atlantic Council, April 13, 2022, https://home.treasury.gov/news/press-releases/jy0714.
8. Günther Maihold, "The Rise of Friend-Shoring," *SWP Comment* 2022/C 45, 01.08.2022, 1-7, https://www.swp-berlin.org/en/publication/a-new-geopolitics-of-supply-chains.
9. Narendra Modi, "PM's Address to the Nation," May 12, 2020, https://www.pmindia.gov.in/en/tag/pmspeech/.
10. Neil Thomas, "Mao Redux: The Enduring Relevance of Self-Reliance in China," *MacroPolo*, April 25, 2019, https://macropolo.org/analysis/china-self-reliance-xi-jin-ping-mao/.
11. Alicia Garcia Herrero, "What is Behind China's Dual Circulation Strategy," September 7, 2021, *Bruegel Policy Paper*, https://www.bruegel.org/2021/09/what-is-behind-chinas-dual-circulation-strategy/.
12. Mimi Lau, "China can't count on global markets for food security, Xi Jinping says," *South China Morning Post*, March 7, 2022, https://www.scmp.com/news/china/politics/article/3169467/china-cant-count-global-markets-food-security-xi-jinping-says.
13. Lingling Wei, "China Looks to Secure Supplies as Strains With U.S. and Its Allies Grow," *Wall Street Journal*, January 13, 2022, https://www.wsj.com/articles/china-looks-to-secure-supplies-as-strains-with-u-s-and-its-allies-grow-11642075381.
14. See, for example, Christopher Layne, "This Time It's Real: The End of Unipolarity and the Pax Americana", *International Studies Quarterly* 56, no. 1 (2012): 203–213; Joseph S. Nye, Jr, "The rise and fall of American hegemony from Wilson to Trump," *International Affairs* 95, no. 1 (2019): 63–80; Fareed Zakaria, "The Self-destruction of American Power," *Foreign Affairs* 98, no. 4 (2019): 10-16.
15. Stephen Krasner, "State Power and the Structure of International Trade," *World Politics* 28, no. 3 (1976): 317-347.
16. Charles P. Kindleberger, *The World in Depression: 1929–1939* (Berkeley, CA: University of California Press, 1973); See also Roy Kwon, "Hegemonies in the World-System: An Empirical Assessment of Hegemonic Sequences from the 16th to 20th Century," *Sociological Perspectives* 54, no. 4 (2011): 593-617.
17. Krasner, "State Power and the Structure of International Trade"; See also Giovanni Arrighi and Beverly Silver, "Capitalism and world (dis)order," *Review of International Studies* 27 (2001): 257-279.
18. Henry R. Luce, "The American Century," *Diplomatic History* 23, no. 2 (1999): 159–171.
19. Harold James, "Bretton Woods to Brexit: The global economic cooperation that has held sway since the end of World War II is challenged by new political forces," *Finance & Development*, September 2017.
20. Thomas Friedman, *The World Is Flat* (New York: Farrar, Straus and Giroux, 2005).
21. Michael Mandelbaum, *The Case for Goliath: How America Acts as the World's Government in the 21st Century* (New York: Public Affairs, 2005).
22. Charles P. Kindleberger, "International Public Goods without International Government," *American Economic Review* 76, no. 1 (1986): 1-13.
23. Fred C. Bergsten, *The United States vs. China: The Quest for Global Economic Leadership* (London: Polity Press, 2022), 50.

24. Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton, NJ: Princeton University Press, 1984).
25. Kindleberger, "International Public Goods without International Government"; Harvard political scientist Joseph Nye, coined the term Kindleberger's trap to describe this situation, see Joseph Nye, "The Kindleberger Trap," *Project Syndicate*, January 9, 2017, https://www.project-syndicate.org/commentary/trump-china-kindleberger-trap-by-joseph-s–nye-2017-01
26. Krasner, "State Power and the Structure of International Trade," 341.
27. For a discussion about different hegemonic theories see Steven E. Lobell, *The Challenge of Hegemony: Grand Strategy, Trade, and Domestic Politics (*Ann Arbor: University of Michigan Press, 2003).
28. Martin Wolf, "Geopolitics is the biggest threat to globalization," *Financial Times*, November, 1, 2022, https://www.ft.com/content/8954a5f8-8f03-4044-8401-f1efefe9791b.
29. Roberto Bonfatti and Kevin Hjortshøj O'Rourke, "Growth, Import Dependence, and War," *Economic Journal* 128, no. 614 (2018): 2222–2257.
30. G. John Ikenberry, *Liberal Leviathan: the Origins, Crisis, and Transformation of the American World Order* (Princeton, NJ: Princeton University Press, 2011), 349.
31. Shekhar Aiyar, Anna Ilyina, et. al, "Geoeconomic Fragmentation and the Future of Multilateralism," International Monetary Fund, Staff Discussion Note, January 15, 2023, https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2023/01/11/Geo-Economic-Fragmentation-and-the-Future-of-Multilateralism-527266.
32. Cristina Constantinescu, Aaditya Mattoo, and Michele Ruta, "Policy Uncertainty, Trade, and Global Value Chains: Some Facts Many Questions," World Bank Policy Research Working Paper No. 9048, 2019.
33. International Monetary Fund, *Regional Economic Outlook: Asia and Pacific*, 2022.
34. See WTO, "Regional trade agreements," https://www.wto.org/english/tratop_e/region_e/region_e.htm.
35. Joe Myers, "This is what people think about trade and globalization," World Economic Forum, August 19, 2021, https://www.weforum.org/agenda/2021/08/what-do-people-think-about-trade-and-globalization/.
36. Walter Russel Mead, "The Jacksonian Revolt: American Populism and the Liberal Order," *Foreign Affairs*, March-April 2017, https://www.proquest.com/docview/1888749591.
37. Aiyar et al, "Geoeconomic Fragmentation and the Future of Multilateralism."
38. Greg Ip, "Who Is Going to Police the New World Trading System?," *Wall Street Journal*, January 14, 2023, https://www.wsj.com/articles/world-trade-organization-sidelined-11673629991.
39. Barack Obama, "Remarks by the President on the Economy in Winston-Salem, North Carolina," December 6, 2010, https://obamawhitehouse.archives.gov/the-press-office/2010/12/06/remarks-president-economy-winston-salem-north-carolina.
40. Ivan Krastev and Mark Leonard, "The crisis of American power: How Europeans see Biden's America," *Policy Brief*, European Council on Foreign Relations, January 19, 2022, https://ecfr.eu/publication/the-crisis-of-american-power-how-europeans-see-bidens-america/; see also Gideon Rachman, "Why Joe Biden is the heir to Trump," *Financial Times*, August 7, 2023, https://www.ft.com/content/f43f0e63-0fa4-4771-8eb4-b5d61f87ada4.

41. The White House, "Fact sheet: How the Inflation Reduction Act Will Help Small Businesses," September 12, 2022, https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/12/fact-sheet-how-the-inflation-reduction-act-will-help-small-businesses/#:~:text=The%20Inflation%20Reduction%20Act%20will%20reduce%20costs%20for%20small%20businesses,Small%20Business%20Health%20Care%20Costs.
42. Office of the United States Trade Representative, "The Biden-Harris Administration's New Approach to the U.S. – China Trade Relationship," October 8, 2021, https://ustr.gov/about-us/policy-offices/press-office/press-releases/2021/october/fact-sheet-biden-harris-administrations-new-approach-us-china-trade-relationship; See also "U.S. reinstates 352 product exclusions from China tariffs," *Reuters*, March 24, 2022, https://www.reuters.com/article/us-nr3cpftf-nr3cpft-us-usa-trade-china-t-idTRNIKCN2LL1YQ.
43. Matt Sheehan, "Biden's Unprecedented Semiconductor Bet," Carnegie Endowment for International Peace, October 27, 2022, https://carnegieendowment.org/2022/10/27/biden-s-unprecedented-semiconductor-bet-pub-88270.
44. The White House, "Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern," August 9, 2023, https://www.whitehouse.gov/briefing-room/presidential-actions/2023/08/09/executive-order-on-addressing-united-states-investments-in-certain-national-security-technologies-and-products-in-countries-of-concern/.
45. Gavin Harper, "How China's gallium and germanium bans will play out," *Asian Times*, July 10, 2023, https://asiatimes.com/2023/07/how-chinas-gallium-and-germanium-bans-will-play-out/.
46. Ernest Scheyder and Eric Onstad, "Insight: World battles to loosen China's grip on vital rare earths for clean energy transition," *Reuters*, August 2, 2023, https://www.reuters.com/markets/commodities/world-battles-loosen-chinas-grip-vital-rare-earths-clean-energy-transition-2023-08-02/.
47. James Kynge, Sun Yu and Leo Lewis, "Fortress China: Xi Jinping's plan for economic independence," *Financial Times*, September 15, 2022, https://www.ft.com/content/0496b125-7760-41ba-8895-8358a7f24685.
48. Keyu Jin, *The New China Playbook: Beyond Socialism and Capitalism* (London: Viking, 2023).
49. Benjamin Talin, "Chinas Grand Strategy – "Made in China 2025," More Than Digital, June 21, 2021, https://morethandigital.info/en/chinas-grand-strategy-made-in-china-2025-mic25/.
50. Clifford Krauss, Alexandra Stevenson and Emily Schmall, "In Russia's War, China and India Emerge as Financiers," *New York Times*, June 24, 2022, https://www.nytimes.com/2022/06/24/business/russia-oil-china-india-ukraine-war.html.
51. See the website of the European Commission for more details, "Carbon Border Adjustment Mechanism: Questions and Answers," July 14, 2021, https://ec.europa.eu/commission/presscorner/detail/en/qanda_21_3661.
52. Christopher Lane, "The US–Chinese power shift and the end of the Pax Americana," *International Affairs* 94, no. 1 (2018): 89-101; For a more financial perspective see Ray Dalio, *Principles for Dealing with the Changing World Order: Why Nations Succeed and Fail* (New York: Simon & Schuster, 2021).
53. David Dollar, "Reluctant player: China's approach to international economic institutions," Brookings, September 14, 2020, https://www.brookings.edu/articles/reluctant-player-chinas-approach-to-international-economic-institutions/.

54. Brahuma S. Coulibaly and Kemal Dervis (ed.), *Essays on a 21st Century Multilateralism that Works for All*, (Washington, DC: Brookings Report), February 2022, 25, https://www.brookings.edu/wp-content/uploads/2022/02/21st-Century-Multilateralism.pdf.
55. See the website of the European Bank for Reconstruction and Development for details: https://www.ebrd.com/what-we-do/belt-and-road/overview.html.
56. James Kynge, "China's blueprint for an alternative world order," *Financial Times*, August 22, 2023, https://www.ft.com/content/8ac52fe7-e9db-48a8-b2f0-7305ab53f4c3
57. Reda Cherif and Fuad Hasanov, "The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy," IMF Working Paper No. 2019/074.
58. Jeongmin Seong, Olivia White, Jonathan Woetzel, Sven Smit, Tiago Devesa, Michael Birshan, and Hamid Samandari, "Global flows: The ties that bind in an interconnected world," McKinsey Report, 2022, https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/global-flows-the-ties-that-bind-in-an-interconnected-world.
59. Ibid.
60. Stefan Link, "How might 21st-century de-globalization unfold? Some historical reflections," *New Global Studies* 12, no. 3 (2018): 343-365.
61. Janan Ganesh, "The Ukraine war is not about democracy versus autocracy," *Financial Times*, March 22, 2022, https://www.ft.com/content/182adfa1-daae-449a-bdd9-8fe4265c20ed.
62. Teddy Ng, "China says Washington's 'divisive' Indo-Pacific strategy doomed to fail," *South China Morning Post*, May 23, 2022, https://www.scmp.com/news/china/diplomacy/article/3178764/china-says-washingtons-divisive-indo-pacific-strategy-doomed.
63. Leo Grebler, "Self-sufficiency and Imperialism," *Annals of the American Academy of Political and Social Science* 198 (1938): 1-8.
64. Mireya Solis, "China moves to join the CPTPP, but don't expect a fast pass," *Brookings Blog*, September 23, 2021, https://www.brookings.edu/blog/order-from-chaos/2021/09/23/china-moves-to-join-the-cptpp-but-dont-expect-a-fast-pass/.
65. "Trading with the enemy," *Economist*, March 19, 2022, https://www.economist.com/weeklyedition/2022-03-19.
66. Amber Wang, "BRICS members back China's call for expansion," *South China Morning Post*, May 20, 2022, https://www.scmp.com/news/china/diplomacy/article/3178530/brics-members-back-chinas-call-expansion.
67. See European Commission, "Global Gateway," https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/stronger-europe-world/global-gateway_en.
68. Aiyar et.al, "Geoeconomic Fragmentation and the Future of Multilateralism."
69. Sébastien Miroudot, "Resilience versus robustness in global value chains: Some policy implications," *Vox Eu*, June 18, 2020, https://cepr.org/voxeu/columns/resilience-versus-robustness-global-value-chains-some-policy-implications.
70. International Energy Agency, *World Economic Outlook 2022*, https://www.iea.org/reports/world-energy-outlook-2022/executive-summary.
71. Antonio Varas and Raj Varadarajan, "How Restrictions to Trade with China Could End US Leadership in Semiconductors," Boston Consulting Group, Report, March 2020.
72. See the heated debate on the topic at the European Parliament on December 14, 2022, https://www.europarl.europa.eu/doceo/document/CRE-9-2022-12-14-ITM-004_EN.html.
73. Grebler, "Self-sufficiency and Imperialism."

74. Julian E. Barnes, "How the Computer Chip Shortage Could Incite a U.S. Conflict with China," *New York Times*, January 26, 2022, https://www.nytimes.com/2022/01/26/us/politics/computer-chip-shortage-taiwan.html.
75. David Lake, "Economic Openness and Great Power Competition: Lessons for China and the United States," *Chinese Journal of International Politics* 11, no. 3 (2018): 237–270.
76. Isaac Nakhimovsky, *The Closed Commercial State: Perpetual Peace and Commercial Society from Rousseau to Fichte* (Princeton, NJ: Princeton University Press, 2011).
77. John Atkinson Hobson, *Imperialism: A Study* (Ann Arbor: University of Michigan Press, 1965).
78. Grebler, "Self-sufficiency and Imperialism."
79. Dale Copeland, *Economic Interdependence and War* (Princeton, NJ: Princeton University Press, 2017).
80. Klaus Hildebrand, *The Foreign Policy of the Third Reich* (London: B.T. Batsford, 1973), 88.
81. Michael A. Barnhart, *Japan Prepares for Total War: The Search for Economic Security, 1919-1941* (Ithaca, NY: Cornell University Press, 1987); see also Niall Ferguson, "The Second World War as an Economic Disaster," in Micahel J. Oliver and Derek H. Aldcroft (eds.), *Economic Disasters of the Twentieth Century* (Cheltenham, UK: Edward Elgar, 2007).
82. Eric Helleiner, "The Return of National Self-Sufficiency? Excavating Autarkic Thought in a De-Globalizing Era," *International Studies Review* 23, no. 3 (2021): 933–957.
83. John Maynard Keynes, "National Self-Sufficiency," *Yale Review* 22, no. 86 (1933): 755-769.
84. Robert Gilpin, *U.S. Power and the Multinational Corporation: The Political Economy of Foreign Direct Investment* (New York: Macmillan, 1976), 65.
85. Graham Allison, *Destined for War: Can America and China Escape the Thucydides Trap?* (New York: Houghton Mifflin, 2017).
86. Roy Kwon, "Hegemonies in the World-System: An Empirical Assessment of Hegemonic Sequences from the 16th to 20th Century," *Sociological Perspectives* 54, no. 4 (2011): 593-617.
87. John Mearsheimer, "The false promise of international institutions," *International Security* 19, no. 3 (1994–1995): 5–49.
88. For a detailed discussion see Elizabeth Economy, *The World According to China* (New York: Polity Press, 2022).
89. George Magnus, *Red Flags: Why Xi's China Is in Jeopardy* (New Haven, CT: Yale University Press, 2018).
90. Michael Beckley and Hal Brands, *Danger Zone: The Coming Conflict with China* (New York: Norton, 2022).
91. Vezirgiannidou Sevasti-Eleni, "The United States and rising powers in a post-hegemonic world order," *International Affairs* 89, no. 3 (2013): 637-651.
92. Alastair Iain Johnston, "Treating International Institutions as Social Environments," *International Studies Quarterly* 45, no. 4 (2001): 487–515; Stewart Patrick, "Irresponsible stakeholders: the difficulty of integrating rising powers," *Foreign Affairs* 89, no. 6 (2010): 44–53.
93. Vezirgiannidou, ""The United States and rising powers in a post-hegemonic world order," 651.
94. Tim Cocks, "More than 40 nations interested in joining BRICS, South Africa says," *Reuters*, July 20, 2023, https://www.reuters.com/world/more-than-40-nations-interested-joining-brics-south-africa-2023-07-20/.

95. See Coulibaly and Kemal Dervis (ed.), *Essays on a 21st Century Multilateralism that Works for All*.
96. Dani Rodrik and Stephen Walt, “How To Construct a New Global Order,” Working Paper, Harvard Kennedy School, March 2021, https://drodrik.scholar.harvard.edu/files/dani-rodrik/files/new_global_order.pdf.
97. Joseph Nye Jr, “Power and Interdependence with China,” *Washington Quarterly* 43, no. 1 (2020): 7–21.
98. Paul McCartney, “American nationalism and US foreign policy from September 11 to the Iraq war,” *Political Science Quarterly* 119, no. 3 (2004): 399–423; John Ruggie, “American exceptionalism, exemptionalism, and global governance,” in Michael Ignatieff, ed., *American Exceptionalism and Human Rights* (Princeton, NJ: Princeton University Press, 2005).