Navigating the Paradigm Shift in Global Financial Dependencies: A Critical Re-evaluation of the Established Economic Frameworks

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Abstract. As the global economy faces unprecedented disruptions due to geopolitical tensions and environmental crises, this article conducts a critical re-evaluation of established economic frameworks that underpin global financial dependencies. Employing a mixed-methods approach, we analyze historical data and contemporary case studies to understand the transformation of economic interdependencies since the 2008 financial crisis. Our findings indicate that existing models fail to account for the multifaceted nature of modern economic relationships, suggesting a need for a revised theoretical foundation. This research provides insights into emerging paradigms that could better encapsulate the dynamics of global finance in the coming years and offers actionable policy recommendations for stakeholders.

Keywords: global economy, financial dependencies, economic frameworks, geopolitical tensions, environmental challenges, economic interdependencies, policy recommendations, mixed-methods approach, theoretical foundation

Introduction

The global economy is currently undergoing profound shifts driven by a confluence of factors, including rapid technological advancements, environmental challenges, and escalating geopolitical tensions. These elements are reshaping traditional economic paradigms and challenging the long-standing frameworks that economists and policymakers have relied upon for decades. Specifically, the interconnectedness of national economies and the dependencies that arise from trade, investment, and finance are being scrutinized in light of recent global events. In 2024, as nations grapple with the aftermath of the COVID-19 pandemic and escalating climate changes, understanding these economic interdependencies is more crucial than ever. This paper aims to critically re-evaluate the established concepts of economic dependencies, assessing their relevance and applicability in the current global context. To achieve this, we will first provide a theoretical background highlighting previous studies on economic interdependencies and their implications for global finance. We will then explore the historical evolution of these frameworks, questioning their assumptions and identifying gaps that have emerged in light of recent challenges. Subsequently, we will present an analysis of contemporary case studies that illustrate the shifting dynamics of global finance, focusing on how new factors are influencing traditional economic relationships. Finally, we will propose a revised framework that incorporates these new realities, offering theoretical insights and practical recommendations for economists and policymakers.

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