

# Cambridge Elements

## Elements in International Relations

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## DIGITAL GLOBALIZATION

Politics, Policy, and a Governance Paradox

Stephen Weymouth  
*Georgetown University*

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Stephen Weymouth  
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Shaftesbury Road, Cambridge CB2 8EA, United Kingdom  
One Liberty Plaza, 20th Floor, New York, NY 10006, USA  
477 Williamstown Road, Port Melbourne, VIC 3207, Australia  
314–321, 3rd Floor, Plot 3, Splendor Forum, Jasola District Centre,  
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103 Penang Road, #05–06/07, Visioncrest Commercial, Singapore 238467

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## Digital Globalization

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Elements in International Relations

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Stephen Weymouth  
*Georgetown University*

**Author for correspondence:** Stephen Weymouth,  
[stephen.weymouth@georgetown.edu](mailto:stephen.weymouth@georgetown.edu)

**Abstract:** Digital technologies are reshaping the global economy and complicating cooperation over its governance. Innovations in technology and business propel a new, digitally driven phase of globalization defined by the expansion of cross-border information flows that is provoking political conflict and policy discord. This Element argues that the activities of digital value chains (DVCs), the central economic actors in digital globalization, complicate international economic relations. Digital value chain activities can erode individual privacy, shift tax burdens, and cement monopoly positions. These outcomes generate a new politics of globalization, and governments are responding with increasing restrictions on cross-border data flows. The Element: (1) explains the new sources of political division stemming from digital globalization; (2) documents policy barriers to digital trade; (3) presents a framework to explain digital trade barriers across countries; and (4) assesses the prospects for international cooperation on digital governance, which requires that countries move beyond coordinated liberalization and toward coordinated regulation.

**Keywords:** artificial intelligence, data localization, data flow restrictions, data privacy, digital economy, digital trade, globalization, international trade, international cooperation

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