

Introduction

Modern globalization has brought about a level of international integration that is unprecedented in history. Despite excesses and contradictions, limitations and fragilities, the process of internationalization that began at the end of World War II led to a sharp increase in prosperity in across much of the globe, improved the quality of life and lifted billions of people out of poverty, enabled tremendous scientific progress, and fostered a reduction in conflicts. With the end of the Cold War, globalization further expanded and strengthened, fueling the widespread conviction that it can ensure continued economic growth and encourage the end to all conflicts. This expectation proved to be wrong.

For several years now, globalization has been going through a crisis and no longer seems to be—as it appeared until recently—unstoppable and irreversible. Much depends on the radical change in the relationship between the United States of America and China: the virtuous bond that in recent decades spurred globalization has now become strategic rivalry and can result in decoupling—which is already well advanced in several domains—and in many places has even degenerated into confrontation. Most importantly, some of the engines that propelled globalization seem to have jammed, and the political framework that enabled it has weakened. In many fields, a progressive disconnect is underway that is profoundly changing international relations and dividing the world into several blocs.

We are not on the eve of a change in world hegemony, as happened at other times throughout history. Nor are we at the beginning of a new cold war between two leading opposing coalitions, today China and the United States, because they do not seem to have—for different reasons—the

necessary pull. The crisis of globalization is producing a world divided into several blocs, within which there is a certain degree of cooperation but which outwardly tend to raise barriers. The result is a slowdown in the growth of international trade and investment, a decline in the circulation of people, ideas, and knowledge, a decline sharing of technologies and innovations, a reduction in international cooperation, and a loss of effectiveness and credibility by multilateral institutions.

This disconnect is particularly worrisome in light of the increasing number of pressing global challenges. These are problems affecting the entire planet and all of human nature such as climate change and health emergencies, wars and migration flows, nuclear proliferation and international terrorism, extreme hunger and poverty, systemic financial crises and rising inequality, the stable supply of energy and raw materials, and new dilemmas raised by technological development and scientific progress.

Moreover, the growing disconnect between different parts of the world—less connected and interdependent and more divided and distant—is hindering dialogue and communication, and exponentially increasing the risk of misunderstandings, tensions, and clashes (including military ones).

Three major underlying trends can be discerned in this increasingly fragmented world. The first is a strong regionalization. Local and regional arrangements, entanglements, and alliances are becoming more important. However, they often remain intertwined with some of the ties produced by globalization. The consequence is that regionalization and globalization coexist, making the international environment particularly complex. The second trend is the increasing prevalence of politics over economics. The role of states is growing at the expense of that of markets, geopolitical interests take precedence over economic ones, and national security heavily influences economic policy decisions. The third trend is the increasing volatility in international relations, towards which the rising number of “free agent” countries (or “mavericks”) also contribute. These are countries with strong geopolitical ambitions—often linked to the rise of a leader with authoritarian or populist traits—which aspire to their own strategic autonomy, tend to favor ambivalent attitudes, and pursue cross-cutting alliances. These countries easily change alliances according to the needs and interests of the moment, with the aim of gaining economic or political benefits and increasing their international

clout. Some glaring examples are India, Brazil, Turkey, and several Gulf monarchies, but many other nations are going in this direction. Even Russia, which, however, is frustrating its own aspirations by being too aggressive. The consequence is that, in the face of solid and enduring alliances—usually based on geographic proximity, historical and cultural affinities, deep economic integration, military security needs, and shared values—the number of volatile and temporary arrangements is increasing. This adds additional elements of complexity, uncertainty, and instability to the international environment.

What will be the consequences of these trends? What will be the future of globalization? And what will the world come to look like? These are some of the questions this book seeks to answer.

Chapter 1 traces the main internationalization processes in history, from ancient Rome to the Arab-Islamic expansion, from the Mongol Empire to the period of the great geographical discoveries, from the rule of colonial powers to modern globalization. This historical *excursus* shows that, since ancient times, periods of openness and strong integration have been followed by phases characterized by closure and the loosening of international ties. Chapter 2 analyzes the benefits but also the excesses and limitations of modern globalization, which, on the one hand, has generated prosperity, progress, and peace, but, on the other, has engendered distortions in the distribution of produced wealth (both among and within economic systems), increased vulnerability to external shocks, and limited the national sovereignty of states. This chapter also delves into the complex relationship between globalization and non-economic variables such as culture and local identity, environmental sustainability, and the level of conflict (among and within countries). Chapter 3 examines the causes of the crisis of globalization and the main forces of change that are transforming international relations. Some of these forces are economic and technological in nature and, after decades of aggressive offshoring of manufacturing capabilities, are driving the reconfiguration of global value chains and fueling the trend toward reshoring and near-shoring. Other forces arise from domestic political dynamics that lead to greater closure and protection of national interests. Frequent external shocks—such as pandemics, wars, and financial crises—also contribute to the crisis of globalization, highlighting the fragility of overly long and complex supply chains. Finally, growing geopolitical forces are holding back globalization. Trade protectionism and economic sanctions, restrictions on

capital movements and investment control, and currency interventions and access to payment systems, are often used as unconventional weapons in pursuit of geopolitical goals. The same happens with the management of migrant and refugee flows, supplies of strategic raw materials, energy and food resources, access to water, sharing technology and medical and scientific research, and investments in sports and culture. Chapter 4 details the trend of the increasing disconnect between different parts of the world that affects not only supply chains and foreign direct investment, but also the use of currencies and payment systems, energy and technology, and culture, science, and medicine. In the face of the growing disconnect there are also some potential new frontiers of globalization, such as the Arctic region, the oceans and the underwater, space, and the digital economy. They offer enormous opportunities for economic growth, scientific progress, and technological innovation, and could also foster the revitalization of international cooperation, provided that the “frontiers” do not become “fronts” of competition and battlegrounds between countries. Finally, Chapter 5 outlines the main consequences of these multiple changes and describes some possible future scenarios.

It is not easy to predict to what level of fragmentation the current disconnection process will lead. It could trigger either re-globalization, that is the reconfiguration of international relations according to new and different economic and geopolitical criteria, or de-globalization, that is a retreat of the international integration process to the point of determining its demise.

In the first case, it is difficult to imagine what the new globalization might look like. It could be a narrow-gauge globalization that pragmatically adapts to the new bloc-divided world so as to retain at least some of the benefits. It would be an international system that relies on bilateral and regional agreements, characterized by friend-shoring and friend-investing arrangements with similar and allied countries. Such a scenario rests on a fragile balance between blocs of countries, comparable to that of the earth’s tectonic plates. These are in constant motion, moving apart and closer together, and they can collide. A second possibility is that of globalization based on reformed, expanded, and shared international governance, with international rules and institutions characterized by a more multilateral approach than in the past, acknowledging the new world balances and involving most of the world’s countries. This is a desirable scenario, although a difficult one to achieve. A third possibility is

that of globalization led by liberal democracies—the Western world enlarged to include non-Western democracies such as Japan, South Korea, India, and others—that reinvigorate their attractiveness to the peoples of the world, return to being a winning model of development, welfare, inclusion, and freedom, and prevail in the confrontation with autocracies.

However, it is also possible that the current disconnect does not represent the transition to a new type of globalization but rather the beginning of a progressive de-globalization. Excessive fragmentation may pave the way to a process of major disruption, disorder, and instability, in which relations between countries and blocs of countries are minimized or even eliminated. The “balkanization” of the world is a scenario with huge economic costs in terms of lower efficiency, innovation, and growth. It is characterized by drastically reduced international trade, greater inflationary pressure, increased investment uncertainty, higher financial risks on public and private debt, and less scientific sharing with a negative impact on innovation and technological development. However, the risks go far beyond the economic sphere and involve social, political, and security aspects.

The negative effects on the global economy are likely to have an uneven impact, affecting more fragile countries and population groups. Lower growth may affect social and political stability in emerging economies and the ability to counter rising inequality in advanced ones. In addition, greater closure between countries drastically reduces international cooperation, making it impossible to address global problems and achieve common goals. Finally, less communication and less dialogue between different parts of the world increase the chances of misunderstandings and confrontations. The inevitable bitter competition arises between countries to secure natural resources and control sea routes is a zero-sum game, in which the advantage gained by one party determines a loss for others.

Fragmentation can easily deteriorate in geopolitical chaos. This would not be new in history. The dissolution of the Roman Empire led to the formation of many political entities and to centuries of decline and conflict, and the period of closure and protectionism that followed the globalization of the *Belle Époque* paved the way for the Great Depression of 1929 and two world wars.

Avoiding going down the road of balkanization is crucial. To this end, it is critical for liberal democracies to overcome two difficult challenges: one external and one internal.

The external challenge is with autocracies that, after having benefited enormously from globalization, now consider democracies to be in decline and want to demonstrate the superiority of their own model. To win this challenge, liberal democracies need in the short term to keep open channels of economic cooperation not only with countries with which they share founding values but also with those authoritarian regimes that are willing to accept minimum rules of coexistence. In the long term, the goal is to try to influence autocracies and strengthen fragile democracies—especially in the Global South—with the benefits of an open economy and society and the values of freedom.

The internal challenge is to overcome the growing temptations to take freedom for granted, and sometimes even to give it up in part, due to distractions, indifference, laziness, or a desire for serenity. As recent history also shows, once certain achievements such as freedom and democracy are lost, recovering them is time-consuming and costly. In this regard, it is also very important to reverse the tendency to settle for simple and demagogic political answers to complex problems. These are two difficult challenges but liberal democracies have material and moral resources to successfully deal with them. As a consequence, from the crisis of globalization a new one can emerge that is rooted in the values of democracy and freedom.

In light of the many tensions and serious conflicts currently underway, the revival of globalization seems unfeasible. However, one hope is nurtured by the fact that in the past, after particularly dark times—such as the closing period of the Middle Ages, the destructive years of World War II, or the divisions of the Cold War—the world was able to find light again. And it has always done so by following a path of increasing openness and freedom in the circulation of goods, capital, people, and ideas, and by building institutions aimed at improving the level of international dialogue and cooperation.

It is true that modern globalization has shown several limitations. But no better models have emerged. To paraphrase Winston Churchill on democracy, we could say that globalization is perhaps the worst scenario for the economy and relations between nations ... except for all the others.

It is my firm belief that in an open world, the benefits overall outweigh the disadvantages. And that the many and increasingly pressing global challenges—beginning with finding natural resources and energy sources and implementing the ecological transition to mitigate the

impact of climate change—can only be successfully addressed through international cooperation (and, in fact, not facing them could be fatal to the entire planet).

Globalization has not exhausted its potential. But this can hardly be grasped in a world characterized by clashes for global hegemony or a new cold war between opposing sides, and the excessive fragmentation or dominance of authoritarian powers. The hope is that the revival of the circulation of goods, services, capital, people, and knowledge will be increasingly matched in the future by the consolidation of rights and the spread of freedoms: individual, social, and political.