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## **The Retreat of Globalisation**

Grigore Ioan PIROȘCĂ<sup>1\*</sup>, Irina TODOS<sup>2</sup>, Mihai Rareș NIȚU<sup>1</sup>

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### **Abstract**

*The trade wars between the most important economies of the world and the new age of expansionism accelerated the pace of retreat of globalisation and the rise of multipolarity—fuelled by the pandemic, the energy crisis, escalating geopolitical tensions, and the ongoing strategic rivalry between the United States and China—have signalled the emergence of a new form of capitalism. In this evolving landscape, market uncertainty is intensified by the growing economic and political interdependence among nations. This study explores the contemporary relevance of the next chapter in the evolution of international trade and world interconnectivity, in developed countries and emerging ones as well, highlighting a renewed public interest in joining economic blocks and geoeconomics alliances that appears to correlate directly with the worsening of global political landscape. Additionally, the article examines the historical development of economic thought surrounding wealth, tracing its role in social and economic stability, offering fresh perspectives on economic trends in times of plummeting of international trade and depreciating foreign affairs.*

**Keywords:** globalisation, international trade, geopolitical gambit, multi polar world, supply chain.

### **1. Introduction – The Last Golden Age of Globalisation**

Globalisation has had several golden ages. It is difficult to identify them all, despite the existence of a huge database of human history and the world economy. But some significant historical events support this idea: the first trade treaty between Armenia and Persia, the Athenian maritime empire and the colonisation of the Mediterranean Sea and later the Black Sea, the Roman expeditions to the Sahara Desert, as well as their trade exchanges with ancient China, which was as extensive and developed as the Roman Empire, the Hanseatic League, the great geographical discoveries, the acceleration of technology spillover due to the Industrial Revolution

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<sup>1</sup> Bucharest University of Economic Studies, Bucharest, Romania, grigore.pirosca@economie.ase.ro.

\* Corresponding author.

<sup>2</sup> Cahul "B. P. Hașdeu" State University, Cahul, Moldova.

and the development of navigation, the establishment of multinational companies. The last period of expansion of globalisation began after the collapse of communism on a planetary level and the emerge of large sales markets in the former communist states. In 1989, communism had begun to give clear signs of implosion, despite the fact that its main pole, the Soviet Union, had officially broken up only in 1991, after two more years of political and economic chaos, against the backdrop of which multiple internal conflicts broke out in the conglomerate of peoples whose fate had been decided outside of any ethnic and geostrategic realism. The dissolution of the Soviet Union created a political and military power vacuum that was easily filled by the new economic prospects, modelled on the unification of Germany. Based on this geopolitical context and with the decrease in transport and communication costs, the world was preparing for a new era of well-being at the expense of a new stage in the history of globalisation (Nye Jr. & Welch, 2017).

The 1990s were merely a milestone of political leadership changes. New technologies and the information revolution reshaped or even eliminated distances and transactional costs, along with the paradigm shift in the role of the state within economics. Almost a half of the world output is produced in multinational companies which collocate this outcome on efficiency principles. Their decisions on logistics affect the societies of the countries where they are located. Multinational companies bring a set of competencies and resources, encouraging their partners to benefit from globalisation.

Globalisation accelerated its pace after the Industrial Revolution (Heilbrunner, 2005), which over the past two decades has contributed significantly to rising living standards on a global scale, is now facing a reversal of its original meaning. Supply chains are becoming increasingly difficult to maintain due to the trade barriers that appear at every step, especially when crossing national borders. Between 2010 and 2020, international trade came to account for 60% of the value of global gross domestic product. Basically, without this trade, modern life – in which anyone can order almost any product from any corner of the world and receive it in just a few days – would no longer.

## **2. Literature Review**

Globalisation is therefore a network of economic interdependencies that aims to promote universality and equity, but does not always succeed. Not only do many people lack have access to the internet, but not everyone enjoys sufficient food or running drinking water. Globalisation has enriched poor or developing states with ancient civilisations or with educated and stable societies, such as the Nordic countries or the Asian Tigers. But many states, especially the former colonies, which found themselves in territorial disputes and interethnic conflicts after the dissolution of the power of their former masters, have sometimes become even poorer. This gap has now widened. Not to mention the idyllic landscapes that Thomas Friedman wrote about in his famous books *The Earth is Flat* (2007) and *Lexus and the Olive Tree* (2012): the free movement of capital and labour is questionable, otherwise the interest rate would not be so different everywhere. Globalisation has not managed to

solve the problem of interculturality either (Stiglitz, 2005). At first, globalisation created hostility to what seemed to be an occult intention to linearise culture and national identities on a planetary level. Then a new stage was passed, that of respecting the multiple dimensions of a culture, wanting a vertical integration, in which each identity culture kept its personality but as part of a unitary whole. Or this is precisely what led to a series of slippages. From respecting the rights of minorities of any kind, exceptions have become generalised in the rules and multiculturalism has created problems of all kinds, from logistical to social integration. Therefore, it was not possible to create a universal community of supporters of globalisation, because each identity came into play with the hope that its rules would be the most important to be followed by others, or that they would be at least so strong that they would not be ignored (Stiglitz, 2017). This is how it is that after globalisation initially meant jeans, McDonalds, Coca-Cola and the internet for everyone, later this everyone awakened their identity consciousness and began to claim new and new rights (Wolf, 2004; Hitt et al. 2019; Sachs, 2020)

Economists advocated a world without trade borders, where international trade was seen as the engine of development. As a counter example, wars tend to disrupt the globalisation, as long as inconsistent peace treaties, just as it happened after the World War I (Keynes, 1930). As transport and logistics costs have fallen, global trade has reached unprecedented levels, generating an unexpected but positive side effect: economic stability. China, for example, recorded an increase of more than 30% in exports between 2005 and 2010. This expansion has led to improvements in living standards, especially in poor or developing countries. But this dynamic has begun to change. For more than twenty years, multilateral negotiations between the 164 states involved in international trade have not been a priority, and old agreements have not been strengthened. The pandemic has exposed a lack of coordination and generated impulsive reactions: in 2020, two-thirds of the states that imposed restrictions on the export of medical equipment were still maintaining these policies in the summer of 2021. A notable example is the European Union, which, in 2021, suspended deliveries of anti-COVID vaccines to the UK to cover its own needs. As a result, Europe was deprived of imports essential for further production (Wyplosz, 2020; Liguori & Winkler, 2020; Kapička & Peter, 2022).

To prevent such bottlenecks, more and more countries and economic unions are trying to relocate production, bringing factories back to the national territory. Although this process will reduce transport costs, it will not necessarily mean a decrease in total production costs. Global trade will be affected by these increased costs, and the breakdown of international trade relations is becoming an increasingly plausible scenario. The great powers will begin to rely on domestic demand, increasingly embracing an autarkic model.

International trade is currently facing a number of major challenges. These include the slowdown in economic development, driven by sanctions imposed on countries accused of human rights violations. The consequences of these sanctions overlap with global efforts to combat climate change. Paradoxically, some of the states subject to sanctions play an important role in the production of photovoltaic

equipment, which generates a difficult compromise between the values related to justice and the need for sustainable development (Baylis et al., 2020).

In parallel, customs barriers are becoming another major obstacle. The tariffs imposed by the United States were followed by similar reactions from China and the European Union. For example, a considerable part of the components used in the production of Tesla cars come from China (Rush, 2021). The imposition of tariffs on these imports causes the final price of the vehicle to rise, a cost borne by the American consumer, who could eventually abandon the purchase. It therefore remains to be seen whether these tariff measures really protect the domestic economy or rather affect it. Globalisation is also affected by the steep increase in shipping costs – ten times higher in the last two years – as well as by the blockages in the world's major ports, such as Rotterdam, Antwerp, Long Beach – Los Angeles, Guangzhou or Shenzhen. In an increasingly unstable geopolitical context, these costs are likely to continue to rise. Paradoxically or not, state intervention could become, under certain conditions, a necessary solution to protect and preserve the freedom of international trade (Stiglitz, 2017).

Interdependencies as globalising vectors could be observed and understood in different ways. However important is its financial tool, globalisation by itself is not to be blamed for the crisis, but its existence provided the means of contagion. Whether due to animal spirits (Akerloff & Fischer, 2009; Dinu, 2010; Howitt & McAfee, 1992; Farmer, 1994) or human limits in understanding the unseen part of the least probable facts, or the metaphor of now well-known black swan (Taleb, 2007; 2009) the deregulation of American financial sector let financial innovation like leverage speculations (Turner, 2008), collateral debt obligations (CDOs), the understanding bias or the obtuseness of brokers, the fool trust in future easy gains, everybody should stand for the blame. The outcome needed a massive government intervention, especially in United States, which injected trillions of dollars to save something and to avoid the general collapse of the most important economy of the world (Roubini & Mihm, 2010; Shiller, 2008; Shiller, 2011).

The impact of the financial crises from 2007 was huge due to economic interdependencies. In this in this matter political theory is quite different to economic theory. An important economist like Ronald Coase, and many others studied the possibility of redistribution of wealth without inflicting the liberty, like Arthur Cecil Pigou (1920), (1922), George Stigler (1971) or Harvey Leibenstein (1986). The imperfections of the market have been always an issue, due to the conundrum of the state functions, minimal or interventionist. To put it differently, the issue stands for the acceptance or repelling of the “invisible hand” of the market. During the most important economic depressions (Krugman, 2009), the interventionist economists claimed that “the invisible hand of the market slammed us badly”, hence the presence of the state to put things back on tracks (Rogojanu, 2010). However, regarding the globalisation, the imperfections of market lead to different consequences and perspectives (Boudreaux & Truitt, 2007). As long as globalisation smooths the gaps between states through its mechanisms, globalisation is trapped from political

perspective. More, as long as the global network become more complex, there will be more tensions between the stakeholders (Errante, 2008; Nye Jr. & Welch, 2017).

The network of interdependencies is the economic engine of globalisation. The network holds resources, mutual advantages, spending and outcomes for the stakeholders. The interdependencies have good outcomes, hence the success in the last twenty years for globalisation. From a political stand point, the mutual interest on globalisation is on the risk of zero-sum game, or the possibility of the win-win game. The spirit of economic added value stands for gaining something, even less than the counterpart and this is what stimulated globalisation many times. This interest derived from the thin boundaries between national opposite to international, as political interdependence. For instance, in the agricultural sector, have been many situations when the political interference affected the long-term cooperation between states. In time, the government interference stopped the growing of different crops, in order to maintain the high level of prices. Henceforth, the food demand began targeting another source, which remained operational after the restrictions were cancelled. Japan was left without soy bean and the Japanese food sector found another soy bean source in Brasil, from they are still receiving the important aliment (Rodrik, 2011; Eitzen & Zinn, 2011).

Resurgent politics eclipsed globalisation in different states. The militarised globalisation was the least important during stability and peace times, but nowadays, the rise of the defence spending alters the economic flow (Wickens, 2006). In the aftermath of 9/11, and the war in Iraq, there has been much talk of the end of globalisation. Authors like Held and McGrew stated that these post-mortems for globalisation are far for being real. Analysing patterns of inequality, exclusion and domination, authors present the case for continuing to take globalisation seriously as both a description and explanation of our current global condition (Held & McGrew, 2007).

It has been an important debate on the issue of the enemies of globalisation—whether they denounce the exploitation of poor countries by rich ones or the imposition of Western values on traditional cultures. Daniel Cohen in a provocative account, claims the opposite. Globalisation, thanks to progress from twenty-first-century communications and information technology, shows people a world of material prosperity that they do want—a vivid world of promises that have yet to be fulfilled. For the most impoverished developing nations, globalisation remains far behind expectations. Today's globalisation, Cohen argues, is the third act in a history that began with the Spanish Conquistadors in the sixteenth century and continued with Great Britain's nineteenth-century empire of free trade. Presumably China proves a different scenario, but generally poor countries require much effort and investment to become players in the global game. The view that technologies and world trade bring wealth by themselves is no truer today than it was two centuries ago. Globalisation should not be considered as an accomplished fact. It is because of what has yet to happen—the unfulfilled promises of prosperity—that globalisation has so many enemies in the contemporary world, idea stated by other economists too (Furman & Bordoff, 2008). For the poorest countries of the world, the problem is

not so much that they are exploited by globalisation as that they are forgotten and excluded (Cohen, 2006).

Another matter of political limits of globalisation is that globalisation as international business carries within itself the seeds of its own destruction. Globalisation and attendant international business is relying on political support, responsible for many aspects beyond the economy, because politics is responsible of many other accounts than economies, like defence or education. Globalisation is not a singular economic act. This is a past scenario, but it might be replicated. International business could have a profile of self-limiting, oscillating system that triggers its own crises (Steger, 2020). Different other theories accounting for the role of international business in deglobalisation support this perspective (Wijen & Slangen, 2012; Witt, 2022).

Along with political inflictions, globalisation faces implications that the national protectionist policies have on the global supply and value chains and the relocation of production. The global economy has been always facing the possibility of decoupling of many trade connections, due to historical political fluctuations, like populism, nationalism, and economic protectionism. Under national protectionist policies, globalisation is under pressure and international trade out of steam due to the continuous pressure to relocate (Vargas-Hernández & Vargas-González, 2024). Another negative effects of globalisation is related to European multinational enterprises (MNEs), in the light of historical European leadership in globalisation. Therefore, globalisation could be seen as a double-edged sword, which has not only offered opportunities for mature European MNEs but has also led them to experience important new and intensified threats (Wijen & Slangen, 2012).

This is happening because globalisation, along with economic growth, have brought social shocks and political unrest because of inequalities which deepened (Polanyi, 2001). Inequalities came with crimson tides like the financial crisis from 2007-2009, with unemployment, ruin and despair. In this frame, political response blocked the flow globalisation was using. Deglobalisation is seen a differentiated process regarding the effects on international business and companies with cross-border activities. Even the deglobalisation process is not valid per se, because the degree of a company to be globalised are so various, there are companies which submit the process of de-internationalisation. They reduce their international engagement, and permanently relocating, some by exiting foreign markets altogether. There are challenges and opportunities arising from key aspects of deglobalisation phenomena, and companies are trying to match all these (Benito, 2025; Ezeani, 2018; Vahlne et al., 2018; Bettiol et al., 2023; Mariotti, 2024).

Different authors use Globalisation Index and sub-indices based rankings to examine the overall relationship between globalisation and macroeconomic performance of countries and reduction in inequality. Also, the index shows correlation between economic growth and globalisation, but is not able to explain all the macro-economic outlook. The rise in income inequality, unemployment or inflation are undesirable outcomes globalisation cannot fix. The index explains that countries may receive sufficient benefits of globalisation for macroeconomic

performance and inequality diminution given supportive policies, even if some of them are not fully integrated in the world trade (Ritzer & Dean, 2015; Chattopadhyay & Bose, 2022). Of no least importance is the evolution on foreign policy of United States, one of the main engines of globalisation. In the modern and contemporary history, the world trade relied on British Empire and later on United States neoliberal policy regime developed and how its reconstructed vision of modernisation. After 9/11 neoconservative geopolitics and the constant suspicion on what was coming from outside made the United States impose a different pace of trade and flow of means of production. The United States legitimacy as the globalisation system's hegemon shifted the discourse from globalisation to empire (Antonio & Bonanno, 2006).

### **3. Methodology**

The framework of this research is based upon a grounded analysis of a review of the existing academic literature regarding globalisation and its consequences that reshape our world from the accession of China to World Trade Organisation in 2001 to the present. Our review consisted of identifying emergent factors which brought into light the issue of the retreat of globalisation as we knew it in its best age from the mid-2000s. We approached bodies of literature reflecting certain sensibilities regarding globalisation and its uncertain future. Our framework is based upon an analysis of how these future scenarios where globalisation is not followed by a deglobalisation, but merely by a multipolar power system with its own globalisation frame.

To evaluate how globalisation can contribute through international trade to economic growth and a general better economic outlook for the standard of living, we conducted a bibliographic analysis of relevant literature published in this field. We used the Web of Science database and the most important books written by academic researchers or Nobel Prize laureates to identify relevant studies and articles, focusing on works that explore the future globalisation in the context of the restraint of international trade due to non-cyclical crises or political unrest.

The primary criteria used for selecting or filtering the data were relevancy and the recency. All of the selected research works are matched with the reference list. Furthermore, information from multiple data sources were verified and analysed thoroughly.

### **4. Results and Discussions**

#### ***4.1 The Multipolarity and the Future Evolution of the World Trade***

The contemporary economic world operates under the jurisdiction of international bodies such as the International Monetary Fund (IMF) and the World Bank, two of the most influential financial institutions, having roles in stabilising national economies, supporting economic development and aiding countries in times of crisis. These institutions have a role in promoting financial stability, facilitating

international trade and assisting countries in sustainable economic development. Through its bailout funds, the IMF provides temporary financial assistance to countries in economic trouble, often accompanied by economic reforms and austerity measures. On the other hand, the World Bank's main objective is to reduce poverty and promote long-term economic development in developing countries. This is put into practice by financing infrastructure, education, health, and human capital development projects. These institutions had to adapt after the financial crises of 1997-1998 and the global financial crisis of 2007-2009. Reforms that included greater attention to the role of economic governance and transparency in beneficiary countries' decision-making processes were needed. The IMF began encouraging countries to develop their foreign exchange reserves and stabilise their economies to prevent future crises. However, their role in the context of the future of globalisation is considered to be on a downward trajectory. The future of globalisation no longer has in the foreground these international institutions that were so important in the past.

The trade war between United States and China not only generated commercial costs, but profound effects on the financial system at a world scale. The uncertainty from the commercial field lead to financial volatility on capital markets inflicting the capital flows. Henceforth investors, fearful of the long run impact of this conflict on the global market, were generally prudent in their investment decisions. Furthermore, geopolitical tensions lead to the international financial reset, making the countries to reassess their economic partnerships. Many nations were forced to choose between traditional partnerships with United States and economic opportunities offered by Chinese counterparts. The invisible impact is present on exchange rates, economic barriers and the migration of capital. In the long run, this conflict could bring disruptions on the financial global system, leading to the formation of different economic blocks and alliances which can inflict the world trade, deepening the gaps between nations and putting in jeopardy the economic growth (Nye Jr. & Welch, 2017).

One of the common measures in economic warfare is the imposition of economic sanctions. The United States has resorted to an extensive arsenal of sanctions to penalise countries that are considered threats to national security or that do not comply with international trade norms. Sanctions have affected not only the target countries, such as the Russian Federation, Iran, and North Korea, but have also had a collateral impact on emerging economies and international companies. Countries affected by sanctions have responded with various adaptation strategies. For example, the Russian Federation has begun to develop closer relations with China and other emerging economies, seeking alternatives to the US dollar-based financial system. These measures have been amplified, for example, by the stability of bilateral trade agreements in local currencies, a move aimed at reducing dependence on the dollar (Bratosin-Vasilache & Maha, 2024; Darie & Miron, 2024). On the other hand, another example is Iran, which, under the pressure of sanctions, has been pushed to diversify its economies and seek alternative payment solutions.

In response, Tehran began using cryptocurrencies and other currencies in commercial transactions in an attempt to avoid using the dollar (Ziegler, 2016).

The closest tragic moment related to globalisation that we can remember in modern and contemporary history is the eve of World War I. At that time, the ratio between what the world economy traded and what it produced reached an all-time low as countries prepared for battle. This scenario is theoretically possible, but fortunately unlikely. Equally unlikely is an epic military confrontation such as the Battle of Midway between the US and Chinese navies. Nevertheless, globalisation as we knew it in its innocent and romantic beauty in the 1990s and 2000s is over. This does not mean the end of globalisation, but rather a paradigm shift that has always occurred throughout history and which, this time too, brings with it something new: a new globality instead of globalisation. We need to understand what this new globality means (O'Sullivan, 2019). A tri-polarity based on the spheres of influence and control of the United States, the European Union, and, of course, China. The United States will probably coopt the United Kingdom, and Europe will coopt Israel and Turkey. China will represent the Asian bloc. Major powers such as Australia, Japan, Korea, and especially the Russian Federation will have to accept alignment with one of these three poles. A special case is India, which could become a pole in its own right in the next 20 years. Another special case is the Russian Federation, which is the only major power with borders on both sides of the two poles: the European Union and China. The war with Ukraine has exposed the Russian Federation to China and its future power relations with Asia. It is not out of the question that in the future, given that the United States treats Europe with the same economic hostility as China, pragmatism will lead the Russian Federation to seek closer ties with the European Union rather than China, for energy reasons. Everything depends on the European Union's ability to escape its energy dependence on Russia, but above all on the United States' ability to help in this process with liquefied natural gas. China will continue to grow. The Russian Federation must find a real way to grow its economy. Without this, it will find itself in a position of inferiority to China, which will lead to its failure on the international stage sooner than it did in the 1980s when it lost the economic competition with the United States. Without economic growth or at least significant economic reforms, secondary powers such as the Russian Federation, Australia, South Africa, and Brazil will find it difficult to find their place in the sphere of influence of the polar powers. Or, more precisely, they will find it, but without a serious contribution, they will not even be able to make any claims.

Multipolarity will manifest itself in terms of economic, financial, geopolitical, and geoeconomics power. For example, China currently has the greatest geoeconomic power: it controls Africa's important resources and, through the Belt & Road Initiative, ensures the logistics of the continent's development. Moreover, it has even begun to establish outposts in South America, for example in Venezuela, against the backdrop of the United States' indifference or strange strategy of neglecting South America. The European Union would also have geoeconomic power, as Turkey, Israel, Azerbaijan, Armenia, and Georgia would gravitate toward

the economic advantages offered by cooperation with Brussels, but the latter three countries face opposition from the Russian Federation. Only the United States seems to be in a general geoeconomic decline.

The European Union strives to remain the source and best example of democracy, which underpins economic freedom, while trying to maintain the complex structure of a union of nation states. The three poles will have differences, including ideological ones. Just as the United Kingdom will gravitate more towards the United States than the European Union, Eastern Europe will gravitate towards the European Union, whether or not the states are members, such as Albania, Serbia, Montenegro, or other states of the former Yugoslavia, or the Republic of Moldova. It is true that, compared to the other two major poles, the United States and China, the European Union is the most complicated system: a multitude of official languages, different experiences and educational systems, large cities with complex and deep cultural heritage, different political customs and traditions, large areas of different economic development with real industrial clusters or large agricultural holdings, or economic polarisation within the same country. But it is precisely this complexity, not diversity, that can be the source of Europe's strength. The impossibility of reducing its culture to a simple model to be followed can be a vector not only of unpredictability, but also of development and adaptation in finding new solutions to old problems more easily.

#### ***4.2 The Specters of Inequality and Poverty***

Inequality is a natural consequence of the economy. It has existed since ancient times, but today it is only discussed in terms of the huge gaps that accompany it. In the modern and contemporary era, inequality has derived from the division of labour and increased productivity, whose goal was to produce more than the personal needs of producers in order to be exchanged. This was one of the cornerstones of wealth accumulation, which ended up selectively reaching people, depending on their skills and market conditions. Ultimately, health, education, decisions related to social status, marriage and family, consumption and investment, political and social stability have further shaped the conditions under which economic agents have accumulated wealth differently. Urbanisation, food security, protection of individual property, industrialisation, and globalisation have brought even more development, but also increased inequality. Paradoxically, freedom and prosperity have always led to inequality. Adjustment has been rather forced and often violent. The natural order of the market, Adam Smith's (1992) "invisible hand," has always propagated inequality. Violent shocks are those which, through their disruptive impact, sever the channels through which economic activity takes place and the flow of production factors circulates, levelling the gap between rich and poor. The four categories of shocks, defined by author Walter Scheidel (2017) as Great Levellers that cancel out material differences between people, are: wartime mass mobilisation, transformative revolutions, state bankruptcy and pandemics. In contemporary history, the two world wars are considered representative of the concept of Great Levelling. The rise of communism can also be considered as such. All of these led to expropriation, general

mobilisation, and the destruction of elites and capital. Quite simply, the upper classes had more to lose. Add to this government failure and pandemics, with humanity having the opportunity in 2020-2022 to experience the COVID-19 pandemic, which is like a Hollywood horror movie. It is a short, grim, and demoralising list of four points that raises the question of less macabre alternatives to levelling inequality. So far, only education has proven capable of redistributing wealth, but it cannot do so on the mass scale achieved by the Great Levellers. Not even major economic crises have managed to reduce inequality, neither the Great Depression of 1929-1933, nor the Asian Crisis of 1997, nor the Subprime Crisis of 2007. The effects of macroeconomic crises are only temporary; over time, the economy recovers and inequality deepens again, because the crisis impoverishes the poor more, who find it harder to recover. In other words, we have to accept it and find the best solutions in its presence, not in its absence.

Walter Scheidel, in his book *The Great Leveller*, talks about the Great Compression, the period between 1914 and 1945, when inequality was reduced the most. Together with their colonies, the countries that took part in the two world wars accounted for four-fifths of global nominal output at the outbreak of World War I. The reduction in inequality came only under the pressure of the shock and violence of the reset of a world in a state of war.

Inequality has always been the preserve of two main actions: economic development and violent dispossession, theft through predatory doctrine. Economic development is a welcome and expected consequence of excellence in education, as was the case in developed countries between 1980 and 2000. During this period, the income gap between high school graduates and university graduates increased from about 50% to about 100%. In the United States, for example, the income of university graduates increased by up to 56% during this period (Scheidel, 2019). The rise in education levels was accompanied by technical progress, which in turn deepened the inequality between tech-savvy specialists and those without higher education, who were stuck in repetitive, low-value jobs. However, there are criticisms of the explanation of inequality based on the correlation between education and wages. The polarisation between well-paid professions and low-paid occupations cannot be supported by large data sets. Inequality has been amplified by wage differences within the same income category. Moreover, there is already a global trend toward overqualification, as employees pursue multiple levels of education that no longer correlate with labour market requirements.

Globalisation has traditionally been seen as a levelling factor, from which poor nations have always had expectations, a perspective that was largely justified. Globalisation has lifted entire societies out of poverty, as far as economic levers have allowed. But although poor countries have significantly improved their economic and social situation, free international trade between 1970 and 2005 and competitive deregulation have deepened global inequality between the poor and the rich, who have benefited more from economic growth. Inequality has increased with globalisation in the following ways: capitalism in China, institutional reforms in India, and the collapse of the Soviet Union have doubled the number of low-skilled

workers worldwide, but have not increased capital ownership or the number of highly skilled workers. Although overall, many people have raised their standard of living, this influx of twice as many unskilled workers has deepened inequality in developed countries. In comparison, in China, India, the Russian Federation, and the former communist states, there has been a significant improvement for the majority of the population, which, prior to the reforms or the collapse of communism, had a very low quality of life, with material deprivation of essential goods and a lack of individual freedoms. However, commercial and financial globalisation has deepened inequality worldwide. After the Second World War, there was a period when various levers converged to reduce it, such as strong and large trade unions, political cohesion, social solidarity, massive state intervention in the economy, progressive taxation and rationing. But once the economy recovered from the war, inequality broke free again.

Fiscal policy is probably still the main way that post-war inequality has gone back to where it was before the war. In the US, lower corporate taxes are responsible for 50% of the increase in wealth distribution within the high-income quartile, which also helps keep inequality going. Also, in the United States, author Walter Scheidel (2019) highlights some of the most mind-boggling figures related to the famous 1% of the richest people. This percentage accounts for 40% of election campaign contributions and was the beneficiary of over 60% of market income between 1979 and 2007. The remaining 10% of the richest people received 31% of this increase in income, and the remaining 90% of the population only 9%! The same 1% was left with 38% after paying taxes, while the last 80% with only 31% of income. Under these conditions, it is difficult to imagine the prospects for deepening global inequality. This large contribution of the 1% to the electoral process supports the idea of higher voter turnout among affluent voters and the indirect but very strong relationship with the political class.

Inequality is now caught in a vicious circle, as Thomas Piketty (2013) argues in one of the most important analyses in contemporary economic thought, *Capital in the Twenty-First Century*: does the higher remuneration of capital compared to labour accentuate inequality, or does inequality lead to higher remuneration of capital at the expense of labour? Whatever the answer, it is correct in both senses. Corporate profits relative to GDP are at an all-time high, and workers' incomes relative to GDP are at an all-time low. The ratio of blue-collar jobs to stock market capitalisation in the richest countries also highlights the growing material gap between professional categories and the cause of concern for the future of those who hope to still receive a pension in their old age. As they say, there is a dissonance between Wall Street and Main Street, or between capital and labour. These must be harmoniously correlated to avoid the antagonistic imbalance of the 19th century that led to the contestation of capitalism and the emergence of utopian socialism and later communism. In the context of the transformations brought about by the new generations, Z and Alpha, the dissonance between capital and labour can lead to generationally rooted disappointment, social apathy, and corresponding decadent consequences, with consequences that are difficult to quantify. Basically, if a

generation loses faith in the future, the future in turn can no longer convince that generation of anything else.

## **5. Conclusions**

Politically, the messages converge toward the general impression that democracy has been stripped of its essence and can no longer contribute to economic growth. The rise of far-right parties, nationalist movements, and expectations from the political elite to provide strong, decisive leaders leads, at best, to the oxymoronic idea of a "managed democracy." Political transformations have gone further, with the European Union seeking a leader to unify its foreign policy, especially in light of the Russian Federation's renewed military expansionism and China's unprecedented economic expansion. It remains to be seen who will assume this leadership: France, which already has an experienced president, or Germany, which is rethinking its military and defence doctrine, including the possibility of nuclear armament, and is preparing to deliver the economic response that Europe has been waiting for some time. We are heavily indebted, we have no way of increasing productivity, we are under siege from military expansion and tensions, and we lack a unified vision of the way forward, either because of a lack of ideas or a lack of leadership. How can we reduce inequality in these conditions? In accounting terms, appropriate fiscal policy can be used, but targeting inequality can hit economic growth as collateral damage, along with living standards and quality of life. It is no longer enough to focus on sustainable economic growth, but on organic economic growth, i.e., a world order based on more moderate, more natural, slower if necessary, but more consistent economic growth. Inequality can be reduced when we stop measuring success by economic indicators or military power and shift to human development indices and social stability in the face of shocks. We need to renew our interest in intangible infrastructure, i.e., in promoting factors that enhance the efficiency of human capacities in finding solutions. These factors relate to political stability, institutions, and the legal framework, in particular intellectual property security.

Inequality in terms of wealth concentration has reached levels last seen in the interwar period: in New York, the ratio of the wealth of the richest 1% to that of the other 99% is 45:1. But this is only the inequality derived from different access to capital. Inequality is also fuelled by restricted access to education, health, and social security for a large part of the population (O'Sullivan, 2019). Inequality was only mitigated during the Great Levelling during revolutions or major conflicts that levelled national wealth and led to the material destruction of a large part of capital. But inequality in itself is not bad, especially since it is associated with the market economy. The problem arises when inequality is accompanied by poverty. In Switzerland, for example, inequality is among the highest in developed countries in terms of wealth, but there is virtually no poverty. All citizens enjoy at least a decent standard of living, or even a very high standard of living compared to other countries. So, redistributing wealth through fiscal policy makes sense for eradicating poverty, not inequality.

The big challenge will be to find less violent ways to make life accessible to all, so that no one is left behind. On an ironic, oxymoronic note, it can be said that for things to stay the same, change is necessary. John Maynard Keynes succeeded. His *General Theory* (1936) proposed state intervention in the economy and, indirectly, the temporary suppression of market freedom at the fateful moment of the Great Depression, precisely with the intention of saving market freedom, which was achieved. As history repeats itself, we can remain optimistic.

Overall, the analysis in this research shows that the globalisation will not disappear, but will emerge into something new, a multipolar world with vectors of globalisation. Many of the conclusions from the research are tentative due to the lack of data for the future scenarios of the world trade. However, this research work offers a contribution towards the rather limited scholarly understanding of which future scenarios are to come after globalisation by focusing on the paradigm shift of power, from one polar coordinate to a multiple one.

Nonetheless, limitations to this study must also be acknowledged. Thus, one major limitation is the self-report nature of the survey data (Bowen, 2009; Flick, 2018) which might introduce biases in how HEIs perceive versus actualise digitalisation of education. Secondly, disparities in the understanding of blended versus fully online models might also obscure precise measurement of technological integration into higher education settings.

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