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Editorial

Introduction: Globalization and Economic Integration

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1. Introduction

The purpose of this Special Issue is to explore the challenges and trends of the process of globalization and its coevolution with integration processes in different parts of the world. It also aims to analyze the forces pushing towards economic integration, disintegration, decoupling, de-risking and confrontation. Particular attention is paid to the processes that are leading to a multipolar world economy and that may call into question the resilience of regional integration processes, such as the European Union (EU). The consequences for financial markets, labour markets, international trade, value chains and policy making are also considered.

The main question addressed in this Special Issue is whether the ongoing processes in the international economy, also in relation to geostrategic and political developments, jeopardize globalization and integration or whether they require different approaches or offer new opportunities.

In particular, this Special Issue is attempting to host and coordinate contributions from different brands of economics, spanning from standard yet innovative macro- and microeconomic approaches through to political economy, institutional economics and development and management studies. The nature of globalization and integration is extremely complex and multifaceted, and their interrelations are also multiple and non-linear, with feedback and circular processes playing a prominent role. This requires that, along with duly exploiting the advantages of disciplinary specialization, we also aim to gesture towards the need for, and the advantages of, a deeper and more coordinated interaction between different relevant disciplines and approaches.

Globalization and integration processes underwent a profound evolution and transformation in recent decades. The emergence of new global players both at the regional (South and East Asia) and national level (BRICS), as well as at the microeconomic level (value chains, emerging multinationals), together with social, political, economic, health and geopolitical events, seems to lead towards a multipolar world economy. Western capitalist countries and emerging countries of the East and the South seem determined to take different paths, following divergent national interests. Well established integration processes, such as the EU, have difficulty managing the heterogeneity of its member countries and disruptive international events, as well as reconciling national interests with community objectives. More recent integration processes, such as the Shanghai Cooperation Organization (SCO) and the BRICS, together with their multilateral institutions, are apparently strengthening the role of the East and the South in the international economy and politics, in contrast with West-dominated globalization and integration and Western institutions.

Do these forces and processes advance a new organization and governance of globalization and integration, or do they lead to disrupting globalization and making disintegration prevail? Do they, and the new attempts at area integration, represent important steps in the

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ongoing dispute for dominance over the world economy? Or do they represent the building blocks of a new, multipolar international order? What will the gains and the losses be? What are the roles of demography, innovation, technology, skills and education, inequalities and mobility in these new scenarios? How will labour markets, financial markets and international trade evolve? How will the role of international institutions change?

The purpose of this Special Issue is to answer these and possibly other questions, and to investigate the nature of globalization and integration after years of exogenous and endogenous shocks and conflicts. This Special Issue also aims at analyzing the evolving features of globalization and integration and their differences with respect to globalization at the end of the 20th century, their coevolution with integration processes, and the reactions to recent challenges.

The 17 papers that compose this Special Issue clearly demonstrate how globalization and integration are processes that reveal opportunities, challenges and vulnerabilities that make convergence far from certain, and can prevent, impede or revolutionize future integration and globalization processes. After discussing the meaning and interconnection between globalization, integration and convergence in Sections 2 and 3, Section 4 summarizes the relevant themes of the papers in the Special Issue. Finally, Section 5 provides concluding remarks.

2. Different Views of Globalization

The term "globalization" is first attested in the 1920s (Axford, 2013). However, the term became popular in the 1990s, referring to a set of processes often considered to be irreversible and deeply linked to important technological breakthroughs, particularly in communication and information technologies (Martell, 2010). As a matter of fact, globalization is a more complex phenomenon based on much wider, more complex and far-reaching premises.

Globalization refers to the organization, governance and management of the world economy based on various fundamental institutional, political and technological features. The concept of globalization is multifaceted (Gygli et al., 2019), but its central characteristic is that of a worldwide process of socio-economic integration, interaction and interdependence based on the elimination of barriers to trade, the flow of capital, the movement of people, and the free circulation of ideas and technology. The corollary to these freedoms is the necessity to define and protect the rights of those who might be harmed, particularly with respect to their property rights, by people moving to and investing in other countries. In a sense, globalization requires the attenuation of the sovereignty of countries in exchange for the economic, political and social advantages that globalization creates. Embedded in the concept of globalization and its advantages is the commitment that it also promotes economic, institutional and policy convergence.

Globalization, by definition, requires the participation and the cooperation of a significant proportion of the world's countries and economic and political agents, including international institutions, governments, forms and consumers, which govern, support and contribute to the continuous cross-border exchange of resources, capital flows, knowledge and the production of goods and services. This requires the evolution of a new international division of labour and specialization, as well countries' adaptation to it, based on processes of liberalization and the free flow of tangible and intangible resources and goods, including trade and the free movement of commodities, ideas and people. This contributes to the accelerated growth of economic activity across national and regional political boundaries, involving the increased movement of ownership rights, via trade and investment, and of people, via migration (Cernat, 2006). Creating trans-border networks of connections among economic, political and social actors, mediated through a variety of flows of people, information and ideas, capital, and goods, is also fundamental (Gygli et al., 2019). This must be accompanied by political and social processes spreading and coordinating worldwide policy making approaches, values and prices, ideas and information (Dreher, 2006; Nye & Keohane, 2000). Fundamental preconditions for unbounding these processes are the cross-border liberalization and simplification of economic activity. Effective incentives to global economic processes are also fundamental, including the international protection of capital and labour and the income they produce across borders, properly regulated at the international level and by the pressure of competition.

These fundamental issues notwithstanding, various views of globalization exist among scholars. The supporters of the "hyper-globalization" perspective (as Rodrik, 2011 defines it) see globalization as a linear and irreversible development of global capitalism, supported by the continuous liberalization and interconnection of the world economy, particularly since the 1990s and 2000s (Anderson & Obeng, 2021). Neoliberal economic policies are seen as providing fundamental support to this endless development, together with democratic political systems and the abating of national states, with the desirable perspective of also extending it to developing countries (Friedman, 2000, 2005). This view extends the process, in line with liberal democracy, to explain the "end of history" (Fukuyama, 1989).

An opposing, and now dominant, view considers globalization as an undulating process steered by the interests of dominant countries and capitalists, policies and technological development, followed by reversals and declining phases driven by crises and political reversals (Szul, 2010; Ng & Pitakdumrongkit, 2023), with a particularly important role played by the international financial crisis of 2008 (James, 2018; Baldwin et al., 2023; Thakur-Weigold & Miroudot, 2024; Arimura & Sugino, 2024). Taking a more balanced position, other authors recognize the importance of globalization, but stress significant negative aspects and consequences, including inequalities and the prominence of cluster-based economic growth (Stiglitz, 2002; Tadić, 2006; Rodrik, 2011; Dreher, 2006; Milanovic, 2003; Gozgor & Ranjan, 2017).[1] Finally, a different strand of literature aims at measuring levels of globalization by means of composite indexes, an example of which is KOF Globalization (Dreher, 2006; Dreher et al., 2008; Gygli et al., 2019), a composite index for measuring the economic, social and political dimensions of globalization since 1970, the purpose of which is to offer a ranking of world countries according to their level of globalization.

The basic political and economic precondition of globalization is the real or reputed existence of a unique world economy under the dominance of one hegemonic country or a coordinated group of powerful countries. The countries participating in globalization share a reference currency and rely on the overview and support of an internationally accepted system of international organizations setting and enforcing the rules of economic interaction. In the 1990s, this was made possible by several major events: the inclusion of the former "second world" following the successful end of decolonization, which transformed previous colonies into sovereign states; the disruption of the socialist system in Central and Eastern Europe; and far-reaching market reforms in China.[2] A second precondition, strictly linked to the aforementioned, was the stipulation of a set of international agreements leading to the definition and establishment of a coherent international institutional framework. The core of this system was defined in Bretton Woods by the allied powers (essentially, the United States and Great Britain) at the end of WWII, and included the United Nations system with its specialized organizations (in particular, the World Bank, the International Monetary Fund and the GATT, transformed into the World Trade Organization in 1995).

Technology and technical development have also played a relevant role. First, a new form of technology, based partly on electronic solutions and partly on technical standardization, offered the possibility for new technical solutions and lower costs for those firms taking the risk of being significant contenders in the international arena. This development implied that countries and firms involved in globalization shared a unique technological system with unique technical standards and compatibilities. These new technologies offered a worldwide technical solution for the prompt, cheap and reliable international delivery of information and communication and for the transportation of goods and services (such as ICT and containers). However, standardization was also important in the sense that goods and services could be divided into numerous components produced and accepted worldwide, through a process involving the convergence of technical solutions and rules that led to the formation of transnational value chains, and made foreign goods usable in different countries (including electrical plugs and adaptors, cars' safety and pollution standards, service stations and spare parts, and many others) (David & Greenstein, 1990; Tassey, 2015). These solutions, together with the transformation of financial markets and scale and scope economies, opened the way for the concentration of capital in large transnational companies (TNCs) and the formation of truly international markets. In short, different local and national economic systems had to be integrated, technical systems had to be at least compatible and political and legal systems had to be inter-penetrable via shared principles and fundamental rules.

3. Globalization, Integration and Convergence

Globalization and integration have been leading concepts in the post-war decades, encompassing economic, political and social domains around the world. Their dominance increased further after the successful end of the decolonization movement and the transformation of former socialist countries into capitalist market economies. They acquired fundamental importance in explaining and managing modern economies and polities, usually coupled with the idea of convergence, either explicitly or implicitly.

The connections between the three concepts, however, is controversial, and the empirical evidence is unclear. The evidence of a causal relationship among the three processes and of worldwide convergence is elusive. Research highlights that similarities in the growth paths of GDP per capita are clear in the case of cluster of countries, but not worldwide (Casagrande & Dallago, 2024). Different clusters of countries have been identified, each one including countries growing at a similar pace and reacting in a similar way in periods of crisis and under the effects of policy making.

Convergence has traditionally been a subject of debate among social scholars and policy makers. In the economic literature, convergence is generally intended to convey a process of decreasing differences among countries according to several important parameters generally linked to the effect of globalization: catching up in terms of GDP per capita (Abramovitz, 1986), welfare (Ghirmay, 2014), interest rates and prices (Streeten, 2001), business cycle synchronization (Lopez et al., 2021) or institutions (Dallago et al., 1992).

These developments were necessary, yet insufficient. The possibility of producing goods and services in a different way, owing to institutional preconditions and technologies for the flourishing of globalization, also required a great deal of reorganization of production processes, financing and trade. This, in turn, depended on the willingness and capacity of the different constituents involved in the changes to adopt these changes. This included the willingness of national governments and businesses to take the opportunity, which depended on the willingness of the former to weaken national control over economic and financial activities and in part over technology, and of the latter in ceding control over finished products and their marketing and to be part of global value chains (GVCs). Moreover, users and consumers were obliged to accept goods and services with new technical and marketing features, produced in different ways and, in large part, in other countries.

Particularly important were changes in the production process, which was split according to components produced by the most efficient producer, independently of their location, and exported to the rest of the world by means of container and an efficient global transportation system. The production of complex goods, such as cars or computers, consisted in the locationally dispersed, yet coordinated, production of a set of components[3] which were typically assembled at the end of the process by the company which owned the brand of the product and often also the project, thereby capturing the most value.[4] Value chains typically include all the stages of production, including the design, marketing and distribution of the final product. These systems are usually called GVCs to emphasise the worldwide dispersion of the production locations, together with their carefully coordinated nature (Cigna et al., 2022; WTO, 2023).

The organization of production along the GVC standard creates significant benefits, including lower prices for consumers, but also displace workers and businesses that are outcompeted by the new organization. The specialization of countries and their industries became much more refined, competition keener and the interdependence of countries and industries much stronger. Consumers benefitted significantly in terms of lower prices and a wider variety of goods, which were also of higher quality. The integration of countries and industries had important consequences for policies, which could become more effective thanks to the greater synchronization of business cycles. However, the integration of financial markets also created greater fragility and exposure to systemic crises, as the international financial crisis of 2008–2009. As to the integration of real markets and of production, it is safe to say that integration proved to be a hindrance only in the case of lockdowns due to the COVID-19 pandemic and war and sanctions, but not because of financial meltdowns. Whether the final result is more favourable or detrimental for workers depends largely on the nature of the technology, that is, whether the technology in question is labour-augmenting or labour-replacing (Acemoglu & Johnson, 2023; Acemoglu & Restrepo, 2019; Frey, 2019). This clearly has important policy and institutional consequences.

The concept of integration is loose and multifaceted. Integration may be both a process accompanying globalization, and typically refers to markets, and a more limited but deeper process involving a subset of the world economy and society, typically a group of contiguous countries. In the former case of international economic integration, integration consists of increasingly stricter cooperation among the world economies through shared international institutions establishing and enforcing rules aimed at guaranteeing a levelled playing field for cooperation and competition. Within these fora, participating countries negotiate the dismantling of barriers that prevent or impede further integration. Technical standardization is also necessary, in order to make different components and goods and services compatible, and for the protection of expatriated assets (for example, people, capital or property rights). This solution is powerful, yet economically constrained. As the various versions of the so-called impossible trinity clarify (see Note 6), when economies are deeply integrated in a globalized world, economic policies face the limitation of having to choose only two out of the three institutional settings relevant for policy making.

In its second sense, integration implies agreements among participating countries that only involve the latter. This regional integration consists of an arrangement among a group of countries based on the reduction or the elimination of barriers to mutual trade, including the partial or full abolition of tariff and non-tariff restrictions on trade, and the coordination or unification of trade, monetary and fiscal policies. The final aim is to reduce costs for producers and prices for consumers, and consequently to increase welfare and mutual trade and improve competitiveness for the firms and economies involved. While international integration as a part of globalization creates global trade, regional integration promotes trade among participating countries, possibly diverting trade from the rest of the world. While global integration generates advantages for all (at least on the assumption that all of the countries in question are similarly competitive), regional integration reserves advantages for the group of participating countries, or may represent a defensive reaction vis-à-vis globalization. While, in this sense, regional integration is more limited, it is also more profound, in the sense that it may align monetary and fiscal policies, thus connecting the participating economies more strictly than in the case of international integration. Yet, if only indirectly, a flourishing club of integrated countries is likely to create—in a globally integrated world economy—advantages for all in the form of higher imports, flows of FDIs and the like. Ultimately, and provided that the world economy is globally integrated and in a second-best perspective, the differences between the economic outcomes of the two types of integration for the world economy are probably few, if indeed there are any. The case of the EU is symptomatic in this sense (Akram & Rashid, 2016; Mattoo et al., 2019).

The issue of regional integration is different from that of globalization, as well as being less complex, in that it involves only a limited number of countries, usually also more politically intimate. Typically, countries are neighbours which share significant trade, social and cultural exchanges, institutional similarities and compatibilities, and common economic and political interests, including in regional stability and environmental sustainability. While the general and particular conditions for integration appear more definite than in the case of globalization, integration is also more demanding. In fact, it consists of much more foundational changes that impinge on the basic institutions and structures of the countries involved, starting from the implementation of a blueprint for dismantling national entitlements, while building new shared or coordinated claims. Progress is consequently slower, and backlashes may be far-reaching and challenging to solve.

The particular features and consequences of integration depend on its particular nature. In the simplest case, namely, a free trade area, integration consists mainly in the abolition of restrictions to the free circulation of goods and services. Custom unions consist of a free trade area with a common trade policy. A common market includes a customs union with the free circulation of factors, while an economic community adds common or coordinated policies. Finally, the most demanding and ambitious form of economic integration, namely, an economic and monetary union, upgrades an economic union with common economic and monetary institutions and policies—above all, a single market and a single external tariff. An important feature of the most ambitious forms of integration is that participating countries accept to concede part of their sovereign powers to the advantage of purposefully set-up organs, such as a common central bank with sovereignty over monetary management and policies, in the case of a monetary union. Integration may then continue by attaining the political union, thus also changing the form of the state.

Integration has several consequences for the countries involved, some advantageous and some disadvantageous. Trade creation and trade diversion are important consequences, as much as the attraction of foreign direct investments (FDIs) both from within and outside the integrated area, duly attracted by, respectively, lower transaction costs and enlarged markets. Integration favours trade in the internal market of the integrated area, to the disadvantage of trade with external countries and firms, particularly if the integrated market coincides with a monetary union. For this reason, a monetary union, such as the EU, has been interpreted both as a defensive reaction to globalization and as an enhancement of globalization within Europe (Wincott, 2000). At the same time, dismantling barriers to trade, such as tariffs in the internal market, fosters and strengthens competition and favours the exploitation of scale and scope economies. Integration through lifting barriers between countries decreases transaction costs. Risks relative to economic and commercial activities may also decrease, such as risk and uncertainty relative to exchange rates in the case of a monetary union. Owing to the expansion of trade relations and production cooperation through FDIs, integration is likely to synchronize business cycles among countries, which allows for the coordination of policies. Finally, integration creates favourable conditions for specialization and vertical intra-industrial trade within the area.

Integration may also be accompanied by disadvantages, particularly when it remains incomplete or when its institutional and policy architectures are asymmetric. This may cause institutional ineffectiveness, for instance, when the competences of different organs (national or common) overlap or when incompleteness causes cases of institutional void. It may also cause policy ineffectiveness, when policy competences belong in different constituencies—for example, some may belong to national governments, and others to common organs—which may make effective policy coordination difficult. Another problematic consequence of an incomplete and asymmetric integration is that the consequences of common policies or institutions may be disparate for member countries. The solution would be to endow the integration with equalization instruments, i.e., policies that would compensate unintentional losers and tax away undue gains from winners. However, this would require political integration, which is by no means a trivial goal for different countries, however similar or politically intimate they may be. The European Union provides various examples of these problems and of their possible solutions.

The relation between globalization and the process of integration is critical, yet controversial, particularly when convergence is also considered. Although scholars generally agree that international and inter-country agreements for promoting economic integration—including the suppression of barriers and the harmonization of policies—have played an important role in increasing interdependence among countries and businesses, globalization, integration and interdependence are different concepts and processes. Integration demands both open and globalized markets and coordinated international management based on shared rules and practices restraining the power and role of national states (Waltz, 1999). While the expansion of trade creates interdependence, integration also requires supportive institutions and structures, as attested by various transnational integration endeavours, and particularly the EU. Therefore, interdependence does not necessarily lead to integration, if other conditions are missing.

4. The Relation Among the Three Processes

Although the direct and causal relationships between globalization, integration and convergence are not unequivocal, and can be difficult to demonstrate, many scholars maintain that globalization inevitably leads to integration and, through this, to convergence, particularly the convergence of economic indicators. This tradition has a comparatively long history, which includes important contributions by Abramovitz (1986) and Barro and Sala-i-Martin (1992). These authors maintain that the growth rate of countries with lower levels of GDP per capita will be faster and will catch up with more developed countries due to the advantages of the follower (e.g., in terms of technology that can be imported or copied).[5] Quantitative evidence both confirms (Lau et al., 2022) and contradicts (Kenworthy, 1997; Rey & Montouri, 1999; Caggiano & Leonida, 2009) such convergence. Also important is the observation that globalization may support convergence among countries while heightening divergence within them, so that it may not be inappropriate to see in the processes of globalization both an impetus towards convergence and forces that destabilize and create both divergences and great transformations in society and the world order at large (Grinin & Korotayev, 2015). A significant obstacle to full economic integration is that it would also require social and political integration, as well as the convergence of informal institutions, all of which is difficult to obtain.

Nobel laureate Amartya Sen (2002) laid the groundwork for the methodological and philosophical analysis of the relation between what is general and what is particular in the nature of human beings and societies, and the dangers that are engendered by disregarding the complex relation between these two apparently opposite, yet intimately linked, essences. Sen (2002, p. 53) emphasises that "it is not possible to attribute to an individual an exclusive identity—or a prevailing one, according to situations—to an exclusive group." This approach highlights the fundamental dilemma of the relation between globalization and integration: While the former has a general—in a sense, public—value, the latter represents a particular and separate—in a sense, private—solution. The former is open and inclusive, whereas the latter is closed and exclusive. How can the two dovetail together? In Sen's (2002, p. 56) words, "When confronted with an alternative, the different loyalties deriving from diverse types of identity may come into conflict on the priorities to be given... we have to choose and decide, and the alternative to a reasonable choice is an unreasonable choice."

Are globalization and regional integration incompatible? Both require a choice, by countries and economic, political and social actors. This Special Issue answers that they are not necessarily incompatible, but this is true only under certain conditions. Trade in the case of the EU provides an instructive example. European integration was preceded and accompanied for years by a debate concerning trade diversion and trade creation. The point was that an important formal—institutional and organizational—integration by countries with open economies and sharing important complementarities and affinities would entail further deep trade integration between those countries (trade creation), to the detriment of their trade with the rest of the world (trade diversion). In short, integration generates conditions and incentives for member countries to replace external trade (with non-member countries) with trade with other member countries. This did in fact occur in the case of EU countries: Their internal integration is overwhelming, around 60% of their global trade, on average. However, this did not result in disadvantage for trade with the rest of the world, which also increased in absolute value, although not as a share of total trade. While the former effect was due to integration, the latter was due to globalization.

Globalization and integration, therefore, offer the potential to reap increasing returns in trade and other activities. Based on this finding, other critical questions come to the forefront, concerning the conditions for a positive relation between the two processes and for the sustainability of a virtuous relation producing positive spillovers for the integrated parties. These questions involve such strategic issues as selecting and establishing appropriate institutional and organizational frameworks, how to accommodate gains and losses, how to manage openness and global rights vs. national sentiments and interests and how to balance leadership or hegemony with multilateralism and equity—in short, how to set up and govern the institutional and organizational architecture for the governance and management of globalization and integration.

As may be seen from these summary notes, there are various common elements between globalization and integration. Both require certain preconditions and the necessity of coordinating other aims, such as national sovereignty and national interest, with the globalization and integration processes. Yet, together with commonalities and complementarities, there are also incompatibilities and impossibilities. The different versions of the globalization trilemma shed light on the complexity of these processes.[6]

In this Special Issue, we purposefully choose to concentrate on the main actors—countries and firms—and their initiatives, leaving the grand institutional foundations of globalization and integration—the international institutions part of the United Nations system or of regional aggregations—in the background. One important result of this Special Issue is that initiatives are successful and stable when gainers are more numerous and stronger than losers. This depends on which countries and actors are better able to lead and adapt to the new global context, which initiatives are more successful and which spillovers and feedbacks they promote. The complexity of globalization and integration arises from their difference compared to competitive economic activities, in which case losers exit (Hirshman, 1970).

In globalization and integration, the fundamental players are states and large companies, both of which have a degree of sovereignty: from a monopoly on power and military force to overwhelming economic and financial control in markets. Therefore, the playing field is not levelled: If powerful countries or companies are losing or failing in the globalization race and integration advancement, at least in relative terms, these countries and companies may retaliate by assigning priority to short-term national interest or using their market power to take over (Mearsheimer, 2018). This is what is taking place in Western countries, faced with poor growth prospects and pressing competition from emerging countries. Grand reforms and institutions (such as Bretton Woods, WTO, EU) may impose some order upon international interactions. However, being typically drawn up by the winners of a major war, they may be at odds with emerging powers and do not solve political–economic imbalances. Similar observations hold for transnational projects and for microeconomic forms of globalization and integration (such as in the case of international specialization and GVCs), when one party is advantaged over and against another. These initiatives may promote globalization and integration, but, if they are at odds with the interests of countries and powerful firms, retrenchment of the loser may follow (Autor et al., 2016).

5. The Special Issue and the Main Themes of Globalization and Integration

This Special Issue identifies various salient aspects of the relation between globalization and integration and the forces that can promote disintegration, and contributes to highlighting various general and more particular issues using different theoretical approaches, encompassing both qualitative and quantitative analysis. The first group of articles deals with fundamental dilemmas of and alternatives to globalization and integration. They are concerned with the features of institutions, technology and comparative advantage, as well as geopolitical issues. A second group of articles investigates the complex interaction between integration and globalization, which can produce both positive and negative outcomes, such as corruption and volatility. A third group of articles focuses upon the consequences for globalization and integration of producing winner and losers and the profound transformation of sectors and institutional structures that cause heterogeneous reactions by states, including nationalism and defiance. A fourth group of papers investigates varieties of the globalization–integration relation, with particular reference to the difference between global and regional integration and the emergence of new challenges in terms of market integration (e.g., labour and financial markets), FDI, customs risk management and new global players. The final group of articles analyzes two political approaches that are becoming widespread and that impede the process of globalization, namely, protectionist policies and sanctions.

5.1. Dilemmas and Alternatives to Globalization and Integration

The first task is to assess whether and how globalization and integration may fit together and mutually strengthen one another or whether the answers to these questions depend on particular conditions and circumstances. The Special Issue addresses these questions by looking at four critically important issues. The first issue is the change in revealed comparative advantage for emerging markets in the last half-century, which introduces the economic rationale for the effects of globalization and integration. Second, there is a complex trade-off between the advantages of economic integration and the significant vulnerabilities related to resilience and security. Third, the importance, strengths and limitations of competitive global infrastructure initiatives are analyzed in a comparative perspective by examining their geopolitical and qualitative implications. Fourth, the interaction between globalization and integration is examined in the complex case study of Central European countries as members of the European Union (EU), the end result of their systemic change after 1989.

The article by Andrea Boltho on Changes in Revealed Comparative Advantage in Machinery and Equipment: Evidence for Emerging Markets introduces the question of the economic rationale in the globalization and integration processes. The author focuses on the question of why some economies were successful in promoting high-tech sectors. To answer this fundamental question, he takes machinery and equipment as a rough proxy for high-tech goods, and computes Balassa's index of revealed comparative advantage for a number of emerging areas (East Asia, South-East Asia, South Asia, Eastern Europe, Latin America, Africa, and the Middle East) and for selected countries. The time span covers the years from the early 1970s to the early 2020s. The findings show the significant differences existing among areas and countries, which the article explains by way of differences in policies and the role of markets. In particular, the role of interventionist trade or industrial policies was crucial in fostering comparative advantage in some countries, whereas, in other countries, success was attained through the unhampered operation of market forces, including FDIs.

Paul Dragos Aligica and Robert Gabriel Ciobanu explore the complex trade-offs involved in global economic integration and consider integration dilemmas and alternatives in their essay on The Global Integration Dilemma: Functionalist Efficient Stability Versus Geoeconomic Vulnerability Risks. They emphasise that economic integration promotes efficiency, trade and cooperation through numerous mechanisms, such as customs unions. However, integration also introduces significant vulnerabilities, particularly when geoeconomic considerations prevail over pure economic goals, and interdependence is used as an economic weapon against partners. Based on the need to consider both sides of integration, the article illustrates how functionalist economic stability and efficiency are essential, but must be balanced with considerations of resilience and security. The article examines important case studies—the COVID-19 pandemic and Europe's reliance on Russian gas—to highlight the risks of overdependence in interconnected global systems and advocates for a mixed framework that integrates both efficiency and stability in order to balance economic benefits with the geopolitical risks of interdependence.

The comparison of different large global infrastructure initiatives is the topic of the review article authored by Euston Quah, Tan Jun Rui and Iuldashov Nursultan on A Comparative analysis of the Belt and Road Initiative with other global and regional infrastructure initiatives: prospects and challenges. Global infrastructure initiatives are fundamental for globalization and integration, yet it is important to assess the strengths and limitations of different initiatives. The first global infrastructure Chinese initiative is the Belt and Road Initiative (BRI), which is also the most important, owing to its substantial investment and expansive connectivity. BRI was followed later by other initiatives aiming to counterbalance BRI's influence, while potentially complementing regional infrastructure plans. These initiatives advocate for higher quality standards, transparency and sustainable relationships with member states, yet significant challenges persist regarding their ability to deliver superior net present value for developing economies. To clarify the strengths and limitations of the different initiatives, the article compares BRI to each alternative initiative, using insights from the literature and exploring how the value of quality soft infrastructure investments and norm absorption may be assessed through stated preference techniques.

László Csaba's perspective on Globalization and European Integration: A Central European Perspective explains why and how Central Europe will decide the future of the EU, and the ways it can cope with globalization. Central European countries began their transition to democracy and a capitalist market system at the end of the 1980s, and they became member countries of the EU in 2004. In their case, the relation between globalization and integration in the EU was mediated by the change in their political and economic system. The transformation of Central Europe from a group of former socialist countries into democratic market economies and members of the EU is generally considered to be a success, in terms of the convergence of their economies and their polities to the EU standards, thus stabilizing the EU's previously restive neighbourhood. However, sustaining this success is not automatic, as the ongoing challenges in terms of de-globalization risks and growing illiberalism bear witness. Moreover, the EU's declining competitiveness, and perhaps also attractiveness, requires major reforms and restructuring, both of the EU and its member states. The article aims at assessing how EU membership could also promote the globalization of its Central European member countries, in spite of the ongoing difficulties. The conclusion is that more focus on Ordnungspolitik (single market, competition policy and capital market union) is required, balanced by a lesser emphasis on the traditional institutions of re-distribution (the common agricultural policy and structural funds).

5.2. The Complex Interaction of Integration and Globalization

With the achievements of globalization and integration, interactions in the economy and among countries become stronger and more effective in influencing outcomes. Their effect is often positive for countries and market participants, but in various cases, the effect may be negative and even destabilizing, leading to instability and losses. A group of articles analyzes three important aspects of this complex interaction. First is the adaptation to globalization and integration, their outcomes and distortions, particularly with respect to corruption. The second looks at the interaction between market volatility, economic growth and cognitive biases. The third is the consequences for particular markets, prices and growth in an emerging country.

Roberto Iorio and Maria Luigia Segnana take a comparative approach to examine the impact of corruption on innovation in businesses. Their article on Heterogeneous Links Between Corruption and Innovation in a Global Economy demonstrates that the relationship between businesses and countries is heterogeneous. Their analysis is based on two principal research questions. The first deals with the role of corruption in helping or hindering innovative activities. The second aims at assessing the degree to which the institutional framework and business strategy influence the relationship between corruption and innovation in the case of domestic and international businesses. The quantitative analysis concentrates on Central-Eastern Europe and Central Asia and reaches two significant findings. First, institutional settings are important for the strength and the direction of the link when EU and non-EU countries are compared. Second, foreign and domestic ownership are affected differently by corruption at the firm-level: A "greasing" effect relevant for foreign firms in weak institutional environments turns useless or negative for foreign firms in settings with stronger controls over corruption.

Neha Parashar, Rahul Sharma, S. Sandhya and Apoorva Joshi investigate the interaction between market volatility, economic growth and cognitive biases in their article on Market Volatility vs. Economic Growth: The Role of Cognitive Bias. Cognitive biases have acquired considerable importance in explaining the volatile behaviour of markets in certain circumstances. Financial market volatility identifies abrupt and erratic changes in asset values and can have a marked impact on the expansion and stability of the economy. Market volatility is usually credited by conventional economic theory to have an inverse relationship with economic growth, both being critical indicators that influence economic stability and investment behaviour. This is because high volatility can discourage investments and erode trust. However, the actual behaviour of markets also depends on the cognitive biases of market actors—including herd mentality, overconfidence and loss aversion—and this renders the interaction more complex. Under the influence of cognitive biases, market actors may misread economic indicators, thereby making poor decisions and increasing market volatility, thus causing investors to behave erratically and irrationally, to the detriment of market efficiency and outcomes. The article investigates econometrically the interaction in the US, the UK and India over the period from April 2006 to March 2024, including the time of the international financial crisis. The authors find evidence of the predictive nature of market fluctuations on economic performance and highlight the substantial effect of cognitive biases on market volatility.

The third article, by Loc Dong Truong, H. Swint Friday and Nhien Tuyet Doan, further strengthens the findings of the article by Parashar et al. in a more particular relation and in an emerging country. The article topic concerns The Asymmetric Effects of Oil Price Volatility on Stock Returns: Evidence from Ho Chi Minh Stock Exchange in Vietnam over the period from 6 February 2012 to 31 December 2023. The authors analyze econometrically the relation between oil price volatility and market returns in both the short term and the long term. In the short term, they find that oil price volatility has negative, strengthened asymmetric effects on market returns. In the long term, the negative and positive changes in oil price volatility have significantly negative effects on market returns.

5.3. The Positive and Negative Sides of Globalization and Integration

We clarified above that globalization and integration are stable and evolve positively only if participating entities (countries and companies) receive advantages and gains that are at least as significant as, or preferably higher than, the disadvantages and losses they sustain. Only in this case are countries, firms and their constituents (citizens and workers, but also public budgets, country competitiveness and many others) able to avoid distress and may enjoy the advantages of cooperation, both directly and through policy processes of reform and the equalization of spillovers. As a rule, this does not hold, and different countries receive significant advantages or suffer crucial disadvantages and costs that may be permanent. This asymmetry of outcomes contributes to explaining the economic, political and social fragility of globalization and integration and the forces that foster disintegration and the formation of a multipolar world.

Four articles in this Special Issue clarify different aspects and components of these critical consequences that put the sustainability and success of globalization and integration at risk in the long run. The issue largely consists in the question of winners and losers and the lack of significant mechanisms for the equalization of spillovers in the interaction between globalization and integration. This issue concerns both countries and market actors. It is therefore vital to explain why certain countries or regions gain while others lose in the globalization and integration game. Important examples concern technological innovation, the flow of investments, the gain or loss of human capital, the development of critical infrastructure, the diffusion and role of entrepreneurship, the effect of incentives and disincentives, the level and effect of inequalities and social mobility, the definition and implementation of strategies and long-term effects, the role of governments, the existence of effective and efficient bureaucracies, the role and forms of state help and many others.

The four articles take different approaches and analyze issues at different levels of aggregation, but all provide valuable contributions to better understand and assess an intricate and often unclear set of questions. The first issue considered here analyzes the core of the relation between globalization and income inequalities as a potential danger to the very survival of globalization. The second issue concerns the development perspective of a disadvantaged continent in a globalized and integrated world. The third issue refers to a sector that flourished with globalization and became a significant source of inequality. The fourth issue examines an important new global actor that, in principle, should propel globalization and integration, but, it transpires, turns out to be problematic.

The article by Vladimir Popov, Is Globalization Coming to an End due to Rise in Income Inequality?, examines the relation between increasing inequalities caused by globalization and the recent rise of nationalism as a powerful element acting against globalization. The rise in inequalities refers to countries, groups of people and individuals, each of which may react by recurring to nationalistic policies, activities and demands. The article measures the rise of nationalism in many countries in recent decades, paying particular attention to the decline in the "pride in your own country" indicator from the World Values Survey. The author relates the indicator to the growth rates of per capita income and the change in income inequality (Gini coefficient) within the country. The outcome is statistically significant and shows that, when globalization lacks proper governance and is accompanied by a decline in real incomes for large groups of people, nationalist political forces may be successful in instigating anti-globalization and isolationist sentiments. In this perspective, the rise in income inequalities in major countries since the 1980s poses a threat, not only to their domestic social stability, but also to globalization.

The essay by Greg Mills and Richard Morrow looks at the situation and development perspectives of Africa in the frame of globalization. Their article, The Donkey and the Thorn Tree: Reappraising Globalisation and Africa, aims to explain why Africa failed to take advantage of the opportunities offered by globalization. One explanation considers the vulnerability of the continent due to unfavourable conditions in a kind of path-dependent explanation based on decades of weak economic performance: a burgeoning youthful population, insufficient infrastructure, benign donor neglect and more malign foreign interference. Yet, according to the authors, less economically developed countries from similar domestic environments in Asia, Europe and Latin America have successfully and rapidly developed. This observation suggests that lack of development in various African countries may be due to wrong development paths. The problem, in the authors' vision, is that Africa failed to take advantage of the opportunities of globalization in the form of open competition for business and markets, which leads to their conclusion that politics, not economics, is the principal development impediment. They demonstrate the strength of their conclusion by comparing Somaliland with Singapore, and conclude with an appeal for democratic politics as a fundamental precondition for development.

The article by Wladimir Andreff uncovers a significant source of inequality in professional sport, a sector that boomed largely through globalization. In his article on the Globalisation of Professional Sport Finance, Andreff analyses the model of finance, ownership, and several novel trends in global sport finance to explain the financial dimension of the global economic system of professional sport. The radical transformation of professional sport, particularly in European football and then spreading throughout other professional sport disciplines, took place during the 1990s. In that period, European football switched from gate receipts to TV rights revenues and from local/domestic to internationalized sources of revenue. The article evidences in detail how the whole distribution of sport financing was restructured. Starting from this first stage of finance globalization, sport finance underwent further transformations. Football moved from the globalization of flows (financing and revenues) to asset globalization (club ownership), up to the emergence of treating professional players as financial assets and crypto-assets penetrating the sport business.

In recent decades, sovereign wealth funds (SWFs) assumed a crucial role in globalization and integration. In principle, and considering the quantity of managed resources and the global business perspective, this new global actor should enhance the international movement of capital and facilitate economic development in domestic and host countries. However, as David M. Kemme stresses in his review article on The Sovereign Wealth Fund Paradox: Evolution, Challenges, and Unresolved Issues, the role of sovereign wealth funds turns out to have a problematic dimension. This dubious aspect arises from SWFs' lack of transparency and accountability. Moreover, state ownership gives rise to suspicions and realizations, among others, of political motivations, unfair commercial advantages and opportunities for corruption and national security threats. Although most SWFs have a beneficial role, the SWF landscape and individual SWFs' features, goals and behaviours are somewhat varied, and conclusions should be balanced so as to avoid easy generalizations. Moreover, SWF-related policies and enforcement mechanisms are host country-specific and highly variable, and a shared international regulatory framework has not yet emerged. The author provides a wealth of qualitative and quantitative information regarding SWFs and related policies, and identifies major concerns and policy options associated with them. It is concluded that SWFs in market-oriented democracies are more transparent and therefore less problematic.

5.4. Varieties of the Globalization–Integration Relation

Globalization and integration are complementary concepts, yet important distinctions and potential contrasts may exist between them, as elucidated above. Globalization may be defined in simple terms as the increasing interdependence among economies, markets, countries, people, technologies, knowledge, information and cultures (Scholte, 2008). Globalization is made possible by the foundation of relevant international institutions defining the rules overseeing interdependence and enforcing the protection of interdependent initiatives, relevant rights (such as copyrights) and assets (such as investments abroad), and by the reduction in barriers to interdependence, such as international trade, the liberalization of people and capital movements, the development and falling costs of transportation and the advancement of information and communication technologies. Historically, globalization also relied on prolonged periods of peace and the existence of an international order that guaranteed trade and the movement of people. Prominent cases are the East–West globalization in the Middle Ages when China and the established power of the Mongol empire guaranteed exchanges along the Silk Road. The globalization preceding WWI was based on the strength of the British empire and the prevailing globalization in the US hegemony. Yet, at the same time, globalization requires international order and guarantees to merchants, people and international investors. Fundamental factors for the economic convenience of globalization are improvements in the technology of transportation and communication reducing transportation and communication costs; people's propensity to take advantage of the opportunities provided by increasing economic integration; and supportive public policies (Mussa, 2000).

Four papers in this Special Issue consider both forms of integration and treat them at both the macroeconomic and microeconomic level. In the real world, the pressing question of whether globalized and integrated markets are always better must deal with the distortions and obstacles to the existence of a truly playing field. Therefore, the adaptation of markets to a globalized and integrated world may be at odds with supranational cooperation when societies and markets are distorted. A prime example would be the features of the relation between migration and financial markets. This is the subject of the article by Juan David González-Ruiz, Camila Múnera-Sierra and Nini Johana Marín-Rodríguez on the Perspectives on Migration and Financial Markets Research. The article analyses the economic features and effects of the trans-border movement of people on financial markets by means of scientometric and bibliometric instruments. The authors' findings underscore the existence of noteworthy obstacles to the smooth and effective working of these markets.

The significant international flow of remittances by migrants and the role of microfinance play a significant role in financial markets. In spite of the importance of financial resources that migrants move, however, the scant integration of migrants in formal banking systems negatively impacts financial markets and their dynamics, with evident policy implications.

The flow of significant amounts of FDIs among countries is one of the salient features of globalization and the integration of economies. Sheng-Ping Yang, in his article on The Determinants and Growth Effects of Foreign Direct Investment: A Comparative Study, concentrates on the factors that determine inward foreign direct investments. In particular, the author takes an econometric approach to look at the effect of FDIs on productivity and their contribution to economic growth. Based on the analysis of 34 OECD and 50 non-OECD countries from 2010 to 2019, he finds that FDIs positively influence productivity in both OECD and non-OECD countries, particularly when the flow interacts with important features of the recipient economy, especially economic freedom and robust economic infrastructure and development levels. This conclusion also highlights important differences between OECD and non-OECD countries. Economic freedom attracts FDIs above all in OECD countries, but, in itself, it does not contribute significantly to growth; conversely, economic freedom significantly fosters economic growth in non-OECD countries. The effect of robust economic infrastructure and development levels is more univocally positive and more important in both groups of countries. These finding have significant consequences for policies. In particular, the promotion of economic freedom is effective in fostering productivity gains from FDIs.

An interesting case of looking at globalization and integration from the "reverse" side is presented in the review article by Sandra Karklina-Admine, Aldis Cevers, Arturs Kovalenko and Armands Auzins on the Challenges for Customs Risk Management Today: A Literature Review. The aim of the authors is to focus on customs risk management by means of a thorough review of the scientific literature over the period of 2005–2024 and complementing it with a qualitative content analysis and synthesis. When countries are involved in and must adapt to globalization and integration, their customs services must continuously improve their organization, professional quality and operational methods, and streamline these to the prevailing practices worldwide in a well structured, integrated and systematic way to manage customs risks. With globalization, integration and technological development, the customs operating environment changed significantly, the speed of transaction accelerated and uncertainty increased markedly, due to the growth of trade and travel volumes and the significant change in the role of customs and its methods of control. These events create additional fiscal, security, financial, and safety risks, affecting the resources available to customs services and influencing how customs administrations manage and approach their tasks. The current depreciation of the geopolitical situation added significant risks and complexity to the role and work of customs. The article concentrates on the challenges of customs risk management and the effectiveness of their work and advances considerations for improvements.

The fourth article in this section is authored by Panagiotis E. Petrakis, Anna-Maria Kanzola and Ioannis Lomis. Their article on Adapting to Multipolarity: Insights from Iterated Game Theory Simulations—A Preliminary Study on Hypothetical Optimal Global Cooperation begins from the observation that the global geopolitical landscape shifted toward multipolarity following the rise of new powers. This structural change and the complexities of multipolarity require new strategic frameworks and international institutions for promoting global stability and cooperation. They use an iterated prisoner's dilemma approach extended to a multiplayer setting to examine the impact of multipolarity on international cooperation in search for a hypothetical optimal global cooperation. Their study confirms that the increase in the number of large countries leads to higher levels of cooperation. Moreover, multipolarity may foster new forms and processes of economic development based on fair international competition, provided that cultural and value systems support cooperation. This outcome also requires that strategies and cooperative dynamics evolve appropriately in a way that supports international economic policy integration and sustainability, and manages vulnerabilities in the relations between great powers.

5.5. The Forces Disrupting Globalization

This Special Issue includes two articles dealing with two particularly important challenges to globalization and integration: the increasing use of sanctions and the threat of protectionism. The former is the topic of the article by Steven Rosefielde on Impairing Globalization: The Russo-Ukrainian War, Western Economic Sanctions and Asset Seizures. Rosefielde's case studies concern the nature and effects of the succeeding waves of sanctions that Western countries imposed on Russia following its invasion of Ukraine in 2022. He offers a valuable interpretation of the effect of sanctions based on demand and supply adjustment possibilities. The case of universal non-substitution, which maximizes sanctions' adverse impact on GDP, holds when import, export, production, distribution and finance are inflexible. The article elaborates on these conditions and, by using predictions by international organizations on the expected GDP losses for Russia, draws inferences about the efficiency of Russia's workably competitive markets. The findings show that the Russian economic system exhibits moderate universal substitutability. It is therefore less vulnerable to sanctions than Western policy makers suppose. The relative inefficacy of sanctions against Russia will hardly push the Russian government to stop the war, in spite of the indubitable costs that Russia is sustaining. Although sanctions are compatible with Pareto-efficient free trade and globalization, the lack of focus by Western countries, due to their geostrategic goals and the intensification of the war, puts the effect of sanctions at risk. Sanctions are more effective when they are precision-targeted. Conversely, the expanded array of sanctions is degrading free trade, and spurring de-globalization and anti-Western coalitions. Given enough time, the goals of free trade and globalization could be set back for decades.

The article by Marek Dabrowski on The Risk of Protectionism: What Can Be Lost? takes a broader approach by examining a wide set of protective measures to invite the reader to reflect on what can be lost due to protectionism. There is no doubt that protectionism is on the rise, often hidden by a host of politically attractive but economically misleading slogans—from regaining control of value chains through the reindustrialization of leading Western countries to correcting "hyper-globalization". These new leading slogans create serious challenges to the global trade system and global economic development. Growing geopolitical goals and strategies, tensions and conflicts are jeopardizing trade and financial transactions. This situation may easily create irreversible damage in terms of a spiral of trade and financial wars and retaliations, through which protectionism could cause significant losses to our economies and ways of life. The article analyses the likely consequences of the dangerous reversal in four areas that have benefited from globalization and economic integration since the 1980s: economic growth, poverty reduction, decrease in global economic inequalities and disinflation. The article concludes by discussing potential remedies that may aid in preventing the protectionist drift.

6. Conclusions

The present time is one of reconsideration of the post-war global economic and political order and of disruptive actions against that order, without any perspective so far for the construction of a new global order. The most likely perspective seems to be that of a multipolar world in the making. The post-war order was based on the Bretton Woods agreements among the powers that were winning WWII, particularly Anglo-Saxon powers. The order was de facto a unipolar capitalist order under the undisputed hegemony of the United States. The concept of globalization gained strength precisely in this context, fueling the expectation that all world countries would tend to converge towards a model of liberal capitalism, thus transforming the world into a global village.

In due time, the Bretton Woods order came to involve the entire Western world and, after the start of the transformation in Central-Eastern Europe in 1989 and the disruption of the Soviet Union, it also came to involve the former socialist world, together with the "third world". China, after economic reforms initiated under Deng Xiaoping in 1978, is also often included in this one-world system. Although this view is increasingly disputed on a geopolitical basis, and so also on an economic basis, there is no doubt that the world economies are strongly interconnected is many ways and are mutually integrated.

This observation overlooks an important issue on the nature of the world system. The presence of a hegemonic power like the US can determine a single world order, but it does not eliminate the heterogeneity of countries, nor the emergence of winners and losers in the process of globalization. These factors are now pushing towards a multipolar world. Although it was born as a hegemonic, unipolar system, the rise of emerging powers introduced the fundamental question of whether the system continues to have a unipolar nature or, perhaps better, whether it is progressively transforming de facto—but not yet de jure—into a multipolar system. More important for this Special Issue is that the continuation of the world system rests on one hypothesis: that the world economy will continue to rely on globalization and integration. The present time, with intensifying economic, political and geostrategic challenges to globalization and integration, is dangerously challenging the very institutional and political basis of the world economy. If the drive to globalization melts down, so too will the world system inevitably enter into a critical situation. The liberal order of globalization may even disrupt, or completely change, the current conception of globalization and integration through new forms of organization and governance, including the expansion of forms of economic organization such as state capitalism or political capitalism and of political systems such as illiberalism and autocracy.

Clearly, there are many other issues that could be interesting and important to consider for meticulously explaining the features and importance of globalization and integration. This Special Issue presents various perspectives, analytical approaches and case studies that, together, offer a manageable yet broad overview of the issues at stake and a deep analysis of particular critical aspects of globalization and integration and their interaction, with the purpose, at this difficult time, that they can contribute to raising warnings and our understanding of the stakes. We have a world system that is greatly imperfect and also unpleasant in various senses, and is certainly in need of wide and deep reforms, but the alternatives with which we are apparently confronted appear much worse and considerably more dangerous by comparison. We trust that the knowledge and information that the Special Issue offers may provide a small, yet precious, contribution to readers to think carefully before contributing to moving in the direction of strengthening dangerous processes, and convince them to offer their support to the changes that have to be elaborated, agreed on and implemented to make the international economic system more viable, effective and fair.

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Notes

1. Empirical evidence seems to support the idea of a cluster-based regional convergence within the European Union, even among countries in the monetary union (Monfort et al., 2013; Cutrini, 2019; Iammarino et al., 2019; Casagrande & Dallago, 2024).
2. Wallerstein (2004) also included socialist countries in the capitalist world system led by the United States, albeit in a secondary role. He claims that there is only one "world-system" connected by a complex network of economic exchange relationships, including both socialist countries and the "third world". However, it is fair to say that their position was both subordinate and administratively and politically separated, with a significant part of economic activity also separated and in part autarchic.

[3] For example, in the case of a car, the number of components is around 30,000 to 40,000, depending on the make, model and complexity of the vehicle.

[4] The production process of an iPhone 14 offers a clear picture. Being assembled in China, the iPhone production is accounted as a Chinese export, thus contributing statistically to the U.S. trade deficit by an estimated $10 billion in 2018. However, companies in various countries actually contribute to the production: the iPhone is designed in California and assembled in factories owned by a Taiwanese company using components produced in various countries. In the end, the United States contributes 32% of the value of the iPhone's components, followed by South Korea (25%), Japan (11%) and Taiwan (7%). Chinese firms contribute only 4% of the iPhone components' value (Brooks & Vagle, 2025).

[5] This type of convergence is defined as beta-convergence. Sigma-convergence refers to the reduction in income differences across economies. Conditional convergence (Howitt & Mayer-Foulkes, 2002) refers to convergence under the condition of some equal condition among countries, such as saving rates or population growth rates.

[6] The classical impossible trinity or trilemma—based on the hypothesis of uncovered interest rate parity—was first presented by Mundell (1963) and Fleming in the early sixties. It foresees that it is impossible to have a fixed foreign exchange rate, free capital movements and an independent monetary policy simultaneously. Only two of these can be implemented at the same time (Bordo et al., 2015; Fleming, 1962; Mundell, 1963; Obstfeld et al., 2005). Later, globalization became the frame of the trilemma, of which there are different versions. According to the original formulation, "the political trilemma of the world economy" (Rodrik, 2000, 2011), globalization, the nation-state and democratic politics could not coexist and only two of them could be pursued. Of the three, national governments would initially address the distributive and governance challenges posed by globalization, giving way to the prominence of the nation state in the long run. In a recent article, Rodrik (2024) formulates a new trilemma, stressing that "it may be impossible simultaneously to combat climate change, boost the middle class in advanced economies, and reduce global poverty. Under current policy trajectories, any combination of two goals appears to come at the expense of the third."

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