

Author:

Nicola Acocella

University La Sapienza, Memotef, Rome, Italy

THE IMPACT AND FUTURE OF GLOBALISATION

ABSTRACT

The paper deals with the consequences of globalisation and its future trends, considering in particular, on the one hand, rising inter-country imbalances and the recent obstacles to the kind of international division of labour implemented by global value chains (GVC). In fact, ungoverned globalisation can lead not only to internal, but also to external economic imbalances, which raises the need for some kind of international coordination. In the last few years notable oppositions have grown, in particular by China and the United States, with tariff wars and the like that can lead to think of a possible future of de-globalisation. This prospect also derives from the effects of the pandemic that have negatively influenced GVC. The need for re-establishing a tempered liberalism then arises, possibly with an accentuated dose of international sovereignty. The issue arises, however, of how to reconcile the major powers engaged in some sort of policy war.

Keywords: Globalisation; Efficiency; Equity; Imbalances; Global Value Chains; International Governance

JEL Classifications: F10; F15; F53; F61; F62

RIASSUNTO

Le conseguenze e il futuro della globalizzazione

Il contributo affronta le conseguenze della globalizzazione e le sue tendenze future, considerando in particolare, da un lato, i crescenti squilibri tra paesi e i recenti ostacoli al tipo di divisione internazionale del lavoro attuata dalle catene globali del valore (CGV). Infatti, la globalizzazione non governata può portare a squilibri economici non solo interni, ma anche esterni, il che rende necessaria una qualche forma di coordinamento internazionale. Negli ultimi anni sono cresciute notevoli opposizioni, in particolare da parte fra Cina e Stati Uniti, con guerre tariffarie e simili che possono far pensare a un possibile futuro di de-globalizzazione. Questa prospettiva deriva anche dagli effetti della pandemia che hanno influenzato negativamente le CGV. Nasce allora la necessità di ristabilire un liberismo temperato, possibilmente con una dose

accentuata di sovranità internazionale. Si pone, tuttavia, il problema di come conciliare le maggiori potenze impegnate in una sorta di guerra politica.

1. INTRODUCTION – THE MANIFESTATIONS OF GLOBALISATION

Globalisation is an intensification of global interconnectedness (Held *et al.*, 1999) that manifests itself in the form of movements of people (and of communications and ideas), goods and services and capital.

International movements of people are of short or long duration, due to tourism or short stays for work or care as well as to international migration.

The globalisation of the movement of goods and services corresponds to the worldwide extension of trade in goods (raw materials, semi-finished products, final products or their component parts, or exchanges of services, (in particular, communication¹), royalties and licenses for the exploitation of patents and similar, copyright and image rights.

International capital movements are of various types, short (often having a high speculative component), medium or long (tending to exploit the higher yields of securities issued abroad that are intended to be held for a certain time and are therefore called portfolio investments – including purchases of shares to an extent that does not give rise to control of the companies that issue them – as well as capital movements that lead to the acquisition of controlling interests in pre-existing or newly founded foreign companies², i.e., foreign direct investments, FDI).

A more detailed picture of information about the forms of globalisation with reference to the period after 1850 and up to the beginning of the current century is offered in Table 1 below.

¹ The growth of communications and the circulation of information should be considered as an addition to (and within certain limits a substitute for) the physical movements of people, constituting their *virtual* movement.

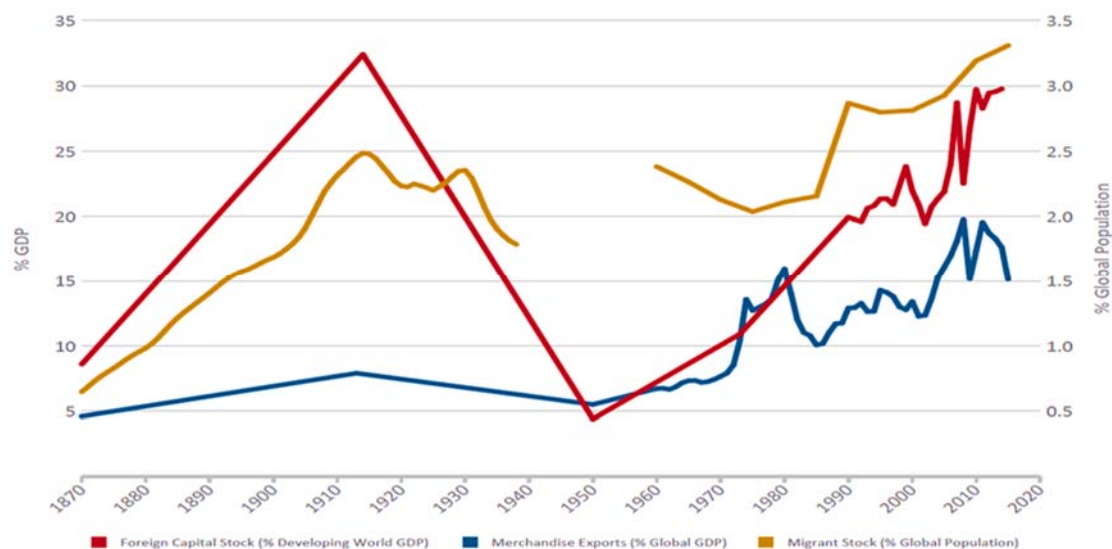
² These companies, which usually have subsidiaries in various countries, are called multinationals or multinational companies or transnational corporations (TNCs) and are responsible for about 80% of world trade (Unctad, 2013; Ietto-Gillies, 2019, ch. 22).

TABLE 1 - *Indicators of Globalisation in the 19th and 20th Centuries*
% Changes, unless otherwise indicated

| World | 1850-1913 | 1914-1949 | 1950-1973 | 1974-2007 |
|---|-------------------|-----------|-----------|-----------|
| Growth of population | 0.8 ^a | 1.7 | 1.9 | 1.6 |
| Growth of GDP (real) | 2.1 ^a | 3.8 | 5.1 | 2.9 |
| Growth of <i>per capita</i> GDP | 1.3 ^a | 2.0 | 3.1 | 1.2 |
| Growth of commerce (real) | 3.8 | 6.2 | 8.2 | 5.0 |
| Migration (net cumulative) to US, Canada, Australia, NZ | | | | |
| Millions | 17.9 ^a | 50.1 | 12.7 | 37.4 |
| Annual rate of changes of the previous row | 0.42 ^a | 0.90 | 0.55 | 1.17 |
| Migration (net cumulative) to industrial countries (less Japan) | – | – | – | 64.3 |
| Year | | | 1982 | 2006 |
| World stock of FDI/world GDP (%) | – | – | 5.2 | 25.3 |
| ^a : 1870-1913 | | | | |

Source: WTO (2008).

The period of the 1930s saw a setback for globalisation, due to the effects of the Great Crisis that began in 1929 and to the prevalence of nationalistic and autarchic attitudes. The setback of trade, investment and migration can clearly be seen in Figure 1.

FIGURE 1 - *Trends in Globalisation, 1870-2015*

Source: Chandy and Seidel (2016).

Note: The broken curve with the largest variations indicates the stock of foreign capital (expressed as a % of the *GDP of developing countries*). The curve that rises smoothly and shows cyclical variations since 1970 shows exports of goods as a % of *world GDP*. Finally, the curve that breaks between 1940 and 1950 indicates the stock of emigrants as a % of the *world population*.

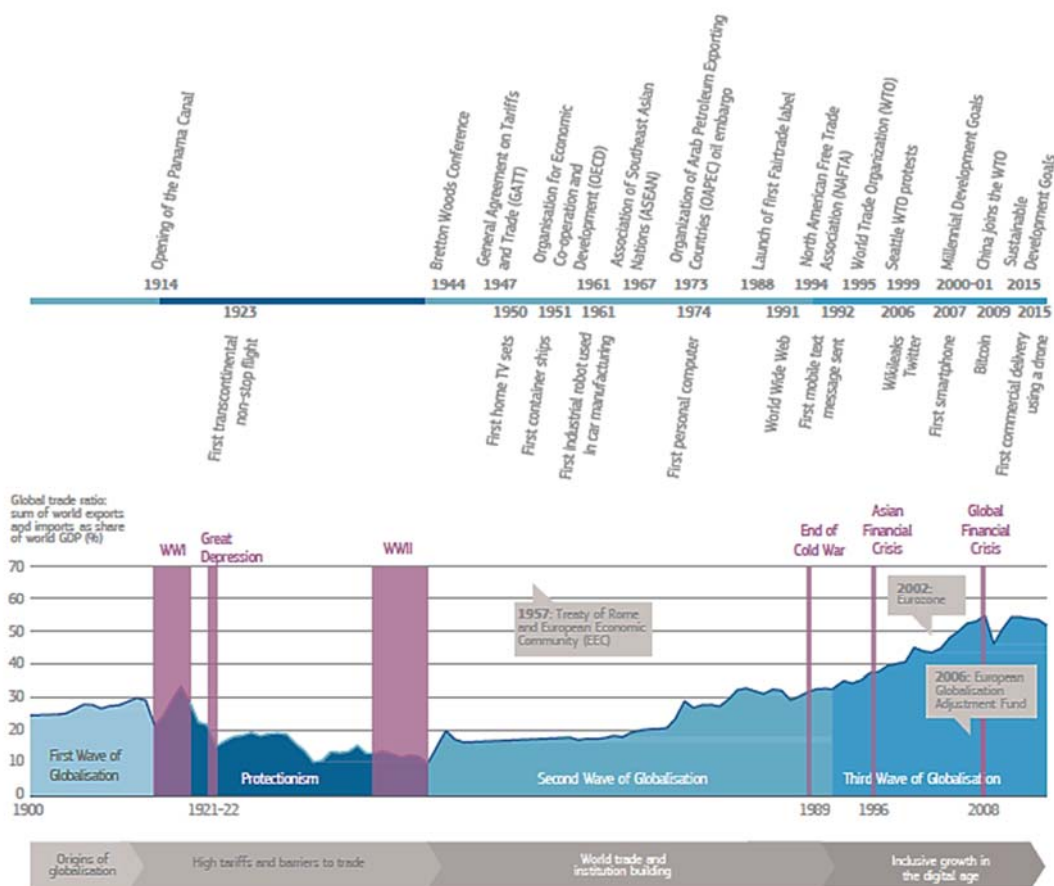
The international integration that took place before the Great War could only have specific and limited effects, finding a broad foundation and discipline in the colonial relationship. On the other hand, the number of countries that are part of the global market today is considerably higher than that of pre-1914, although many are still in a marginal position.

Therefore, if even the international economic integration that took place after the Second World War represents the re-emergence of a trend that characterised the world economy more than a century ago, the resumption of that trend takes place with at least partially new characteristics, which justify the use of the term 'second globalisation', the first reflecting the integration process prior to the Great War.

If we broaden our gaze at the beginning of the twentieth century, the trend in the relationship between exports and GDP appears as in Figure 2, in which the authors usefully identify the main historical facts relevant to globalisation. However, they also distinguish a second post-war phase

of globalisation from a third phase, while we speak simply of a second globalisation, reserving the term ‘third phase’ for a possible near future.

FIGURE 2 - *The Phases of Globalisation, 1900-2015*



Source: European Commission (2017).

This paper follows first a descriptive methodology, in looking at the factors that explain globalisation and its consequences, with specific reference to the imbalances that have arisen over time, in particular in recent decades. The reasons of instability can be analysed through the lens of Rodrik's trilemma (see below) and the reasons for international coordination, the more so because of some recent de-globalisation tendencies. The next section briefly describes the factors contributing to globalisation. Section 3 analyses the consequences of globalisation, while the following section is dedicated to imbalances in recent decades. Section 5 discusses the effects

of the pandemic on global value chains and their implications. Section 6 finally discusses the importance and difficulties of international coordination. Section 7 concludes.

2. THE FACTORS CONTRIBUTING TO GLOBALISATION: TECHNICAL FACTORS AND ECONOMIC POLICY CHOICES

Globalisation is a reality for the markets for goods, services, financial capital and for the movements of ‘productive’ capital, as in recent decades technological progress has led to a dramatic reduction in the costs of transport and communication and has also made them faster, facilitating in particular trade specialisation and delocalization and increasing transparency and information. The choices of economic policy makers – with the gradual elimination of the obstacles to international trade and investment (not of migration) – have contributed to it through the international cooperative institutions born after the Second World War³, even if, at times, they have imposed a set of measures on the countries in need tending to favour privatisation and liberalisation, adoption of severe cuts in public deficits and other deflationary measures. These policies go by the name of the Washington Consensus. This term is intended to indicate an identity of positions between the United States Treasury, the World Bank and the IMF, all three institutions located in Washington.

This was behind the required symmetry in policies for rebalancing balances of payments, established with reference to both deficit and surplus countries: the deflationary policies adopted in the former to reduce their deficit would have been less severe if opposite, expansionary policies had been adopted in the surplus countries. Short-term capital movements were subject to limitations to avoid speculation acting as in a beauty contest. In fact, they could translate into a further reason for asymmetry, difficult to cure. Moreover, such arguments could actually be referred *not only to international financial markets, but also – more generally – to all short-term financial markets*.

³ As for the inspiring principles, it can be said that the institutions born in Bretton Woods expressed a ‘temperate’ liberalism, moderated by Keynesian thought, which grafted on this liberal basis a series of public intervention policies, mainly tending to ensure the maintenance of full employment and the coordination of economic policies deriving also from the need to avoid a ‘race to the bottom’ by the various countries. Among these rules there was the one according to which liberalisation of capital movements was subject to limitations.

3. THE CONSEQUENCES OF GLOBALISATION

The consequences of globalisation are numerous, since it can be assimilated to a change in the rules of the game, which, therefore, implies a necessary change in the results for the various operators, at least if they continue to follow the old strategies. The effects of globalisation are therefore very complex also because globalisation takes place together with other changes, such as technology change, which is to some extent autonomous from it (Gravina and Lanzafame, 2021).

It can hardly be refuted that globalisation usually leads, at least in the short to medium term, to increased competition. The ensuing increase in efficiency in any case generates advantages in terms of stimulating growth of innovation and production for the various economic systems as a whole. In fact, with appropriate conditions, innovation implies the possibility of producing a greater quantity of goods with the resources available. Growth in production is not, however, a necessary result. Among the conditions to be met is the existence of policies that do not depress demand.

In a long-term context, which appears to be the most appropriate to the phenomenon in question, the consequences of globalisation in terms of efficiency are above all those of an increase in the growth rate of the world economy, due to increased specialisation and thus better exploitation of economies of scale and therefore a reduction in costs and an increase in the growth capacity of the world economy. However, it is precisely the exploitation of economies of scale that leads to the increase of large companies and economic concentration. Therefore, in the long run, the fiercest competition that arises in the initial stages of globalisation can give way to a phase of monopolisation of the markets by some companies, not necessarily the most efficient. A further effect on efficiency that is difficult to assess takes place through the environment: if globalisation implies a higher growth it can trigger greater emissions of industrial pollutants and other kinds of environmental degradation, such as land use, chemicals thrown into the soil, deforestation and reduction of biodiversity. A specific negative effect can derive from the diffusion of global value chains (GVC). International fragmentation of production between different sites located in various countries, in fact, implies a greater volume of transports and is, thus, energy-consuming. Air transportation is reducing the ozone layer. The same effect derives from the higher production role of countries that have less restrictive environmental policies, such as China and India. In this field – as in others where globalisation

has an impact – a larger role of international agreements protective of environment would have been necessary, as has happened to some extent with agreements complementary to NAFTA. On the other hand, globalisation can trigger technological innovations that lead to more energy-efficient production processes (see, among others, Copeland *et al.*, 2021; Christoff and Eckersley, 2013; Huwart and Verdier, 2013).

The distributive consequences of globalisation concern the distribution within each country among the various forms of income and within each category of income, such as between skilled and unskilled workers for wages, as well as the distribution of benefits and costs among the various countries. The opposite result occurs in the phase of an increasing degree of monopoly. The category of operators most exposed to the disadvantages of globalisation is that of unskilled workers in industrialized countries, who suffer from direct competition (due to immigration from developing countries or the relocation of productions highly-intensive in low-skilled labour implemented through foreign direct investment) as well as indirect competition (through the import of goods with a high intensity of low-skilled labour)⁴. However, Hicks and Deveraj (2017) suggest that technological changes have been much more important than globalisation in causing income inequalities. The total decline in US manufacturing employment in the period from 2000 to 2010 was due to productivity increases for 87.8% and to trade for 13.4%.

Poverty in absolute terms (or *extreme poverty*) has tended to decrease. The number of people who do not enjoy an acceptable minimum standard of living has indeed decreased, but the reduction of extreme poverty and hunger set by the United Nations in 2000 as one of the Millennium Development Goals has not been fully achieved, despite a substantial reduction.

From the point of view of the distribution of advantages among the various countries, as a consequence of globalisation, some countries are emerging from their condition of backwardness also thanks to the liberalisation of trade and the creation of a world market. However, the growth of trade and international movements of capital has not contributed to curbing the process of marginalisation that has characterized part of the least developed countries in recent decades, and sometimes has strengthened it, for numerous reasons: e.g., the fall of the tariff barriers erected by some of them to protect their fragile internal productive structure.

⁴ On the distributional effects of globalisation see in particular Petri and Banga (2021).

For the purposes of economic policy what is important is not only the effects of globalisation on efficiency and equity, but also other effects, linked precisely to increased interdependence. First of all, some effects are due to the increased international division of labor. E. g., the devaluation of a currency, which normally implies an increase in the competitiveness of that country, and therefore more exports and fewer imports for the country that devalues, may not have these effects or have them to a lesser extent. If, for example, to produce a car in country A, locally produced engines, transmissions produced in country B, and other components produced in countries C, D, etc. are used, the devaluation of the currency of country A will not imply an appreciable increase or an increase at all in automobile exports. It could instead imply their invariance or decrease, if at the same time the currency of one or more other countries in which other component parts are produced are revalued.

Other effects are related to the increased exposure to real or financial external shocks, as changes in the economic conditions of one country reflect on other countries, the more so the larger is the first country (think, e.g., of the financial crisis begun in the USA in 2007).

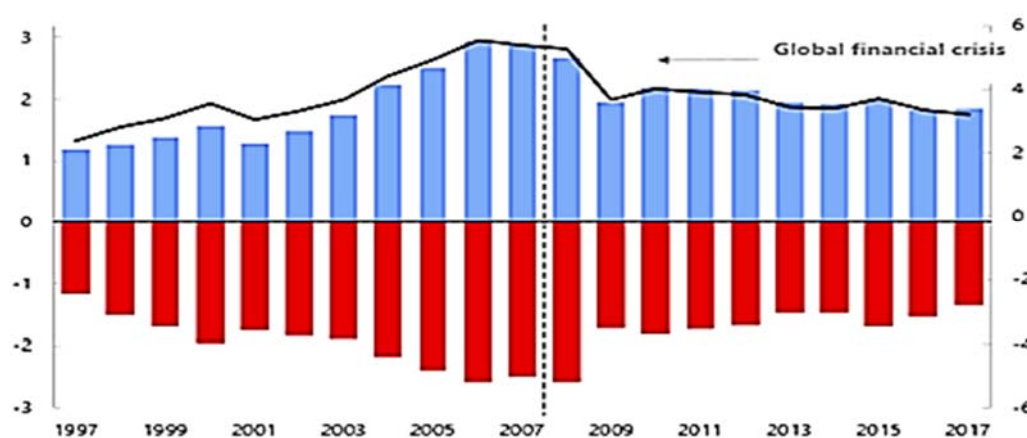
4. THE IMBALANCES OF INTERNATIONAL PAYMENTS IN RECENT DECADES

The problems that have emerged in the last three to four decades, on the one hand, are specific to the relations between certain groups of countries and, on the other, concern all countries. In part as a premise to the financial crises of recent decades, in part as an indication of the different trends in the development of various countries, increasingly strong international imbalances have emerged. Current account imbalances - which we allude to - may or may not be entirely appropriate. The first is the case of emerging countries, which need to buy investment goods abroad and, not infrequently, raw materials to build their industrial apparatus and still do not have the possibility of producing enough or producing sufficiently competitive goods at all. Inappropriate current account imbalances are those resulting from distortions in the country's economic system and, potentially, in some cases from excessively risky situations.

The distortions can be caused by low wages and an excess of savings within the country, which lead to insufficient demand and, therefore, to low imports and therefore tends to stimulate exports, with the consequence of a current account surplus. The policy followed is often a 'policy that harms the neighbour', that is, derives from a *beggar-your-neighbour* strategy. This surplus

situation is exemplified by Germany and China. Conversely, the US, UK, Brazil, Indonesia, South Africa and Turkey increased their deficit. While the case of the deficit of the first two countries derives from policies different, but to some extent harmful to other countries, that of the emerging countries configures, as mentioned, the typical consequences of a development strategy (Figure 3).

FIGURE 3 - *Current Account Balances in % of World GDP, 1997-2017*



Source: International Monetary Fund database.

Note: Negative balances are indicated at the bottom; positive balances are at the top. Both are in % of world GDP and are measured on the left-hand scale. The solid line at the top indicates on the right-hand scale the sum of the negative and positive balances, again as a % of world GDP.

In any case, a polar equilibrium situation had established in the world, inherited from World War II. This has favoured the growth of international relations with little or no instability. Growth of China has recently established, instead, a multipolar equilibrium, which – as in the past with similar cases (e.g., the case of the pound and the dollar) – has proved to be rather unstable. And, unlike in the past, due to cultural and political factors, the conditions that allowed a painless or almost painless transition from multipolar equilibrium to an equilibrium in which a single currency is dominant may not exist.

An example of the instability can be offered by the fact that China is still the holder of silent violations of international agreements that have resulted in European appeals to the WTO and US retaliation, actually followed by a second round of Chinese counter-retaliation, first, and

American, after. Partly in defense of China is the consideration of the fact that a country that is just emerging from a state of backwardness has more justifications than a country at the forefront of the world economy in adopting measures to restrict the action of foreign companies. However, the acceptance by the Chinese of international rules which provide for such cases, implies compliance with the rules themselves.

The Trump administration also followed a policy trying to reduce the deficit of the US-China bilateral trade, to increase employment in the US, to limit access to American technologies and to prevent the growth of China's military strength (Kapustina *et al.*, 2020). This policy seriously threatened US compliance with global and regional international agreements and undermined the existing structure and equilibrium. In September 2020, the WTO ruled that the United States had violated international rules by having imposed high additional tariffs on goods for more than \$ 380 billion against China since March 2018.

In terms of threats to the current equilibrium in international relations, to the actions of the United States towards China mentioned above must be added the threat (thankfully returned) of the USA to introduce tariffs against Europe and the denunciation of the regional agreements entered into by the United States which led to the renegotiation of the duties initially established within the NAFTA (North American Free Trade Agreement), with Canada and Mexico, which since April 2020 has been substituted by the USMCA Agreement between the same countries.

Towards the WTO, the Trump administration tried to justify what was actually a violation of the Organisation's rules – that is, the use of discriminatory tariffs on steel and aluminum – with the argument that they are goods of importance for national security, even if that could hit some 'friendly' countries such as Canada and Japan and would undermine the global trading system. In reality, Trump's decision in some measures backfired on the United States, hitting not only these two countries, as products subject to tariffs are produced by US TNCs and enter different value chains⁵, from which also goods produced in the United States originate, which leads to an increase in the prices of these goods.

⁵ On these see Unctad (2013).

Another action by which the Trump administration had weakened the WTO is that which attempted to block the activity of this organisation's *Dispute Settlement Body* by failing to renew its members.

5. GLOBAL VALUE CHAINS AND THE PANDEMIC

Meanwhile, a third or fourth phase of globalisation can arise. Some de-globalisation tendencies in bilateral trade, foreign direct investment flows and also in technology, much less for finance had begun to appear already in 2008 and both the US push to contain China's expansion and the pandemic have strengthened them (García Herrero and Tan, 2020). According to Antràs (2020: 1) there is little systematic evidence indicating that the world economy has already entered an era of de-globalisation. Recent tendencies can simply be a phase of reduction of

“the unsustainable increase in globalisation experienced in the late 1980s, 1990s and early 2000s”.

A blow to globalisation had already resulted from the recognition of the damage produced by excessive international movements of capital, but the various countries had not imposed restrictions on them. On the other hand, the flows of goods – particularly those relating to merchandises – have stagnated, while trade in services has increased since the beginning of the financial crisis. Now, the pandemic has further undermined one of the three pillars of globalisation, namely international production, hitting the connective tissue constituted by the GVC, or the production chains of goods that cross borders and countries, from one end of the world to the other.

All this will lead to a further slowdown in the international integration process, in addition to that which has already occurred in terms of global flows of capital and goods, and this slowdown has been defined by the English weekly ‘The Economist’ with the term ‘*slowbalisation*’ (‘slowing of globalisation’ or ‘*de-globalisation*’)⁶.

The disruption of international relations deriving from the pandemic has been all the more profound as it has had an influence on GVC.

⁶ See The economist (2019). On slowbalisation see also the recent article by Irwin (2020) and the empirical and analytical review by Kandil *et al.* (2020).

The international fragmentation of production between various countries expressed by global value chains can have different effects in a situation of vast pandemic. On the one hand, it has been shown that firms with greater market power and larger GVC have better resisted the impact of the pandemic (Hyun *et al.*, 2020). In particular, this refers to transnational corporations. On the other hand, it has been shown that ‘upstream’ GVC – e.g. in the production of components and inputs – (like those prevailing in Italy) can be less negatively affected than ‘downstream’ GVC – e.g. for the final assembly of products (Giglioli *et al.*, 2021). In addition, chains can cause problems to other firms during a pandemic. In fact, the suspension of international traffic that follows the limitations introduced by the various countries (which are certainly more binding than those that can be decided in a single country) can impair the production of the final good, causing a negative supply shock. Consider that in the period January-February 2020 alone, China reduced its exports of data processing tools by more than 30% and imports of the same products by more than 45% (Seric *et al.*, 2020). Even if in the long term and in the absence of problems created by the epidemic, the re-nationalisation of chains is less advantageous from an economic point of view, due to the loss of the long-term advantages deriving from relations with foreign suppliers (see Giovannetti *et al.*, 2020), in the presence of the pandemic it would certainly reduce the drop in production. In addition, repatriation of GVCs can shield a country against foreign shocks but cannot increase that country’s welfare (Eppinger *et al.*, 2021). This is why many – such as, for example, the French Minister of Economy and Finance, Bruno Le Maire – are asking the European authorities to ensure sovereign and independent supplies (see Le Maire, 2020).

Moreover, Ricci (2020) notes that

“the epidemic has vividly shown large companies that this network is also beyond their control. They realized that, in many cases, they have no idea about who supplies that particular component, where the hell it is and whether, at this point, it will continue to supply material or not”.

And in the future, catastrophes other than an epidemic, such as a tsunami (or even trade wars) can have similar effects.

Both American and Chinese firms are adapting to simplify these chains, but it is the European ones that have resorted to them to a greater extent, covering about 70 percent of the value of the products that are exported and therefore require now more profound adjustments.

6. WHY INTERNATIONAL COORDINATION IS IMPORTANT ... AND DIFFICULT?

International coordination can be defined as a situation in which each country manoeuvres the policy instruments at its disposal in order to achieve not only its own objectives, but also those of the rest of the world.

The need for coordination can arise when there is interdependence between the various economies. In this case, the uncoordinated action of the various countries usually leads to sub-optimal results.

Economic interdependence has repercussions in other countries that can be positive or negative. Therefore, these repercussions constitute forms of externalities (spillover) or external economies and diseconomies, i.e. effects, positive or negative, caused by the action of a subject on other subjects, without the former, respectively, receiving or paying a compensation. In addition, global or international public goods arise, as exemplified by peace, the environment, biodiversity, health, scientific and technical knowledge, financial stability, the existence of common technical standards, such as accounting rules, measurement systems and technical standards (think, in this case, of power sockets). The negative effects of the lack of (or scarce) production of global public goods are more difficult to remedy than in the case of national public goods. In fact, in this case the main operator that tends to avoid such negative effects in a national context, i.e. the State, can act itself as a free rider – or parasite – with respect to global public goods, and there is no supranational authority that can make it to obey. This is, e.g., the case when some countries refuse respect of international treaties that provide for limitations on pollution, as happened for the United States, which had remained the only country in the world that was playing this role with the Trump administration, which had decided not to ratify the Paris Climate Agreement.

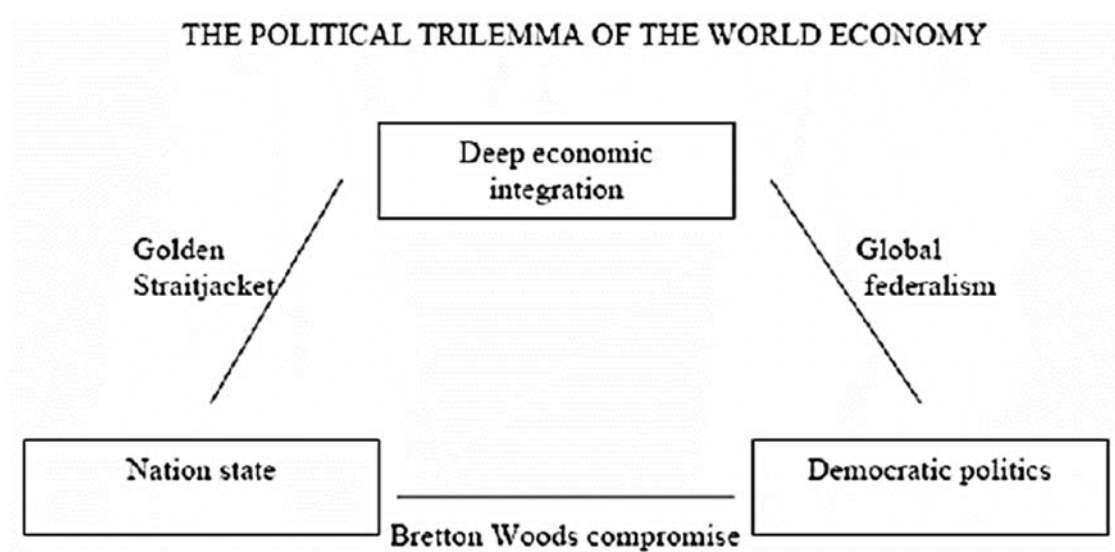
In the light of these considerations, it can be concluded that international coordination tends to be favoured by the presence of both an effective system of sanctions for the countries that decide to act as free riders and an adequate compensation mechanism in terms of other objectives for the countries that, despite being damaged with respect to a given objective, adhere to multilateral agreements, respecting them.

Obviously, cooperation in these matters implies that the problem of safeguarding starting positions is addressed, in particular, for countries that are in a disadvantaged position and which

could also see this position worsened. To meet these requirements, exceptions, delays, safeguard clauses, etc. are often introduced in international agreements in favour of the weaker countries.

In general, the effectiveness of international cooperation is entrusted to the presence of rules and public bodies capable of covering in geographical terms the global space in which private institutions (market, firms) now operate. In other words, it is a question of matching global private institutions with a world government – or at least a government at a ‘regional’ (supranational) level, such as the European Union – capable of dealing with the failures of the former in terms of efficiency and equity, precisely at a global or regional level. The problems of political representation, especially at a global level, are enormous, but this seems to be the way to go. Otherwise, the well-known issues that arise at the national level will reproduce at a new and wider level.

The problem of instability can be led back to the Rodrik trilemma that highlights the mutual incompatibility between deep international integration, national sovereignty and democracy (see Figure 4). According to this trilemma, two of these conditions can be satisfied at the same time, but not the third. For example, globalisation and the nation state imply giving up democracy, because national sovereignty would interfere with the consequences of international integration, which requires following the guidelines of the markets. The acceptance of the democracy-nation state binomial prevents full international economic integration, because that binomial would lead to results not pleasing to the markets, due to the fact that the state would direct the economy in a different direction from markets. So it was in the world of Bretton Woods, where capital movements were limited, to leave room for freedom for nation states. Finally, international integration and democracy at the international level would imply the non-existence of the nation state, because it would be necessary to accept the guidelines of the international bodies.

FIGURE 4 - *The Political Trilemma of the World Economy*

Source: Rodrik (2011).

International integration, democracy at the international level, and the nation state are the three poles between which the world economy and its political structure oscillate. The various countries have chosen paths that are halfway between acceptance and rejection of the various poles. Apart from forms of international integration such as the EMU at a world level, the need arises of reconstructing the environment of tempered liberalism that characterised the first decades after WWII.

In any case, the goal should be pursued of a multilateral attitude tending to implement sustainable development goals (Unctad, 2020). First, efforts should be made to promote growth through appropriate investments, not only in environmental matters, but also in the implementation of the latest technologies (industry 4.0 – i.e., the fourth industrial revolution enlarging automation of traditional manufacturing and industrial practices – artificial intelligence, machine learning, etc.), in order to facilitate sustainable development. In addition, the current globalisation should be made more inclusive as to the countries involved and a countervailing power with respect to that of specific countries and the multinational companies should be developed by national and – even more – international public institutions and some private ones, such as those of workers (Ietto Gillies, 2020). In other terms, liberalisation should be balanced with a proper regulation.

7. SUMMARY AND CONCLUSIONS

Apart from some parentheses, globalisation has proceeded over time, due to various factors, of a technical nature and of an economic policy kind. Among the latter, a cooperative international political-institutional environment plays a decisive role, which can help explain the sustained pace of globalisation after WWII. The consequences of globalisation on efficiency can be different in the short run, when they are generally positive, and in the long run, when they can be negative, if globalisation leads to an increased degree of monopoly. As to equity, the effects in single countries are beneficial for some people and negative for others. A similar impact can derive from globalisation on different countries. However, it should be recalled that ungoverned globalisation can lead to economic imbalances, which raises the need for some kind of international coordination. In the recent decades this has proceeded with beneficial effects, but in the last few years notable oppositions have grown, in particular by China and the United States, leading to tariff wars and the like.

The analysis of recent tendencies of imbalances and the reasons for international coordination lead to an important result. The world must now avoid following the attitude towards international uncontrolled movements of goods and capital that has featured the last fifty years, pointing instead to the renaissance of the environment of tempered liberalism born with the Bretton Woods institutions. The need for re-establishing a form of tempered liberalism then arises, possibly with an accentuated dose of international sovereignty. The issue arises, however, of how to reconcile the major powers that are now engaged in some sort of trade war. A number of issues arise in doing so. On the one side, the critical challenge is to sustain the positive aspects of economic change while designing policies to overcome its negative side-effects (Petri and Banga, 2021). On the other, international integration, democracy at the international level, and the nation state are the three poles between which the world economy and its political structure should oscillate. In any case, the goal should be pursued of a multilateral attitude tending to implement sustainable development goals.

REFERENCES

- Antràs, P. (2020), “De-Globalisation? Global Value Chains in the post-COVID-19 Age”, Harvard University, November 16.
- Chandy, L. and B. Seidel (2016), “Is Globalization’s Second Wave Going to Break?”, Brookings Global Economy and Development, October 4.
- Christoff, P. and R. Eckersley (2013), *Globalization and the Environment*, Rowman & Littlefield Publishers: Lanham, MD.
- Copeland, B.R., J.S. Shapiro and M. Scott Taylor (2021), “Globalization and the Environment”, NBER Working Paper No. 28797.
- Eppinger, P., G.J. Felbermayr, O. Krebs and B. Kukharskyy (2021), “Decoupling Global Value Chains”, Cesifo Working Paper No. 9079.
- European Commission (2017), *Reflection Paper on Harnessing Globalization*, 10 May, <https://commission.europa.eu/system/files/2020-07/reflection-paper-globalisation_en.pdf>.
- García Herrero, A. and J. Tan (2020), “Deglobalisation in the Context of United States-China Decoupling”, Policy Contribution 2020/21, Bruegel.
- Giglioli, S., G. Giovannetti, E. Marvasi and A. Vivoli (2021), “The Resilience of Global Value Chains during the Covid-19 Pandemic: The Case of Italy”, DISEI, Università degli Studi di Firenze, Working Paper No. 7.
- Giovannetti, G., E. Marvasi and G. Vannelli (2020), *The Exposure of Italy along the Global Value Chain in a Covid-19 World*, mimeo.
- Gravina, A.F. and M. Lanzafame (2021), “Finance, Globalisation, Technology and Inequality: Do Nonlinearities Matter?”, *Economic Modelling*, 96(March), 96-110.
- Held, D., A. McGrew, D. Goldblatt and J. Perraton (1999), *Global Transformations*, Stanford University Press: Stanford.
- Hicks, M.J. and S. Deveraj (2017), *The Myth and the Reality of Manufacturing in America*, Ball State University Center for Business and Economic Research, Muncie: Indiana.
- Huwart, J-Y. and L. Verdier (2013), *Economic Globalization. Origins and Consequences*, OECD Insights: OECD Publishing.

- Hyun, J., D. Kim and S-R. Shin (2020), *The Role of Global Connectedness and Market Power in Crises: Firm-Level Evidence from the COVID-19 Pandemic*, in: "Covid Economics. Vetted and Real-Time Papers", CEPR Press, Issue 49, 18 September.
- Ietto Gillies, G. (2019), *Transnational Corporations and the International Production. Concepts, Theories and Effects*, Edward Elgar: Cheltenham, UK.
- Ietto Gillies, G. (2020), "Reflections on Organizational Change and Interdependence in a post-Covid-19 Society", *Economia e Lavoro*, 54(3), 77-91.
- IMF (various years), International Monetary Fund database, <https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/BRA/CIS>.
- Irwin, D. (2020), "The Pandemic Adds Momentum to the Deglobalisation Trend", VOX CEPR Policy Portal, 5 May.
- Kandil, N., O. Battaïa and R. Hammami (2020), "Globalisation vs. Slowbalisation: A Literature Review of Analytical Models for Sourcing Decisions in Supply Chain Management", *Annual Reviews in Control*, 49, 277-287.
- Kapustina L., L. Lipková, Y. Silin and A. Drevalov (2020), "US-China Trade War: Causes and Outcomes", SHS Web of Conferences Vol. 73, No. 01012, <<https://doi.org/10.1051/shsconf/20207301012>>.
- Le Maire, B. (2020), "European Industrial Sovereignty", Minister Bruno Le Maire's Speech – International Press Conference, Bercy, 2 April, <<https://bit.ly/2CCj6JA>>.
- Petri, P.A. and M. Banga (2021), *The Economic Consequences of Globalisation in the United States*, in: S. Urata, H. T. Thanh Doan (Eds), "Globalisation and its Economic Consequences: Looking at APEC Economies", Chapter 8, pp. 192-213, Routledge: Abingdon-on-Thames.
- Ricci, M. (2020), "Dal coronavirus un nuovo colpo a una globalizzazione già malata", *la Repubblica*, 14 March, <https://www.repubblica.it/economia/rubriche/eurobarometro/2020/03/14/news/coronavirus_deglobalizzazione-251263007/>.
- Rodrik, D. (2011), *The Globalization Paradox: Democracy and the Future of the World Economy*, W.W. Norton: New York and London.
- Seric, A., H. Görg, S. Möhle and M. Windisch (2020), "Managing COVID-19: How the Pandemic Disrupts Global Value Chains", Iap.unido.org (Industrial Analytics Platform), 27 April, <<https://bit.ly/3h3lh6L>>.

The Economist (2019), “Slowbalisation: The Future of Global Commerce”, January 24th.

Unctad (2013), World Investment Report 2013. Global Value Chains: Investment and Trade for Development, United Nations Conference on Trade and Development, United Nations Publications: Geneva.

Unctad (2020), World Investment Report 2020. International Production Beyond the Pandemic, United Nations Conference on Trade and Development, United Nations Publications: Geneva.

WTO (2008), World Trade Report. Trade in a Globalizing World, World Trade Organization: Geneva.