Introduction

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INTRODUCTION

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The historical series of events that began at the turn of the 2020s marks a major shift in the evolution of the global economic order. This unprecedented series of shocks (the Covid-19 pandemic and the weakening of global value chains (GVCs), the war in Ukraine and sanctions against Russia, the energy crisis and inflationary pressures that prompted a sharp tightening of monetary policies, aggressive protectionism by the new Trump administration, and so on) has resulted in a *polycrisis*, according to the now accepted term, i.e., a multidimensional crisis whose elements interact with and reinforce each other.

Seen through the lens of Morin's systemic approach (1990), this *polycrisis* indeed reveals a set of interconnections, feedback loops, and cumulative effects characteristic of complex systems. The product of short- and long-term timeframes and rising geopolitical and geoeconomic tensions, it also reveals the structural limitations and vulnerabilities resulting from the phase of intensive integration of the global economy that began in the late 1970s. This span of a half-century saw the center of gravity of the global economy shift from advanced countries to emerging countries, particularly in East Asia, which were the main drivers of the rapid growth of international trade and global GDP. The share of emerging and developing countries in global GDP has risen from 25% to 40% in current terms (and to over 60% in purchasing power parity – PPP) between 1980 and 2025. This period

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has also been characterized by a profound transformation and diversification of global capitalism, which has become multipolar and multifaceted and is dominated by the antagonism between the two superpowers, the United States and China (Plihon, 2025).

GLOBALIZATION IN RECENT DECADES: A SOURCE OF MULTIPLE TENSIONS

The phase sometimes referred to as that of "happy globalization" could not occur without stirring up tensions of various kinds that seriously challenged the positive dynamics of global growth based on the supposedly limitless expansion of international trade. From this point of view, the *polycrisis* has acted as a revealer, a trigger, and a catalyst.

First, it should be noted that the rewards of this rapid redistribution of wealth in the global economy have been very unevenly distributed (Jaillet, 2021). Asia, and more particularly China, whose share of global GDP rose from 4% to 17% between 1990 and 2020 (in PPP), experienced spectacular expansion, unprecedented in economic history, while many emerging economies in South America and sub-Saharan Africa stagnated. Sub-Saharan Africa remained largely excluded from the process of trade globalization. Likewise, the sharp decline in extreme poverty over the same period, from 36% to 10% of the world's population according to World Bank statistics, has mainly concerned Asia.

The extreme specialization of GVCs, which today constitute 70% of international trade, appears to represent the ultimate extension of Ricardian comparative advantage theory. It has been implicitly based on the prevalent idea, inspired by Romer's (1986) theories on endogenous growth and Young's (1928) theories on the dynamics of industrial networks, according to which the (national and international) division of labor can generate unlimited growing returns on a global scale. While this extreme specialization of GVCs has indeed benefited consumers in advanced countries, it has also put strong pressure on their industrial bastions, increased the interdependence of economies and, consequently, their vulnerability to geopolitical turmoil and logistical disruptions in value chains, as the Covid-19 pandemic clearly illustrated (Baldwin and Freeman, 2021). It has also been accompanied, particularly in the United States, by recurring current account imbalances as the corollary for Chinese and European surpluses and has contributed to the subsequent rise of protectionist tensions.

This extreme specialization of GVCs has also led to an increase in the direct and indirect costs associated with international freight (increased greenhouse gas emissions, insurance against geopolitical risks, rerouting of maritime traffic, and so on), while at the same time communication costs have plummeted, fostering the globalization of services, which itself contributes significantly to CO^2 emissions.

Even though it has slowed, global economic growth (and the inevitable process of emerging and developing countries catching up with the consumption levels of advanced countries) appears increasingly incompatible with the target set at the COP21 of limiting global warming to 1.5°C or even 2°C by the end of the century, a target already out of reach. Climate constraints have become a bone of contention, fanning conflicts between advanced and emerging countries over the sharing of adjustment efforts and the financial support required from the "historical" emitters of CO^2.

Finally, the *polycrisis* has required massive budget transfers and amplified a trend towards increasing government debt, which existed already for several decades in most advanced economies, whose governments are under strong political and social pressure to cushion the (real and perceived) effects of globalization on employment and income. The more or less controlled deterioration of government debt levels limits the budgetary room for maneuver, which is essential, especially at a time when governments will have to come up with massive funding tied to the climate transition ($1.3 trillion per year, according to figures announced at the COP30) and to the "rearmament" of Europe (European Commission, 2025). The issue of the sustainability of government debt has again come to the fore in the context of slowing growth and tighter monetary and financial conditions, fueling a spiral whereby political fragility and financial vulnerability reinforce each other. Under these conditions, attracting sufficient savings from around the world that have a hard time of meeting investment needs is also becoming a subject of international competition.

FRAGMENTATION AND GEOECONOMIC RECONFIGURATION OF TRADE

The Covid-19 pandemic severely disrupted global value chains, particularly in the manufacturing industry, and their restructuring since 2021 has not restored the *status quo ante*. Western sanctions against Russia have partially redrawn the map of global trade and led to circumvention strategies by that country, which has strengthened its ties with China and a few allies of convenience (India and Iran, but also Turkey, and even some oil-exporting Gulf countries). This has resulted in increased intra-block trade, to the detriment of inter-block flows, particularly between Russia and Western countries. But doubt may be cast on the effectiveness of a sanctions system fraught with loopholes and adverse effects.

The surge in international trade since 1990, driven by countries (particularly China since it joined the World Trade Organization – WTO – in 2001) who are pursuing openly mercantilist policies, has led to rampant protectionism by those countries' "partners". A study by the International Monetary Fund (IMF) showed that measures restricting international trade increased tenfold between 2010 and 2022 (Bolhuis *et al.*, 2023), while bilateral and regional trade agreements proliferated over the same period outside the rules of a WTO that was too weak to enforce its principles of free trade and equal treatment. Donald Trump's aggressive "transactional" tariff policy is thus part of a long-standing trend that it has only exacerbated. It should be noted that his predecessor had already embarked on that path (i.e., the Inflation Reduction Act of 2022, a program of massive subsidies for US industry).

Protectionism and mercantilism thus appear to be dialectically connected strategies that are reshaping trade flows. Some countries close their borders, others reroute trade, and those unable to develop credible trade strategies are adjustment variables. The escalating tariffs imposed by the United States on China and other exporting economies in Asia thus cause exports to be redeployed towards Europe.

However, in a world that has become more conflictual, international trade is also determined by considerations of national sovereignty and "strategic autonomy" in order to secure supplies of critical raw materials (i.e., rare earths) and to master cutting-edge technologies (semiconductors, artificial intelligence) and digital networks. This trend towards the "weaponization" of international trade is part of the logic of the fragmentation of the global economy into blocks, sometimes interpreted as the beginning of a Cold War II (Gopinath, 2023). At the same time, the rapid increase in military spending involves major financial and industrial challenges that require making economic policy choices presented as preparing for a "war economy" (not without the risk of misusing language, as political communication typically does).

FINANCE'S DANGEROUS GAMES

The rapid rise of cryptoassets (strongly encouraged by the Trump administration), tied to that of the digital economy, raises the question of monetary sovereignty, but also of the advisability of central banks regulating a rapidly growing ecosystem and of whether they are able to do so. These innovations are shaking up an international monetary and financial system that is still centered on the United States and the dollar, even though today this hegemony is being challenged (Shin, 2025).

International payment systems are becoming a new arena for geopolitical rivalry. Tensions related to the exercise of US extraterritorial jurisdiction, which was already controversial (particularly during the tightening of the embargo on Iran in 2018), have risen after the sanctions against Russia. This has prompted China, with the support of other BRICS members (Brazil, Russia, India, China, and South Africa), to try to break free from the dollar's dominance by promoting the internationalization of the renminbi and developing its own international payment system (China International Payments System – CIPS) as a competitor for the Society for Worldwide Interbank Financial Telecommunication (SWIFT) (Cipriani *et al.*, 2023). The surge in renminbi-denominated transactions, although still very marginal, is beginning to crack the dollar's virtual monopoly as a settlement and billing currency, especially in the commodity and oil markets.

In a more conflictual geoeconomic context, the question also arises of how to manage monetary externalities and cooperation between the main central banks, particularly in the event of a new financial crisis on a scale comparable to that of 2008-2009. That crisis illustrated the need for close cooperation between central banks and led them to deploy specific crisis management instruments (e.g., currency swaps). In that regard, the challenge that Donald Trump presents to the independence of the Federal Reserve (Fed) and its "politicization" may raise concerns about the future of that cooperation.

Finally, there is a risk of international fragmentation of banking and financial regulation, given that the Trump administration is calling into question the achievements of the post-crisis prudential framework (BIS, 2023). This is evidenced by the partial dismantling of the Dodd-Frank Act, passed in 2010 by the US Congress (but already watered down in 2018), and the reluctance to implement the international Basel III agreements (Tran, 2025). The attendant risk is that other jurisdictions, themselves under pressure from competitors and national lobbies, will be encouraged to relax their own systems in a race to the regulatory bottom that could undermine the international financial framework in the face of a new systemic crisis.

Following this introduction, in an interview with us *Pascal Lamy* shares the particularly insightful perspective of someone who was a privileged witness and, even more, a key player in the final phase of globalization as European Commissioner for Trade from 1999 to 2004, before heading the WTO from 2005 to 2013. He emphasizes how geopolitical power relationships carry a risk of negative hyperdependence replacing positive interdependence in a world characterized by the "weaponization" of trade, where competition outweighs cooperation. However, he rejects the hypothesis of massive deglobalization and remains optimistic about the ability of a coalition of countries to redesign, if necessary without the United States, the contours of cooperative, rules-based world trade management.

This issue of the *Revue d'économie financière* (REF), which brings together thirteen contributions, is organized into three parts. The first part deals with the geoeconomic and geopolitical tensions that are shaking up a world order in which security issues are returning to center stage. The second part describes the upheavals and restructuring of trade in the context of capitalism in flux. The last part addresses fragmentation in the financial sphere from both an historical and future-oriented perspective.

THE WORLD ORDER SHAKEN BY SHOCKS

Sébastien Jean takes up the analysis of the division of international trade into two blocks, Western and Sino-Russian, which has prevailed since the outbreak of the war in Ukraine. International trade data show that the relative decline in inter-block trade is mainly linked to the sharp drop in trade between the United States and China on the one hand and between Russia and the Western block as a whole on the other. It is true that these trends have been mitigated by strategies to circumvent sanctions. Geopolitical tensions have therefore not (yet?) disrupted the geography of international trade.

Martial Foucault sets out to show how economic geostrategy is now at the heart of security issues and how it is reshaping the traditional categories of international relations. He addresses the importance of geoeconomics and related concepts of economic security and interdependence. And above all, he attempts to conceptualize a trilemma of interdependence based at the same time on globalization, security, and democracy.

Taking on the innovative (and still largely unexplored) exercise of quantitatively measuring geoeconomic tensions, *Laurent Ferrara and Jamel Saadaoui* identify several categories of indicators, assessing their strengths and limitations. When these indicators are incorporated into econometric models, they confirm the stagflationary effect of geopolitical shocks. The article concludes that rising tensions and geoeconomic fragmentation are powerful factors in reshaping the global economy.

According to *Alain Quinet*, Europe is not at war, but is facing an array of geopolitical threats that have led it to overhaul its economic priorities. The modern "war economy" is characterized by strong international interdependencies and the "weaponization" of commercial trade and finance and drives intense technological competition.

Beyond strengthening military capabilities, the war economy means restoring strategic autonomy and ensuring critical supplies, while catching up in innovation.

UPHEAVALS IN A NEW PHASE OF GLOBALIZATION

According to *Dominique Plihon*, the multidimensional crisis of international capitalism dates back to the 2008 financial crisis. The fourth industrial revolution is characterized by the emergence of digital economy monopolies and Europe falling behind the United States, while China is asserting itself as a systemic rival. This transformation is fueling a diversification of forms of capitalism (the Anglo-Saxon "market" model, the social-democratic model, the Chinese statist model, and so on), ushering in a potentially unstable historical transitional phase of "war between forms of capitalism."

Sylvie Matelly examines the growing use of international sanctions as a tool of coercive diplomacy since the end of the Cold War. She assesses their operational limitations when they pursue highly ambitious objectives (regime change or ending a war) and their possible adverse effects: nationalist reflexes that bolster the targeted regimes (rally 'round the flag), sanction evasion strategies, economic costs, or even political costs for the sanctioning countries, who may be suspected of applying "double standards". According to the author, sanctions must be part of a comprehensive strategy that combines coercion, incentives, and a credible multilateral framework.

For *Gilles Babinet*, the spectacular rise of AI illustrates a gap between the productivity expectations associated with its use, the uncertainty of whether its suppliers will be profitable, and their occasionally extravagant valuations, sparking fears of a bubble about to burst. The adoption of AI increases the risks of wealth concentration and loss of control. Trailing the United States, the driving force of innovation, which also benefits from the liquidity of its capital markets, and China, which will soon be autonomous along the entire value chain, Europe must invest massively, loosen its regulations, and develop its infrastructure and platforms in order to preserve its sovereignty and defend its values.

For nearly two centuries, the African continent has been affected by global geopolitical developments. Rising tensions have led to slowing trade and growth, which has especially affected poor countries and, in particular, the 32 least developed countries (LDCs) in Africa. *Matthieu Boussichas and Bruno Cabrillac* seek to show that external financing flows are also affected by the positioning of African countries in a global geopolitical game that itself influences the geopolitical fragmentation of the continent. A negative trajectory of development, which is already sluggish on the continent and particularly in the 32 LDCs, could take hold. But it is not inevitable if Africa can seize opportunities rather than simply suffer through the new international geoeconomic context.

FRAGMENTATION IN THE FINANCIAL SPHERE

André Lévy-Lang and Julien Pincet provide rich historical insight into the ties between geopolitics, finance, and the economy. Since ancient times, the economy and finance have made it possible to maintain a standing army, while growth in trade has fostered the consolidation of a secure space. Modern geoeconomics is still inspired by these principles, even if the goals and instruments have been partially inverted, with the military now serving as a means of ensuring economic development. However, the degree of globalization of the economy has far exceeded that of security.

Françoise Drumetz and Christian Pfister address the issue of monetary sovereignty from the perspective of the rise of new forms of currency (NFMs): central bank digital currencies (CBDCs), stablecoins (SCs), and tokenized deposits (cryptoassets other than SCs do not have the characteristics of a currency). In their view, NFMs present opportunities (for example, increased efficiency of international payments) and risks, particularly due to the financial instability associated with SCs and the loss of monetary sovereignty tied to the dollarization of the new forms of currency. However, they believe that this risk is overestimated in the case of developed economies, but less so in the case of emerging economies, which issue less credible currencies. Finally, the article discusses possible remedies for these various risks.

Should we anticipate a "payment war" against a backdrop of geopolitical and technological change? This is the question raised by *Marc-Olivier Strauss-Kahn*, who identifies three distinct worlds: cash (ultimate liquidity), central bank digital currencies (CBDCs), and cryptoassets (native assets such as bitcoins and stablecoins). The latter, which are still backed almost exclusively by the dollar and enjoy the political support of the United States, are becoming a lever of geopolitical influence, with CBDCs serving as the "sovereign" response to the rise of cryptoassets. However, according to the author, the dollar (and dollar-denominated stablecoins) could suffer from the international fragmentation fueled by "Trumponomics".

According to *Luiz Awazu Pereira Da Silva*, emerging and developing economies (EMDEs) face a structural paradox related to the externalities of an asymmetrical system dominated by the main issuers of reserve currencies, in particular the United States: they receive excessive short-term capital flows during periods of global liquidity abundance, but suffer from a chronic shortage of long-term financing, which reduces their capacity to invest. He recommends they adapt their monetary policy frameworks in order to reconcile price stability and financial stability when faced with shocks (including climate-related "green swans"). Finally, he examines scenarios for the evolution of monetary governance within a multilateral framework that would link financial stability, resilience, and the transition to carbon neutrality.

Gaston Gelos and Costas Stephanou discuss the risk of regulatory fragmentation in the financial sector. The close interconnection of financial systems is a factor for optimizing capital allocation and, therefore, long-term growth. This is also why financial stability is a global public good that must be guaranteed by standardized rules, as the great financial crisis and the reforms that followed have shown. It is therefore essential to avoid regulatory fragmentation and strengthen cooperation, given the new challenges (growth of non-bank financial intermediation, technological innovation, climate transition).

WHAT IS THE PERSPECTIVE?

This first volume of the *Revue d'économie financière* (REF, no. 160) provides an overview of the changing world order and describes the various factors that are contributing to fragmentation. The second volume (REF, no. 161), due to be published in the first three months of 2026, will examine conceivable prospects for global geopolitics in the rest of the 21st century from various angles:

– how to predict potential growth dynamics and changes in global economic hierarchies from a long-term perspective? In this regard, the rivalry between China and the United States, interpreted by some through the lens of the "Thucydides Trap," is a pivotal factor of future realignments;

– what role can the European Union play between these two blocks, given that it still lacks cohesion and is entering this phase with several handicaps, as was clearly outlined in the Draghi (2024) and Letta (2024) reports? It must boost its strategic, military, industrial, and technological autonomy, while preserving its positions in world trade in the face of aggressive Chinese neo-mercantilism and the reorientation of its historic ally in favor of its own national interests, and that in the context of geopolitical threats at its borders;

– how can the international monetary and financial system be restructured if there is a weakening of the dollar, the key currency of the International Monetary System, when today neither the renminbi nor the euro constitute credible alternatives? The viability of a multipolar system requires a framework for international cooperation, including in the fiscal sphere, which is being called into question by the erosion of multilateralism;

– what is the future of global governance? The Bretton Woods institutions, still dominated by their historical founders (the United States and Europe), are faced with the emergence of competing organizations promoted by China and the BRICS countries. Donald Trump's United States has embraced unilateralism to the point of neglecting its G7 allies and snubbing the G20. A divided Europe is struggling to assert any sort of leadership. Yet the world is facing the tragic paradox of having to manage global challenges that require collective responses at a time when international cooperation has never seemed so fragile.

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