

# “Discussion Board” Newsletter

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## Globalization to the test of fragmentation



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## QUESTION UNDER DISCUSSION

Is globalization over and what are the reasons? And what next?

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## EDITORIAL

### Globalization to the test of fragmentation

**The war in Ukraine has revived a debate about “the end of globalization”. While in the recent past, globalization has survived major disruptions (global financial crisis, populism, climate change, pandemic), this time might be different as Russia is being cut off from the global economy.**

In a letter to shareholders, BlackRock CEO Larry Fink warned that Russia’s invasion of Ukraine could put “an end to the globalization we have experienced over the last three decades” (Christine Schliesser). Fink is far from alone: a growing number of business executives and commentators believe that the war in Ukraine and the sanctions against Russia may accelerate the shift towards more self-sufficiency and/or more regionalism.

On the contrary, Valerio Bruno argues that “despite years of pandemics and the re-emergence of old and new blocs, globalization shows great resilience.” He explains, “it is clear from the recent conflict arising from the Russian invasion of Ukraine that while a country like Russia can opt for autarchy by virtue of its limited economy based on the export of raw materials, China has well understood that it is inconceivable for its economy to move away from the current dynamics of globalization.” Therefore, “it would be far too early to decree the end of globalization.”

Globalization may not be over. Nonetheless, the ninth largest economy in the world – Russia - is being cut off from the world economy (or at least from the West) and the trajectory of globalisation may

be deeply affected. From now on, governments and firms will have to integrate geopolitics in their decision-making and the world economy will become increasingly split in at least two parts. In other words, “the currently foreseeable conjunction between Russia, China, India and some Middle Eastern countries and Africa suggests a possible regionalization (into two or three zones) of current globalization” (Etienne Perrot).

There is a risk geopolitical tensions and the push for the so-called “friend-shoring” (Domingo Sugranyes) will lead to further fragmentation. This would further weaken global governance mechanisms and create greater uncertainty. We may not “have enough time or resources to fully understand the interconnection between global events as we only hear the 'bang' of the new crisis and stay alert for the next one” (Christos Tsironis). However, in the presence of unprecedented challenges facing the world, now is the time to strengthen the institutional framework needed to govern globalization and preserve the achievements of the last 40 years.

**[Virgile Perret](#) & [Paul H. Dembinski](#)**

**“... a possible regionalization of current globalization ...”**

The growth of international trade slowed down long before Russia invaded Ukraine. Even longer, WTO negotiations have been stalling; as the focus of discussions is not on tariffs and taxes but on quality, ecological and sustainability criteria. **As long as China does not have a sufficient domestic market to support its economic growth, the main driver of international economic relations will be continued globalization. In the longer term, the currently foreseeable conjunction between Russia, China, India and some Middle Eastern countries and Africa suggests a possible regionalization (into two or three zones) of current globalization.**



**Etienne Perrot**

*Jesuit, Dr. Economics sciences, editorial board of the magazine Choisir (Geneva), editorial adviser of the journal Études (Paris)*

**“... globalization can be renewed ...”**

War after a pandemic and a great recession... Emergency and disruption are served. Combat in Ukraine, sanctions against Russia, opposing military alliances, increasing tension between the US and China: opposed blocks are back, “friendshoring” of supply chains is on many business agenda, lack of Russian/Ukrainian grain and fertilizers threatens disturbance and hunger in other countries. **Through globalization, problems circulate worldwide as well as solutions, interdependence is a fact.** Europe should remain true to democratic and free-trade principles, and actively promote new relationships. **Protectionist or aggressive trade policies would prove extremely costly. Globalization can be renewed. There are opportunities to promote cooperation, investment, technology transfer and trade with relatively “nonaligned” actors, especially in Africa and Latin America.**



**Domingo Sugranyes**

*Director of a seminar on ethics and technology at Pablo VI Foundation, past Executive Vice-Chairman of MAPFRE international insurance group*

**“... globalization is not over, but we need to radically rethink it ...”**

**Russia’s invasion of Ukraine put an end to the globalization as we have known it in the past 30 years,** says Larry Fink, BlackRock CEO. Add the fall of Kabul and the Afghanistan disaster, not to mention the pandemic. **The wind of change is blowing harshly as it signals to the West that it cannot force its values onto the rest of the world.** Especially not, when

big words such as liberty and human rights have become the shabby disguise of self-interest. Humility and self-criticism have not been our core competencies so far. **Globalization is not over, but we need to radically rethink it.**

**Christine Schliesser**

*Senior Lecturer at Zurich University in Systematic Theology and Ethics and  
Director of studies at Fribourg University's Center for Faith and Society*



**“... the issues raised in the context of globalization are as old as civilizations themselves ...”**

Globalization is a protean concept. It is embodied in on-the-ground processes (trade, finance, etc.) and in the institutions, laws and regulations. Underlying these are conceptual frameworks covering their rationale, their means, and the actions and inaction of human participants. Commentators sometimes classify the effects of globalization under the headings of sovereignty, autonomy and interdependence. Sovereignty and autonomy overlap. Sovereignty concerns the relationship of states to their own citizens and to external parties. Autonomy concerns the ability to make and execute independent decisions. Autonomy should serve to accommodate differences in national cultures within frameworks which also facilitate multilateral cooperation. Sovereignty and autonomy are difficult concepts in the design of a global governance that enables resolution of tensions and conflicts. **The issues raised in the context of globalization are as old as civilizations themselves and will not disappear with enhanced consciousness of the shortcomings of the current version.**

**Andrew Cornford**

*Counsellor, Observatoire de la Finance; past staff member of UNCTAD, with special responsibility for financial regulation and international trade in financial services*



**“... one paradigm ends and another one succeeds ...”**

**Globalisation is not over if we have in mind a chain where one paradigm ends and another one succeeds.** The rapid and constant change seems to be the character of a supersonic Globalization: within just a few years, the debt crisis shacked normative illusions in the economy. Afterwards, Covid-19 pandemic transformed not only economic functions but also the ways we understand the global-local interconnection. Just before the pandemic ended, the war in Ukraine refuelled long sleeping fears of a world nuclear war. **One can observe many global events and concentric circles that succeed each other at**

high speed. We don't have enough time or resources to fully understand their interconnection as we only hear the 'bang' of the new crisis and stay alert for the next one. The functional inter-dependency between economies, societies, sciences, and wars will further deepen and affect humanity.

**Christos Tsironis**

*Assoc. Prof. of Social Theory at the Aristotle University of Thessaloniki*



**“... globalization shows great resilience ...”**

**It would be far too early to decree the end of globalization.** Even if we were to conceive it, strictly speaking, merely from a political-economic perspective, a possible moment of minor acceleration in the process and dynamics of globalization would not mean its end. On the contrary, **despite years of pandemics and the re-emergence of old and new blocs, globalization shows great resilience. In fact, it is clear from the recent conflict arising from the Russian invasion of Ukraine that while a country like Russia can opt for autarchy by virtue of its limited economy based on the export of raw materials, China has well understood that it is inconceivable for its economy to move away from the current dynamics of globalization, let alone replace them with new ones.**

**Valerio Bruno**

*Researcher in politics and Senior Research Fellow at the Centre for Analysis of the Radical Right (CARR)*



## LIST OF CONTRIBUTORS

**Valerio Alfonso Bruno** is a Researcher in politics and a Senior Research Fellow at the Centre for Analysis of the Radical Right (CARR), member of AREF and AIESC. He provides regularly political analysis for, among others, the Fair Observer, Social Europe and Indus News.



**Andrew Cornford** (Counsellor, Observatoire de la Finance; from 1977 until 2003 staff member of UNCTAD, latterly with special responsibility for financial regulation and international trade in financial services)



**Paul H. Dembinski** is the initiator and Director of the Foundation of the Observatoire de la Finance. In parallel, he is partner and co-founder of Eco'Diagnostic, an independent economic research institute working for both government and private clients in Switzerland and elsewhere. Paul H. Dembinski is also Professor at the University of Fribourg.



Dr. **Virgile Perret** holds a Ph.D in Political Science from the University of Lausanne and he is specialized in the study of monetary innovation from an interdisciplinary perspective. He collaborates with the Observatoire de la Finance where he is responsible for managing the global Prize "Ethics & Trust in Finance for a Sustainable Future".



**P. Etienne Perrot**, Jesuit, Doctor in Economics sciences, member of the editorial board of the magazine Choisir (Geneva), editorial adviser of the journal Études (Paris).



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**Domingo Sugranyes Bickel**, KCSG. Graduated from the University of Fribourg, Switzerland. Secretary General of UNIAPAC, Brussels, from 1974 to 1981. With MAPFRE international insurance group from 1981, Executive Vice-Chairman until 2008. From 2009 to 2019, Chairman of Vatican-based Foundation Centesimus Annus Pro Pontifice. Knight Commander of the Pontifical Order of Saint Gregory the Great (April 2019).



**Christos N. Tsironis** is Assoc. Prof. of Social Theory at the Aristotle University of Thessaloniki. He is member of various research partnerships and associations, member of AIESC and Director of the the Social Research Center for Culture and Religion.



## “DISCUSSION BOARD” – JOIN THE DISCUSSION

**The Observatoire de la Finance** intends to seize this period of pandemic to step back and take a fresh look at our global economic system, dare to ask new questions which the current crisis brings to the fore and propose innovative ways to rebuild a more resilient and sustainable economy and society.

**Our Discussion Board** focuses on commenting issues relevant to finance and economy in relations to society, ethics and the environment from a variety of perspectives, of practical experiences and of academic disciplines. It has been designed to share and discuss information and opinions expressed in a short and concise manner.

**Contributors** ([Discover the list of contributors](#)) are invited to react on a question/issue that is submitted in parallel to a limited group of experts. This happens on a regular basis, through a dedicated mailing list. After the deadline for submission, the reactions are edited and published with signatures in one document on the website of the Observatoire de la finance and on its LinkedIn page. If you would like to join the discussion, you may send an email to the editor, Dr. Virgile Perret <[perret@obsfin.ch](mailto:perret@obsfin.ch)>.

### OF Discussion Board – Questions addressed so far

- Question 27 : [Difficult times for “doing well by doing good”](#)
- Question 26 : [Sanctions against Russia: a real-size test for the West?](#)
- Question 25 : [Artificial intelligence: silver bullet in a Pandora’s box](#)
- Question 24 : [Inflation on the horizon: cloud or dragon?](#)
- Question 23 : [Standing up to new challenges](#)
- Question 22 : [Who wants to foot the bill?](#)
- Question 21 : [Rowing together to trim down the Gini coefficient](#)
- Question 20 : [Turning up the heat: can private insurance alone mitigate climate change damages?](#)
- Question 19 : [From the gold window to the global casino](#)
- Question 18 : [Turning point for the planet: can the G7 be trusted?](#)
- Question 17 : [Sustainable Finance: Hype or Hope?](#)
- Question 16 : [Universal basic income – an idea boosted by the pandemic?](#)
- Question 15 : [Multi-polarity: the best guarantee against falling \(again\) into the Thucydides Trap](#)