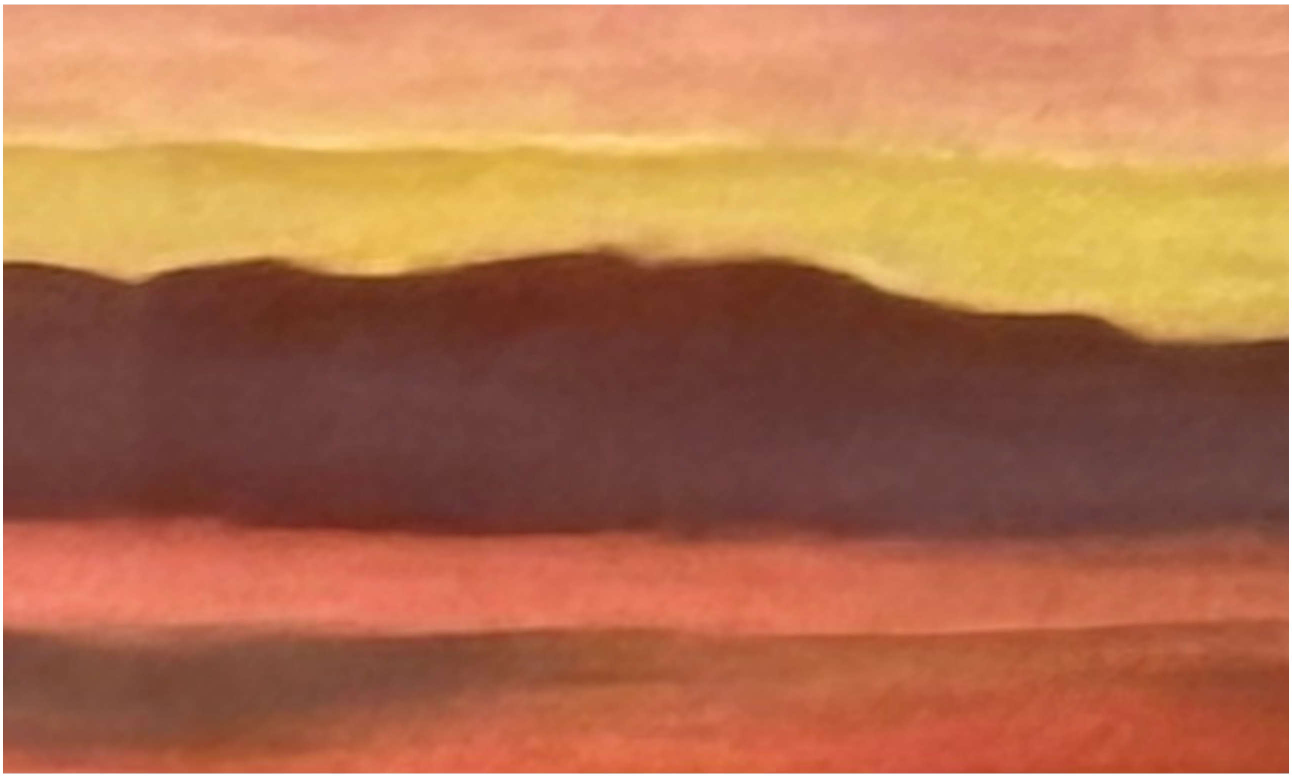

VITTORIO VALLI

CHAPTER 1: GLOBAL ECONOMIC POWER

chapter of the book

EUROPE AND THE WORLD ECONOMY:
THE YEARS 2000S

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EUROPE AND THE WORLD ECONOMY: THE YEARS 2000S

Chapter 1. Global economic power 12
1.1 Changes in global economic power 12
1.2 The overall economic dimension 14
1.3 The advantages of the large economic size 15
1.4 The technological level 17
1.5 Military strength 19
1.6 Financial power 21
1.7 Social cohesion, inequalities and civil rights 25
1.8 From industrial power to financial and technological power 29
Bibliographic note 34

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The book

The 2000s were not easy years. In the years 2000-2024, the world economy was shaken by numerous geo-political phenomena such as terrorism, wars, and great migrations; serious environmental phenomena such as global warming and the reduction of biodiversity; by large financial shocks and global pandemics, such as COVID 19. This suggests that without fusion in the red-hot crucible of history it is difficult to achieve good political economy. Economics helps shape history, but historical events often greatly influence economic trends.
Despite serious terrorist acts and wars, until 2007 the world economy, driven by the rise of large emerging economies such as China and India, managed on average to grow at a decent pace, but since the great financial crisis of 2008-9 onwards the trend has been much weaker and uncertain.
The book focuses mainly on the major economies of Europe and the rest of the world that most influence global trends.
It therefore begins with an analysis of the level and changes over time of the global economic power of the major economies, measured by their economic size, military, technological and financial power, economic and social inequalities and levels of social cohesion. Within countries and even globally, there has also been the growing influence on the political system of many very rich people and their companies. They have contributed to eroding democracy in several democratic countries, while in many autocratic regimes there has been a complex and not always clear interaction between political leaders and the very rich.
The book continues in the second chapter with an analysis of the relationships between major shocks, such as environmental changes, terrorism and wars, the great financial crisis, the Covid-19 pandemic, with globalization and the main trends of the world economy.
The third and fourth chapters are dedicated respectively to the economy of Europe and that of the other major economies of the world.
The two chapters analyze the progressive demographic, economic and technological withering of Europe and, within it, of the European Union and its main economies, including Italy; the slow, but continuing reduction of the economic hegemony of the great American power in the face of the rise of China and India and some large and medium-sized world economies; the

conflicting economic problems of the Islamic world; the persistence of widespread forms of poverty in many countries of the world.

One of the main conclusions of the book is that, unless nationalistic and supremacist tendencies, economic and social inequalities and the environmental crisis are fought with sufficient vigor and tenacity, the world will not be at peace and the European Union will not be able to arrest its economic, demographic and technological decline.

About the author

Professor Emeritus of Economic Policy and Comparative Economic Development at the University of Turin, he has taught at the Bocconi, Padua and Turin Universities.
He has been a visiting professor at the Institute of Economic Research of Kyoto University and the National University of Seoul and a visiting scholar at Berkeley, Brown and Roskilde.
First president of the Italian (AISSEC) and European (EACES) Associations of Comparative Economic Studies, he was director of the Department of Political Economy "Cognetti De Martiis" and of Coripe Piemonte, member of the Board of Directors of the University of Turin, of the Steering Committee of the CRT Foundation and of the Scientific Committee of the Einaudi Foundation in Turin. He is currently honorary president of the Observatory on Emerging Economies of Turin (OEET).
In his scientific activity he has written over 110 essays and 13 books mainly on problems of economic policy, development economics and comparative economic development, labor and education economics and policy.
His most recent books include *The American Economy from Roosevelt to Trump*", Palgrave Macmillan (2018) and two volumes on the major Asian economies: *The Economic Rise of China and India* (2015), and *The Economic Rise of Asia: Japan, Indonesia and South Korea* (2017), at the Accademia University Press in Turin. The fifth edition of his manual on Economic Policy (with Elena Vallino and Aldo Geuna) is also forwarding, and will be published in early 2026 by the Carocci publishing house in Rome.
A more complete bio-bibliographical profile appeared in Italian in Vittorio Valli (2021), "Reflections on the economy. For an inclusive and sustainable development*", Money and Credit*, 74, (296): 301-332 and on the personal website < vittoriovalli.eu >.

INDEX OF THE BOOK

The book 3

About the author 5

Index 6

Foreword 8

Introduction 9

Chapter 1. Global economic power 12
1.1 Changes in global economic power 12
1.2 The overall economic dimension 14
1.3 The advantages of the large economic size 15
1.4 The technological level 17
1.5 Military strength 19
1.6 Financial power 21
1.7 Social cohesion, inequalities and civil rights 25
1.8 From industrial power to financial and technological power 29
Bibliographic note 34

Chapter 2. The fundamental economic changes in the years 2000s 36
2.1 The main world economic trends 36
2.2 The great shocks of the 2000s. 40
2.3 The environmental crisis and global warming 40
2.4 The financial crisis and the Great Recession 43
2.5 The Covid-19 pandemic crisis 46
2.6 Terrorism and wars 47
2.7 Cyclone Donald 50
2.8 Globalisation and its partial implosion 53
Bibliographic note 57

Chapter 3. The economy of Europe 56
3.1 Europe: a continent that is partly rich but divided,
old and afraid 56
3.2 The United Kingdom: Pride and Prejudice 61
3.3 The European Union 63
3.4 Germany, France, Spain and Poland 70
3.5 The Italian economy 75
3.6 Italy and the comparison with South Korea 88
Bibliographic note 92

Chapter 4. Aspects of the world economy 95
4.1 The American economy and the comparison with China and Russia 95
4.2 Two major emerging economies in Asia: India and Indonesia 101
4.3 Three knowledge economies: Japan, Taiwan and Singapore 105
4.4 Brazil, Turkey, Mexico, Nigeria 109
4.5 The Middle East and the Islamic World 116
4.6 Poor countries 124
Bibliographic note 128

Conclusions 131

Index of figures 133

Table of Contents 133

Index of names 134

Foreword

This book is the sequel to the volume *Europe and the world economy* published in Italian in 2002 with the publisher Carocci of Rome.
The great and often dramatic events of the twenty-first century have led me to write a new synthetic fresco on the transformations of the main economies of Europe and the world in the years 2000-2025.
In order for the book to reach a wider audience than the university one, I decided to present it in the form of a free e-book with open access.
After the first Italian edition (March 2025), here is presented the first English-language edition (November -December 2025) that will be published chapter by chapter and then as an entire open access e-book.
I would like to thank some colleagues and friends such as Pierluigi Ciocca, Mario Deaglio, Marco Doria, Enrico Marelli, Giangiacomo Nardozzi, Francesco Silva and Renata Targetti Lenti, who have read a preliminary version of this text. Their comments made it possible to improve several aspects of the book.
I also thank the Department of Economics and Statistics "Cognetti De Martiis" of the University of Turin and the Observatory on Emerging Economies of Turin (OEET) to which I have dedicated an important part of my life and in which I have found valuable scholars and students and a work and research environment full of stimuli and new ideas.
The cover illustration is taken from a 1989 painting by my father Augusto Valli. It seems to foreshadow the current, uncertain, destiny of our horizon.

Introduction

From the end of the Second World War to the collapse of the Berlin Wall in 1989, history has seen the dominance in the world of two great global powers: United States and Soviet Union. With the dissolution of the Soviet Union in 1991, the United States seemed to have become the sole major global power, with the dominant American and Western model. Nothing could be more wrong. From the great economic reforms of 1978 onwards, for example, China had already begun its great economic rise that was to lead it, in less than half a century, to surpass, in terms of overall economic size, the level of the United States, but at the same time to partly discolor its communist soul. India, with a clear delay, was preparing to follow China in economic rise, but hardening its social and economic divisions. Since 1991, Russia had found itself greatly weakened in the difficult transition and by the loss of an important part of the former Soviet Union, and now it is attempting, with the brutal and bloody method of war, a partial revenge. The Middle East, divided by religions, partly blessed and cursed by oil, was playing its cards in disorder.

In the meantime, important upheavals were taking place in Europe and the rest of the world.

This essay is the sequel to my previous book "Europe and the World Economy", [1]which dealt mainly with the economic events of the major powers in the twentieth century and in particular in the period after the Second World War.

The last chapters of that volume provide a deeper understanding of the roots of many problems that emerged in the twenty-first century in the world's major economies.

The 1980s and 1990s constituted a clear break with the previous period. Many events, such as the collapse of the Berlin Wall in 1989, the dissolution of the Soviet Union in 1991 and the period of economic transition, the continuation of radical Chinese economic reforms from 1978 onwards, will be recalled several times in the following pages.

This volume deals in particular with what happened in the world's major economies in the 2000s, from 2000 to 2025.

[1] Valli (2002)

It starts with an analysis of the changes in global economic power. The latter is studied in its economic, technological, military, financial dimensions and in social cohesion, which is like the cement that helps to hold together the socio-political and economic system of a country.
As a result, the twenty-first century will be a multi-polar century, with two stars of the first magnitude, the United States and China, another rising star, India, a potential star, the European Union, and several other constellations, often under the influence of regional powers, such as Russia and Brazil. The European Union, which is undergoing a slow demographic, economic and technological decline, could be a star of the first magnitude, companion and rival of the United States, China and India, only if it is more united, and with more solid and supportive institutions and policies.
The 2000s were not happy years. Despite some expansion in the world economy, there have been serious terrorist acts, a succession of wars and violence, a deep financial and real crisis from 2008 to 2010-2013, the increase in economic inequalities in the major economies and extreme poverty in some countries. There have also been the expansion of populism, nationalism and autocratic regimes, the COVID-19 pandemic, and numerous wars including those between Russia and Ukraine, those in Syria and between Israel and Hamas in Gaza and Hezbollah in Lebanon and the US-Israel attacks to Iran. Finally, there have been the exoduses of large numbers of refugees and migrants and the sharp worsening of the climate crisis. All this has contributed to a reduction in global economic expansion since 2008, but above all insecurity and malaise in many countries, particularly among the younger generations. Nevertheless, the rise in average living standards and economic recovery for a significant part of the world's population continued, and in particular in the three major emerging economies of Asia: China, India and Indonesia.
The fruits of the great technological revolutions, which began in the 1980s and 1990s and matured especially in the 2000s - the economy associated with the internet, robotics, artificial intelligence and tools for the energy transition - have gone mainly to the United States and then to China and only partially also to Japan, South Korea, Taiwan and, for software, India.
The European Union has followed suit, refining mature technologies and several quality products, but remaining dependent on the United States, China and other Asian countries for a large part of the most innovative products and services, for critical raw materials and products necessary for the energy transition. On the other hand, the European Union, with an

increasingly older population, a lame and fragile institutional structure, poorly united because it is worn down internally by populisms and nationalisms, without its own army and a common strategy, cannot cope with the great global powers of this century: the United States and China, and soon India, and perhaps even with an aggressive military power seeking revenge like Russia. Even less can the individual countries of the European Union, including two very proud states, but limited by their relatively small economic and demographic size, such as Germany and France.

To count for something in the world, the European Union would therefore have to find greater economic, political and social unity and renew its institutions in extension and depth.

Some emerging countries are building, among many difficulties, a better economic future, but often with autocratic political systems that are repressive towards civil liberties and women's rights.

The volume mainly considered the major economies of the world. More than half of humanity, however, belongs to countries with smaller economies. Few of these are as rich as Switzerland, Luxembourg and Brunei, but very often they are poorer than those analysed here. The last paragraph of the book brings some limited knowledge about some of the world's poorest economies.

Many poor countries, which are often more acutely affected than the rest of the world by the consequences of wars and the global climate crisis, have great difficulty in triggering a decent process of economic and social development. Some of them say that it is our fault, that of the rich, spoiled and neo-colonialist Western world; we Westerners say that it is above all their fault and that of their ruling classes, but often the truth has two sides, and both are true.

Chapter 1. Global economic power

1.1 Changes in global economic power

After the fall of the Berlin Wall in 1989 and the dissolution of the Soviet Union in 1991, the world economic framework seemed fixed.

We had gone from a bi-polar world dominated to the West by the USA and to the East by the Soviet Union to a situation in which it was thought that there was now only one great global power, the USA, and that the world was gradually evolving towards the Western model, a complex and varied mixture of capitalism, democracy and liberalism[2]. It was a simplistic and distorted vision, which we could call *Western-centric*, and which did not take into account the existence of deep and differentiated historical and cultural roots in vast areas of the world and the important changes that were taking shape.

In the field of economics there was the rapid economic rise of the two most populous countries in the world, China since 1978 and India since the 1990s, Indonesia and other emerging countries. There was also the slower growth of many EU countries and the difficult transition of the economies of Eastern Europe. Finally, in the 2000s, there was the growing economic and financial rise of various emerging manufacturing countries, such as China, or exporters of energy or strategic raw materials, such as Saudi Arabia, Russia, especially before the Russian-Ukrainian war, Canada, Australia, some countries in the Middle East and Africa. Finally, there has been the fluctuating trend of countries such as South Africa and especially Brazil and Mexico and the slowdown or depression of several poor countries.

China's economic rise has been impetuous since 1978 and much faster than that of the United States, so that, if the current trends continue in the coming years, the first half of the twenty-first century will see China completely overtaking the United States as the world's greatest economic power. The Russian Federation, almost halved both in population and production levels compared to the former Soviet Union, has instead been surpassed, in terms of economic size, also by India and for some years by Japan. However, it has remained an important military power and a major net exporter of oil, gas and other commodities for which, in its attempt to re-establish its power in the world, it constitutes a major source of geo-political and economic

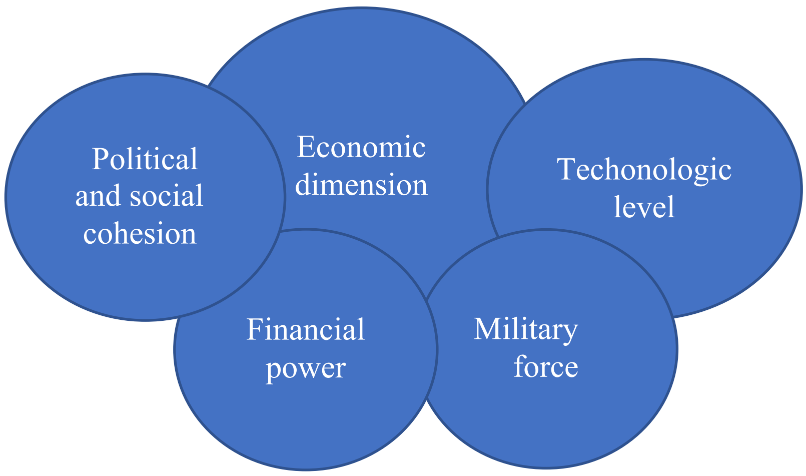
[2] Francis Fukuyama's successful but widely criticized 1992 book, *The End of History and the Last Man*, made such a point.

instability, as the brutal invasion of Ukraine on February 24, 2022 and the ensuing Russian-Ukrainian war have shown.

More generally, in the years 2000-2025 the world economy experienced crucial changes in the global economic power of the major countries and these changes also strongly influenced the economic rise, or relative economic retreat, in the rest of the world.

The *overall economic power* of a country is mainly determined by its *economic size*, *the level of technology achieved*, the *military strength*, the *financial power* and the *political and social cohesion* of each country (see **figure 1.1**). All this also interacts with the state of economic relations with the rest of the world. The global economic power of a country can ensure many advantages, such as the international monetary seigniorage widely exploited for many decades by the United States, or the greater strength in economic negotiations with other countries. However, it also provides disadvantages, such as large military expenditures and the need to maintain a very expensive network of institutions around the world aimed at supporting the *hard and soft power* of the great powers.

Figure 1.1. Global economic power



1.2 The overall economic size

In terms of *a country's economic size, roughly measured by overall GDP in PPPs (purchasing power parity) as a percentage of the US, China has surpassed the US as early as 2016 and had a level more than 30% higher than the US in 2024 (*see Table 1.1**).**

In the years 2000-2024, India and the Russian Federation surpassed both Japan and Germany in this indicator; Indonesia and Brazil have overtaken France and the United Kingdom; Turkiye has surpassed Italy.

Table 1.1. Changes in economic dimension

GDP in PPPs in current international dollars: US = 100; population in millions, 2024.

Ranking in 2024	Countries	2000	2007	2019	2021	2022	2023	2024	Population (millions) 2024
1	China	35.9	62.1	109.7	118.8	119.1	126.6	130.9	1,409.0
2	USA	100.0	100.0	100.0	100.0	100.0	100.0	100.0	340.1
3	India	21.6	28.9	44.6	44.4	46.6	53.1	55.5	1, 450.9
4	Russia	9.8	16.4	20.6	20.8	20.9	23.6	23.7	143.5
5	Japan	33.8	31.0	25.0	23.5	22.4	22.9	22.0	124.0
6	Germany	21.9	20.7	21.6	21.0	20.9	21.4	20.7	83.5
7	Brazil	15.4	16.5	15.2	14.9	15.1	16.3	16.2	212.0
8	Indonesia	9.8	11.6	15.6	15.5	15.9	15.8	16.0	283.5
9	France	15.5	15.0	15.4	14.9	14.8	15.2	14.4	68.5
10	U.K.	15.2	15.1	15.3	14.5	14.4	14.7	14.4	69.2
11	Turkiye	5.9	7.2	10.5	11.3	12.5	13.8	12.9	85.5
12	Italy	15.0	13.8	12.4	11.8	12.0	12.6	12.3	59.0
13	Mexico	10.7	10.8	11.8	11.3	10.8	12.0	11.5	130.9
14	Spain	8.5	10.0	9.2	8.4	8.6	9.3	9.5	48.8
15	South Korea	8.5	9.7	10.4	10.6	10.2	10.2	9.3	51.8
16	Canada	8.8	9.0	8.7	8.7	8.9	9.0	9.3	41.3
17	Saudi Arabia	8.0	8.6	7.9	7.6	8.4	7.4	8.6	35.3
18	Egypt	3.9	4.4	5.8	6.0	6.6	7.8	7.6	116.5
19	Australia	4.9	5.3	5.7	6.2	6.4	6.7	6.6	27.2
20	Poland	4.0	4.4	5.6	6.2	6.4	6.6	6.3	36.6
21	Thailand	4.5	5.4	5.8	5.8	5.8	6.1	5.9	71.7
22	Iran	7.0	8.6	6.0	5.8	6.3	5.8	5.8	91.6
23	Vietnam	2.0	2.6	4.8	4.9	5.2	5.5	5.7	101.0
24	Pakistan	4.1	4.9	5.6	5.8	6.0	5.5	5.4	251.3
25	Nigeria	2.7	4.0	5.1	5.0	5.0	5.5	5.1	232.7

Sources: World Bank (2024 a) for the years 2000-2023 and World Bank (2025 a) for the year 2024. GDP in PPP in % of US, our calculations. For the population data: World Bank (2025 b).

For their part, Mexico and South Korea have approached Italy, in relative decline, while Canada, Spain and Saudi Arabia have more or less maintained their position, around 8-9% of the level of the USA. Egypt, Poland, Nigeria,

Pakistan and Vietnam have significantly strengthened the relative weight of their economy compared to the US, but remain around 5-8% of the American level, like Australia and Thailand, which have progressed a little less, and Iran, which is instead in decline, also due to US sanctions and strong internal social tensions.
Of course, since the total GDP of a country is equal to the GDP per capita multiplied by the population, these results also depend largely on the size of the population and the demographic variations of individual countries compared to those of the USA.
India and China had a population of over 1.4 billion people in 2024, compared to about 340 million in the US and 283 million in Indonesia. Brazil and Mexico, on the other hand, had a population of 212 and 131 million inhabitants against 144 in Russia, 124 in Japan, 84 in Germany, 69 in France and the United Kingdom, 59 in Italy, 52 in South Korea. The population growth rate is currently close to zero or negative for China, Japan, South Korea, Italy and the Russian Federation. This rate is modest, around 0.2-0.3% and mainly due to immigration, in France and Germany. It is slightly higher, around 0.5-0.7 percent, in the United Kingdom, the USA and Brazil. The population growth rate is also close to or slightly above 1% in India, Indonesia, Mexico, Turkey and Egypt and above 2.5% in Nigeria and several other African countries.
In terms of GDP per capita, the distance between Western countries (the United States, Canada and the major EU countries) and the main emerging countries (China, India, Indonesia) was still high in 2000, but from 2000 to 2024 the gap narrowed sharply.
For example, in 2000 China had a GDP per capita in current PPP equal to 8% of that of the US, but 31.6% in 2024*;* India in 2000 was 5.8% of the US, 13% in 2024*;* Indonesia had risen from 13% to 19.2%; Turkey from 26.5% to 51,2%. Other large emerging countries, such as Brazil (which had gone from 24.9% to 26%) and Mexico (which had gone from 30.5% to 30%), had instead a fluctuating and overall not very brilliant performance[3].

1.3 The advantages of the large economic size

In the twentieth and twenty-first centuries, the great economic size of a country, if accompanied by a good technological level, generally ensured important advantages for the countries that had achieved it. This is for several reasons.

[3] See World Bank (2025 c). The data refer to GDP per capita in PPPs in current international dollars.

First of all, according to what Verdoorn and Kaldor pointed out as early as the middle of the last century,[4] high growth in production facilitates productivity growth and therefore the growth of exports and international competitiveness, as well as in many cases the rise of unit wages and the internal market.
In turn, the large size of the internal market often allows for greater economies of scale and network in various sectors and thus greater growth in production and productivity. Economies of scale are very important, because increasing scale, i.e. the size of production, increases productivity and reduces unit production costs. Companies in sectors such as automobiles, household appliances, steel, chemicals, pharmaceuticals, aeronautics, finance, telecommunications, and more recently, those related to computers, the internet and artificial intelligence, can grow faster in a large economy than in a small one because it is generally easier and cheaper to penetrate and conquer the domestic market than the international one. The conquest of a large domestic market is a valuable springboard for entering foreign markets. This was true in times when trade barriers and transport and communication costs were high, as they were for much of the last century. It was still partly true in the years of triumphant globalization, from the 1980s to 2008, when direct exports were accompanied by the spread of gigantic global value chains, which allowed many multinationals to significantly reduce the cost of labor per unit of product by delegating, as we will see, different production phases to countries with lower wages. Finally, economies of scale and network continue to be partially significant even after the 2008-9 financial crisis, in a period characterized by the slowdown and fragmentation of globalization.
The rapid rise of regional integration processes, such as those of the EEC, then the EU, as well as the increasing globalization of the years 1980-2008 and the progressive reduction of duties and transport and communication costs had made it easier for the great oligopolistic groups of the larger countries, which enjoyed higher productivity and easier access to the most advanced technology and to the world's major financial centers, to penetrate other countries by becoming multinational giants. Moreover, especially from the 1980s onwards, the growth of multinationals has no longer consisted only in the conquest of foreign markets or raw materials or in the relocation of production plants or commercial networks in other countries, but also in the progressive construction of *global value chains*. It is, in

[4] Vedi Verdoorn (1949), Kaldor (1966) and Thirwall (1983).

essence, a system based on the localization of the different stages of the production process in different countries, thus exploiting as much as possible the differences between countries and regions in costs and quality of work, productivity, technological level, duties and extra-tariff barriers, environmental standards, proximity to markets and their size, government support, quality of bureaucracy, access and costs related to transport, communications, financing, energy.

For much of the twentieth century, economic size had allowed larger economies to have important advantages associated with the *Fordist model of economic development* [5] and economies of scale in industry. Since the 1990s, the advantages of economies of scale and network had passed also to the owners of intangible assets, such as patents and know-how, and to the service sectors linked to the micro-electronic revolution and the internet. It is no coincidence that for search engines, social media, e-commerce, electronic payments and artificial intelligence, the two largest economies, the United States and China, are currently leaders in the world. For software and artificial intelligence, the USA, China, Japan, India and partly Germany are leaders, along with smaller countries which have invested heavily in education, research and development and have become important nodes in global value chains, such as South Korea and Taiwan.

1.4 The technological level

If the size of the economy and therefore of the internal market of a country are fundamental, especially because they allow great economies of scale and scope in various sectors of industry and modern services, such as those related to the internet and communication, the technological level reached in a country and its progress over time is also very important.

The efficiency and competitiveness of a country depend largely on the technological level of its production system. In addition, a country with a high level of technology can more easily produce new goods and services in which demand tends to grow faster than in traditional sectors of the economy and in which, for a certain period, added value and profits grow faster.

In turn, the technological level of a country in a given year depends above all on the stocks of investments in physical capital and knowledge accumulated over time.

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[5] The application in different periods of differentiated forms of the Fordist development model in the United States and in the major economies of Asia is also extensively dealt with in Valli (2018) with regard to the USA, in Valli (2015) with regard to China and India and in Valli (2017) with regard to Japan, Korea and Indonesia.

For example, if we compare the US and China, we can see that the US physical capital stock was much higher than China's in 2000, but had already become significantly lower in 2019, as investment had grown much faster in China than in the US. However, the stock of physical capital per inhabitant is still significantly lower in China than in the US, but if the trends of the last decade continue at least in part, in the years 2030 or 2040 there will be China overtaking the US even for this indicator.
The level of knowledge, crudely measured by quantitative and qualitative levels of education and expenditure on research and development, has also a double dimension. As we have already mentioned, *in absolute levels*, China has surpassed the USA in terms of the total number of graduates, engineers, R&D workers, but *in the calculation per inhabitant*, the USA was still ahead of China. The US still has the most prestigious universities and research centers, but the gap is narrowing due to the great Chinese effort in this sector. Furthermore, according to PISA-OECD data, the quality of basic education at the age of fifteen was already significantly higher in large Chinese cities in 2022 than in the USA[6].
Other major countries, such as Japan, India, the Russian Federation, Germany, the United Kingdom and France, have already been significantly overtaken in total levels of physical capital and knowledge by China, although they maintain more or less consistent technological competitiveness in some production sectors. In addition, for some strategically decisive goods and services, such as chips, hardware and computer software, internet services (search engines, social media, e-commerce, etc.), artificial intelligence, batteries, solar panels, wind farms, etc., the USA and China are dominant: for chips together with Taiwan, South Korea, Holland and Japan, for software together with India. For most of these products or services, the countries of the European Union are very weak and to a large extent dependent on the United States and East Asia. For some strategically important raw materials for chips and batteries, and therefore electric vehicles and the use of wind and solar energy, such as rare earths and lithium, China currently has a dominant position.
As will be seen in the next section, the Russian Federation, and to some extent India, Japan, South Korea, France and the United Kingdom, maintain a high level of military technology, but the ability to transfer innovations

[6] For a more detailed analysis of the technological differences between the two countries, see Valli (2020), as well as section 4.1 of this volume.

from the military to the civilian sector is much more limited than in the USA or China.

1.5 Military strength

History teaches that economic and technological strength and military strength go together most of the time. In the twentieth century, the economically stronger countries with the most advanced technology could deploy more military means (ships, planes, cannons, tanks, bombs and weapons of all kinds, and then missiles, military satellites, etc.) than rival countries and therefore in the long run win conflicts conducted with conventional weapons[7]. Only when the resistance had involved a substantial part of the population and also extensively used guerrilla methods, such as those used by the Vietnamese against the USA, by the Afghans against the USSR and then by the Afghan Taliban against the USA, was the militarily and economically stronger country finally induced to withdraw, to limit its heavy losses in men and resources.

In recent years, however, a very dangerous trend has been underway: the massive use of missiles and drones has greatly increased, and they destroy and kill from a distance, and therefore limit the sacrifice of human lives for those who use them, thus attenuating political and social resistance to war within the strongest country.

Military strength, presented in the indices in **Table 1.2**, and for nuclear power in **Table 1.3**, sees the predominance of the USA, the Russian Federation and China. The latter is however the country that in the 2000s has grown significantly the most for both conventional and nuclear weapons, and is about to overtake the Russian Federation as the second major military power in the world, gradually approaching the level of the United States. Note that in the years 2022-24, the figures for Russia and Ukraine are inflated by the effects of the great war effort of both countries[8].

However, military force has most often guaranteed enormous economic and financial advantages in the colonial era, but also in part of the subsequent period, for example for the amassing of raw materials at low prices, or, in general, for the political and economic influence that military power can

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[7] The presence of large nuclear arsenals in a small number of countries, but especially in the USA, Russia and China, it has led to the exclusion after Hiroshima and Nagasaki of the use of nuclear power in wars to avoid mutual destruction, but it has not prevented either local wars, proliferated in different areas of the world, or the nuclear threat from countries equipped with nuclear means and missiles of medium and long-range delivery.

[8] Also note the large military spending of Saudi Arabia, engaged in the war against the Houthis in Yemen, and the growth in military spending in countries such as Poland, the Baltic countries and Germany after Russia's invasion of Ukraine.

Table 1.2 Military strength in some countries

Ranking in military strength	Country	Index of military strength 2024 (a)	Total military spending (billion $ USA) 2024 (b)	Military spending in % of GDP 2024 (b)
1	USA	0.0699	997.3	3.4
2	Russia	0.0702	149.0	7.1
3	China	0.0706	313.7	1.7
4	India	0.1023	86.1	2.3
5	South Korea	0.1416	47.6	2.6
6	United Kingdom	0.1443	81.8	2.3
7	Japan	0.1601	55.3	1.4
8	Turkey	0.1697	25.0	1.9
9	Pakistan	0.1711	10.2	2.7
10	Italy	0.1863	38.0	1.6
11	France	0.1878	64.7	2.1
12	Brazil	0.1944	20.9	1.0
13	Indonesia	0.2251	11.0	0.8
14	Iran	0.2269	7.9	2.0
15	Egypt	0.2283	2.4	0.7
16	Australia	0.2515	33.8	1.9
17	Israel	0.2596	46.5	8.8
18	Ukraine	0.2598	64.7	34.5
19	Germany	0.2847	88.5	1.9
20	Spain	0.2882	24.6	1.4
21	Poland	0.2917	38.0	4.2
22	Vietnam	0.3158	---	---
23	Saudi Arabia	0.3235	80.3	7.3
24	Taiwan	0.3302	16.5	2.1
25	Thailand	0.3389	5.5	1.1

(a) Composite index taken from different indicators, excluding nuclear capacity: source Global Firepower (2024); North Korea is in 36th place in the ranking, but has a considerable supply of missiles and nuclear warheads. Based on alternative sources, France would seem to have a conventional military strength superior to that of Italy.
(b) Data on military spending are taken from Sipri (2025 a).

provide. This helped to support the economic apparatus of the major powers, which could have had more financial resources to increase their military potential. There is therefore for large and rich countries "a virtuous circle", albeit ethically critic sable, in which economic power help to reach military power and the latter consolidates economic power.

Poor countries usually have on the opposite, "a vicious circle" between poverty, military weakness and economic difficulties.
Finally, in several cases military innovations have repercussions on civilian production and vice versa, so a great effort in research and development in the military field tends indirectly to promote the economic growth of some

Table 1.3 World nuclear forces in January 2025

Country	**military stockpile**
Russia	4309
USA	3700
China	600
France	290
United Kingdom	225
India	180
Pakistan	170
Israel	90
North Korea	50
WORLD	9614
Source: SIPRI (2025 b). Note: all estimates are approximate.	

sectors also in the field of civil economy. However, such an effort distracts important human and financial resources from their use in civilian production, welfare and environmental policies. Moreover, it often contributes to producing tensions, wars, deaths, destruction, forms of repression of internal political opponents, poverty and devastation of the environment.

1.6 Financial power

Economic power associated with rapid growth in output and productivity generates, with a delay of several decades, greater financial power.
While the United States had already surpassed the United Kingdom in terms of gross domestic product in purchasing power parity in the 1890s and in terms of productivity a few years later, until the 1920s the world's greatest financial power had remained the United Kingdom, also strengthened by the financial revenues coming from its immense empire.
In the period of the Second World War and in the years immediately following the situation changed radically. The United Kingdom, heavily indebted to the United States for the costs of the war and with an empire that was gradually losing pieces in the period of decolonization, was clearly surpassed by the United States as the world's largest financial power.

At the beginning of the twenty-first century, the situation is repeating itself. China is gradually supplanting the United States as the world's largest economy and its financial power is also rapidly increasing, so if the trends of the last forty years continue at least in part, it is likely that over the course of a few decades China will be able to supplant the United States as the world's largest financial power.
Of course, history never repeats itself in the same way. Financial power is also associated with periods of crisis and periods of expansion and consolidation. Very important are also the elaboration of complex refinements in the financial structure and the international reputation of a country's currency, assets and financial institutions, i.e. of elements that are built up very slowly and laboriously over many decades. Financial wealth is a stock and not an annual flow, and it accumulates gradually over long periods of economic expansion. The United States has had a sharp expansion of financial wealth for more than a century and a half, and the trend was significantly interrupted only in the recession or civil war periods of the nineteenth century, in the initial years of the Great Depression of the 1930s and in the Great Recession of the twenty-first century. China has had a rapid growth in financial wealth almost only since 1978 and in private wealth only since the 1990s. Finally, it should be emphasized that in recent decades there have been enormous and excessive financialization in the United States and in much of the world economy and periods of reckless deregulation of financial markets that have led to increased global financial instability.
Table 1.4 shows a very partial but significant indicator of the financial strength of a country, namely the weight of the market capitalization of domestic companies in some countries.
It can be seen from the table that in 2024 the financial supremacy of American listed companies was still very high.
However, for this indicator, China had clearly leapfrogged Japan and the other major countries in the world. Moreover, considering that more than half of the Hong Kong stock exchange, which had returned to being a special administrative region of China in 1997, concerned Chinese companies, in 2024 China had considerably reduced the gap with the US compared to 2003.
The financial strength of a country is not only largely linked to the ability of the population and domestic businesses to save and to the use of these resources in various types of financial instruments, but also to the ability of

a country to attract foreign capital. The United States has long been a master in this. The very frequent current account deficit since the 1970s, and then the large and growing US net borrowing since the 1980s, have led the United States to become the world's largest net debtor country.

Table 1.4 Stock market capitalization of domestic enterprises of selected countries (values in current US billions)

Ranking in 2024 (a)	Country	2003	2020	2022	2024
1	USA	14266	40720	40298	62186
2	China	513	12214	11469	11756
3	Japan	2953	6718	5380	6311
4	India	309	2595	3604	5131
5	Hong Kong	715	6130	4567	4550
6	Canada	910	2641	2740	3374
7	United Kingdom	2430	….	3096 (a)	….
8	Saudi Arabia	….	2429	2640	2727
9	France	1360	2366 (a)	….	….
10	Germany	1079	2284	1890	2044
11	Switzerland	727	2002	1831	1971
12	Australia	586	1721	1680	1737
13	South Korea	329	2176	1640	1557
14	South Africa	261	1051	1172	986
15	Indonesia	55	469	610	758
16	Spain	726	759	666	754
17	Brazil	235	988	794	659
18	Russia	……	695	530	650 (a)
19	Singapore	148	653	619	638
20	Thailand	119	543	604	520
21	Italy	615	587 (a)	…..	…..
22	Iran	27	1540	1613	172
Note (a) latest data: Italy 2014, France 2018, United Kingdom 2022, Russia 2023, Indonesia 2023. Source: World Bank (2025 d).					

Nevertheless, the US dollar has maintained its strength over time thanks to the great depth of the American financial system, but also to the continuous influx of foreign capital dedicated to buying American public debt securities or shares and bonds of American companies, or other financial assets. As a reserve currency for central banks, the dollar had maintained a clear prevalence in 2024, with 58% of the world total, compared to 20% for the euro, 5% for the Japanese yen and the British pound and 2% for the Chinese currency[9]. However, the share of the dollar as a reserve currency had tended to fall from 72% in 2000 to 58% in 2024, while in the same years the share

[9] See IMF (2024), Gobinath (2024), Atlantic Council (2024)

of the yen had risen somewhat, that of the euro had remained more or less at the same level, although rising until 2010 and then falling, and that of the Chinese renminbi had increased, as well as that of other currencies such as the Canadian dollar and the currencies of Australia, South Korea and Singapore.
In terms of its use for international trade in goods and financial assets, the US dollar has maintained almost all its dominance, around 80%, but China and the bloc of countries politically closest to China have sharply increased, bilaterally or multilaterally, the use of the Chinese currency and the various national currencies.
As part of the BRICS[10], China had first begun to negotiate the possible establishment of a new joint reserve currency which, if implemented, could further reduce dependence on the dollar over time. Subsequently, the BRICS decided to proceed step by step by promoting an increasing use of the currencies of China and other BRICS countries instead of the dollar in numerous bilateral exchanges. In addition, in 2015 the People's Bank of China launched the Cross-Board Interbank Payment System (CIPS) which greatly facilitated the growth of the use of the Chinese currency in international transactions. Especially since 2022, China and other BRICS countries such as Brazil and Russia have also considerably increased the shares of gold in their central banks' foreign exchange reserves.
In addition, both China and several other countries have introduced their own digital currency. In particular, China has tested its digital currency in several Chinese cities since 2020 and in international transactions since 2023. Finally, China had increased the strength of its currency in transactions on world markets and in the issuance of government bonds in the 2000s. China has also become, alternating with Japan, the largest net creditor country of the US, although it sharply reduced its share of US financial assets in its official reserves in the 2020s.
China had, however, maintained significant internal financial fragility in some of its provinces, in several public enterprises, and in some private

[10] The acronym BRICS comes from the initials of Brazil, Russia, India, China, and South Africa. BRIC was a term introduced in 2001 for the first four countries by Goldman Sachs economist Jim O'Neill, then expanded in 2010 to BRICS to include South Africa. In 2024, the group was expanded to Egypt, the United Arab Emirates, Ethiopia, Iran and Indonesia. The first BRICS included important emerging countries, whose economic performance was however uneven in the 2000s, faster in China and India and slower and erratic in Brazil, Russia and South Africa. The BRICS countries meet regularly every year and, despite they often have clear strategic differences, they have come to represent a sort of counter-altar to the dominance of the Western countries led by the United States. At the BRICS meeting on 22-24 October 2024 in Kazan, Russia, it was decided to extend the negotiations to officially join the BRICS to several partner states: Algeria, Belarus, Bolivia, Cuba, Kazakhstan, Malaysia, Nigeria, Thailand, Turkey, Vietnam, Uganda and Uzbekistan.

enterprises, which grew very rapidly, but were often heavily indebted, especially in the field of real estate activities. A major problem in China's financial set-up is that much of the state-controlled or state-influenced banking system finances mainly state-owned enterprises, while the growing private sector has to rely heavily on the more unstable and expensive "shadow finance" and sometimes to the financial help of the local provinces. The dollar has remained, however, and will remain for several years to come, albeit in a declining way, the dominant currency in international trade, also because a potential competitor such as the euro has been severely affected by the consequences of the financial crisis of 2008-9 and the subsequent Great Recession. However, if the existing geopolitical divisions were to be consolidated, it is possible that alongside the dominance of the dollar in the Western world, there would be a rapid increase in the weight of the Chinese currency in most of the countries subject to China's economic and political influence.

1.7 Social cohesion, inequalities and civil rights.

A large economy can, however, hide a hidden fragility within it, i.e. a lack of social cohesion, which can in the long run lead to the crisis or suffering of the political system.

A collapsing political system can in turn lead to a prolonged economic crisis, as has happened for some years since 1991 to Russia and the other countries of the former Soviet Union.

The lack of social cohesion can be determined either by great and unfair inequalities and discrimination, or by serious limitations in civil rights, or, in the most serious cases, by the coexistence of severe economic and social inequalities and profound limitations on civil rights. Harsh police or military repression and the repeated appeal to nationalistic and imperialist ideologies and impulses or to consolidated ancestral customs or religious norms, can prolong the life of an unjust regime that denies civil rights, but in the long run social and political cohesion will tend to crack. Moreover, as was the case with Hitler's Germany, or Mussolini's Italy, or the Greece of the colonels of the years 1967-74, or the Argentina of the generals, or Putin's Russia, authoritarian regimes that think they can maintain their power by fueling nationalism and hatred of other countries, most often lead to disastrous wars, which can often lead to major political upheavals.

Income gaps can be crudely, but significantly, measured on the basis of the ratio of income going to the 50% of the entire adult population with lower incomes versus income going to the top 10% of the entire adult population. Similarly, wealth gaps can be measured on the basis of the ratio of the wealth owned by the poorest 50% of the adult population to the wealth owned by the top 10% of the adult population.

As shown in **Table 1.5**, which refers to some of the world's major economies, in 2022 income inequality was still very high in emerging countries such as Mexico, Brazil, India, Indonesia; it was also high in the United States, China, Nigeria and the Russian Federation, slightly lower in South Korea and Japan and less wide, but significant, in the major EU economies. Of course, inequalities in terms of wealth was still greater than

Table 1.5 Inequalities in income and wealth in some countries (2022)

Developing countries	% share going to 50% lower		% share going to 40% average		% share going to 10% higher		% share going to the top 1%	
	income	wealth	income	wealth	income	wealth	income	wealth
Mexico	6,0	-0,3	29,4	21,2	64,6	79,1	26,8	47,9
World	*7,9*	*1,6*	*38,8*	*21,2*	*53,3*	*77,2*	*19,6*	*40,5*
Brazil	9,0	-0,4	42,7	20,7	56,8	79,7	19,7	48,7
USA	10,4	1,5	41,3	27,8	48,3	70,7	20,9	34,9
India	13,1	5,9	29,8	29,5	57,1	64,6	21,7	25,8
South Africa	13,3	-2,5	21,3	16,9	65,4	85,6	10,1	54,9
China	13,7	6,2	42,9	25,0	43,4	68,8	15,7	32,6
Nigeria	15,5	4,7	41,8	36,4	42,7	58,9	11,6	25,5
Russian Fed	15,7	3,1	33,5	22,8	50,8	74,1	23,8	47,6
Italy	15,7	2,5	45,2	41,3	39,1	56,2	13,6	22,1
Indonesia	16,5	4,5	42,3	34,2	41,2	61,3	14,8	29,4
Japan	16,8	4,8	39,0	36,6	44,2	58,6	12,9	24,8
Poland	19,6	-0,8	45,8	39,0	34,6	61,8	10,4	30,1
Germany	20,0	3,5	46,0	38,9	34,0	57,6	10,3	26,4
Spain	20,1	6,8	46,8	36,6	33,1	56,6	10,0	22,8
United Kingdom	20,2	4,7	46,1	38,3	33,7	57,0	10,2	21,1
France	20,3	5,1	44,9	37,2	34,8	57,7	12,7	24,0
South Korea	21,9	4,7	45,5	36,0	32,6	59,3	10,5	25,7
The data refer to the adult population in the year 2022. Income data is before taxes. Source: WID (2024 a). Data extracted on 25-7-2024.								

that of income, even if differentiated in the various countries. For example, in the Russian Federation and the USA, the share of wealth that goes to the top 1% of the adult population compared to that of the entire adult population was at levels higher than those of emerging countries such as India and Indonesia, although it was lower than that of South Africa and Brazil.

Two other points make us think. Among the countries considered, in South Africa, Brazil, Mexico and Poland, the poorest 50% of the population even has a negative share of wealth, i.e. a serious structural debt. In addition, most of the former socialist countries, such as Russia and Poland, but also China, after the growing opening to the market, which began with the great economic reforms of 1978, have seen the gradual expansion of economic inequalities that are currently in many respects similar to those of traditional capitalist economies. For the share of wealth that goes to the richest 1% of the adult population, Russia and China have even higher percentages than that of all the major European economies. It therefore seems that in a few decades the market and a poorly regulated globalization have had the upper hand over the regulatory capacities of governments as far as internal economic inequalities are concerned. It should be noted, however, that by maintaining a strong regulatory capacity over the economy, China has been able to grow rapidly and thus significantly raise the *average* income levels of its population.

In general, however, economic and social inequalities are still very high in most countries of the world, both because of the action of the market, globalization and poorly regulated capitalism, and because of the rapid growth in socialist market economies, such as China, of gradually increasing private wealth and phenomena of enrichment and corruption among some politicians and the public sector.

In many countries there is a sort of *principle of growing greed*, whereby those who are rich are not satisfied with the much they have, but are driven to increase their wealth more and more. This happens both for the direct pleasure given by luxury consumption, and for the reason of imitating the consumption of others[11] and boasting one's own, and, finally, for the fame and personal power that the wealth and growth of one's own company or organization give over a large number of other men and women, as well as the influence that can be exerted on the mass media and public powers.

Table 1.6 gives a further measure of the concentration of income and wealth. Column 2 of the table has been constructed on the basis of the ratio between one fifth of the share due to the 50% of the adult population with lower incomes and the share of the 10% with higher incomes of the adult population. Similarly, the third column is given by the ratio between one-fifth of the share of the poorest 50% and the share of the 10% with the greatest wealth. The table shows that the US and the Russian Federation had a significant income gap in 2022 and above all a huge population wealth gap, with a quotient equal to 236 for the US and 120 for Russia.

[11]See Duesenberry (1949).

It should be noted that from the data in **Tables 1.5 and 1.6** inequalities appear to be more severe in Italy than in the other major economies of Western Europe, largely due to the economic backwardness of the South and the difficulties of finding a good job for women and many young people. In general, large inequalities of income and wealth may not generate excessive social tensions if they occur in periods of rapid economic expansion, in which the economic conditions of a large part of the population tend to improve in any case. In the case of prolonged economic crises and an abnormal increase in absolute and relative poverty, social tensions tend to lead to serious political tensions and sometimes to riots or abrupt regime changes.

Table 1.6 Ratio of average income to wealth to the bottom 50% and those going to the top 10% in some countries (2022)

Developing countries	**Income Gap**	**Wealth Gap**
Mexico	1 a 54	------
Brazil	1 a 32	------
South Africa	1 a 25	------
USA	1 a 23	1 a 236
India	1 a 22	1 a 55
Russian Federation	1 a 16	1 a 120
China	1 a 16	1 a 55
Nigeria	1 a 14	1 a 63
Japan	1 a 13	1 a 61
Indonesia	1 a 12	1 a 68
Italy	1 a 12	1 a 112
Spain	1 a 9	1 a 42
Germany	1 a 9	1 a 82
Poland	1 a 9	------
France	1 a 9	1 a 57
United Kingdom	1 a 8	1 a 61
South Korea	1 a 7	1 a 63
Notes: The bottom 50% of the adult population in Mexico, Brazil, and Poland has a negative wealth share (debt). All data refer to the adult population in 2022. Our elaborations on data extracted on 25-7-2024: WID (2024 b).		

The worsening that has occurred since the 1980s in various countries in the economic conditions of the poorest families and a part of the middle classes, has however strongly contributed to fueling widespread forms of populism and sovereignism, which in turn have contributed to increasing divisions between peoples.

1.8 From industrial power to financial and technological power.

Up to this point we have dealt mainly with the global economic power of different countries, but the fundamental economic changes of the first part of the twenty-first century are also largely due to changes within individual countries and to the relationships in the world between companies, individuals and political and economic institutions.

A first important aspect is *represented by the expansion of economic and financial globalization* and its disruptive effects on the economy and society. The second half of the twentieth century had seen the rise of industrial wealth and modern services in several advanced and emerging countries of the world. Already in the 1970s and 1980s and even more so at the beginning of the 21st century there had been the rapid expansion of globalization[12] and therefore the progressive liberalization of trade, foreign direct investment and the movement of portfolio capital between an increasing number of countries. All this had made it possible, together with great technological development, to enormously expand the real and financial wealth of a small, but rapidly growing, number of "very rich", including people with a net wealth of more than one billion US dollars. According to Forbes estimates, the number of multi-billionaires in US$ had risen in March 2024 to 2781 compared to 470 in 2000[13]. Moreover, while in 2020 the richest, the American Bill Gates, had a wealth of 60 billion dollars, the richest in March 2025, Elon Musk, had reached 342 billion (see **Table 1.7**). In 2024, the estimated total net wealth of the world's billionaires was an extraordinarily high amount, $14.2 trillion. In that year, the United States had 813 billionaires for a total wealth of $5.7 trillion. Second came China, which, including Hong Kong's 67 billionaires, had 473 billionaires with 1.7 trillion in total, and India third with 200 billionaires. They were followed, in terms of number of billionaires, by Germany (134), Russia (120), Italy (73), Brazil (69), Canada (67), United Kingdom (55), France (53), Taiwan (51), Australia (48), Sweden (43), Japan, Switzerland and Singapore (41), South Korea and Israel (36), Indonesia (35), Spain (29), Turkey (27), Thailand (26), etc.

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[12] On hyper-globalization and its recent process of slowing down and fragmentation, see in particular paragraph 2.7.

[13] See Forbes (2024 a), Kaggle (2024).

Even taking into account the devaluation of the dollar, due to inflation in the US between 2000 and 2024, for which one billion in 2000 would correspond to about 1.82 billion in 2024, the number of ultra-billionaires in 2024 would have been more than 3.6 times greater than in 2000.

Table 1.7. Top 30 richest in the world on March 7, 2025

	Billionaires	Wealth in US $ billion	Country	Enterprises	Prevailing sector
1	Elon Musk	342	USA	Tesla, etc.	Cars, Technology
2	Mark Zuberger	216	USA	Facebook	Technology
3	Jeff Bezos	215	USA	Amazon	Technology
4	Larry Ellison	192	USA	Oracle	Technology
5	Bernard Arnault and fam.	178	France	LMVH	Luxury
6	Warren Buffett	154	USA	Berkshire H.	Finance
7	Larry Page	144	USA	Google	Technology
8	Sergey Brin	138	USA	Google	Technology
9	Amancio Ortega	124	Spain	Zara	Fashion, Retail
10	Steve Ballmer	118	USA	Microsoft	Technology
11	Rob Walton and family	110	USA	Walmart	Fashion, Retail
12	Jim Walton and family	109	USA	Walmart	Fashion, Retail
13	Bill Gates	108	USA	Microsoft	Technology
14	Michael Bloomberg	105	USA	Bloomberg	Finance
15	Alice Walton	101	USA	Walmart	Fashion, Retail
16	Jensen Huang	98.7	USA	Nvidia	Technology
16	Michael Dell	97.7	USA	Dell	Technology
18	Mukesh Ambani	92.5	India	Diversified	Diversified
19	Carlos Slim and family	82.5	Mexico	Telecom	Telecom
20	Francoise Bettencourt	81.6	France	L'Oréal	Fashion
21	Julia Koch and family	74.2	USA	Koch ind.	Diversified
22	Charles Koch and family	67.5	USA	Koch ind.	Diversified
23	Zhang Yiming	65.5	China	Tik Tok	Technology, Media
24	Champeng Zhao	62.9	Canada	Binance	Finance
25	Jeff Yass	59	USA	Susquehanna	Trading firm
26	Zhong Shanshan	57.7	China	Beverages, etc.	Grocery
27	Thomas Peterffy	57.3	USA	Brokers	Finance
28	Gautam Adani	56.3	India	Adani Group	Diversified
29	Ma Huateng	56.2	China	Tencent	Technology
30	Tadashi Yanay and family	45.1	Japan	Fast retailing	Fashion, Retail
Source: Forbes (2025), April					

It should be noted that even former socialist countries, such as Russia, or with market socialism since the 1980s, such as China, had produced a large number of billionaires in a few decades, partly favored or tolerated by political power.

Economic and financial globalization had facilitated the growth of great wealths in many ways. First of all, much of the wealth of the super-rich derives from the ownership of important shares in many large companies, a part of which was founded or co-founded by today's great rich, and the rest inherited by their relatives. These large companies had been greatly helped

by globalization. The latter had given them the opportunity to enter the markets of many other countries more easily, thus having much greater economies of scale or network, albeit in a more competitive global context. At the same time, they were able to decentralize many production phases in countries where the cost of labor or the burden of taxes were much lower.
It should be emphasized, however, that an important part of the resources of the very rich could be used not in productive investments of their companies, but in often more profitable national or foreign financial activities, with greatly increasing possibilities of choice over time as the barriers on international capital movements were reduced.
However, the consequences of the pandemics in 2020-22, and then of long and brutal conflicts as the Russian invasion of Ukraine, the Hamas bloody attack on Israel and Israel's massacres in Gaza, contributed to slow and fragment the globalization process. The policy of high duties of Trump during the first months of his second presidential mandate made more difficult and costly the working of several vast global value chains and helped to reduce and fragment even more the globalization process.
A second important aspect was *technological progress*. Already in 2000, about a quarter of the great wealth in the United States was associated with the tumultuous growth of innovative companies related to PCs and the Internet, such as Bill Gates' Microsoft, while the large oil and manufacturing companies, which for several decades had dominated the scene in the American stock markets and the rest of the world, were gradually losing their position. In 2024, in terms of market capitalization, large US technology companies such as Apple, Nvidia, Microsoft, Amazon, Alphabet, Meta, Tesla, Broadcom, as well as the Taiwanese TSMC (world leader in chips) had come to dominate the world ranking. Only the big oil companies of Saudi Arabia (Aramco) and China (PetroChina) and the largest US investment fund, Warren Buffett's Berkshire Hataway, managed to enter the ranking of the twelve largest companies in the world in terms of market capitalization.
So, in the 2000s, financial power and technological power went hand in hand. Private finance and various governments have pushed the development of new and growing technological companies and these have enriched both those involved in successful new technologies and those involved in banking and finance[14]. Some major financial crises, such as the

[14] Taking into account. in addition to the stock market value. three other indicators, sales, profits and activities, the 2024 ranking of the top 2000 global companies by FORBES, also included several large US, Chinese and European banks and large companies in energy, automotive, etc. JP Morgan Chase was in first place in the overall ranking, the investment

one that broke out in 2007-8 in the USA and then spread to many other countries, had signaled the great dangers of excessively inflated and poorly regulated finance, but from 2010 to today the major banks, the main investment and pension funds, the large insurance companies and, more recently, the managers of various types of cryptocurrencies have regained and extended their financial power and often operate in symbiosis with most of the super-rich.

The third aspect that should be pointed out is the progressive *erosion of democracy*.

The erosion of democracy in democratic states is mainly due to the following aspects. The traditional parties have seen the progressive loss since the last quarter of the twentieth century of the cement of the great ideologies and the rapid increase in electoral spending. Relations between the rank and file and the party leadership have weakened and the leadership has increasingly needed the costly use of propaganda through traditional media, newspapers, radio and TV, and since the early 2000s, increasingly through the new social media. Both traditional media and social media are often owned, or directly or indirectly influenced through vast advertising budgets, by large companies and therefore by the very rich who often own controlling shares in these companies. In addition, the rising costs of electoral campaigns expose parties and candidates to request contributions and subsidies of various kinds, which often imply economic policy decisions favorable to donors. In fact, in many countries there has been a tendency to reduce the overall progressivity of the tax system and also the continuation of tolerance towards various forms of evasion and avoidance and towards tax havens. In general, income from capital has been taxed much less than income from labor. In recent years, the expansion of private healthcare has often been favored over public healthcare. The action of various lobbies both in the US Congress and in the EU Commission in Brussels, as well as towards the political institutions of various countries has become more pervasive and massive.

The economic and media strength of figures such as Berlusconi in Italy and Trump in the USA has greatly contributed to their political success. The

fund Berkshire Hataway was in second place, ARAMCO in third, China's ICBC, China Construction Bank and Agriculture Bank of China were in fourth, seventh and ninth place respectively, while Bank of America, Amazon, Microsoft and Alphabet were, respectively, in fifth, sixth, eighth and tenth place. Only eleventh was Toyota, while the British HSBC was in fifteenth place, the Anglo-Dutch Shell in twelfth and the South Korean Samsung in twenty-first. (see Forbes 2024 b)

weight of large donors and social media owners such as Elon Musk in the 2024 US presidential election was probably decisive.
A character like Elon Musk embodies the coexistence in a single individual of technological, economic, financial, political power and, through the control of X (the former Twitter), of the enormous media power of an important new media. There has been talk of the advent of a form of technocratic feudalism. While in democratic countries political power controlled, with greater or lesser success, technological power, we are perhaps moving towards a society in which technological power will control a consistent part of political power.
All this has contributed to increasing economic inequalities within several countries, especially in favor of the richest 1% of the population, as we have seen in paragraph 1.7. Among the consequences of these trends have been the growth of populism and nationalism and in several Western countries also the renunciation of the vote of growing shares of the electorate, disappointed by the inability of politics to cope with problems such as rising inequality, internal security and the maintenance of a decent level of wages and welfare in a context of aging population and growing social needs.
Even in countries with authoritarian regimes, such as present-day Russia and China, there has been a tendency to increase the number and influence of the very rich, often created or favored by political power. In these countries, however, political power has most often been able to counter with drastic repressive means any criticism or pitfalls to the regime advanced by some very rich people. However, a vast network of corruption remained between the economic power close to the regime and parts of the state apparatus. This network, despite the harsh anti-corruption laws, has not been adequately subjected to criticism by the muzzled mass media and to the sanctions of a justice system greatly weakened because of the large influence exerted by political power on the judicial system.

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