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ECONOMIC TRENDS, POLITICAL TRENDS AND DYSFUNCTIONALITIES AT THE GLOBAL LEVEL

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INTRODUCTION

In today's era, the global economy is undergoing complex changes and influences that shape its direction and dynamics (Acemoglu & Robinson, 2012). The study and understanding of global economic trends is a critical and exciting area of research, providing a detailed look at the interactions, challenges, and opportunities that shape the global economy. Exploring and understanding these global economic trends is essential for adapting to and navigating a changing economic environment, for businesses and investors, as well as for policymakers and consumers (Campos & Nugent, 2002). Ultimately, understanding the depth and impact of these global economic trends allows us to shape more effective strategies and build the economic future on a stronger and more sustainable foundation. In essence, geopolitical tensions and instability can create an uncertain and unpredictable economic climate, affecting multiple aspects of the global economy and generating risks and challenges for businesses, investors, and consumers. Managing and resolving these tensions is crucial to restoring confidence and promoting stable and sustainable economic growth globally.

DISCUSSION

Global economic trends in recent years reflect a complex context, characterized by uncertainty, structural transformations and accelerated adaptations of economies and the business environment. Among the most relevant developments are geopolitical tensions, the slowdown in economic growth, the persistent effects of the COVID-19 pandemic, high inflation, regional divergences in economic development and the accelerated process of digitalization. All these phenomena significantly influence the dynamics of the global economy and the medium and long-term development prospects.

In today's global economic landscape, energy security and international trade regulations have emerged as key issues in discussions about economic stability and sustainable development. Geopolitical tensions and uncertainties surrounding energy supplies have heightened concerns among states and international organizations about the reliability of energy systems. Conflicts in regions critical for the production or transit of energy resources have created significant uncertainty regarding global energy availability and costs. These factors have contributed to rising energy prices, affecting households through higher living costs and businesses through increased production expenses and reduced competitiveness. As a result, many countries are focusing on enhancing energy security by diversifying energy sources and decreasing reliance on fossil fuels from geopolitically unstable areas. This has spurred greater investment in renewable energy and energy efficiency technologies, making the energy transition a strategic priority for many economies, both for environmental sustainability and economic resilience.

In the contemporary world, global dysfunctions are a pervasive reality that profoundly influences the course and dynamics of human society. These dysfunctions extend beyond national boundaries, influencing not only specific regions or communities but the global system as a whole. Challenges such as climate change, social inequality, geopolitical conflicts, and pandemics collectively undermine stability and hinder sustainable progress worldwide.

In the contemporary international environment, large-scale dysfunctions have become increasingly visible, exerting substantial effects on global stability, development, and interstate cooperation. Among the most significant issues are geopolitical tensions, unequal access to education, environmental degradation, and regional conflicts, all of which contribute to the growing complexity of global challenges and heightened international uncertainty.

Geopolitical tensions represent a major source of instability at the global level. State rivalries, political confrontations, and strategic conflicts have created a strained international climate, influencing trade relations, diplomatic engagement, and global security structures. Territorial disputes—such as those in the South China Sea, Crimea, the Middle East, and the Kashmir region between India and Pakistan—demonstrate how competing territorial claims can escalate into serious conflicts. At the same time, competition over natural resources, including oil, natural gas, water supplies, and fertile agricultural land, intensifies interstate rivalries and often serves as a catalyst for regional tensions.

CONCLUSIONS

The analysis of contemporary global dynamics demonstrates that current economic and political trends are deeply interconnected and mutually reinforcing, generating systemic pressures that transcend national boundaries.

Economic transformations—marked by technological acceleration, environmental transition, financial volatility, and structural inequalities—interact with political shifts such as geopolitical realignment, institutional fragility, and declining consensus within multilateral frameworks. These interactions produce persistent dysfunctionalities, including governance inefficiencies, fragmented policy responses, and reduced capacity to address global collective-action problems.

Rather than representing temporary disruptions, these patterns indicate a structural transition in the architecture of the international system. The emerging global landscape is characterized by multi-polarity, strategic competition, and differentiated development paths, all of which complicate coordination yet simultaneously create opportunities for institutional innovation and adaptive governance. Addressing these challenges requires integrated policy approaches that bridge economic and political domains, strengthen international cooperation mechanisms, and promote inclusive and sustainable growth models.

ABSTRACT

This study examines the complex interactions between global economic and political developments, with particular attention to the structural and operational dysfunctions influencing contemporary international relations. In recent decades, rapid globalization, technological advances, and growing financial interdependence have generated both opportunities and vulnerabilities worldwide. At the same time, political phenomena—such as the rise of populism, escalating geopolitical tensions, and fragmentation within institutions—interact with economic processes, often intensifying systemic risks and complicating governance. Using a multidisciplinary methodology that integrates macroeconomic analysis, political science theories, and empirical data from international organizations, the research identifies recurring dysfunctions including market instability, policy inconsistencies, and widening socio-economic inequalities. The results highlight the critical importance of coordinated global governance and adaptive policy frameworks to address systemic risks and foster resilient, inclusive development. This paper contributes to a deeper comprehension of the intricate feedback loops between political and economic trends and their consequences for global stability.

Keywords: global economy, political trends, dysfunctionality, systemic risk, governance, globalization

RESULTS

The outlook for lower inflation is supported in part by the easing of logistical constraints that have affected the global economy during the pandemic. Lower transport costs and the gradual normalisation of supply chains have helped to reduce price pressures. Business surveys also point to a decline in inflationary pressures from production costs. In the absence of major supply shocks, these developments could facilitate the continuation of the process of reducing inflation. However, there are still many uncertainties about achieving the inflation target of around 2%, a level considered optimal by many central banks. Factors that could slow down the disinflation process include continued robust consumer demand, a relatively strong labour market and persistent inflation in some sectors of the economy, notably the housing sector. For example, house prices have only recently started to decline, while rent inflation continues to remain at high levels. Historically, rent developments have lagged house prices by about a year, suggesting that inflationary pressures in this sector could persist for a longer period.

As for the war in Ukraine, it has generated significant market risk, known as geopolitical risk, and its value is inversely proportional to the distance from the conflict zone. The risk premium linked to the conflict in Ukraine is estimated to be relatively modest, around 2–3% in terms of the price-to-earnings (P/E) ratio, although certain sectors could gain from a resolution of the conflict. The food and agricultural industries have been among the hardest hit by the war. Together, Ukraine and Russia account for more than 20% of global corn exports, with Ukraine holding the largest share. Consequently, an end to the conflict could provide significant benefits to these sectors, given their critical role in international food trade

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