

From Globalization to Protectionism: The Global Economy's Journey into the Unknown

(Translated)

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Over the past three decades, a conviction took hold that globalization represented the final stage of global economic evolution that trade liberalization and the opening of borders to the flow of capital, goods, and technology would usher in an era of sustainable prosperity and unprecedented economic integration. Corporations transformed into transcontinental entities, and production chains spanned from East Asia to Europe and the Americas, while the nation-state appeared increasingly diminished in the face of powerful global markets.

However, a series of events, ranging from the 2008 global financial crisis, the COVID-19 pandemic, the Russia-Ukraine war, US-China tensions, and unrest in the Middle East to the rise of economic protectionist nationalism, has exposed deep fissures within the global economic order. Globalization, once promised as a path to stability and prosperity, has come to be viewed by many states as a source of risk, dependency, and strategic vulnerability.

Today, the world appears to be gradually shifting from an era of open globalization to one of economic protectionism, a landscape marked by the return of trade barriers and high tariffs, and the restructuring of supply chains based on national security considerations, instead of economic efficiency. Yet, this shift represents more than a mere change in trade policies; it may signal the start of an uncertain transitional phase that harbors the potential for profound economic upheaval and could reshape the entire international order.

Is the global economy on the brink of collapse? What are the underlying causes that could precipitate such a crisis? And what unknown future awaits the world?

First: Why is globalization in retreat?

1- The shock of the 2008 global financial crisis: The crisis revealed that global interconnectedness transmits not only growth, but also crises. Financial contagion spread from the United States to most of the world's economies, raising doubts about the merits of excessive interdependence. Given today's widespread technological integration, a financial crisis in the US market, particularly a shift in the dollar's value against other currencies, can transmit its impact to global markets within days, or even hours.

2- The COVID-19 pandemic and the collapse of supply chains: When Chinese factories halted operations and global ports partially shut down, industrialized nations discovered that their reliance on overseas production constituted a strategic vulnerability. Consequently, the US and other states began bringing some of their vital industries back home, a strategy known as industrial reshoring.

3- The US-China Conflict: Competition between the world's two largest economies has evolved into a struggle over technology, semiconductors, energy, and supply chains, prompting both sides to impose reciprocal trade and investment restrictions, a situation that could escalate further and is contributing to the dismantling of globalization.

4- The Russia-Ukraine War: The conflict has demonstrated that economic interdependence can be weaponized for political ends, particularly regarding energy, food, and strategic minerals.

5- The Iran-Middle East Conflict: This conflict could prove to be the historic turning point that accelerates the transition to a new era; as costs rise, globalization loses one of its key advantages, low-cost production. With escalating risks associated with transportation and energy, globalization faces the threat of collapse.

Secondly: The real causes of the impending global economic collapse.

1. The Global Debt Explosion: Global debt has reached record levels exceeding \$300 trillion. The danger lies in the fact that rising interest rates make servicing this debt increasingly costly, threatening governments and corporations with bankruptcy or financial default.

2. Supply Chain Fragmentation: While globalization relies on cost reduction through the global distribution of production, protectionism drives the relocation of production domestically, despite higher costs. This leads to increased commodity prices, higher inflation rates, and reduced global economic efficiency.

3. The Energy Crisis: Despite the shift toward renewable energy, the global economy remains heavily reliant on oil and gas. Any major geopolitical disruption could sharply raise costs of both production and transport, thereby precipitating economic crises within the global financial system.

There are numerous other causes that fall outside the scope of this discussion.

Thirdly: What unknown future awaits the global economy?

The world may fragment into competing economic blocs; American, Chinese, European, Asian, and other regional groupings. Production could become less efficient and costlier due to the curtailment of free trade, plunging the globe into a prolonged period of stagflation driven by rising costs of production, energy, and raw materials. Meanwhile, the instruments of conflict would shift toward economic sanctions, trade blockades, and technological dominance.

The impending collapse might not be a sudden crash akin to traditional financial disasters. Instead, it could manifest as the gradual disintegration of the prevailing economic order, a system that has dominated the world for decades through greed, expediency, and monopolistic practices, and whose very foundation rests on usury.

It may mark the rebirth of an order that is more fragmented, less efficient, and more prone to conflict. It represents a transition from a world defined by tight economic interdependence, benefiting only a select few, to one governed by competition over resources, technology, and influence. While this phase is brief and

currently shrouded in uncertainty, it will prepare the fertile ground for the emergence of a new global order. This order will displace the prevailing capitalist system, along with all its mechanisms, and assert itself on the international stage. It will do so not through force, but through its inherent purity and exquisite transparency in eradicating injustice and resolving human problems once and for all. This is the divine Islamic system, the only ideology capable of establishing its own terms and order for the ultimate good of humanity.

Fundamentally, the Islamic economic system is structured to prevent problems from arising in the first place; should they occur, it offers definitive solutions. It rests upon three pillars: ownership, the disposal of property, and the distribution of wealth, all grounded in the principle that the true Owner of wealth is Allah (swt) as He (swt) says, ﴿آمِنُوا بِاللَّهِ وَرَسُولِهِ وَأَنْفِقُوا مِمَّا جَعَلَكُمْ مُسْتَخْلِفِينَ فِيهِ فَالَّذِينَ آمَنُوا مِنْكُمْ وَأَنْفَقُوا لَهُمْ أَجْرٌ كَبِيرٌ﴾ **“Believe in Allah and His Messenger, and spend from what He has entrusted you with. So those of you who believe and spend will have a mighty reward.”** [TMQ Surah Al-Hadeed, 57:7].

However, to implement the Islamic economic system across the globe, we must first implement the Islamic Aqeedah (doctrine) itself, for the two are inseparable. To implement the Islamic Aqeedah, we must join those working to resume the Islamic way of life and realize the glad tidings foretold by the Messenger of Allah (saw) who said, «ثُمَّ تَكُونُ خِلَافَةٌ عَلَىٰ مِنْهَاجِ النَّبُوءَةِ» **“There will be Khilafah on the method of Prophethood”** [Ahmad]

The events unfolding today are merely the throes of a difficult labor we must endure. We shall strive to awaken the giant of Islam, a force the entire world seeks to keep in a state of slumber. Yet, having sensed the stirrings of its awakening, they have moved to dismantle the instruments upon which it might rely, while destroying the infrastructure of Muslim lands and fragmenting and partitioning them to the greatest extent possible.

The West does not view us as separate, individual states. Instead, it harbors hostility toward us as a unified Ummah. Regrettably, however, we respond to this barbaric onslaught through the narrow lens of the nation-state, rather than the broad, all-encompassing concept of the Ummah.

Arise, O Muslims! Come to your senses and unify to cast out your enemy from your midst, from the ruling regimes down to the arrogant capitalist ideology.

Allah (swt) says, ﴿قَالُوا أُوذِينَا مِنْ قَبْلِ أَنْ تَأْتِيَنَا وَمِنْ بَعْدِ مَا جِئْتَنَا قَالَ عَسَىٰ رَبُّكُمْ أَنْ يُهْلِكَ عَدُوَّكُمْ﴾ **“They complained, “We have always been oppressed, before and after you came to us with the message.” He replied, “Perhaps your Lord will destroy your enemy and make you successors in the land to see what you will do.”**” [TMQ Surah Al-A’raf, 7:129].