



On the Impact of Global Problems on National Economies

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Abstract

Purpose: The purpose of this work is to consider the main global problems of our time to identify and analyze their impact on the economy of each state and the world economy. *Design/methodology/approach:* The focus of this research is a comprehensive and multidisciplinary approach to examining the impact of global problems on national economies. Based on the use of comparative, statistical, specifically historical, formal-logical, and hermeneutic research methods, the authors analyzed modern globalization processes (Loiko in Global problems of our time, 2015) and their impact on the economy. The features of modern national and international policies were identified, and the necessary directions of socio-economic development and cooperation of states in situations affecting the interests of the population of the Earth were identified: from environmental problems associated with excessive pollution of the natural environment, destruction of the ozone layer of the biosphere, increased climate instability due to global warming, and to the need to maintain peace and security against the background of the development and introduction of high-tech weapons. *Findings:* The authors suggested that without a global rethinking of value-worldview approaches to human activity and without strategic planning and implementation of policies for the development of economic, political, information, technological, and other integration of the world community, the population of the planet faces a catastrophe. *Originality/value:* The scientific novelty consists in identifying the peculiarities of the influence of global problems on the economies of countries at the present stage, determining target targets in the existing economic conditions. The presented

concept of responding to the global problems of our time and implementing strategic planning in the socio-economic sphere opens up new approaches to rethinking both the processes already known and the phenomena that arise at present in clarifying the most appropriate principles and effective tools for conducting national and international policies to counter various threats.

Keywords

Global problems • The economy • The integration of the world community • International law • Scientific and technological progress • Globalization

JEL Classification

F6 • K33 • K38 • Q5

1 Introduction

The modern stage of human development is rather peculiar, and it is characterized by scientific and technological progress, new political and economic thinking emerging under the influence of various factors, including opposing trends and contradictions (Tolokonnikova, 2017), on the one hand, and global problems, on the other hand.

The existence of the term “global problems” and its sound similarity in different languages does not guarantee the unity of content and understanding of it (Grohalski, 1998).

Despite the fact that the awareness of the existence of global problems arose in the late 60s–early 70s last century, there is currently no official definition of such a concept as “global problems.” Issues related to global issues have been dealt with in various planes (philosophical, social, political, and normative), which undoubtedly indicates a certain level of understanding of their significance and unconditional relevance (Glovatskaya, 2002).

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Global problems are a system of problems affecting the population of our entire planet and requiring the efforts of all countries, since the preservation and further development of human civilization and its interests depend on the consolidation of countries and the ability to solve urgent issues on the basis of international law.

Signs of global challenges:

- (1) systematics, interconnectedness, and interconditionality;
- (2) planetary and complex character;
- (3) demonstrate themselves as objective characteristics of the development of society;
- (4) require an urgent (due to the severity of the manifestation) and a consolidated solution, since their unresolved or untimely measures pose a danger to the future of mankind;
- (5) without solving these problems, it is impossible to continue the progressive movement of mankind toward progress, including economic progress.

In the literature, it is customary to divide global problems into several groups (Lazarev, 1996):

- International cooperation in various fields;
- Consolidation of peace;
- Ensuring human rights and freedoms;
- National and international security;
- Ecology;
- Population or establishment of the demographic balance of the planet;
- The scientific and technological revolution and the use of its results to overcome underdevelopment and etc.

According to the proposed World Economic Forum classification, global problems affecting the economy are divided into four groups:

- (1) economic problems affecting pricing, energy consumption, overcoming financial crises, the influence of the Chinese economy, etc.;
- (2) environmental problems related to climate change, air, water, and soil pollution, provision of high-quality freshwater resources, natural disasters, etc.;
- (3) social problems: issues of forced migration, demographic crisis, the problem of overcoming poverty and underdevelopment (Ukuev, 2012), public health, etc.;
- (4) geopolitical problems: international crime, terrorism, armed conflicts and threats of world wars, the creation of weapons of mass destruction, etc.

According to the World Economic Forum's (2020) annual report on the main risks that the world may face in

2020 (Davos Forum, 2020), the following global problems stand out: slowing economies and social tensions, climate change, declining species biodiversity, cybersecurity problems, and new health challenges.

The global problems of our time require new thinking from statesmen and every person. The preservation of human civilization requires the normalization of international relations, in particular in the field of economics, ecology, information, and the building of policies on the basis of universal human moral and ethical principles and universally recognized principles of international law.

Environmental, food, energy, and emerging diseases with high epidemic potential require increased global responsibility to address these and other challenges.

2 Methodology

The methodological basis of the work was general scientific and private scientific methods, in particular: comparative, statistical, specifically historical, formal-logical, and hermeneutic research methods. The authors, taking an integrated approach to the question of the impact of global problems on the economies of countries, were also guided by the provisions of the general theory of international law.

3 Results

The main directions of domestic and foreign policy of each country should be determined and implemented taking into account the need to prevent and timely resolution of global problems, based on modern scientific achievements in the conditions of digitalization and information support. It is no coincidence that the World Economic Forum called cyber-attacks, fraud, and theft of personal data among the main threats to the world. This requires, within the framework of strategic management, the expansion of political, economic, and other ties, the creation of a real commonwealth system based on international law and their priority.

Currently, we have to state that scientific and technological progress, adverse environmental impact (habitat change, chemical, radiation and other pollution of the atmosphere, water, soil, destruction of the animal and plant world, etc.), and countering nature increasingly entail significant consequences for humanity in the form of retaliatory harm.

Environmental problems are also associated with overpopulation of the Earth, the so-called demographic explosion. Against the backdrop of human consumer attitudes to nature and its wealth, the population is growing and currently stands at more than 7 billion people. Pollution of the

environment by making unusual structural changes to the ecosystem (living or non-living components) interrupts the cycle of substances, the flow of energy, as a result of which this system is destroyed or its productivity is reduced. The percentage of harmful emissions produced by countries is approximately as follows: USA—23%; China—13.9%; Russia—7.2%; Japan—5%; Germany—3.8%; all others—47.1%.

Events of a planetary scale at the end of 2019 and the beginning of 2020 made it necessary to further focus the attention of the world community on environmental problems. Climate change has been stronger and faster than many expected: natural disasters are becoming more powerful and frequent. The level of extinction of flora and fauna is now tens or even hundreds of times higher than the average over the past 10 million years. On the one hand, it affects climate change, and on the other, it threatens the global system of food, medicine, and business.

The problems of human relations with the environment are eternal. However, now there is a real threat, since countries that do not in practice seek international cooperation, but rather improve weapons, actively negatively intervene in these relations. No progress has been made by the world community in the fight against epidemics. So, in 2018, experts from the World Health Organization (2020) (hereinafter—WHO) updated the list of diseases with high epidemic potential for which there are no effective means of counteracting and which should be paid special attention. Ten main threats were listed: Ebola and Marburg viruses, Zika virus, pathogens of SARS and Middle East respiratory syndrome (MERS), arboviruses of Congo-Crimean hemorrhagic fever (CCHF), Rift Valley fever (RFV), Nipah and Lassa viruses, and as well as yet unknown “X virus” the appearance of which raises the idea of its artificial origin (Fishman, 2019). The World Health Organization declared the outbreak 2019-nCoV an international emergency, as it covered a large number of countries.

Indeed, the international community must take care of the survival of humanity. However, when problems affect the world economy and politics, the interest of individual country in such outbreaks and situations arises.

Therefore, the rapid spread of 2019-nCoV around the world and the economic consequences of this outbreak caused the largest weekly stock market crash (Romasevich, 2006) since the 2008 financial crisis. A basket of nearly 7,000 stocks, including developed, emerging and border markets, has lost nearly \$6 billion or more than 10% of their value since Monday, according to Refinitiv data. Bond markets are certainly crying out for a recession, and U.S. and German 10-year bond yields have fallen 20 basis points in a week, with the latter hitting record lows.

Fears of a collapse in demand caused by the recession place a heavy burden on commodities. There is a sharp drop in oil prices.

Unfortunately, Russia and OPEC could not agree on a reduction in oil production.

Efforts to contain the outbreak of 2019-nCoV led to the full or partial introduction of quarantine in the affected countries. Prolonged quarantine changed consumption priorities: demand for a number of goods, such as cars and clothes, but at the same time, demand for goods for home and family, for food delivery services and office equipment increased. The behavior of companies has changed: retail chains have switched to online shopping, and employees of various enterprises and organizations have been transferred to remote operation. In Russia, problems in the regulation of labor relations were revealed due to insufficient flexibility and limited opportunities for the use of information and communication technologies, therefore, a bill has been prepared to amend the Labor Code of the Russian Federation (Labor Code, 2020).

Owing to disrupted supply in various industrial sectors and depressed demand, there is uncertainty in the world economy. The leaders of many states, who, instead of constructive proposals to take control of the situation, sow panic with their public speeches, look quite confused.

In connection with the emergence of 2019-nCoV, the question involuntarily arises why the outbreak was first recorded in China?

Let us turn to the history of the emergence of diseases with high epidemic potential. For example, over the past 20 years, China has faced a second time infection originating from the coronavirus family. In 2002, the SARS epidemic claimed 800 lives and infected 8,000 people. A 2004 analysis of the economic impact of SARS shows that the world economy suffered losses of at least \$40 billion in 2003 and a 1% slowdown in growth. However, then China represented just over 4% of world GDP and was the sixth largest economy in the world (Korolyov, 2003). Today, it accounts for more than 16% of world GDP and is the second economy after the United States economy. In addition, the country is traditionally the largest source of global growth—only in 2019 its contribution exceeded 39%.

Globalization has placed China at the center of complex supply chains. In particular, the South Korean car manufacturer Hyundai became the first company outside China to announce the cessation of production at its domestic plants due to a lack of components. Car manufacturers in Europe and the USA have also warned that they too will soon begin to exhaust components.

China is also the largest importer of raw materials, the leading exporter of electronic components.

As for demand, its influence is already noticed in the tourism and travel industry. The airline sector is expected to suffer a loss of \$29 billion in 2020 as demand for air travel declines for the first time in 11 years.

Today, the world community is in crisis. The problems turned out to be so large and uncontrollable that Saxo Bank completely called this year lost to the economy. Due to restrictive measures, production in many states has decreased or stopped, which naturally affected cross-border transactions. Along with this, frequent cases of speculation in the market of certain goods were revealed: antivirals, sanitary masks, and disinfectants.

However, the pandemic demonstrated the understanding on the part of most states of the importance of human capital and the need to develop social policies.

4 Conclusions/Recommendations

In considering the impact of global problems on national and international policies in all spheres, it should be emphasized that countries must act together in formulating proposals during diplomatic negotiations and the conclusion of universal international agreements. To do this, efforts must be made to change the consciousness of the world community, overcome national and social egoism, including moving from a consumer-technocratic approach to the search for harmony with nature and people, ensuring equality regardless of race, nationality, language, origin, property status, gender, attitude to religion, etc.

At the height of a pandemic 2019-nCoV, it became clear that it is impossible to carry out economic policy, being based only on laws of market economy and capitalist approaches to the solution of topical issues. Countries should be more socially oriented. If strategic planning is not carried out in the socioeconomic sphere, various types of cataclysms will negatively affect the economy of a single country, and therefore the world economy, since the adoption of emergency measures to support the population and entrepreneurship is less effective, unlike the planned forms of support for the population in universal states of welfare. Versatility and flexibility insure against force majeure.

Therefore, various problems of a global nature (environmental, economic, social, geopolitical, etc.), on the one hand, require wide discussion, in-depth analysis, and comprehensive research using specific methods and tools, and, on the other hand, coordinated and effective concrete actions of each country, international organizations, and other

members of the world community. In particular, in the field of ecology, the vector of activity should be changed toward a reasonable self-restraint in the use of natural resources, the extermination of forests, the creation, and provision of favorable living conditions (Spiridonov, 2002). Efforts should be made to create conditions for global equilibrium and the establishment of a new civilized world order that promotes the attraction of a variety of (material, financial, labor, technological, spiritual, intellectual, information) consolidated resources in order to solve global problems. Any of the global problems has serious economic aspects that make it impossible to solve them without combining the resources of the world community.

In order to counter threats, it is also necessary to increase productivity and develop digital technologies, since the situations examined once again prove that now the whole world must become digital a priori. And, as a result of the expansion of digital technologies, there is the need for specialists in new professions and the emergence of new sectors of the economy.

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