

# World Economy Major Trends: New Normal, The Fourth Industrial Revolution, Globalization, Sustainable Development



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**Abstract** This chapter describes the main trends of economic development that are characteristic of most countries of the world in the first decades of the twenty-first century; the New Normal, the Fourth Industrial Revolution, globalization and the transition to sustainable development. At the same time, special attention is paid to globalization.

## 1 Introduction

This chapter describes the main trends of economic development that are characteristic of most countries of the world in the first decades of the twenty-first century; the New Normal, the Fourth Industrial Revolution, globalization and the transition to sustainable development. These trends are equivalent and interrelated, but the chapter begins with the New Normal as the one that is most closely related to the rest. Special attention is paid to globalization based on the profile of this book.

## 2 The New Normal

The concept of a “New Normal” (New Normality, New Reality) appeared in the 1930s in the USA during the Great Depression, when the economy and society were adapting to its consequences. This term became widely used again after the crisis of 2008–2009, when it became clear that the world economy was facing new phenomena—a slowdown in economic growth, a slower than expected pace

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of the Fourth Industrial Revolution, a change in the nature of globalization and growing environmental problems. This term acquired another shade as a result of the coronavirus pandemic in 2020–2021 and warfare in Ukraine in 2022. Therefore, the New Normal should be considered one of the main trends determining the modern development of the world economy.

One can interpret the New Normal in a general and concrete sense. In a general sense, this is the mass emergence of new phenomena that are sharply different from the previous ones (“what used to be unusual has become ordinary, normal”). In a concrete sense, it is a decrease in predictability, leading to an increase in uncertainty and the resulting instability (volatility) of the economic agents’ behaviour. In the New Reality, they are faced with a lot of new phenomena, the development of which is difficult for them to predict, and therefore the level of uncertainty that has developed in their previous life is sharply increasing, and their behaviour is increasingly becoming uncertain. What should households expect from future changes in the labour market (should they urgently retrain for new professions, and which ones?), what should firms expect from new phenomena in the economy (will digital platforms capture new industries for them or try to become such a platform in their industry themselves?), how can the state anticipate the development of the economic situation in the conditions of increased instability of the global economy, will climate warming and environmental degradation continue and how should we respond to it?

At the same time, as usual in conditions of increased uncertainty and volatility, the behaviour of economic agents is even more strongly influenced by non-economic factors—political, social and cultural. Should the dominance of liberal ideology weaken or not? How will the political confrontation of the USA, Russia and China affect the global economy? Should social tension increase if mass unemployment grows as a result of replacing a number of professions with robots and artificial intelligence, or should this tension be reduced (at least in developed countries) by paying all non-working citizens an acceptable basic income? Should interest in work remain a cultural habit in developed countries, or should it be replaced by an increased interest in leisure? How can less developed countries address the problems of poverty, health and education in the face of increased uncertainty?

## ***2.1 The Impact of the New Normal on the Behaviour of Major Actors of the World Economy***

The growing uncertainty of the economic agents’ behaviour in the conditions of the New Normal makes it difficult to assess at least the most general prospects for the behaviour of the main actors of the world economy, but such an attempt can be made. National economies will remain the main subjects of the world economy in the foreseeable future (there are no signs that they should be displaced by other actors in recent years). However, their interest in the global economy may decrease. The new reality has demonstrated not only a slowdown in the pace of globalization, but

also increased risks of participation in it (the pandemic of COVID-19 has shown the vulnerability of global value chains, trade wars reduce the flow of goods, services and capital). In these circumstances, we should pay greater attention to the reliability of markets in order to reduce risks. Large economies (namely, they define the face of globalization) should pay attention to their own market first, and only then to the global market, the markets of those countries with which they have joint integration associations or regional trade agreements. Therefore, it can be assumed that the interest of large economies in globalization will not grow, and perhaps even weaken in the conditions of the New Normal. However, such a conclusion can be contrasted with the fact that globalization in the field of knowledge exchange and international labour migration continues to grow, as well as the fact that, China, the largest economy in the world, considers globalization as a process running parallel with the growing attention of China to its domestic market.

Integration associations—these important actors of the world economy—are likely to develop, although it may happen more slowly than before. Large economies are still interested in expanding sales markets through economic integration with other countries, while small countries participating in integration associations with their small domestic markets are even more interested in this, although their economic interest in integration associations does not always coincide with the political, social and cultural views of their population and leaders. For these reasons, old and new integration associations are likely to be increasingly multi-level and multi-speed, like the Eurozone within the EU. In the conditions of the New Normal, this should help different countries, while remaining members of integration associations, to participate there more actively or passively, depending on how the economic, political, social and cultural situation develops in these countries. New trends in integration will also contribute to such flexibility (see chapter “[World Economy Major Trends: International Economic Integration](#)”).

Multinational enterprises (MNEs)—the most active subjects of economic globalization—should expand the network of their foreign branches less actively in the conditions of the new reality. If in the 1990s–2000s the volume of value added produced at their foreign branches increased from 6 to 10% of world GDP, then in the second half of the 2010s this share was at the level of about 8%. It can be assumed that in conditions of unstable global value chains, the declining importance of saving on cheap labour, reorientation from producing goods to services and multinational enterprises should increasingly rely on the supply of goods, services and information from their countries, and many their branches in large foreign economies should supply their products mainly to domestic markets.

Although another subject of the world economy—international economic organizations—is considered by neoliberal economic theory as an actor whose importance should increase, it no longer looks so obvious in the conditions of the New Normal. The WTO’s failures in conducting the last Doha round of multilateral trade negotiations (see chapter “[Multilateral Trading System and Global Trade Regulation](#)”), the IMF’s not always a successful policy of supporting the economies of less developed countries, the inability of international economic organizations to prevent trade wars and global economic crises are attracting increasing criticism. It is hardly necessary

to count on their increasing importance under these conditions. It is the importance of international political, social and cultural organizations that should grow. They should be increasingly in demand in the face of increasing global risks—nuclear war, climate change and new pandemics that cannot be solved at the national level.

### **3 The Fourth Industrial Revolution**

The First Industrial Revolution, which started after the steam engine and railways appeared, took place from the 1750s to the 1900s. It created an industry based on machines. The Second Industrial Revolution, which gave an emphasis on the use of electricity and the conveyor, started in the 1900s and lasted until the 1950s. It resulted in mass production. The Third Industrial Revolution was connected with computers. It began in the 1950s and went on until the early 2000s. It involved the active use of electronics and information technology. The recently launched Fourth Industrial Revolution (“Industry 4.0”) relies on digital technologies and creates a world of smart and interconnected machines.

#### ***3.1 The Main Features of the New Industrial Revolution***

According to Klaus Schwab, one of the top ideologists of the Fourth Industrial Revolution, its megatrends in the physical sphere are 3D printing, advanced robotics, unmanned vehicles and new materials, the Internet of Things, blockchain and digital platforms in the digital sphere and genetics in the biological sphere (Schwab, 2016). Other researchers add megatrends such as big data, artificial intelligence, environmental management and energy consumption, as well as pandemic prevention.

However, sceptics doubt that a revolution is taking place. They suppose that it is just a development of the Third Industrial Revolution. They point out that the scientific and technological progress is even slowing down (which is confirmed by a drop in the rates of total factor productivity and labour productivity—see chapter “[Developed Economies as a Group](#)”). Their opponents object that this is a consequence of the cheapening of many goods and services as a result of the new industrial revolution, which distorts productivity statistics.

This book offers a compromise point of view—the Fourth Industrial Revolution is just beginning, and therefore its fruits are not always abundant and statistically visible.

### ***3.2 Its Impact on the Global Economy and International Business***

If we try to assess the impact of the new industrial revolution on the world economy, then it affects consumption as follows:

- new relatively inexpensive consumer goods and services reduce the cost and expand consumption in general;
- digital technologies allow firms to adapt to the preferences of local consumers (customization);
- consumption patterns change through access to digital platforms: purchases via the Internet, the purchase of services instead of goods (for example, through car sharing).

The new industrial revolution mainly affects the industry in the following manner:

- the cost of goods and services for investment purposes is reduced, which decreases the capital intensity of investments. For this reason, the Fourth Industrial Revolution does not radically increase the rate of gross accumulation (as happened during previous industrial revolutions);
- the change in the life cycle of the company and its structure is more rapid, giving an advantage to the most innovative companies, primarily based on digital platforms. These companies, instead of traditional outsourcing, use a single digital workspace for themselves and partners, primarily in order to reduce transaction costs (examples include Uber, Coursera and online stores);
- financial transactions, settlements and tax collection are increasingly carried out, not through banks, but through the blockchain. It is also used in insurance and accounting, audit and consulting. This may undermine the role of banks and these companies in the economy; and
- the sphere of the circular economy is expanding, i.e., the focus should move to the production that minimizes environmental pollution, including through the renewal of natural resources, the processing of secondary raw materials and the use of renewable energy sources.

There is also an impact on the social sphere:

- the relative cheapness of new technology pushes manufacturers to replace labour with machinery (capital). As a result, the share of capital owners in national income is growing, the share of wages for employees is decreasing and inequality between them is increasing, including among employees themselves due to remuneration to the most sought-after and talented (“stars”);
- the new industrial revolution may increase technological unemployment after displacing labour by capital (smart machines). The opponents object that such fears arose at the beginning of all previous revolutions, but were not justified due to the fact that the workforce was retrained. So far, the statistics are more on the side of the opponents; and

- based on the displacement of labour by capital, acceleration of the life cycle of companies and changes in their structure, there is a shift from long-term relations between companies and their employees to short-term ones, i.e., without registration of temporary employees of companies as employees. This transforms their significant part into the precariat, i.e., people with permanent, partial or temporary employment and unstable social status.

As for international business, the Fourth Industrial Revolution affects it as follows:

- a significant part of labour-intensive production, previously transferred by MNEs to less developed countries, is slowly returning to developed economies, since now, due to a decrease in the share of labour in the product manufacturing, the cost of labour is becoming less important. In the future, this process is expected to accelerate due to the localization of production closer to consumers and using 3D printers. As a result, there is a stagnation in the export of direct investment, primarily from developed countries—the main exporters of this capital;
- there is a decrease in the growth rate of world trade in goods due to the reduction (shortening) of global value chains (see chapter “[Global Value Chains](#)”). This is due both to the rescheduling and the greater orientation of the links of these chains in less developed countries to local consumers, whose demand is growing as the level of economic development of these countries increases. Besides, a part of the international trade in goods is being displaced by digital trade (due to the exchange of data, not goods);
- international labour mobility is increasing due to cheaper transportation costs, although at the same time, the remote employment rate is growing.

## 4 Globalization

After the global financial and economic crisis of 2008–2009, it became increasingly common to talk about a gradual slowdown in economic globalization or even its decline. To denote these processes, a new term “deglobalization” appeared; the COVID-19 pandemic has significantly slowed down many globalization processes, increasing the number of those supporting deglobalization.

Recall that the term “economic globalization” became widely used in the 1980s to denote the new state of the world economy, when the liberalization of capital controls in many countries began to rapidly increase cross-border capital flows, contributing to the growth of flows of goods and services. The term “economic globalization” used in the 2000 IMF report “Globalization: Threat or Opportunity?” refers to the increasing degree of integration of countries around the world, primarily due to trade and financial flows. Sometimes globalization also means the movement of people (labour) and knowledge (primarily technology) across international borders.

In the scientific literature, two different positions can be distinguished about the “origin” of economic globalization. One group of authors considers the 1980s to be the beginning of globalization (some works also include the 1970s). They consider

the globalization process as a new stage of internationalization of economic life, due to a fundamentally different quality of interconnection and interdependence of national economies. At the same time, comprehensive works appeared exploring globalization, not only in the economy, but also in the social sphere and politics.

Another position is that globalization began to develop 100, 200 or even 400–500 years ago, since the time of the Great Geographical Discoveries (late fifteenth to mid-seventeenth centuries). This position is based on the bursts of international trade and the expansion of its geographical borders, and even the development of cross-border financial transactions during the rapid development of capitalism. But the proponents of “early” globalization do not take into account the new quality of internationalization of economic life of the last 40 years, during which the market economy has become a universal form of organization of economic life for the vast majority of countries. Besides, a number of problems (climate change, environmental pollution, growing socio-economic inequality, debt crisis, food shortages, etc.) have become global in nature. Only as a result of globalization has it become possible to create the UN global programme “Sustainable Development Goals” for the period up to 2030 (2015, 193 countries), the Paris Agreement on Climate Change Mitigation (2015, 197 countries), the global minimum corporate tax (2021, 137 countries), etc. Finally, the institutional structure of the world economy itself has changed, when, along with national states, MNEs have become the most important subjects of international relations, international organizations and regional associations, SMEs and people interacting with the global economy through goods, services, investments, information, education, tourism, etc.

It is in recent decades that globalization has had a strong impact on world development. According to estimates by the McKinsey Global Institute, global flows of goods, services and investments in the 2000s annually added from 15 to 25% to the overall growth of the global economy. At the same time, the largest gain (up to 40%) was received by the states most actively involved in these processes.

To assess the nature and dynamics of the processes of economic globalization, one has to know the indicators that characterize them.

#### ***4.1 Indicators of Globalization***

There are two groups of such indicators: calculated and estimated ones.

An indicator reflecting the ratio of the volume of exports of goods and services (imports, foreign trade turnover) to the country’s GDP is popular in the first group. Moreover, one should calculate the GDP indicator rather using PPP than the exchange rate (i.e., on the basis of world prices close to export and import prices). A more accurate picture is given by national accounts, in which the volumes of exports and imports of goods and services are given in domestic prices, i.e., in the same ones in which the entire volume of products produced and consumed in the country is calculated.

Another calculated indicator is the ratio of cross-border financial flows (in general or by main forms—direct or portfolio investments, debt obligations, derivatives, etc.) to GDP. There is also another option—the ratio of foreign investment (already accumulated in the country or abroad) to GDP.

Calculated indicators of globalization can also include individual data characterizing the development of international production. For example, this will be the number of MNEs and their foreign affiliates, the number of international mergers and acquisitions, the share of output, the share of employees and the share of sales of foreign branches in the total result of MNEs activities. Another area of assessing globalization is the indicators of people's cross-border movement, including tourists, labour resources, students, specialists, refugees, etc.

The second group of globalization indicators includes composite evaluation indicators based on a comprehensive assessment of various indicators characterizing the degree of interconnectedness of individual states. Based on this analysis, country ratings are compiled. They are calculated by individual reputable organizations, for example, KOF Globalization Index, Kearney/Foreign Policy Globalization Index, DHL Global Connectivity Index, CSGR Globalization Index, etc.

For example, the KOF Globalization Index covers the economic, social and political aspects of globalization. All index indicators form three main groups of global integration: (a) economic globalization, which is characterized by flows of goods, capital and services over long distances (the amount of exports and imports of the country FDI and portfolio investments), the amount of information that accompanies market exchanges, as well as the level of restrictions on trade and investment (tariff and non-tariff restrictions); (b) social globalization, characterized by the level of cultural proximity (the number of IKEA stores and McDonald's restaurants located in the country), personal contacts of citizens (international telecommunication traffic in minutes per subscriber, the average cost of a call in the USA, tourism, the volume of information flows per 1000 people: the number of Internet hosts and users, cable TV subscribers, the number of telephone lines, the number of radio stations, daily newspapers); and (c) political globalization, determined through the membership of countries in international organizations, participation in international missions (including UN missions), ratification of international multilateral treaties, the number of embassies and foreign missions in the country, etc. The KOF Globalization Index is calculated as the sum of these components with weighting coefficients of 36, 39 and 25%, respectively.

## ***4.2 The Main Trends of the Modern Stage of Globalization***

There were serious reasons for the point of view about deglobalization to appear. They are associated with a slowdown in the most important interstate flows of assets, primarily goods, services and capital, after the global crisis of 2008–2009. The global economic crisis of 2020 has added new arguments for deglobalization.





**Fig. 1** GDP and trade in goods and services in the global economy, % (Source IMF. *World Economic Outlook*. October 2022)

Since 2009, one can observe a slowdown in the dynamics of foreign trade, which in general grew slower than GDP. At the same time, there was only a small period of post-crisis recovery in 2010–2012, after which low rates of world trade prevailed or even its reduction (2019), even before the corona crisis of 2020 (see Fig. 1).

Although global GDP and world trade then recovered, according to the IMF forecast (January 2022), this trend will slow down again in 2022–2023, and the world trade’s growth rate will be only slightly higher than GDP growth, which indicates a slowdown in globalization.

One could also witness a significant reduction in cross-border capital flows, including FDI, bank loans and the purchase of stocks and bonds after the global crisis of 2008–2009. These financial flows decreased by almost 50% in 2008–2019, although there were separate attempts at growth in 2014 and 2017. Half of the decrease in capital flows was due to a sharp reduction in cross-border lending and other cross-border banking operations. The crisis of 2020 has negatively affected the movements of financial assets.

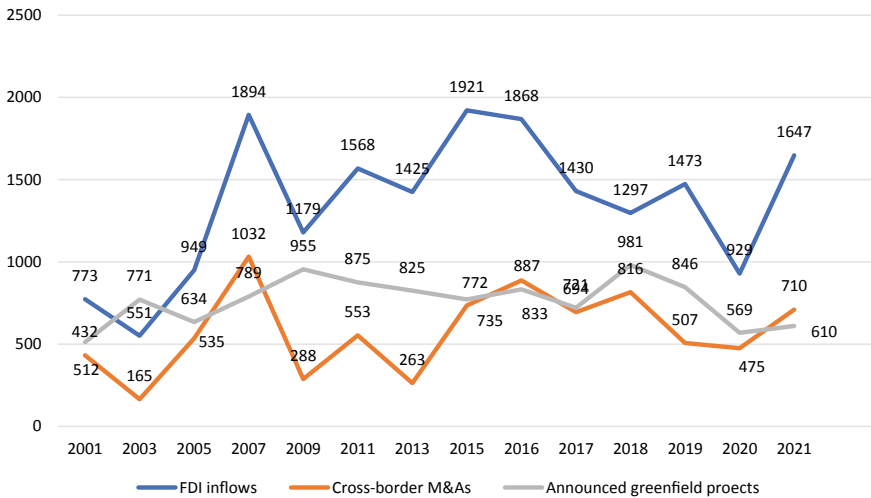
Global FDI, which has not been able to exceed its maximum level in 2007 for 10 years, is indicative in this regard. Similar negative trends are observed in cross-border mergers and acquisitions, as well as in announced investment in new assets, which can be used to judge investment prospects, due to the continuing high uncertainty about the future growth of the global economy (see Fig. 2).

COVID-19 is expected to provoke a reassessment of MNEs’ value chains in terms of supply reliability, with a change in the strategy of “cost reduction” to the strategy of “ensuring supply stability” and transferring their production activities closer to the sales markets.

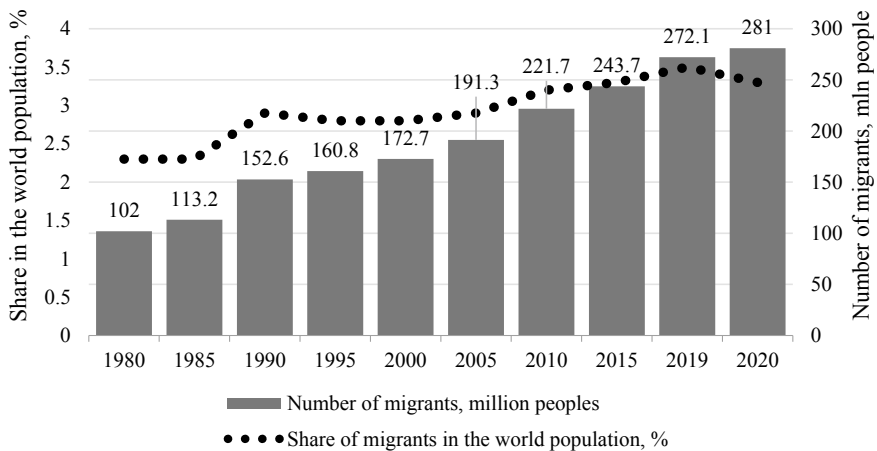
As for another cross-border flow—the movement of people, there were different trends for international tourists and migrant workers. Until 2020, all these flows grew steadily, but with moderate growth rates. However, COVID-19 has brought down international tourism: in 2020, the number of international tourist arrivals (overnight visitors) was 73% lower than in 2019, and only in 2021 a slow recovery began—415 million against 400 in 2020. In 2020, the growth in the number of international

migrants did not decrease, but noticeably slowed down. Their number amounted to almost 281 million people (of which almost two-thirds are migrant workers), but this is still a very small percentage of the world’s population (see Fig. 3)

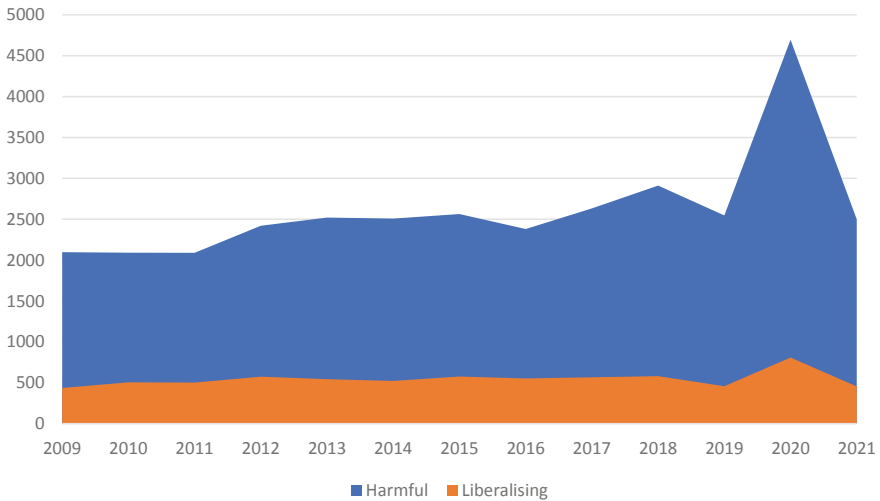
The most important reason for the slowdown in world trade and investment was growing national protectionism. According to Global Trade Alert estimates, more than 30,000 restrictive measures in international trade have been taken from November 2008 to January 1, 2022, while the number of liberal measures amounted



**Fig. 2** Foreign investment in the global economy, billion dollars (Source UNCTAD [2022]. Global Investments Trends and Prospects)



**Fig. 3** International migration in 1980–2020 (Source IOM [2022]. World Migration Report)



**Fig. 4** Restrictive and liberal measures in world trade in 2009–2021 (Source Global Trade Alert, 2022)

to a little more than 7000. At the same time, the number of restrictive measures increased dramatically during the crisis of 2020 (see Fig. 4).

Economic, trade, technological and sanctions wars, which hindered the development of mutually beneficial trade and other globalizing ties, became a new, and rather important phenomenon that manifested itself in the 2010s. Unlike conventional protectionism, economic wars cause serious damage to the economies of the countries involved in such conflicts. They affect several spheres of economic interaction and extend to a wide range of economic actors.

There are several reasons that contributed to accelerating these trends:

- the transition of the leading countries of the world to a new model of socio-economic development, when the more efficient use of domestic resources and national security, as well as stimulating domestic demand, come to the fore;
- support of national business by imposing restrictions on foreign companies and simultaneously reducing taxes and applying other norms to stimulate national business, the more intense fight against illegal capital export and tax evasion, conducting anti-import structural and foreign economic policy;
- dissatisfaction with the activities of international institutions such as the WTO, the IMF and the World Bank, and uncertainty about the development of international trade and investment policy frameworks; and
- the growth of geopolitical tensions associated with a change in the alignment of economic forces and the redistribution of spheres of influence in the global economy and a noticeable acceleration of the arms race.

A new factor for strengthening the priorities of the national market is also the growth of demand in less developed countries, which is expected to amount to 50%

of the global total by 2030. Therefore, many companies in these countries that used to work for export will reorient to the domestic market. Since 2021, China has been pursuing such a policy, which has set the task of improving the standard of living of the population through the development of high-quality domestic consumption, including through reorienting a number of export-oriented industries to the domestic market (dual circulation strategy).

The slowdown in the trade and investment flows has another objective reason. This is the development of new technologies in production and services, which allows the reduction of the costs of natural resources and energy, ensuring higher productivity and security of economic activity, changing perceptions about the effective scale of production and logistics needs. In the modern world, there is a tendency to move production closer to the main consumer markets, such as the USA and the EU. For example, Adidas and Nike have developed new lines of sports shoes the production of which can be fully automated, and they have opened these new factories in Germany, the USA and Mexico. American General Electric, Apple, AT&T, Caterpillar, Whirlpool, Verizon and many other companies have abandoned their overseas branches. This trend has been called reshoring (the return of MNEs “to their native shores”). According to PwC estimates published in 2021, outsourcing has the potential to increase annual production volumes in the G7 countries by \$136–272 billion within the next decade. The increase in annual production is equivalent to the return of 0.6 to 1.2 million jobs to the G7 countries, most of which will be in Germany and the USA.

The McKinsey Global Institute predicts that automation, artificial intelligence and additive technologies can reduce global trade in goods by more than 10% by 2030. ING Bank predicts that 3D printers alone can increase the industrial production of local goods and contribute to a 40% decline in world trade by 2040. In this regard, the strategies of “lightweight assets” are being developed, thanks to which MNEs, can use digital technologies to carry out economic activities abroad without significant investments. In addition, the incipient decarbonization of the economy, the purpose of which is to prevent an increase in the average global temperature of more than 2 degrees Celsius, the introduction of a carbon tax on imports (instead of inefficient quotas for CO<sub>2</sub> emissions) and the development of green energy, can significantly reduce the demand for fuel and raw materials and products of metallurgy and metalworking, which account for a significant part of world trade.

All this strengthens the positions of opponents of deglobalization, who argue that we can see the slowdown in the traditional areas of globalization due to its transition to a new stage of development. This stage is often called “Globalization 4.0”, which indicates its relationship with the rapid progress since the beginning of the fourth Industrial Revolution in the 2010s. Globalization 4.0 is characterized primarily by the development of internetization and digitalization of the economy, which contribute to the introduction of revolutionary technological innovations. That is why new indicators have become increasingly used to characterize modern globalization. They include the volume of cross-border traffic of information flows (Internet and telephone communications, including mobile communications), the volume of

Internet commerce, the level of international cooperation in research and development, the number of Internet users and subscribers of social networks, etc. The diagram, compiled by DHL experts, illustrates the new trends in globalization (see Fig. 5).

The Internet and digitalization create specific supply chains in all sectors of the global economy that overcome cross-border barriers with minimal costs. Emerging new G5 and G6 mobile communication technologies, along with quantum technologies and artificial intelligence, create fundamentally new opportunities to increase reliability and productivity, develop and localize production and reduce communication costs.

If in 1995 there were 15 million Internet users (0.39% of all people on the earth), in 2007 there were 1.15 billion (17.2%), then by January 1, 2022 there were 4.9 billion users (63% of all people). At the same time, 90% of the population used the Internet in developed countries, and 57% in developing countries. The largest number of Internet users was in China—854 million people, India—560 and the USA—313 million people. In addition, the COVID-19 pandemic contributed to a sharp increase in Internet bandwidth, which increased by 35% in 2020. The monthly volume of global data traffic is expected to increase from 230 exabytes in 2020 to 780 exabytes by 2026.

Thanks to the rapid development of mobile communications (in 2021, 5.2 billion people, or almost 67% of the world's population, used a mobile phone), not only a convenient means of communication, including cross-border, appeared, but also the possibilities of using various types of remote services (financial, trade, transport, information, educational, consulting, entertainment, etc.) expanded. COVID-19 opened a new era in remote work, which has reached global scale.

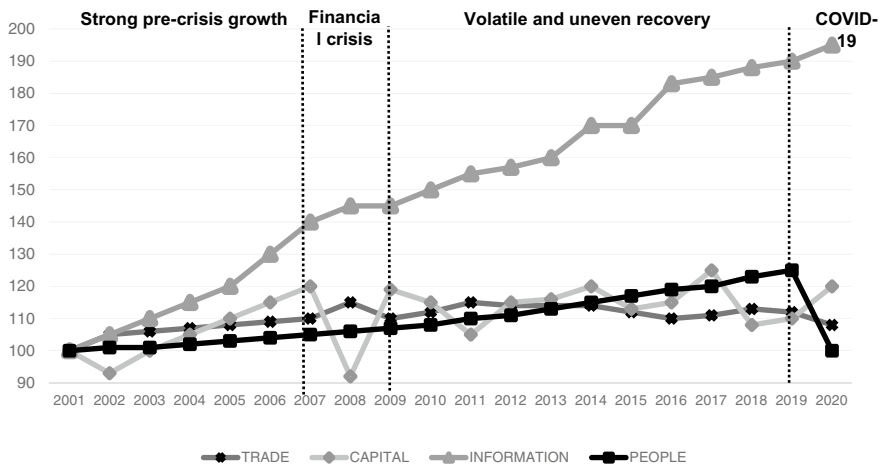
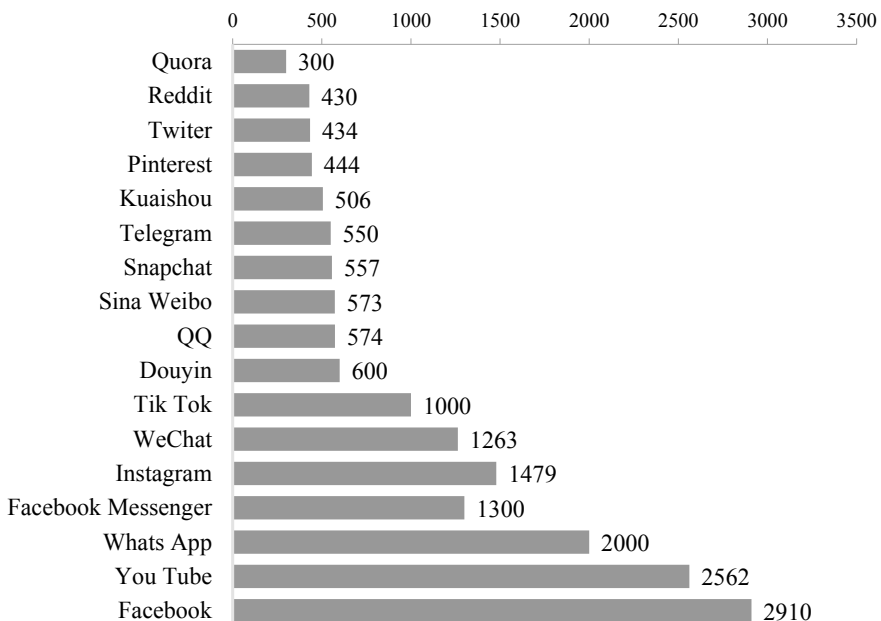


Fig. 5 Various cross-border flows, 2001 = 100% (Source DHL [2021]. Global Connected Index)

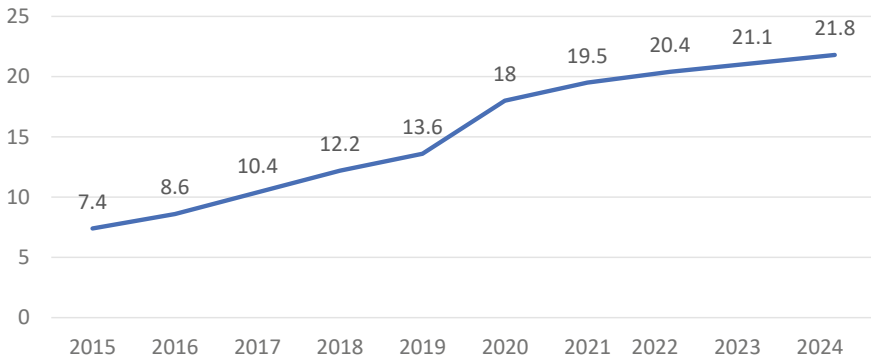
There are also cost estimates of the new wave of globalization. According to one forecast, cross-border Internet flows may cost more than the current global trade in goods, or about \$20 trillion by 2025. The global Internet of Things market is expected to grow from \$151 billion in 2018 to \$1567 billion in 2025.

Social networks have begun to play a special role in the new stage of globalization. They are used by 54% of the world's population, 98.8% of whom use mobile devices. Facebook, Instagram, YouTube, Facebook Messenger, WhatsApp, WeChat and TikTok are the leaders of the digital platforms which had over 1 billion active users on January 1, 2022. It exceeds, or is comparable to, the population of the largest countries in the world (see Fig. 6). This allows us to use these platforms for developing various economic and information ties between countries, which contributes to the consolidation of the consumers who are becoming the most important subjects of the new globalization.

In 2021, over 19% of international trade in goods and about 50% of trade in services were carried out via the Internet. The volume of online retail sales in 2016–2019 grew by an average of 20% per year, while traditional retail sales increased by only 3.5% per year. A huge leap in online commerce was observed in 2021, when its volume reached \$4.9 trillion, and by 2025, it is expected to increase to \$7.4 trillion, i.e., by 50%. Its main markets are the USA, China and the EU (Fig. 7).



**Fig. 6** Number of users of popular social networks, as of January 1, 2022, million people (Source Statista, 2022)



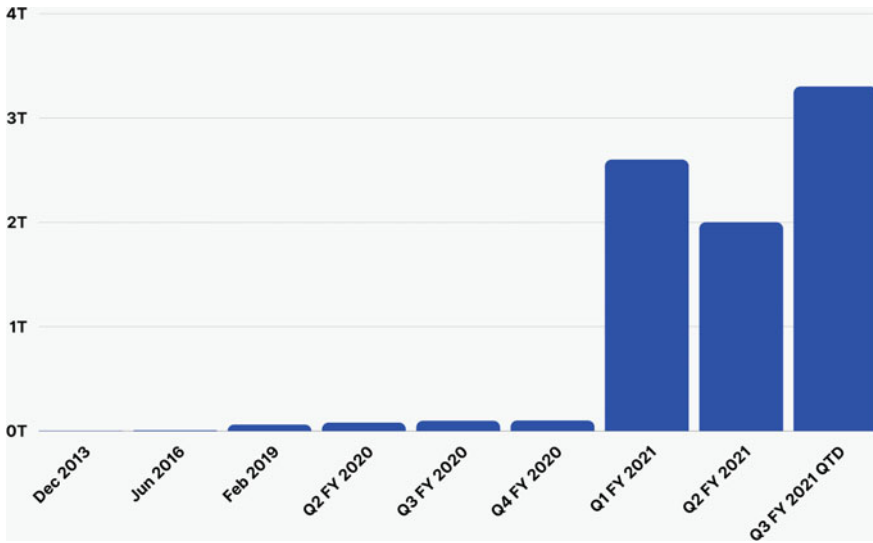
**Fig. 7** The share of e-commerce in global retail, % (Source Statista, 2022)

Online commerce is increasingly replacing traditional international trade. Already more than 50% of online buyers in the Middle East, Africa, Europe and Latin America choose products from foreign websites. 1000 of the largest online stores in North America sell goods worth \$143 billion to customers outside the USA. At the same time, Amazon’s share in these international sales was 44%. Two-thirds of retailers believe that cross-border e-commerce is the most important source of future growth for their company, as it provides many international customers.

Surveys show that almost 50% of Internet users turn to social networks when information about goods or services that need to be purchased is collected. In 2019, 90 million small and medium-sized enterprises posted marketing information on the Facebook platform (in 2013 there were about 25 million; that is, an increase of 3.6 times over 6 years), while a third of their potential consumers are foreign ones. Facebook, with more than 80 million business pages, is used by 87% of American marketers, and 44% of users admit that their shopping behaviour is influenced by Facebook.

The main providers of the e-commerce market—Alibaba, Amazon, eBay, Flipkart and Rakuten—have given tens of millions of small and medium-sized enterprises around the world access to foreign markets. More than 80% of technological startups conduct cross-border activities. According to experts of the Alibaba Group, if earlier international trade was predetermined by about 65,000 MNEs, in the next 50–60 years, there will be 60 million small and medium-sized businesses that will work via the Internet, and they should occupy the leading place in the world. The labels “Made in China” (Japan, India or the USA) will be replaced by the label “Made on the Internet”.

At the same time, the pandemic has played a positive role in this area, significantly increasing the volume of interstate traffic through the Internet and other communications channels. During this period, social networks, e-commerce companies and new platforms received an additional impetus.



**Fig. 8** Using the Zoom platform, trillion minutes

#### **Companies—champions of digital globalization**

Amazon has become one of the main beneficiaries of the new stage of globalization, which accounts for over 40% of US digital revenues. Its Internet sales increased by more than 46% in 2020–2021, while in the 5 years preceding the pandemic, the growth was about 14% annually. Amazon’s main markets in 2021 included the USA (\$314 billion), Germany (\$37 billion) and the UK (\$32 billion).

Another example is Zoom Video Communication, which managed to become a world leader in video conferencing in a relatively short period, while the greatest growth in the use of the service occurred in 2021, since it provided easy-to-manage and convenient video communication. That is, it provided an opportunity to work and study at home, and also allowed for international negotiations, scientific events and even just personal contacts at a qualitative level (see Fig. 8).

Zoom Video Communication’s revenue increased from \$330 million in fiscal 2019 to \$2651 million in fiscal 2021.

Another beneficiary of the COVID-19 pandemic, the American streaming service Netflix, had 222 million subscribers worldwide at the end of 2021; there was an increase of 57 million people compared to the end of 2019. At the same time, most of the subscriber growth occurred outside of North America—Europe, the Middle East, Latin America and Asia. In Norway, about 37% of the population subscribes to Netflix, in New Zealand—26%, Australia—25%, the USA—20% and the UK—19%.

New financial mechanisms are developing in the trend of the new stage of globalization. We are talking about blockchain technologies and the cryptocurrencies based on them and their derivatives, which can significantly change the configuration of global financial flows. They allow avoiding the services of banks, as well as



classical payment systems and other financial intermediaries in cross-border settlements and capital flows, which reduces the cost of transactions as much as possible and provides them with a certain anonymity. At the beginning of 2022, there were already 295 million owners of cryptocurrencies from more than 200 countries of the world. In 2017–2021, the cryptocurrency market grew 147 times (from \$15 billion to \$2200 billion), although there were serious ups and downs in this market, including individual cryptocurrencies.

The main cryptocurrencies at the beginning of 2022 were Bitcoin (37.3% of the market), Ethereum (16.7%), Ripple (3.7%), Tether (3.5%) and Axia (3.3%). Today, more than 500 cryptocurrencies are circulating on the market, and a number of states and companies have announced their intentions to issue their own cryptocurrencies. Although only one country, El Salvador, has recognized Bitcoin as an official means of payment. However, some countries have officially abandoned the use of these cryptocurrencies for settlements and are going to use national digital currencies, the circulation of which will be regulated by their central banks.

It means that the idea about the decline of globalization is not supported by concrete data on the development of the global economy. They show that globalization does not end, but acquires a qualitatively different character.

## 5 Sustainable Development

Largely as a reaction to environmental degradation, the concept of sustainable development appeared in the late 1960s and early 1970s. It was based on an ecological approach to nature management that took into account the needs of future generations. But then the ecological approach began to be complemented by economic and social approaches. Such a three-pronged approach is caused by the fact that in practice the ecological, economic and social spheres of human development are interdependent, and, according to the concept of sustainable development, each of these spheres should develop not to the detriment, but with an eye to the other two.

The global community has also come to understand that environmental, economic and social problems should be solved simultaneously at national and global levels. As a result, in 2015 the UN adopted a document entitled “Transforming our world: the 2030 Agenda for Sustainable Development” (Agenda 2030). This document describes 17 sustainable development goals (SDGs) that the global community needs to achieve by 2030 (see Fig. 9).

Different countries use different frameworks to assess the achievement of these goals. But for international comparisons, we use the frameworks guided by the UN-recommended global indicator framework of 231 indicators, reflecting various aspects of 17 SDGs.

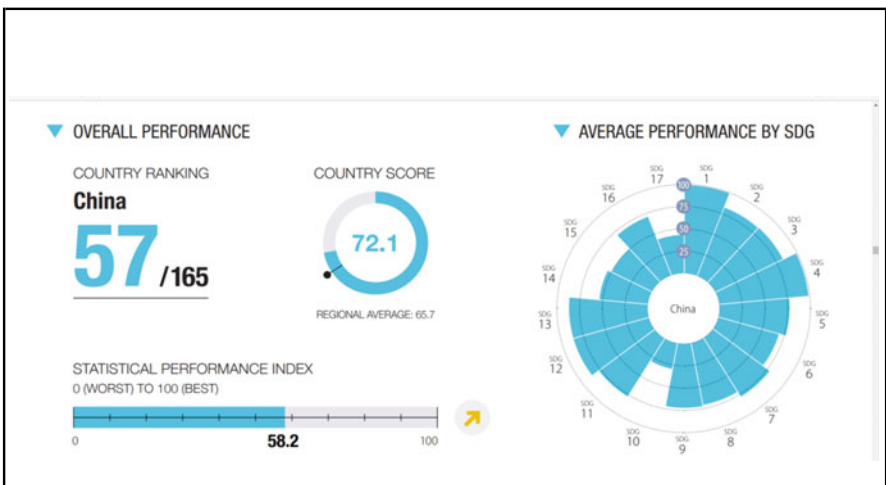
For example, the Sustainable Development Solutions Network, accredited by the UN, publishes reports on the implementation of SDGs worldwide, in different regions and countries. According to its latest report (based on 91 indicators), developed countries (primarily Finland, Sweden, Denmark, Germany and Belgium) have achieved

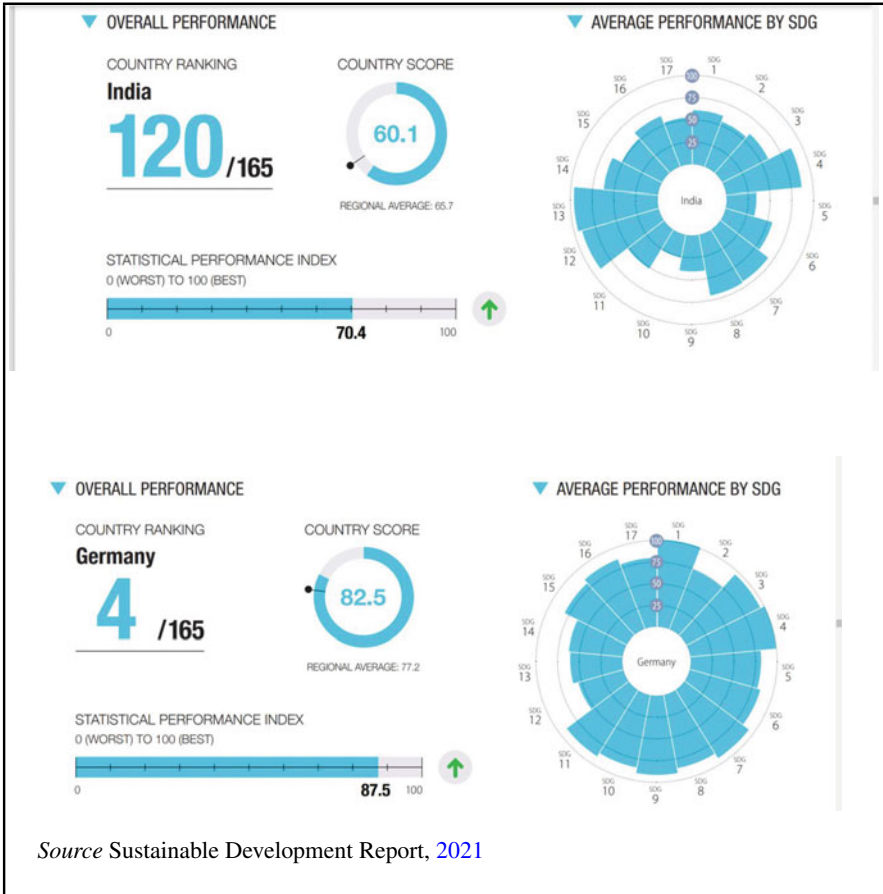


Fig. 9 Sustainable Development Goals

the greatest success in fulfilling SDGs, and the least success has been achieved by less developed countries (Liberia, Somalia, Chad, South Sudan and Central African Republic) (Sustainable Development Report, 2021).

Agenda 2030 sets 17 sustainable development goals that the global community needs to achieve by 2030. But if some of them are achieved with considerable success, and others with moderate success, sometimes we can see setbacks. The picture is quite heterogeneous: it differs by country, as shown by the inset for China, India and Germany.





If we evaluate the progress in achieving SDGs since 2015 worldwide, then:

- the best results were observed in SDG 1 (No Poverty), SDG 4 (Quality Education), SDG 5 (Gender Equality), SDG 11 (Sustainable Cities and Communities) and especially in SDG 9 (Industry, Innovation and Infrastructure);
- the worst results (slow progress) were in SDG 6 (Clean Water and Sanitation), SDG 13 (Climate Action) and SDG 14 (Life Below Water);
- we could even see a slight setback in achieving two goals—SDG 12 (Responsible Consumption and Production) and SDG 15 (Life on Land).

## 6 Conclusions

1. The New Normal can be considered one of the main characteristics determining the modern development of the world economy and international business. In a generalized sense, it is the rapid emergence of new phenomena that are sharply

different from the previous ones (“what used to be unusual has become ordinary, normal”). In a concrete sense, it is a decrease in predictability, leading to an increase in uncertainty and the resulting instability of the economic agents’ behaviour. In the new reality, they are faced with a lot of new phenomena, the development of which is difficult for them to predict, and therefore the level of uncertainty that has developed in their previous life is sharply increasing, and their behaviour is increasingly becoming volatile and even chaotic.

2. The Fourth Industrial Revolution that has begun relies on digital technologies and creates a world of smart and interconnected machines. Its megatrends include 3D printing, advanced robotics, unmanned vehicles and new materials in the physical sphere, the Internet of Things, blockchain and digital platforms in the digital sphere and genetics in the biological sphere. Megatrends such as big data, artificial intelligence, environmental management and energy consumption, as well as the response to pandemics are often added there.
3. However, sceptics doubt that a new revolution is taking place. They consider it to be a continuation of the previous third industrial revolution. They point out that scientific and technological progress is even slowing down (which is confirmed by a drop in the growth rates of aggregate factor productivity and labour productivity). Their opponents object that this is a consequence of the cheapening of many goods and services as a result of the new industrial revolution, which distorts productivity statistics. This book offers a compromise point of view—the Fourth Industrial Revolution is just beginning, and therefore its fruits are not always abundant and statistically visible.
4. The globalization of the world economy has a strong impact on its development. Global flows of goods, services and investments annually add from 15 to 25% to the total growth of the world economy. An important trend of the current globalization is the slowdown in the dynamics of international trade and capital flows. The slowdown in the growth of these and other indicators has become the basis for judging the slowdown and even the decline of globalization.
5. The opponents of this point of view believe that the slowdown in the traditional spheres of globalization is due to its transition to a new stage of development, which is characterized primarily by the development of digital technologies, especially transmitting information, the global flow of which continues to grow rapidly. Another major trend of the current stage of globalization is the strengthening of protectionism in world trade and investment (at the same time, this is the reason for the slowdown in their dynamics).
6. The concept of sustainable development, which originated in the world community at the turn of the 1960s and 1970s, initially focused on an ecological approach to nature management that takes into account the needs of future generations. But then the ecological approach began to be complemented by economic and social approaches, adopted by the UN in 2015.

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