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DIFFERENT SCENARIOS AND CHALLENGES OF THE GLOBAL CRISIS – THE NEED FOR AN INNOVATIVE APPROACH

PhD Petar Đukić

Asistant Editor in Chief of ECONOMICS - Innovative and Economics Research Journal

On the day when this text is being completed, the World Health Organization has declared an end to the coronavirus pandemic emergency. For the whole world, extraordinary circumstances lasted for almost three and a half years. Most of the events in today's world are most often defined as different crisis situations: from the slowdown in growth and international trade, through unrestrained inflation, turbulence in energy and food markets, to the de facto interruption of global climate actions, the organized fight against poverty, harmful inequalities and humanitarian temptations in many parts of the world. The global crisis is the common denominator for almost all the troubles of today's world order, but also for the deterioration of people's perspectives around the world. Instead of the world celebrating the victory over the pandemic today, it fears for tomorrow.

1. GEO-ECONOMIC CONSEQUENCES

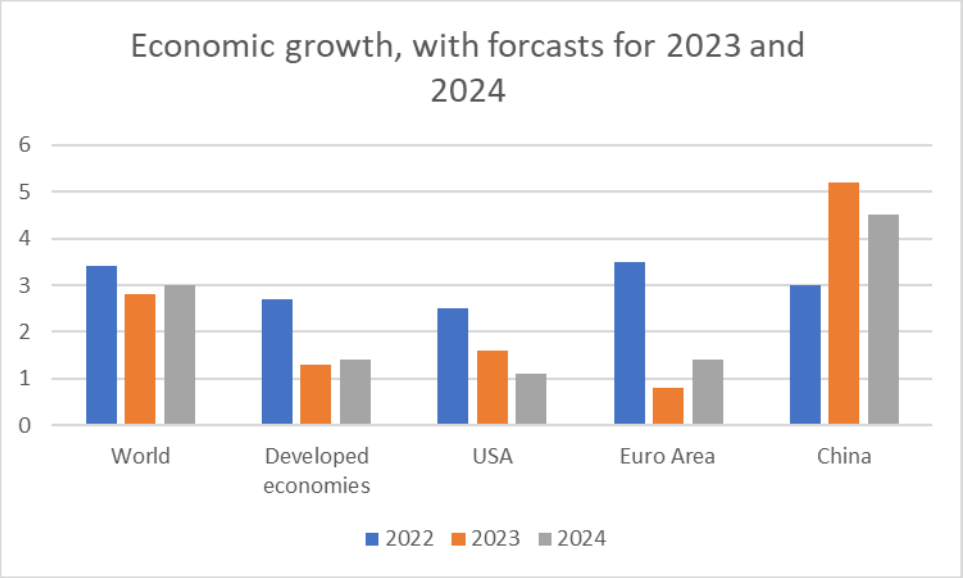
The very fact that international financial institutions such as the World Bank and the IMF forecast that global economic growth this year will be the lowest in the last three decades (not counting the years of recession) is worrying enough, and it should also be a warning for the whole world today. In addition to almost unrestrained inflation and the interest rate growth trend, the announcement of the banking and financial crisis in the USA, the war in Ukraine, further geopolitical tensions between the USA on the one hand and Russia and China on the other are all factors of long-term risks that could not be predicted until recently.

1.1. Challenges of post-pandemic growth slowdown

Global growth will certainly be weak and fluctuating, with the growth rate in developed economies of not even more than one percent. A special challenge awaits small, open and insufficiently productive economies, which could remain in the gust of disrupted economic trends. The phrase "broken global supply chains" is no longer sufficient to explain the structural challenges facing the world economy, as well as the entire global order.

The basic forecast that remains in force is that the growth of the global economy is slowing down and that after a rate of 3.4% in 2022, the possible growth rate in 2023 will be only 2.5%, while, in developed economies, the growth rate will fall below 1 %. Inflation, which was an average of 8.7% at the global level in 2022, in 2023 could fall only by a little more than 1 percentage point, i.e. to 7%.

Figure 1. Trends and forecasts of global growth and growth in the world's leading economies, 2022-2024.



Source: Author creation.

Namely, numerous new socio-economic and humanitarian problems, especially for small and poor economies, could cause a fall in external demand and orders for their products and services from the most developed countries. Certainly, in addition to inflation, it also means a certain increase in the costs of production and trade of goods and services on a global level, amid changes in current market and technological structures.

1.2. Why the perspectives are "foggy" - IMF and others

As by the scenario that started a year and a half ago, i.e. actually since the end of 2021, every subsequent projection is worse, both in terms of growth rate and international collaboration, as well as in terms of stabilization and global cooperation. The perspectives of the global economy according to, generally conservative, estimates of the IMF remain rather "foggy". On the other hand, the need for constructive cooperation in the world of a series of growing post-pandemic risks is greater today than in the last five decades.
Everything indicates that the current global crisis of cooperation and trust has been influenced by:

- The COVID-19 crisis and the three-year pandemic, with all the communication, social-psychological and even political consequences;
- geopolitical tensions related to the Ukrainian crisis and the war in Ukraine, which has been waged with unbridled ferocity since February 24, 2022.

When asked why, after the formal end of the pandemic, there is no prospect of faster recovery and growth at least at the level of the historical long-term global growth rate of 3.8%, the answer is simple. Disruptions in the global market are far more long-term than it seemed until two years ago. Inflation must be controlled by unpopular measures. At the beginning of May, the European Central Bank raised the interest rate for the seventh time in a row, and the FED in the USA raised the interest rate even to 5.25% for the tenth time in a row. Moreover, the prospects for more expensive money are increasing, along with many remaining inflationary pressures, and the chances for investments, and thus employment and global demand growth are decreasing, at least in the short and medium term.
Second, the war in Ukraine is prolonged with the destruction not only of human capital and

resources, but also of general trust among the world's leading powers. The increase in all risks is best characterized by the research of the World Economic Forum, which lists several new moments in people's thinking. The basic observation is that geopolitical, social-humanitarian and other (social) risks have increased; while the natural risks (climate changes above all) are not smaller, but expectedly growing.

At the time of writing this part of the text, the European Central Bank raised the interest rate for the seventh time in a row, and the FED in the USA raised the interest rate even to 5.25% for the tenth time in a row.

2. CLIMATE RISKS AND GLOBAL DEVELOPMENT

Where is the "Planet" going and is untouched nature possible? If April 22 was already declared globally as the Earth Day back in 1970, it should be a sufficient reason for people to constantly question the meaning of their activities in terms of survival on the Earth. In contrast to "environmental awareness", which can be extremely "green", sustainable development refers to environmental targets that are harmonized with social and economic ones, all within the framework of significant social institutions.

For today's conditions, the key to such coordinated development is *avoiding traps*, *prejudices and misconceptions*, which in this case can also be considered **myths**. Here we list only the most important of them:

2.1. *The myth of "pristine nature".*

No matter how much human interventions in nature are harmful to ecosystems, today there is not a single part of the Earth that has not been "touched" by a human activity or its consequences, and it should not be expected either. Even in the most remote parts of the remaining rainforests, oceans, even in glaciers, at the poles and in the bowels of the Earth, it is possible to find some particles, traces of gases, combustion residues, microplastics at worst, which have entered the biological chain. And that, regardless of the huge threat to the sustainability of the environmental balance, does not mean the end of the ecosystem, but only a signal for a reversal of strategies, which an organized society, on a regional, national and global level, should undertake. Thus, it should be done more urgently, more organized and smarter.

2.2. *Nature is always "environmentally friendly".*

Nature supposedly establishes a valuable and lasting balance for people and the environment so that any human intervention is harmful. It has been proven that many natural disasters (earthquakes, volcanoes, tsunamis, landslides, natural fires, floods...) have a destructive effect on the environment. In Iceland, the reclamation of coal mines, rehabilitation of tailings, regulation and reorganization of watercourses, forest plantations, etc. act as the creation of new natural capital. A different combination of natural and human resources in critical areas can encourage a new, economically and ecologically more favorable (sustainable) activity. Thus, on March 20, 2023, a volcano in Iceland, 30 kilometers southwest of Reykjavik, was activated. However, the eruption of another volcano, Eyjafjallajökull in 2010 stopped air traffic throughout Europe. The devastating earthquake in Turkey and Syria at the beginning of spring reminded the whole world that nature is not joking and that it is not just an object and a mere observer of self-destructive human attempts to "subdue" it.

2.3. ***Technologies by themselves have a negative effect on resources and the environment, so any technologically intensive development is unsustainable.***

It is incorrect because technology represents the functional unity of knowledge, skills and science, procedures and products, in the service of a better life for people. Unfortunately, wars also largely stem from trust in new technologies. Based on this, it is wrongly concluded that technologies are always hostile to nature. The achievements of modern technologies, from the creation of stable buildings and settlements, the preservation of food quality, energy efficiency and clean energy, etc. are based on the achievements of science and knowledge that provide a favorable overall and also environmental outcome.

2.4. ***The market is environmentally unacceptable because economic principles allegedly work against sustainable development.***

It is totally incorrect. Namely, the market can encourage excessive exploitation of resources, but only to the extent that it is allowed by laws and regulations, i.e. by their (non)implementation. The absence of the market, a command economy in practice, has proven to be at least the same destructive to natural resources and economic sustainability. Thanks to the mechanism of relative prices, in a legally regulated economy (especially externalities - natural compensations, mineral and other rents, fines and incentives), the market leads to the rationalization of resources and the lowering of the energy and material intensity of production.

2.5. ***Exploitation of non-renewable natural resources*** is completely ***unacceptable*** for sustainable development, and economic activities aimed at ***the exploitation of renewable resources are by definition sustainable and totally "green".***

Neither point of view is entirely acceptable. The economic-environmental theory mostly believes that natural capital *can be substituted by capital created*, so the exploitation of certain non-renewable fuels, ores, stones, etc. can be replaced by infrastructure, education, science and repurposing of devastated areas. Many examples in the world show that it is possible to make mining *sustainable* in this way. As for the second part of the myth, the simplest proof of its incorrectness is the frequent extinction of certain plant and animal populations that form an integral part of biodiversity and guarantee its duration.

2.6. ***Confusion of terms "green", "environmental" and "sustainable".***

It is the result of wandering and searching for sustainable answers for conditions: prosperous or crisis economy, conjuncture or recession in the world, peacetime or wartime conditions... Experts in certain aspects of sustainability, engineers, biologists, doctors, as well as economists, philosophers, lawyers, etc. compete in overemphasized discipline, by focusing on a partial problem, and they often forget that no profession has much meaning if it is not oriented towards the survival and good of (integral) man.

2.7. ***Institutions (division of power, independent state administration, and judicial institutions, education, culture, religion) are allegedly not important for sustainable development - a wise administration and an enlightened government are sufficient.***

The other side of this fake medal is that the rule of law, the democratically elected government, is self-sufficient to ensure the sustainable development of a nation, so a critical public, proper information and democratic extra-institutional pressure (including civil protests) are not necessary.

Large and small countries of today's world are involved in controversies of privileged positions, dubious and often instrumentalized partial knowledge and interests about what ensures and how it ensures economic development and preservation of natural resources. Wars, as the most senseless anti-environmental project, remain almost on the sidelines of the dominant environmental perception and even the theory of sustainable development. It cannot be interpreted otherwise than the imposition of interests of military-industrial complexes and lobbies of politicians and manufacturers of high-yield war industry.

Almost any creative and tolerant dialogue between different professions, companies, public institutions, interest groups is excluded. Sustainable development concerns not only climate and ecosystems, energy and mining, but also infrastructure, spatial planning, transportation, agriculture, industry... That's why we especially emphasize that dead institutions which should enable the highest level of public interactions of knowledge, information and dialogue, without greater general trust in the community, government, science and people in general, do not make much sense. Scientists and the non-governmental sector should be much more actively involved in shaping a new (completely sustainable) environmental perception of the world.

3. IS A NEW ACTION TO SAVE THE PLANET POSSIBLE?

The aforementioned world in 1970, although divided by the Iron Curtain, as long as the senseless Vietnam War was raging, without the Internet and many modern environmental institutions, was able to find a common will - strength - synergy to bring tens of millions of people to the streets of big cities, who demanded from the global community to protect the Earth, our common and only home, from ourselves.

Today, regardless of advances in technology, information exchange, production and distribution of food and energy, new dark shadows loom over the whole Planet:

- three simultaneous hotbeds of war (Ukraine, Yemen, Sudan) kill innocent people every day, displace them, destroy their homes, infrastructure, resources and environment;
- climate changes act, with different intensity and acceleration, but across the entire Earth's surface, and the average temperature compared to the pre-industrial state (in the 1880s) in the previous decade was raised by as much as 1.2 °C (in the last decade of the 20th century, that level was only by 0.5 degree higher);
- a huge number of refugees around the world, who, with great risk and suffering, persistently move to the West from crisis areas, are becoming more and more unwanted ballast, and institutional and legal blockades, as well as physical walls between countries and "worlds" are becoming part of the egoistic "new normality";
- the aforementioned increasing deterioration of relations between the "most responsible" (great) powers seriously threatens to bring us to the brink of a global conflict. Instead of dialogue and compromise, they test their alleged (over)power in military potential, number of nuclear warheads, finances, political influence, propaganda and manipulations...);
- testing an increasing part of the hitherto untested military arsenal (on the backs of some others) leaves us convinced that all three or more indirectly involved parties (Russia, NATO, China...) threaten the uncontrolled and general destruction of people, natural resources and environment, the whole Planet.

The COVID-19 pandemic is over, but not the danger of constant transformations and attacks of new viruses. Even if those little, invisible enemies made people more aggressive (towards each other) and in a certain way clouded the minds of key decision-makers in the world, this should not mean that the majority of people agree with this return to the former state of societies and systems.

That is why, at this moment, a new global uprising of ordinary, selfless-responsible, educated, well-informed, and above all younger people around the world against the irresponsible makers of key decisions, i.e. their inaction would be necessary to save the Planet, our children and grandchildren.

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