

Okhrimenko Oksana
Doctor of Economics,
Professor of the Department of International Economics,
National Technical University of Ukraine
"Igor Sikorsky Kyiv Polytechnic Institute"

DOI: <https://doi.org/10.36059/978-966-397-438-5-66>

WORLD ECONOMIC DEVELOPMENT ON FAULT LINES

In the concept of "fault lines", S. Huntington identifies six "fault lines" that may threaten the future of humanity [1]:

1. The differences between civilizations are too fundamental because civilizations differ from each other in history, language, culture, traditions and, most importantly, religion. These fundamental differences are the product of centuries and the basis of different civilizations, meaning they will not disappear anytime soon.

At the same time, high rates of migration cause discussions about the preservation of national identity. In this case, is it possible to talk about the mixing of civilizations or the levelling of their development through the "globalized standardization" of culture, traditions and communication in the most common languages?

Digital transformation and the integration of artificial intelligence into business processes form the latest approaches to the organization of teamwork at the supranational level, increasing the effectiveness of internal and external communications and enabling participants to obtain the desired level of skills and increase their own competitiveness in the global labour market.

2. The world is getting smaller. As a result, worldwide interaction is increasing, increasing "civilizational consciousness" and awareness of the differences between civilizations and the commonalities within civilizations.

The positive dynamics of migration, academic exchanges and the free movement of people, knowledge, and experience led to the activation of intercultural exchanges, which contribute, among other things, to the growth of mutual understanding and the formation of common values. According to the Population Division of the UN Department of Economic and Social Affairs, as of July 1, 2020, the number of international migrants in the world is estimated at 281 million people. International migrants make up about 3.5% of the world's population, compared to 2.8% in 2000 and 2.3% in 1980.

In the mid – 2010s, many developed countries opposed migration. It was Great Britain's reluctance to accept migrants that caused it to leave the EU. According to Tarek Hassan, associate professor of economics at Boston University, without migrants, the US economy would suffer:

"If migrants are completely excluded, GDP per capita will decrease by approximately 5–10%" [2].

3. Due to economic modernization and social change, people are separated from their ancient local identity. Instead, religion has filled this gap, providing a basis for identity and commitment that transcends national boundaries and unites civilizations.

According to David Smock, director of USIP's Centre on Religion and Peacebuilding, religion is cited as the basis for many conflicts that are actually more about competition for economic advancement and political power [3].

Can religious dogmas become a stumbling block on the way to economic development? Many wars have occurred and are occurring precisely because of religious differences. On the other hand, religion also serves as a source of cooperation and peace in religious communities. In this volume, we can talk about the dual nature of religion – a source of both conflict and cooperation [4].

The realities of the Russian invasion of Ukraine confirm the support by the Holy Synod of the Ukrainian Orthodox Church (in fact the Moscow Patriarchate) of the "Russian peace" narratives about "two brotherly peoples – Ukrainian and Russian", "common Dnieper baptismal font", "fratricidal civil conflict", etc. And in this way, religion becomes a powerful tool of struggle, including with the involvement of weapons.

4. The growth of civilizational consciousness is reinforced by the dual role of the West. On the one hand, the West is at the peak of its power. At the same time, among non-Western civilizations, there is a phenomenon of returning to the origins. The West at the peak of its power is opposed to non-Western countries, which increasingly have the desire, will and resources to shape the world in a non-Western way.

The drive to promote a "European way of life" is a defining feature of modern European integration, which, in an effort to become a "civilized state", demonstrates a European identity against alternative value systems. Civilization is a set of practices related to political decision-making, particularly across borders [5].

The gap in trust in institutions between the informed public and the general public has widened over the past decade, according to Edelman surveys, showing a gap of 5% in 2012 and 16% in the 2021 report.

5. Cultural differences and differences are less volatile and therefore more difficult to compromise and resolve than political and economic ones.

The asymmetry of the development of different groups of countries is based on the inequality of income distribution between countries. Qualitative indicators (for example, life expectancy, literacy rate, digital divides) also depend on quantitative ones, such as GDP per capita, etc. Imbalances between the growth of wages and the pace of capital formation lead to an increase in the level of dissatisfaction at the level of groups of workers and stimulate the

organization of strikes. Technological changes in production are also not always positively perceived by society, as they often lead to a reduction in jobs. A new global class – the precariat – has emerged, and its discontent and insecurity are becoming increasingly influential politically [6].

6. Economic regionalism is strengthening. Successful economic regionalism will strengthen civilizational consciousness. Economic regionalism can only succeed when it is rooted in a common civilization.

Strengthening regional integration requires the development of appropriate cooperation between countries in the sphere of trade, investment, infrastructure, and the formation of a common policy in the sphere of economy and finance.

The institutionalization of these relations requires the fulfilment of obligations at the political and economic levels. Regional integration both stimulates economic development through increased production efficiency and faces a number of risks: social, economic, environmental, managerial.

Regional integration is based on relevant agreements as such: Southern Common Market (MERCOSUR), the Andean Community, the East African Community (EAC), the Southern Africa Development Community (SADC), the Economic Community of West African States (ECOWAS), and the Common Market for Eastern and Southern Africa (COMESA) etc. Institutionalization of regional cooperation requires unification of legislation, standards, regulations, etc., bringing national economies to a new level of development.

However, as the fight against climate change intensifies and the economy continues to experience the so-called polycrisis era, when separate crises are stacked on top of each other, increasing vulnerability, a number of experts argue that keeping the global economy intact and intact is vital. The International Monetary Fund has warned that global fragmentation could cost the world economy up to 7% of its GDP.

Polycrisis and existing fault lines increase the turbulence of the developed mechanisms of integration and coexistence of different civilizations. Therefore, in this situation, everything will depend on the ability of international institutions to balance the interests of national actors and regulate joint efforts for the sake of economic and social development.

References:

1. Huntington Samuel P. The clash of civilizations? *Foreign Affairs*. Summer 1993. Vol. 72. № 3. P. 22–49. DOI: <https://doi.org/10.2307/20045621>
2. Барручо Л. Як би США виглядали без мігрантів. BBC World Service. 31 жовтня 2024. URL: <https://www.bbc.com/ukrainian/articles/cly245pgg44o>
3. Sources of Conflict: Religion or Economic and Political Power? USIP, Rumi Forum December 30. 2014. URL: <https://www.usip.org/publications/2014/12/sources-conflict-religion-or-economic-and-political-power>

4. Michelle R. Garfinkel (ed.), Stergios Skaperdas (ed.) *The Oxford Handbook of the Economics of Peace and Conflict*. Oxford Handbooks Online. 2012. DOI: <https://doi.org/10.1093/oxfordhb/9780195392777.001.0001>

5. Glencross A. The EU and the Temptation to Become a Civilizational State. *European Foreign Affairs Review*. 2021. Vol. 26, Issue 2. P. 331–350. DOI: <https://doi.org/10.54648/eerr2021022>

6. Standing G. The Precariat. *Contexts*. 2014. No. 13. P. 10–12. DOI: <https://doi.org/10.1177/1536504214558209>