

EDITORIAL

Boosting Local Competitive Advantages as a Response to the New Normal Challenges to Security

Vasilii Erokhin * 

School of Economics and Management, Harbin Engineering University, Harbin, 150001, China

ARTICLE INFO

Article history

Received: 28 February 2023

Accepted: 2 March 2023

Published Online: 6 March 2023

The acceleration of the pace of life, progress, and transformations in all areas has become a typical feature of the modern global and increasingly globalizing world. Permanent changes are becoming familiar to us ^[1]. We live, work, and plan in a constantly changing world. Uncertainties and risks become integral factors in all our decisions and actions. This situation is described by the term “new normality”, which was previously used to reflect the economic consequences of the global recessions of the XX century and the early 2000s ^[2]. Now, it is extremely widely applied to characterize not only economic, but also social, cultural, and political features of contemporary global development ^[3,4]. What was abnormal recently is becoming commonplace. Amid unprecedentedly high instability of world markets and uncertainty of the economic and social future of countries and communities, one of the key aspects of the new economic reality is the natural

desire of governments, businesses, and common people to ensure security. The more variable threats become, the more numerous and complex security-related dimensions enter the current agenda.

Every government strives to ensure the economic security of its state. After several decades of systematic reduction of trade and economic barriers between countries as a result of the activities of international organizations (for example, the World Trade Organization) and the establishment of free trade zones and other trade and economic unions of countries, we are witnessing a return to protectionism, including in the leading developed economies. Under a banner of ensuring the fairness of international trade and correcting imbalances, certain countries initiate trade disputes, which grow into economic tensions and even political confrontations (the US-China trade tension of recent years). The new trade protectionism redefines the

*Corresponding Author:

Vasilii Erokhin,

School of Economics and Management, Harbin Engineering University, Harbin, 150001, China;

Email: vasilii_erokhin@hrbeu.edu.cn

DOI: <https://doi.org/10.30564/mmpp.v4i4.5504>

Copyright © 2022 by the author(s). Published by Bilingual Publishing Co. This is an open access article under the Creative Commons Attribution-NonCommercial 4.0 International (CC BY-NC 4.0) License. (<https://creativecommons.org/licenses/by-nc/4.0/>).

role of the biggest market tycoons in ensuring global economic development. Previously considered unquestionable drivers of globalization and development, multinational firms are now accused of distorting the principles of free competitive trade, exploiting local labor, depleting natural and economic resources of host countries, and even manipulating the governments, media, and public opinion. Can the new globalization progress without multinational companies? How will global supply chains transform, if transnational businesses are forced to deglobalize their activities and relocate their facilities back to home markets? What effects will labor markets experience? In the cases of China and Indonesia, the above controversies are discussed by Ikhwan Maulana Haeruddin and the coauthors in the paper entitled “Dazed and Confused: The Impact of Multinational Firms on Local Labor Markets”.

No less controversial is ensuring food security. Despite the efforts to sustain both the physical availability of staple agricultural products and the economic accessibility of a variety of food choices, the food insecurity problem has been aggravated again recently ^[5]. Even before the COVID-19 outbreak hit the world in 2020, the paces of combating hunger and alleviating poverty had been decelerating. Poverty and inequality as primary threats to sustainable economic development have been particularly exacerbated across developing countries, owing mainly to increases in food insecurity in Latin America, Asia, and Sub-Saharan Africa. The Russia-Ukraine crisis has further imbalanced food markets and affected prices. There is a strong need to find a workable (and appropriate in these new conditions) resolution to the food insecurity problem to avoid a global food crisis. In their paper “Bank Credit and Agricultural Output in Bangladesh: An Economic Analysis”, Md. Shahidul Islam and Md. Sazzad Hossain Patwary’s approach to addressing the food insecurity problem by exploring the effects of improving the financial capacity of farmers on their output. Capturing the specifics of agricultural production in Bangladesh in the past four decades makes the study particularly relevant to interpreting the food insecurity problem across developing and least developed countries from the angle of the poor financial and economic capacity of farmers.

The new normal economic reality particularly challenges sustainable development by aggravating global environmental and public health problems, such as climate change, deterioration of air, water, land, and other resources, reduction of biodiversity, and loss of many natural ecosystems ^[6]. Developing countries are on the path of accelerating economic development, becoming, along with developed countries, the primary consumers of natural resources. Population growth leads to the fact that

the amount of other natural resources per capita decreases every year, despite scientific and technological progress in the main resource sectors. Globally, an additional three billion people will be added to the 1.8 billion existing middle-class consumers in the next two decades, while the discovery and extraction of new resources are associated with problems of their availability and high prices. Despite the increase in resource expenditure efficiency, the volume of the world’s GDP is growing in proportion to the volume of natural resources used. Limited essential resources and high prices limit economic activity, especially in industries dependent on natural sources. Many countries are concerned about ensuring resource security, especially energy security, and reducing their dependence on resource-supplying countries. All this leads to increased global competition for resources, especially energy, while energy-related issues penetrate into the spheres that have not been directly connected to those narratives before. For example, the paper “Influence of Board Mechanisms on Corporate Social Responsibility Disclosures in Nigeria: A Study of Oil and Gas Sector of the Economy” written by Godstime Osarobo Ikhu-omoregbe and Sunday Nosa Ugbogbo presents an entirely new look at building social responsibility in energy companies.

As demonstrated by the studies included in the current issue, the new normal challenges to economic, food, energy and other types of security could be responded to by boosting local competitive advantages. Especially, the security-related agenda could be used to promote the sustainable development of small-scale local producers, diversify economic advantages, and preserve the unique features of localities. Differences on economic, social, cultural, ethnic, and other grounds should be considered as conditions for improving the overall stability of the economic development on the basis of localization of competitive advantages and cross-localization of diversities.

Conflicts of Interest

The author declares no conflict of interest.

References

- [1] Corpuz, J.C., 2021. Adapting to the culture of ‘new normal’: An emerging response to COVID-19. *Journal of Public Health*. 43(2), 344-345. DOI: <https://doi.org/10.1093/pubmed/fdab057>
- [2] Yap, O.F., 2020. A new normal or business-as-usual? Lessons for COVID-19 from financial crises in east and southeast Asia. *European Journal of Development Research*. 32, 1504-1534.

- DOI: <https://doi.org/10.1057/s41287-020-00327-3>
- [3] Gagnon, E., Johannsen, B.K., López-Salido, D., 2021. Understanding the new normal: The role of demographics. *IMF Economic Review*. 69, 357-390. DOI: <https://doi.org/10.1057/s41308-021-00138-4>
- [4] Lin, X., Lin, Y., Hu, Z., et al., 2021. Practice of new normal lifestyles, economic and social disruption, and level of happiness among general public in China in the post-COVID-19 era. *Risk Management and Healthcare Policy*. 14, 3383-3393. DOI: <https://doi.org/10.2147/RMHP.S320448>
- [5] Erokhin, V., Gao, T., Chivu, L., et al., 2022. Food security in a food self-sufficient economy: A review of China's ongoing transition to a zero hunger state. *Agricultural Economics—Czech*. 68(12), 476-487. DOI: <https://doi.org/10.17221/278/2022-AGRICECON>
- [6] Panait, M., Apostu, S.A., Vasile, V., et al., 2022. Is energy efficiency a robust driver for the new normal development model? A granger causality analysis. *Energy Policy*. 169, 113162. DOI: <https://doi.org/10.1016/j.enpol.2022.113162>