

# A Threat to Economic and Social Stability? An Analytical Review

Amirul Hussain Mojumder

Independent Researcher.

Received: 14/12/2024

Accepted: 20/02/2025

Published: 17/03/2025

**Abstract:** Economic and social stability are cornerstones of sustainable development, peace, and prosperity. However, in recent decades, multiple interconnected threats have emerged that challenge the resilience of nations and societies. Globalization, technological disruptions, climate change, pandemics, rising inequality, and geopolitical conflicts have all contributed to fragile systems that threaten both economies and social cohesion. This research article provides a comprehensive analysis of the key threats to economic and social stability, exploring their causes, implications, and possible solutions. Drawing upon economic theory, political sociology, and contemporary case studies, the study emphasizes the interdependence of economic health and social well-being. The article concludes that addressing these threats requires coordinated policy interventions, inclusive economic strategies, and a renewed commitment to global cooperation.

**Keywords:** Economic stability, social stability, inequality, globalization, climate change, geopolitical risk, digital disruption, pandemics.

## Cite this article:

Mojumder, A. H., (2025). A Threat to Economic and Social Stability? An Analytical Review. *World Journal of Economics, Business and Management*, 2(3), 9-11.

## 1. Introduction

Economic and social stability underpin the functioning of modern societies. A stable economy ensures growth, job creation, and resource allocation, while social stability maintains cohesion, trust, and peace. However, both dimensions are increasingly under threat from internal and external forces.

The 2008 global financial crisis, the COVID-19 pandemic, the war in Ukraine, the growing impact of climate change, and widening inequality highlight the fragility of existing systems. Societies once assumed to be stable are experiencing rising political polarization, declining trust in institutions, and social unrest. At the same time, fragile economies are more vulnerable to shocks, making recovery slower and inequality deeper.

This paper seeks to examine the major threats to economic and social stability, offering insights into their origins, consequences, and pathways to mitigation.

## 2. Conceptualizing Economic and Social Stability

### 2.1 Economic Stability

Economic stability refers to steady growth, low inflation, manageable unemployment, and resilience to shocks. It is typically achieved through sound fiscal and monetary policies, diversified economies, and effective governance.

### 2.2 Social Stability

Social stability reflects harmony within society, marked by low crime rates, trust in institutions, equality of opportunity, and minimal unrest. Social cohesion strengthens resilience against crises and supports inclusive development.

### 2.3 The Interconnection

Economic and social stability are deeply interdependent. Economic downturns lead to unemployment, poverty, and discontent, fueling social unrest. Conversely, social instability undermines investment confidence, discourages innovation, and weakens economic performance.

## 3. Key Threats to Economic and Social Stability

### 3.1 Globalization and Inequality

Globalization has brought unprecedented trade, investment, and interconnectedness. However, it has also produced uneven benefits. Wealth and opportunities often concentrate in advanced economies and urban centers, while rural areas and low-income countries face exclusion. Rising inequality erodes social cohesion and fosters resentment.

**Example:** The “yellow vest” protests in France reflected discontent with perceived economic unfairness.

### 3.2 Technological Disruption

Automation, artificial intelligence (AI), and digital platforms are transforming labor markets. While they increase productivity, they also displace jobs and widen the skills gap. SMEs and developing nations face the challenge of keeping up with rapid innovation.

**Implication:** Job losses in manufacturing and clerical work can trigger unemployment spikes and social discontent.

### 3.3 Climate Change and Environmental Degradation

Environmental risks are direct threats to livelihoods, particularly in vulnerable regions dependent on agriculture and natural resources.

## \*Corresponding Author

Amirul Hussain Mojumder\*

Email: dr.amirulh13@gmail.com.

Rising sea levels, droughts, and extreme weather events disrupt economies, displace populations, and trigger social unrest.

**Case:** Climate-induced migration from Sub-Saharan Africa increases pressure on European economies and social systems.

### 3.4 Geopolitical Conflicts

Wars, terrorism, and regional instability undermine both economic growth and social cohesion. Conflicts disrupt trade, energy supply, and global cooperation.

**Case:** The Russia–Ukraine conflict has triggered energy crises, food shortages, and inflation worldwide, threatening both household stability and global trade.

### 3.5 Pandemics and Global Health Crises

COVID-19 revealed the fragility of health and economic systems. Lockdowns disrupted supply chains, unemployment surged, and inequality deepened. Social cohesion was strained by misinformation and distrust in authorities.

**Lesson:** Health crises are not only medical but also economic and social challenges.

### 3.6 Rising Inequality and Exclusion

Economic inequality—both within and across nations—remains one of the greatest threats. Wealth gaps erode trust in institutions and increase political polarization. Marginalized groups face exclusion from education, healthcare, and opportunities, weakening social stability.

### 3.7 Decline of Institutional Trust

When citizens perceive institutions as corrupt, ineffective, or biased, legitimacy erodes. Declining trust in governments, financial systems, and media reduces compliance with policies, fueling unrest.

## 4. Theoretical Frameworks

### 4.1 Keynesian Economics

Keynes argued that economic downturns could spiral into social instability without state intervention. His framework highlights the importance of countercyclical policies to sustain stability.

### 4.2 Social Contract Theory

The social contract depends on trust between citizens and the state. If governments fail to provide fairness and security, stability collapses.

### 4.3 Conflict Theory

Karl Marx emphasized inequality as a driver of social conflict. Rising wealth gaps remain a fundamental threat to social harmony.

### 4.4 Resilience and Systems Theory

Both economic and social stability require adaptive systems capable of absorbing shocks and reorganizing without collapse.

## 5. Implications of Instability

### 5.1 Economic Implications

- Slower growth and investment decline.
- Currency volatility and inflation.

- Rising unemployment and poverty.

### 5.2 Social Implications

- Protests, strikes, and civil unrest.
- Declining mental health and well-being.
- Polarization, extremism, and crime.

### 5.3 Global Implications

- Disrupted supply chains.
- Migration pressures.
- Weakening of international cooperation.

## 6. Case Studies

### 6.1 The 2008 Global Financial Crisis

Triggered by excessive risk-taking in financial markets, the crisis led to mass unemployment, austerity, and declining trust in institutions. Protests erupted globally.

### 6.2 Arab Spring (2010–2011)

High youth unemployment, inequality, and political repression fueled protests across the Middle East, destabilizing economies and societies.

### 6.3 COVID-19 Pandemic

Revealed the interconnectedness of health, economic, and social systems. Stimulus measures saved economies temporarily, but long-term scars remain in employment and inequality.

## 7. Strategies for Safeguarding Stability

### 7.1 Inclusive Economic Growth

- Strengthening SME development.
- Expanding access to education and digital skills.
- Reducing wealth and income inequality.

### 7.2 Strengthening Social Protection

- Universal healthcare and unemployment benefits.
- Affordable housing and education.
- Policies targeting marginalized communities.

### 7.3 Climate Resilience

- Green energy transitions.
- Sustainable agriculture.
- Investment in disaster preparedness.

### 7.4 Strengthening Governance and Institutions

- Anti-corruption measures.
- Transparency and accountability.
- Participatory decision-making.

### 7.5 Global Cooperation

- Reforming global trade systems.

- Coordinated responses to pandemics and climate change.
- Strengthening international organizations like the UN and WHO.

## 8. Future Outlook

The future of economic and social stability depends on the ability of governments, businesses, and communities to adapt to complex challenges. Global risks are interconnected; solutions must therefore be holistic. Emerging technologies, if properly managed, can drive inclusive growth. Climate action, social equity, and resilient institutions will be decisive in shaping stability over the coming decades.

## 9. Conclusion

Economic and social stability remain fragile under the weight of global and domestic pressures. Globalization, inequality, climate change, geopolitical conflicts, and pandemics represent ongoing threats. However, stability is not beyond reach. Through inclusive growth, robust institutions, climate resilience, and global cooperation, societies can mitigate these threats. The challenge lies in bridging economic prosperity with social cohesion in ways that ensure fairness, resilience, and sustainability.

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