

## Editorial

# Global forces and local impacts: megatrends in regional development

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## Introduction: why this issue?

The world has recently faced a series of shocks and crises, including the COVID pandemic, the wars in Ukraine and the Middle East, and the rise of more inward-looking political regimes and policies. These are shocks that coincide with long-standing trends of real income stagnation for some and poverty for many, and also with persistent spatial inequalities within and between countries. Furthermore, these crisis episodes intersect and overlap with many long-term structural shifts or megatrends including global warming, unprecedented technological change, demographical changes and, more generally, a trend towards a spatially fragmented economic and political world order.

This issue of the *Cambridge Journal of Regions, Economy and Society* considers how such crises and megatrends may have major socio-economic impacts on cities, regions and countries. Some observers claim that the world has changed fundamentally including suffering from an unprecedented polycrisis, see for instance the views expressed by the historian Adam Tooze.<sup>1</sup> Others are more cautious and believe that from an historical perspective, there is nothing exceptional or permanent about the current turmoil per se (Frankopan, 2025). Next to this introduction, the contributions to this issue (11 papers and 3 commentaries) reflect and take stock as to what the spatial impact is of various crises and megatrends. From a regional or even national perspective, the crises and megatrends are typically given or exogenous in the sense

that individual cities or regions do not cause these events, but they basically face the task of responding or adapting to the challenges put in front of them. Hence, the title for our issue 'Global Forces and Local Impacts' since the papers and commentaries that make up our issue mainly deal with the question of what the local or regional impact is of these external or global crises and megatrends.

This is not the first issue of the CJRES that has as its main theme the local or spatial impact of global shocks or crises. The rise of China and in particular China's belt and road initiative was for instance the topic of the issue edited by Brakman et al. (2019), and the spatial consequences of deglobalization was the central theme in the issue edited by Gong et al. (2022). In the issue edited by Gray et al. (2023), the key question was the spatial impact of the COVID-19 pandemic. Similarly, the notion of local or regional resilience and how regions can be resilient to crises and structural change was the central topic of an issue edited by Martin et al. (2015). Likewise, a recent issue on 'left behind places', see Fiorentino et al. (2024), deals *inter alia* with the question of how global development may reinforce spatial inequalities at the local level. This issue on 'global forces and local impact' differs from previous issues as it does not focus on a particular crisis, structural change or type of regional development. Instead, it is centred around the idea that in today's turbulent times, many crises and (mega)trends co-exist simultaneously and, crucially, are interconnected. As the papers and commentaries in this issue make clear, the regional

development implications of 'global forces' that hit regions are best understood by acknowledging that, more often than not, the various crises and trends are interdependent.

To position the various contributions and the overall theme of the issue, this introduction has three distinct objectives. The *first* is to explain conceptually what we do have in mind when we refer to global forces and local impact. As we argue, crises and megatrends are not the same type of 'global force' and similarly, we will explain that 'local impact' is best analysed from a multi-level spatial perspective (in the next section). Crises such as a war or a pandemic are sudden shocks that have an immediate local impact and also typically call for an immediate reaction by local agents, be it regional policymakers, firms or citizens. Many of the papers in this issue deal with the local impact of crises, or in other words with the resilience of regions to such shocks (Martin and Sunley, 2015). Crises should be distinguished from more gradual, systemic changes or so-called 'megatrends' that also can be classified under the heading 'global forces' such as demographic changes, climate change or technological change. Here, the local impact is not sudden, and the local reaction is usually long-term. The conceptual difference between crises and megatrends when discussing the local impact of global forces is important and it helps to better position the various contributions to this issue. Next to this conceptual difference, there is a second conceptual difference that matters—the spatial level or observational unit at which the local impact of crises and/or megatrends occurs and is subsequently analysed: is one interested in the impact at the international, national, regional or even the individual firm or worker level?

The *second objective* is to provide a short primer on what we consider to be the main megatrends, which is a useful benchmark for the papers and commentaries in this issue (third section). When discussing a global crisis, its meaning is usually quite clear and well-understood. However, the concept of megatrends tends to be less straightforward or clearly defined. The contributions in this CJRES issue take various megatrends as their starting point and often as a given and are primarily concerned with their local or spatial impact. To offer a systematic view on megatrends, the third section discusses and explains them in more detail providing context for the subsequent papers in this issue.

The *third and final objective* of this introduction is to summarise the individual contributions which are discussed thematically in the fourth section. We conclude this introduction with some final remarks that also serve as a bridge to the rest of the issue.

## Classifying global forces and local impact

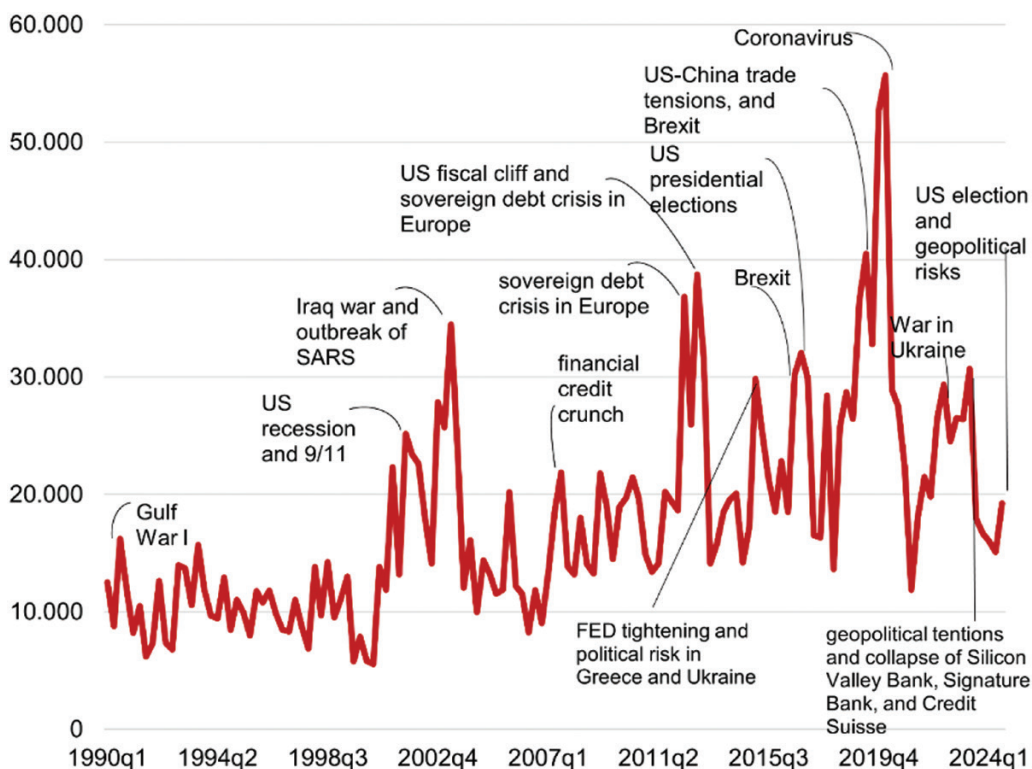
The idea that we currently live in truly special times, with a unique combination of crises and megatrends that are

fundamentally reshaping the context in which a region and its people and firms have to function, is not new. The idea that the present moment serves as a clear dividing line between an outdated past and an entirely different future is a timeless concept, often expressed throughout history.

We all like to think that our own times are special and unique. The world is undoubtedly changing (see below), but research shows that we typically tend to give insufficient weight to the lessons that history offers. As a result, there is a tendency to overestimate change (Quoidbach et al., 2013). In his commentary on this issue aptly called 'the age of crisis', the historian Peter Frankopan acknowledges that our present day and times are indeed characterised by crises, turmoil and deep-seated structural change but warns about calling our times and the associated crises or trends 'unique' for that would be overselling the crisis or change the metaphor from a historical perspective (Frankopan, 2025, see also Ferguson, 2021): 'History can help provide a context, then, that sober up the wilder claims made by excitable commentators of where a world in flux is or may be headed. In that sense, one might reasonably suggest that while references to the past can be useful, they might not be considered helpful for hyperbole and hype. But those who lived in previous decades, centuries and millennia lived through crises, and polycrises, that were at least as bad, and in many cases were far worse' (Frankopan, 2025, this issue).

With this important historical disclaimer as to the uniqueness or unprecedentedness of changes in 'global forces' in mind, we can be more precise as to what these global forces are and whether they are, although not unique but more relevant now than at the start of the 21st century. The *global forces* in this issue come in two rather different flavours: crises and megatrends. The main conceptual difference between the two forces is that with a crisis such as (the threat of) a war, a pandemic or a sudden meltdown of the economy, the consequences are imminent and direct. Crises fall into the 'house is on fire' category. Policy makers and other agents in a region typically simply must respond, non-action is not an option. When we do, however, think about megatrends like the rise of AI, the ageing of the population, climate change or ever-increasing inequality in socio-economic outcomes across and within regions, we are dealing with more gradual, systemic changes that creep up on us. Note that these 'slow burning' changes involve non-linear change processes which may reach a tipping point turning the gradual change into a 'sudden' crisis.

Focusing for the moment on the crises or shock version of changes in 'global forces', one key element of these crises is that they increase uncertainty for all those involved. Ahir et al. (2022) have developed the so-called World Uncertainty Index to visualise whether, because of the increased occurrence of crises or shocks, uncertainty is now higher than 30 years ago. This index is based on the



**Figure 1.** The World Uncertainty Index. Source: <https://worlduncertaintyindex.com/data/>

country reports of The Economist Intelligence Unit (EUI).<sup>2</sup> The basic metric underlying the index is an ‘uncertainty’ score per country over time. Adding the countries’ scores (weighted by a country’s GDP) yields the *World Uncertainty Index* shown in [Figure 1](#).

Two observations stand out. The first is that the average level of the world uncertainty index has clearly increased over time thereby giving credence to the idea that crises or shocks have indeed become more prevalent. The second is that in the period since the fall of the Berlin Wall in 1989 and the entry of China into the global economy around 1990, we see an increase in uncertainty (both in terms of level, amplitude and frequency): whenever there is a crisis or shock it has a larger impact in terms of raising uncertainty. The bottom line is that across the globe, the global forces in the guise of crises or shocks are such that regions and their people and businesses are confronted with a more crisis-prone global system. This makes the question of their local impacts both topical and important. One could even argue that the increased uncertainty levels during the 1st quarter of the 21st century, and the increased incidence of crises and shocks that is feeding this uncertainty, is now emerging as a megatrend itself.

Next to the ‘global forces’ in the form of acute (threat of) crises or shocks, the global forces also come in the guise of more gradual, yet still systemic fundamental changes

called megatrends. These are more difficult to quantify or demarcate in time, so there is no clear-cut definition as to which type of change qualifies as a megatrend! As argued in the next section at length, and also backed up by the contributions to our issue, we identify five key megatrends or systemic changes: climate change, technological change, demographic shifts, geoeconomic reconfiguration and inequality. It is important to emphasise that next to the nature and content of the ‘global forces’ (crisis vs gradual change), the meaning of ‘local impact’ also needs to be unpacked. First, ‘local’ has a spatial connotation since the term refers to the spatial level at which global forces (crises or megatrends) impact. The spatial level studied in this issue ranges from neighbourhoods in a city via regions and countries to a the global level. ‘Local’ does however not only refer to the spatial level but also to the unit of analysis and the papers in this issue analyse data based on individual (household or firm) via urban/regional to international data.

To sum up, studying the local impact of global forces, or in other words studying the spatial implications of crises and megatrends, requires a choice along at least two dimensions ([Garretsen and Stoker, 2025](#)): which type of global force is to be analysed and, simultaneously, at which spatial or aggregation level are the local implications to be analysed. Armed with the conceptual

two-way split of ‘global forces and local impacts’ in crises vs megatrends and the spatial or aggregation level respectively, we now discuss the main megatrends since their history, meaning and interpretation sets the scene for the papers in this issue.

## Global forces: unpacking five key megatrends

Economic growth since the Industrial Revolution has been shaped by a combination of megatrends, including technological change, climate change, population dynamics (particularly population ageing), inequality and the continuous reconfiguration of the global economy.<sup>3</sup> Each of these forces has played, and continues to play, a critical role in determining the trajectory of economies and societies, shaping the opportunities and challenges faced by nations, institutions, places and individuals. The interactions between these trends have created complex feedback loops that continue to influence global development in the 21st century. We will first introduce and discuss five megatrends in turn, and we then argue that these megatrends are interconnected and it is this interconnectedness which defines much of the local impacts of these global forces. The main megatrends are *innovation and technological change*; *demographic shifts*; *climate change*; *persistent inequality* and *(de)globalisation*. The bulk of the contributions in this issue takes one or more of these five megatrends as their point of departure when studying the local impact of global forces.

### Technological change

Technological advancements, and in particular the periodic occurrence and rise of so-called general purpose technologies (GPT), have been one of the foundations of economic growth since the Industrial Revolution (Ashton, 1997). A GPT is a transformative innovation that replaces existing technologies in key industries, introduces new production methods with the potential for broad application across multiple sectors of the economy. The mechanisation of production processes, advancements in energy use (such as the steam engine and electricity), and the development of information and communication technologies have drastically increased productivity. The diffusion of technology has also reshaped labour markets, displacing traditional jobs while creating new industries and work. In recent decades, the rise of automation, artificial intelligence (AI) and digital platforms has accelerated innovation, transforming the structure of economies and deepening global economic interdependence.

Innovation and technological change have been a key driver of economic growth (Solow, 1956; Swan, 1956), but this growth has often been uneven, particularly in the context of global economic development. While technological advances have opened new avenues for industri-

alisation and economic convergence, some countries have found themselves stuck in development traps. These traps are characterised by the inability to move beyond low-productivity sectors, limited technological absorption, and structural economic barriers that hinder economic progress. The skill-biased nature of technological change has exacerbated these challenges. Advances in technology have often favoured skilled labour, leading to wage polarisation and widening income disparities within and between countries.

Nations that lack the capacity to develop a highly skilled workforce or invest in education and training may struggle to harness the full benefits of technological innovation. This dynamic is likely to perpetuate inequality, leaving less-developed countries in a cumulative cycle of low productivity and slow growth. While the rapid global dissemination of technology has enabled some emerging economies to industrialise and achieve significant economic progress, others face structural challenges, such as weak institutions, inadequate infrastructure, and limited access to capital, that prevent them from fully integrating into the global economy. These barriers can create a ‘middle-income trap’, where countries experience initial growth but fail to transition to a high-income level due to stagnation in productivity and innovation (Agénor, 2017). Thus, while innovation and technological change has driven remarkable economic growth globally, its benefits are unevenly distributed, and some nations and regions remain locked into a development trap (Acemoglu and Robinson, 2012; Diemer et al., 2022).

### Climate change

Industrialisation and fossil fuel consumption, while instrumental to economic growth, have caused significant environmental degradation, including global warming and biodiversity loss (Lee et al., 2023). The economic costs of climate-related disasters, resource scarcity and mitigation efforts are increasingly pressing. The relationship between climate change and economic growth is shaped by significant trade-offs but also new opportunities (Stern, 2007). The reliance on carbon-intensive growth processes, which fuelled much of the industrialisation and economic expansion of the past, has reached ecological limits. These traditional methods of industrialisation have resulted in widespread environmental degradation, including greenhouse gas emissions and biodiversity loss, posing significant constraints on sustainable development.

The transition to renewable energy and green technologies provides new channels for economic growth. Investments in clean energy, sustainable practices, and climate-resilient infrastructure offer opportunities for innovation, entrepreneurship and job creation. These emerging sectors have the potential to drive future economic growth while mitigating the environmental harms of past growth models. Despite these opportunities,

climate change exacerbates existing inequalities, as its impacts are felt unevenly across regions and communities. Poorer countries and marginalised populations are often the most vulnerable to climate-related risks such as extreme weather events, resource scarcity and physical displacement. This vulnerability is often exacerbated by the fact that poorer regions also have less access to green technologies compared to high-income regions.

## Demographic change

Population dynamics, particularly the ageing of populations in developed and many developing economies, are reshaping many economies and business practices. Rapid population growth in the 19th and early 20th centuries supported industrial and urban expansion, while current demographic shifts in some countries, including declining fertility and rising life expectancy, challenge labour market stability and welfare systems.

In the eighteenth century, Thomas Malthus (1798) posited that population growth would be checked by 'natural' limits such as famine, disease and war. According to his theory, when populations outpaced food production, these 'Malthusian checks' would restore balance through suffering and mortality. However, Malthus's grim predictions largely failed to materialise, particularly following the Industrial Revolution. Technological advancements in agriculture and medicine dramatically increased food production and reduced mortality rates, enabling sustained population growth without catastrophic checks. Industrialization further absorbed large populations into burgeoning economic systems, rendering Malthusian constraints less relevant on a global scale. The uneven spatial impact of Malthusian checks, such as periodic famines exacerbated by resource inequities, underscored their inability to operate as effective population regulators.

In the modern era, population dynamics have been shaped by mechanisms that can be described as a 'social check' and a 'financial check'. Cultural changes, particularly those influencing women's roles in society, have played a critical role in declining fertility rates (Rindfuss and Brewster, 1996). Many women today choose to have fewer or no children, reflecting a shift in priorities driven by access to education, opportunities in the formal labour market and family planning resources. These choices reflect broader societal transformations that prioritise individual aspirations and gender equity over traditional norms of large families.

Economic factors also contribute significantly to these demographic trends. In contemporary economies, raising children entails considerable financial burdens, including costs related to education, healthcare, housing and childcare. Unlike in the past, when children often contributed economically to households through labour or wage-income, they now often represent a long-term investment with substantial upfront costs. These financial pressures have discouraged larger families, especially in developed

economies where the cost of raising children is particularly high. As a result, economic constraints function as a modern check on population growth (The Economist, 2024).

The interaction of these modern checks has major implications for economic and social structures. Ageing populations and declining fertility rates are reshaping labour markets and straining welfare systems, particularly in developed economies. As the working-age population contracts, pension systems face significant pressures, and economic growth may slow. This demographic transition challenges the economic stability that once relied on a growing, youthful labour force to drive growth and urbanisation.

The 'demographic dividend' of the past, characterised by a large and productive working-age population, is now being replaced by a 'demographic deficit' characterised by an ageing population and low fertility. To address these challenges, policymakers must innovate and adapt. Immigration offers a potential solution to supplement ageing labour markets and alleviate skill shortages. However, integrating migrants often creates social and political tensions in host countries. Additionally, the emigration of young workers from developing nations can drain their labour force, exacerbating global economic disparities.

Strategic interventions are essential to mitigate these demographic challenges. Governments must respond to the modern realities of declining fertility and ageing populations. Policies that address financial barriers to raising children, encourage gender equity, and support family-friendly work environments could stabilise fertility rates over time. International cooperation on migration and economic planning will also be critical in managing population imbalances and fostering sustainable growth. While Malthusian checks largely proved ineffective in regulating population growth historically, today's social and financial checks are reshaping demographic patterns. These modern mechanisms, shaped by individual choices and economic pressures, present opportunities for interventions that prioritise sustainability, equity and prosperity in addressing demographic shifts.

## Persistent inequality

Inequality has been a persistent and multifaceted feature of economic development, shaping both the opportunities and challenges faced by societies. The Industrial Revolution marked a significant turning point, where rapid industrialisation and technological advancement in regions in Europe and North America led to substantial economic growth but also deepened income and wealth disparities. Industrialised nations accumulated wealth and power, while colonies and agrarian economies lagged behind, often relegated to roles of resource extraction and providing labour. These structural imbalances entrenched inequality between nations, setting the stage for uneven

patterns of development that persisted well into the 20th century.

Within countries, inequality has followed a complex trajectory often captured by the Kuznets Curve. Simon Kuznets (1955) hypothesised that as economies develop, inequality initially rises due to the concentration of income and wealth in industrial and urban sectors, while the agricultural and rural population remains impoverished. Over time, as development progresses and policies such as education, employment protections and redistribution take effect, inequality tended to decline. This process was broadly observed during the mid-20th century in industrialised nations, where economic growth and social welfare systems helped reduced income and wealth disparities (Williamson, 1965).

More recently, however, regional development has gone along with rising regional inequalities (Evenhuis et al., 2021). The rise of inequality has led to what some describe as the emergence of a 'Piketty Curve', based on the work of Thomas Piketty (2014). In contrast to Kuznets, Piketty argued that unchecked capital accumulation, combined with slower economic growth, lead to increasing inequality over time. The returns on capital—such as investments, property and financial assets—tended to outpace the growth of wages and the broader economy. This dynamic, exacerbated by globalisation and skill-biased technological change, has widened the gap between the wealthy and the rest of the population, even in advanced economies. The rapid concentration of wealth in the hands of a small elite has fuelled concerns about economic stagnation, political instability and the erosion of social capital and cohesion.

Inequality also has direct implications for economic growth. High levels of inequality can constrain growth by limiting aggregate demand, as wealthier individuals tend to save more of their income rather than spending it. Additionally, inequality often undermines social stability, increasing the likelihood of political unrest and reducing investor confidence. It can also inhibit the development of human capital, as disadvantaged groups face barriers to education, healthcare and labour market participation, diminishing the productive potential of an economy.

Policy responses to inequality have varied in effectiveness. Redistribution through progressive taxation, social transfers and public investment in education and healthcare has proven successful in enhancing human capital and reducing disparities in some countries. Inclusive policies that promote labour market participation, especially among marginalised groups, can also boost productivity and contribute to more equitable economic outcomes. However, such measures often face political resistance, particularly where wealth and power are concentrated.

On a global scale, inequality between countries has shown signs of convergence, particularly due to the rapid economic rise of the Chinese and Indian economies. These nations have levered globalisation and industrialisation

to lift millions out of poverty and narrow the income gap with developed nations. Yet within-country inequalities remain pronounced, as access to opportunities, education and capital is often unevenly distributed (Milanovic, 2016). This dual dynamic highlights the complexity of inequality in the 21st century, where progress in one dimension may be offset by regression in another.

The interplay between the rise and fall of the Kuznets Curve and the ascendance of the Piketty Curve illustrates the evolving nature of inequality and its links to economic growth. While historical trends showed promise of declining inequality with development, the modern era underscores the critical role of policy and governance in shaping equitable outcomes in a globalised economy. Addressing inequality requires not only economic solutions but also a commitment to social and institutional reforms that prioritise inclusion and shared prosperity.

## Globalisation and fragmentation

The economic centre of gravity has shifted dramatically since the Industrial Revolution, from Europe and North America to a multipolar world where emerging economies play a key role. Global reconfiguration reflects the broad reshaping of international economic relations encompassing various phases of globalisation, periods of trade liberalisation, occasional waves of protectionism and the restructuring of supply chains and markets.

Following the industrial revolution, economic power was concentrated in Europe and (subsequently) North America as these regions dominated global trade and industry. However, in recent decades, the balance of economic power has shifted to a multipolar world, where emerging economies such as China, India and nations in Southeast Asia have become important players. Global reconfiguration reflects the dynamic interplay between globalisation, deglobalisation and regionalisation. The global economy can no longer be characterised as a straightforward process of increasing integration. Instead, it has become a complex and often contradictory process. On one hand, trade liberalisation facilitated by institutions such as the World Trade Organization has fostered decades of global economic integration. On the other hand, rising protectionism, exemplified by trade wars, tariffs and sanctions, has fragmented international trade and spurred the diversification of supply chains (including various forms of re-shoring such as 'home-shoring', 'near-shoring' and 'friend-shoring'). These oscillating trends reveal a world in which economic interdependence coexists with moves toward strategic decoupling and increased self-sufficiency.

One of the defining characteristics of global reconfiguration is the shift in economic power. Emerging economies have significantly increased their influence in global markets, challenging the historical dominance of Western powers like the United States and Europe. This shift is most evident in the rapid industrialisation of China and India, as well as the growing importance of regional

trade alliances, such as the ASEAN Economic Community (AEC) and BRICS.<sup>4</sup> According to the IMF (undated), China overtook the USA as the largest economy in the world (in purchasing power parity terms) in 2016.<sup>5</sup> Furthermore, PwC (2017) has projected that India and China will be the two largest economies by 2050. This economic shift, driven by technological advancements, geopolitical tensions and environmental challenges, has transformed global supply chains, trade dynamics and geopolitical tensions. Their rise has also intensified competition for resources, technology and influence on the global stage.

Another critical aspect of this megatrend is the tension between trade liberalisation and protectionism. While global agreements have historically promoted freer trade, recent years have seen a resurgence of protectionist policies, as countries seek to shield domestic industries and address security concerns. These trends have been exacerbated by geopolitical conflicts, such as the U.S.-China trade war and economic disruptions caused by the COVID-19 pandemic. Such protectionism illustrates the fragility of global economic integration and the challenges of balancing national interests with global cooperation.

The regionalisation of supply chains has become another aspect of global reconfiguration. Companies and countries are increasingly diversifying supply chains to mitigate risks associated with over-reliance on single regions or nations. The COVID-19 pandemic and geopolitical tensions, such as the Russia-Ukraine conflict, have highlighted vulnerabilities in global supply chains, prompting a shift toward regional hubs and localised production. This transition reflects a broader emphasis on resilience, where nations prioritise stability and adaptability over efficiency.

Geopolitical and technological tensions define this era of global reconfiguration. Strategic competition between major powers, particularly the USA and China, has driven decoupling in key industries such as semiconductors, AI and telecommunications. The fragmentation of global technological ecosystems is illustrated by efforts by Western countries to limit China's access to advanced technologies, and initiatives by China and other nations to develop their domestic capabilities.

Economic and environmental imperatives are also shaping globalisation. The growing recognition of climate change and the need for sustainable development are driving efforts to transition toward green economies. Policies such as carbon border taxes and renewable energy incentives highlight the integration of environmental considerations into global trade and investment strategies. Furthermore, these imperatives are reinforcing trends toward regional self-sufficiency, as countries seek to reduce their environmental footprint and secure critical resources.

The impacts of the continual process of global reconfiguration are multifaceted. It is not merely a retreat from globalisation but a reorientation of its structures. New trade blocs, such as the Comprehensive and Progressive

Agreement for Trans-Pacific Partnership and the African Continental Free Trade Area, illustrate the diversification of economic linkages. At the same time, protectionist policies, fuelled by (threats of) new tariffs of the Trump administration, and decoupling strategies are contributing to a fragmented global economy. This fragmentation prioritises resilience, regional cooperation and strategic independence, challenging the traditional narratives of globalisation and marking the emergence of a more complex, multipolar economic order.

## The megatrends are interconnected

The major megatrends shaping our world—technological advancement, demographic shifts, climate change, globalisation and inequality—are deeply interconnected, creating a web of complex dynamics that impacts economic and social outcomes. These megatrends should not be viewed in isolation but as interdependent forces that collectively determine the trajectory of global and local development. Understanding their interplay is essential for devising effective strategies to harness opportunities and mitigate challenges.

Demographic changes, particularly ageing populations in many developed and emerging economies, are both a challenge and a catalyst for innovation. As the proportion of elderly citizens grows, the demand for healthcare services, personalised medicine and age-friendly technologies increases. This demand drives advancements in AI, robotics and tele-medicine, which can enhance the efficiency and accessibility of healthcare systems. Simultaneously, automation and digital technologies may compensate for shrinking workforces by increasing productivity.

Technological progress also has significant economic implications as higher productivity driven by innovation and technology can raise profits for businesses, enabling them to invest further in innovation and the capital stock. Also, economic growth can lead to higher wages and increased tax revenues, providing governments with the resources needed to address the fiscal pressures of an ageing population, such as pensions and the rising cost of healthcare.

Innovation and technology play a pivotal role in addressing the existential challenges posed by climate change. Innovations in renewable energy, such as solar panels and wind turbines, have already significantly reduced the cost of clean energy. Smart grids, energy storage solutions and advances in battery technology are enabling more efficient energy use and the widespread adoption of electric vehicles. Furthermore, AI and data analytics are helping to monitor environmental changes, optimise resource use and design climate-resilient infrastructure.

Despite these contributions, the deployment of technology must be accelerated to meet climate targets. For instance, carbon capture and storage technologies can help reduce emissions from industrial processes, while

precision agriculture can make farming more sustainable and less resource-intensive. However, these technologies require global cooperation—which is currently absent—emphasising the interconnectedness of globalisation, climate action and innovation.

While innovation and technology have immense potential to solve global challenges, they also carry the risk of exacerbating inequality. The rise of the digital economy has created new opportunities for growth and innovation but has also deepened the divides between those with access to digital tools and those without. This ‘digital divide’ is often geographically and socioeconomically determined, leaving many low-income regions and marginalised communities unable to participate fully in the market economy. Automation, while boosting productivity, can displace workers in routine and manual jobs, disproportionately affecting lower-skilled individuals and increasing economic inequality. Unequal access to education and training in digital skills further widens the gap, as those lacking these competencies are left behind in an increasingly technology-driven labour market.

The advent of AI, however, introduces new challenges that could mean ‘this time is different’ for skilled jobs. AI’s ability to process vast amounts of data, learn from patterns and execute complex tasks means its impact is no longer confined to automating repetitive or manual work. Instead, AI is increasingly capable of performing roles often associated with skilled professionals. For example, AI systems can now draft legal contracts, diagnose medical conditions, generate creative content and analyse financial markets with speed and accuracy that rival or exceed human capabilities. This development poses a significant risk to skilled jobs that were previously considered less vulnerable to automation. Fields such as law, medicine, education and journalism, which demand expertise, critical thinking and judgment, are now susceptible to disruption.

The interconnected nature of globalisation and technology shows both their promise and their vulnerabilities. The digital economy enables businesses to reach global markets, facilitates cross-border collaboration and drives innovation. However, this rapid integration also creates systemic risks, such as cybersecurity threats, data privacy concerns and the monopolisation of digital resources by a few dominant firms. Furthermore, global supply chains are becoming increasingly reliant on advanced technologies, making them more efficient but also more susceptible to disruptions. For example, natural disasters amplified by climate change or geopolitical tensions can impact critical technological components, such as semiconductors, disrupting entire industries.

### **Interconnected megatrends and local policy challenges**

To navigate these interdependent megatrends, policy-makers, businesses and society must adopt an integrated

approach. Investments in education and infrastructure can help bridge the digital divide, enabling broader participation in technological and economic advances. Collaborative international efforts are crucial to using technology for climate action and managing the economic shifts associated with ageing populations. Recognising the interconnected nature of these trends is key to fostering sustainable growth, reducing inequality and building resilience in the face of global challenges.

Global megatrends affect regions and countries in uneven ways, as disparities arise from differences in economic structures, governance, geographic conditions and access to resources—amplifying existing inequalities and creating new challenges for sustainable development. As the papers in this issue illustrate, understanding these spatial variations is crucial for crafting tailored responses that address specific local needs and opportunities.

The spatial impact of technological advancements is highly uneven, with regions and localities differing in their capacity to adopt and exploit new innovations. Advanced economies and urban centres often reap the greatest benefits from technological progress due to their robust infrastructure, skilled labour forces and high levels of investment in research and development. For example, cities in North America, Western Europe and East Asia are hubs for AI, robotics and biotechnology, driving economic growth and innovation. In contrast, many low-income and rural regions face significant barriers, including inadequate digital infrastructure, limited internet connectivity and a lack of access to education and training in digital skills. Sub-Saharan Africa, for instance, has one of the lowest rates of internet penetration globally, limiting the ability of individuals and businesses to participate in the digital economy. This ‘digital divide’ exacerbates existing economic and social inequalities, leaving less-developed regions further behind in an increasingly technology-driven world.

Demographic trends such as ageing populations also vary significantly across regions. Developed countries in Europe, Japan and parts of East Asia are experiencing rapid ageing, with shrinking workforces and increasing pressures on healthcare and pension systems. These regions must innovate to address labour shortages and fiscal burdens, with automation and healthcare technologies playing a critical role. In contrast, many developing regions, such as sub-Saharan Africa are experiencing a demographic ‘youth bulge’. While this creates potential for economic growth through a large, youthful workforce, it also poses challenges in terms of providing sufficient jobs, education and infrastructure. The spatial divide in demographic trends underscores the need for tailored policies: automation and elder care technologies in ageing regions versus investments in education and job creation in younger populations.

The uneven spatial impact of climate change is perhaps the most visible of all megatrends. Low-income

and geographically vulnerable regions, arid areas and low-lying coastal zones are disproportionately affected by rising temperatures, sea-level rise, and extreme weather events. For example, countries in the Global South -such as Bangladesh, the Maldives, and parts of sub-Saharan Africa -face severe risks to livelihoods, infrastructure and food security due to their geographic exposure and limited adaptive capacity. In contrast, wealthier nations and regions with more resources can better mitigate and adapt to climate risks through advanced technologies, resilient infrastructure and stronger governance. Furthermore, many of these high-income regions are historically responsible for a large share of greenhouse gas emissions, highlighting stark global inequalities in both the causes and consequences of climate change. According to [Abi Deivanayagam et al. \(2023\)](#): ‘The most affected peoples and areas living in the Global South are often least responsible for climate change and yet bear its burden’ (p.64). This disparity highlights the need for inclusive strategies that address both environmental and social dimensions of economic development.

Globalisation has had uneven spatial impacts, creating winners and losers across, and within, regions. Major urban centres and industrial hubs, particularly in Asia, have benefited significantly from global trade, supply chains and foreign investment. Cities like Shanghai, Singapore and Dubai have emerged as global economic powerhouses, while many rural and marginalised areas, particularly in the Global South, have been left out of the economic gains of globalisation. The offshoring of manufacturing and service jobs to regions with lower labour costs has created opportunities in some developing economies, such as Vietnam and India, while leading to economic decline in some industrial regions in high-income countries, such as the Rust Belt in the USA and parts of Northern England. This spatial inequality fuels political discontent and resistance to globalisation in regions that feel left behind ([Rodríguez-Pose, 2018](#)).

Inequality itself manifests spatially, both within and between countries. Urban-rural divides are stark in many nations, with cities benefiting from better infrastructure, education, healthcare and job opportunities compared to rural areas. For instance, metropolitan areas in Brazil, India and Nigeria have higher economic output and access to services than their surrounding rural regions, perpetuating cycles of poverty and migration. Globally, the gap between developed and developing regions remains wide, with high-income countries in Europe, North America and East Asia commanding a disproportionate share of global income and wealth ([Chancel et al., 2022](#)). Developing countries often face structural barriers, such as debt burdens, limited access to international markets and dependence on commodity exports, which hinder their ability to benefit from global megatrends.

In this section, we have identified and briefly analysed five megatrends: *technological advancement, demo-*

*graphic shifts, climate change, (de)globalisation, and persistent inequality.* When considered in isolation, these trends are not 21st century phenomena. Throughout modern history, these five trends have always played a role. What seems different now is the manner in which, and the extent to which, each trend manifests itself in interaction or inter-connectedness with the other megatrends thereby creating complex feedback loops and a local impact and local (policy) along multiple dimensions.

In the next section, we will turn the tables and instead of focussing on ‘megatrends’, together with crises, we switch to their local impact. By this we mean, the way in which the relevant local or spatial actors, be it regions, firms or citizens, are not only affected by crises and megatrends but crucially whether and how they adapt to these global forces. As we will see, the papers in this issue often discuss a particular megatrend in conjunction with a crisis.

## Summarizing the contributions in terms of local impact

The various contributions to this issue on ‘global forces and local impacts’ induced by particular megatrends and multiple crisis on local development all take specific megatrends or crisis examples as their case at hand. There are contributions on the local or regional impact of the profound changes in population structure and societal ageing ([Brakman et al., 2025](#); [Warner et al., 2025](#)), the global energy transition ([Menéndez-Sánchez et al., 2025](#)), the transformative effects of digitalisation ([Zook and Grote, 2025](#)), the integration of AI as a reflection of global technological trends ([Chen, 2025](#)), or of geopolitical fragmentation (the commentary by [Van Bergeijk, 2025](#)) or growing territorial inequality in many metropolitan zones ([Simone, 2025](#)).

Similarly, there are also some papers that do not have a specific megatrend but instead consider a particular crisis or shock, such as the Great Recession of 2008 ([Crescenzi and Ganau, 2025](#); [Shaheen et al., 2025](#)), the COVID-19 pandemic ([Knüpling et al., 2025](#); [Thissen et al., 2025](#)) or extreme climate events ([Jun et al., 2025](#)).

Finally, there are also contributions that look specifically into policy responses for instance the commentary by [Coyle \(2025\)](#) as to the policy challenges in terms of growth and inequality that go along with digital and green transformations. As mentioned previously, the commentary by [Frankopan \(2025\)](#) provides a welcome historical perspective on the notion of a unique modern age of crisis.

Instead of listing the papers by specific crisis or megatrend (see above) and then summarising each of the 11 papers and 3 commentaries in isolation, we group the summaries of each the contributions differently in the current section so as to assist the reader in getting a better perspective as to how each contribution fits into a larger

theme. We use the following four-way split or categorisation:

1. The local impact in terms of social and spatial inequality to which global forces give rise;
2. The impact in terms of strategies by which firms (or workers) adapt to the megatrends and/or crises;
3. Strategies that countries/regions use to shape the local impact of global forces;
4. Rethinking (local) policies as a response to global forces.

## Social and spatial inequality

Economically prosperous urban regions and marginalised rural areas respond differently to crises. [Simone \(2025\)](#) and [Knüpling et al. \(2025\)](#) reveal dynamic (increasing or decreasing) polarisation among territories and highlight the potential of digital technologies, such as complex manufacturing and ICT services, as well as remote working capabilities for workers, in influencing local regional economic performance and innovation.

[Simone \(2025\)](#) examines the polarisation of Italian metropolitan areas during the period of 2000 and 2018 in terms of structural change, technology and growth. The study explores the increasing polarisation among Italian metropolitan areas between 2000 and 2018, with Milan emerging as a dominant hub for technological innovation and economic growth, while southern and insular cities fall further behind. The research highlights how structural changes, particularly the rise of digital technologies and finance, have led to a divergence in economic performance and innovation between Italy's northern and southern regions. The research findings show that Milan, driven by ICT and finance sectors, has become Italy's 'Superstar City', with cities like Rome, Venice and Genoa experiencing industrial decline. Meanwhile, mid-sized cities like Bologna and Cagliari display some economic resilience, but southern cities continue to lag. These dynamics are reflective of global megatrends such as urbanisation and digitalisation, which amplify inequalities between thriving urban centres and declining regions. The article emphasises how global forces such as digital transformation and financialisation reshape local urban landscapes, intensifying regional disparities. This contributes to the special issue's theme by demonstrating how global trends in technology and finance have profound local impacts, reinforcing existing imbalances in urban development.

[Knüpling et al. \(2025\)](#) address whether rural areas are winners of the COVID-19 pandemic, digitalisation and remote working, by analysing empirical evidence from recent internal migration in Germany. The study examines the spatial pattern of migration of highly skilled German personnel within the country during the COVID-19 pandemic. The study shows that during the pandemic, rural areas gained more highly skilled people relative to urban

areas. Rural net migration also had a higher percentage of highly skilled people than low and middle-skilled people. And urban support for teleworking will effectively mitigate the negative phenomenon of out-migration. The results of the study demonstrate a unique trend whereby rural areas, with their own environmental and spatial advantages, have attracted the migration of highly skilled people in the context of the pandemic, thus realising the reduction of the urban–rural gap. The study is an inspiration for exploring the remodelling and adjustment of urban–rural structure in the context of a socio-economic downturn.

Taking Seoul as their case study, [Jun et al. \(2025\)](#) examine the general characteristics and regional differences in intra-city population mobility during summer heat waves. Their study measures the mobility intensity of the population through subway boarding and alighting data as well as mobile location data from cell phones. The Economic Complexity Index (ECI) of different regions within Seoul was measured by collecting and zoning the location, number, and business category of small businesses. It is found that the city's overall population mobility intensity decreased during hot weather compared to normal temperature months. However, small regions within cities with higher levels of economic complexity are more resilient and can effectively maintain the population ratio mobility and sustain urban vitality. Regions with stronger ECI can maintain higher population mobility. This study indicates that high temperatures and heat waves have a significant dampening effect on urban vitality. The plausibility of the research results also shows that ECI can be used as an important research tool to participate in the study of resilience and vitality of inner-city areas. This helps to fill the research gap on the topic of urban resilience at the micro-scale and enriches the ideas for subsequent research.

## Strategies at the firm level

The impact of the Great Recession and technological advancements has posed great challenges for sustainable development, requiring businesses to seek new supply chains, explore new business investment locations and adopt adaptive operational strategies.

[Shaheen et al. \(2025\)](#) explore firm interconnectedness and resilience based on evidence from the Italian manufacturing industry. Their study investigates how firm interconnectedness through foreign direct investment and regional interconnectedness influence the resilience of firms during global shocks, specifically the Great Recession of 2008. This study examines the role of firm interconnectedness through outward foreign direct investment (FDI) in contributing to resilience from a firm-level perspective. Using a sample of Italian manufacturing firms during the great recession shock of 2008–9, the findings reveal that firms engaged in FDI exhibit greater resilience compared to their local non-MNE counterparts. Additionally, both inner-region connectedness and the interaction between

regional and firm-level interconnectedness contribute positively to resilience. In the context of the current process of de-globalisation and the restructuring of Global Production Networks, the study emphasises the critical role of firm interconnectedness in positively influencing regional recovery. It also enriches the discussion by considering 'resilience' from the perspective of a broader system of economic and political relations during times of economic difficulty. Their research expands our understanding of how changes in the position of firms within global production networks and global value chains affect regional adaptability and development, bridging Evolutionary Economic Geography and Global Production Networks theory.

[Menéndez-Sánchez et al. \(2025\)](#) examine how oil and gas firms are navigating sustainability challenges using the Sustainable Business Model Archetypes framework. This study reveals the complex balancing act these companies face in reconciling sustainability with entrenched economic dependencies and environmental responsibilities. While the study identifies innovative responses such as technological advancements, regional industrial clusters and multi-stakeholder collaborations, it also highlights the tension between global decarbonisation pressures and local industrial realities. The case of Petronor in the Basque country shows the role of regional strategies in the global energy transition, signifying that while global forces set the agenda, local contexts ultimately shape the trajectory of sustainability initiatives.

## Regional responses and strategies

Regional strategies need to be reconsidered in the context of megatrends and unpredictable disruptive crises. Inward FDI can help short-term labour productivity within a region, particularly in areas where service-oriented sectors dominate or where the industrial focus is more concentrated. The work of [Shaheen et al. \(2025\)](#), as discussed above, also reveals that in regions with closer internal connectedness, specific industries exhibit greater resilience.

[Crescenzi and Ganau \(2025\)](#) explore the short-term impact of inward foreign direct investment (FDI) on regional labour productivity following the Great Recession in Europe. They highlight two key effects: the short-term productivity gains triggered by FDI; and the significance of industrial diversification. Analysing data from 159 European regions between 2008 and 2014, the findings indicate that the composition of FDI is more critical than its volume for the recovery of productivity. Regions with a low degree of diversification experienced notable gains, particularly in service-oriented sectors. This research demonstrates how global economic phenomena, such as FDI flows, interact with local economic structures. The results emphasise the need for investment strategies that align with regional characteristics to enhance productivity and support sustainable recovery, contributing valuable insights into the complex relationship between global

FDI and local economic outcomes. In addition to the local region's knowledge and industrial base, the interaction between local and external knowledge resources is also crucial in addressing global technological trends, particularly in bridging regional innovation capability gaps caused by disruptive technologies.

[Chen \(2025\)](#) provides a vivid study of integrating AI into Regional Technological Domains, from the perspective of the role of intra- and extra-regional AI relatedness. This study investigates the integration of AI into regional technological domains in China, addressing the limited understanding of AI's geographical implications. Utilizing patent data, the authors develop a framework that introduces the concepts of intra- and extra-regional AI relatedness, examining how these dimensions influence AI integration. Key findings reveal a significant positive relationship between the integration of AI and both intra-regional and extra-regional AI relatedness. Notably, extra-regional AI relatedness can compensate for a lack of intra-regional capabilities, highlighting the interplay between local and external knowledge resources. The analysis identifies a pronounced concentration of AI integration in eastern China, particularly in the physics and electricity sectors. This study contributes to the theme of 'global forces and local impact' by illustrating the broader implications of AI integration as a reflection of global technological trends manifesting in localised contexts. The positive correlation between AI relatedness and regional technological development illustrates how disparities can emerge, reinforcing existing inequalities. By examining these dynamics, the study contributes to understanding how global forces shape local economic landscapes, emphasising the need for targeted policies to address regional disparities in AI adoption and technological advancement.

## Examples of public policy in action

Megatrends require rethinking and reformation of the role of the public sector and public policies. First, there is a need for proactive and adaptive policies. [Brakman et al. \(2025\)](#) and [Warner et al. \(2025\)](#) provide interesting comparative insights into demographic changes. Their empirical evidence suggests the importance of the labour force ratio to global income and calls for an 'active ageing' agenda and proactive adaptation to low fertility and low mortality population patterns, as this provides an 'opportunity to rethink economy, urban form and societal response' ([Warner et al., 2025](#)).

[Brakman et al. \(2025\)](#) conduct a longitude examination of the demography and income in the 21st century from a long-run perspective. This study focuses on the relationship between the demographic dividend and income. In the context of global ageing in the 21st century, a long time-series research perspective is adopted to describe the evolution of the demographic dividend and the changes in the economic power of major countries on a global scale within the 21st century. The study suggests that the

number of working people globally will show a gradual decline trend from 2010 to the end of the 21st century. The share of the working population shows a positive correlation with the growth rate of income. Based on these findings, this study analyses and predicts the development of economic power in major countries including China, USA and India. The findings show that, in the context of global ageing, the impact of the working population ratio on economic development is becoming increasingly important and will profoundly affect the future and destiny of each country in the 21st century.

Wamer et al. (2025) explore demographic ageing as an opportunity for economy, society and regions. Their study showcases that an ageing population is a global trend, but conventional wisdom has always viewed this phenomenon negatively. This study opposes and challenges this, arguing that positive ageing measures should be taken to better plan and adapt social models to better cope with this trend. This study proposes the concept of a new economy centred on community well-being and emphasises that the phenomenon of ageing should be addressed. The study argues that relevant practitioners should invest more in developing service industries, improving social welfare systems, optimising the urban environment and building age-friendly cities. This can be achieved by proactively adjusting socio-economic, public policy and spatial planning in advance to cope with ageing. Through data analysis and discussion, this study highlights the necessity and effectiveness of proactive responses to the global ageing trend.

The commentary by Coyle (2025) advocates the right kind of growth for everyone by examining the policy challenges during the digital and green transformations. This commentary highlights the significant challenges faced by OECD economies as they navigate the dual transitions of digitalisation and a green transformation. The paper argues although technological innovations have proliferated, the benefits are unevenly distributed, contributing to rising inequalities and a stagnant economic landscape. The authors assert that existing economic policy frameworks are misaligned recent technological changes, which require a more coordinated and strategic approach from governments. The paper details the urgent need for a re-evaluation of growth metrics beyond traditional GDP measures, advocating for a broader understanding of economic progress that includes environmental sustainability and social equity. The authors emphasise the importance of investing in infrastructure and skills to support inclusive growth, particularly in regions facing economic decline and population shrinkage. By addressing these structural changes and their spatial implications, the commentary underscores the critical role of government intervention in shaping a more equitable economic future. The findings reflect the interplay of global technological trends and local economic realities, suggesting that targeted policies are essential for fostering resilience and addressing regional disparities.

Regionally differentiated policies in dealing with crises are important. Thissen et al. (2025) examine the potential benefits of regionally differentiated COVID-19 Policies, based on the regional policy strategies in the Netherlands. This study adopts policy scenario analysis; the authors construct different policy scenarios based on the intensity of restrictions and explore how a combination of widely varying measures affects the production capacity of enterprises, consumer behaviour and product demand. This study reveals that the maximum cost reduction is achieved through coordinated and explicitly planned policies, although achieving this is challenging due to the lack of full information and coordination capacities in the government. It proposes a new analytical framework that combines a multi-regional input-output model and mixed integer programming, filling the research gap on the impact of regionally differentiated COVID-19 policies on the regional economy, considering the complexity of policy combinations and cross-regional impacts. It also suggests the role of regionally differentiated policies in dealing with similar crisis situations and their possible role in achieving other national policy goals, such as climate transition.

In terms of policy implementation and cooperation, two papers Zook and Grote (2025) and Van Bergeijk (2025) consider new governance structures and policy tools in the context of powerful technologies fundamentally impacting the global economic structure. Additionally, in the context of deglobalisation, the resilience of international value chains and the world trade system needs to be further explored in theoretical and policy debates. Zook and Grote (2025) develop a conceptual framework of the global digital networks (GDN) to analyse the impact of digital technologies on global economic structures, emphasising the role of data as a dynamic and endogenous force in reshaping economic geography. This study critiques traditional Global Production Networks and Global Financial Networks analyses as not fully integrating the transformative effects of digitalisation into their frameworks. GDN concentrates on the processes of data generation, enhancement and application, categorising them into four key enhancements: singularisation, association, centralisation and fractionalisation. These enhancements highlight how data moves beyond a simple resource to a strategically spatialised tool used by firms and states to extract value and control economic activities. The paper argues that digital technologies not only facilitate new forms of economic value creation but also challenge existing governance structures, leading to a reconfiguration of power dynamics at local and global levels.

The commentary by Van Bergeijk (2025) depicts alternative scenarios of deglobalisation, and provides potential futures for global integration: 'The End of the Liberal Peace', 'The Deglobalization Hoax' and 'The Return of Bretton Woods'. The first scenario anticipates a retreat from globalisation, driven by weakened international cooperation and heightened conflict. Notwithstanding, it

may exaggerate the likelihood of complete economic disintegration given the resilience of global value chains. The second scenario predicts a resurgence of globalisation through technological advances, but it underestimates the risks of deepening inequalities and technological dominance by a few actors. The third scenario envisions a revitalised multilateral order addressing global imbalances and governance. This optimistic view, however, overlooks current geopolitical fragmentation and the erosion of trust in international institutions.

## Concluding remarks and an optimistic note

We started out this introduction with a short conceptual elaboration on both global forces and local impact. The former has two rather different dimensions or manifestations—crises and megatrends. As to the latter, it is important to see that local impact may refer to different spatial or aggregation levels. In our discussion of the local impact, we emphasised that these can occur at various spatial scales or levels of aggregation. While global crises are often immediate and highly visible, megatrends are more subtle and less clearly defined. For this reason, we first focussed on clarifying the concept of megatrends and their significance for regional development. We then identified five interconnected megatrends that in conjunction make up a large part of the global forces consider in this issue. Subsequently, we shifted our perspective to examine how local impacts materialise across different spatial levels and this by summarising the contributions to this issue and by categorising them based on the specific aspects of local impact that they address.

The contributions to this issue emphasise the causes and consequences of crises and megatrends for regional development. The contributors all send the message that researchers and policymakers alike need to ‘up their game’ when dealing with these transformational challenges. Fortunately, good or even best practices do exist and not all is doom and gloom. To give just one example, in the context of the COVID-19 pandemic, we learned that rural areas, with their own environmental and spatial advantages, have attracted the migration of highly skilled people, thus narrowing(!) the urban-rural gap (Knüpling et al., 2025). This illustrates that *crises and megatrends not only presently challenges but they also lead may to opportunities for regions*. To close on a cautiously optimistic note, we turn to the closing words of historian Peter Frankopan’s (2025) commentary, deliberately positioned at the end of this issue. Frankopan reflects on the dual nature of the challenges we face, emphasising the potential for opportunity and resilience amid adversity.

*‘And while the evolution of new technologies and of new climatic patterns present enormous risks, they also bring with them extraordinary opportunities for innovation, for discovery, for*

*problem-solving, even for hope – since necessity, after all, is the mother of invention. So, yes: these are unprecedented times, because time never stands still and because no two periods are ever the same. And yes: this could be described as a time of polycrisis, but only in so far all periods are times of polycrisis: we know that from the 20<sup>th</sup> century, when the 1910s, 1920s, 1930s (and onwards) all presented challenges as never before. It is ironic, then, that term was conceived in the 1990s, a decade generally considered as a time of peace, if also of missed opportunities. But so too were the 1310s, 1320s, 1330s (and onwards) times of difficulty and challenge – in this case because of climate shifts, warfare, pandemic disease and more. History teaches many lessons, but one of the most important is that perspective matters. Tomorrow might well turn out to be as bad as the past; but for now, it is worth remembering that things could be a lot, lot worse’ (Frankopan, 2025, p. XX)*

Finally, in terms of the ordering of the papers, we start with the commentary by Coyle (2025) on growth and inequality to make clear what is at stake. We then turn to the papers that deal with local impact of a particular megatrend, be it demography, climate, technological change or (de)globalisation. The set of papers starting with Brakman et al. (2025) and finishing with the commentary by Van Bergeijk (2025) all fall into this category. The remaining set of papers, starting with Crescenzi et al. (2025) and finishing with Knüpling et al. (2025), all take a specific crisis as their topic to analyse the local impact of a particular global force. And finally, the commentary by Frankopan (2025) concludes this issue by providing a welcome historical perspective.

## Endnotes

- 1 See for instance <https://adamtooze.substack.com/p/chartbook-130-defining-polycrisis>
- 2 The EIU is a division of The Economist Newspaper Group, see <https://www.eiu.com/n/> and it inter alia produces country reports on the economic-political state of affairs and outlook for more than 140 countries.
- 3 This not intended to be an exhaustive or prescriptive list of megatrends as there are other perspectives may exist regarding what constitutes the most significant forces shaping the global economy (see Guillén, 2020; Roubini, 2022).
- 4 BRICS is an acronym for a group of five major emerging economies: Brazil, Russia, India, China, and South Africa. The term was originally coined as ‘BRIC’ (without South Africa) by economist Jim O’Neill, subsequently, South Africa was added in 2010, expanding the group to BRICS.
- 5 The common observation that the USA is the ‘largest’ economy in the world and China is ranked second is based on GDP measures in market prices. GDP measure in purchasing power parity adjusts for cost-of-living differences, ensuring that a unit of currency buys the same amount of goods and services in each country and is a

better measure of the output of an economy and the real purchasing power of incomes.

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