

Frames of Development of the World Economy

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Abstract—Any country's national interest is dictated by the nature of international cooperation perspectives. In countries which pursue independent development processes of national market assembly, foreign capital inclusion and international cooperation are limited by the means of national control tools and are opposed by inner market defence strategies, limitation of vital foreign investments of national interest, encouragement of local, national producing companies and by the encouragement of the rise of their competitiveness, as well as by the rise of their own leading companies, which will be able to successfully compete and take over the role of the "locomotive" in conditions of the international market. Moreover, the better the elite of the one or the other country realizes the competitive advantages in its economy and the national interests of its country the bigger are the chances for efficiently exploiting the possibilities of its production's international cooperation aimed to improve the social-economic development..

Keywords—World economy, trade and financial policy, global economy, profit redistribution.

I. INTRODUCTION

THE weakening of national institutes and the neutralization of state government and political, moral and cultural control diminishes the obstacles of the free movement of supranational capital, which in turn uses the economy of various countries and continents for its own interest.

The result of latter activity is the constantly growing role of the core of international economic system, which includes USA, Western Europe, China and Japan. The rest of the world is divided into countries which attempting to become the independent centers of accumulation of supranational capital (Countries of the South-East Asia, India, Brazil, Russia and so on) and thus get rid of the circumferential dependence state, as well as colonial countries which factually are deprived of national sovereignty and for the sake of supranational capital turn into a source of cheap material and workforce.

The uneven external economic exchange between the core and circumference is described by the involvement of circumference countries in commodity specialization and the external debt trap. Moreover, upon landing in the second trap circumference countries become deprived of the autonomy to implement trade and financial policies.

The "deconstruction" of the trade and financial policy implementation deprives the country of competitiveness and the opportunity to use certain tools necessary for state regulation of economy and use of investment and innovative activity for the purpose of promoting the economic growth. It finds itself in total dependence on foreign capital, which determines opportunities and directions of its economy's development. The overcoming of the growing technological gap in between a core and circumference in global economic system requires from developing countries efforts aimed at increasing of the competitiveness of increased value supplying fields. By losing the independent trade and financial policy tools, remain without necessary means for increasing the competitiveness and are forced to cope with their dependent status [1].

In case of significant uncertainty of global economy frame development it makes sense to view the possible solutions in a prism of subject interaction. Such a method assumes the evaluation of goals and objectives of a subject that makes decisions as well as its interaction with other subjects.

The future analysis of the main subject's interaction, in the line of issues of development of global economy, will allow isolation of thenon-contradictory comparison of multi version trends that shape scenarios of global economy development.

Aside from global trends, whose actions on a global scale in absence of shocking events will remain the same, the development of the condition in question will be rely on several medium term and long term ways of problem solution that are present in global economy.

The outcomes of the latter problem's solution will be viewed in a prism of relationships between various global economy centers.

The subjects of global economy are all those countries and regions that provide substantial portion of the global GDP or have an ideological or substantial constructive effect on global economy[2].

The results of the table 1 make it obvious that there are about 3 equal global economy centers in the world; USA, EU and the group of developing economies; with China in the lead, let's call it BRIC (Brazil, Russia, India,China), since these countries produced over 20% of world's GDP in 2013.

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TABLE I
GLOBAL GDP STRUCTURE[3]

Country or a country group	Density in Global GDP %
North Africa and Middle East	2,0
Brazil	3,0
BIRC	20,7
EU	23,1
India	2,5
China	12,3
NAFTA	26,6
Russia	2,8
CIS	3,9
EEC	3,2
USA	22,4
South East Asia	3,2
Central and South America	7,5
Japan	6,5

*The density is greater than 100% because some countries are also involved in integration groups.

The share of other countries (except for Japan) is relatively small. Japan, which produces the 6.5% of world's GDP, has several internal problems which do not allow this country to become its own strategic subject. As currently, this country will equally remain "distant" from US (where Japanese companies' positions will weaken in case of the success of political Integration North America region), as well as from China, which will become a competitor for Japan in most of the markets, for that reason it will be hard for Japan to anticipate synergetic profits for mutual projects[4].

TABLE II
GOALS AND OBJECTIVES OF THE GLOBAL ECONOMY SUBJECTS[5]

Subject	Goals	Objectives	Tools
USA	Maintain the external pressure, preserve added value centers and leadership in high added value markets, institutional leadership	Transition among developing countries to new partners (Indonesia, India, countries of Latin America); for the new generation of industrial products.	Transfer of production to Indonesia and other south east Asian countries, partially to Latin America, assembly of regional master unions (transition of NAFTA to "Amero" zone)
China	Insure the transition from export oriented growth model to inner market growth oriented model; without shock.	Find resources and strategic plans for implementation of investments; insure appropriate production volume in transition phase.	Integration processes in south east Asia development of the "middle eastern corridor."
EU	Increase the institutional attractiveness of EU becomes a leader in high technology sphere.	Harmonization of old and new EU members, creation of the united economic structure, professional growth in inner market.	Development of the labor and united service markets, strengthening of fiscal policy coordination.

We should China and US in MTC subject rating in observed timeframe. Observing EU as a subject, given the entirety of this institution, is not obvious and is viewed as one of the scenario factors.

The variation trends presented in table 2 will have a notable effect on US and EU economies, moreover, the nature of that effect will be mostly similar, which has to do with similarities of various EU and US countries' production structure and demographic trends.

In addition to that, the regionalization trends are most actively developing in last 20 years.

Thus, among 15 currently operating customs unions, 12 were established in 1990-2000.

According to WTO data currently there are 34 active multilateral trade agreements. Majority of the countries around the world are involved in various integration unions and many countries simultaneously enroll in several unions.

The establishment of new trade-economic unions and the expansion of the existing ones, in our opinion, will continue on throughout the observed time period (until 2030) as well. The scale expansion of regionalization has objective reasons. In particular, the necessity of accessibility in attractive markets, the aspiration of involving foreign investments and technologies, the expansion of cooperation possibilities in other fields.

Along with that the tendency of tensions between global economy leader centers like USA, EU, China, India and Latin America will escalate, which will also express itself in regional integration process, since each one of the major regional economic centers will attempt to "attract to his side" larger number of peripheral countries.

As a result, in 2030 the vast majority of institutionally stable countries will be involved in of the regional unions with a high level of inner integration in which sides compete for trade markets and resources.

Despite these tendencies, the rising inequality between countries and the rising profit margin between most wealthy and most poor citizens most likely will remain the same.

In many countries the profits are centered at the very "top." In addition to such evolution of profit redistribution within the country, in the most poor country group there is no chance of profit increase per single person and these countries do not have the opportunity to join the process of global profit adjustment.

Certainly, the adjustment acquired as a result of rapid economic growth restoration, which has a significant influence on the majority of developing countries, creates rapidly growing, global middle stratum. Along with that, several multi meaning factors (for example; the essence of technical progress, increased rewards for qualification, growing expansion of global market, and a dominance of a related slogan "winner takes all" in the market, the flexibility of capital in comparison with labor force (especially non-qualified), the decreasing influence of labor unions) caused the adjustment of profits on the "top" in developed and developing countries.

In several extremely poor countries, most of which suffer from military conflicts and inefficient regulation of economy,

hundreds of millions people's profits in last 200 years underwent an insignificant increase. In this sense, new contradictions have emerged in global economy, affecting global and regional aspects. The gap between the poles of profit redistribution in general is larger.

II. CONCLUSION

In many countries as a pronounced tendency was noted where the 1% of the population had extreme wealth and the rest of it had a sharp decline in profit. The rise of the profit among the wealthiest 1% of the population is evident in USA and English speaking several countries, it is notably less significant in China and India. However the existing data does not provide a clear indication whether this process is global or not. The World Top Income[7] database indicates that in overland Europe and Japan there are no notable changes on the upper level of the profit redistribution scale. But since the reasons for concentration mainly have a global essence and can be only partially compensated by any country's economic policy, apparently, the tendency of such concentration on the very top will increase. For example, in Germany and Nederland's the salaries of the administrative staff increased significantly[8]. The crisis of Euro zone, which is followed by a policy of strict economy, parallel with the amount of limitations of the budget profits, will probably result in rise on inequality in Europe that is in case when the question of capital and highly qualified labor force flexibility hinder the process of tax raising for the wealthy.

Such new disruptions of profit redistribution do not always result in rise of inequality in a given country. However they reflect the concentration of profit and the potential political influence exhibited though profit on "top," which can result in further concentration of profit. The main factors that shape this dynamic; technological, budgetary, financial and political continue to act.

Finally, the potential destabilizing tendencies of profit redistribution require international coordination, without which it will be difficult to execute a redistribution policy in a given country. It is necessary to create a relatively harmonious environment without taxing and tax rate, absence of the possibility of tax responsibility and migration control system, which will take into consideration the interests of donor and recipient country alike. Finally, providing aid to most poor countries remains a moral and a political necessity.

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