

## DISPROPORTIONS IN THE WORLD ECONOMY

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**Abstract:**

*The article presents a systematic study of global economic development processes, in particular through the prism of definition the disproportional changes in the financial and real sectors of the global economy and concretize the impact of the information sector of the world economy on the two above mentioned.*

**Key words:** disproportions; global crisis; information revolution; real and financial sector of the world economy.

**JEL classification:** E60

### INTRODUCTION

The world has catastrophically changed during the last years – it has become global, to be exact, it had been made that sort by the most powerful countries, headed by USA. They had created unexampled in the history of humanity system of coercive globalism – "the machine of world exploitation". At the same time globalism, as a new malignant system of world order leads to system crisis cycle of world society, ruins the stableness of the value forms of the world order, undermines the state-oriented structure of international relations. According to this, the research of disproportion changes in financial and real sectors of global economic space, which define its character, aim characteristics and vector orientation are of currant importance.

Among the scientific works, which contain the fundamental development of issues, connected with uneven character of the world economy development at different stages of its development, it is worth to note the works of the following foreign scholars: S.Amin, M.Baskakova, D.Bell, B.Binchak, M.Bunkina, I.Wallerstein, V.Vildanov, H.Gereffi, H.Horh, T.Dos Santos, M.Drahilov, N.Zotova, V.Inozemtsev, F.Kardozo, T.Kolafi, K.Koulin, V.Kudrova, G.Mid, T.Mitton, T.Moran, H.Myrdal, K.Omae, J.Pevzner, F. Perry, E.Pletnov, J.Prymakov, D.Rikardo, G.Robinson, U.Rostou, A.Smith, J.Tinberhen, A.Hirshman, J.Shumpeter and others.

This problem is actively examind by the Ukrainian scientists, economists, including L.Antonyuk, O.Bilorus, V.Budkin, I.Burakovskyy, Z.Varnaliy, V.Heyets, I.Hladiy, B.Hubskyy, I.Kalenyuk, T. Kal'chenko, H.Klymko, Yu.Kozak, D. Lukyanenko, Z.Lutsyshyn, Yu.Makohon, O.Mozhovyy, T.Oryehova, Ye.Panchenko, Yu.Pahomov, O.Plotnikov, A.Poruchnyk, O. Rogach, V.Rokocha, L.Rumyantsev, Ye.Savelyev, V.Semynozhenko, V.Sidenko, S.Sidenko, N.Tatarenko, A.Filipenko, T.Tsyhankova, V.Chuzhykov, O.Shvydanenko, L.Shynkaruk, I.Shkola and others. Their works are dedicated to the research of the neoteric processes, which happen in global economy, analysis of interregional and internal regional disproportions, skewness, misbalance of social and economic development, transnationalization of economic systems and processes of forming global competitive environment, economic divergence and convergence of the countries, global financial integration and processes of techno-globalism etc.

### ANALYSIS OF DISPROPORTIONAL CHANGES IN FINANCIAL AND REAL SECTORS OF WORLD ECONOMY

However, many aspects of this many-sided scientific problem stay insufficiently discovered and well-founded. First of all the further exploration is required for the processes of global economic development, in particular through the prism of definition of disproportional changes in

financial and real sectors of world economy, which has determined the choice of the topic of this article, its aim and task, which are the following:

- analysis of disproportional changes of the development in financial sphere of the world;
- analysis of disproportional changes of the development in real sector of world economy;
- concretization of the influence of information sector of the world economy on the development of real and financial sectors.

As it is indicated in the researches of the Corresponding Member of NAS of Ukraine O.Bilous, the growing virtual global geoeconomics of financial speculative technologies deforms not only traditional industrial economics but post-industrial, as well. The world economy protective mechanisms are being ruined, global information monitoring, total transparency of weaker economies are being used. Globalizing world economy, according to the conclusion of foreign and Ukrainian scholars, is becoming even more unstable, disposed to cyclic crises, as well as non-cyclic crises 2007-2009 (Bilorus O., 2011, pp. 5–6).

Only for the last four decades the mentioned system had led to unexampled world crisis – first non-cyclic crisis of the global capitalism, which will inevitably become the universal and will have continuous character. It is hard to disagree with the conclusion of O.Bilous that the consequences of the crisis are irreversible, because it contains an internal conflict and the mechanism of self-destruction. The essence of this mechanism is in taking to extremes the system of monopoly exploitation of the world through the mechanism of artificial demand, exaggeration of needs and overconsumption of material, financial and intellectual resources in extremely limited circle of hegemonic countries, first of all in the United States. This system created by USA acts through the international outsourcing which had become the effective mechanism of overconsumption (Bilorus O., 2011, pp. 5–6).

In such a way, first time in history in 2007-2008 the global total crisis of overconsumption started in USA. Before it 777 cyclic crises of over-production had happen. It is very difficult to stop this crisis, as its bearers, generators and driving force are the most powerful countries of the world, which will fully fight for preservation of their special privileged status of consumption society. Last 40 years the GDP per capita increased from 20000 to 40000 USD and consumption per capita increased from 100000 to 150000 USD. Financial and economic crisis of 2007-2009 has demonstrated structural imbalance in world and national economy systems. Moreover, fundamental structural imbalance had been formed during last 15-20 years and it consists in disproportion between financial and real sectors of economy. Lately the scope of operations on the world financial market was much larger than the demands of global production and trade in monetary instruments and increased annually by 15-20 % (Baranovs'kyi O.I., 2009; Solodovnik O.O., 2010; Umantsiv Yu.M., 2009).

In such a way, at the end of the 20<sup>th</sup>, the beginning of the 21<sup>st</sup> century scientists paid attention of the world community to the dangerous structure of the agreements in the foreign exchange market – only 15% of them were connected with the foreign trade operations and long-term capital turnover, others had exceptionally financial character, but at the beginning of the crisis only 5%-7% of the general amount of the agreements were connected with the real economy, others were connected with speculative transactions (Bezchasnyy L., 2001; Dyba M.I. and Osadchyy Ye.S., 2009; Solodovnik O.O., 2010; Umantsiv Yu.M., 2009).

In such a way, the income part of the financial sector in the USA GDP in 1960 was 14%, and in 2008 – 40%. During the period of 1997-2007 only 5% of the population appropriated 38% of the income and 50% of national patrimony, moreover budgeted deficit amounted 12% of GDP and general dept of the USA was 54 trillion USD, which is more than world GDP. The debt economy appeared, when the general debt of all the USA agents reached the index of 350% of GDP, in other words it exceeded the country income in many times, moreover such increase happened just during 10 years, while this debt was 75% of GDP at the beginning (Bilorus O., 2011, pp. 7).

The analyzed period is also characterized by the discrepancy of temps of savings increase in the countries with different level of industrial development, which caused essential shifts in the structure of global savings – the part of the developed countries decreased by 15% (from 85% in

1970 to 70% in 2005 (Naumenkova S.V. and Mishchenko S.V., 2009)) under the correspondent increase of the scope of savings in the countries with developing markets. But the dynamic of savings in the developing countries didn't have well-defined long-term tendency. In such a way in the biggest national economy – the economy of the USA – till the middle of the 1980s the citizens saved approximately 7-9% of their current incomes, till the end of the century this part extremely decreased and in 2001 it became negative, during the next four years savings renewed, and since 2005 the opposite tendency could have been noticed – Americans stopped saving and started wasting saved during the previous years (Dyba M.I. and Osadchyy Ye.S., 2009). Moreover, in almost all the industrial developed countries could have been observed the decrease of the investment norms till the level which reached approximately 20% of GDP (Naumenkova S.V. and Mishchenko S.V., 2009; Solodovnik O.O., 2010).

On the basis of the aforesaid we can state that simultaneously with the growth of the financial markets sizes and scales of capital flows other noticeable disproportional changes of the development in both financial sphere and real sector happened.

Disproportional changes of the development in the financial sphere of the world:

1. Changes in the objective orientations of bank establishments – reduce of the part of credits, extended to industrial enterprises in favor of credits for the consumption expenditures of households and the needs of commercial entities, which has led to weakening of dependence of banks on the functioning of the industrial sector of economics.

2. Overflow of the substantial part of the bank assets to the sphere of non-banking financial establishments, which was explained by the smaller requirements of regulatory bodies to this establishments and had led to exceeding of the maximum level of correspondence of internal funds and borrowed funds (in some financial institutions the level was 1:30, while for the deposit institutions this level must be 1:10);

3. Strengthening of the innovation competitiveness, which forced financial institutions to develop more and more complicated instruments and to propose them to clients on more attractive terms each time (Bazylyuk A.V. and Duhin I.M., 2009; Mokryak V. and Mokryak E., 2009; Naumenkova S.V. and Mishchenko S.V., 2009; Solodovnik O.O., 2010).

In its turn, the faith of the modern global economy was considerably influenced by the process of overactive forming of the “illusive” new economy of financial technologies, formation of which is closely connected with the crisis of the Bretton Woods system (the beginning of 1970<sup>th</sup>) as a result of refusal of the rudiments of “golden standard” (i.e. the principle of the material supply of the monetary aggregate), the world of finances has become more independent and autonomic after it had lost the straight dependence on physical reality.

Disproportional changes of the development in the real sector of the world economy:

1. Intensification of contradictions between national and international structures in the process of realization of the strategic state interests and possibilities for transnational corporations to achieve the superprofit.

2. Intensification of global competitiveness which stimulated companies to widen the scope of their activity with the temps, which meet the temps of the market growth or take the lead over it;

3. Growth of the deficit of energetic, material and rough resources and intensification of disproportion in its distribution between countries.

4. Worsening of economic (prices escalation, growth of the part of transactional and advanced costs in the structure of industrial costs, decrease of the income norms etc) and institutional (influence of political priorities, artificial restriction of the competitiveness of integrated industrial structures etc) conditions for industrial usage of the main manufacturing resources;

5. Growth of the leading positions of developed countries at the global markets of products and services, on which more important became not standard material goods, but services, scientific and technical development and difficult technical complexes by individual order (Amosha O., and others, 2009; Naumenkova S.V., Mishchenko S.V., 2009; Solodovnik O.O., 2010; Umantsiv Yu.M., 2009; Vdovichen A.A., 2011)

Since the beginning of 1980<sup>th</sup> could be seen more and more distinct transition from regulated by countries economic system, established by Bretton Woods agreements of 1944, to the system ruled by the markets of capital, headed by transnational corporations and transnational banks. Consistent failures of neo-Keynesians at the beginning of 1980<sup>th</sup> and monetarists at the beginning of 1990<sup>th</sup> can be mostly explained by the miscalculations of the completely new factor of the world economics, which is independent transnational capital, which brings to nothing the attempts to regulate internal financial markets.

Influence of this factor is not investigated by economic science yet. R.Baulo, one of the authors of regulation theory considers that the "complicated world order" is established, according to which the transnational capital is beyond the jurisdiction of countries and there is no "new Keynes" for its scientific comprehension (Movsesyan A. and Ohnyetsev S., 1999, p. 58).

Appearance of independent transnational capital, which starts to live its own life is presented by more than 500 transnational corporations (core of global economic systems), which has almost unlimited economic power. At the same time in the developed countries a leading position in each branch is taken by only two or three super giants who compete with each other on the markets of all the countries.

According to the review of the journal "The Economist", 5 biggest transnational corporations control more than a half of the world production of durable goods and also planes, electronic equipment, automobiles and other production. Especially considerable is the level of its concentration in the spheres, connected with the information technologies. For example, 2 or 3 companies control almost all the international network of telecommunications. Economic power of the big transnational corporations can be compared with the GDP of the average countries and they dictate their will to many countries (Mazur I.I.). The quantity of the global economic changes developed into quality and transnational capital has become the independent economic organism with its original structure and internal aims of the development.

As doctor of economic science Mazur I.I. indicates in his research, if a state could regulate national foreign exchange market with the help of the strict financial control, then in the conditions of financial markets liberalization and mitigation of the currency exchange regulation, transnational capital receives the possibility to collapse financial markets of almost any country if desired. It can be explained with the fact that the joint foreign exchange reserves of TNCs are now several times larger than the reserves of all central banks taken together. On the opinion of the French economist P.Velts, "transition of 1%-2% of the money supply, situated in the private sector can completely change the parity of any two national currencies. Very often TNCs consider foreign currency exchange transactions as the most profitable source of income" (Velts P., 1996, p. 45). In such case TNCs work at the same scheme as individual speculators, but more consistently and powerfully. Analyzing the current state of the global economy, P.Velts concludes that "the result of global strategies eventually becomes the creation of the integrated international trade and financial system, compared to which nation-states act as secondary values" (Velts P., 1996, p. 45)

Information revolution has become another reason which led to rapid virtualization of money, which undoubtedly led to progressive growth of world finances. In the sphere of information steams processing and spreading in the last few dozen years occurred considerable technologic breaks. For example, the cost of the three-minutes telephone talk between New York and London was reduced in 15 times since 1960 to 1990 and 9 more times for the next 9 years. Concerning the average cost of the information processing (calculated per 1 mln. operations), it was reduced from 75 USD in 1960 to 0,01 cent in 1990. As a result, it became possible to perform real-time "virtual travel" of dozens and hundreds billions of USD by the electronic communication channels from one country to another for many thousands kilometers. Mass distribution of personal computers, the creation of the Internet has radically changed and will continue changing the technology of production, distribution and consumption of goods and services, labor, and life of hundreds millions people in even greater extent. (Mazur I.I.)

New financial reality occurred to be extremely viable. It had been formed in the conditions of technologization, computerization and the liberalization of monetary and financial activities, free

in both national networks and transnational world area. Rapid development of microprocessor techniques, digital technologies, telecommunications had created necessary environment, able to coordinate events and activities on a planetary level and efficiently perform various calculations and payments in real time, immediately move their results in the form of "electronic money", stimulating the rapid growth of a new global and financial civilization.

Technological combining of the ways of information and financial communications contributed to the creation of new information and financial area and led to the rapprochement and gradual integration of information and financial areas. Transnational capital, which in technologic terms is based on global information and financial networks and also the lack of new acting regulatory institutions and inability of the already existing to influence this process and to control it gave rise to a new transnational information and financial oligarchy. Movement of capital across national borders has reached unprecedented proportions. One-day transactions in the global financial market exceed 2 trillion USD, while the annual turnover of a country like the USA is about 1 trillion USD. Every day amount of international financial transactions in only the currency markets of New York is 1,3 trillion USD, and this sum is even bigger at international equity markets. (Skorov H. E., 2003, p. 4).

Spreading of the ideology of artificial demand and overconsumption promotion, values of liberal democracy reinforce expectations of global civilization establishment, which must inevitably create its own mechanisms to overcome the disproportion of the global management development, which will be based on the laws of the globalization system and global economy and which will subdue states and nations (Bilorus O., 2011).

In such a way, according to the opinion of O.Bilorus it is worth to mention the following laws and patterns, breaking of which will lead to appearance of one or another disproportion with the corresponding positive effect for some countries and negative for others, in particular:

1. World market had become global, so economy and the development strategy of each country must be globally oriented.

2. All the counties must take part in the global competitiveness and, accordingly, become globally competitive.

3. All the countries involved to the processes of global modernization must accumulate correspondent resources and join global and regional integration unions.

4. Globalization and modernization are possible without westernization and Americanization (the law of the global civilization pluralism). India, China, Russia are not ready to follow American way, and to collect parasitic debts.

5. The system of the coercive Euro-Atlantic globalism preserves its positions. It is a global diffusion of western modernism and a new stage of western imperialism (Bilorus O., 2011, p.8).

## CONCLUSION

To support the aforesaid we can state the following:

Firstly, the level of the global competitiveness in different countries will differ, which can cause conflicts. That is why it is not worth to expect market equality;

Secondly, world without borders – is an utopia, a kind of wishful thinking (but of course the interest of those who want to make the world global in the removal of nation-states from the political stage is understandable. In such a way there won't be need to pay taxes and no one will control their activity);

Thirdly, the states must conduct special protective function and to provide the survival and stable development of correspondent nations and countries (in this case we talk about Ukraine, Belarus, Russia and other countries, but developed countries also require state support).

So, during the last decades some contradictions in functioning of financial and real sectors of economics were intensified and in relations between them. The gap between financial and non-financial corporative sectors deepened and the signs of transformation of financial system into a

separate segment of the economy were defined. A new global crisis – is a crisis of overconsumption of money as a virtual, non-produced product.

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