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Disintegration of the World Trade System: Reasons and Consequences

A.V. KuznetsovFinancial University,
Moscow, Russia<https://orcid.org/0000-0003-3669-0667>

ABSTRACT

The article presents the study results of the world trade stagnation issues associated with the WTO systemic crisis. The aim of the article is to summarize the main reasons for the world trade system disintegration and to identify feasible directions for the world economic order transformation. The G20 trade-restricting measures were analyzed based on the statistical databases of the WTO and the non-governmental organization Global Trade Alert (GTA). The views of leading domestic and foreign experts on the consequences of liberalization of the world trade in goods and services were summarized. The author systematized the reasons for the world trade system disintegration, including: the US anti-globalization policy aimed at containing the PRC; counteracting unipolar globalization by the Southeast Asian nations; developed countries' rejecting the growing participation of developing countries in redistributing global resources; inefficiency of international organizations in solving problems of global imbalances, inequality and instability of the global financial system. Structuring disintegration processes revealed its main trends: protectionism, regionalism, trans-regionalism. There were shown mechanisms to keep the US in the European Union due to companies providing professional services to European business. The author evaluated Russia and China's competitive advantages in the production chains of the new technological structure. The areas of cooperation between Russia and the BRICS countries for realizing export potential in agriculture, aviation and nuclear industries were determined. The prospects for trade and economic relations in Eurasia are discussed in terms of changing the economic paradigm and shifting the regulation of the global economy problems to the regional level.

Keywords: world trading system; WTO crisis; trade wars; protectionism; regionalism; transregionalism; global imbalances; anti-Russian sanctions; change of economic order; BRICS supranational institutions

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INTRODUCTION

After the 2008–2009 global financial and economic crisis the world’s largest economies rejected the liberal doctrine and switched to protecting domestic markets from external competition by pursuing an unconventional monetary policy and active government support for private businesses. The response from emerging markets led to increased distrust, destabilization of established trade relations, increased speculative activity and reduced effectiveness of the multilateral trading system. In 2009–2019, the number of notified regional trade agreements (ignoring the WTO principle of non-discrimination) increased from 287 to 473¹, and the number of new protectionist measures introduced by the US government in relation to other countries increased *twelve* times — from 140 to 1765².

The current state of the world economy is characterized by its participants refusing to comply with the established “rules of the game”, increased populism and nationalism, rejection of globalization, open markets, immigration, and development of international cooperation and execution of previously undertaken international commitments. Despite the absence of direct armed conflicts between the major powers, the extension of life expectancy and an increase in per capita income, a “benign” world order was not established. According to Richard Haass, President of the Council on Foreign Relations, the unsettled situation in the Middle East and Ukraine, as well as the growing number of potential hot spots indicate that “what exists [today] in many parts of the world as well as in various venues of international relations resembles more a new world disorder” [1, p. 13].

CHARACTERISTICS OF DISINTEGRATION PROCESSES

Transnationalization, automation and robotization of production, and shifting the center

of economic activity from West to East led to a significant increase in competition. Given these transformations, and to maintain its leading position in the world economy, the United States has slowly been moving its trade policy towards protectionism and isolationism — right to sanctions for political reasons.

Today, the US openly sabotages its participation in the WTO (for example, by blocking the appointment of new arbitrators to the appeals body of this organization). This demarche is argued by threats to national security and the ineffectiveness of the WTO’s actions to protect the United States from unfair competition from China [2, p. 8].

According to Joseph Stiglitz, Nobel Prize winner in Economics, D. Trump’s administration underestimates its opponents. He says that the White House declared a full-scale trade war to China. But the US and its business interests are especially likely to suffer from such a war for China has far more control over its economy than the US does over the American economy. The US can only take actions in limited circumstances, and the length of time that it has taken to bring the actions in China’s steel and intellectual property is testimony to the difficulty of taking actions.

US corporations have made large investments in China, especially so since China can take a variety of actions which make life for these businesses and their expatriate employees more difficult. Moreover, American consumers and producers will suffer if they are denied access to China’s inexpensive products, or if the costs of those products increase. In addition, in a trade war, a non-market economy of the PRC has distinct advantages, because there are many more levers which it can exercise [3, p. 521].

Increasing trade tension and trade restrictive measures at continued economic uncertainty between the USA and China have resulted in decreasing international trade dynamics. In the 1990s, the ratio of the world merchandise trade volume growth to the world real GDP growth was generally higher than 2,

¹ WTO Regional Trade Agreement Database. URL: <http://rtais.wto.org/UI/charts.aspx> (accessed on 18.07.2019).

² The 24th Global Trade Alert Report. CEPR Press, 2019. URL: <file:///C:/Users/Alexey/Downloads/GTA24-JawJawnotWarWar.pdf> (accessed on 18.07.2019).

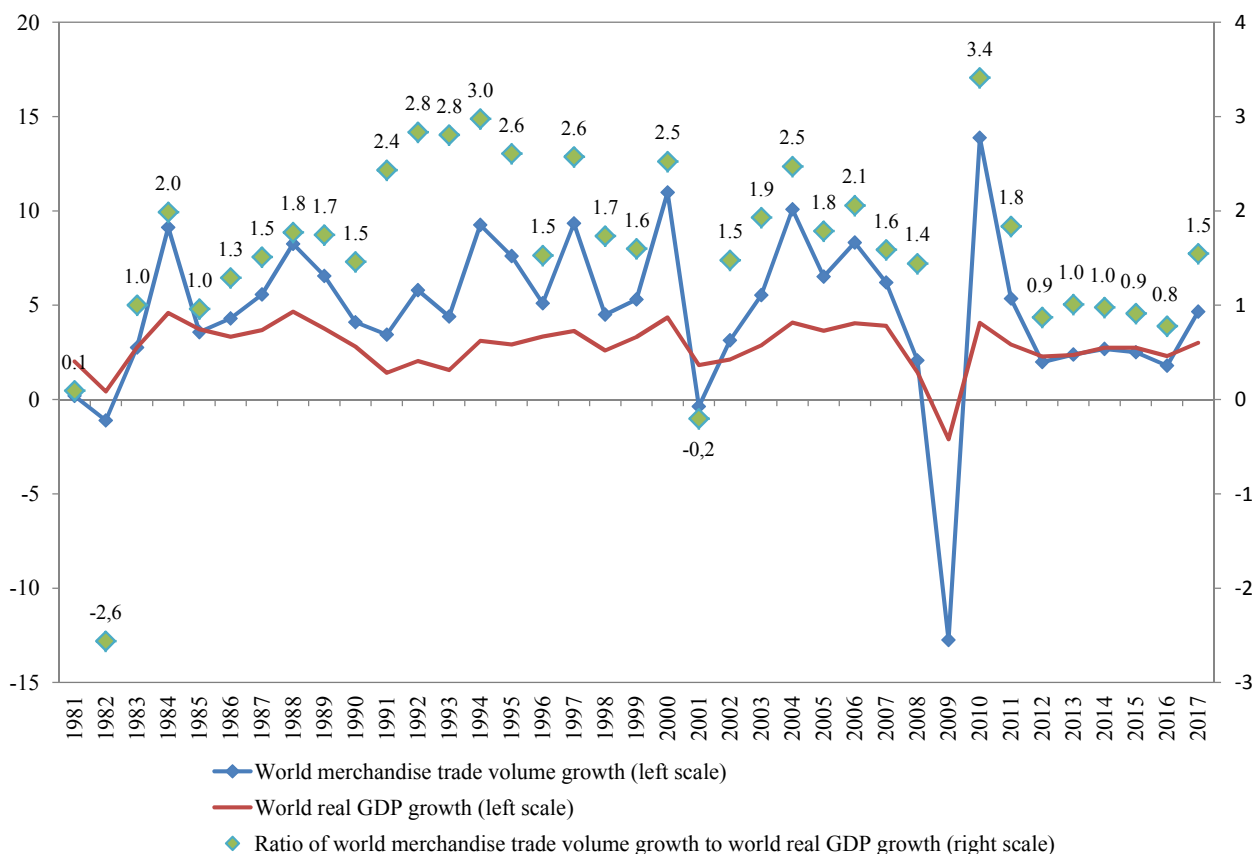


Fig. 1. Ratio of world merchandise trade volume growth to world real GDP growth, 1981–2017 (annual percentage change and ratio)

Source: WTO. World Trade Statistical Review 2018. URL: https://www.wto.org/english/res_e/statis_e/wts2018_e/wts18_toc_e.htm (accessed on 18.07.2019).

and in 2011–2017, it was already reduced to 1 (Fig. 1). These factors and decreased overall economic activity were the reasons for the slowdown in world merchandise trade to 3% in 2018 compared to 4.6% in 2017. According to the WTO estimates, in 2019, trade growth will slow down to 2.6%³.

The commencement of global disintegration processes can be considered the collapse of the USSR that caused the destruction of the bipolar system of international relations. The disintegration of the socialist system of planned economy paved the way to a market fundamentalism model, whose main vehicle was the United States. With the United States becoming

the only global superpower, the formation of a unipolar world has led to the formation of intractable asymmetries and imbalances in the world economic development, caused mainly by universal financialization and virtualization of the world economy.

Dissatisfaction with unipolar globalization became apparent in the late 1990s, when the countries of Southeast Asia started competing with American companies. The Asian financial crisis provoked a currency speculation by American vulture funds. This resulted in some 50 million people in Asia alone fell under the poverty line [4, p. 31]. The ensuing attack on the World Trade Center was an undisguised demonstration of the waning of the US global influence, the inability of the key reserve currency issuer to prevent destabilizing capital

³ World Trade Organization. Annual Report 2019. URL: https://www.wto.org/english/res_e/booksp_e/anrep_e/anrep19_chap1_e.pdf (accessed on 18.07.2019).

flows and to bring the world economy back to balance.

At the same time, as more developing countries entered the world stage, developed Western countries were also complaining about globalization. They ran into problems of declining living standards and quality of life, access to resources and growing disguised and overt unemployment. The culmination of the West's departure from the liberal democratic order was the results of the UK vote on withdrawal from the EU in June 2016.

Thus, the other side of market globalization was the formation of global imbalances [5] and growing inequality [6] – the problems that multilateral institutions, including the G20 [7], are not able to solve. Global imbalances are related to the fact that the main recipients of capital are the issuers of reserve currencies, which have exhausted the possibilities for productive placement of the savings of the rest of the world. Therefore, capital is not used for investment, but for consumption and speculation, exacerbating the growth in global external debt [8, p. 24–25].

Disintegration processes are also manifested in an organized large-scale withdrawal of financial resources from the control by national fiscal systems. This causes the development of shadow banking, overstatement of asset prices, slowing the growth of the real economy, and deepening of income inequality in both developed and developing countries. Despite its ambitious agenda, the G20 failed to resolve these problems, resulting in the formation of a parallel financial and economic reality – global offshoring [9]. Due to the instability of the international financial architecture, deglobalization has become a factor in the internal politics of too many countries. Thus, the world economy is on the verge of new financial shocks [10, p. 7, 8].

Together with the destruction of the American-centric order, new political alliances are forming in Eurasia, seen both in appearing pan-Asian financial institutions and potential implementation of political initiatives such as

“One Belt One Road” [11] and the Big Eurasian Partnership [12].

DISINTEGRATION PROCESS STRUCTURE

Given the specifics of the current foreign economic policy of sovereign states, we can distinguish three main disintegration trends aimed at protecting national interests in the crisis of the multilateral trading system: protectionism, regionalism and transregionalism.

Protectionism. Attributed to the successful intergovernmental GATT/ WTO negotiations, a sharp decrease in import tariffs worldwide is considered to be one of the most important achievements in the development of the world economy over the past decades. On the other side, the WTO members widely used trade policy measures restricting exports and imports, including domestic content requirements, preferential loans and other non-tariff barriers [13, p. 130].

A particularly clear manifestation of the trade policy intensification is a jump in protectionist measures by the G20 countries after the 2008–2009 financial and economic crisis. Published on June 24, 2019, a WTO report on G20 trade measures indicates that the trade coverage of new import-restrictive measures introduced between October 2018 and May 2019 was more than three-and-a-half times the average since May 2012. The trade coverage of import-restrictive measures during the period is estimated at \$ 335.9 billion. This is the second highest figure on record, after the \$ 480.9 billion reported in the previous period. The period between May 2018 and May 2019 represents a dramatic spike in the trade coverage of import-restrictive measures by the G20 countries. They include anti-dumping and countervailing measures, sanitary and phytosanitary measures, and other trade barriers⁴.

It should be noted that the G20 governments actively started protectionist measures

⁴ WTO Report on G-20 Trade Measures (mid-October 2018 to mid-May 2019). URL: https://www.wto.org/english/news_e/news19_e/g20_wto_report_june19_e.pdf (accessed on 18.07.2019).

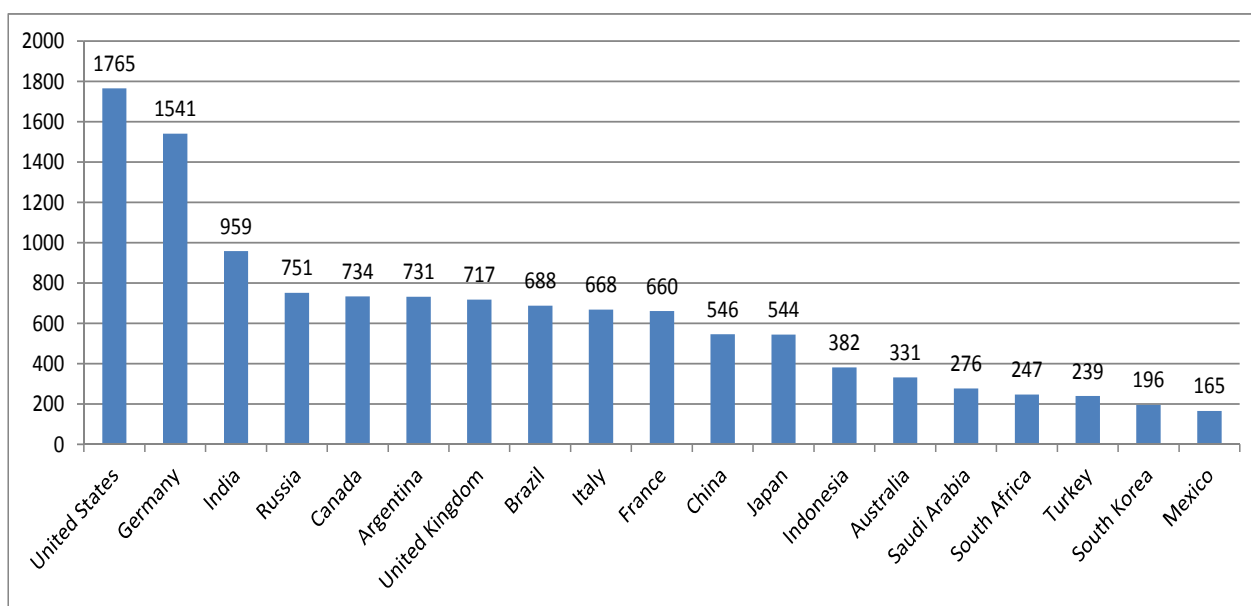


Fig. 2. Number of protectionist measures taken by the G-20 countries from November 2008 to June 2019

Source: compiled from data: The 24th Global Trade Alert Report. URL: file:///C:/Users/Alexey/Downloads/GTA24-JawJawnotWarWar.pdf (accessed on 18.07.2019).

even before the US-Chinese trade wars. 348 cases have been recorded since November 2008 when trade policy measures taken by the governments of 36 countries had a negative impact on trade flows of more than \$ 10 billion. By 2013, 70% of the world's goods exports were under protectionist measures that did not exist before the global financial crisis. This share increased to 74% by 2019.

According to the non-governmental organization Global Trade Alert that analyzes protectionist actions under the auspices of the London Center for Economic Policy Research (CEPR), over 12 thousand protectionist measures were initiated by the G20 governments from November 2008 to June 2019, including quotas, licensing, and increased import quotas and duties, lending, subsidies, dumping, government procurement and other trade policy measures (Fig. 2).

Thus, despite the G20 summits keep calling on adhering to the free trade principles, the actual leaders of these countries do exactly the opposite.

Regionalism. Modern regionalism is another disintegration trend, which is also a consequence of the world's political disintegration

following two world wars. In 1900, besides 13 empires, there were 55 sovereign states, whereas in 2009 the UN consisted of 192 sovereign states; 113 of them had previously belonged to colonies and empires and the other 33 had formed part of other countries [14, p. 46].

Today, each of these states (including 164 WTO members) is a party to at least one regional trade agreement (RTA), including agreements on partial liberalization of trade, on free trade in goods, services and on the customs union. Many RTAs are bilateral. Providing more favorable terms of trade to each other rather than to the other WTO members RTA participants recede from the guiding principle of the multilateral trading system – nondiscrimination.

The WTO has registered a fourfold increase of RTAs since 2000. In mid-2019, there were 294 RTAs, of which 256 are various free trade agreements and 18 are customs unions (Table 1). The number of actual RTAs is different from the total number of the RTAs notified in the WTO. This is due to the specifics of the methodology that separates agreements on economic integration (including trade in services, investments,

Table 1

Figures on Regional Trade Agreements notified to the WTO and in force (as of June 2019)

Types of Agreement	Total	As a percentage of the total
Customs Unions	18	3.8
Economic Integration Agreements	152	32.1
Free Trade Agreements	256	54.1
Regional Trade Agreements – Accession	25	5.3
Partial Scope Agreements	22	4.7
Grand Total	473	100.0

Source: compiled from data: WTO Regional Trade Agreements Database. URL: <http://rtais.wto.org/UI/publicsummarytable.aspx> (accessed on 18.07.2019).

etc.) from agreements on free trade in goods. Moreover, about 100 RTAs are plurilateral, i.e. more than two countries or trading blocks act as a RTA party. There are 30 plurilateral agreements except the agreements involving the EU or EFTA, [15, p. 209–211].

Transregionalism. In the structure of disintegration processes, transregionalism, a relatively new phenomenon in the world economy, should be noted. It occurs in the creation of mega-regional trade partnerships. They involve countries representing different regions and continents. These agreements go beyond the WTO regulatory framework. As a rule, they envision an across-the-board free trade zone, which, in addition to liberalizing trade in goods and services, may include gradual abolition of non-tariff, administrative and other bureaucratic barriers, harmonization of trade standards in the fields of intellectual property rights, industrial and investment policies, as well as state enterprises activities, dispute resolution mechanisms in arbitration proceedings and so on.

A number of such agreements have already entered into force, in particular:

- A Comprehensive and Progressive Trans-Pacific Partnership Agreement incorporating 11 countries (CPTPP or TPP-11), a simplified version of the Trans-Pacific Partnership (TPP) after the withdrawal of the United States.
- EU-Canada Comprehensive Economic and Trade Agreement. Negotiations are ongoing to sign The Regional Comprehensive Economic Partnership (RCEP) between the ASEAN countries, China, Japan, India, South Korea, New Zealand and Australia.

The interaction within the mega-regional partnerships is mostly due to the common economic interests of the parties, the interstate agreements, the development of new transport and communication systems, rather than the common borders and location [15, p. 417]. However, it is difficult to predict their future development considering the increasing geopolitical tensions in the world. In 2016, the negotiations between the EU and the USA on the Transatlantic Trade and Investment Partnership (TTIP)

lost their relevance and were terminated. The Donald Trump administration has been highly negative regarding the US participation in the TPP and TTIP. Therefore, the prospects for the United States joining mega-regional partnerships remain in doubt.

US FIGHTING FOR EUROPE

Brexit and D. Trump joining the White House negated US activity to create mega-regional free trade zones and thereby suspended the US entering Europe (within the TTIP). However, the deglobalization rhetoric emanating from the White House should not be misleading. The United States still retains great competitive advantages and potential for further promotion of Anglo-Saxon values in the European Union, the largest trading partner of the United States and the main recipient of American investments.

It should be noted that Europe seriously depends on Anglo-Saxon companies providing professional services to business. For example, the Big Four audit 95% of Europe's largest companies⁵. Anglo-American law governs the absolute number of financial transactions in European financial markets. Moreover, there are no European firms among the largest top 100 law firms in the world; almost all of them are represented by Anglo-American capital⁶. Three leading US credit rating agencies account for 96%⁷ of all credit ratings in the world (and therefore, in Europe). And finally, the stable (in some cases increasing) relative size of the American currency in servicing various segments of the international financial market suggests that the dollar is not going to give up

its position to the euro as a global reserve currency.

In the field of digital technology the United States has an almost absolute supremacy in the European market. For example, American companies Microsoft, Apple, eBay, Amazon, Google, Twitter, Facebook do not have analogues in Europe [16, p. 84]. American companies specializing in creating and managing social networks offer their solutions in the monetary sphere. On the one hand, they can be regarded as disintegration elements of the global monetary system, and on the other hand, the global cyber financial system as a transition to a qualitatively new level.

For example, Facebook is preparing to launch the digital currency Libra which can be accessed by 2.7 billion of FB users. If each follower makes a \$ 1,000 payment on Facebook using the blockchain technology, the annual turnover of this network may be \$ 2.7 trillion, or 11% of US federal debt⁸. At the same time, the cost of Libra and the entire turnover will be tied to the dollar, and therefore to the American economy. It should be emphasized that other cryptocurrencies, as well as many key technologies of the digital economy, are tied to the US dollar.

As long as the United States dominates the digital space, with English in global communication, and Anglo-American law in international transactions, the US position will be strengthened even in chaos. Thus, the current disintegration may represent a transition from the US dominance in the traditional real economy to dominance in digital virtual reality. What seems to be chaos and disorder may become a new economic order, on a fundamentally new institutional basis. The leading role will be played not by formal institutions represented by intergovernmental organizations, but by supranational informal network structures. They will enable American transnational corporations to interact directly with consum-

⁵ EU auditor market share: 2017 audit reports. Audit analytics. 2018. URL: <https://www.auditanalytics.com/blog/eu-auditor-market-share-2017-audit-reports/> (accessed on 18.07.2019).

⁶ Legal excellence internationally renowned. UK legal services 2018. TheCityUK, 2018. URL: <https://www.thecityuk.com/assets/2018/Reports-PDF/86e1b87840/Legal-excellence-internationally-renowned-UK-legal-services-2018.pdf> (accessed on 18.07.2019).

⁷ The financial crisis: unresolved. The Economist. 8th September 2018. URL: <https://www.economist.com/printedition/2018-09-08> (accessed on 18.07.2019).

⁸ Shchukin O. Libration of the dollar. Tomorrow. 26.06.2019. URL: http://zavtra.ru/blogs/libratciya_dollara (accessed on 18.07.2019).

ers, ignoring the complex interstate rules and regulation.

This assumption has a reason; the United States has the greatest number of largest digital transnational corporations among G7 countries and China. In 2018, the US share in the global GDP, calculated at market prices, amounted to 24.2%, which is higher than in several previous years. The United States continues to be a world leader in higher education, science, R&D and innovation economy. The volume of dollar-denominated international financial assets is almost three times the volume of international assets denominated in euro, the closest competitor to the dollar. The United States is still the most attractive country for international immigration and is gaining as the world's energy power.

Among other things, the United States protects its national interests by increasing the trade costs of countries enjoying their political, economic, financial, and military patronage in the global market.

For example, the EU states suffered significant losses after joining the US anti-Russian sanctions. In 2014–2017, Dutch and Russian trade fell 8.2 times more than that of the United States and Russia's, Italian — 6.6 times, German — 5.6 times, Polish — 2.6 times. In general, during the sanctions period, the United States accounted for only a 2% decrease in trade with Russia, and the remaining 98% belonged to other sanctioning countries [17, p. 53; 18, p. 14]. At the same time, Russia's BRICS partners — India, China and Brazil — also supported anti-Russian sanctions. On the one hand, it can be regarded as the BRICS countries' fee to access the US-controlled global market, and on the other hand — as opposition to Russian transnational corporations in this market.

The EU is keen on restoring WTO functionality. European companies have benefited greatly from the globalization of production. Over the past two decades, Europe has been among the regions most integrated into global value chains (GVCs), in particular, the content of import components in exports or

the share of re-exported intermediate goods in imports. The importance of the Euro zone participating in GVCs is higher than for the United States and Japan, and is comparable with China. So, despite the high level of intra-regional trade, the EU will not be able to isolate itself from trade conflicts in other regions of the world. The EU's goal is to reform the WTO so to create a more flexible framework for negotiations, to introduce new rules able to eliminate grey zones (industrial subsidies, forced transfer of technology and intellectual property rights), to develop a new approach to involve developing countries and low-income countries in key decision-making, to create a more efficient and transparent dispute resolution mechanism, to strengthen the transparency and monitoring functions of the WTO [19, p. 515–519].

CHANGE OF ECONOMIC ORDER

Analyzing the problems and prospects for the world trade system, one should first consider the restructuring of the world economy to a new technological structure. Now, only the USA, Russia and China seem to have a complete scientific cycle — from basic research to disruptive developments in production. That is why the US is fighting sanctions wars against Russia and trade wars against China to deplete the resources of these countries and to prevent them from taking leading positions in new production chains.

A candidate for world (regional) leadership, Russia has a number of advantages: a unique design school, excellent programmers, the ability to make unexpected jerks (for example, in developing advanced models of military equipment), weapons, including a nuclear umbrella, which can provide other countries with geopolitical protection against the USA, as well as a huge supply of energy, fresh water and land suitable for agricultural activities. At the same time, Russia, unlike China, is experiencing a shortage of financial resources and a modern production base. These compara-

tive advantages of Russia and China combined would create a powerful platform to take the lead in a new technological structure⁹.

To enable its competitive advantages, Russia could focus on the priority development of some export sectors, such as agriculture, aviation and nuclear industries. Given the disintegration trends and transformations discussed above within the framework of the emerging new technological order, Russia's successful participation in the formation of the regional trade system in Eurasia depends on the following institutional factors:

1) activating (weakening) the USA and the EU protectionist policies that will impede (facilitate) the positioning of Russian TNCs in the global market in general and the Eurasian market in particular;

2) creating a geopolitical counterweight to the United States by strengthening the military, political and economic importance of the BRICS countries on the world stage that will allow Russia to conclude new and to develop existing agreements on economic cooperation and strategic ties with other countries;

3) developing a supranational BRICS policy in the agricultural sector (following the example of a single agricultural policy of the EU) in order to ensure food security of Eurasia and coordinate joint activities of the state, capital and industry in the Eurasian economic space in the context of the disintegration of the multi-lateral trade system and fragmentation of the global market;

4) developing legal mechanisms of non-price competition within the WTO through creation of effective forms of cooperation based on public-private partnerships and targeted state support to specific producers of agricultural products that demonstrate high labor productivity; including financial indicators of investment attractiveness and innovative production into the current performance indica-

tor system of the state agro-industrial complex support program;

5) establishing joint ventures with major buyers of Russian household products, primarily China and India, to organize deep local processing of Russian agricultural raw materials in order to redistribute value added more equitably in favor of Russian agricultural producers;

6) creating within the BRICS an alternative organization to the WTO to regulate the intra-group market space, including export deliveries of the three sectors in order to reduce internal customs and other barriers to the intra-group trade;

7) integrating all participants of the Russian agro-industrial complex — the state, research centers, databases of manufacturers and consumers — into a single information system by means of digital technologies (for example, using the experience of the Chinese company Alibaba in creating retail and wholesale online stores) in order to ensure quick and centralized access of consumers and manufacturers to this system. The mechanisms of the digital economy are designed to significantly increase the efficiency and investment attractiveness of the Russian agricultural sector;

8) together with China and India, creating a large aircraft manufacturing and air transport company (following the example of European Airbus or American Boeing) to provide the Eurasian space with its own air transport fleet, which can radically cut domestic transportation costs and compete with the leaders of the global aerospace industry. To finance this project, it is necessary to use the experience of the US federal contract system [20];

9) creating a supranational umbrella body in the field of nuclear energy development (using the experience of the European Euroatom). Such an organization will make it possible to overcome the restrictions on the BRICS countries participation in the value added chains in the field of nuclear energy, due to national security issues. This umbrella organization could help unite the efforts of the BRICS countries to provide Eurasian projects, including agricul-

⁹ Khubiev R. Principle formula of the XXI century: Russia is either a superpower or it is not. Regnum. 08.06.2019. URL: <https://regnum.ru/news/economy/2661957.html> (accessed on 18.07.2019).

ture and aviation industries, with a relatively cheap, powerful and uninterrupted supply of clean energy. Represented by Rosatom State Corporation, Russia has comparative advantages in the global nuclear energy industry, being ahead of other countries in the number of nuclear power units built abroad. Russia also has first-class and competitive technologies in the field of peaceful nuclear energy and, with intensified innovative research and development, can ensure the safe operation of nuclear power plants in any climatic and natural conditions. The synergistic effect of cooperation in the nuclear industry can be achieved through its close relationship with the aerospace, military and oil and gas industries. Thus, cooperation in the nuclear industry can solve a lot of problems and serve as an incentive to intensify cooperation of the BRICS countries at the political level, which had a mild and more formal character until now;

10) creating own settlement and payment system based on the currencies of the BRICS countries (as well as other key currencies of Eurasia — the Japanese yen, the South Korean won, the Singapore dollar) allowing to control currency flows and to break the dependence on the US dollar and euro SWIFT systems.

When planning long-term cooperation of the BRICS countries, it is necessary to recognize the importance of creating supranational institutions, and not limit the integration of free trade zones. The latter put a more developed economy (in this case, China) in a privileged position, and this will mean the reproduction of trade imbalances at the regional level.

To deliver its resources in the growing crisis potential of the world economic processes, Russia together with the other BRICS participants should work out a hybrid model of socio-economic development, a qualitative alternative to market fundamentalism.

Current change in the world economy is a prerequisite for this alternative. It is due to the fact that based on financial expansion American secular accumulation cycle has ex-

hausted the possibilities of economic development. This is evidenced by the long stagnation of the US living standards, bankruptcy of large industrial cities and the possibilities to form foreign exchange reserves independent of the US Federal Reserve and to introduce own currency discussed by some states [21, p. 66].

Dominant in the world, the neoliberal model can give way to a new integral system practiced in Asian countries for a long time (China, India, Japan, Singapore, South Korea). The hybrid system differs from the current neoliberal doctrine in a number of characteristics: a combination of state and private property, centralized planning and market self-organization, control of public interests and private initiative. The attitude to money is fundamentally different in this model: unlimited lending based on fiat money is replaced by money issue under investment plans of economic agents in accordance with centrally established priorities [21, p. 22–24].

CONCLUSIONS

After the production of American TNCs was transferred to regions with lower social, environmental and tax standards, the United States lost its advantage in foreign trade. At the same time, free trade agreements actively signed by the leading Asian economies are narrowing the market space for the US capital. With D. Trump joining the White House, the United States failed to bind numerous RTAs under mega-regional partnerships — TTP and TTIP. Nevertheless, China and Japan continue working towards the consolidation of RTAs, promoting their own versions of mega-regional partnerships — RCEP and CPTPP. The USA is the main speaker of protectionism and isolationism creating barriers for the Eurasian countries to access the global market.

Created upon an initiative and with the support of the USA (IMF, World Bank, WTO), multilateral intergovernmental institutions with their strict rules, inflexible and limited regulatory sys-

tems are an obstacle to the full globalization of markets. In conditions of transnationalization and automation of production, these institutions are no longer able to protect the United States from “unfair” competition from developing countries, primarily China. Therefore, the United States by all means impedes the activities of these institutions (for example, by delaying the ratification of the IMF quota and vote reform or by blocking the appointment of new arbitrators to the WTO appeals body).

China has been leading in a number of world indicators — GDP (calculated at purchasing power parity), export, money supply (expressed in dollars). Generally, China is still a “copy shop” of Western industries and lags behind the West and several other Asian countries in developing advanced technologies. To make a breakthrough in a new technological structure, China should establish closer cooperation with Russia. The formation

of bilateral trust can be facilitated by Russia and China’s more active involvement in the development and global promotion of a conceptual alternative to neoliberalism in order to solve the problems of asymmetric development in the world as a whole and in Eurasia in particular.

Despite China’s obvious economic successes, a change in global leadership is not expected in the foreseeable future. The United States possesses a significant number of effective institutional levers and mechanisms of influence on the world economy; Eurasia will have to create own alternative to them. The experience shows that this is a long-term process. Therefore, at this stage of integration into the world economy Russia and the BRICS countries should concentrate on developing an effective strategy for regional cooperation focused on creating and developing Pan-Asian supranational institutions in Eurasia.

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ABOUT THE AUTHOR



Aleksei V. Kuznetsov — Dr. Sci. (Econ.), Senior Researcher, Department of world economy and world finance, Financial University, Moscow, Russia
kuznetsov0572@mail.ru

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