

GLOBALIZATION AND GEOPOLITICS

**GLOBAL FORECASTS AND
DEVELOPMENT REALITIES OF
THE WORLD-SYSTEM OF
GLOBALISM****Oleg BELORUS**

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ABSTRACT

In the 21st century, which is becoming an era of radical change in the human environment, globalization is shaping the development vector of every country in the world.

Today, long-term forecasts of global development for the next 25 and 50 years rely on strictly imperative norms; the “break-through into the future” scenarios should proceed from the actual unity of the world and take into account the transition-transformation nature of its development.

Global transformation has no end; the social and economic convergence of countries with different levels and characteristics of development is a new phenomenon that calls for in-depth political and economic study. The expert community has already concluded that recurring crises of overproduction will alternate with non-cyclical crises of overconsumption of resources, while the accompanying new technologies of social production and economic relations will become even more dynamic.

KEYWORDS: *globalization, world-system of economic globalism, global neo-convergence of the developed and developing socioeconomic systems, global forecasting, global neo-industrialization.*

Introduction

Today, for the first time in human history, the fate of all states and all peoples, great and small, is determined by the world's global development: "One cannot live in a global society and be free from it." All long-term forecasts, strategies, and development programs of individual countries aimed at the next 50 years should take into account that the peoples of the world, sharing a common destiny, must survive and develop together.

This is especially true of the 21st century, which has already demonstrated a trend toward global transformations. Many countries, the United States, China, Japan, Russia, and India, have already busied themselves with global forecasts. The time has come to set up an International Institute of Global Forecasting and corresponding national centers as part of the U.N. structure.

The third report *Mapping the Global Future* published under the National Intelligence Council's 2020 Project in December 2004¹ and the fourth (latest) report *Global Trends 2025: A Transformed World*, published under the National Intelligence Council in November 2008, at the height of the world economic crisis,² offered forecasts of possible developments.

The time has come to assess them in the context of current reality. The authors and commentators agree that the future will catch unawares those who limit themselves to dissecting the past: "Discussions of the past are an intellectual anesthesia, a mirage which detracts from intellectual efforts needed to grasp the meaning of much more important processes directly related to the future."³

Linear extrapolations of the present into the future are equally useless. Prof. Robert L. Hutchings of the United States wrote in the Introduction that today the world needs a "leap of imagination" more than at any time in the past and stressed that "opening our minds" becomes an imperative.⁴

In their forecasts of global trends until the year 2025, the Americans proceed from uniformity and homogeneity of the developing world, an approach that supplied the authors with an objective picture of the current changes. It became clear that the world was developing through transformations and accumulation of changes, which made it ready for another leap. From this it followed that all countries living amid global changes go, in fact, through the process of transformation. The developed countries, the group that comprises the key geostrategic actors (the globalizer countries), and the rest of the globalizing world, are all transition countries.

At each stage of human history there are objective global trends, the identification of which is an important element of geostrategic thinking.⁵ The globalization and other factors that came to the

¹ See: *Mapping the Global Future*, Report of the National Intelligence Council's 2020 Project, available at [http://globaltrends2030.files.wordpress.com/2012/08/global-trends_mapping-the-global-future-2020-project.pdf].

² See: *Global Trends 2025: A Transformed World*, Report by the National Intelligence Council, Washington, 2009, available at [<http://www.aicpa.org/research/cpahorizons2025/globalforces/downloadabledocuments/globaltrends.pdf>].

³ A.I. Utkin, V.G. Fedotova, *Budushchee glazami natsionalnogo soveta po razvedke SShA: globalnye tendentsii do 2025 goda*, INES-MAIB, Moscow, 2009, p. 6.

⁴ *Mapping the Global Future*.

⁵ See: Z. Brzezinski, *Strategic Vision: America and the Crisis of Global Power*, Basic Books, New York, 2012, p. 1.

fore in the post-Cold War period have not yet fully manifested themselves. They became accelerated when the Soviet Union fell apart, when globalization of Asia and Eurasia became more obvious and the trans-Atlantic relations assumed different forms.

The globalization and corporate integration underway in the world economy will exert even stronger influence.

According to the authors of the 2004 report: “The very magnitude and speed of change resulting from a globalizing world—apart from its precise character—will be a defining feature of the world out to 2020.”⁶ One can hardly agree with the authors, however, that the world “has already been transformed.”

Reconnoitering the Future

It seems that global transformations, irrespective of the scope, speed, and depth of the changes they cause, are practically endless. On the other hand, global economic transformations and social and economic convergence of systems and countries of different development levels are less vague.

The authors of the *Global Trends 2025* report have rightly concluded that integration and economic and social convergence of the West and the East and of Europe and the Euroatlantic community with Asia and Eurasia have accelerated. It has become clear that social and economic convergence will spread far and wide to become a global phenomenon into which Africa and Latin America (Brazil and Mexico) will be also drawn.

There is every reason to forecast that the information system and the Internet will also become globalized. This will invigorate global monopolist competition and force the countries drawn into it to double their strategic efforts. Security and prosperity, two main goals of all countries, will not allow them to remain isolated from the dynamics of global development.

The future of the United States, China, India, and Russia, as seen by the authors of the *Global Trends 2025*, is open to discussion. It is impossible, for example, to agree with authors who say that Russia will choose a version of state capitalism rather than follow the Western liberal development model. Today, nearly 93% of public property in Russia has been privatized, while the corporate-oligarchic system has seized state power and remains in control. A country whose GDP has shrunk to 1.6 to 2% of GWP will not survive another transformation. Russia’s continued weakening will give some of the Eurasian countries the opportunity to launch their penetration strategies.

The authors’ conclusion that in the next 12 to 15 years America will lose its world domination looks doubtful, to say the least. One tends to agree with Zbigniew Brzezinski, an outstanding geo-strategist of our time, who predicted in his *The Choice: Global Domination or Global Leadership* that the era of American domination will be transformed into an era of global domination and, later, into an era of “global leadership.” Its huge resources and its huge potential will allow the U.S. to remain a driving force behind the global processes, even if modification of the “American” geo-economic world zones cannot be excluded.

Washington will not come forward with a new Marshall Plan for Russia and the other transition countries of Eastern Europe. Nor it is likely that the U.S. and Western Europe will overcome their fairly sharp disagreements; the contradictions among the United States, Russia, and China will become more aggravated. Put in a nutshell this will be “the partner-adversary of my partner-adversary is my partner” situation.

⁶ *Mapping the Global Future*.

This makes competitive socialization and environmentalization of global development led by the United States inevitable. China, India, Russia, and Brazil will remain developing countries with a very low per capita GDP and per capita production and consumption. The United States, on the other hand, will never overcome the punishing momentum of super-consumption of all types of resources—material, financial, etc.

In the foreseeable future, China, which is rapidly developing anyway, will add dynamics to its economic expansion to move from its “world factory” to “world investor” status. China has already accumulated over \$2 trillion of currency holdings to be used as an instrument of global expansion. Its pressure on the “global front” will depend on the scope of its domestic markets and domestic consumption. To be successful, China needs large national corporations relying on the state for support.

The above suggests that, in the future, the typically Chinese socially-oriented capitalism will become globalized.

Until the end of the first quarter of the 21st century, India, which by that time will be a global giant, will continue to suffer from two ills: massive poverty and wide social gaps. It will insist on socialization of development on the basis of the state capitalism strategy it has been following for many years now.

India and China will have to bridle demographic growth and provide enough food for everyone.

The social orders of these two countries, as well as of the Arab states, will most likely compete on the global foodstuffs markets (grain markets in particular) for the simple reason that grain can be stored for indefinitely long periods of time, which means that “he who owns the bread, commands the world.”

The intensively globalizing world economies will have an increasing demand for American global leadership, which is seen as assurance against recurring crises and a promising way to level out financial and economic imbalances and promote convergence of different development models. America, however, will grow more and more tired of this burden.

This means that new global leaders will move or be pushed to the fore and that very soon the U.S. will lose the status of sole world leader. Global oligopolies will appear at a faster pace, while world leadership will remain the main item on the global development agenda.

In the next twenty to twenty-five years, China, with its highly efficient social and economic system and mounting military might, stands a good chance of becoming the most influential country in the multipolar world.

In the foreseeable future, Greater China and India will remain countries with a high level of poverty and low per capita GDP.

The authors of *Global Trends 2025* concluded that “the global shift in relative wealth and economic power is now under way—roughly from West to East.”

Forecasting a New Global World Architecture

Global socialization of development has produced another important and expected effect: unprecedented growth of the size of the middle class: by 2025, it will be 1.2 billion strong (16% of the world's population).

We should never forget, however, that the gap between the rich and the poor is widening; this is especially obvious in India, China, the U.S., Latin America, and North Africa.

The authors of *Global Trends 2025* warn that globalization and integration will continue spreading at a faster pace toward the East and the South. As the main mega-trend of development, globalization will envelop the entire non-Western world.

It is expected that globalization (global integration) and neo-convergence will positively affect economic growth, development, and the living standards of many countries. On the other hand, globalization will produce grave economic and political crises and shocks.

The processes, both negative and positive, generated by globalization will be irreversible and affect world development. In our age of information and high technology, a global war may be the only way to stop these trends. The countries badly hit by globalization will respond with unprecedentedly active anti-globalist movements.

The American experts sound overly optimistic. The authors of *Mapping the Global Future* have written that “the world economy is likely to continue growing impressively: by 2020, it is projected to be about 80 percent larger than it was in 2000, and average per capita income will be roughly 50 percent higher. Of course, there will be cyclical ups and downs and periodic financial or other crises, but this basic growth trajectory has powerful momentum behind it.” The American experts (and their Russian colleagues for that matter) are probably duped by the fairly worn-out slogan “a rising tide lifts all boats.”

It seems that in the period ending in 2025, cyclical crises of overproduction will be replaced by non-cyclical crises of overconsumption of resources which, in the final analysis, will cause a general systemic crisis of the emerging world-system of globalism.

The authors of *Mapping the Future* forecasted that the “rising powers [China, Japan, India, Indonesia, Malaysia, Brazil, Mexico, etc.] will see exploiting the opportunities afforded by the emerging global marketplace as the best way to assert their great power status on the world stage.” This will add vigor to economic and political rivalry between the traditional and new leaders.

Caught in these opposing trends, “Eurasian” Russia will try again and again to spread its control and influence in the super-region of the former Soviet Union by imposing all sorts of integration projects and using all sorts of instruments of economic and political pressure. Moscow might try to interfere with European integration of some of the Soviet-successor states, Ukraine, a country with rich natural and economic resources, an extensive transportation and communication infrastructure, and the vast potential of a skilled workforce, being one of the examples.

In the period until 2025, we can expect that the role of high “global” technology and the newly emerging social-technological production method in economic growth and higher competitiveness will increase.

In view of the already obvious trends, we can say that the level of competitiveness of individual countries will be determined by their investments in global integration and technological innovations.

Countries that create and use the latest high technology will acquire obvious long-term competitive advantages, while those that remain tied to traditional technology will be doomed to degradation.

Russia and Ukraine, two industrial giants of the past that have become de-industrialized in the last 25 years, are slipping toward degradation.

In the near future, the success of any country will depend on its ability to create its own investments and use them to promote breakthrough high technology in order to progress by enlarging investment reproduction.

The main role in mobilization strategy belongs to the state, which should manage technological and economic development and stimulate internal integration among the state, science, and the business community.

This is especially true of transition countries such as Russia and Ukraine, which have considerable production and scientific potential, but lack the state-corporate system indispensable for their technological and economic competitiveness.

Instead of modernizing their social, economic, and production infrastructure, these countries have acquired an oligarchic system, the sole purpose of which is to grow rich on exploiting the obsolete economic and industrial complex.

Japan, China, India, South Korea, Malaysia, and Indonesia, on the other hand, are actively developing state-corporate entrepreneurship based on technological breakthroughs and large investments. They are catching up with, or have even outstripped, America and Europe in terms of basic production and technological indices.

The above suggests that at some time in the future the world will be plunged into fierce rivalry over investments and financial resources. As the world leader, the United States will go on attracting new loans with even more energy; this will increase the global financial imbalance and the burden of America's sovereign debt. It might easily exceed the \$20-25 trillion level; dollar emission will unfold together with the level of "dollarization" of the economies of other countries.

Amid the chronic systemic global crisis, the dynamically developing economies of China, India, Japan, and others will find it hard to oppose the growing world financial imbalance. Until 2025, neither the euro nor the yuan will become alternative, or at least parallel, world currencies; they stand a good chance, however, of enlarging the sphere of their influence.

All big countries and integration alliances will be seeking tighter control over markets and resources; this is fraught with dangers for national and global economic democracy, socialization of development, and freedom of business activity.

"Dollarization" of national economies will become irreversible; the liberal development model tested for viability and strengthened by the powerful new globalization processes will survive and remain dominant.

Asian globalism (the developing sub-system of the macro-system of globalism) is moving to the fore; it is steadily growing more and more mobile and more and more concentrated; investments in science and high technology are growing at a fast pace against the background of self-restricted consumption of the regional leaders, China and India in particular.

The Asian giants, which have formed a capacious market by Asian standards, can compete with Europe and the United States. It seems that we are seeing the dawn of a new era that has challenged the "golden billion" through greater involvement of the Asian workforce in the global economy. This means that in the foreseeable future the general makeup of globalization and its development vectors might change.

These forecasts give rise to the entirely legitimate question of whether convergence and non-conflict development of the Euro-Atlantic and Asian trends of world globalization is possible?

Financial and technological sub-systems make American globalism strong; Asian globalism is strong due to its mobility and self-restriction. American globalism seeks total Westernization of global development, which should be described as its weakness.

A compromise between the Euro-Atlantic and Asian trends requires a rational correlation between globalization and Westernization; it is necessary to identify the main trends of the modernization strategies of Asia and Latin America.

Most of the expert community has agreed that globalization (including Asian globalization) is an equivalent of global modernization and neo-industrialization, which can develop without becoming totally Westernized.

As Kenichi Ohmae put it, Asian globalization, as part of worldwide globalization, obeyed the laws of global competitive market.⁷

⁷ See: K. Ohmae, *The Borderless World: Power and Strategy in the Interlinked Economy*, Harper Business, New York, 1990, 223 pp.

He has concluded that the state is irrelevant in terms of its economic role: “The unfettered movement of [industry, information technology, and individual consumers] makes the middleman role of nation-states obsolete;” this is not confirmed by practice and by the core interests of the absolute majority of nations.⁸

The nation-states will undoubtedly preserve their core role in the near future (until 2025) and in the more distant future. We should differentiate between the two meanings of the denationalization concept: it is either associated with setting up transnational and global corporations and their networks or with decline of the state. This may create a false impression that global corporations and their alliances would prefer the latter alternative.

Those who support the idea of so-called hyper-globalism suggest that nation-states should be replaced with “regional governments.” They are convinced that the right to make strategic decisions should belong to transnational companies and regional governments.⁹ They call on the world to set up a new world structure in disregard of national borders, that is, a world-system of globalism.

It seems that the mega-system is being built by the globalizer countries and the 75 thousand-strong army of international corporations. The final touches will be added at the turn of the 22nd century, a time of systemic global crises and conflicts. Today, and until 2025, the world-system of globalism remains a “national American project”¹⁰ launched by the United States to “entrap” the global economy for its corporations.

Today, the ideology of globalization is no longer rooted in the principles and regularities of organic (natural) global integration and modernization, but in the principles of globalist fundamentalism, one of the faces of totalitarianism. This explains the use of force (enforced globalization) which inevitably stirs up the resistance of many countries and many political forces; as time goes on, the process will gain momentum.

In theory, globalization, which leads to technological modernization and whips up competition, is conducive to greater labor productivity. In fact, global monopolies spread their control far and wide over the markets, which widens the gaps in labor productivity and efficiency (competitiveness) of production of the developed and transition states and, therefore, in the comparative development dynamics. The transition states are steadily falling behind.

Neither Russia, nor the countries of Central and Eastern Europe (Ukraine being one of them) managed to fully integrate into the global markets because of the low competitiveness of their economies and the mounting deficit of investments.

The globalizer countries are engaged in successful super-concentration of investments in the developed northern countries. Eighty-one percent of global investments go to the United States, the U.K., Germany and Canada, which is explained by their strong state policy. A steady and growing concentration of global capital is obvious in the OECD countries.¹¹

It is obvious to everyone that other countries are deliberately and resolutely kept away from the global markets and globalization and integration. “Globalization for the globalizers” will go on, at least in the first half of the 21st century, until the key globalizers decide that outsider countries rich in resources can also be useful. Very much as before, Russia and Ukraine will linger at the bottom of the list of candidates for competitive integration into the global markets because their raw materials (hydrocarbons and minerals) and semi-finished products (grain, pipes, and rolled stock) do not meet the standards of the monopolized global markets. Gazprom of Russia completely depends on its European partners and is, therefore, extremely vulnerable.

⁸ See: K. Ohmae, *The End of the National State*, The Free Press, New York, 1995, p. 5.

⁹ See: L. Kaplan, “Meanwhile on the Left...” *The National Interest*, Spring 2000, pp. 146-158.

¹⁰ J. Gray, *The False Dawn: The Delusions of Global Capitalism*, The New Press, New York, 2007, p. 6.

¹¹ See: L. Weiss, *The Myth of the Powerless State. Governing the Economy in a Global Era*, Cambridge, 1999, p. 186.

Widespread corruption and the inability to promptly adjust to the harsh competitive conditions in the global markets push the economies of most transition countries (Russia and Ukraine included) aside. The governments of Soviet-successor states cannot abandon the administrative command system of economic management, which guarantees the sale of low-quality products. They cannot create and implement adaptive dynamic globalization strategies and modernize their economies, nor are they able to coordinate and control the foreign economic operations of their national-global corporations on a high-tech basis.

On the other hand, the governments of transition states have no power over global TNCs and international banks operating in their territories; this intensifies national capital outflow and undermines the Russian and Ukrainian economies.

The transition and developing countries attract global capital with super-profits; in the last 30 to 40 years, the United States and other globalizers (OECD members), attracted by the cheap workforce, guaranteed mass marketing, and super-profits, have been actively relocating their industries to China, Brazil, Mexico, India, and Indonesia.

Industrial outsourcing has done nothing for the economic and social systems of the developed countries; according to the expert community, by 2020, only 10% of the total population of the United States will be employed in industry. The domestic markets of the U.S. and other globalizer countries are becoming less and less open, which means that globalization might become one-sided, in short, "globalization is not for the globalizing countries."

In the United States, for example, 82% and 90% are employed in branches and services working solely for domestic consumption, respectively.¹²

The United States, European Union, and Japan, the major economic zones, export no more than 12% of GDP.

There is an obvious trend toward setting up a global economic system on the basis of transnational corporations to function side-by-side with the national economies of the globalizer countries. On the one hand, it will protect the U.S., EU, and Japan from excessive openness and competition and, on the other, will allow them to implement the strategy of globalization management formulated by President Clinton in his time. We all know what will come of this.

In the first half of the 21st century, confrontation among the countries of North America, Europe, and Southeast Asia and the imbalance of their economic statuses obvious in the 20th century will go on and acquire even sharper contours. Their governments are keeping the global markets under strict control. "Contrary to the expectations of some theorists, the information revolution has not greatly decentralized or equalized power among states. If anything, it has had the opposite effect."¹³

In Lieu of a Conclusion

The above suggests the following:

1. Globalization is a real, dominating, and irreversible process; in the 21st century, it will continue to grow and reach incredible worldwide social and economic dimensions. The most developed countries will continue this expansion; until 2025, globalization will be "enforced on the globalizing countries." The globalizer countries and TNCs will be tightening their monopoly on the markets, which will destroy the markets, economic systems, and governments of the developing and transition states.

¹² See: R.Z. Lawrence, "Workers and Economists: Resist the Binge," *Foreign Affairs*, No. 3-4, 1996.

¹³ R. Keohane, J. Nge, "Power and Interdependence in the Information Age," *Foreign Affairs*, No. 9-10, 1998, p. 89.

In their own markets and within their own economies, the globalizer countries will pursue a “restrained globalization” strategy, i.e. development and strengthening of domestic markets. The income received from the sale of goods and services in the international and global markets during the first half of the 21st century will not exceed 15% to 25% of their GDP and GNP, while concentration of real investment capitals in the club of the super-developed “global countries” of the North and “golden billion” will be 80% to 90%.

Some of the global countries (the U.S. included) will go on increasing their debts as a form of attracting money and exploitation of the “weak” countries and their national economies.

In these conditions, the globalizer countries will remain highly competitive; this, however, will aggravate the economic, social, and political confrontations between the super-developed and weakly developed (falling behind, developing, and transition) countries.

2. During the active phase of globalization, the latter half of the 20th-first half of the 21st century, the gap between the liberal theory, philosophy, ideology, and propaganda of globalization, on the one hand, and its real strategy and practice, on the other, became much wider. This will bring to light the huge difference between globalization as an objective process of global integration and enforced globalization as realized by global TNCs and globalizer countries in their financial interests.
3. In the 21st century, the super-developed powers and global TNCs will increase their pressure on the globalizing countries (they employ mechanisms of global rivalry and exploitation on which they have a monopoly). The struggle for oil, gas, foodstuffs, and drinking water will become exacerbated together with the policy of “globalization enforcement” carried out in the interests of TNCs.
4. Neither the developing nor the transition countries, nor countries with an average development level will be able change the course and scope of the process—they should take this opportunity to join the process.

Skepticism and catastrophic forecasts are useless and counterproductive; everything the theorists and left-wing theoreticians say about globalization as an erroneous project of the United States that will destroy national economies and international integration economic structures sounds like senseless incantations. Today, Asian and even Eurasian globalism is moving onto the world scene together with American globalism.

The contradictory unity and conflict of their economic interests are a no less important reality than the traditional Euro-Atlantic globalism. Today, total globalism is taking shape before our very eyes.

5. A new mode of production, absolutely adequate to the technological and information realities, is emerging. This means that in the first half of the 21st century, globalization processes will intensify, grow, and acquire new organizational, economic, social, and political forms. Today, a real mega-system is taking shape and developing into a universal world-system of globalism.

For objective reasons, the U.S. and the small group of rich countries allied with it will not be able to retain control over the globalization processes. The global and monopolized system is highly explosive to the extent that it may undermine the very powerful internationalization processes underway in the world. This means that the interests of globalizing developing and transition countries should be taken into account to a greater extent.

The laws of internationalization and globalization will gradually force the super-countries to open up their economies and markets and join the processes that lead to a new world-system of globalism. In an effort to remain at the head of globalization, they will internationalize their capital, investments, and technology.

6. Most of the transition countries of Eastern Europe (Russia and Ukraine among them) have missed the opportunity to achieve convergence (the Chinese model could have served as an example) of the market systems based on state and private-corporate property. They have “razed to the ground” their mobilization industrial and economic systems and failed to create contemporary market mechanisms. This has given rise to corruption-oligarchic systems of “wild” capitalism of the period of primary accumulation of capital.

Having missed the first stage of reverse transformation, the people living in the transition post-Soviet countries and their elites should keep their governments under strict control to avoid degradation and pauperization which, otherwise, will be their fate.

Their main strategic task is domestic markets and competitive economic, production, and technological systems and institutions geared toward effective regional and global integration.

Complete openness of the national markets is a great mistake: they are flooded with imported and frequently counterfeit goods. This undermines domestic production and, therefore, should be discontinued. The transition countries should urgently formulate adaptive strategies of stage-by-stage inclusion into global integration based on raising their economic competitiveness, stimulating domestic production, and enlarging their domestic markets. This is their historically conditioned social and economic imperative.
