The new architecture of economies' typology within the globalization context

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Abstract

Over viewing the most recently evolutions throughout global economy, we can easily conceive that the collateral effects of economical globalization and market integration, represents the main issues debated in specialized professional or political circles. The first step toward regain the global markets functionality is to review as a sine-qua-non condition, the institutional and functional structure of financial system and global economy system as well. In such context, this paperwork is meant to propose a new architecture of economies' typology, reflecting in fact the most recently particularities of markets' function. The criteria took under consideration has been the relevancy related to commercial and financial flows. Even the parameters presented here are quite abstracts in lack of detailed statistical data are important to reflect the new causality tied between economies in the new context of globalization.

Keywords: globalization, global economy, economical integration, global factors

For most of the specialists preoccupied by the globalization phenomenon, the concept of the economical globalization induces, first of all, complexity due to the subjacent political or social-cultural reasons, the globalization being most of the time associated, on a perceptive level, to its implications. Starting with the nations relevance to the static and dynamic panel of the economical globalization, in addition to the classification recommended by the OCDE, there can be defined as relevant towards this phenomenon effects, three categories of economies, such as: economies based on an offer (offer side economics countries), economies focused on the internal demand and the export of capital (supply side economics) and finally the economies based on the energetic resources supply. This classification is based on the weight and the relevance of the nations within the international flow of goods, capital or labor, the characteristic features correlative between these economies, being used to define the dynamic interdependencies settled at the global level. (figure no.1).

First, within the category of *based on export economies* are included all those countries that built their economical priorities on the account of attracting capital investments as to capitalize the competitive differential resulted from accepting some social costs (income differences, standard) or environmental costs. In fact this category is adopting as a long term strategy the priorities of supply side economics theory. Leaders of this echelon are the developing countries (emerging countries from South America and from South – East Asian area), followed by the undeveloped countries (possibly considered 'witness' countries). Their rhythm of economical growth is due to the production of goods with a lower rate of processing labor costs and a lower added value as well. The competition is actually guaranteed by the reduced cost of the products or services acquired/obtained by these countries which either accept to preserve social conditions under average (low salaries/incomes, reduced social assurances, improper conditions of health and work), deliberately assuming the effects of environmental damage as a price of relocation of the polluting production coming from the developed countries. These countries have an important weight in the world/worldwide trade and a constant rhythm of economical growth, based mainly on the export of raw material and products with a lower or medium rate of processing, based on the production in lohn (indirect export of labor) or franchise.

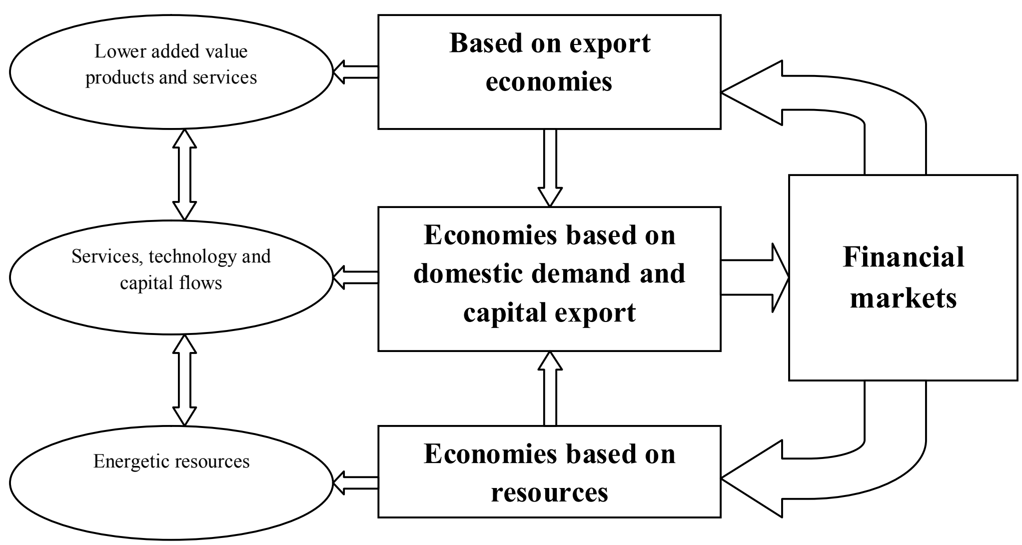

Figure 1

The economies based on offer, count on their economical growth mainly on the export to the countries with high incomes per/capita neglecting the domestic consumption. Thus, they draw the main benefits, accumulating higher incomes from external market. But the volatility of this kind of economies is major, comparing with the volume and the structure of the necessary capital to finance business. Also, the evolution of the balance sheet of payments of these countries is directly correlated to the level of demand formulated by the developed countries. On the other hand the accumulation is focused as a waste to the national reserve, preserving in this way the capacity for borrowing the international liquidities. But the national reserve, nominated in strong currency helps practically the high deficits oh developed countries.

The *economies based on domestic demand* category do not necessarily belong to the countries known as consumers above all but they mainly represent that specific class of countries, strong developed focused importing goods for an exclusively cheap consuming from offer based economies. Therefore, these economies draw benefits from a superior power purchasing parity and from the ability to speculate the price differential in terms of labor costs. The manufacture of a base product within a country where the guaranteed average income per capita outruns to ten times the average income per capita on the global level, obviously leads to a lack of competition, taxed by the unequal rules of the market economy. The production relocation tendencies, triggered by lower added values, from the developed countries to the developing countries, enable the growth of the demand from developed countries to a constant, diminishing the price and maintaining the inflation within reasonable rates. In this way, it is being assured the comfort of the daily consuming chimney and the increase of the life standards speculating the investment deficit from the developing countries. On the other hand, the countries based on the internal consumption have specialized in exporting goods or services with high added value, exporting the capital through the financially markets or through the banking system.

Services based on the informational and communicational technology and also on the financial and insurances industry have no comparison when we speak about developed countries. The export of licenses, patents, engineering or know-how procedures practically are monopolized by developed countries, the advantages being selectively ascribed to the capital suppliers. In spite of their own domestic demand increase, based on imported goods, the incomes of the developed countries become major throughout the export of services perspective, maintaining a monopoly thanks to the substantial added values.

The deficit of the balance sheet of charge account can actually be found within the foreigners assets, incorporated to sustaining the current account, sustaining or attracting investments. Losses within the current account imbalances resulted can be reduced by the developed countries either by moving the incomes obtained from the allocated investments efficaciousness or by reducing the internal demand or reorienting it towards its own production sources. The technological monopoly practiced by the developed countries with a 'white' and healthy economy, has a double valence: on one hand it offers exclusivity over the benefits of the technological progress trade (known as the most profitable neo-factor of production) and on the other hand, it assures a strategic priority within the process of globalization.

Due to the new international climate, taking advantages from the investments accumulated during the last decades, the developing countries, despite the deficits of their own capital accounts, increased the quota in international flows export, becoming the most important suppliers of investment resources for the developed countries. Thus, the developed countries maintained their supremacy in defining the structures of the direct investments on the international level, meaning the increase in capital export of the other categories of economies Yet, as a research groups of UNCTAD estimated, the tendency on a medium and long term will be defined by the returning of the capitals leaked out toward the developing countries, back to the mother countries, monopolizing the credit segment.

The trend of modifying the balance sheet of capital in developing countries favor, that have the immediate chance of becoming exporters of capital, does not necessarily represents a positive effect of the economical globalization and is not compulsory bring a major benefit to this kind of economy. At least as long the technological monopoly belongs further to the developed countries. The 'leak' of the capital out of the developing economies, despite the UNCTAD specialists positive opinion, proves the incapacity of the least developed countries to redraw their work profits within the reinvesting procedure on a domestic level. Moreover, the major deficits recorded by some developed countries in terms of capital account (e.g. USA, more than 600 billions USD), certifies the major contribution brought by these economies in the financial integration of real economy. These countries are actually giving away the surplus produced on the account of the technology export and on the outturns cashed as a reward for invested capital as an exchange for reinforcing positions in the primary production, energetic or lower added value networks within the developing countries. The price of the deficit nourished on the expense of the enormous public debt will be later found equalized in the patrimonial balances of the most important transnational corporations.

The category of economies based on resources export comprises all those coutries defined by preponderant export of energetic products as a main valence in creating the national payments balance of sheet. Out of the countries exporting energy, the most relevant ones are the producers and processors of oil and the exporters of natural gas. The economical improvements recorded by these countries depend on the demand curves recorded by the importing countries and, also, depend on the evolution of demand and offer formulated on the main international stock markets. The dependence is not unilateral, from the exporters of energetic resources to importers but it is a mutual relation, because the balance sheets of these economies are based mainly on the incomes cashed from this kind of exports. This implies a very high sensitivity in comparison to the production and consumptions' dynamic on a global level.

The rhythm of the economical growth and the balance sheet of payments for the oil exporters meet major fluctuations, much more significant than in the case of the importing economies. The balance of capital account of the net energetic products exporters can be seriously damaged on a short term, either by the massive withdrawal of investments in the exploitation and processing the energy or by the shrinkage of the worlds' production and the aggregate demand. This fact can be noticed by analyzing the decrease in terms of current balance account with almost 60% in 2006 compared to 2005, recorded by the exporters of oil despite the annual world growth rhythm of 1,3%, only based on the price stagnation and the cumulated reduction of demand from the UE's countries and the stagnation of consumption from the other developing countries. For 2008, the demand sluggish from the industrialized countries was possible to be compensated for a certain period only by increasing prices (on a record level), the trend practically reversing in oil exporters disadvantage starting with the end of September 2008. That was possible thanks to the reduction of demand from the main importers with over 36%. Therefore, the sudden fluctuations of the oil price on the international markets exist in the balance sheet of the states depending on the export of energetic resources with an immediate and multiplied effect.

Despite the strategic importance, these kinds of economies are considered vulnerable in their major dependence in relation with the demand conditions and investing capital cost. We can observe the exaggerated volatility of the 'black gold' price during to 2008. Within last year, we have recorded two price peaks, 34,6 USD/barrel (January 2009) as a minim compared to a price of 147,27 USD/barrel as a maxim. Meantime, the OPEC countries and its strategic allies did not succeed as easily as before to adjust the demand by manipulating the offer. The repeated restraints of production (up to 22% in only two weeks during to October 2008), only had a reverse effect, of reduction instead of increasing the price per barrel. Therefore, in crisis conditions, it is possible for the economies based on resources export to sluggish more deep owe to the 'lever' effect of the developed countries demand (the main consumers of oil and natural gas). To conclude, the basic characteristic of economies based on the export of energy it refers to the fact that follow the trend of world trade and it can contradict, during its evolution, the logic of resources rarity. Also, given the conditions of contracting production, these countries become more vulnerable.

Conclusions

The structure of oil demand has substantially changed during the past three years when the demand's structure, although quite constant as total volume, radically changed within its structure. This is due to the recorded requests of increase coming from the developing or least developed countries as the demand from the developed countries was decreasing. The calculated perspectives indicate a similar trend for the next two decades also, the increase being ascribed mostly to the developing countries demand. In this case, the sensitivity of the economies based on exporting energetic resources will be imperatively linked to the evolution of the world demand, but mainly to the macroeconomic situation of the developing nations with real chances to become the main upholders/supporters of the world consumption. Therefore, the volatility of the balance account of the 'energetic' countries shall depend on the production volume and on the engaged export by the developing, transition and least developed countries. On the other hand, following the logic of supply side economy theories, the economies based on export, will continue to depend on the aggregate demand from the developed countries as well. The most equilibrate solution for crises slowdown, benefic for all kind of economies shall be in this case only a general deflation. Taking under consideration the mentioned relations between these three kind of economics (or a mixed type as a particular perspective), is wrong to think that the credit stimulation will solve the problem of aggregate demand in developed countries. The global economical growth will be reinforced only on the base of value theory reappraisal.

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