



GEOECONOMIC STRUCTURE OF THE GLOBAL MARKET: POST-WAR TRANSFORMATION

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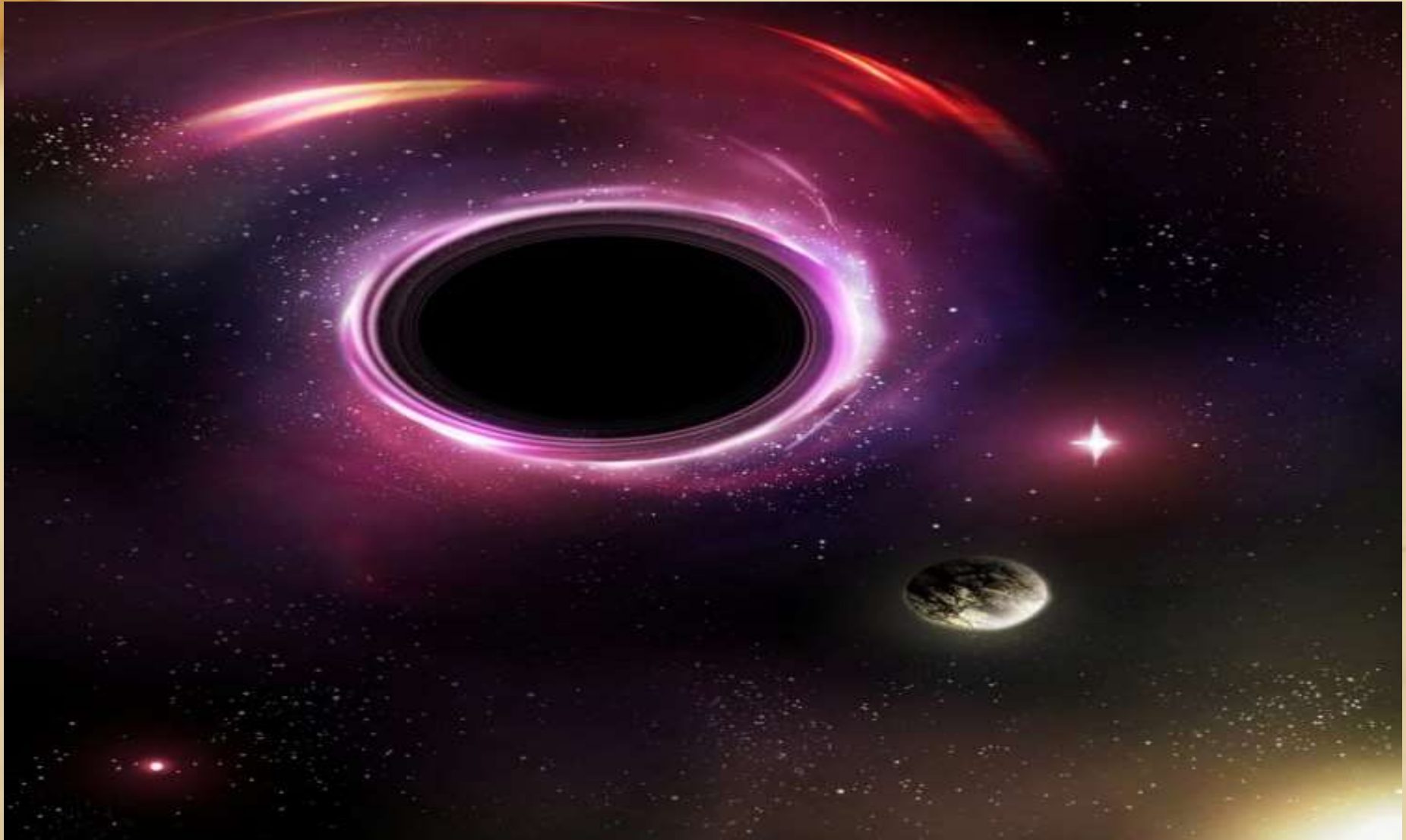
The Geo-Economic structure of the Global Economy is more briefly described by a **planetary heliocentric model**.

The US economy is at the Center of the System, as it became the dominant force after the two World Wars. But at the beginning of a new history, part of the United States fell down to 23 % of the World GDP

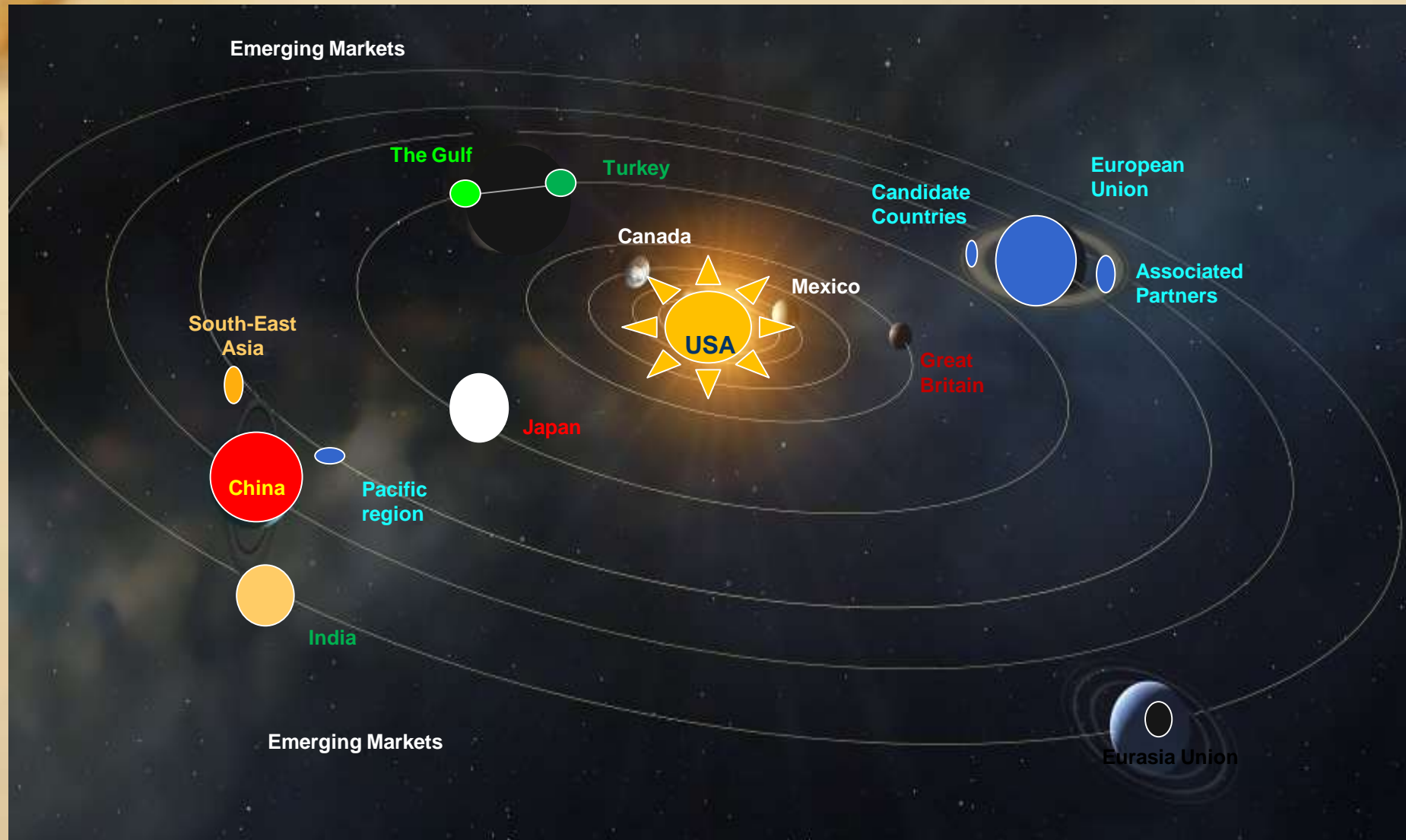
demonstrating the relative "*compression*" almost doubled during half a century, which gives reason to compare this process with the rapid "*cooling*" of a **Supergiant Star**.

And this process creates a danger for the entire "Planetary System", since the unsurpassed dependence of the World Economy on the fading "Center of Power" can lead to a global catastrophic collapse ("The Great Crisis") and the "disappearing" economy of the United States, like a cosmic "**Black Hole**" will absorb the economies of many other countries ...

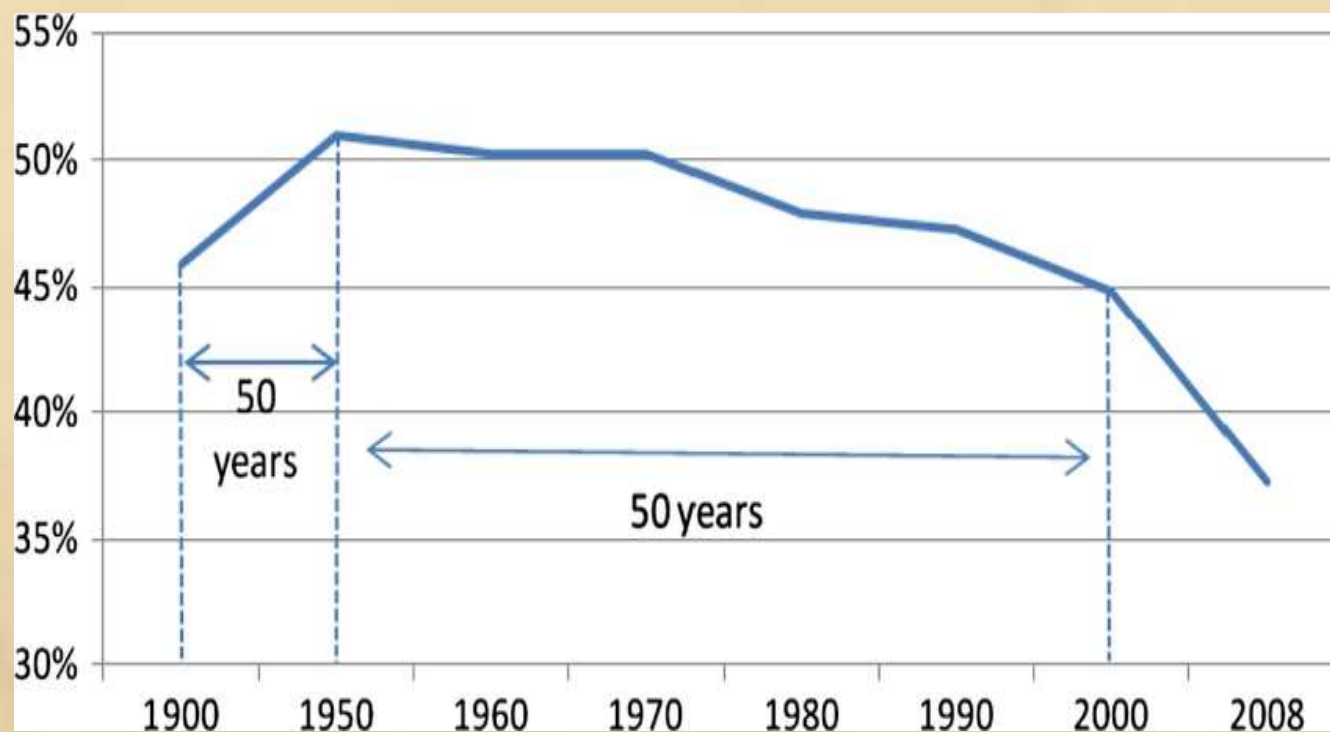
Global Geo-Economics System: Heliocentric Model



Global Geo-Economics System: Heliocentric Model



The G-7 Share in Global GDP



Eastern Challenge to the West

- At the End of the Second Decade of the 2000s, the Global Economy was a system with three main “Centers of Power” - the USA, the EU, and the People's Republic of China.
- At the same time, there was a tendency towards the growing role of “Emerging Markets” (including East Asia and, to some extent , Africa), which gave reason to talk about a return over time to the historical "Asian leadership" in the World Economy (primarily China and India) - which existed until the 18th century.
- So, *the West faced the need to respond to a new global challenge.*

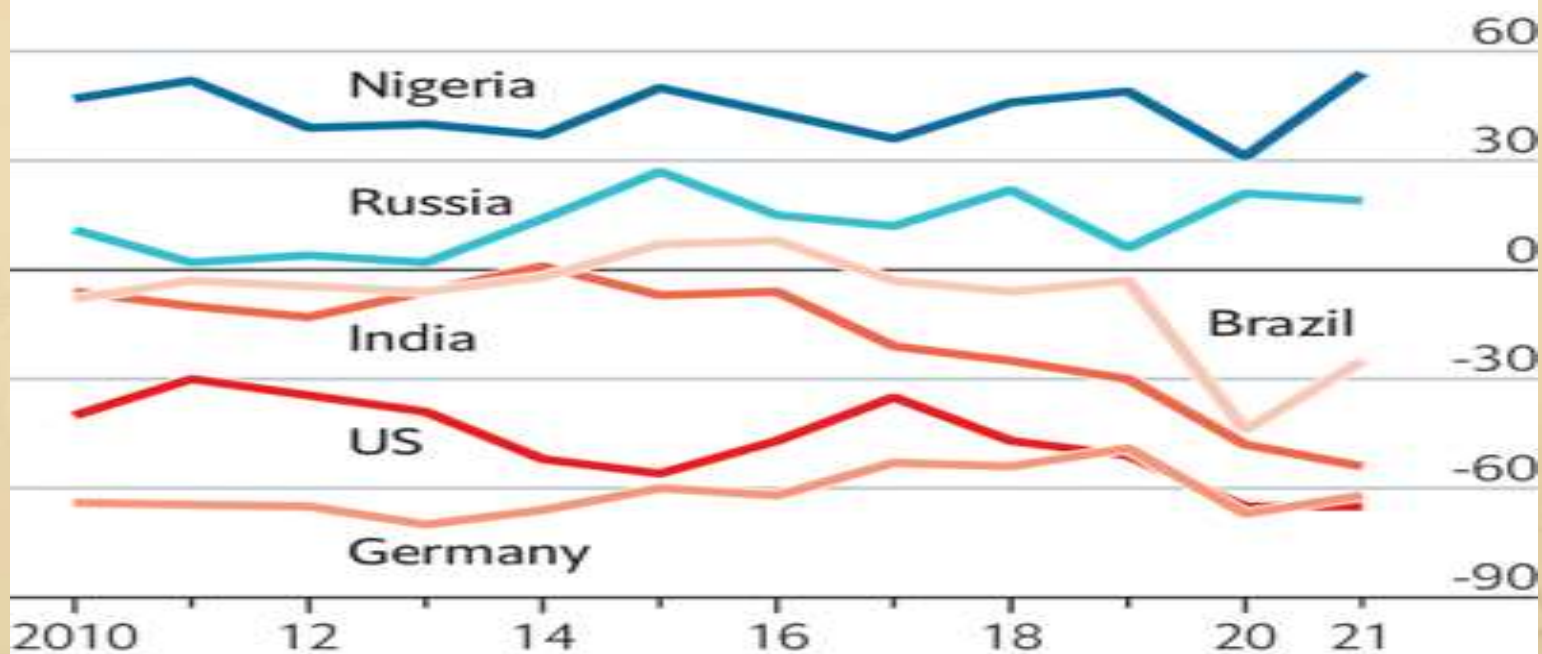
Reasons of Current Transformation

- Root (Civilization) Causes
- Pandemic Causes
- Military and Political Causes

- The **Root** causes are determined by the internal values of civilizations, which include individual countries.
- The appeal to European values by the countries of other civilizations immediately gave appropriate economic results (in Japan, Korea, later - in China, India and Brazil).
- The attempts to abandon "Western values" and return to "traditional views" (systemically - in the PRC , episodically - in India) immediately responded by slowing down economic growth. Similar processes can be seen in Latin America.

Divided views

Net approval of China's leadership, %



Source: Gallup

The Economist

Pandemic causes, i.e. the negative impact of the COVID-19 pandemic:

- additional budgetary costs for medical services, reduction of labor costs, etc.,
- and even more so - the effect of restrictions on movement of people, working hours of various institutions, complications of trade logistics, etc.

So, not so much the impact of the pandemic, but mostly *number of "anti-pandemic measures"* have become a completely unexpected factor in Geo-Economic changes.

The global COVID-19 pandemic has become a “generation-defining event” (Ward, 2020:13). Unlike 2008-2009, this global economic crisis was not due to market reasons, but to the cessation of economic activity in accordance with government decisions. The "Great Quarantine" caused simultaneous negative shocks on both supply and demand sides, which suppressed economic processes quite quickly, hitting the service sector the hardest.

Ward, R. (2020) Geoeconomic Implications of COVID-19 // IISS Manama Dialogue 2020 Special Publication: Strategic and Geoeconomic Implications of the COVID-19 Pandemic // London: International Institute for Strategic Studies, December 2020, pp. 13-21 - 56 p. .

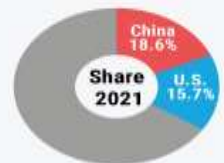
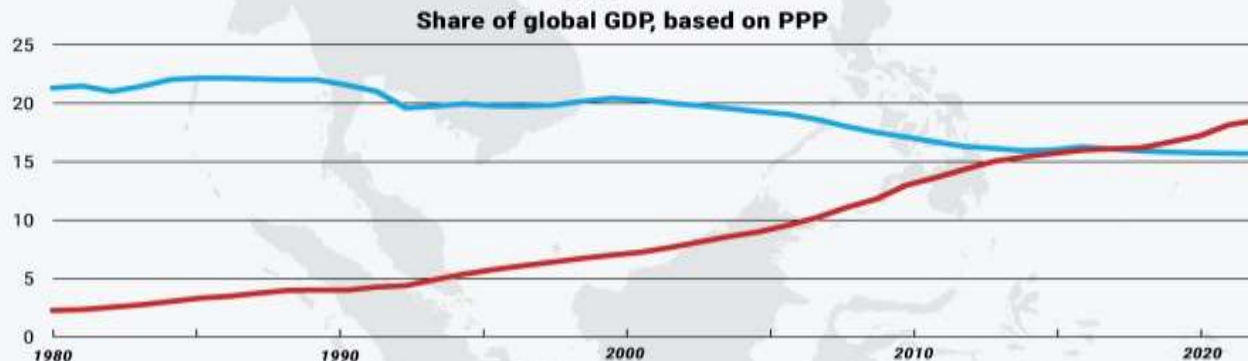
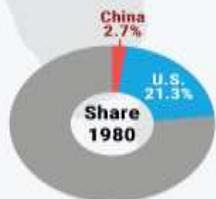
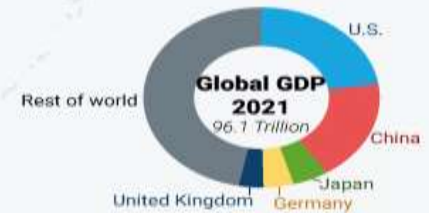
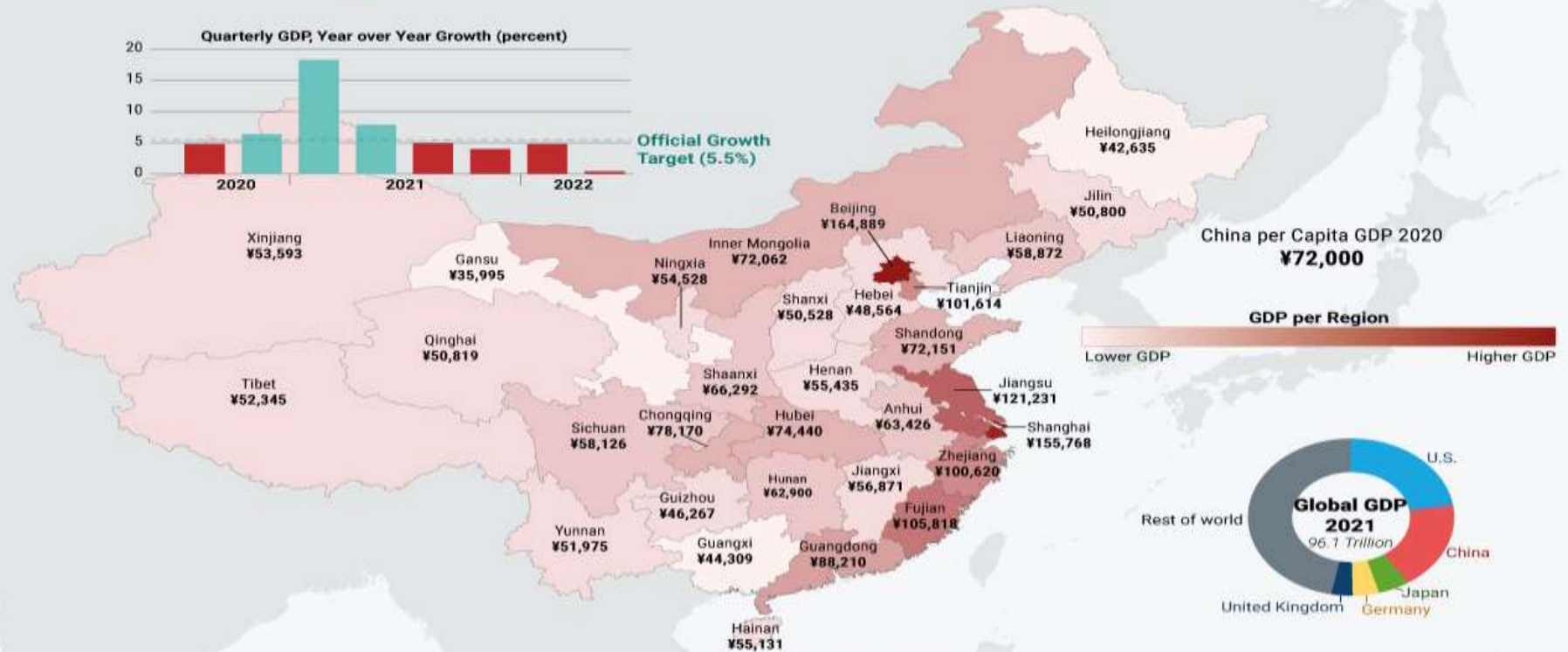
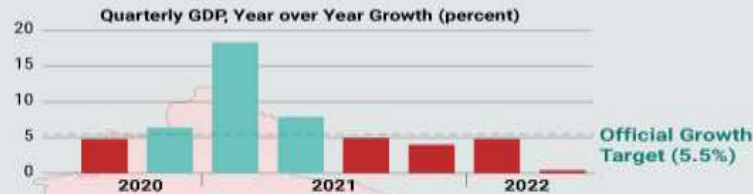
Military and political causes -- first of all, Russia's War against Ukraine, which is ultimately a war against the existing Global Geopolitical and Geo-economic Order and became a kind of watershed in Global Development.

It is connected not only with the problems of Ukraine's relations with Russia, but also with previous Geo-Economic transformations, in particular those caused by the Global Financial Crisis of 2008-09.

Observing the serious financial and economic problems of the West, China decided that the Western model capitalism and liberal democratic governance is not necessarily the optimal model. The rise of China, which favors authoritarian capitalism, has become a point of friction, especially as the Asian giant has expressed its intentions to become a hegemonic global power, or at least push the international system toward a more multipolar order. (MacDonald, 2022).

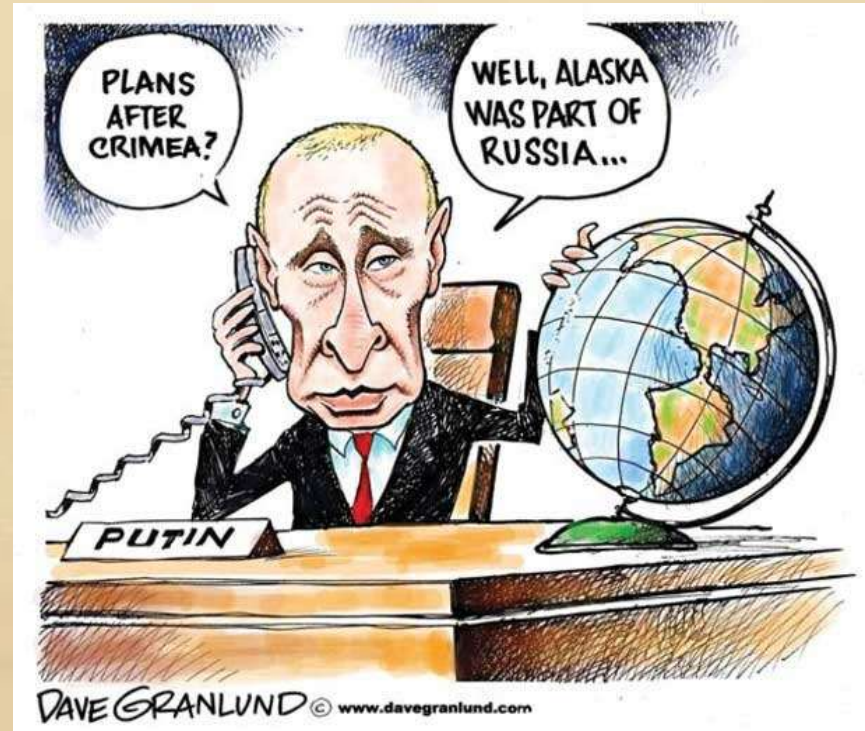
MacDonald S.B. The Russian Invasion: Geopolitical and Geo-economic Implications for the Caribbean // Global Americans, July 14, 2022 – URL: <https://theglobalamericans.org/2022/07/the-russian-invasion-geopolitical-and-geo-economic-implications-for-the-caribbean/>

Growing Economic Concerns in China



War Scenarios

- Russian Victory:
- Protracted Conflict

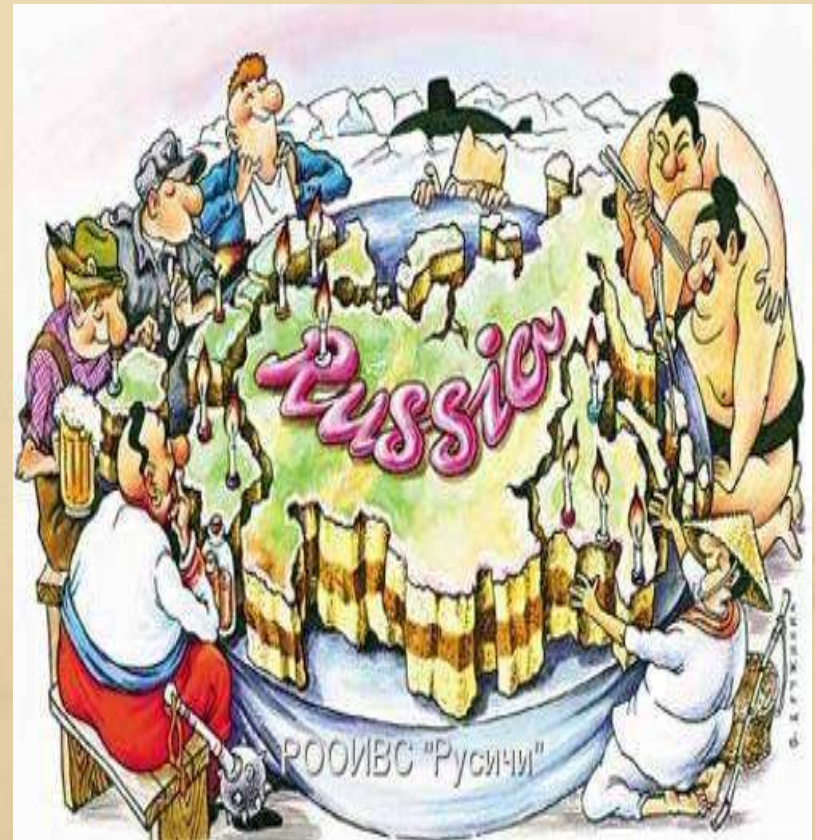


War Scenarios

Uneasy Stalemate



- Russian Collapse



WORLD

- Under any scenario, the Geo-Economic position of Russia will not just change, but will undergo a devastating collapse. Removed from globalization processes and deprived of access to the latest technologies, it will inevitably turn from a contender for the role of a global actor into a regional satellite of China, or, in general, into a great autarky of the "patriarchal economy".
- And this, first of all, will radically change the geo-economic layouts in the post-Soviet space, which will be economically occupied by China and Turkey (perhaps with the consent of the USA and the EU).
- However, Asian economic expansion in Western markets, if not stopped, will significantly lose momentum. As a result, the "economic rollback" of the USA will stop, and the international role of the dollar will relatively strengthen.
- The question of the struggle for the *second place* in the global economy between the EU and China remains open: in the post-war era, the outcome of the competition will depend on the scenario of the end of the war, that is, on China's ability to increase its economic potential at the expense of Russia and the ability of European countries to get rid of dependence on the Russian market.

UKRAINE

- Post-war changes in Ukraine will also have a political, economic and security dimension. Economic consequences, first of all, will be manifested in the form of material and financial losses caused by the war. In this regard, in the short term, it is necessary to talk about the simple restoration (reconstruction) of certain objects of transport, communal and industrial infrastructure. At the same time, the main attention in the medium and long term should be focused on new development priorities (which must be determined based on both global trends and domestic potential). Such reforms should be preceded by de-oligarchization, demonopolization and the development of a competitive environment.
- At the same time, it is necessary to decide on such fundamental conditions of further economic development as the new role of the state in managing the economy; Ukraine's new place in the global economy – as a candidate country for EU membership, as an EU member country and Ukraine's participation in other international regional structures: "Mizmorye"/ *Inter-Marine Area* (Baltic-Black Sea Union), etc. It is, in particular, about the fact that the basis of Ukraine's European integration tactics can become a real deepening of relations with the countries of the "Visegrad Four" and the Baltic-Black Sea arc (in the latter case, Romania, Bulgaria and, possibly Turkey). This way of integration into the European Union can be fixed even in a separate agreement with the European Union. All this creates additional problems, but at the same time, it also gives Ukraine real chances to take a worthy place in the global economic system.

RESUME

Taking into account geopolitical and geo-economics factors, Post-War *Ukraine could confidently claim a prominent place in the modern system of the global economy*, which is characterized by three main components of its economic development strategy, namely:

1. The European vector of integration into the World Economy,
2. The status of a regional Maritime State and
3. The presence of a politically and economically influential Ukrainian community abroad.

This "triad" is not the result of only "cabinet studies" or purely "academic reflections", but reflects an approach that has crystallized over almost a third of a century of the practice of economic development of the state and, in principle, finds its embodiment in the actions of the modern government.

ANY QUESTIONS ?





THANK YOU