

## ARTICLE

# CURRENT TRENDS AND DIRECTIONS OF DEVELOPMENT OF THE INTERNATIONAL ECONOMIC ENVIRONMENT

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## ABSTRACT

The role and importance of international economic organizations in the formation of a new multipolar world order with centers of power and decision making on different continents are reviewed in the article. It is revealed in the study how the global economic problems of mankind are gradually multiplying in the unipolar world led by the US. The problems and prospects of development of the modern global and regional organizations, which are also influenced by the complex process of forming a multipolar world, its crises, contradictions, and confrontation between the great powers, are analyzed and forecasted. As a result of the study, measures are identified that will contribute to the productive improvement of the modern system of international economic organizations of all kinds and types, because the taken measures will have an almost immediate effect on each organization in the context of globalization.

## INTRODUCTION

The developing states – first of all, the BRICS member states – regularly express their dissatisfaction with the activities of the modern international economic organizations at various political and diplomatic platforms, which, in their opinion, are focused primarily on protecting the interests of the US and Western European states. The developing countries are gradually creating new formats for financial and economic cooperation on the world stage and establishing their own institutions, which causes the need for deep reforming of the existing international economic organizations. International economic organizations appear to be an important instrument for cooperation and regulation of multilateral interstate relations in the field of trade and economy. They have agreed goals, their permanent bodies, as well as organizational norms, including the charter, protocol and procedure for making decisions [1, 2]. When participating in international lawmaking, international economic organizations in their decisions increasingly touch upon economic issues that have been traditionally regulated at the domestic level. An important aspect of the analysis is identifying active role of transnational corporations (TNCs) in the global economy, since states concede to TNCs in the competition for power in international relations and management of global processes in the world [3, 4]. In world politics and economics, TNCs and their network system of activity have their own power dispersed in different countries, which takes them out of the control of the nation-states. The political strategy of TNCs is to bypass the existing political institutions and ensure influence on the process of making foreign policy decisions by nation states in various areas of public life, primarily in politics and economics [5]. In order to solve global problems, humanity has sufficient scientific, technical and material achievements, appropriately developed mechanisms, which are used by various international institutions.

The authors consider that the stability and security of the entire system of international economic relations depend on how the current differences between the most developed and developing states within the framework of international economic organizations are overcome. The issues related to the development of trends in the international economic environment are reviewed in various works [1-6]. An analysis of the current situation and the need to find options for adapting the international economic organizations to the modern realities determine the relevance of the study

## METHODS

System approach, statistical, financial and economic analysis, methods of quantitative and structural analysis, as well as statistical and economic methods were used in the study. The study comprised two stages. At the first stage, an empirical analysis of the activities of modern economic organizations in the context of the main problems of global development was carried out by comparing data on the efficiency of international specialized economic organizations (WB, IMF, OECD, WTO), as well as the regional international economic organizations (EU, EAEU, APEC, ASEAN, CARICOM). At the second stage, based on the data obtained, the most realistic directions for the development of international economic organizations were determined: 1) political and economic aspects of the recent advances in formation of the multipolar world order; 2) possible transformation of the role and significance of international economic organizations in the context of the emergence of new centers of power in the world arena. The study has resulted in the following conclusions. It has been shown in this study how in the conditions of a unipolar world led by the United States, the global economic problems of mankind are gradually increasing. A paradoxical situation is

### KEY WORDS

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emerging when international financial and economic institutions should take measures to bring the national economies of countries in need of assistance out of the crisis but in reality, the loans and trade preferences provided by them only lead to an aggravation of the situation.

## RESULTS AND DISCUSSION

### Analysis of the efficiency of international specialized economic organizations (WB, IMF, OECD, WTO)

The international economic and financial organizations provide structure and financing for many unilateral and multilateral development projects. Such organizations handle the basic economic and political problems faced by both local society and the international community. Their activities contribute to the sustainable development of the private and public sectors mainly through financing the projects of the private sector located in the developing countries, helping private companies in the developing countries mobilize financing in the international financial markets, and providing advice and technical assistance to enterprises and governments.

The international economic organizations are an important tool for cooperation and regulation of multilateral interstate relations in trade and economy [1]. International organizations of any kind are designed to solve various global problems in their fields of activity and the world community as a whole. More than 1,000 international conferences are held annually to solve economic and other problems, which are convened to develop and adopt international treaties, conclude acts, and establish principles of cooperation in the specific area of international relations.

According to the general opinion of the world community, the United Nations (UN), International Monetary Fund (IMF), World Trade Organization (WTO), as well as regional and industry-specific organizations with extensive experience in coordinating international efforts, using resources, and regulating international economic relations should all play their role in regulating these processes and solving global problems. Mankind has sufficient scientific, technical, and financial achievements, as well as appropriately developed mechanisms to solve global problems [3].

At the same time, the complexity of solving global economic problems of our time does not mean that the world community is not aware of their harmful effects and ignores them. The international organizations are now trying to develop a comprehensive interstate approach to solving them. The situation is complicated by the increasing role of TNCs in the global economy, because their policies can hardly be influenced due to the transnational nature of their activities [2]. A TNC is a company with production facilities in several countries, and its percentage of assets in foreign branches is more than 25 – 30 %. States lose to the TNCs in the competition for power in international relations and the management of global processes in the world.

The influence of the TNCs on making foreign policy decisions by states and international economic organizations is likely to significantly decrease after the new multipolar world order is formally established. In this case, many sovereign states claiming the status of new centers of power (for example, China and Russia) will strengthen their positions in the international stage.

The development of global (economic, political, financial, trade) processes in the modern world is far ahead of the possibilities to manage them. In fact, the situation in the world is developing in such a way that the existing specialized economic organizations such as the World Bank, IMF, Organisation for Economic Co-operation and Development (OECD), and WTO fail to cope with their functions and to effectively solve the tasks they face.

The BRICS member states constantly indicate the need for serious reform of the IMF and the World Bank at various international platforms, primarily as part of the G20. The international financial and economic crisis and the peculiarities of eliminating its consequences have forced the BRICS member states to unite in their consolidated demand in the G20 to redistribute quotas and voting rights in favor of the developing countries, as well as to grant them access to managerial posts of the World Bank, IMF, and WTO [7].

It must be noted that the coordinated actions of the BRICS member states on the world stage have already brought some results. The agreements reached at the G20 Summit in Pittsburgh on the redistribution of national quotas and voting rights as part of the reform of the World Bank's representation system took effect in April 2010. At the time, the share of votes of the developing countries increased by 3.13 % due to the developed countries (their share had been previously increased by 1.46 % in 2008) [2]. As a result, China moved from the sixth to the third position in the list of countries with a large share of votes in the World Bank, and the shares of Brazil, India, Turkey, and Mexico increased, while the shares of the largest shareholders of the World Bank (Japan, Great Britain, France, and Germany) decreased.

The same year, the IMF also carried out a reform with an increase in quotas, which implied an unprecedented 100 % increase in aggregate quotas and a significant change in the balance of quota shares in favor of the dynamically developing states with emerging markets by 6 %. The IMF decision package under consideration increased the total quota of the BRICS member states in the IMF to 14.91 %, and these states with a consolidated position obtained a group right of veto over the most important IMF decisions, which was adopted by a qualified majority of 85 % of quotas.

The reforms also increased the representation of the developing countries in the Executive Council due to two seats that had previously been assigned to the European countries. However, the IMF reforms in its structure and management system did not solve all the pressing problems of this international organization [1]. They were a band-aid solution and failed to satisfy all the requirements of the BRICS member states. In particular, a new formula for calculating quotas is required today, adjusted in accordance with the real ranking of some states in the global economy. It is also important to revise the principles of providing assistance to countries in crisis and to continue improving the IMF management system.

The BRICS member states insist on a formula for calculating quotas based on the GDP by purchasing power parity (PPP) or the volume of international reserves [4]. However, the BRICS member states have not yet developed any agreed proposals on the specific components of the new formula that could be presented to the world community at the next G20 summit, for example. The experts predict the continuing pressure of the developing countries on the IMF in the foreseeable future in order to level the leading role of the US and Western Europe in the organization, because even after the reforms have already been implemented, the US quota exceeds 15 %, which allows Washington to use the veto right in the IMF when making important decisions.

With regard to the management system in the World Bank and IMF, the BRICS member states also have many questions to the OECD and WTO. In particular, the WTO provides preferences for the least developed and developing countries, but in practice, mainly the developed countries of the West benefit from them [8]. Antidumping measures can now be noted among the most urgent and complex problems of the WTO, which block the way for inexpensive foreign goods to the domestic markets of the developed countries. The US expert economists have identified another problem in the current activities of the WTO: it is associated with the high standards of the organization, which cause the reluctance of individual countries to join the union.

The legal regulation of the trade relations with the participation of the developing and least developed countries in the WTO currently faces many problems. In fact, the developed countries that have influence on the WTO approve such rules and provide for such procedures in this international organization which can be conveniently used in their favor in practice to gain access to the markets of the newly joined states, while creating obstacles for them in the competitive trade on their territories.

The OECD includes 34 developed countries with 55 % of world GDP and 60 % of international trade [5]. The organization is designed to promote the sustainable economic growth of the member states and the world community as a whole. Its activities cover almost all sectors of the modern economy. The priority of the OECD is to form the innovative coordination of the global economic policy. However, the OECD provides a list of recommendations for bringing the internal structure of states in line with its requirements, which is why the developing countries have to wait years to join it, modernize the economy, and pay the contributions. As a result, the most developed countries gain economic benefits from this process again and allocate the funds received by the OECD primarily to the development of their own national economies.

As such, it becomes obvious that the activities of the international specialized economic organizations (World Bank, IMF, OECD, and WTO) in the modern emerging multipolar world are not efficient. They do not satisfy the interests of the new developing centers of power – on the contrary, the policies of these organizations are aimed at strengthening the unipolar world led by the US and Western European countries, which causes an increasing discontent among the BRICS member states and other influential states on the world stage every year.

### **Analysis of the performance of regional international economic organizations (EU, EAEU, APEC, CARICOM)**

During and after the 2008 global financial crisis, the regional international economic organizations faced a significant challenge to economic sustainability and stability [9, 10]. The problems were particularly significant in the EU, because Western countries were actually tied to the US economy, which was the epicenter of the economic collapse. What is happening in the EU (European Union) clearly demonstrates that the mechanisms of economic integration and state support in force there leave much to be desired. The EU currently includes 28 member states. The EU economy is the second largest in the world in nominal terms and by PPP. However, the GDP growth rates of the EU member states are not equal. The unevenness of the economic development is one of the main problems of the integration processes in this regional organization and the cause of the crisis phenomena [4].

The Asia-Pacific Economic Cooperation (APEC) is also described by insufficiently high efficiency of its activities today. The monetary policy of this association is primarily focused on the regulation of financial instruments rather than on the real economic sector. At the same time, there is a heterogeneity in the political preferences of the member states in the APEC political and economic coalition, which means that high rates of integration are impossible. Moreover, the economic stability of the Eurozone is important for the APEC member states, because the emergence of problems in it automatically influences the countries in the Asia-Pacific region (Vietnam, Indonesia, China, Malaysia, New Zealand, Japan, etc.).

Numerous disintegration factors are observed in the Caribbean Community (CARICOM, the trade and economic union of the countries in Central and northeast South America). In particular, the organization lacks domestic sales markets for products, which leads to a decrease in the export potential of countries

and the development of noneconomic forms of cooperation and functional cooperation, where greater success is possible than in the trade sector. The CARICOM is described by a high degree of the import dependence due to the need to support domestic production and satisfy consumer demand. Imports significantly exceed exports in most countries [6]. The member states of this regional organization are very limited in domestic financial resources, and therefore, they are too dependent on export revenues and world market conditions.

It is important for the community to ensure the synchronization of decision-making processes, but the experience of the EU is being copied in CARICOM without its mandatory adaptation to the local regional realities. At the same time, its member states constantly experience financial and economic pressure from the US because Washington has subsidiaries in the main sectors of the economy in the Caribbean countries, which also impedes the acceleration and expansion of regional economic integration.

As such, it can be stated that all regional international economic organizations currently feel the problems of creating a new multipolar world and the US desire to maintain its dominance in the world. At the same time, the ongoing policy of economic sanctions, restrictions, and pressure from Washington is narrowing down the possibilities of attracting investment capital to the developing countries, which is why the latter strive to reform the largest international organizations or to establish new institutions that would take their interests into account and contribute to real development.

The formation of a multipolar world is currently described by increased competition among the main centers of the world economy: China, the US, the Eurasian Economic Union (EAEU) and the EU, each having its own economic and military potential, in order to expand its influence on the development of integration processes, both in its own and other regions. The main problems of the world order in the course of transition from unipolarity to multipolarity include the specifics of interaction among these centers of power and development.

China, the US, the EU and the EAEU differ in their areas of behavior: consultation, consensus, equal partnership, and coalition, respectively. The joint existence of several centers of economic development suggests that a period of strong rivalry begins. The EU, the US, China, and the EAEU, being the most influential centres, have their impact on other developing countries and force them to join forces to protect national interests in the context of globalization.

The perception of the US omnipotence in the modern world conflicts with its limited capabilities, including economic and political. At the same time, the existing contradictions in the US economic and social development do not influence the country's position in the world, and it remains significant. The trends observed in politics and economics indicate a slow decline in the US influence on the world economy, a consistent decrease in the value of the dollar as a reserve currency, and a decrease in the US economic growth.

The US experience indicates that it is advisable for countries to identify their own differences and advantages in an innovative way. This approach will also be efficient for Russia.

Integration processes in the post-Soviet space are ongoing. The EAEU is also currently experiencing difficulties in its development, caused primarily by the introduction of anti-Russian sanctions in 2014. The EAEU is a project of cooperation of the states providing for a single humanitarian, economic, cultural, and customs space. In the future, the Union can transform into a completely new center of the international development without such former shortcomings as dogmatism and objectively meeting the real requirements of national traditions. Despite the denial of a merger, such a union can become the basis of a strategic alliance and mutual understanding at the level of traditions. The economy acquires the key importance in the union, because the principle of preserving traditions and culture is implemented through economic interaction.

### Promising directions for the development of international economic organizations in the conditions of multipolar world formation

According to the forecasts of the experts, the total volume of economies of the BRICS member states (Brazil, Russia, India, China, and South Africa) will significantly increase and occupy a significant share in the global economy at present and in the coming decades. The BRICS institutional capacity, the development of human capital, the stable macroeconomic model, and the high level of management quality will ensure the necessary conditions for the economic growth. Research institutes make very optimistic forecasts for the BRICS member states regarding the dynamics of their GDP growth rates in the foreseeable future in comparison with the developed countries. Regionalization is a reinforcing stage in the individual and collective positions of the developing states, because it promotes equal participation in the globalization process.

Improving the efficiency of the modern international economic organizations in the emerging multipolar world largely depends on the political will of the current leading states to seriously reform these organizations.

Some proposals have been formulated based on the results of the study, which can help in solving the identified problems:

- the ongoing real reform of the international economic institutions should be ensured, primarily of the World Bank, the IMF and the WTO. It is important to ensure equal quotas and votes for the developed and developing member states of these organizations during the reform. The US must abandon its hegemony in these organizations for this purpose. On the one hand, this decision will significantly limit the Washington's ability to develop the national economy, but on the other hand, if this is not done now, the consequences for the US and the world will be much more serious, because it will cause an open economic war between the developed countries and the developing and least developed countries. It will inevitably lead to the collapse of the international economic system, and all the institutions will have to be created from scratch;
- the governing bodies of the international economic organizations should change the procedure for appointing representatives of different countries to high posts in such a way that the developed and developing countries are represented there on an equal footing (in the same number and according to the most transparent system); and
- the legal regime for trade preferences for the least developed and developing countries within the WTO should also be improved in such a way that the developed countries cannot restrict their access to their markets.

## CONCLUSION

It is difficult to overestimate the role of the international economic organizations in the system of the world economic and financial relations today. They contribute to the development of the integration processes, intensify economic growth and the commodity circulation in the states, help raise foreign investment and loans to the national economies, deal with the global economic problems of mankind, etc. The authors have analysed the problems and prospects of development of the modern global and regional organizations in this study. Based on the results, they have come to the general conclusion that the hegemony of the US and Western countries directly influences the specifics of their functioning in the existing unipolar world. The imperfection of the international economic organizations is primarily associated with the fact that the positions of the new centers of power and decision-making strengthen every year in the world. The role and importance of the international economic organizations are being transformed as a result of the emergence of the new centers of power on the world stage. This leads to the loss of the leadership positions by the World Bank, IMF, OECD, G7, and other formats of financial and economic cooperation of the states, while the new international organizations such as the BRICS and the financial institutions created by them are gradually taking the initiative.

### CONFLICT OF INTEREST

There is no conflict of interest.

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### FINANCIAL DISCLOSURE

None.

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