

PLACE OF THE NATIONAL STATE IN CONDITIONS OF GLOBAL ECONOMY WITH THE SPECIAL REVIEW OF COUNTRIES, BRIC-S MEMBERS

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DOI: <https://doi.org/10.31410/limen.2018.35>

Abstract: *The process of economic and political globalization has a major impact on the integrity and sovereignty of national states. In this context, social conflicts that invalidate or prevent the manifestation of positive effects of globalization can also be induced. However, the requirement to preserve the economic sovereignty of national states should not be an obstacle to their cooperation on both regional and international level. Although such cooperation in the conditions of globalization is implied, it should be suitable to the expectations for achieving, a socially more righteous and humane world society. Furthermore, in the conditions of an advanced globalization process, only strong and well-organized states that have full knowledge of the critical factors that are bearers of social phenomena and have the opportunity to survive as entities rather than objects, systems of international relations.*

Keywords: Global economy, national sovereignty, transition, TNK, BRIC-S

1. INTRODUCTION

Globalization should be viewed not only as a consequence of the simple market logic, but also as a result of geopolitical power relations. This results from the fact that geopolitical and economic interests are not mutually independent elements, but that they appear in the modern world as an integrated set, because the economy is really sufficient for interdependence, but for the integration, however, a state or political will is necessary. Otherwise, states, subjected to the interests of powerful corporate elites, will increasingly work in favor of transnational capital, and less in favor of citizens, which can lead to retrograde public interest and civilization flows under the full control of private interests, both at national and international level.

2. INSTITUTIONAL TRANSITION AND TRANSFORMATION OF THE GLOBAL ECONOMY

The repression of the state from the process of transition, now it is quite clear, was one of the biggest mistakes. A clear restriction between the state and the economy when moving to a market economy is a necessity. „States, as forms of territorial organization of individual nations, are not only organizations within which the power is exercised. These are social groups in which, to a greater or lesser degree, certain social functions are realized, the realization of which often expresses the specificity of the development of individual nations“ [1]. State interventions are necessary not only through the correction of market defects, but also in order to provide external conditions for its functioning.

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The state should strengthen its function in the construction of a market economy institute and apply the „rules of the game“ and weaken its function as the general manager of the economy. Regardless of how much the structure of an inherited economy did not correspond to a structure that would be formed on the basis of a market mechanism, the decay of many businesses could have been avoided by a deliberate policy of transforming and reorienting them, not just by accepting the IMF's advice [2]. Therefore, on the one hand, at all costs should be achieved to ensure that the economy is independent and to prove its results through the market, and on the other hand it is a matter for the state to stimulate market economy through its institutions, mechanisms and instruments and harmonize the realization of development and social goals.

However, we should keep in mind that the process of globalization puts national states, depending on the degree of their socio-economic development, into a different economic position. As is the case with market competition within the national state, within the framework of which economic entities that have above-average conditions of production achieve a more favorable, i.e. above-average economic position, the same is the case with the effects of competition on the international plan. Actually, in conditions of international competition of economic entities, the spillover of national income from countries with less favorable production conditions to highly developed countries is carried out. This causes unevenness in the development of national economies. At the same time, bearing in mind the undisturbed aggressive performance of large-scale capital, encouraged and promoted by the alliance of the most developed industrial countries, being supported by a number of financial institutions, a very serious problem appears in creating the conditions and the possibility of independent and sovereign development of national states.

In this way, the process of economic globalization places in a different economic position, highly developed industrial countries in relation to developing countries or countries in transition. In fact, the process of globalization causes inequalities in the distribution of wealth and income to the benefit of the developed. Thus, we come to the conclusion that the less developed countries have to not only adapt to the requirements of the globalization process by their economic system, development planning system, national development and economic policies, but also in terms of plans and organization, in building their own economies, they have to eliminate or at least alleviate the negative consequences of globalization. Therefore, unlike the position of business entities who, due to the unconformity to the requirements of market laws, can fail even if they did not choose an adequate development orientation, national states, no matter how dependent on global trends and a unified economic policy at the level of the world economy, must have their own national economy, its strategy and economic development policy, which provides them a national socio-economic identity and national sovereignty.

It is believed that there has been a great shift in the center of power, which has passed from the hands of national states and democratic governments to the hands of the TNC and banks. Such a conclusion is an illusion or at least premature. „And the national states, of course, those powerful, and their governments, supranational, transnational and planetary corporations, as well as large banks - make up the whole and perform various functions of reproduction and strengthening with occasional rubbing“ [3].

Without the military power and the entire military industry sector, the TNC would not have a protector. And the army is one of the state pillars. Could the wars for oil, and raw materials and markets that are needed by these corporations be managed and obtained without the use of force, as the most effective form of direct power, which are at disposal to the countries from which the companies come from?

If the thesis is proved to be wrong that national states are already leaving the historical scene and conceding way to multinational and transnational corporations, this does not mean that these corporations are not suppressing states, even in some areas where the classical state as an institution had a monopoly regulation. (Post)modern state is no longer able to prevent the departure of capital from its territory and to ensure its economic sovereignty by effectively collecting taxes on the profits of the strongest economic corporations whose committees are located on its territory, nor to perform its social functions in socially acceptable extent. A global corporate network is being created. The material basis for the functioning of large national states such as Germany is reduced, as far as one of the country's most important sources of income is concerned - taxes, and the benefits of economic prosperity belong to the upper tenth of the population. Between 1984 and 2003, „corporate income tax revenues fell by 18.6%, and nearly half accounted for proportionally in total fiscal revenue“ [4]. Bek states that in the last two decades of the last century, the countries of the European Union had become 50 to 70% richer, and that in them, there were twenty million unemployed, fifty million under the poverty line and five million homeless. In the United States, only the most powerful 10% of the population enriched themselves from economic development, who accumulated 96% of the extra wealth. In Germany, „since 1979, corporate profits jumped by 90%, and wages by 6%. Revenue from income tax has doubled over the past ten years, while corporate tax revenue has dropped by half... Most transnational corporations, such as Siemens or BMV, no longer pay taxes at home...“ [5].

3. INTERNATIONAL DEVELOPMENT ARENA AND COUNTRIES, BRIC-S MEMBERS

When it comes to states, states in which four-fifths of the world's population live are not able to significantly affect the process of globalization. They are essentially objects and „importers“ of globalization in its technological, economic, political, informational and cultural terms. And here one should state some of the thoughts that a kind of „world government“ that forms the fate of the world is being rapidly formed. Such attitudes represent the doctrine of „benevolent global hegemony“ and openly say that „the whole world is an American domain“, and that in the coming century all countries of the world will recognize „one, global power“. We are witnesses of „... the emergence of transnational elites comprised of international businessmen, scientists, professional and state officials“, and opinions that advocate a „gradual breakdown of sovereignty, piece by piece“, which will „achieve much more than an old-fashioned frontal assault“ [6]. America should not hesitate to act as an omnipotent superpower in the business of globalization and that „the hidden hand of the market will never work without a hidden fist“ [7].

In this movement to deposition, the essence of neoliberalism is seen: the old myth of Smith's „invisible hand“ gets such an upgrade that nothing remains of it. The ideology of the „hidden fist“, and not only hidden but visible, undo what is the most important value in original liberalism - freedom, although such a metamorphosis of liberalism is not a coincidence. In liberalism as an economic theory, the profit on the basis of private property has always been more important than freedom, and the colonial conquests of the world are justified by the Christian mission. Neoliberalism is not by chance the official ideology of the United States planetary expansion. They turn this theory into practical politics through various international organizations and institutions in which they dominate. The actual influence of the United States, for example, in the World Trade Organization, can be seen from the fact that they have succeeded in lowering customs duties from 40% to 5%, with the circle of countries entering that organization increasing to more than 140 countries [8]. Such a duty regime primarily

corresponds to the strongest economies that can offer the best and cheapest goods. True, it also suits China, as well as those developing countries that have quality and affordable goods for export. However, considering the overall economic power, it mostly suits the members of Group 7. „And when it comes to the United States, their supremacy in the World Trade Organization supports, monitors, and in large part generates military, political and media domination in the world. Today, the "world government" is primarily the US government. Along with the above views on the hegemony of the United States, there is a vision according to which America will rule the new age. All of its energy is directed at spreading information technology and popular culture, economic-financial domination and continuous military domination all over the world“ [9].

However, the emergence of a block of countries called BRICS (Brazil, Russia, India, China and South Africa) has become one of the most interesting events in the contemporary international arena. Many international relations experts claim that this block of countries is an important factor and has significant power that will probably significantly affect the significant reform of the architecture of the global economy and according to it the political system [10].

BRIC-S countries possess both physical and symbolic characteristics that justify the existence of this group [11]:

- They have economic, military and political resources, the ability to contribute to an international order, internal cohesion that enables effective state action;
- They believe they deserve a higher status at a global level;
- They have developed informal channels of mutual cooperation;
- They have an ambivalent attitude to the liberal order.

Also, the creation of new institutions, such as the New Development Bank, Contingent of reserved arrangement and increased participation in the existing entities (IMF), are taken as signs of their greater influence and qualified contribution to global governance [12].

The tendencies of forming supranational elites, as well as the global authorities, should be taken seriously, at least as one of the possibilities. Nevertheless, such a development of the world, although not impossible, is hardly achievable from the present perspective.

4. GLOBAL ECONOMY AND ITS INCONSISTENCIES/CONTRADICTIONS

Social processes have a contradictory character, a different flow and a historical role. They are interpreted differently by scientists and actors from different theoretical perspectives and views of the world. In the last decade of the twentieth century and at the threshold of the new millennium, globalization as a process especially seizes the attention of mankind. There are many controversies in theory and practice about it. However, at the same time, due to the residues of class determinism and the antagonistic system of social power distribution, the world system divides into a developed world center - North, and the undeveloped world - South (semi-periphery and periphery), among which there are numerous inequalities and contradictions. Data show that „since the 1980s absolute poverty in all underdeveloped countries has increased, and in the most parts of Africa and Latin America it has increased in both absolute and relative terms“ [13].

All these facts are more or less known. Awareness of their meaning exists, but the situation in the world does not change. Forcing them to change at least for now has no echo. Besides, the question remains: how? Undeveloped countries are being suffocated in the inherited and newly

enormous difficulties of mere survival, in the conditions when neoliberal capitalism becomes a global system. Globalization as a process, with its consequences on development, increasingly marginalizes the interests of most countries and the population, and strengthens the wealth and power of the minority, the major capital protagonists of the modern world. In this regard, researchers rightly point out that „the globalist scenario” is multiple contradictory because:

- produces very different effects for the center and periphery;
- developed countries are a subject, and the underdeveloped object of globalization;
- there is a large number of hungry and malnourished in underdeveloped countries and a small number of rich in developed countries;
- provokes chaotic and contradictory processes of deregulation and centralization;
- liberalizes activity in the financial markets and preaches the openness of the economy of underdeveloped countries and retains wider significant protectionist and other constraints in developed countries;
- leads to conflicts of state and transnational interests;
- destroys the barriers of national markets and creates international monopolies, etc.

The above contradictions could also be considered from the aspect of the relationship of economic slavery and freedom in the modern world“ [14].

Bearing in mind the contradictory and negative consequences of globalization on social development in the world, it is no coincidence that in today's world a powerful anti-globalist movement of the post-capitalist alternative has been formed with the slogans such as: „The world is not for sale“, „Another world is possible“, „For the world of equal“. Their protagonists criticize the neoliberal unipolar concept of globalization, i.e. globalization or as they call it a „new world order“ colloquially, demanding reform of the international economic order in favor of the world's majority.

The controversy certainly presents the preaching of the rapid liberalization of the economy of underdeveloped countries according to the model of so-called - shock therapy, while developed countries not only developed with protectionist measures, but also in the stage of development strictly retain and even expand their protectionist aspirations. In the early stages of development, rapid liberalization cannot produce positive effects, nor can development spontaneously occur with the perfect functioning of market forces [15].

While in the past, countries existed as market rulers, today the situation is diametrically opposite, since globalization has, over time, made undesirable traditional functions of the state, and the emerging changes on the global plan greatly limit the maneuvering space of national states. „National capital does not have much grace in terms of social policy, equal care for all segments of the population, and especially for those who are not able to generate profits. The increasing dissatisfaction of the masses arising on these occasions is directed at their governments, whose hands are tied. There is a constant huge global debt, on the one hand, against the enormous profits of global activities and this gap is continually expanding. It is therefore no wonder that in the larger areas of globalization losers, the process of globalization is perceived as a continuation of already well-known colonization, or Western imperialism. This will be so long as the global inequality becomes more and more expressed [16].

5. CONCLUSION

The challenge for both developed and developing countries is how to respond to these challenges with an open and participatory national state at the international level. Therefore,

the apologists of globalization point out that common problems will unite the fates of different national states located in different parts of the world. This means that territorial constraints will kneel before the power of a transnational organization, so that the world order will no longer turn around sovereign states. However, although this trend, accompanied by revolutionary technological innovations, has alleviated democratization, market-oriented reforms and increased economic integration, globalization is not a solution to world problems, nor is it itself a source of well-being. It is, above all, a process of change and set of international relations which are being generated. Therefore, the arguments about the unnecessary role of the state in international relations seem unconvincing and have not yet succeeded in weakening the power of national states.

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