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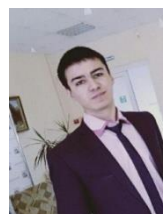
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TRANSFORMATIONAL ASPECTS OF THE GLOBALIZATION PROCESS... AS A RESULT OF THE FORMATION OF A NEW WORLD ORDER

Abstract: *this article examines the directions of development of the modern world economy determined by the processes of internationalization and globalization in all areas of the economy, including commodity-monetary, financial, currency and credit relations.*

Key words: *transformation, globalization, economy, international financial relations.*

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Introduction

The modern world economy is at the stage of development, which is characterized by many directions of its further functioning. The possibility of forming a new world multipolar order is widely discussed in the special scientific literature. The current world order was formed after the Second world war. It has constantly evolved from a bipolar to a unipolar world, but its essence, content, and architecture have been preserved. Thus, international financial and economic institutions located in the UN structure, including the international monetary Fund (IMF), the world Bank (WB), etc., continue to function. The composition of international reserves has been preserved with some minor changes. The world currency is still the dollar.

In addition, the directions of development of the modern world economy are determined by the processes of internationalization and globalization in all spheres of the economy, including commodity-monetary, financial, currency and credit relations.

In the new world multipolar order, the BRICS countries can take the leading positions along with the existing centers of the world economy due to the fact that at the beginning of the XXI century they stood out against the background of other fast-developing countries with high rates of economic growth, an

increasing share in world exports of goods and services, rapid accumulation of gold and foreign exchange reserves, a large resource base, and an extensive contingent of skilled labor. In this regard, the issues of diversification of the structure of international reserves by increasing the share of BRICs currencies in THEM.

The current centers of the world economy — the United States, Western Europe and Japan — are currently moving to a higher level of post-industrial society, to a new technological base, the sixth techno-technological structure based on nano-technologies, while the BRICS countries have not yet fully reached the fourth techno-technological structure. Their economies are multi-layered, in the process of transition from an industrial to a post-industrial society, characterized by an average standard of living, an insufficiently developed financial market, currency volatility, and resource orientation (especially in Russia, Brazil, and South Africa), which significantly hinders economic growth and development.

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The internationalization of the currency¹ is currently attracting great interest from many researchers both in Russia and abroad. The problem of currency internationalization is interesting because it is located at the intersection of several areas of scientific research — the world economy, international Finance, national Finance, international monetary and credit relations, monetary circulation, credit, banking and exchange activity. The issue of currency internationalization became relevant as a result of the global financial crisis of 2008-2010, when there were moods of "dollar collapse", "dollar bankruptcy" and pessimistic scenarios regarding the role of the dollar in the MIS.

The potential of the BRICs currencies in connection with the steady growth rate of the issuing economies by 2008 became very significant, as it was provided by stable high growth rates of exports of finished products (India and China), intermediate production results, semi-finished products and raw materials (Brazil, Russia and South Africa). However, in order to become international currencies and become part of international reserves, BRICS currencies must meet the criteria adopted by the IMF for reserve currencies, including full conversion, currency free float, a large contribution to world exports, and a share in global gross product production. According to some of these criteria, THE BRICs countries' currencies can claim to be international currencies. For example, the Renminbi could become such a currency, since China is the world's largest exporter of goods and the world's largest factory, but as for other IMF criteria, the Renminbi does not function under a free-floating regime and is not a fully convertible currency. This, however, did not prevent the inclusion of the yuan in the SDR basket from October 1, 2016, i.e., de jure it is an international reserve currency. And the de facto yuan is an international reserve currency, since many countries of the world contain instruments denominated in yuan in their gold reserves. But the yuan can only take the place of the dollar as the leading, dominant currency in the MVS in the very long term, in the ultra-long term. Currently and in the foreseeable future, it can claim to be an additional, parallel currency along with the Swiss franc or British pound. Other currencies of the BRICS countries can still act as regional currencies in the integration blocs of which they are members.

Over the years of the fixed exchange rate system, the dollar has become so deeply integrated into the

MIS and the international financial architecture (IFA) that it is almost impossible to imagine it being replaced by any other currency. Discussions about replacing the dollar with an alternative currency escalated during periods of crisis. The main ones took place in the early 1970s, in the late 1990s, and at the end of the first decade of the twenty-first century. But each time, the dollar's position not only did not weaken, but strengthened. In the first case, this was due to the oil crises of the 1970s, when the countries of Western Europe and Japan (the main competitors of the United States) began an economic downturn as a result of a sharp increase in world oil prices and loss of export competitiveness. The increase in the world oil price led to an increase in demand for the dollar, since it is expressed in the world price, and contributed to the strengthening of its exchange rate. And since more expensive oil provided greater profits to OPEC countries, significant reserves in dollars outside the issuing country began to be formed, which contributed to the development of the Eurodollar market. By the mid-1970s, the strengthening of the dollar's status as a world currency took place as a result of the conclusion of a new MLS agreement in 1976 in Kingston (Jamaica).

In the second case, the Asian crisis of 1997-1998 forced developing countries to borrow from the IMF and the world Bank, which created additional demand for the dollar and again strengthened its position.

Finally, in the third case, as a result of the global financial and economic crisis of 2008-2010, the shortage of liquid funds in the international financial market allowed the US to expand the supply of the dollar, which again strengthened its role in the global monetary and financial system. The global financial and economic crisis of 2008-2010 further strengthened the position of the dollar as the leading monetary unit in the MES and weakened the position of the Euro. The dollar held its position, as many countries of the world needed loans from the IMF and the world Bank for to overcome the crisis, as a result of which the dollar liquidity in the global loan capital market has expanded. Demand for the dollar increased its exchange rate and increased its attractiveness as an investment asset.

In addition, every country in the world generates gold reserves in the event of a crisis, which are usually denominated in dollars. And the BRICS countries, which are seeking to secure international status for their national currencies, are the largest holders of reserves in dollars. And since they are mainly export-

¹ Currency internationalization is a phenomenon that characterizes the formation of a monetary unit of a certain country as an international instrument that acts as an international equivalent of value and performs the functions of money outside the issuing state, namely: a means of circulation, a means of accumulation or saving, and a means of payment. And since money at the present stage of development is not provided with gold, neither national nor international reserve currencies realize such functions as a measure

of value and a function of world money. The reason why international reserve currencies do not perform the function of world money is that they are not a legal means of payment when crossing the borders of States. for example, in Russia, you can only pay for the purchase of goods and services in rubles, but not in dollars, euros or pounds.

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oriented, they still receive dollars in exchange, thereby stimulating demand for the dollar and strengthening its exchange rate and position in the world economy. From this, we can conclude that each new global crisis and the intensive development of some countries of the world that need large amounts of foreign investment and loans to stimulate further development will lead to a strengthening of the dollar's position in the world monetary and financial system. Therefore, perhaps the only way to break this circle is, according to the author of the article, an evolutionary, long period of accumulation of negative contradictions in the MVS. These contradictions are exacerbated by the systematic violation by the United States of international agreements governing the issuance of the dollar as the world's key reserve, settlement and payment currency. First, the United States violated the principles of the Bretton woods system of fixed rates, and then the Kingstons agreement. Violations are manifested in the fact that the United States allows inflation, devaluation, depreciation of the national currency to gold, a chronic deficit in the payment and trade balance, the Federal budget, a large discrepancy between the norms of consumption and savings, Finance expenditures on many budget items, especially the military-industrial complex, due to the issue of dollars, accumulated a huge external debt.

The transformation of the MIS can also come as a result of a gradual increase in the use of BRICS currencies in international and regional calculations, when factors and prerequisites are formed that, other things being equal and within certain limits, will allow to push the dollar.

New world currency system

In fact, the global financial and economic crisis of 2008-2010 put an end to the Jamaican currency system. In fact, the agreement on the new principles, goals, tasks and functions of the MIS, which were discussed at all G20 summits, is a process of concluding a new agreement on the MIS. It has not yet been finalized as a single document, but after some time, perhaps by the end of the second decade of the twenty-first century, the world economy will have a new MVS with a new name. Therefore, in order to take a certain place in the emerging new MIS, it is now necessary to agree on the conditions under which different countries of the world will participate in it. These conditions are being negotiated within the framework of the MIS reform, which is aimed at strengthening the IMF and the world Bank by increasing funds, concluding swap agreements between the world's largest Central banks, and diversifying the portfolio of credit instruments. However, the position of developing countries in the MIS remained the same. However, the BRICS countries continue to look for ways to expand their participation in MIS institutions. The essence of their approach is to create additional financial institutions, funds and diversify international liquidity by

including primarily the Renminbi. Brazil, Russia, India and South Africa will be able to use their national currencies more widely, first at the regional level and then in the global economy, thanks to cooperation with China in trade, investment, currency relations and participation in financial institutions created by it.

Cycles of development of the world monetary system

Based on the analysis of the features of the development of MVS, it can be concluded that it evolves in accordance with certain cycles and transforms approximately every 30-40 years. The first MVS existed from 1867 to 1914 (47 years), the second MVS — from 1923 to 1933 (10 years), the third MVS — from 1944 to 1971 (27 years). The fourth MVS started operating in 1976, and in 2016 it turned 40 years old. In this regard, the question of the possibility of concluding a new agreement on MVS is raised, and therefore the most powerful countries in the world have entered into a competition to maintain their currencies as international reserve currencies (the United States, Western Europe, Japan) or for the right to join a number of international reserve currencies (the BRICS countries). The cycles, which can develop MVS, practically not studied in the economic literature, although in framework of the theory of cycles are considered short-term cycles are fluctuations in economic conditions due to the changes in gold reserves of the country, who noticed in the early twentieth century. It can be assumed that the cycle by which MVS develops is similar to the product lifecycle.

As the analysis of the development of MVS has shown, each new MVS agreement is accepted as a response to overcoming a prolonged economic crisis. This was the case in 1923, 1944, and 1976. At the first stage of the life cycle the MVS agreement works as a monetary reform at the level of the national economy — she quickly forms a new motivation and incentive factors of development, which restore national economic growth in most countries, unemployment is reduced, stabilize most national currencies, rates of inflation, growing industrial production, exports, gold reserves are formed, increasing trade currencies on the world currency by the market, speculative trading with currencies and other assets traded on the international financial market, increasing the capitalization of companies, stock exchanges, etc., which generally means a rise in the level of national and world economy. This stage of the life cycle of the MVS can be called its origin (from the point of view of the chronological approach to the development of all phenomena in the economy) or the revival/recovery of the economy (from the point of view of the content and quality of the phenomenon itself).

The second stage of MVS development is accompanied by rapid growth of the world economy.

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The functions of the MIS, which were enshrined in an international, interstate agreement, are constantly being adjusted in accordance with the realities and features of the world economy, and there is an increase in the main macroeconomic indicators. In other words, the second stage of MVS development, as well as the second stage of the product life cycle, is characterized by universal growth.

Then comes the third stage, at which the MIS acquires Mature features, which is characterized by a clear implementation of its prescribed functions, namely: mediation of foreign trade transactions, accounting for capital transactions when moving from one country to another, implementation of the prevailing exchange rate regime, regulation of the order and conditions for currency conversion, stabilization of quotas, in accordance with which credit resources are distributed among countries to prevent crises, equalize trade and payment balances, as well as establish the equilibrium of exchange rates, and some others.

At the fourth stage, there is a gradual devaluation of the purpose, objectives, principles and functions of the existing MIS, primarily because, as a rule, developed countries no longer obey the generally

accepted rules and norms set out in the interstate agreement. They begin to allow budget deficits, trade and balance of payments, and Finance them by issuing de-neg, which immediately causes a drop in the real value of reserve currencies and shakes the exchange rates of other countries' currencies. As a result of the accumulation of contradictions, the interstate agreement on the MVS loses its content, the MVS ceases to perform its functions, and the MVS crisis begins. In addition, the MVS crisis is superimposed on the financial crisis, since the growth of exchange activity, the development of capital and derivatives markets cause a General overheating, which leads to a fall in the value of shares, various assets, quotations, indices, capitalization, etc. In a result of the financial crisis and the crisis of MVS there is a General decline in macroeconomic indicators development in many countries, destabilized exchange rates, national monetary system, gold reserves are reduced, the emission of money to Finance programs out of the crisis. In General, at the fourth stage of the life cycle, the MIS in the form in which it existed and functioned before the crisis is being destroyed, and the world community must accept a new interstate agreement.

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