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Article

GLOBAL ECONOMY: NEW RISKS AND LEADERSHIP PROBLEMS

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Abstract. After the global crisis of 2008-2009, the world economy entered the era of restructurisation. This article focuses on the risks that a new leader will face in the process of shaping the world economy. The methods employed in the research include Big Date processing of continuous change and the results of the symmetric macroeconomic analysis based on the statistics collected by the IMF, WB, BIS, Central banks and Treasuries. The study proved that the recessionary processes, their depth and global nature, are caused by a combination of world financial system crises and general civilization problems. These new systemic risks for the world economy might result in new global crises that will limit the resources of international financial institutions for sustainable development. Besides, for most banks these crises will mean shifting a big share of derivatives to the off-balance obligations, using SPV in deals, followed by an increase in state and corporate debts, trade wars, recession processes in the Chinese economy, and widening gap between global and national finances. Regular research and systematization have developed certain guidelines for the global economic restructuring process. First of all, it is recommended to focus on international law and international agreements to ensure a solid foundation of global finance. On the basis of comparative analysis carried out for the USA, China and other counties, it was made clear that no one views the world reserve as based on the currency of one country only. Instead, there will be a slow transition to using SDR (with a basket from 15–20 currencies G20).

Keywords: world economy; nature of global crises; risks of the financial markets; leadership problem.

JEL Classification: F3, F43, F6, F63

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1. Introduction

The global crisis of 2008–2009 and long post-crisis recession have raised questions about the future of the World economy. This future depends on the interaction of the World economy and World politics, the directions of their development and the nature of interference. The history of the last decade showed that modern civilization is in general crisis. It covers economy, policy, culture, ecology, and in general, *the Human*. The movement of World economy since the beginning of the 1980s towards the global, financial and economic environment and a system came to an end with the global crisis and ten years of slow recession, formation of a tendency to deglobalization and dedollarization. Obvious achievements of globalization, large trade and investment agreements are called into question. Efforts of the WTO, BIS, regional unions, and global infrastructure institutes are cancelled out by populism, trade wars and a new approach to world order. Attempts at an audit of the developed architecture of global economy cause concern in the international academic community. Thinking of crisis of a civilization, we address the reasons and the nature of the global crisis of 2008–2009 and the decade of post-crisis recession again.

The first crisis of the century is viewed as a crisis of the basic elements of global finance. The international markets of financial assets failed to regulate themselves, and aggravated conflicts between global and national finance. During the years 2010–2019 the World economy faced the risks of a post-crisis period. Deglobalization and dedollarization processes questioned the previous philosophy and world economic leadership. The authors present their point of view on the processes of globalization and risks to a sustainable development and leadership problems in World economy.

The purpose of the article is to reveal the deep nature of the global crisis of 2008–2009, the post-crisis recession, the weakening of interest rates in 2010–2019, new risks of the World economy, problems of the new leader. Research tasks and problems: 1. Justification of the concept: "The global crisis is a combination of civilization problems and imbalances in functioning of elements of a World financial system". 2. Identification of legal base of global economy and finance. 3. Systematization of risks for national and World economies. 4. Comprehensive consideration of the "a problem of the new leader" for the World economy.

2. Methodology

The research leans on a number of methodological principles. *The principle of ascension from concrete to abstract and back has allowed to reveal important regularities and communications.* Global crisis and post-crisis recession is considered in terms of the deep social and economic nature and the phenomena which are on a surface. Their combination defines start of a crisis phase of a cycle, its depth and scale. Moreover, they are analyzed as roots of modern economic problems and contradictions. Consideration of mortgage crisis as the main cause of global crisis does not explain its depth, scales and 10-year post-crisis recession. We show that a combination of crisis elements of the world financial system (including mortgage) and the deep nature (transition to a new technological way, a call to solve of civilization problems) made the crisis nature, complexity and duration of its overcoming.

The principle of systemic. Global crisis 2008–2009, as well as all smaller global crises, starting with Mexican (1994) and in the Southeast Asian countries (1997) were a product of the global financial and economic environment and a system. Their cradle – national economy and its critical unbalance. The external factor – FDI and its withdrawal from the country is a factor which aggravates crisis processes, but does not initiate. Two traditional markets of financial assets saved a global investor – currency (USD, JPY, CHF) and gold (including stocks of the gold mining companies). So, the deep nature of crisis caused problems of post-crisis recession.

The authors suggest using the principle of determinism according to which the nature of crisis and post-crisis 10-year recession is considered as a root of modern economic problems and contradictions, but the directions of their permission allows to consider is used.

The analysis of continuous changes (as principle) was used to assess the soundness of currencies of peer group. Assessment of volatility and reliability of currencies is methodologically carried out by means of comparative analysis of 4 eurocurrencies and 4 currencies of the developing economies on BIS REER base with the horizon of the analysis of 1994-2018.

The research uses various methods of the analysis: Big Data processing, method of group, SWOT analysis. The leadership problem in the World economy for the 21st century is methodologically solved with the help of the criteria of four groups: (1) size of the economy (GDP), (2) quality of life (GDP/per capita, Quality of Life Index, Purchasing Power, Index Security, Index Health Care, Cost of Living, Real Estate Price per Income, Time in Traffic, Jam Pollution Index, Climate Index), (3) global competitiveness (productivity, global innovation index) and (4) currency (weight, SDR basket, share in global payment, volatility). The research is used a method of quantitative analysis of macroeconomic indicators according to databases and analytics of the IMF, WB, BIS, the Central banks, and the Ministries of finance.

3. Main results

3.1. The nature of global crises, post crisis recession and problems of growth of modern World economy.

The global financial and economic crisis of 2008–2009 and a long post crisis recession have raised a lot of questions for world economics, monetary authorities, international economic institutions and businesses about the future of the World economy and the structure of global finance in the XXI century. The first question concerns the global financial and economic crisis of 2008–2009 and its origins: whether the first world crisis of the XXI century is a crisis of the financial system based on the monetarism model and technologies of the XX century, or a crisis of its separate elements?

There is no single answer to this question. Our analysis has shown that the most likely explanation lies in the nature of globalization. Globalization of the financial markets has allowed capital to move freely all over the world, which made its taxation and regulation at national level more complicated. Financial capital, unlike industrial, has easier access to the national markets and to credit organizations, interest and non-interest revenues. Experience of free capital flows in the 80s has showed that the global investor is capable of deep crisis processes in the national economy. Therefore, the monetary authorities are compelled to trace and control the foreign capital flows more closely than that of the national. The global financial and economic crisis has aggravated these contradictions between global and national finances.

The global financial system is an unstable system and it is based on the assumption that international financial markets are regulated by the «market fundamentals» and an «invisible hand» of free competition. However, under the pressure of crisis the system, which didn't have prudential regulation, it failed. It seems, though, that it is not the system of global finance itself that originated the global crisis, but the poor operation and coordination of its separate elements and institutions. The IMF, the major institution of global finance, has insufficient credit resources with a deficit of $500 bln. and tends to ignore the role of China, Russia, India, Mexico, Brazil and some other dynamic countries in the World economy. The world currency system remains unstable because of the weaknesses of dollarized economies, while commodity markets are unbalanced by the fixed rate of the Yuan. Multinational banks (MNB) have insufficient Capital Adequacy according to Basel III and Free capital, a big share of short positions in the investment portfolio, more than $600 trln. in derivatives (about 800% world GDP), out-of-balance liabilities, besides the use of depositary accounts in trading operations. Some have been spotted money-laundering through their offshore branches and taking risks in fiduciary deals.

The markets of financial assets also had weaknesses. The money market has an insufficient level of syndicated crediting in emerging markets. Debt capital market used SPV. FOREX gained money from real assets markets: ultrahigh profitability increased volumes of speculative deals: turnover reached 75% ($3–4 bln. a day). On the stock market numerous short-term operations (up to 6 months) made it more difficult to determine a fair price when estimating capitalization of the companies.

The monopolization and oligopolies of the rating and auditor service market resulted in a whole network of errors: the crisis of 1997 in South Asia countries, a default of 1998 in Russia and the global crisis of 2008–2009. Problems of national financial security remain unsolved. There is an excessive public debt: 200% against 60% forecast by the UN, IMF and EU. The cumulative tax and gross national product ratio is 60–80% against an optimum value of 15–30%. There is also a problem of money surplus sterilization.

3.2. Legal basis of global economy regulation.

The global economy cannot function without infrastructural institutes, the international agreements and regional associations which regulate relations of the parties. We investigate questions of legal bases of systems of regulation and management of risks in World economy. The second key question of the post-crisis world financial system is that of its regulation. What should be the basis for the international financial system: national sovereignty and protectionism or international regulation? There are two possible solutions. The first is the construction of the system of international regulation on the basis of national sovereignty. Even though national central banks adapted Basel standards of Capital Adequacy, it didn't prevent governments from taking protectionist measures. For example, after an actual default of Iceland the Central Bank of Norway reduced trust in the banks of that country, and the central banks of Eastern Europe have revised the requirements for banks with foreign capital. The UK parliament's independent commission has suggested a buffer by creating reserve capital at a 3% rate for the big retail banks. FRS (the Dodd-Franc Act) and the Bank of England introduced restrictions for speculative operations with securities for commercial banks. The Central Bank of Switzerland did the same for international investment operations of the major banks. ECB placed a temporary ban on operations of banks operating short positions (The Economist 2011).

The second solution is international regulation, which should (unless it conflicts with national economic interests) prevail over national regulators. Otherwise, it might lead to speculations on different regulation conditions in different segments of the markets. Businesses and assets might move to the countries with the most attractive investment climate and mildest regulation.

The success of globalization has been connected with the liberalization of currency legislation, i.e. with a decrease in the level of national regulation. However, the crisis has demonstrated that market fundamentals have not been a bulwark against international financial market crashes. Therefore, it is extremely difficult to convince the monetary authorities of countries to give preference to international regulators rather than national ones.

In the 80s governments rejected national financial protectionism, but it did little to help to overcome the consequences of the financial and economic crisis of 2008–2009, while processes of deglobalization and dedollarization have been accruing. The open economy should still prove that it has more advantages than a closed one and international regulation of the system of global finance, with national markets and finances, should prove its efficiency. The Basel standards of capital adequacy, IAS, SWIFT should be expanded. Thus, the international regulation in global economy can be more effective, but in conditions of deglobilization, aspirations to regional associations such regulation can be result only compromises of the countries on a being and the form (to the preference, procedures, voting, arbitration). But during post crisis recession contradictions between the global and national finance are increased. The global investor ignores national economic interests. Global problems (ecological, power and food security) are not solved, but can provoke trading wars and protectionism. The insufficient volume of investments for the decision of common global problems is more than $35 trln that makes about 50% of World GDP. The WTO, out-of-date procedures on voting, arbitration, preferences for the developing countries in the developed markets, cannot resist to trading wars and sanctions. Thus the system of global economy needs revision, updating and expansion of regulators according to the international bank standards, international agreements, the best cases of globalization (such as, uniform anti-recessionary policy G20).

3.3. Risks and threats for World economy and finance (2010 –2019).

At the end of 2009 – beginning of 2010 the majority of G20 countries announced that they had overcome the global crisis. However, the post-crisis period had its own new risks. They became threats for steady developments and can provoke new global crisis. Our analysis systematized risks, has revealed new threats to a sustainable development.

Rates decrease risks in development of the World economy.

Our research has shown that during the post-crisis period (2010–2018) average annual growth rates of the World economy were 3.44% (with a range of minimum values from 3.4% in 2015–2016 to the maximum 5.4% in 2010). Substantially it became the result of long, soft national and regional anti-recessionary programs with the offer of money at a low percentage rate and repayment of bank debts. In January 2017 the FED stopped the Quantitative Easing Program (QE) and transferred to a policy of increasing discount rate. In 2018 the ECB also finished the QE (2010–2018) program of redemption of state securities for the sum of €2.6 trillion. In spite of the fact that thanks to QE developed economies reached the level of 2.2% of growth, the effect for the World economy was

3.5%. It reached considerably to the capacious markets of the EU, the USA and also FDI in the developing economies.

However, the steady growth of the World economy is not reached and not provided with either national or international programs. In 2019–2020 the IMF predicts a decrease in growth rates to 3.3% and most importantly – a delay of rates in 70% of national economies (Lagarde 2019).

Rates of economic growth have several aspects of the analysis and algorithms of actions of the monetary authorities. First, a clear understanding of the nature of the decrease in growth rates and elimination of the reasons lying on the surface, and components of the current agenda for economic policy is necessary. Secondly, and most importantly, the problem of long-term steady growth connected to factors of the uncertainty and complexity of the solution of civilization problems.

Are the current reasons of delay of growth strengthening of tension in world trade, and toughening by many countries of financial conditions for business? The solution to these problems lies in the plane of smooth transition to such monetary policy which will provide only unstable economic development of the World economy in the ranges of 2–4.5%, the developed countries of 1–2.5% and the developing, 3–5%. Sharp actions of the monetary authorities at the rates of the money market and taxes, most likely, will lead to problems of refinancing and service of the state and corporate debts will enhance volatility (nervousness of the markets and change of trends) of exchange rates and the bid-and-asked quotations of financial stock market instruments.

In emerging markets and softer monetary policy financial terms and conditions for the national capital and FDI can improve state priming of the economy. Outflow of FDI during the period from 2015–2019 began to break the balance on emerging markets that developed as a fruit of the global financial and economic environment and system.

The model of a monetary policy resulted above can able to provide only unstable growth which is vulnerable in the face of geo-economics conflicts between countries, for example, Brexit for EU and U.K. Sustainable growth is caused by more general factors of uncertainty and the beginning of the solution of civilization problems. Considering factors of uncertainty, we will note, first of all, high level of debt of countries (the number of countries with a state debt of 100–200% / GDP growth) and the companies with a high financial leverage that is making them unstable, and reducing time to a possible default. The tension in world trade increasing after 2010 became another factor of uncertainty: conflicts, disputes, mutual claims and sanctions, wars by duties and threats. The system of the WTO, the procedures, rules, agreements of its participants, cannot extinguish a wave of aggravation of trade contradictions. The most important infrastructure institute of the global economic environment does not work.

According to the history of international regulation of world trade since 1947 (GATT and the WTO), the reduced average world sales duties from 55% to 2–3%, demonstrates that free trade and low trade barriers are a benefit to all countries. Probably, the modern crisis of a global system of trade will be solved on the issues of state subsidies to participants of foreign trade activities, creation of effective systems of protection of intellectual property and confidential data. Good prospects at digital commerce in terms of fair competition and equality of conditions. There will be a modernization of the major institute of the WTO in its main functions: negotiation procedures and permission of trade disputes.

Crisis and a post-crisis depression started the deglobalization mechanism, and created a trend of leaving of the multinational corporation from emerging markets. It is important to carry items favorably still (these are 50% of the World GDP). But in the system of trade there are distortions which cause contradictions between countries. These distortions will always arise as a result of the decrease in prime cost in production and logistics. But trade barriers are not the permission of trade contradictions. Moreover, trade integration stimulates investments into port and trade infrastructure and warehouses, and creates new jobs (WEO April 2019). Estimates of the IMF growth of tariffs (this analysis covers tariffs, non-tariff measures and bilateral agreements about purchases) by 25 percentage points on all goods in trade between the USA and China can lower annual GDP in volume to 0.6% in the USA and to 1.5% in China (WEO April 2019. Chapter 4).

Drivers of the World economy. The global economy provides no answer to the question of what economy and strata might promote the growth of the World economy. The middle class of the

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developed countries and emerging markets seem to function as its locomotive. The World economy needs modernization of the global financial system, an introduction of additional regulators, new world reserve currency (Euro, Yuan, CDR or other currency) and improvement of the risk control system of market derivatives (total derivatives averaged 659 $trln in the period 2009-2018, with 768% of world GDP) (BIS statistics. Exchange-traded derivatives (OTC derivatives) 2019). From the point of view of micro-economics, the key problems of economic growth have not been solved despite an optimization of business processes and change of business model.

Risks of public debt growth. There was a growth of cumulative state debt/GDP from 78% in 2007 to 118% in 2014 (Lipssky 2010). In 2016 the global debt made $164 trln (225%/World GDP) (IMF Fiscal Monitor 2018), which is higher than the national economic safety level.

Chinese economic slump. Delay of growth rates of real GDP of the second economy of the world poses a serious threat to the steady growth of the global economy. Before the global crisis of 2002–2007 growth rates in China were 9–14%, during the crisis this fell by up to 9.4%, and since 2010 it has consistently decreased by the rate of 1% a year and were, in 2018, 6.6% with the forecast of the IMF for 2024 at 5.5% (IMF WEO 2019). Historically, a decrease in economic growth in China to 6% might affect the world raw material and capital markets. The national economy is overheated by cheap credit. Loans to private sector in China averaged 9794.11 CNY HML from 2002 until 2019, reaching an all-time high of 46015 CNY HML in January of 2019 (and a record low of -974 CNY HML in October of 2005) i.e. increased by 2.6 times with compare of 2010 (20000 CHY HML) (Trading economics. China 2019). As a result, economy faced two waves of increase in prices of the supply (PS): in 2009–2012 and 2016–2017 that demanded monetarist efforts of the People's Bank of China on their control.

The financial sector of the Chinese economy achieved liquidity, but the real sector failed to demonstrate a steady growth. The increase in state expenditure on social programs, maintenance of social stability, innovative programs increased state budget, state debt and tax burden for businesses, might start the inflation flywheel. The economy of China with its limited internal demand, surplus of liquidity, increasing incomes of business and population, and poor quality of production will face inflation growth, and a decrease in economic growth and competitiveness. The ambition to become a new world economic and technological leader with Yuan, as a new reserve currency, will be postponed for 10–15 years. Therefore, the People's Bank of China will continue to support current world reserve currency.

3.4. The leader for the World economy in 21st Century.

After the global crisis the processes of dedollarization and deglobalization intensified and raised the question of who will be the leader in World economy. Will the US maintain its leadership or will it be replaced by China, the EU, Japan or …? Change of the leader in World economy means deep re-structuring of all system of global economy and finance. We start with a high urgency of this question for 21 centuries and have spent comparative analysis of the USA and China, and also other economies by four criteria: the size of economy, quality of life, competitiveness and soundness of currencies.

Comparative advantages of U.S. economy. The USA, being one of the main architects of globalization, has benefited the most. In the 80s the USA managed to make its stock market attractive for foreign banks and investors. As a result, the net capital inflow increased from $19.4 billion in 1980 to $153 bln in 1987 and $324.5 bln in 2008 (U.S. Census Bureau 2012). It strengthened the position of the USA in global economy, increased the country's share in the world GDP from 25% to 30% and market capitalization from 30% to 50% ($12.5 trln.) (The Economist 1999). For the current positions of USA see Table 1.

Table 1. Comparative advantage of the USA vs China (if other is not specified), 2019*.

	Macroeconomic indicators	USA	China
(1) Markets	Forex USD/CHY, 12/06/2019	6.9340	
(2) GDP	GDP, constant prices, $ trln	18.91	
	GDP, current prices, $ trln	19.390	12.238
	GNP per capita, $ thou.	54.225.45	15.308.71
(3) Share of the sectors of economy in GNP, %, 2015	Services Industries Agriculture	76.7 21.1 1.2	43.1 46.8 10.1
(4) Labour	Unemployment rate, %	3.60	3.67
	Wages per hour/per year, $,	23.3/41696.93	/ 11892.27
	Labour productivity, growth, %	3.40	NA
(5) Demographic indicators, 2015	The population share (at the age of 15 and older), %	20	17
(6) Prices	GDP deflator index	111.33	656.41
	Inflation rate, %, YoY	1.80	2.70
(7) Money	Central Bank interest rate decision, %	2.50	4.35
	Banks balance sheet, $ trln	17.22	0.466
	Loans to private sector, $ trln	2.3	0.3
(8) Trade	Current Account, $ bln, Q1	134.88	58.60
	Imports, CIF, $ trln	2.576	1.721
	Gold reserves, tones	8133.50	1864.30
	Net capital flows, $ bln	-8.1	-5.86
(9) Government	Government budget value/GDP, %	-3.80	-4.20
	Government spending, $ trln	3.21	3.19
(10) Business	Corp. profit, $ trln	2.00	0.26
	Market cost of publicly traded companies, $ trln	17.14	3.408
	Competitiveness rank	1	28
(9) Consumer	Private sector credit, $ trln	9.76	
(11) Taxes	Corporate Tax rate, %	21	25
	Personal Income Tax Rate, %	37	45
	Sales Tax rate (VAT), %	0	16
	Social security rates for: Employees / Companies	7.65 /7.65	11 / 37

*Sources: Trading economics. China (2019); Trading economics. United States (2019); Intertrade statistics (2014).

In 2019 the size of the USA GDP (GDP, current prices) was $19.390 trillion (in China for comparison is $12.380 trln), that, on the one hand, allows provision of a high quality of life: GDP/per capita $54.225.56 (in China $7320.09), with another – stable expenses of the Government of $$3.21 trillion (Hereinafter Table 1. Items 2, 9). Rates of economic growth were 3.20%, that corresponds to an average value during the period 1948–2019 (the highest level of 13.40% was in 1950, the lowest during global crisis of 2009, -3.90%). The economy is not overheated and has the smallest unemployment rate in 49 years at 3.60%. The contribution of various sectors of the economy to the production of GDP reflects its readiness to enter the world of technologies 4.0. The

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USA manufacturing industry creates 21.1% of the national GDP (in China 46.8%. See Item 3). At the same time the cost of its products grows due to complicated labour (2019 $2.2 trln), and the share in GDP falls. On the contrary, services (information, communications, financial and legal) as a portrait of new technological revolution, promptly grow. In 2019 they created a cost of 12.9 trillion with a contribution to the GDP of the country of 76.7% (in China 43.1%. See. Item 3). The structure of the economy is modern, aimed at mastering the first high-tech. The increase in productivity of labour (without agriculture) in 1Q 2019 (YoY) was 3.40% % (see Item 4), with an output of 3.9%, the index of labour productivity 106.96 with an average for 1950–2019 60.65%. High-quality indicators of labour productivity demonstrate a perception of the economy for new conditions of the economic policy, with a transition to technologies of 4.0 and investment activity of business. The rate of inflation in May, 2019 was 1.8% (in China 2.70%. See Item 6), a fall in comparison with 2018, it is significantly less than the average level of 3.26% in 1914–2019 that substantially is a result of the long-term strategy of the FRS of cheap money. At the same time root inflation (the core inflation rate) excluding power and food products was 2.0%. There was a growth of wages per hour to record $23.38/hour (Item 4) in comparison with the average level of 11.24 USD/hour during the period from 1964–2019. As result the AAA sovereign rating, was in first position (2018) on global competitiveness among 140 countries.

The essential weaknesses of economy in 2019 in the form of payment (-134.88 bln USD) and trade (-50.79 bln USD) deficits, budget deficit (-207.77 bln USD), and public debt (exceeding GDP (105.4%) are hedged by USD (as world currency, reserve, steady with small volatility), historical lack of defaults of the state and big reserves of gold (8133.50 tons). At the same time, there is a real threat to a country default to the beginning of each next financial (budgetary, fiscal) year – by October 1, 2019 or next year.

The retrospective of these facts is that since 1991 the current account of the balance of payments in the US was in deficit and increased from $12 bln. in 1982 to $856 bln. in 2006, it did not pose a threat to the financial stability of the country (Table 1). The deficit was covered by foreign investments, mostly from China and oil-producing countries. In 2005 foreign assets of American residents amounted to $9.6 trln., while foreign assets in the USA – $12.5 trln., with the net foreign investment at $2.8 trln. In 2006 FDI into the USA reached $184 billion, leading investors being the UK and Germany (USA 2007).

Since the 80s the USA has learnt and has got accustomed to living on credit. In 1980 loans amounted to $909 bln. (33.3% GDP), and in 2011 – $14.972 trln. (99.7 % GDP) (see Table 1). This, however, did not affect the investment appeal of the country and its sovereign ratings as the FED and the US Treasury have never declared a default and have been serving its internal and external debts. Besides, if weighing state debt against market cost of publicly traded securities rather than against the GDP it will account for 87.74%. not 100%. Moreover, the holders of 50% of obligations were non-residents. For example, China, as the second economy of the world, was the main investor in exchequer obligations and in 2006 it held T-bills for the sum of $801.5 bln. The American stock market remained more profitable than the European (15% annual vs 12%). In 2011 foreign residents of the USA owned 11% of traded financial assets ($17 trln), including credit market instruments, US corp. equities, mutual fund shares, trade receivables (U.S. Census Bureau. Statistical Abstract of the United States 2012).

Besides financing the US industrial and public debt, globalization benefits in the period from 1980 to 2011 included growth of the net value of households (8.3% vs 2%), gross national product per capita from about $28 thou. to $54 thou. (see Table 1, Item 2) and a decrease in cumulative tax for businesses from 18.2 % GDP to 15.2% (CIA 2012).

Comparative advantages of China economy. China, whose share in the World GDP in 2013 amounted to 12.22%, after the recession on international commodity markets, re-oriented towards the domestic market. The strategy of two markets (domestic and foreign) yielded a result (see Table 2). Currently, in 2019 China is still the first nation on population, the extent of the international liquidity, export, trade balance and the second economy of the world on GDP (GDP constant prices). China is already not just the "factory" of world brands, the Chinese companies led by Huawei have become competitors of the world leaders in High-Tech more and more.

Growth rates of economy of China in 2018 developed twice as high at 6.40% (in USA 3.20%. See Table 2, Item 1). Average growth rates of GDP during the period 1989–2019 were 9.52% (the highest level of 15.40% was in 1993, the lowest 3.80% in 1990). Substantially it was the result of the Deng Xiaoping policy of modernization, the effect of globalization and involvement of FDI. But despite the state support of output and aggregate demand (AD), it is difficult to support during the post-crisis period, high rates which will decrease, first of all against the background of a trade war with the USA.

The historical background of the economic development of China in the 20th century caused the low level of technological bases of the economy, finally, very low during the period 1960–2019 the GDP per capita (PPP) of $1662.03. Growth of the important indicator of quality of life, up to $7320.09 in 2019 (in USA $54225.45. See Table 1. Item 2), shows the effect of market reforms, a mixed economy and the turn of economic policy towards domestic demand. Nevertheless, the reached level of $7000 corresponds to only 58% of the average world value. The contribution to GDP of the processing (quite often "smoky") industry of China makes 34%. It will fall, but slowly because China is a factory of World economy.

Nevertheless, during 2015–2019 the share of services which already makes 57.59% in GDP of the country is still growing. The unemployment rate of 3.67% (1Q 2019) is not high in comparison with an average value of 4.09% for 2002–2019 and that demonstrates the transfer of focus to the domestic market. In China, during the period 1952–2018, the average nominal salary/month was 1184.76 CHY. In May 2019 – 8293.32 CHY ($1196.04), a growth of 7 times. Great progress for the modern history of the country, but in comparison with the leading economy of the world the lag of nominal salary in annual terms is 2.9 times. The rate of inflation in China in 2019 is not high, 2.7%, in comparison with the average level of 5.16% during 1986–2019, a decrease of 1.9 times. This is evidence of the effective work of the People's Bank of China. In monetary and credit and investment policies the strategy of liberalization is traced: consistently the interest rate falls, from 6% (2015) up to 4.35% (2019) (Table 2. Item 8), the balance sheet total of a banking system ($465.8 billion), loans to households, the credits to companies grows, FDI grow ($2019 54.6 billion with the rate of 3.5% per annum).

At the same time, points of weakness of the economy are low, GDP / per capita (58% of the average world level), the low salary, record deficit of the budget due to a decline in income of the state, decrease in profit of enterprises in 14 branches of the economy of all forms of ownership, the 28th place in the list of global competitiveness and a high rate on the company on social taxes (37% vs 7.65% in the USA). At the moment China is ahead of the US in export volumes ($2.14 of trln., 1st place in the world export of securities with a share of 11.7%), foreign reserves ($3.1 of trln.) and total investments, with the positive balance of payments and state debt to GDP ratio 2.3 times less than USA (see Table 2. Item 8).

Table 2. Comparative advantage of China vs the USA (if other is not specified), 2019*

	Macroeconomic indicators	China	USA
(1) GDP	GDP growth rate, YoY, %	6.40	3.20
(2) Labour	Population, mln	1.419 819.622	328.950
(3) Prices	Core inflation rate, %, YoY	1.7	2.0
(4) Money	Forex reserves, $ trln	3.1	0.127
(5) Trade	Balance of trade, $ bln	41.66	-50.8
	FDI, $ bln	54.6	50.9
	Retail sales, YoY, %	7.2	3.1.
	Exports, FOB, $ trln	2.1385	2.0685
	External Debt, $ trln	19.7	19.8
	The current balance of payments, $ bln, including % of GDP	586 0.4	-134.4 (Q1) -2.4
	Total investments/GDP, %	54.2	12.4
(6) Government	State debt, $ trln	NA	22.02
	State debt/GDP, %	47.6	105.4
	Government revenues, $ bln	250.33	232.06
	Government budget deficit, $ bln	-10.43	-207.77
	Foreign reserves, $ trln	3.1	0.127
(7) Business	Industrial production, YoY, %	5.4	0.9
(8) Consumer	Bank lending rate, %	4.35	5.5
	Personal saving, %	37.10	6.20

*Sources: Trading economics. China (2019); Trading economics. United States (2019); Worldometers (2019); US Population (2019).

Lastly, it is impossible to ignore a demographic factor role in economic growth. Despite the absolute advantage of China in population (1395.4 billion people in China vs 328.950 million people in the USA) and comparable indicators of life expectancy (74.68 years' vs 78.37 years) (UN stats 2012) the country will face a serious problem of a reduction in population, including an ageing demographic, in the middle of the XXI century (Table 1, Item 5). The USA, on the contrary, has a relatively young population and according to the UN forecasts will have a higher population growth (1.4 times vs 1 in China) in 2011–2050 and a larger share of young people (20% vs 17% in China).

Since the purchasing capacity of the domestic market is considerably lower than the international one, it leads to the consecutive GDP decline. Dynamics of decrease in rates of GDP growth of the country is traced: from 14,2 % in 2007 to 6,3 % in 2019 (decrease in 2,3 times) (IMF WEO/CHN 2019). Aggregate demand (AD) in China (as a share in nominal GDP) falls from 47% in 2003 up to 38% in 2015. The dynamics of decrease in the country's GDP growth rate is traced. Steady growth, rates reduction began after 2007 (14.2%) and amounted to 6.3% in 2019, i.e. it decreased by 2.3 times (IMF. WEO/CHN 2019). This suggests that in the conditions of declining demand in the global markets after global crisis, China could not support former growth rates of GDP due to domestic demand. In spite of the fact that from 2011 to 2018 aggregate demand (AD) grew from $494 billion to $914 billion, its average annual rates steadily decreased from 18.3% (2012) up to 6.9% (2017).

At the same time, the household saving rate in China is much higher, than in developed economies. It was 37.10% in 2018 vs 6.20% in USA. Personal household income savings in China averaged 33.48% from 1992 until 2015, reaching an all-time high of 39% in 2010 and a record low of 27.20% in 2002 (Trading economics. China 2019; Trading economics. United States 2019).

China's household consumption is low, the ratio of consumption to GDP is 37% versus 50% in the developed countries. What are the causes of this phenomenon and statistics? This partially reflects China's growth model – a high level of saving. The saving rate is 37.1% vs 6.20% in United States. From 1980 to 2008 the ratio of private consumption expenditures to GDP decreased 1.5 times from 55% to 36% (IMF Working Paper 2010). To understand the pattern of income distribution between savings and consumption in other countries, we will note that in South Korea, Indonesia, India, Philippines this indicator is 50–70%. Among the reasons of such model of consumption in China, the IMF in a special research notes high economic growth, a demographic structure with an elderly population, the insignificant number of the public companies' (which would pay dividends) vs state-owned companies (SOC), weak state health programs, higher education, etc. (Baldacci, Callegari et al. 2010).

The level of household savings in China fell slightly to 37.10 percent in 2015 from 38 percent in 2014, as the inflation rate was 2.7% (the average indicator in 1986–2019 was 5.16% with a decrease of 1.9 times) We can confidently predict consumption growth in China due to an increase in household incomes (wages for 1952–2018 grew 7 times to 1,184.76 yuan). A high level of savings, part of which goes to investments, financing works to increase consumption. The Chinese national economy is based on the special economic zones created in the 80s when transferred factories formed a «factory of world brands». It is as yet unlikely to become a leader in technology, which requires an innovative economy rather than copying production. In 2013 China produced $9.240 trln. GDP and there is a high risk of recession and increase in inflation. The Chinese Yuan can be a strong currency for mutual transactions inside BRICS, but it is not strong enough for the global commodity and financial markets.

Other candidates for a role of the leader of the World economy.

Japan, which in 2018 had a contribution to world GDP of 4.1%, Germany (accordingly to 3.2%) and Euro Area (11.4%) cannot compete with the United States (15.2%) and China (18.7%) (IMF WEO 2019). Japan still tests an echo of recession of the 90th years and global crisis, EU zone constantly is in 2009–2019 under blow of various waves of recession, connected in particular due to debts of the Mediterranean countries. The slow recession of the European economy turned out to be more painful and difficult than in the US, as countries were attempting to shift to the new technological mode of production. Germany and France are burdened by their obligations to preserve the European Union and maintain the Euro and, thus, cannot become new world economic leaders yet.

It is possible to continue to search for arguments in favour of a particular country. Despite the urgency of the question of leadership, there are also civilizational problems of the Mediterranean countries, a migratory crisis in the EU, Brexit, the populism breaking the architecture of national economies and geo-economy. Their solution is only possible if G20 and international economic organizations take joint actions to create conditions for global financial stability and search for new sources of economic development. In substantiation of the given thesis we will consider criteria of leadership in the XXI century and requirements of the leader.

In a substantiation of the given thesis once again it is reversible to criteria of leadership for the 21 century and to requirements to the leader, but at other level of the analysis. We are concretized four criteria of leadership: (1) size of the economy (GDP), (2) quality of life (GDP/per capita, Quality of Life Index, Purchasing Power, Index Security, Index Health Care, Cost of Living, Real Estate Price per Income, Time in Traffic, Jam Pollution Index, Climate Index), (3) global competitiveness (productivity, global innovation index) and (4) currency (weight, SDR basket, share in global payment, volatility). By these criteria we carry out the analysis on the big sample of the countries.

Based on the size of the economy (GDP nominal) in 2016, 2020, 2030 and 2050 there are 4 countries among the leaders – the USA, Japan, China and India (IMF WEO 2016).

Quality of life is traditionally estimated as GDP per capita with the same leaders of the USA, China, and Japan. If we include such indicators as *quality of life, purchasing capacity, safety, health services, life cost and ecology*, then it would be Denmark, Switzerland and Australia.

If global competitiveness of the national economy depends on the competitiveness of businesses, quality of corporate government, production efficiency and management, here the leaders are Switzerland, Singapore, and the USA (WEF 2016).

If the major indicator of business competitiveness is labour productivity calculated as GDP (PPP)/per hour, then according to this indicator, the leaders are Norway, Luxembourg and the USA.

The world economy in the XXI century will be based on technological innovation. The Global Innovation Index, 2015 shows that in R&D (*Research and Development*) the leading countries are South Korea, Israel, Finland, Sweden, Japan; *in the innovative production* – Switzerland, Ireland, Singapore, Germany, Austria; in the *quantity of High-Tech companies* – Unites States, China, Japan, South Korea, Canada; in *higher education* – South Korea, Russia, Finland, Israel, Ukraine; *scientific research* – Finland, Iceland, Denmark, Israel, Singapore (Bloomberg 2015).

National currency is a very sensitive indicator of stability and strength of a national economy. The most significant indicators are the transaction currencies, international liquidity, reserves and SDR basket. On 1 October 2016 weights of the five currencies in the new SDR basket were: U.S. dollar 41.73%, Euro 30.93%, Chinese Renminbi 10.92%, Japanese yen 8.33%, Pound sterling 8.09%. Compared to the previous period the USD lost in weight from 44% to 41.73%. For the first time CHY was included in the SDR basket and won third position ahead of the Euro, JPY and GBP.

Markets value currencies through SWIFT, by carrying out basic calculations on real and financial assets markets. The USD share amounts to 44.64%, Euro – 28.30%, GBP – 7.92% (Swift 2014). The major reserved currencies are the USD, Euro, JPY, GBP and CHF as they are less volatile and more stable according BIS REER (2018).

The research shows very important result, that today there is no absolute leader in the World economy. Many countries possess comparative advantages (as it can be seen in the comparison between China and the USA), but only on some positions. The age of the absolute domination of one super state is over. The structure of the global economy and finance will not be based on the domination of one country and one currency. International economic and financial organizations will play a major role as global institutes and regulators. We do not exclude the possibility of the establishment of a World government at the end of the XXI century. In the interim period we might expect an aggregated SDR with a basket formed by 15–20 currencies and the appearance of local currencies on the wave of deglobalization and dedollarization.

Nevertheless, today the USA, EU, Japan, Great Britain, China, Russia and India perform a special role and responsibility. The World economy might receive a new impulse of growth if the USA overcomes own financial imbalances caused by the three deficits – budget, balance of payments and state debt – and becomes «a world workshop» of new high technologies. Japan as the third world economy might repeat its "economic miracle" with the development of High-tech. China, BRICS and other countries of emerging markets with high balance of payments surpluses and extensive foreign reserves might become key sources of world economic growth too, if they re-orient production towards domestic demand and consumption. The IMF and the World Bank group should be focused on maintaining global financial stability, searching and supporting new sources of growth of the World economy and solving the civilizational problems of mankind.

4. Discussion

The historiography of a subject is so extensive that it demands special analysis. For purpose of our research we will be limited to some generalizations of scientific discussions. The problematics of the new phenomena in the world economy is so complex that it requires a separate study of its concepts, ideas, and approaches. The Bretton Woods Institutes noting 75 years, and being some of the architects of the global economy, allocate three main problems: economic growth, tension in world trade and the lack of confidence between national and global finances, national and international institutes. The IMF, in official documents and research, sees necessity in its own reformation (Tooze 2019. PP. 30–31), world cooperation for extraction of advantages in cross-border flows of the capital and goods (Raghuram 2019. PP. 18–19). The World Bank offers innovations in rules of the WTO in the multilateral system of trade (Goldberg 2019. PP. 20–23).

Other key institute of global finance – BIS – looks for a better balance between monetary policy, structural reforms, fiscal policy and macro prudential measures (Annual report 2019,

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Lamers 2019. PP. 17-18, 28). In focus of the analysis and the recommendations of a problem of reliability of banks and bank systems, inflation and deflation (Mehrotra 2018. PP. 83–84; 91–95), new phenomena of financial deglobalization in banking (McCauley 2018. PP. 12, 14, 16, 18, 20; 2019 PP. 125–127).

One of the central problems in the world academic agenda is sustained economic growth which is considered through a prism of world, regional and national economies. What research attracts interest? Inter-country inequality as an essential brake on World economy (Fuller, Dwivedi 2019. P. 7); stability of all EU Member States as key to the economic growth of all the union (Popescu 2017. P. 73); use of the capacity of G20 for sustainable development (Esty 2017); the "green", ecologically focused economy (Popescu 2016. P. 79); a search of the most effective models of management of country financial systems on the basis of the comparative analysis of the best cases (Zogning 2017. PP. 55–56); use of opportunities of global transport systems focused for *"Time is an economic category"* (Zhuravleva 2017. P. 123) and flexible monetary policy in the conditions of high volatility of the international commodity and foreign exchange markets (Bikar, Sedliacikova 2018. PP. 30–31) for country economic growth.

The threats of a new global crisis, risks of state and corporate debts are the subject of monitoring and the analysis of IMF, the auditor companies and rating agencies, special researches. There are already many such works and official reports. But we will note that the IMF is not decided the problem of corporate debt. A debt in different forms (accounts payable, accounts receivable, overdue debt) is organic for the business in general and for corporate risk management. As showed K. Valaskova, T. Kliestik and M. Kovacova (2018. PP. 112, 121) in their research of risks bankruptcy on the database of more than 62 thousand companies in Slovak Republic, the indicators of "Debt" play very essential role. In correlation model of "Risk bankruptcy" (corrected for 2/3 companies) "Current Debt Ratio" and "Financial Debt Ratio" have among 14 indicators very high P-Value 0.30678 and 0.149362 respectively. This is the fourth weight value in the correlation model after indicators of return and a turnover. If corporate debt is a component of everyday risk management, then the massive growth of defaults means an imbalance not in the companies, but in the external environment – in the economic system. The business model has changed. For this purpose, is requires correlated research between a company's "financial health" and external factors, including business regulation, tax laws and FDI outflow (Kliestik 2018. PP. 800–801). Problems of change of technological bases of the economy of Technology 4.0 are the cornerstone of the true and future aspects of macro and microeconomics. Generalization of effects of digital technologies, smart-contracts, chain networks deserves attention (Tuffnell 2019. P. 9–10) and product decision-making information systems (Lafferty 2019. P. 20).

The science, the international institutes and the markets were under the illusion that the global economy is incapable of allowing a global recession, but illusions still took place. Therefore, the subject of crisis is relevant today. In this regard a certain interest represents research about the effects of a harvest on recession in the USA and China (Chang et al. 2019), relending of the private sector (White 2010) and financial aid programs of the IMF during Asian crises (Shin 2017).

The problems analyzed above are important aspects of a more common problem – "Globalization or Deglobalization". The historiographic boom for dilemma arose after the global crisis of 2008–2009. Contradictions between global and national finance became aggravated. There were new phenomena in the World economy and economic policy of the states. Processes and aspiration to regionalization, thirst for regional economic associations are amplified. The architecture of global economy and finance cracked: Central banks reduced USD share in their international liquidity, payments increased in not reserve currencies, investments into U.S. T-bills decreased, FDI is leaving emerging markets, agreements on trade and investment partnership, tariffs, compromise agreements within the WTO began to be revised. Cryptocurrencies appeared as an alternative to traditional money and became threats for Central Banks, systemic banks and international payment systems.

The new phenomena of de-globalization found reflection in the academic science. Key questions became a subject of the analysis: the possibility of de-globalization, throw prism of "nature of manufacturing" (Livesey 2018. PP. 180, 183), "measuring of new realities: dynamics of imports and exports of goods and services at a global or regional level; dynamics of expats' money remittance; inflows and outflows brought by foreign direct and portfolio investments" (Postelnicu 2015. P.4-5), threats to sustainable economic development (Zuindeau 2012), influence of Brexit and Trump policy "as a reversal… globalization process" (Mervyn 2018. PP. 65–66).

The new trend of the World economy introduces amendments in economic policy of the country and corporate management. How do they change? "The new revised economy" already became an object of research. One of sticklers of deglobalization are W. Bello (2002. PP. 69, 71, 108, 112) and M. Khor (2001. P. 117), which exact review of these books Hartwick (2006. PP. 262–263) gave. The anti-globalists brightly and fairly systematize contradictions of the World economy among which the civilization problems of hunger, poverty, a gap between rich and poor countries have not been solved. But the "new economy" constructed on the principles of "rethinking globalization" except criticism of the IMF, the WB, and WTO, authors structurally do not offer.

The markets of financial assets and infrastructure institutes are the first reaction to the new phenomena, so the analysis of deglobalization in international banking is extremely relevant. BIS on the basis of bank reports and statistics recorded a certain reduction assets of EU banks abroad as reaction to global crisis and ECB requirements due to keep capital base. Banking systems in Canada, Japan, and even USA, on contrary, strengthened the assets, deals, branches, transactions (McCauley 2017, 2019. PP. 120–121). Formulation of the question "de-dollarization vs globalization" through a prism of small economies is interesting and perspective (Iversen 2019. PP. 45–47).

The Chinese economy is of interest not only as a phenomenon of a country demonstrating rapid growth, but also as a test-ground for new financial instruments. For example, the international comparative analysis of "green credits» has shown that the profitability of China's banking sector is positively affected by the amount of assets, management expense ratio, cash ratio, GDP growth rate, and non-performing loan ratio. Yet, the asset size and capital adequacy ratio negatively affect the international banking sector (Xiaoling Song 2019). Other studies on the "green assets" of Chinese banks in the Gulf Islamic stock markets (Imed Medhioub 2019) have shown similar results.

The above researches are limited to the circumstance that new phenomena and processes are in a stage of formation, development. Not all of them will remain in economy which often shows a swing, return and the renaissance of old forms, therefore a debate "globalization vs de-globalization" will be continued.

5. Conclusion

The research has shown that the future structure of global economy will most certainly be defined by the following factors.

1. Post crisis recession and many problems of modern global economy result from the global crisis, and are viewed as combinations, on the one hand, of failures of separate elements of a financial system (markets of financial assets, IMF), and, on the other hand, of transition to technologies 4.0 and common problems of the world economy (ecology, pure water, famine).
2. The regulation of the world economy should be based on international law, agreements and institutions as the compromise between the countries defending the sovereignty and economic security.
3. Modern economy has faced new risks, the scale and depth of which are capable to cause global crisis. The analysis has shown that risks of decreasing rates, delays of economic development of China, prompt growth of the state and corporate debts, loss of former sources of economic growth are posing a threat to the sustainable development of world economy. New trends of de-globalization and de-dollarization have deepened risks and initiated the rollback mechanism from the achievements of globalization, leading to trade, tariff, sanctions wars.
4. Global crisis and post crisis recession have accelerated the processes of de-globalization and de-dollarization, and have raised the issue of changing the leader in the world economy. The comparative analysis of the USA and Chinese economies, including other groups of countries for the leadership potential (the size of economy, quality of life, competitiveness, stability of currency)

has shown the leader absence solo. Therefore, the countries of the 21 century should no more seek the leadership of one country as a driver of economy and capital market, but rather focus on developing and using SDR (c a basket from 15-20 currencies G20) as reserve currency.

The research faced a number of restrictions. The perspective of the article and solvable tasks were aimed to detect the patterns of global finance, crises, risks, anti-recessionary actions of the monetary authorities, and finally, systematization of the directions of restructuring of the global economy. The range of tasks of the research does not allow to consider all factors, relationships of cause and effect and correct correlation of the variables. The database was made from different sources. The audit of their techniques is impossible. The reliability of data limits correctness of comparative analysis. Restrictions of the research are also caused by the absence of standard of the glossary of terms and definitions needed for the academic science and business. The authors did their research in accordance with moral, ethical and legal restrictions as the global economy exists in a close connection with geopolitics, ethno cultural relations and contradictions. Also it was difficult consider interdependence of national and international law.

The future directions of the research might concern such issues as the correlation between the sustainable development of the world and national economies, MNC and domestic companies (sustainable economic development is caused not only by balancing the sectors of economy and pursuing effective economic policy, but also by the ability of the national economy, while maintaining its position in the global economy, to resist external pressure and prevent the outflow of FDI, collapses in the world forex and stock markets). Another possible direction of the research concerns new sources of economic growth for the 21st century, as former sources of the economic growth in emerging markets and the middle class in the West seem to have exhausted its current potential. With the technological revolution 4.0 the search of new sources of growth for the world economy becomes quite expedient. In the context of the world economy the issue of cryptocurrencies vs reserve currencies and classical money is of primary importance as well. Cryptocurrency necessitates the revision of the classical theory of money, functions of the Central Bank, systemic banks, and international payment systems. Digital money and assets are subject to a thorough research in order to ensure their effective legislative regulation. Finally, the questions raised in this paper might be interesting for those, who study the world system of funding. Even though the world economy system of funding does not set requirements for sustainable development, there is a need to review the theoretical and practical resource base of the IMF, Central Banks, Reserve and Investment funds of regional associations.

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