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### GLOBAL EXPROPRIATION, GLOBAL RENT AND COMPENSATORY GLOBALIZATION

*The evolution of such economic categories as: global rent, global expropriation, compensatory globalization in their interrelation in the conditions of hyperglobalization, neo-liberalism and neo-medievalism are considered. The following possibilities for the removal of global monopoly rent are suggested: control over the markets of productive resources, markets of finished products, global infrastructure, the rule-setting, etc. Two forms of global expropriation (violation and cooperation) regarding its sources and results are considered. The phenomenon of compensatory globalization from the standpoint of global winners and global losers is described. Further development of economic analysis of relations regarding global monopoly rent in the framework of global political economy is suggested.*

*Keywords: global expropriation, global rent, compensatory globalization, global economy, global winners vs global losers, global redistribution.*

### ГЛОБАЛЬНА ЕКСПРОПРІАЦІЯ, ГЛОБАЛЬНА РЕНТА ТА КОМПЕНСАТОРНА ГЛОБАЛІЗАЦІЯ

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*Розглянуто еволюцію таких економічних категорій як: глобальна рента, глобальна експропріація, компенсаторна глобалізація в їх взаємозв'язку в умовах гіперглобалізації, неолібералізму і неомедієвалізму. Запропоновано такі можливості для вилучення глобальної монопольної ренти як: контроль над ринками виробничих ресурсів, ринками готової продукції, глобальною інфраструктурою, встановленням правил тощо. Описане явище компенсаторної глобалізації для глобальних переможців і глобальних переможених: переможці прагнуть компенсувати ризики інвестування, в більш широкому сенсі, в переможених від глобалізації та їхні ринки, переможені – компенсувати втрати від монополізації. У статті окреслено можливості подальшого розвитку економічного аналізу відносин стосовно глобальної монопольної ренти та дефіциту глобального економічного управління в рамках глобальної політичної економії.*

*Ключові слова: глобальна експропріація, глобальна рента, компенсаторна глобалізація, глобальна економіка, глобальні переможці та глобальні переможені, глобальний перерозподіл.*

### ГЛОБАЛЬНАЯ ЭКСПРОПРИАЦИЯ, ГЛОБАЛЬНАЯ РЕНТА И КОМПЕНСАТОРНАЯ ГЛОБАЛИЗАЦИЯ

Кобылянская А.В.

*В статье рассматривается развитие таких экономических категорий, как: глобальная рента, глобальная экспроприация, компенсаторная глобализация в их взаимосвязи в условиях гиперглобализации, неоллиберализма и неосредневековья. Были предложены такие возможные опции извлечения глобальной монопольной ренты, как: контроль над рынками производственных ресурсов, рынками готовой продукции, глобальной инфраструктурой, нормотворчеством и т.д. Были рассмотрены две формы глобальной экспроприации (насилие и сотрудничество) с точки зрения ее источников и результатов, описан феномен компенсаторной глобализации с позиции глобаль-*

ных победителей и глобальных проигравших. В статье предлагается дальнейшее развитие экономического анализа глобальных монопольных отношений в рамках глобальной политической экономики.

**Ключевые слова:** глобальная экспроприация, глобальная рента, компенсаторная глобализация, глобальная экономика, глобальные победители vs глобальных проигравших, глобальное перераспределение.

**Introduction.** The failure of previous forms of multilateralism, evidenced by permanent latent and obvious conflicts, inability to solve global challenges and provide fair distribution of economic gains, motivated higher officials and scientists to seek for alternative forms of global economic governance. The new system is to solve at once various problems. From this perspective, the issues of global expropriation, global rent and compensatory globalization, which represent the key features of nowadays globalization processes, are at the forefront of economic science. Thus, there is a need to analyze these phenomena in depth and to look for the shifts in the essence of global redistribution policies and the role global economic governance should play in it.

**Literature review.** Theoretical aspects of studying the issues of economic disparities as a result of equal international administration and management, as well as uneven distribution are discussed by well-known foreign and domestic researchers. Lees N. gives a critical reassessment of Ricardian and Marx theory on rent and rent-relations from the perspective of global economy. He develops the notion of quasi-rent as that which is related to the resources which remain fixed only in short-run. Adding examples on old industrialized and new industrialized countries he depicts the possibilities for the creation of quasi-rent [1]. In his arguments, Lees hardly based on the Kaplinsky's research on global inequality. According to Kaplinsky the *rents and quasi-rents* of different global actors on natural sources are the main causes of global income inequalities [2].

The intention of developed and developing economies to create and to retain global rents leads to *global expropriation*. Generally expropriation was considered in the context of investor gaining ownership over the facilities he previously invested in, or State gaining ownership over private wealth. While in global political economy this notion got another meaning. It is mainly related to MNCs which increasingly spread their influence over the national resources of various countries. Another part is related to global economic leaders who use their foreign economic policy to get dominance over other parts of the World, e.g. via crediting.

At this point an issue of *global compensation* emerges. The only solution to sustain globalization consists in establishing a compensatory mechanism which will help to redistribute economic gains from winners of globalization to losers [3].

Mostly dealing with international trade and finance, the researches analyzes the failure of compensation and failure of representation in global redistribution [4], influence of globalizing trade on job markets in different parts of the World [5], the link between the size of the State and financial and trade globalization (more open the economy is, the bigger public sector is needed to compensate globalization) [6], the global innovation networks as a source to compensate firms from "weaker" contexts [7].

**Separation of previously unresolved parts of the common problem.** Nowadays general global economic development gets new traces, when global economic leaders intend to get more and more benefits from deepening

globalization. Under conditions of neo-liberalism and neo-medievalism [8; 9], the issue of fair redistribution became more and more complicated. For global winners the benefits could take form simultaneously of global expropriation, global rent and/or compensatory globalization. While benefits of global losers are mostly limited to compensatory globalization. At the moment, there is a need to analyze and discuss the phenomena revealed from the theoretical point of view and to set up the respective interconnections.

**The purpose of the article** is to investigate the very essence of global expropriation, global rent and compensatory globalization and to set up the links between the notions.

**Results.** Given the notion of the monopoly rent as an excess return over the use of source, it emerges under conditions of monopolizing any part of economic activity. Otherwise (free access to any kind of production resources or productive forces), the situation of near-perfect competition would exist. The respective perfectly elastic global supply curve would prevail and the possibilities for price-discrimination in favor of global monopolist would be absent.

There is a question what should be considered as a perfectly competitive global markets. Classical notion presumes perfectly competitive markets are those where the homogeneous product is traded and the number of firms is big enough, while any barriers on exist or entry are absent.

Under conditions of perfect competition at global markets, we should consider separately: multinational companies which produce and trade throughout the world and various countries with its domestic producers. Thus, global monopolies emerge when MNCs or global economic leaders dominate markets.

Respective global monopoly rent could take several forms: natural rent, differential rent, quasi-rent. Natural rent emerges when the respective global economic actor possess a specific natural resource, the differential rent – when it has differential advantage with respect to other economic agents, quasi-rent when it gets market advantage due to created good (e.g. innovation in technology, human resource management techniques, logistics, marketing and design etc. [2]).

Figure 1 represents the critical assessment of possible realization of global monopoly rent.

Taking into account that the monopoly rent is owed due to the various differences related to reproduction process [10] and the fact that global monopolist can use both its own advantages (endogenous sources of monopoly rent) or expand its hegemony outside its borders (exogenous sources), there is a menu of global monopoly rents (Table 1).

While going beyond endogenous sources of global monopoly rent and taking into account the fact that monopoly always assumes the redistribution of gains among market players, the global expropriation takes its place in global political economy narrative. Global expropriation could take two forms with respect to counterparties (monopolist and the rest of the world): violation and cooperation.

In absence of efficient tools to promote personal interest, the most beneficial path for monopolized counterparty is to be included into monopolizing global value networks to get use of global monopoly rent.

In any case both winners and losers of globalization seek possibilities for compensatory globalization: winners- to compensate risks of investing in broader sense into losers of globalization and their markets, losers- to compensate losses from being monopolized. While winners are

indeed compensated by global monopoly rents obtained, the respective effective mechanisms of gains redistribution in favor of losers are still under discussion.

As it could be seen from the Table 3. the respective compensatory mechanisms lacks symmetry. Global winners presumably got all the economic control over the various markets, while global losers, at best, -access to more sophisticated productive forces. Rephrasing, global losers lose their economic independence for the sake of better institutions.

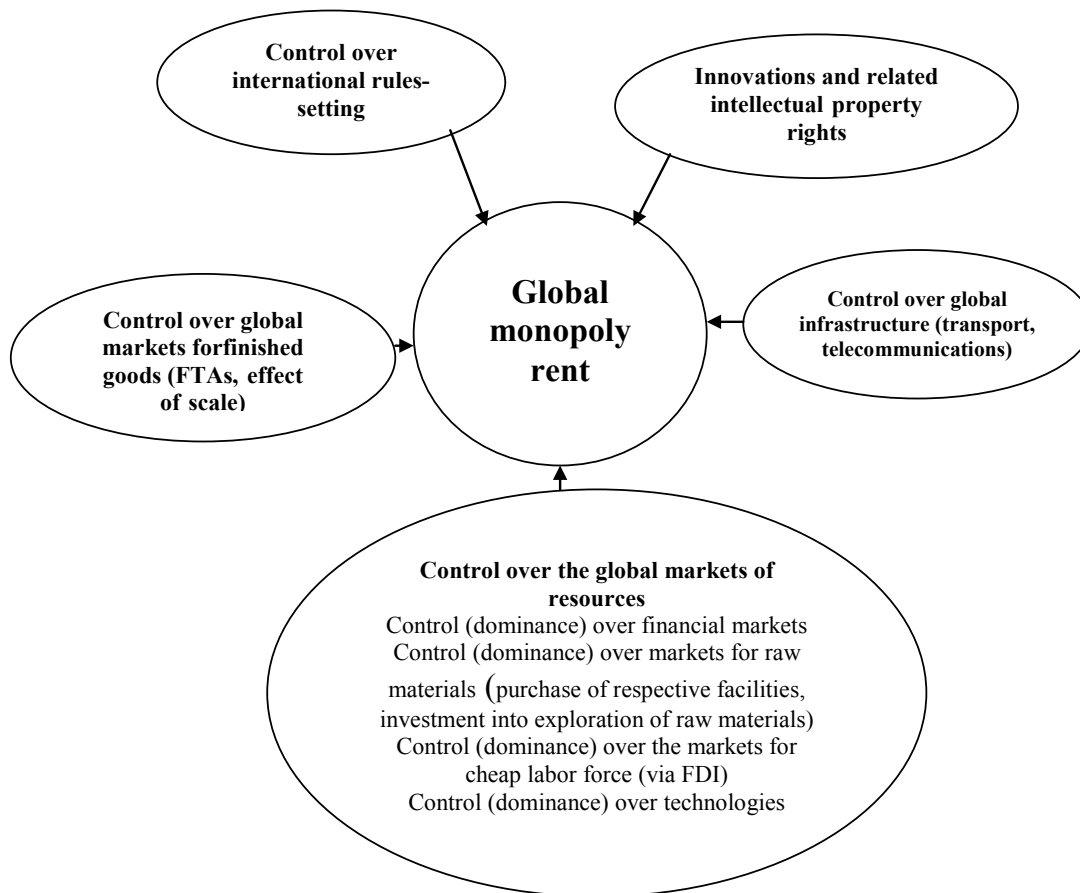


Fig. 1. Realization (extraction) of global monopoly rent

Source: developed by author

Table 1. Typology of global monopoly rent

	Realization (extraction) of global monopoly rent	Endogenous sources (endogenous with respect to global monopolist)	Exogenous sources (exogenous with respect to global monopolist)
Differences in natural resource base	Control over the global markets of resources	Natural global rent	Exogenous natural global rent
Differences in the effectiveness of the equipment and technology used	Control over global markets for finished goods Control over the global markets of resources Control over global infrastructure(transport, telecommunications)	Production global rent	Exogenous production global rent
Differentiation of economic conditions of reproduction	Control over global infrastructure(transport, telecommunications) Innovations and related intellectual property rights Control over international rules-setting	Reproduction global rent	Exogenous reproduction global rent
Organizational (or managerial) differential income (loss)	Control over international rules-setting Innovations and related intellectual property rights Control over global markets for finished goods Control over global infrastructure	Organizational global rent	Exogenous organizational global rent

Source: developed by author based upon differentiation approach of Marx and Engels [10]

Table 2. Global expropriation: sources and outcomes

	Global expropriation	
	Violation	Cooperation
Sources of expropriation	Global trade wars	Rent-based
	Toxic FDI	Benefits of cooperation
	Wars and conflicts	Innovations dissemination
	Credits and financial dependence	Inclusion into/Expansion of global value chains and networks
	Re-institutionalization (both regional and global)	
Outcomes	Economic dependence	Economic dependence
	Erosion of material and technical base	Market-based formation of global value networks
	Neo-colonialism	Neo-colonialism

Source: developed by author

Table 3. Compensatory globalization

Winners	Losers
<i>support losers of economic globalization to:</i>	<i>want to be compensated by global winners for the lost economic independence via:</i>
get geo-politics and economic influence	job creation to compensate trade diversion
get control over the market for finished products	access to new infrastructure and facilities
get control over the markets of raw materials and other sources (e.g. human capital)	access to value chains
get control over global value networks and infrastructure	access to strong institutions
	access to knowledge
	access to financial support
	getting support at international arena and representation of domestic interests
	access to mechanisms of military protection at al.

Source: developed by author

This partly falls into the assumption on flourishing neo-medievalism at global arena, with erosion of national sovereignty. It should be noted that still there are no any affective mechanisms able to equally redistribute respective compensations among winners and losers of global economy.

Purely economic mechanisms are seemingly ineffective, as global exclusion of different states and crisis of international organizations is in place due to the ineffectiveness of current global economic order and its governance.

**Conclusions.** The intention of developed and developing economies to create and to retain global rents leads to *global expropriation*. The created global monopoly rent could take several forms: natural rent, differential rent, quasi-rent. Such possibilities for extraction of global monopoly rent as: control over the markets of production resources, markets for finished products, global infrastructure, rules-setting etc. are generally in place. While two forms of global expropriation are possible: violation and cooperation. Violation includes possibilities of trade wars, conflicts, toxic FDI etc, while cooperation depicts the situation when the states or companies

are small enough to counteract global monopolist and the only possible solution is to cooperate with them, e.g. by entering global value networks. Taking into account that the monopoly rent is owed due to the various differences related to reproduction process, there is a menu of global monopoly rents, such as: natural, production, reproduction and organizational exogenous and endogenous global rent. While going beyond endogenous sources of global monopoly rent and taking into account the fact that monopoly always assumes the redistribution of gains among market players, the global expropriation takes its place in global political economy narrative. Both winners and losers of globalization seek possibilities for compensatory globalization: winners- to compensate risks of investing in broader sense into losers of globalization and their markets, losers- to compensate losses from being monopolized. While winners are indeed compensated by global monopoly rents obtained, the respective effective mechanisms of gains redistribution in favor of losers are still under discussion. The results of the research could be further used in economic analysis of global monopoly rent relations and global economic governance deficit in the framework of global political economy.

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