GROWING ASYMMETRIES OF ENHANCED ECONOMIC INTEGRATION

Rapid economic integration being attained by eliminating geopolitical barriers, coming in the way of cross border trade and investment, appear to be leading to economic asymmetries across the globe. The onset of neoliberal economic policies, followed by the signing of the Uruguay Round Final Act, creating the World Trade Organization (WTO) and embodying various multilateral trade agreements (MTAs) have enhanced unprecedented free mobility of goods and capital across the globe, creating a seamless market across the world. The free trade agreements signed thereafter have helped in further economic integration of the globe, with several WTO-plus provisions.

The three free trade and investment agreements, being negotiated now would further integrate the global economy. The 'Trans Atlantic Trade and Investment Partnership' likely to be concluded by 2015 would help to achieve, further free mobility of capital and goods between the EU and the U.S. The 28 members of EU and the US account for half of the world GDP and 30 per cent of the world trade in goods and services. The Trans Pacific Partnership (TPP) being negotiated among the 12 countries, including the U.S. , Australia, Canada, Mexico, Malaysia, Singapore, Vietnam etc and, quite recently now Japan also, is already under way since three years and is due to be concluded this year. These countries too, contribute around 38 percent to the world GDP and 25 percent to the global trade. The third such deal under way is “The ASEAN-10 plus Six” wherein the new dialogue partners are the Australia, China, India, Japan, Korea and New Zealand. They have already held their first round of negotiations for the 'Regional Comprehensive Economic Partnership Agreement' (RCEP) to be concluded by 2015. Covering almost 45 percent of the world population and a third of world GDP, this too is quite a formidable economic grouping to emerge. Hopes are also high from the ensuing ninth biannual ministerial conference of the WTO, being held at Bali from December 3-6 this year.

As a consequence of every trade and investment deal, the world GDP is getting confined more and more among ever fewer number of the corporates of select countries making the top-line in the global economy, thereby driving out the vast and infinite number of smaller players across the globe. In the field of manufacturing, already the china has emerged as the global hub, leading to widespread closures of a vast number of manufacturing capacities across the world, in the organized as well as in unorganized sectors in several countries, including India, US, EU and so on. The corporates making top-line in the global economy, by their turnovers or market capitalization too have been fast changing to lead to quick realignments in the national wealth and incomes of the select top ranking countries. Yet, these corporates making the topline are all confined with major economic powers only.

The corporate turnovers appear to be occupying an ever increasing space in the global and national GDPs. The share of corporates in the $71.67 trillion global GDP is more than two thirds and the top 2000 companies alone have more than 50 percent share with a $37.4 trillion turnover. The top 500 companies of the world are confined into only 17 of the 200-plus countries of the world, and the top 400 companies are confined to just

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seven nations only. US alone has 132 companies in the fortune 500 global companies followed by China with 89, Japan 62, France 31, Germany 27, UK 27, South Korea 14, and India, the second most populous country and the largest democracy, has just 6 companies. India the second most populous country with the highest number of youth population does not have a single company among the top 120 corporates of the world. The manufacturing sector growth rate in India is decelerating fast in the post-globalization era, especially since 2011. The manufacturing sector growth rate has now slipped to less than 2 percent which was more than 5.6 percent even in the 1950s and 1960s.

Indeed, leaving aside the primary activities of agriculture, animal husbandry, mining and quarrying, most of the secondary and tertiary economic activities, constituting the growing core of the global GDP are now getting centralized with the top corporate performers of 7-10 countries. These asymmetries have kept on sparking series of crises, earlier in Latin America, Asia and Africa, and of late, even in the U.S. and Europe. Only a couple of decades ago, the Euro-American companies were alone to figure in the top 100 corporates of the world. But, at the peak of the stock market crisis of October 2007 the Chinese companies have made the bee-line to top 100 as well as to top 10 corporates of the world. The Chinese state-owned enterprises namely: Petro China Company limited, China Mobile Limited, China Petroleum & Chemical Corporate, China Construction Bank Corporate were among the top 10. The American companies were almost on the verge of vanishing thereafter. In September 2009, American companies were mostly sidelined, and only three of the American companies Exxon Mobil, Microsoft and Wal-Mart were able to retain their positions among the top 10 companies of the world. The ninth slot among the top 10 in September 2009 was occupied by the Brazilian Petroleum Chemical company Petro Brass. Today nine of the 10 most valuable companies are again American. Only 10 months back there were only two American companies which were among the top 10, the Wal-Mart and Exxon Mobil were from Arkansas and Texas respectively. However of top 10 in the list, there is only single manufacturing company, the Volkswagen of Germany with a revenue of $ 254 billion. Otherwise, all are oil or service provider companies. Wal-Mart a super market chain has a turnover of $469 billion which is higher than the GDP of Switzerland, and 150 other counties too have a GDP less than this.

Thus, leaving aside the corporate clout of top 7-10 countries in the global output of secondary and tertiary sectors, the poor state of corporate performance in around 170-180 countries necessitate, redressing of the rules of trade and investment in the emerging global economic order. Populous countries like India, accounting for almost 16% of the global population has only 2.56 per cent contribution in the nominal world GDP on exchange rate basis, and does not have a single company in the top 120 companies of the world. The asymmetries emerging in the world economic order would further lead to more skewed development of the global trade, commerce and industry, as well as employment and economic development in most parts of the world, unless the rules of cross border trade and investment undergo a sea change. Hence, rules of cross-border trade and investment have to be re-tuned to ensure a fair share for all countries and vast populations of these countries, in the aggregate global output. The trade and investment deals in existence, need to be redressed and those being negotiated concurrently need to incorporate provisions for protecting domestic capacities everywhere to ensure much wider participation of all nations and sections, in the aggregate turnover of global trade, commerce and industry, for a better scene on employment front along with balanced trade and decent lives, across the globe.

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