

Economic Development Globalization: Ukrainian Perspective

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Ukraine as a new independent state is integrating into the world qualitatively new to us. The main characteristics of this new world are global interdependency, which covers and changes political, economic, social and ecological development conditions. There is no doubt, that globalization contributes to general economic progress due to innovations which are wide-spread in technology and management spheres, active exchange of goods, services and investments. Along with it unevenness, asynchronousness and disproportion of scientific and technological, industrial, trade and financial-investment development relations is being intensified functionally and in the sphere of inter-state relations. The countries - global leaders concentrate on one pole of the contemporary world economy, the key success determinants of which in the third millennium become intellectualization, socialization, ecologization of industries and the environmental conditions. On the other pole of world economy there is the majority of countries, for which economic globalization, first of all, displays in the form of qualitatively new development conditions, which practically cannot be influenced, but must be taken into account. The countries, unable to catch up with the dynamics of the new epoch, will not only be devoid of dividends from globalization, but can become its hostages, and find themselves on the wayside of the global, general civilization processes.

In spite of considerable losses of resources, scientific and technological potential as well as losses of skilled personnel and lack of time, Ukraine has certain international competitive perspectives, it is capable of developing on its own intellectual basis, producing the newest scientific and technological decisions on the innovative segments of the world market, it can provide proper living conditions for the nation.

During the last decades globalization has displayed and has been investigated as a key tendency of world economic development. The contemporary systemic

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transformations give it the new quality - from tendency globalization turns into all-sufficient and to some extent structured process [1]**.

At the **microlevel** globalization is characterized by multinational corporations (MNC) prevailing in the world economy during the last two decades, which by their strategic orientation and activity scales outgrow into global. The question is not only that MNC control 70-90% of the world markets of goods, services, technologies, and the aggregate sales of the largest 200 companies make up over 30% of the world gross domestic product. It is important to bear in mind, that the leading national economies are to a great extent transnationalized. These are the USA, Japan, Western European countries with powerful and numerous MNC, and, for instance, South Korea with the conglomerate of several MNC, on which its domestic economy and international competitiveness are based. Russia, where capital has gone through the over-concentration period, and 3 of the 75 holding companies as FORTUNE stated have already been listed in the rating of 500 leading corporations in the world can become one of these countries in the near future.

At the **macrolevel** it seems as if globalization is opposed to the process of expansion and deepening of economic regionalism by creating certain unions of countries with different degrees of concordance of their national policies (free trade zones, duty unions, joint markets, economic and political unions). At present there are over 100 different types of regional groups, the process of their formation considerably accelerated in the 1990s in some cases due to subregionalization of the post-socialist Europe (CEFTA, Baltic market, CIS, BSEC, GUUAM). Actually, regional interests can conflict with global MNC expansion motives, distract the block countries from universal multilateral obligations, and "closed" regionalism frequently gives birth to protectionism in relation to the third countries (groups of countries). However economic regionalism, especially in its modern continental forms (EC, NAFTA, APEC) contributes to the national economies development harmonization and homogeneous world market formation.

Today we can speak about global institutionalization of economy, when equal in rights and even more considerable roles than traditional agents of international economic relations (states) are given not only to MNC, regional intergovernmental integration unions with billion dollars aggregate GDP, international organizations (IMF, the World bank, WTO, ILO), and to cities that are world financial and information centres, practically exterritorial and functionally autonomous (New York, London, Tokyo, Frankfurt am Main, Paris etc.) with multibillion daily volumes of foreign exchange operations, but also to separate individuals - scientific workers, university professors, businessmen [1]. Internet is the place where not only the "virtual economy" emerged, but "virtual policy" and "virtual diplomacy" as well.

**The numbers in brackets refer to the numbers in the "Literature Section" at the end of the text.

The globally arranged multimedia-companies immediately influence people's minds without pressure and by noneconomic methods [3].

Such globalization manifestations make the traditional measures of economic analysis "vague", provide for nontrivial generalizations. In this case it is important to avoid "positive euphoria" concerning interesting from many points architecture of future, keeping in mind, that even the inherited global development problems of human civilization (environmental pollution, exhaustion of vitally important natural resources, poverty and increasing gap between countries in "living conditions" etc.), new agents are not able to solve, just as international corporations were unable to do.

After the last financial crisis, which fully demonstrated ruinous potential and the mechanisms of negative influence transmission mechanisms of the global character from Asian to Western European countries, and in particular Russia and Ukraine the new importance is attached to the problems of international financial organizations activity. The problem is not only that countries sticking to the reforming programs in accordance with the "universal" recipes of IMF, rarely achieve perceptible economic successes, and the countries, oriented at their own industrial, scientific and technological policy (which for evident reasons remains outside attention of IMF) as a rule do make such progress. It is important, that understanding of unprecedented non-productive and even harmful usage of enormous financial resources that accumulate in international financial organizations for forming the new effective economies comes to mind. We can suggest, that it should be rather important to concentrate the research on three key problems: revealing the mechanisms of transition from goods expansion of the countries-leaders to financial; discovering the nature and possible consequences of transmitting the levers of their influence on world market and separate countries to international financial organizations; working out national development strategies taking into account the newest qualitative changes without autarchy and loss of international image.

In general, actual questions of economic interaction and effective development of countries in global environment focus and systemically find their reflection in **international competitiveness problems** [7].

Nowadays structurally-balanced national economies with properly functioning real and strong (healthy) financial sectors of economy achieve success, provided the correlation between productive and unproductive sectors, state and private, effective reproductive mechanisms in material and spiritual spheres etc. is adequate to domestic and foreign social and economic structure. Optimization of these parameters provides internal components of national economies competitiveness. As to transitional economies re-examination of the factors of their progress becomes evident: if on the initial stages of market transformation its major institutional preconditions were considered to be liberalization, privatization and corporatization, macroeconomic stabilization, today the idea of state's ability to provide an

environment stimulating domestic and international competitiveness of national enterprises and unions prevails. So, balanced at the macro- and micro levels structural **policy and its institutional provision** acquires the main importance for economic development of Ukraine.

It is important to realize, that a contemporary paradigm of world economic development is based on **postindustrial values**, when countries' competitiveness is determined by their dynamic superiorities and priority of knowledge, innovations and information, and not by static factors, associated mainly or even exceptionally with material and labour resources provision.

The leading countries demonstrate stable domestic and international competitiveness, putting to work postindustrial **development strategy**. Typical for them is: sharp reduction of raw materials and partially energetic dependence as a result of purposeful deindustrialization of economy; releasing public consumer goods markets in international trade, that, by the way, seems to be a "conquest" of these markets by other countries; priority of the new really strategic and globally competitive product - knowledge and information; investments reorientation along with expansion of production and accumulation of material assets for "human capital" development.

Postindustrial economy has a clear **innovative** character, when new discoveries, inventions, technologies, goods and services appear not episodically or spontaneously, but become permanent and major constituent of economic progress. It is **an economy of materialized knowledge**. And information (access to modern knowledge and means of communication) along with the land, capital and work becomes not only an independent production factor but a key one.

If we don't take the position without any prospects seeing no imperatives of XXI century and paying no attention to them at all, the following alternative becomes evident:

- either to recognize our incapability to create the economy competitive in global sense and to live without "postindustrial" and "informational" claims, or
- to find some way and strengths to renew the economy structurally and technologically so that it may be capable to compete on the new markets, to conquer and to protect its positions on these markets' separate segments .

If we choose the **first way** it is sufficient to exploit more or less effectively the available natural resources with the help of traditional (industrial) technologies. A part of the nation's "intellect" will attend to their evolutionary development, provide the suitable administrative models and reproduce the labour resources, capable to copy other people's knowledge and in this way to adapt to the standards of the contemporary world. Under such conditions "brain drain" is likely to become a usual thing (whether because of emigration of creative personalities to postindustrial

countries, or by using their potential by foreign institutions and corporations in Ukraine). There is no use in propaganda of such way of living - analogies can be found in the world. Having certain "prosperity" examples of ineffective economies, provided by breaks in exports with the help of MNC, a lot of new countries even do not even try to find other ways of development. Moreover, competition for MNC investments (subsidiaries) has developed among them, and the new instruments of their encouragement have appeared. The new special "national supply" market concerning the conditions of international activity has appeared, where the most attractive commodity is not only cheap work force or tax deductions, and not even the protectionist policy, but the volume of state property privatization. Very often exotic goods appear on the market, exotic not from the point of view of geography but from the readiness to do everything for the sake of "cooperation" with MNC and international financial organizations. Almost in all of parts of the world one can find the examples of introduction of the modern technological systems artificial elements in preindustrial and industrial economies, and contemporary western management in the relations of the cultures, based on civilization values principally different from pragmatic ones.

The **second way** is associated with considerable consolidated efforts, and under the conditions of permanent crisis - with great efforts. In globalization context the urgent question for Ukraine is not that of guaranteeing the factoring competitiveness (taking into account that the necessary, though up to present not used resources and technological preconditions exist - minerals, arable land, skilled work force, scientific and technical base, advantageous geographical and economic location), but it is the problem of transforming the initial (factoring) advantages into investment, scientific and technological. A tough state strategy with resource concentration on corresponding priorities is necessary.

However, not only Ukrainian scientists but top Ukrainian politicians and business people [4] are aware of the necessity of working out and applying the innovative model of development. It is stipulated by a number of objective factors, and first of all by the national scientific and technical potential that have been created for decades, along with the world-famous scientific schools and groups successfully working in all spheres of fundamental and practical research. Such spheres of research are calculus mathematics, theoretical physics, metallurgical processes, molecular biology and microbiology, sciences dealing with the Earth.

On one hand, it is clear, that national scientific and technical potential and all its structural elements - personnel, material and technical, scientific financial, scientific discoveries - by means of quantitative and qualitative parameters, limit the range of priorities for selection. The reduction of fundings for science development has led to closing of a number of research programs, lowering the prestige of scientific work, fast and uncontrollable reduction of scientific personnel, and the level of their

material stimulation. The amount of inventions which have been applied under the crisis conditions decreased 8 times fold during the period of in 1991-1999, that is much more than the volume of the GDP and industrial production, and the share of innovatively active enterprises fell down to 13,5%. However it is interesting to note, that the volume of Ukrainian services export in R&D sphere are comparatively insignificant (about \$100 mln.), but its dynamics is rather impressive as well as the structure (more 50% into countries of "G7").

On the other hand, the international nature of contemporary scientific and technological progress enables the majority of countries to be within its line, to use their own, sometimes unique niches. For Ukraine these are aerospace industry and materialogy, and not as occasional events, but an integrate part of international distribution of labour.

So, the aim of supporting basic intellectual institutions which constantly accumulate postindustrial values in clearly defined priority spheres (scientific and technological niches) is quite achievable for us. Large scale measures of assistance are necessary for this: to renew the system of scientific research organization and applying their achievements; to support innovative undertakings and venture business formation; to creation technoparks; to commercialize the R&D results on domestic and foreign markets; to cooperate with the aim of borrowing the world experience on organizing functional and regional systems of innovative development. Of almost the same importance is overcoming "psychological barriers", especially fear to lose, the usual old directions in science and production though preindustrial or industrial and uncompetitive. For example, domestic machine building.

Ukrainian development perspectives will depend mostly on the level of informatization of the economy as well as the society as a whole.

Nowadays 1-2% of the country's population use personal computers. The Ukrainian segment of the Internet network is 6-10 times less than the corresponding Russian segment, and far less than the one in Poland, Czech Republic, and Slovenia. On the average, there are 20 telephone sets per 100 people (50 in developed countries).

Though the system of mobile communication has already covered the territory inhabited by 63% of Ukrainian population, 700.000 people are its subscribers (less than 1,5 % of the population). At the same time, the dynamics of up-to-date information and communication systems development for the last few years has been rather high. In particular, the average annual growth rate of the Internet network amounts to 50-55%, that approximately corresponds to the average European rate [6]. However if we take into account the global essence of contemporary information and communication systems our information perspective seems to be optimistic. First, at present all countries in the world, irrespective of

their incomes to some extent have information links. Among the 50 greatest telecommunication companies of the world, where the USA, Japan, Germany, France, Great Britain clearly domain there are representatives of Brazil (position 15), Mexico (19), Argentina (33, 35), Hungary (47). Second, growing access to world information resources can be the reason for relative price reduction of such services. Consequently, the cost of information transmission networks using digital codes for the last 20 years has become 10000 times less, while at the same time the power of computers has equally increased as calculated per 1 dollar. The amount of memory of a standard computer has become 250 times more, and the cost of a memory unit tends to be 1800 times less.

Considering, on one hand, the key world economic tendencies, and on the other - the Ukrainian economy potential, strategic priorities of its development under globalization conditions, as we see it, should be as follows:

- systemic integration into world economy by guaranteeing the real international competitiveness;
- effective international specialization, coordinated with the internal structural modernization and oriented at available progressive segments of the world market;
- international diversification aimed at avoiding the existing on a number of foreign markets monopolistic dependence and dependence upon the markets or products of one country;
- creating domestic international economic structures with global management;
- integrational interaction at the macrolevel with the European Union, Central and Western European groups of countries;
- immediate participation in the world institutional infrastructure formation by interacting with the IMF, the World Bank, GAAT/WTO system, specialized governmental and nongovernmental organizations in the sphere of communication and information exchange, as well as in the sphere of transport, energy, labour (ILO), trade and development (UKCTAD), industrial development (UNIDO), agriculture and food industry (FAO) etc.
- ensuring the proper level of economic safety with efficient mechanisms of protection from unfavourable changes of international conjuncture and financial crises [2].

Effective realization of the defined priorities is possible by means of adequate economic policy with productive usage of domestic intellectual resources. Innovative development as a basic postindustrial value can be provided only through the system of training and supporting of personnel of the new type. An innovative economy needs innovative education and management.

КАУНАКҘА

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