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**GLOBAL DEVELOPMENT CHALLENGES FOR THE NEW MARKET ECONOMIES IN
THE XXI CENTURY: VIEW FROM UKRAINE¹**

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INTRODUCTION

1. The issues pertaining to economics of growth are such sphere where the scientific talent of J. Bognar had appeared first of all.³ However, at his mature scientific age, he became more engaged in problems concerning international integration and the thing that we call now globalization. Within this context precisely, it is worth looking at global perspectives of the new

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³ See in particular: J. Bognar (1968). *Economic policy and planning in developing countries*. Budapest: Akademiai Kiado; *The economic growth, international flows of capital and petrodollars in the third world*/Principle editor: J. Bognar. Budapest, Institute of the World Economy, Academy of Sciences of Hungary, 1977; *End-century crossroads of development and cooperation*/Jozsef Bognar. – Budapest: Hungarian scientific Council for World Economy, 1980.-2v.

market economies, i.e. economies that have emerged as a result of systematic transformation processes since the beginning of the 1990s.

I. GLOBALIZATION AND THE INTERNAL DEVELOPMENT: INTERACTION AFFECTS

2. On the whole, globalization pertaining to not only economic but the social processes in their very road definitions has become a dominant of modern world development. This process has its defining impact on the countries that have just finished or are finishing the process of market system formation and that follow the path of consistent joining the commonly recognized civilization processes. As a result, the trajectory and the effectiveness of their national social and economic development are more and more influenced by the effects of interactions caused by internal and external factors which are of positive and negative nature. In particular, these countries face the challenge: *create the mechanisms in the economy and society on the whole that would allow, on one hand, to make use of the globalization's positive influence and on the other hand, to oppose to its negative effects.*

3. Today, a great deal of research has been done in the world indicating to the *globalization's positive influence upon social and economic development*. Thus, one of the World Bank⁴ researches stated that more globalized countries have higher growth rates on the whole. This is based on the empirical analysis of data from 24 developing countries, among which the countries that advanced their integration level into the world economy during the two decades (up to the end of 1990s) have reached higher (5%) per capita income growth rate as compared to 2% in the rich countries and 1% in less globalized countries.

4. In a number of studies among which it is worth mentioning the recently new research by J. Bhagwati⁵, we can find a fundamental basing (in contrast to the powerful movement of antiglobalists) for the beneficial impact on the globalization development which as it is stated "has a human face already now". However, even J. Bhagwati and other active supporters of the globalization process cannot but admit the presence of serious defects in the way the process looks now which should be eliminated during the process of improving the globalization controllability.

5. In particular, both at the global and national levels, the first and foremost attention should be focused on the problematic aspects representing the *global challenges for development*. It should be pointed out at once that these global challenges originate from the very contents of the basic driving force of the globalization process.

6. *The informational revolution* is among the most active components and catalysts of globalization. It fundamentally changes not only the capabilities of communications but the technologies for the exchange of products, services, knowledge, and, the most important thing, technology to manage the social processes within their internal and external manifestation. For

⁴ The World Bank (2002). *Globalization, Growth and Poverty: Building an Inclusive World Economy*. Washington, DC: The World Bank – New York: Oxford University Press, p.5.

⁵ A striking example of such approach is the book of the well-known American economist of Indian origin, one of the key theorist of the international trade freedom: J. Bhagwati *In Defence of Globalization*. Bhagwati J. (2004). *In Defence of Globalization*. New York: Oxford University Press.

all, without exception, world countries, the inclusion into the world economic system of electronic communications is the priority task. And many new market countries meet this challenge. Thus, in 2000-2004 the number of the Internet users in the countries of South-Eastern Europe and the SIC have increased by 583.3% while in the developed countries by 75.8%. While in 2000, the first group of the countries accounted for only 1.5% of the total number of users in the world, in 2004 this number has already reached 4.7% (more than 40 million people).⁶

7. Especially the emphasis should be made on the accelerated *development of e-commerce* which lead to the all-round globalization of markets, optimization of mechanisms enabling their functioning, changes in structures for traditional economic sectors, speeding up the rate for progress on the markets of new products and services that, in one's turn, accelerates the rate for circulation of capital and significantly increases the speed of the national wealth accumulation.

8. But the globalization of the world economic relations through the use of informational and communicational technologies contains the potential of probable losses. Thus, *the lack to a fair degree of independent mass media* in a number of countries with a market economy (mainly on the post-Soviet area) creates the prerequisites for deformations in the people's mind, hampers the freedom of their choice and often serves as a tool to deform the morale and public behavior. The danger of the unauthorized spread of information about some individuals, their financial status, the threat of the unauthorized access to their bank accounts are progressing and this threatens not enough stable institutes of private property and gives rise to the new types of crimes. That is why, on one hand, the development of informational –communication system exclusively on the basis of the real competition and public control is very relevant for these countries. On the other hand, equally important is the provision of reliable tools to protect information from unauthorized access.

9. Another problematic component of the globalization process and at the same time its important driving force is *financial globalization* which produces the opportunities for almost immediate movement of such amounts of financial resources that can provoke the financial crises not only in a separate country but in a number of countries.

10. The modern *uncontrolled globalization of financial relations* more and more virtualizes the world economy, it is very weakly mediated through the real economic relations. At the same time, it makes the role of the state significantly weak in the regulation of the economic processes. As far back as in the middle of the 1990s, it was concluded that the situation on the world financial market is already determined not by the national governments but private capital⁷. As the share of the national states in the management of the financial and economic processes is getting down, the effectiveness of many established mechanisms enabling the participation and democratic control is also falling off, while the system for the national bodies still lacks the developed mechanisms of such controls. However, it has especially negative influence upon the insufficiently good mechanisms for the state regulation in the new market economies and, in the broader context, in the developing world.

⁶ Estimates are based on UNCTAD (2005). Information Economy Report 2005. New York and Geneva: United Nations, p.2.

⁷ Allen R.E. Financial Crises and Recession in the Global Economy. Aldershot: Edward Elgar, 1994, p. 129.

11. Today, international "financial alchemists" are able not only to regulate the financial flows from the point of view of their mercenary interests, but if necessary, to provoke the local and worldwide financial and common to the whole economy crises similar to the one that happened in 1997-1998. And evidently, this is not the last case of this kind.

12. *The submission of the financial markets to the risk capital* which had freedom in its movements owing to the modern electronic technologies has put high *on the agenda the changes in modern and establishment of the new financial system* which should not be very much dependent on the speculative flow of capital and, to a greater extent, would take into account the interest of the development of the real sector of the economy. Quite similar and extremely risky is the situation when the world turnover of financial assets more and more surpasses the turnover of the world trade in goods.

13. Thus, in 2004 the traditional daily trade in currencies, according to different data, accounted for 1.77-1.88 trillion USD⁸ (this makes up approximately 645-685 trillion dollars per year), while the world trade in goods is estimated at 8.9 trillion dollars in 2004. That is, the trade in currencies is 73-77 times higher, although in 1973 such a surplus doubled⁹. As early as in 2007, as a result of the expected sharp increase in the amounts of currency trade to reach 3.6 trillion each day, this ration is to be 102:1¹⁰.

14. The significant controversial problem for the globalization mechanism is the activity of *the multinational corporations (MNC)*. Of course, MNCs are the main entities of the world trade, the main entities of modern technological progress in the world economy and the main source of technologies transfer for the less developed countries.

15. Thus, according to estimates of those who did a research into these issues, approximately 75-80% of the R&D world volume in civilian sector is made by MNCs¹¹ while 700 the biggest industrial firms of the world, which are mainly MNCs, have a ½ of the total volume of commercial usage of the inventions in the world¹². In separate countries the role of the MNC foreign affiliates in the development of high technological areas for manufacturing is very big: in Ireland - 95.6%, the Great Britain 59.0%, Canada 52.5%, France 51.5%, Norway 48.6%¹³.

16. For many countries of the world, the refusal to allow the MNCs into the national economy would mean more lagging behind the developed countries than it is now. It is typical that the

⁸ Bank for International Settlements (2005). Triennial Central Bank Survey: Foreign Exchange and derivatives Market Activity in 2004. Basel, March 2005, p.5; Garnham P. FX volumes "to double" by 2007. Financial Times, October 9, 2006.

⁹ Kuvaldin V.G. *Globality: a New Dimension of Human Existence*// Gorbachev M.S. and other. The Distinctions of Globalization: Difficult Issues of Modern Development. Moscow: Alpina Publisher, 2003, p. 53.

¹⁰ Estimated are based on data Garnham P. Op. cit, and the IMF data on the projected value for exports of goods and services in 2007 (12.9 trillion USD). IMF (2006). World Economic Outlook. September 2006. Washington, D.C., p. 218.

¹¹ Dunning J.H. (1993). Multinational enterprises and the Global Economy. Workingham: Addison-Wesley Publishing Company, p. 106-109.

¹² See: Cantwell J.E. Introduction. In: Cantwell J.E., ed. (1994). Transnational Corporations and Innovatory Activities. London and New York: united nations, p. 1-36.

¹³ OECD Statistics on Measuring Globalization, Volume I: Manufacturing (AFA), March 2005. – <http://oecd.p4.siteinternet.com/publications/>

majority of economically successful countries from Eastern Asia including Malaysia, Singapore, China, etc., were opening their door to MNCs rather wide.

17. However, at the same time, MNCs which as a rule have a rather high sensitiveness towards the governments policies of the countries where they are basing (today this is mainly the USA and other advanced developed countries)¹⁴ create the environment for weak countries in order to wash out their national and state identity. This process has the prolonged nature and can, if circumstances permitting, threaten the safety of the new market economies in the long-term since the financial and technological capabilities of separate MNCs significantly surpass the government capabilities in each country. As a result, the strategic decisions when the MNC activities are widespread across the country can be taken to the prejudice of the national interest – from the actual control over the usage of the important strategic natural resources up to accumulation of ecological problems.

18. For the newly emerged market economies still not enough strong in terms of availability of institutes to protect their own economic interest, the over strengthening of foreign MNCs can bring the negative consequences. The latter basically remain the *nationally attached* organizations, and therefore their policy is mainly dictated by the interest of the countries where the MNC main offices are located. Often MNCs either obviously or implicitly hamper the technological progress of the provincial countries providing for its attachment to standardized technologies generated within MNCs (as a rule at their research centers located outside the host countries) and moreover in many cases representing not the recent achievements (technologies at the stage of maturity). Owing to the mentioned reasons, the theoretical possibility for the new market systems to join the highest standards of scientific and technological progress through the MNC mechanisms with Headquarters in the foreign countries seems rather dubious.

19. The reaction to this potential threat could be *the creation of one's own powerful financial and industrial groups and transnational structures* so that the latter would have an opportunity to defend the national interests being interested in political support to be given to the government's activity of their own countries where they pay their taxes. *The development of own MNCs should be oriented towards their rooting into the global network underlying the high technological cost.*

20. At the same time, the emphasis should be put on the introduction of the rational mechanisms for regulating the MNC activity so that their strategies and the national development strategies would *coincide to great extent if possible*. In particular, the key importance have the issues on stimulating MNCs to make use of the national scientific and technological developments and not their repression (as it is the case now) and also the problems of ensuring the equal competition for the different types of business instead of establishing the oligopoly market regimes. In the event that there is a lack of such mechanisms, the MNCs activities can form the financial and technological dependence from the developed world alongside with the streamlining of own productive capital.

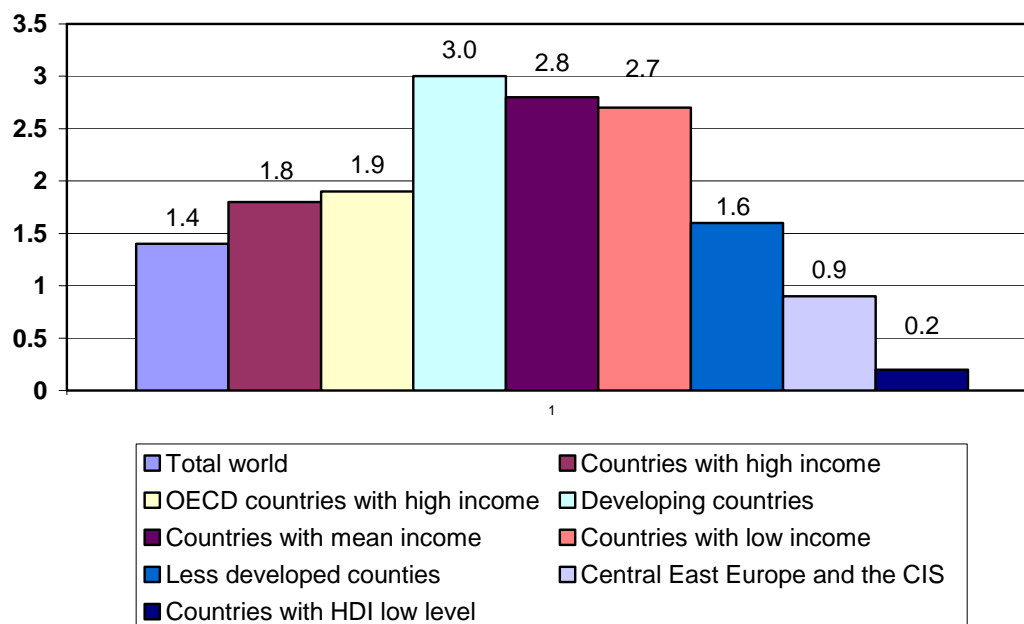
¹⁴ Particularly in this place the majority (about 57 thousand) out of 77 thousand of parent MNC companies is located, which undergone registration in 2006. UNCTAD (2006). World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development. New York and Geneva: United Nations, p. 9-10.

21. Among the components underlying the globalization process that have the ambiguous effects for development, *the development of the world labor markets* is also occurring. According to numerous forecasts, in the XXI century for the first time in the mankind's history the labor potential of development will be limited at large. This will strengthen the struggle for the employment of the qualified labor resources. Regrettably, at present we observe the predominance of the negative aspects. On one hand, much autonomy in the movements of unskilled labor resources which is potentially favorable for the buildup of well-being in many less developed countries has been restricted by visa barriers and the numerous demonstrations of discrimination on the markets of the developed countries. On the other hand, the highly advanced countries experiencing the deficit of the qualified labor force and the promising youth create the necessary prerequisites for its outflow from the other countries including Ukraine.

22. In order to take into account the magnitude of this problem, it should be noted that according to different estimates, in Ukraine more than 2.5 million people are in labor migration, and as a rule, they occupy the jobs that do not meet their qualification levels. In the event that in the near future no conditions are created to satisfy the needs in proper standards of living for at least that part of the population that gets modern education, a significant part of people in working ages can leave Ukraine, thus limiting the resources of the economic growth in the long-run.

23. But considering the importance of the above-mentioned challenges, the large-scaled social and economic problem of modern global development is *the rise in economic and social inequality in the world*. Despite the ideological slogans about the drift to cut down the gap between the most poor and the most rich countries, this gap is constantly increasing (Fig. 1).

Figure 1. Per capita GDP average annual growth rates in different groups of countries, 1990-2004



Source: *Human Development Report 2006*. New York: Palgrave Macmillan, p. 334.

UNDP (2006).

24. We can see that in the period under review the countries from Central East Europe and the CIS keep company with the group of less developed countries into the marginalization process within the world economy structure. Even despite the fact that they have already overcome, as a rule, a deep transformational recession and today many of them enjoy high growth rates, the gist of challenge for them is as follows: *how to liquidate the consequences of "the lost decade" of the 1990s.*

25. Taking into account the resource constrains for the economic growth in the world, it becomes obvious that the positive effects of globalization will be spreading first of all over the countries that have already possessed the effective mechanisms for employing globalization to secure their own economic development and the rise in well-being. In this respect, the forecasts for the trade global liberalization within the WTO are very indicative. Thus, according to the available predictive estimates¹⁵ regarding the impact of the new round of the world trade liberalization, the share of the European countries with transition economies in the world's gains in well-being provided there is a 40% decline in tariffs for trade in agricultural and manufacturing products is only 0.5 and 2.0% accordingly.

26. For all the importance of finding the effective political answers to each of the above-mentioned global problems, the global challenges are unlikely to get the adequate answer if a search for solution will put aside the paradigm basis for the further development of the new market economies.

II. A PARADIGM OF STRATEGY FOR THE LONG-TERM DEVELOPMENT IN THE CONTEXT OF THE GLOBAL TRANSFORMATIONS

27. The emergence of the new market economies as a result of the systematic transformation process coincided in time with the widely *scaled transformation process which is occurring within the framework of the world economy* and which is leading to the changes in the system of notions about the nature of the world's social and economic development.

28. *A new, in many respects, fundamentally different system of notions about the future development* is being established, first of all, it interest the social life and at the same time very largely cultural and economic development with the state's role changing within the system "society- state – personality".

29. That is why at present it is *necessary to shape the new conceptual scheme (model) for development* and implement such methods and tools relevant to this problem that would have a decisive impact on the definite historic period. This directs us towards *the new paradigm of development both in global and local dimensions.*

30. In the future, it is necessary to proceed from the point that the new market countries which are striving towards the intensive development *require non-traditional solutions* which would not copy the past (reproduction of the concept for *overtaking development*) but produce the

¹⁵ Hertel T., Anderson K., Francois J., and Martin W. Agriculture and Non-Agricultural Liberalization in the Millennium Round / Center for International Economic Studies, University of Discussion Paper No. 0016. Adelaide: Center for International Economic Studies, 2000. Estimates based on table 8 of the mentioned work.

possibilities for making breakthroughs towards the higher efficiency and productivity (*the concept for priority development based on ideology of technological breakthroughs*). In strategic terms, in the context of globalization the priority task for the mentioned countries will be the implementation of process to achieve *the inclusion into "the new economy" of the world economic system upon the condition that the proper scientific and technological potential is retained*. Within this context, it will be important for the new market economies to obtain the right in the struggle for the free access to markets of high tech commodities and services produced by the most developed countries, to the equal inclusion into the global network of reproduction of value in the high-tech spheres.

31. On the other hand, *it is not a good thing to change the new market economies, particularly Ukraine, into the region for reproduction of human capital for the needs of the most developed segments of the world economy at present*.

32. The fundamental conclusion drawn from the changes occurring in the social development of the world civilization during the second half of the XX century has been the point indicating that a *progress paradigm* which dates back to the Renaissance ideology was, is and will be prevailing.

33. It, virtually, means that despite the increasing constrains regarding the resource development, the achievements in sphere of science, engineering and technologies, education and culture will permit to ensure the progressive advance towards the further improvements to be made to the conditions of mankind's life. The concept of this development has been added to arsenal of those countries which started changing their social and economic system during the last decades of the XX century being oriented towards the establishment and spread of the market institutions similar to institutions from the most developed countries. However, in spite of the initial expectations for the guaranteed economic prosperity, this way seemed to be full of traps. The adherence to the western paradigm of progress paradoxically could lead, within the completely different cultural environment, to the emergence of the *numerous mutants originating from progress* who would throw off the economy and the society for many years backwards.

34. There are a lot reasons behind it and they are of the exogenous and endogenous nature. First of all, one of the methodological mistakes in selecting the technology for transformational process for Ukraine and a number of other post-Soviet countries has been the point that the paradigm for managing the development includes the incompatible contradictions. This, in the first place, is shown in the following:

- (a) The increasing *social inequality* in the world, the *marginalization* of the considerable part of the Earth's population together with the *expansion of the primitive pop-culture* and the *aggravation of a problem pertaining to the political, cultural and religious self-definition of nations* result in the progressive loss of their cultural basis which not only robs of defining resource needed for development but gives the social foundation for the increasing religious fundamentalism, ethnical nationalism, vulgarly understandable patriotism and chauvinism¹⁶ and, finally, international extremism and

¹⁶ S. Huntington warned about those perils in book *The Clash of Civilizations*. Huntington, Samuel (1996). The

terrorism. Because of the expansion of the social basis for international extremism, the recent achievements of the world science, the advanced technologies which basically are human-oriented unexpectedly can be used for the purpose of destruction: particularly, the completely new dangers are appearing – so-called "cyberwars" and the potential hacker diversions bringing forth the unforeseen consequences.

- (b) The *objective boundaries of the environment exploitation and strategies of the economic progress based on the continuous buildup of human-caused burden on the environment* are getting more and more distinct. Owing to this, the struggle for resources (human capital and energy resources) and the habitat conditions between those who go ahead of all and those who are lagging behind, is swelling up, thus leaving the latter without the sufficient resources not only for development but partially for existence. On the other hand, providing the human-caused burden is kept in the future, in opinion of a number of well-known environmental scientists as early as in the middle of the XXI century there could be a degradation in biosphere that would bring about the irreversible processes and global cataclysms.
- (c) Along with the globalization of the economy, the criminal activity is also on the rise: currently, the volumes of illegal turnover made 20% of the world trade, including: money laundering is more than 1 trillion USD per year; illegal trade in drugs 800 billion, counterfeiting 400 billion, illegal trade in arms 10 billion, illegal transfrontier transportation of people 10 billion, illicit transfrontier trade in art objects 3 billion¹⁷. At the same time, the increasing contribution to this turnover is being made by varmint from the new market countries. This results in the world economy being stratified into legal and illegal parts, international institution crises.
- (d) There is a steady increase in the global crises risks amid the inadequacy of the existing global regulating institutions on one hand, and the efforts of the current leader-countries to retain the geostrategic status quo, thus resulting in the global disagreements between leader-countries and aspirants to leadership being built up. The vivid manifestation of such disagreements was the stoppage of multilateral negotiations within the WTO Doha round in July 2006.

35. Inability to adjust the above-mentioned differences within the framework of the current development paradigm is the evidence of the necessity to work out the new development paradigm able to systematically resolve the mentioned problems. The case in point is not the special course of development which sometimes is called the third way but the environment for development and modernization of the multipolar world based on the system of values inherent in culture of each country. After all, owing to the features of the national character a synergic effect crops up which permits to reach a unique effect as, for example, it is the case with modern China. Previously it shown itself in East-Asian "tigers". The successful progress made by this East Asian region clearly confirms the idea about the enormous significance of support for the development. This support implies the historically inherited philosophy and stereotypes of human behavior originating from the given cultural *community, the original mentality type and deeply rooted traditions*. This should be one of the main principles for the new development

Clash of Civilizations and the Remaking of World Order. New Yourk: Simon and Shuster.

¹⁷ Naim M. (2005). Illicit: How smugglers, Traffickers, and Copycats Are Highjacking the Global Economy. New York: Doubleday.

paradigm in contrast to that what has been set up basing on the standardized ideology of the Washington consensus.

36. The new development model should be aimed at establishing, both for a personality and separate countries, the environment for a comprehensive *socialization and humanization of the economic life*. The global world tendencies of the social and economic development and the scientific researches show that the future world community will neither be a capitalism model in its classic or subsequent forms nor a society of mass consumption in modern terms. It should be characterized by the socially-oriented development based on the dominance and comprehensive development of a personality, it must have a new structure for ownership and power which is to generate the new quality of life on the basis of *humane technologies*.

37. The future of the countries with the new market economies, including Ukraine, depends on how successful they will be in finding the authentic forms enabling them to adjust themselves to the above-mentioned basic framework.

38. However, the implementation of potential opportunity for movement along the mentioned way encounters with some risks. In this context, one cannot but agree with the opinion of the prominent Russian scientist N. Moiseev¹⁸ about the point that on the verge of the XXI century mankind has approached some boarder in its historic development which separate more or less successful history of the human race from the unknown and, probably, very dangerous future. The matter interest not only earlier mentioned disagreements pertaining to the economic, social and ecological globalization process. The geopolitical factors represent the same risk. Currently, one cannot but catch sight of processes implying the changes in balance of forces and influence in the world. It is shown by aggravation of competition between the USA and the European Union, the Moslem world activation and China and India dominating the foreground, and evident Russia's geopolitical role renewal.

39. In view of extremely difficult geopolitical situation, the world is on the crossroad and that is why it follows any alternative way. The scenario for further fortification of the West predominance (North-Atlantic civilization headed by the USA)¹⁹ is getting very possible. However, the implementation of such project is impossible without ruining all other planet-like structures which equally pretend to be alternative. Hence there is the *second possibility: this is the renewal of the two-polar system*. However, the second pole is more likely to be presented not by any second superpower (as used to be in the time when the USSR existed). *The new second pole, if it comes into being, is doomed to combination well in advance*, i.e. it could be a strategic alliance of some big powers, regional leaders. It is evident that the existence of such alliance alternative to the West is not at all equivalent to the optimal structure for the global world order – multipolar structure where the main contents implies not the confrontation but cooperation.

¹⁸ Moiseev N.I. Preserve the Mankind on the Earth // Ecology and Life. 2000. № 1. P.11-12.

¹⁹ The idea that the world during the civilized rivalry has been gained by victorious West headed by the USA and the latter's task is to make it follow their rules was theoretically justified in *The End of History* by F. Fukuyama (Fukuyama F. (1992). *The End of History and the Last Man*. New York: Free Press) and more openly stated by Z. Brzezinski in his *The Grand Chessboard*. Brzezinski Z. (1997) *The Grand Chessboard: American Primacy and Its Geostrategic Imperatives*. New York: Basic Books.

40. Given the risks of the new geopolitical splitting which, of course, could have the significant impact on perspectives for the world economic development, the potential role of the new market nations that could serve as "bridges" for establishing the dialogue between the geopolitical and geoeconomic groupings is rising. In our opinion, they, on certain conditions, may include Ukraine which in case it pursues the policy of neutrality, could take the advantage of its geopolitical and geoeconomic (transit country) status. Using good neighbour status, Ukraine could be a gravitation center for the countries which are not going to join the big alliances. Due to this, there could be a basis for establishing the *medial space* as a stabilizing element of the world architecture.

41. It should be noted that the result of the global technological competition will be play the important role in geoeconomic and geopolitical order of the future. After all, in opinion of many researches, the XXI century is going to be the technetronic age when the world will see something completely new which represents the synthesis of the recent information and biological technologies rather than mechanical and physical technologies. The unique combination of the new technological discoveries to be implemented during the recent 10-15 years will present the opportunity to manage the planet's social development in accordance with directions which will mainly be defined by technological leaders by bringing them a leadership in accumulating the financial resources which, in its turn, consolidate this leadership.

42. This is connected with the extreme efficiency of transactions namely in high-tech sectors. Thus, according to estimates of American experts, a share of value added in production, for example, of satellites makes 2 000%, jet fighters 2 500, supercomputers 1 700, color television sets only 16 and cargo ship 1-1.5%.

43. Since the mastering of the new technologies presents the possibility for establishing the financial and informational domination in the world, there is a very tough struggle for control over technological discoveries of the new generation. Today, out of 50 macro technologies ensuring the competitive production, the highly developed countries have 46 of which the USA has 20-22 macro technologies, Germany 8-10, Japan 7, Great Britain and France 3-5, Sweden, Norway, Italy, Switzerland 1-2.

44. Being guided by the interests of securing the technological domination in the world, the USA and a number of other countries (global technological leaders) not only blockade the transfer of modern technologies to less developed countries. Under their pressure the development programs supported by international organizations being controlled by highly developed countries do not look seriously at scientific and technical development.

45. More over, the modern global economic order creates a real danger for the economic systems of the provincial countries to be transformed into the dead-end systems, without any potential for development. Special threat is presented by technologies called *closing*. i.e. these are the technologies that when implemented imply that the new market capacities being opened by them are significantly are smaller than market capacities closed by them due to the rise in labor productivity they caused²⁰.

²⁰ M.G. Delyagin. The Russia's Path in the Onepolar World // Megatrends of the World Development / Executive editor: M.V. Ilyin, V.L. Inozemtsev. Moscow: CJSC Publishing House Economics, 2001, p. 101-103.

46. In this environment, the political and economic elite from the new countries with market economies should timely take the relevant anticipatory measures aimed at occupying the new positions in the changing world. Thus, Russia at the end of the 1990s set a goal that till 2010 it has to master 12-16 macro technologies²¹ during the period of up to 2025. Ukraine's leadership intentions are looking at the same direction and are oriented towards the transition to innovative and investment development model. If these plans and the plans of other new market countries achieve a success we shall be experiencing the substantial redistribution of the world technological space.

47. The main course for such a strategy is the highly educated population as a precondition for the diversified flexible economy. Currently, it is clear more than ever that an issue pertaining to the global competitiveness in the XXI century is, in the first place, the issue of the *power of education system*.

48. Of course, for majority of the new market countries including Ukraine, it is above their strength to build up and manage self-contained systems for international reproduced cycles. But after all, the modern productions and technologies are currently cost-effective only providing the products generated with their help are sold globally. That is why it is crucially important for these countries to reconstruct the international economic order in such a way that would significantly facilitate the equitable international cooperation in high-tech areas based on the guarantees for *more liberal and less burdensome, in financial terms, transfer of technologies and liquidation of all forms of technological discrimination against less developed countries*.

49. The performed analysis shows that the economic development of the new market systems including Ukraine is threatened by serious global challenges. However, in order to answer them, it is necessary to create the relevant political tools. And if the number of tools is not less at least than the number of goals being pursued (in our case, global challenges of economic development) then, according to the rule, laid down by the Nobel prize-winner Y. Tinbergen, it is real to achieve the mentioned goals set for dynamic and safety development of the national economy within the global environment.

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²¹ A Path into the XXI Century: Strategic Problems and Perspectives for the Russian Economy / Chief of the writing team is D.S. Lvov. Moscow. JSC Publishing House Economics, 1999, p. 360-362.