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THE CONCEPTUAL FRAMEWORK FOR NEOINDUSTRIALIZATION OF THE CIS TRANSITION COUNTRIES

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The problem of identifying areas of modernization of socioeconomic development of the CIS transition countries is one of the most important ones for these countries' switching to the path of innovation-based competitive development. Given the devastating consequences of deindustrialization of some CIS transition countries over the period since they gained independence, formation of the conceptual framework for neoindustrialization takes on special significance. Searching for effective mechanisms and strategies for new industrialization at both the national and regional level becomes the key task of effective socio-economic policy.

Special topicality of the research problem is that the CIS transition countries experienced the never yet seen processes of deindustrialization and industrial devastation during the processes of transition from the command-administrative to market economic system as a result of predatory "grabitization." The battered industrial system, lack or ineffectiveness of market mechanisms and institutions require creation and implementation of special, specific mobilization systems and application of strategies, which even in the context of an investment hunger and an unfavorable crisis climate of global development and competition would enable to efficiently and effectively pass the stages of cessation of the processes of deindustrialization and transition to the path of neoindustrialization, innovation-driven, advanced industrial development, as a driver of socioeconomic dynamics. Experience of traditional soviet total-mobilization industrialization cannot be applied, because it will yield only a negative effect in the context of the existing market system.

Topicality of this problem will further grow over the long term for the transition countries due to intensification of global competition and

internal conflicts of globalism. This is particularly so with Ukraine, which has a complex industrial system and a system of industrial property, when the state levers of management, planning and regulation are extremely weakened.

Development of the conceptual framework for neoindustrialization of the transition countries, especially such as Ukraine, is an urgent task, since without its development and implementation national industrial policy will be chaotic and noncompetitive. It will not perform imperative and strategic tasks. This also concerns to the full extent the other transition countries, particular the of CIS countries.

The problems of new industrialization of transition countries, such as Ukraine, Russia, Belarus and other CIS countries is not currently sufficiently developed. The European Union, OECD and partly UN Economic Commission for Europe dominate in scientific development of this range of problems. Individual publications, mainly of an empirical nature, came out in scientific periodicals of countries of Europe, North and South America. These are research studies and papers of such scholars as D. Jorden, D. Lehman, M. Adomanis, Justin Yifu Lin and others. In Russia, both academicians and busi-

ness quarters and individual movements, for example, "Business Russia," handle these problems.

The imperatives of safe development concerning structural and institutional modernization of the Russian economy, selection of a post-crisis development concept, in particular, that of new industrialization, were studied in works by Russian scholars S. Gubanov, V. Naimushin. Russian researchers O. Romanova and Y. Lavrikova thoroughly analyzed the conceptual framework of industrial policy as a tool of neoindustrialization. Scientific papers by M. Guzev and L. Loginova identified neoindustrialization as an anticrisis strategy for development of regions. Among Ukrainian scholars, a sizable contribution to studies of the theoretical aspects of neoindustrialization of the transition countries and their evolution in the context of dominant world system of globalism belongs to member of the NAS of Ukraine O. Bilorus, E. V. Prushkivska proved the need for new industrialization of Ukraine in order to renovate and update the secondary sector of economy amid the crisis.

In recent years, quite a few scientific papers have been dedicated to revelation of the role of entrepreneurship in reindustrialization processes. In Ukrainian economic literature, these aspects are deeply studied in works by O. Bilorus, O. Havryliuk and others. M. Liubushin, M. Deliaghin, A. Amosov, S. Kimelman can be distinguished among foreign researchers. However, the issues concerning the role and mechanisms of SME operation in the course of economy formation and development on the principles of state corporatism remain insufficiently covered.

Ukrainian scholars O. Bilorus, D. Lukianenko, M. Zhuk, T. Baulina, Y. Kozak, Y. Yekhanurov, and V. Kovalevskyj examined in their works the international aspect of the industrialization problems. Thus, M. Zhuk and T. Baulina focused their attention on studying economic strategies and strategic programs of development in the context of a global economic system formation.

At the same time, these topics are chiefly developed along individual, general lines. So, there is a lack of full-scale studies of the conceptual

framework of neoindustrialization of the CIS transition countries as a strategy of modernizing and reforming national economies amid the global systemic crisis.

The object of the present paper is to single out strategic concepts of new industrialization and integration of the CIS transition countries in order for them to move towards effective models for modernization of socioeconomic development under current conditions of the global systemic crisis.

The concept of neoindustrialization suggested by scholars of Belarus [1] deserves attention of researchers; it is associated with both national industry development and joining efforts through integration within the Union State of Russia and Belarus and economic integration of the CIS transition countries within other associations. At the same time, they believe that the main difficulties on the way toward building the Union State of Russia and Belarus and integration within the Customs Union, EurAsEC and CIS are due to the fact that the post-Soviet countries are oriented toward the liberal market, competitive development doctrine. In their opinion, this disintegrates the economies and societies of these countries, compels to see in one another only competitors, which should be weakened, taken over and eliminated, which give rise to gas, oil, milk, and sugar wars that even today turned into full-scale wars between the once fraternal peoples of Russia and Ukraine. The basic argument of the adherents of integration within the CIS, Customs Union and EurAsEC is that in today's world the liberal market, competitive model of development is losing its popularity being supplanted by a new system of values providing for cooperation and integration of economic systems of all levels among countries. This is exemplified by developed countries, where the integrative effect at the level of enterprises and individual business firms is materialized in the form of concentration of capital under control of large and superlarge corporations. Such countries as the USA, Great Britain, Japan, France, and Germany show accretion of monopoly power of their transnational corporations, which effect vertical and horizontal integration of manufactur-

ing processes. At the same time, the role of small and medium-sized enterprises, as drivers of innovation-based development of these countries dwindles. In the estimation of experts, at least 29 out of the world's 100 largest economic entities – countries and companies – are large global companies, alongside with such muscular economic systems as the national economies of the USA, Japan, China, Germany and other developed countries. In the meantime, national transnational corporations ensure the lion's share of the GNP of developed countries. For example, the 100 largest U.S. companies ensure 60 % of the country's GNP. Overall, up to 50 % of global industrial production, up to 65 % of international trade, about 80 % of the world bank of inventions, patents, licenses, and technologies are under control of western transnational companies. According to forecasts of western experts, in the globalized world and development of the global economy, domination of 300–600 transnational corporations will become established with 300 corporations creating 75 % of the world gross product [2].

At the national economy level, the integrative effect is materialized owing to strengthening of the state role, which is a system integrator of economy and society. Analysis of budgetary policies of the developed countries of the world indicates that the proportion of government expenditures in their GDPs quintupled on the average over the period of 1970–2012 and continues to progressively grow. In view of crisis response measures including multibillion investments in economy and nationalization of the largest enterprises and banks, such a trend pick up yet more. Instead, this indicator has regularly declined over the past twenty years and is now substantially lower in the CIS transition countries, except for Belarus, than in developed countries.

At the global level, the integrative effect is reached due to integration within economic and political associations, such as EC, G7, OECD, NATO and others. In the estimation of renowned Belarusian academic economist S. A. Pelikh, the cumulative integrative effect of the European Union constitutes annually nearly 100 billion Euros.

So, all the aforesaid is a reflection of the fact that the disintegrative liberal market model of economic development of some CIS transition countries, in particular, Russia and Belarus, represents an insurmountable obstacle in the way toward unifying processes in the region.

Let us turn to the negative processes of deindustrialization that have occurred over the period of the last 20 years in the CIS transition countries, among which special attention should go to:

1) decrease in the scientific-technological and innovative potential. It manifests itself in 2–5-fold reduction in research intensity of the GDP of the CIS countries as compared with the current 0,2–1,2 %, which is substantially lower than the optimum (3 %) and threshold (2 %) levels;

2) deindustrialization of the post-Soviet countries (except for Belarus and Kazakhstan), as a process of reduction in their industrial potential;

3) deterioration of quality of life of the popular majority, which is manifested in a drop in the human development index (HDI) virtually in all CIS transition countries. The highest HDI in 2012 among the CIS countries was registered in Belarus – 0,793, while in Russia it constituted 0,788, in Kazakhstan – 0,754. Ukraine ranked 78th with its index of 0,740. By the way, the USSR in 1989 (26th) yielded by a negligible margin to the USA (19th) in this index [3];

4) degradation of the population and depopulation. It is known that the population size in the USSR annually grew on average by 2,6 million people during the period from 1950 to 1991. Today one should speak of a substantial population decline in Russia, Ukraine and Belarus over the years of independence. Thus, Russia's population sank from 147,66 million in 1990 to 143,5 million people in 2013; that of Ukraine over the same period – from 51,45 million to 45,363 million people; in Belarus – from 10,20 million to 9,464 million people. UN experts issued unnerving forecasts as to further depopulation in these countries. The population should decrease almost twofold until the end of the century [4, 5].

The conceptual framework for neoindustrialization of some CIS transition countries within

the EurAsEC must include, in addition to integration of the economic systems, the following measures of socioeconomic and industrial policies:

- ensuring transition to the strategy of vertical integration of manufacturing and business processes, which provides for amalgamation within majors of all successive stages of raw material processing into final output. This will close the door on realization of super-profits at individual stages of manufacture, for example, those associated with raw materials, borrowings and investments, marketing and sales. Vertical integration can require greater government control over strategic, infrastructure sectors of economy, including their possible nationalization;

- adjustment of the liberal market development model towards strengthening of the role of the state, public sector of the economy and government institutions in planning and regulation of socioeconomic development, as is the case in developed countries worldwide. This will promote competitive growth of the state-owned enterprises in the national and world markets;

- enhancement of the role and resources provision of research-and-development activities as one of the extended reproduction stages, which includes: R&D, manufacture, exchange, distribution, and consumption. Retreat from the absolute priority being given to the exchange sphere (market), which pumps out most resources and inhibits the other stages of reproduction;

- increase in the labor productivity level based on technical and technological re-equipment of the national economy and implementation of the factors of production of the 6th wave of innovation. The three- to fourfold lag of the post-Soviet transition countries behind the developed countries in terms of these indices is due to the low-productive, worn-out and obsolete manufacturing and technological base rather than individual merits of manufacturers, as some analysts try to present [6];

- agreement among the transition countries that should form the economic Union as to resumption of the generally accepted parameters of the monetary (credit and money) system. This requires, in particular, carrying out

dedollarization of the economy; increasing the economy monetization up to 60–100 % (today on average it is in the CIS transition countries 3–4 times less than normal); raising the national currency rate kypc to a fair level that will be determined by purchasing power parity (PPP); lowering the level of credit resources for innovative enterprises to 2–3 % per annum in order to incite innovation-based informational development.

Let us dwell absolutely and irrespectively on such strategy of new industrialization of the transition countries as vertical integration. It was suggested and scientifically grounded by Russian scholar S. Gubanov [7]. According to another Russian economist, V. Naimushin, leadership of the industrially developed countries in material production is ensured neither by dominance of the tertiary sector in the GNP nor by the technotronic-informational specifics of the pattern of present-day production but by the increasing role of powerful vertically integrated corporate entities, which embrace all chains of the reproductive cycle and are able to perform the tasks of uninterrupted R&D financing, designing, mastering, quantity production, sales and post-manufacturing services concerning new-generation products [8].

The mechanism of operation of vertically integrated corporations based on rational combination of corporate strategic planning capabilities, market self-regulation and partnership with the state is of particular importance for the post-Soviet countries because:

first: the strategy of survival one by one was not rewarding, which led in individual cases to the breakup of large science and production associations that were of strategic importance for countries;

second, development of vertically integrated companies ensures effective integration at various levels with markets of countries of both the “near” and “far” abroad, facilitates integration into the global market.

Therefore, such a strategy of new industrialization of the transition countries provides for organization of vertically integrated private-public and public corporate entities that should design, master, mass-produce and sell

innovative products. Limitation of competition and development of monopolism in individual sectors can become one of the negative factors in activities of such companies. The upside is that large vertically integrated corporations, by regulating profitability in intermediate links, enable to reduce transaction costs through the whole manufacturing chain and, accordingly, improve the efficiency of manufacturing final innovative products. Innovative corporations have great possibilities as to concentration scientific, industrial, resource and human capital, increasing the speed and scale of its extended reproduction. New opportunities emerge at such corporations for improvement of quality and competitiveness of end items.

Consequently, based on development of vertically integrated corporations the economy of the transition countries can assume the most progressive forms of rational industrial engineering. It stands to reason that such companies must be substantially supported by the state. For that end, it is necessary to provide for both appropriate public funding and priority development of several branches and technologies that will be able to develop at a rapid pace within private-public and public vertically integrated corporations. The following should be distinguished among selected technologies: universal nanotechnologies, biotechnologies, novel medical technologies and life extension technologies, which are favorable for placement of capital, while such sectors as aviation, aerospace, shipbuilding, electronic, transport machine building and other industries should act as a catalyst for transition to neoindustrialization.

Today Russia, to carry out neoindustrialization of its economy, unleashed an all-out war against Ukraine, which is a much simpler strategy than ensuring an innovative socioeconomic development model. Over the past 20 years, Russia has produced and piled up much military equipment and weapons. In the author's opinion, Russian does not want to carry out neoindustrialization through development of a high-tech innovative corporate sector of economy but rather through rehabilitation and utilization of facilities and capacities of its own defense-industrial sector, and it needs for this

military conflicts, especially as such a conflict with Ukraine was planned and prepared long ago, and the Russian leadership only awaited convenient time and place.

Conclusions.

Having considered some concepts of new industrialization of the CIS transition countries, it should be noted that neoindustrialization should be performed at both the national and international levels – within such integration associations as the Customs Union and EurAsEC. This will enable to heighten the total economic impact for these countries, as is the case in the EC countries due to deepening integration of their economies. At the national level, it is necessary to set up innovative vertically integrated corporations in appropriate sectors, which will enable to master individual disruptive technologies and output of innovative products. All abovementioned measures should assist in restoration of industrial potential of the CIS transition countries and begin new industrialization on the model of the developed countries of the world.



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Conceptually new industrialization of transitive countries of CIS should be done on two levels: international — within the framework of economic integration and national — through the development of vertically integrated corporations that should have substantial government support, as the most progressive form of rational organization of industrial production.

Концептуально нова індустріалізація транзитивних країн СНД має здійснюватися на двох рівнях: міжнародному — в межах економічних інтеграційних об'єднань та національному — на основі розвитку вертикально інтегрованих корпорацій, які мають залучатися суттєвою державною підтримкою, як найбільш прогресивною формою раціональної організації промислового виробництва.

Концептуально новая индустриализация транзитивных стран должна происходить на двух уровнях: международном — в рамках экономических интеграционных объединений и национальном — на основании развития вертикально интегрированных корпораций, которые должны иметь существенную государственную поддержку, как наиболее прогрессивную форму рациональной организации производства.

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