GLOBAL CHALLENGES IN THE WORLD ECONOMY AT THE PRESENT STAGE

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The article is devoted to the study of the modern global challenges that have a significant impact on the transformation of international economic relations, namely: the exacerbation of the struggle among global players for technological dominance, caused by the transition to a new technological order (digital economy), and the intensification of the struggle between TNCs and government structures for control over resources, caused by the growing power of TNCs and their desire to get rid of state control. It is noted that a change in the system of socio-economic relations, based on the widespread introduction of digital means of production, forms a new type of management of socio-economic processes, and the strengthening of the role of corporations in shaping countries' economic policies generates risks of domination of corporate interests over public ones.

Key words: *modern global challenges, international economic relations, TNCs, corporatization of the economy, digital transformation, social management, government regulation.*

The world is changing rapidly today. The climate is changing, the technological paradigm is changing, the pattern of requirements and behavior models of people are changing, the geopolitical and geo-economic balance of power in the world arena is changing. Changing geo-economic conditions have a significant impact on the availability of resources and markets. It is known that the dynamics of economic development of any country largely depends on changes in the international environment and the state of the partner countries' economies.

The turbulence of the global economy and the slowdown in its growth, high volatility in the commodity and stock markets, the growing uncertainty of the external economic situation and the sanction pressure from the EU and the US, on the one hand, generate new economic and social risks, challenges and threats for all countries with no exceptions. On the other hand, these factors open up new opportunities for further development.

In our opinion, there are two fundamental reasons for the crisis in international relations at the present stage:

Firstly, this is the aggravation of the struggle between states for technological dominance caused by a shift to a new technological paradigm, secondly, the aggravation of the struggle between transnational corporations (TNCs) and state structures for control over resources, caused by the growing power of TNCs and their desire to get rid of state control.

The main driving force, both on the part of corporations and on the part of states, is the desire to dominate in the markets and lay down their rule. The ability to set your own conditions and control the market is becoming the most important competitive advantage, allowing you not only to strengthen your position and reduce the cost of your products, but also to paralyze your competitors by blocking their access to important resources.

New key players, such as China, India, Brazil, Turkey and Iran, have joined the struggle. There is a turf war for markets. New key players are demonstrating faster economic growth. Between 2000 and 2020 the GDP based on purchasing power parity (PPP) of the USA and the EU doubled. At the same time for China this increase was 6.6 times higher, for Russia - 4.1 times, for India - 4 times, for Turkey

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- 3,9 times (Figure 1). The dynamics of demand causes a shift in the investment attraction centers and a reorientation of trade flows.

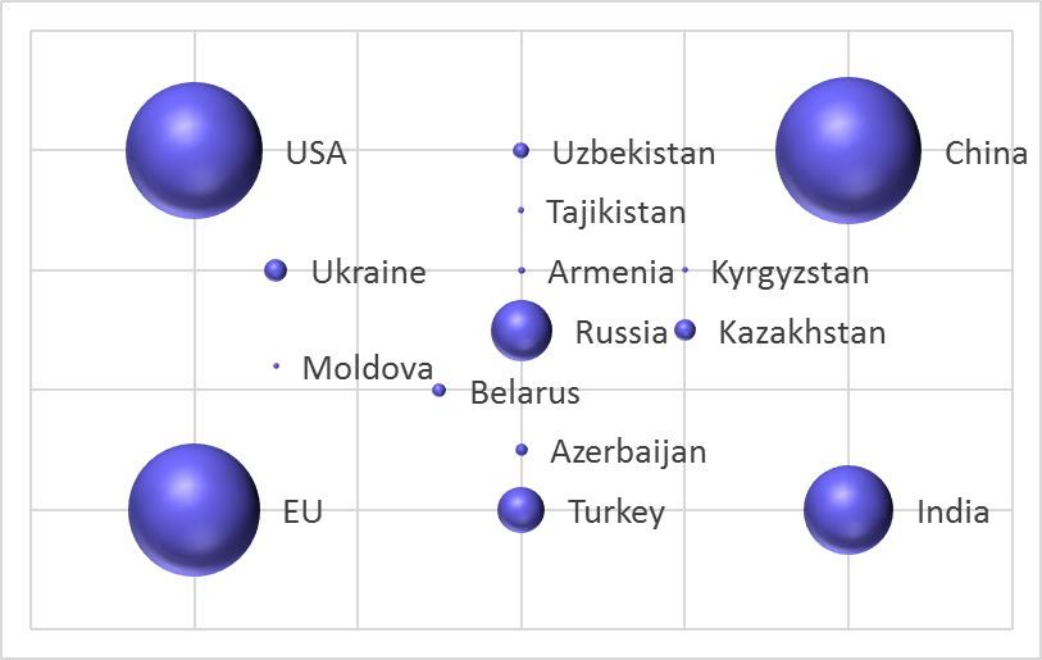

Figure 1. Relative gravitational model of the main key players and the CIS countries in the world economy (the ratio of the bubble diameter corresponds to the ratio of GDP based on PPP in billions of US dollars in 2020).

The aggravation of the struggle between global players (the USA, China, Russia, the EU) for technological dominance is caused by a shift to a new technological paradigm based on digital technologies. It is obvious that a country, that has achieved technological leadership and the ability to scale its software platform to the most part of the world market, will gain total control not only over the economic, but also over the social sphere on a global scale.

The emergence of new economic growth’s drivers associated with the development of scientific and technical progress and, above all, information and communications technologies (ICT), determines the reorientation of the flow of investments to countries with faster rates of digitalization.

According to the data of the world rating agencies, in 2020 there were more than 5.2 billion unique mobile users (this is 67% of the total population of the Earth), the global audience of the Internet reached 60% of earthmen, more than 4.2 billion users were registered in social networks (53,6% of the inhabitants of the Earth).

The transition to a model of a digital economy and a digital society on a global scale is accompanied by fundamentally new, quality changes in socio-economic relations both at the level of the state and business structures, and at the level of individuals.

On the one hand, Big Data technologies enable government agencies to receive more complete information about the economic processes and respond to them faster. On the other hand, individuals and business entities have more opportunities to influence the country's macroeconomic policy. Therefore, the digital transformation of the economy implies new form of managing socio-economic processes rather than simply computers and software.

The struggle for technological dominance in the digital sphere is due to the fact that today digital opportunities are becoming no less significant factor than the availability of raw materials and financial resources. So the main task of a socially responsible state is to maintain its influence in determining the priorities of economic and social policy in accordance with national interests. It means to ensure

control over the implemented information resources, communication platforms, technical and software transmission media, data storing and processing.

At present, global control lies mainly in the hands of international corporations.

This problem manifested itself most clearly during the last presidential elections in the United States, when at a certain stage Donald Trump, by the decision of the largest IT corporations' heads, was turned off from all social networks and was actually cut off from the means of communication. Corporations have demonstrated that they are ready and able to lay down their own rules.

Corporate interests, first of all, are about gaining access to and establishing control over sources of raw materials, obtaining tax benefits, reducing labour and social security costs, reducing environmental costs or completely refusing to compensate for externalities.

Accomplishing their corporate interests TNCs are actively lobbying for the reduction of social, economic and environmental standards in recipient countries. Being under pressure from large investors and international financial organizations governments in developing countries are forced to create the most favorable conditions for TNCs to the detriment of their own national interests.

The modern world market has long become a field of collision of interests not only of sellers and buyers, but also of entire states. International corporations have learned well how to use government resources for own benefit. And the developed states realized that only their own large enterprises and their associations are capable of ensuring the survival and sustainable development of the economy. Nowadays there is a clear tendency of a sharp increase in the role of the state in the development of national economies. Western countries, previously adhering to the liberal market doctrine, are actively using state regulation mechanisms to support their producers and protect national markets, to stimulate economic growth and ensure environmental safety.

It is only for the underdeveloped countries that the utopian ideas of a free market economy, where the state is not allowed to protect the interests of the national producer, are still implanted. International organizations, usually controlled in all countries, stand guard over the so-called "free market relations" and "investor rights", while the US itself completely ignores rules of the game prescribed for the rest. The implementation of market-type reforms on a global scale has become a kind of state policy in developed countries. Such a policy enables their businesses to gain a competitive advantage in the national markets of less developed partners and competitors. For this purpose the latest technologies, including "color-coded" revolutions, are actively used.

Due to the expansion of information technologies, that can influence the public consciousness, games with self-regulation of the economy are no longer relevant.

These days if the state does not manage its economy, then it is done by someone else (another state or international corporations). Controllability of economic processes and data exchange is a key factor in the stability of the economy and society.

The policy of a strong state in the economy chosen by the Republic of Belarus in 1994 turned out to be strategically far-sighted.

Over 25 years of constructive development the Belarusian state has managed to build a controllable socially oriented economic model, characterized by a high speed of a management signal transmission and a fairly high efficiency of its implementation. This allows the state to ensure the proper level of economic freedom and actively coordinate economic activities by concentrating resources to achieve the strategic goals of socio-economic development. This approach makes it possible to ensure the balance and stability of the national economic complex, high level of employment and the economic security of the country. At the same time it also allows to avoid the stratification of society and monopolization of markets in the context of the high openness of the Belarusian economy.

The manufacturing structure in the Republic of Belarus is dynamically making progress: the real sector plays a decisive role in the development of the national economy. Although the service sector

occupies more than 49% of GDP, the country is forming not a service, but a balanced manufacturing economy, where a developed service sector is based on developed industry and agriculture. It is noteworthy that the balanced structure of the economy is the most important factor of sustainability and economic growth in the face of uncertain external economic environment.

The result was a gradual increase in the general well-being of all people rather than a quick enrichment of a few moguls. Welfare is measured by the amount of goods available for consumption rather than by the level of wages. This involves healthcare and education, housing and communal services and transport, electrification and gas supply, safety and cleanliness on the streets and much more, to which we are so accustomed that no longer even appreciate. GDP per capita based on purchasing power parity (PPP) since 1995 has grown more than 5 times.

In our country 75.3% of the population use a personal computer, 82.8% of the population use the Internet, 97.4% of the population use cellular communication, and 100% of the population have access to electricity.

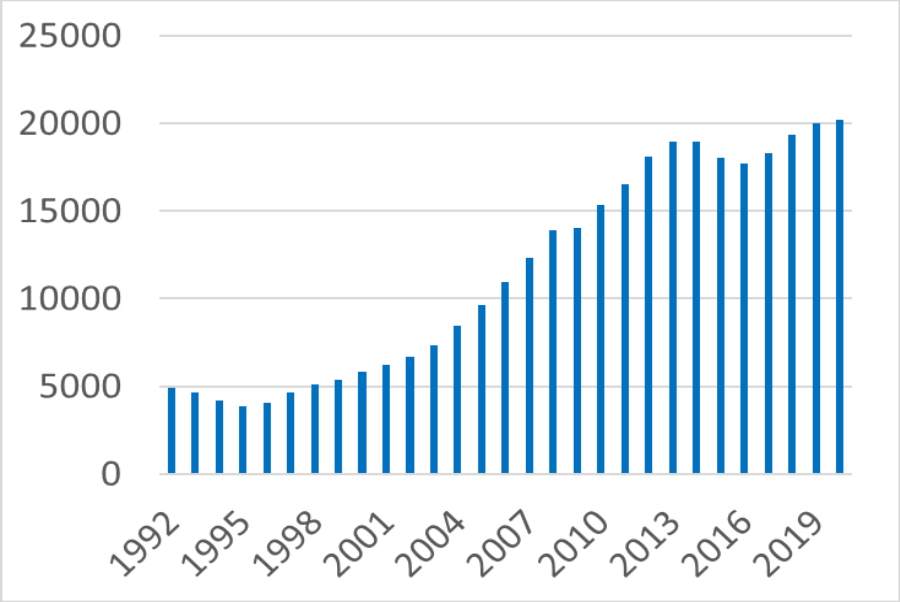

Figure 2. Dynamics of GDP per capita based on PPP in Belarus (USD)

The country’s gold and foreign exchange reserves have grown more than 88 times over 26 years. And we can see such a result even despite the fact that due to the objective scarcity of natural resources, Belarus must import almost all raw materials.

In spite of the sanctions in a period between January and August 2021 GDP growth was 103% compared to the same period last year, industrial production growth was 108.6%. In a period between January and July 2021 export growth amounted to 132.2% compared to the same period last year. Real disposable income of the population is 103.1%.

The global situation is changing rapidly. Straightly hostile actions on the part of Western countries require an appropriate response. It should be noted that the hostility of Western countries is caused by their own geopolitical ambitions rather than by the actions of Belarus (we did not offend the United States in any way).

Significant changes in the structure of the world economy caused by the turf war inevitably lead to mainstreaming of integration associations. Reinforcement of regionalization processes determines the deepening of countries’ integration with the aim of uniting efforts for survival and development. It is quite obvious that in up-to-date international conditions no country in the world is able to survive and maintain sovereignty alone.

The degradation processes of the existing international economic relations' structure, expressed in the growing uncertainty and unpredictability of the trading partners' behavior, the expansion of sanction pressure, unfair competition and double standards, the inability of international organizations and institutions to protect the principles they declare and the prevailing norms of international law, can become new drivers of integration within the whole global space.

We need to form a regional "security belt" by accelerating the creation of import-substituting industries and localizing critical industries on the territory of integration associations. It is necessary to form common markets and pursue a coordinated economic policy.

Guided by national interests, our country is an active participant in the development of integration associations within the post-Soviet space. Practice has shown that the stable integration ties between Belarus and Russia, the EAEU and the Commonwealth of Independent States (CIS), which has been built over many years, make it possible to overcome the consequences of economic crises and other global challenges at a lower cost.

In 2020, as a result of the pandemic COVID-19 and measures to combat, it the total GDP of the CIS member states decreased in real terms by 2.7%. While GDP in the countries of the EU decreased by 6.1%, in the Organization for Economic Cooperation and Development (OECD) - by 4.8%, and in the US - by 3.5%. In general, the share of the CIS countries in world GDP during the period from 2000 to 2020 increased by 0.44 p.p. and amounted to 4.38% in 2020. Over the 2001 to 2020 period the trade turnover between the CIS countries increased 2.9 times.

At the same time the change in geo-economic conditions leads to a change in the spheres of influence and a reorientation of commodity distribution channels within the global economy.

During the period from 2001 to 2020 the trade between the CIS countries and China increased 17 times. The share of China in the total commodity turnover of the CIS countries increased 4.1 times (from 4.2 to 17.1%) (Figure 3, 4). There is a certain drift of economic interests and a reorientation of individual CIS countries' trade flows towards the dynamically developing economies of China and Turkey, and relations with India and other countries are also gaining traction. This situation stimulates the process of opening to new partners and generates new opportunities. There is a need for the integration of integration associations. The processes of convergence of the EAEU projects and the global Chinese "Belt and Road" initiative are under way, the Shanghai Cooperation Organization (SCO) is expanding.

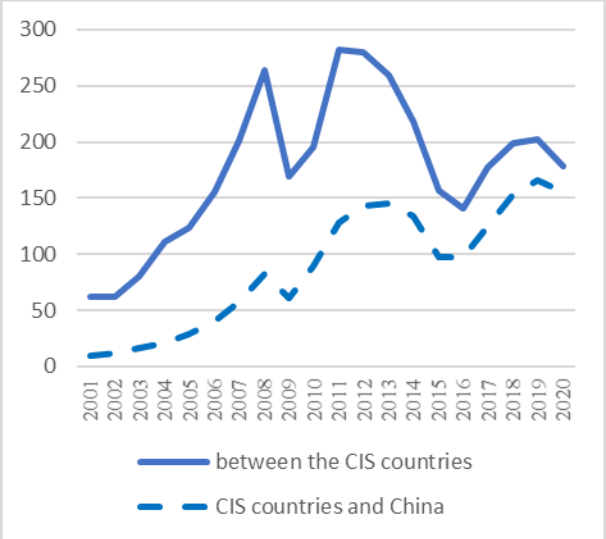

Figure 3 - Trade turnover between the CIS countries and China, 2001-2020, billion US dollars

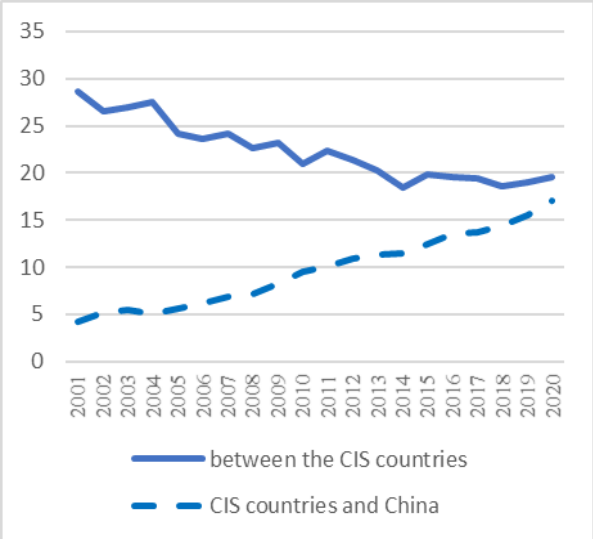

Figure 4 - The share of CIS countries in mutual trade turnover and trade turnover with China

As we can see, the Economic relations are becoming more and more complex, while economic science, due to the specific character of the relations that it studies, is not only an instrument for understanding the governing laws of society development. It turns into a tool of ideological and political struggle. Political and economic ideas, theoretical concepts are actively used as a tool in the struggle of political forces and countries for political superiority and economic supremacy.

The Belarusian socio-economic model has a scientific framework and was built on the basis of theoretical and methodological studies of Belarusian scientists: economists, historians, sociologists, philosophers, cultural scientist and others. Our own science development is one of the priorities of the Belarusian innovation policy. Due to the fact that the Republic of Belarus has retained its Academy of Sciences, today there is the opportunity to rely on its own research, analyze international experience, and develop an independent scientifically grounded position on the entire range of issues. It is impossible to conduct national economic policy in accordance with the interests of society without deep fundamental economic research.

The Institute of Economics of the National Academy of Sciences of Belarus perceives its mission as follows: generate new knowledge about the economy and configure narratives, disseminate knowledge and contribute to the socio-economic development of the Republic of Belarus.

We are actively developing international scientific cooperation with leading scientific and educational institutions around the world. I would like to express my deep gratitude to the Director of the National Institute of Economic Research of Moldova, Stratan Alexander Nikolaevich, for active participation in scientific conferences held by the Institute of Economics of the National Academy of Sciences of Belarus and for the opportunity to take the floor at this scientific conference in Moldova. I hope to develop our effective cooperation in the future.