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Phenomenology of Neo-dependence in Terms of Economic Globalization

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ABSTRACT. The article summarizes main stages of evolution of scientific theories about problems of dependence and reveals the nature of a new paradigm of economic dependence of countries based on separation of determinants of its modification and analysis of individual and systemic factors. Historical forms of economic dependence were ascertained and dominants of their transformation were found. Structural dependence determinants within deep asymmetries between the Center and Periphery of the world economy in the era of liberalization were emphasized. Role of market in transformation of state functions to identify potential forms of economic neo-dependence origin and formation of modern model of the global economy institutionalization was traced. The essential basis of evolutionary process "dependence – interdependence – neo-dependence" to identify the objective nature of dependence philosophy changes in the light of display dominants specific to corresponding waves of globalization was revealed. Transformation of forms of economic dependence and formation of configurative variations for conceptualization of "economic neo-dependence" with distinguishing of its subjects and objects was analyzed. The essence of economic neo-dependence as manifestations of fundamental shifts in global dominance was interpreted. Basic provisions of the author's theoretical and conceptual model of economic neo-dependence of countries as evolutionary dominant of global cooperation were formulated. The paper has traced that the achievement of economic development is adjacent to the production of various forms of dependence, interdependence and reconfiguration of global growth poles. Economic neo-dependence was singled out as a new phase of international economic relations development.

KEYWORDS. Dependence, asymmetry, underdevelopment, interdependence, neo-dependence, economic development, globalization, periphery, center.

Introduction

The establishment of new forms of economic dependence caused by dialectical interaction of national and global is inherent in the very nature of globalization, as the objective transformational shifts in manufacturing, communications, trade, foreign investment and international finance have turned the world economy into a single global body whose operation is due not only to international division of labor but also significant in scale global supply-sale structures, self-sufficient global financial system and information network. Globalization has become imperative for the formation of new quality level and nature of dependence, which is characterized by multi-

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planeness and multi-subordinance due to interaction vector change in view of growing interdependence of countries.

The theory of dependence formulated at the intersection of two intellectual movements — Marxist and structuralist approaches to the definition of economic development — became rather a tool of interpretation, methodological basis of criticism than a complete theory. Balancing between recognition by internal or external factors of economic backwardness determinants, it has not provided their synthesis, avoiding the isolation of domination of some over others, which in terms of global transformations is somewhat simplification.

While system theories give primacy to objective factors of generation and escalation of economic dependence relationship, stating it as a fact, adherents of theories of individual levels absolutize specific manifestation of dependence (differences in public interests, especially introduction of development strategies, non-economic influence factors), while not installing them into overall historical context[2]. These findings allow us to assert that only a combinatorial approach that combines the findings of outlined theories of individual and systemic levels will provide a deep analysis of causes of underdevelopment in Periphery countries and suggest ways to overcome destructive dependence relationship.

The conducted analysis showed that dependence in these theories served as a cause and a manifestation of backwardness (modernization theories interpreted by A.So[3], A.Frank[4]), underdevelopment (dependence theories presented by R.Prebisch[5], C.Furtado[6], T. Dos Santos[7], S.Amin[8]) should be taken for granted and accepted (theories of world-system approach[9]). But it does not remain out of sight that the very idea of dependence, despite the recognition of asymmetric interdependence of the Centre countries and the Periphery countries as a result of economic backwardness of the latter and dominance of the

[2] Comin D., Easterly W., and Gong E. "Was the Wealth of Nations Determined in 1000 BC?" *American Economic Journal: Macroeconomics* 2 no. 3 (2010): 65–97; David P.A. "Why are institutions the 'carriers of history'?: Path dependence and the evolution of conventions, organizations and institutions." *Structural change and Economic Dynamics* 5 no. 2 (1994): 205-220.; Martin R., and Sunley P. "Path dependence and regional economic evolution." *Journal of Economic Geography* 6 (2006): 395-437.; Garud R., and Karnoe P. *Path dependence and creation*. Mahwah NJ: Lawrence Erlbaum Associates, 2001.

[3] So A. Y. *Social Change and Development: Modernization, Dependency, and World-System Theories*. (Newbury Park, 1990), 18-23.

[4] Frank A.G. *Capitalism and underdevelopment in Latin America: Historical Studies of Chile and Brazil*. New-York: Monthly Review Press, 1969.

[5] Prebisch R. *The Economic Development of Latin America and Its Principal Problems*. New York: United Nations Department of Economic Affairs, 1950.

[6] Furtado C. "The Concept of External Dependence in the Study of Underdevelopment." *The Political Economy of Development and Underdevelopment*. C.K. Wilber, ed. (New York: Random House, 1973), 118-123.

[7] Dos Santos T. "The Structure of Dependence." *The American Economic Review* 60 no 2. (1970): 231-236.

[8] Amin S. Economic "Globalism and Political Universalism: Conflicting Issues?" *Journal of world-systems research* VI no. 3. 2000. http://jwsr.ucr.edu/archive/vol6/number3/pdf/jwsr -v6n3-amin.pdf.

[9] Wallerstein I. "Rise and future demise of the capitalist world economy: concepts for comparative analysis." *Comparative Studies in Society and History* 16 no. 4. (1974): 387-415.

first, was limited to statement of subordination of interests of periphery countries to the objectives of growth of developed countries through the channels of trade, finance, labor without consideration of potential impact of the Periphery upon the Center.

However, recognizing the important contribution of scientists to the development of economic research on specified issues, it should be noted that the conceptualization of new forms and quality of modern economic dependence on the current stage of globalization remains the cornerstone of finding out the specificity of relationships manifested in conditions of transformation of the role of the state, building capacities of transnational corporations, forming complex dynamic non-equilibrium systems, the losing uniqueness of dependence on trajectory of previous development. This requires understanding the moment when the historical cycle of previous transformations forms a new subjectivity of the world that cannot be possibly comprehended within a traditional methodology without research of theoretical and methodological model of economic neo-dependence of countries.

Objective basis for the need to develop and, accordingly, study new paradigm of dependence, which is interpreted as a paradigm of neo-dependence of countries on the current stage of globalization, is the degree of inadequate reflection of empirical material of methodology of its rational explanation in terms of established theoretical provisions.

The study was based on a scientific hypothesis that the change of forms and quality is an objective process of global economy from the standpoint of space-time structural changes. In particular, movement from the "Center-Periphery" concept and R.Prebisch peripheral capitalism to the formation of metasystemic characteristics of the global economy gives grounds to say about reaching a bifurcation point in the development of the economic theory of international relations, when the established methodology of economic research must be combined with the methodology of deep transformations that modify doctrines of global development that falls within interacting and interdependent principles of reversibility and irreversibility of global processes and their causal relationships.

This is the basis of the purpose and objective of this article focused on the scientific study of the phenomenon of economic neo-dependence of countries as a new construct of dependence under the influence of structural globalization shifts that form the basis for modification of interstate interaction format.

Main part

Experience after World War II demonstrated that globalization processes blurred national boundaries, and as a result, government

agencies, politics, economics, social and cultural practices and norms and traditions became more universal. National economies that were most developed in a particular period determined the nature, forms and mechanisms of international relations by forcing other countries and the international community in general ways of economic communication[10]. Domestic economic relations were primary, international – secondary. Holland of XVIII century or England of XIX century were not only the leaders of economic progress, but also role models for some European countries. During the nineteenth century Eurocentric world system has become truly global in terms of covering almost all other regions. It is recognized that Europe for centuries systematically interacted with other regions of the West, South and East Asia, however, by the first half of the nineteenth century the system changed its multicentric structure where at least three separate major regions interacted with each other at a distance to monocentric structure where all key states were directly in contact with each other.

Two waves of globalization marked the transition from independent economic networks at the national level to the global interconnected network demonstrating the long-term uptrend interaction – from local to regional, then to national, later to interregional, and finally to global. Changes in the intensity of global interactions compared with the intensity of interactions at local and national levels are indicated by the expansion of trade over long distances as a result of lower costs of transportation and communication[11]. This decrease is reflected by long and increasingly rapid downward trend linked to technological changes and thus is considered to be the main driving force of global trade expansion.

The main alternative hypothesis relates to the structure of power in the international system of states. General term of this approach is the "hegemonic stability", although there are important differences in different approaches to the definition of hegemony and different hypotheses on the nature of causal links between hegemony and globalization of trade. But the general idea is that the international system is more than the "anarchy" of states that compete with and fight each other. The world order is considered as a product of international competition and cooperation. Greater order and more peaceful interaction occur when only some hegemonic state[12] has sufficient power to influence other states and international actors and to force them to something.

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[10] Arrighi G. *The Long Twentieth Century: Money, Power, and the Origins of Our Times*. London: Verso, 1994.

[11] Arrighi G., and Drangel J. "The stratification of the world-economy: an exploration of the semiperipheral zone." *The. Review* 10 no. 1 (1986): 9–74.

[12] Iversen T. "The Dynamics of Welfare State Expansion: Trade Openness, Deindustrialization and Partisan Politics." *The New Politics of the Welfare State*. Oxford: Oxford University Press, 2001. http://scholar.harvard.edu/files/iversen/files/ introdyn.pdf

Domination is consistent in terms of the existence of systematic cycle of growth and decline of key hegemonic states. When the hegemonic state is in a state of decline, the whole system is in a period of rivalry between great states, and level of globalization of trade is reduced. The authors of most discussions of hegemony agree that the Netherlands played the role of leader in the European international system in the XVII century, Britain — in the nineteenth century, the United States — in the twentieth century.

According to the first argument, what is the conflict, hegemony is considered primarily in military terms. Power of hegemonic state is first determined by the fact that the whole world is accessible to it, that is, its ability to generate intercontinental military forces. World trade is facilitated because hegemonic state sets the rules for international trade and acts as "power counterbalance" in the system of states. This role creates relatively peaceful international system of states, and therefore subjects conduct cross-border trade more freely and frequently than they do if the system is split into hostile groups. This argument based on the conflict involves a sequence of ascending and descending movements in the globalization of trade in accordance with the rise and fall of hegemonic states and changes in the severity of wars between key states[13].

International liberalism of British hegemony (first wave of globalization), the ideology of the "free world" formulated by the United States after World War II (second wave of globalization), and the neoliberal "Washington consensus" (which legitimizes free trade and "programs of structural changes" of the IMF) — all these are the examples of ideological aspects of hegemony that are considered main reasons for strengthening liberalization of trade (third wave of globalization). The next argument combining hegemony with trade liberalization concerns economic aspects of hegemony — especially the role of international capitalists – descendants of the hegemonic state and their basic ally states in facilitating international investment. Globalization of investment (growth of international investment of capital compared to the volume of domestic investment capital) is considered as the main cause of the globalization of trade[14].

Both first and third waves of globalization of trade coincide with the rise and strengthening of hegemonic states — Britain in the nineteenth century and the United States after World War II, but the average wave that occurred since approximately 1900 to 1920 appeared in the period of hard race for hegemony. This average wave cannot be a function of rise

[13] Weiss L. *The Myth of the Powerless State: Governing the Economy in a Global Era, Polity.* Cambridge: Polity Press, 1998.

[14] Arthur W.B., Ermoliev Y.M., and Kaniovski Y.M. "Path-dependent processes and the emergence of macrostructure." *European Journal of Operational Research* 30 no. 3 (1987): 294-303.

and fall of hegemony, because in that period there was no rise or fall. There is also no link between the weakening of the US economic hegemony in the past decades and continuous increasing of globalization of trade[15].

Falling of economic hegemony partly be illustrated by slowly declining US share in world GDP compared to shares of Germany, France, Britain and Japan. 1993 and 1994 was the last period when the US grew faster than the rest of the world. For a long fall of hegemony of Britain after 1870 there were also short reverse movements. One of the special features of transition period of hegemony in the current time is imbalance between economic fall of the US and their status of today's only military superstate[16].

During the first wave of globalization (which is characterized by relations of dependence between countries) the Center acted as the display of system integrity, while the Periphery (where the birth of market institutions in colonies occurred)—a springboard for its further foreign expansion[17] (Table 1). Moreover, economic development of the Periphery was the result of dependence on the center, and economic development of the center—the result of domination. During the second wave of globalization development of the Periphery although depended on the Centre, but was stable and self-recovering (Table 2).

Since the lifting of the economic protection weak economies had been affected by competing forces, which they often could not resist especially where savings was achieved by the use of capital-intensive production methods. All that makes it possible to ascertain fundamental differences both in the levels of socio-economic and political development of countries and mentally, which affects not only the system of values of individuals, but also the structure of consumption and propensity to save.

Thus, the structure of modern world economy is a system of market economy of the world which consists of national markets for goods, services, capitals of various countries, internationalization of productions and internationalized associations of individual groups of countries and international financial centers. The peculiarity of the modern world market is its polycentric nature which manifests itself in the absence of a uniform center and the presence of binding of markets of different regions and countries. Pyramid structure of geopolitical relations, which establishment of economic interdependence relations corresponded to, was characterized by greater dynamics that implied the possibility of changing the country's place in the hierarchy[18].

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[15] Arrighi G. *The Long Twentieth Century: Money, Power, and the Origins of Our Times*. London: Verso, 1994.

[16] Bergsten F. *The United States and the World Economy: Foreign Economic Policy for the Next Decade* [http://www.globallawbooks.org/reviews/detail.asp?id=69.

[17] Katzenstein P. *Small States in World Markets.* Ithaca: Cornell University Press, 1985.

[18] Kravchuk N.Ya. *Dyverhentsiya hlobal'noho rozvytku: suchasna paradyhma formuvannya heofinansovoho prostoru*. Kyiv: Znannya, 2012. [In Ukrainian].

Table 1 Determinants of Dependence Relations Manifestation During the First Wave of Globalization

Stages of globalization	Distinctive features of historical period	By type	By form	Forms of cooperation	Specific features	Impact on economic development
First wave of globalization 1870-1914 contradictions were driving by nature, and affected quite positively the overall rate of the world economy, deepening of international division of labor, integration of countries to world markets	First (since 1748) and second (since 1840) industrial revolutions Structural crisis of 1750-1780 opened exhausted possibilities of manufacturing. Deepening of IDL, launch of overall and partial division of labor. Development of transport infrastructure Mass migration from the European continent to the United States, Australia, New Zealand	**Hierarchical** **Highly centralized and subordinated** **Colonial** (restricts development depending on interests of mother country) **Interstate** **Asymmetric intersystem relations** between the Center and Periphery **Unidirectional relationship** inspired by cyclical fluctuations and growth of countries of the Centre	Factorial Resource Structural Migration Trade Financial	Exploitative Simple cooperation	Center as manifestation of system integrity Periphery as springboard for further external expansion of the Centre Economic development of the Periphery as the result of dependence on the center Economic development of the Center as a consequence of dominance The origin of market institutions in colonies. Liberalization of trade and monetary policy	In the first half of the XIX century world trade and world production developed relatively evenly and were at the same level relative to 1913. Then, in the period from 1850 to 1880 world trade developed more rapidly than global industrial production. Between 1870-1913 average annual growth of foreign investments, which amounted to 4.2%, not only outpaced global GDP (2.1%), but also of world trade (3.4%). By 1913 the volume of export of capital reached 5% of GDP of donor countries, and the fate of accumulated FDI in 1913 exceeded 9% of world production. It is a period of the highest heyday of liberalism in the world economy. Later dynamics of world trade development compared to world production development gradually slows down and by 1913 the average index of physical volume of world trade and world production leveled again, indicating the prevalence of protectionism policy during that period.

Source: developed and prepared by the author

Table 2 **Determinants of Dependence Relations Manifestation During the Second Wave of Globalization**

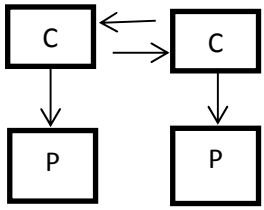
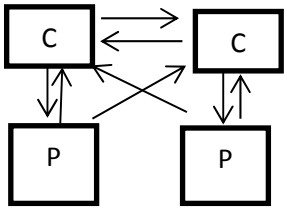
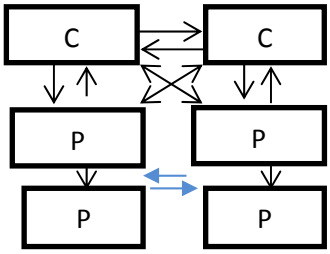
Stages of globalization	Distinctive features of historical period	By type	By form	Forms of cooperation	Specific features	Impact on economic development
Second wave of globalization 1945-1980 contradictions were driving by nature, and affected positively the overall rate of the world economy development, deepening of IDL and integration of countries to world markets	• Third industrial revolution • Development of information and communication, and transport infrastructure • Deepening of IDL: introduction of detailed operation-specific specialization within TNCs • Establishment of international branch-wise organizations. • Internationalization of financial sector, establishment of Euromarket • First wave of regional economic integration • Existence of bipolar world system • Collapse of colonial system	Hierarchical within international relations Interstate with supranational regulation framework Neocolonial Violent Dependence on transnational capitalism Symmetric within rights and standards produced by institutions	Factorial Resource Structural Market Technological Migration Trade Financial Institutional	Simple coordination Coordination Cooperation in the field of economic policy	After World War II trade policies in developed countries, and later in many developing countries, was carried out mostly by the scheme defined by GATT. Rising protectionism in international trade. Deepening of processes of internationalization of production, trade and capital.	Since 1950 to 1970 the volume of world trade increased almost 5 times, while the annual rate of its growth reached 7% in 1950 and 10% in 1960 [454] Due to devastating results of the Second World War, the volume of foreign trade was finally restored in the first half of the 70s of XX century. Industrialized countries reached the level of 1890 by volume of commodity exports in GDP only in early 1970s, and the level of 1913— in 1974, when revenues from foreign trade were secured mainly due to the increase in oil prices. Due to global economic crisis of 1974-1975 developed countries began to resort in their trade practices to bilateral agreements with individual exporting countries to bypass the principles of GATT for the purpose of redistribution of shares of the world market in its certain segments which increasingly limited international trade.

Source: developed and prepared by the author

Neo-dependence became the expression of political dependence the immanent feature of which was the unification of the rules of global coexistence both in terms of liberal philosophy of globalization era, and in terms of its institutional framework.

Evolutionary changes occurring in the nature of economic dependence changed its perception from that produced by endogenous factors of development to that exogenous-provoked with gradual granting of primacy to market dominant in determining its essential content (Table 3).

Table 3 **Content Characteristics of Concepts "DEPENDENCE", "INTERDEPENDENCE", "NEO-DEPENDENCE"**

FEATURES OF		
DEPENDENCE First wave of globalization	**INTERDEPENDENCE** First and second waves of globalization	**NEO-DEPENDENCE** Third wave of globalization
• by nature: internal	• by nature: internal and external	• by nature: global from market
• presence of rigid hierarchy and subordination;	• Absence of Availability of clear hierarchy, subordination;	• poly-dependence characterized by unification of rules of cooperation
• presence of uniform center of dependence relations production in the represented by C 	• presence of multilateral dependence displays 	• absence of uniform center of dependence production; multilevel (compound) dependence 
• existence of C and P	• existence of C and P	• existence of C and P; formation of C on P
• development of P is not self-recovering and sustainable	• development of P depends on C, however it is sustainable and self-recovering	• development of P and C depends on G7 business cycle; it feels influence of imbalances of savings and investments produced both by C countries and P countries-; development of P encourages development of less developed P countries

FEATURES OF		
DEPENDENCE First wave of globalization	**INTERDEPENDENCE** First and second waves of globalization	**NEO-DEPENDENCE** Third wave of globalization
• existing ties between P and C are focused on encouraging economic growth and development of C countries	• existing ties between P and C provide for taking into consideration the factor of economic growth and development of P countries	• existing ties between P and C provide for influence of economic growth and development of P countries on C countries
• economic costs from suspension of relationship are profoundly asymmetric between P and C countries which deepens dependence	• economic costs from suspension of relationship are vaguely asymmetric between P and C countries which explains vulnerability	• devastating effects of the suspension of relationship are minimized due to the existence of extensive network of business partners that are interchangeable with each other against the backdrop of flexible production structure
• P production structure depends on the needs of C and is focused on C foreign markets	• P production structure is focused both on C foreign and domestic markets meeting the needs of both	• P production structure is focused both on C foreign and domestic markets meeting the needs of both; P business conditions make changes in C production structure
• IDL which conserves technological backwardness of P	• IDL which encourages technological development of C	• IDL where P and U are able to produce uniordinal technologies
• development of processes of P industrialization depends on C; introduction on P of outdated energy-intensive technologies	• development of processes of P industrialization depends on C; introduction on P of outdated energy-intensive technologies	• C suffers from de-industrialization as a result of the transfer of production to P countries; • P transfers production to other less developed countries of P;
• capital flows from C to P	• capital flows between C to C, from C to P	• capital flows from C to P, from P to C; between P and P
• outflow of capital from P as a result of economic activity with C	• outflow of capital from P as a result of economic activity with C	• outflow of capital from C as a result of economic activity with P
• P dependence on centers issuing reserve currencies	• gradual formation of reserves in P	• phenomenon of P excess reserves; display of C dependence on capital with P; formation of prerequisites for establishment of reserve currencies within P countries
• divergence of incomes between P and C	• divergence of incomes between P and C	• divergence of incomes within C; convergence of incomes of P and C
• small proportion of P countries in formation of global GDP	• increase of share of P countries in formation of global GDP	• increase of share of P countries in formation of global GDP;

FEATURES OF		
DEPENDENCE First wave of globalization	**INTERDEPENDENCE** First and second waves of globalization	**NEO-DEPENDENCE** Third wave of globalization
• lack of international regulation	• formation of international organizations that produce asymmetric relations of dependence because of uneven development of P and C	• gradual increase of influence of P countries in international organizations as a result of their increased weight in global economy
• cooperation	• coordination	• integration, federalization, disintegration
• C produces condition for cooperation with P	• C produces condition for cooperation with P	• unification of cooperation rules

Note. C — center, P — periphery.
Source: developed and prepared by the author.

Presence of a single center of dependence relations production represented by countries of kernel (center) made it impossible to establish parallel links between periphery countries that were of interest of various countries of kernel. However, gradual movement towards interdependence removed such restrictions allowing periphery countries ability to significantly diversify trade and financial ties. The manifestation was gradual entering into bilateral investment agreements (BIAs) between countries within the OECD (old member states and those eventually joined them) and those not included[19]. Notably, the US were among the latest out of countries forming the kernel of the world economy that agreed to sign agreements with Japan[20]. Second wave of BIA signing began in late 1980s, mostly between European countries and developing countries, and third wave of activity was associated with the activities of the GATT[21].

However, the most radical changes took place at a time when dependence acquired characteristics of complex subordinance, multiple-level system, which was dictated not only by the lack of single center for producing intentions for cooperation, but also the possibility of establishing the Center on the Periphery in relation to the rest of its countries with gradual promotion to the rank of global players what we refer to as the signs of neo-dependence. Despite differences in emphases in existing interpretations of the concept of "economic development", the achievements of the latter is adjacent to production of various forms of dependence, interdependence and reconfiguration of global growth

[19] Crawford J-A., and R.V. Fiorentino. *The Changing Landscape of Regional Trade Agreements*. http://www.wto.org/english/res_e/booksp_e/discussion_papers8_e.pdf.

[20] The United States took this step only in the 1980s, while the United Kingdom has signed the first agreement with Japan back in 1970.

[21] Smith J. "The Politics of Dispute Settlement Design: Explaining Legalism in Regional Trade Pacts." *International Organization* 54 no.1 (2000): 137-180.

poles. However, it is fair to note that appealing by indicators of country's share in the world GDP or geographical distribution of world trade is not sufficient for understanding of transformation processes in redistribution of centers of power in the global economy, but only in conjunction with the study of existing or potential impact of the latter on formation of global economy poles – irrespective of country's place in the hierarchy of producing states and beneficiaries of sources of economic growth – will contribute to understanding the process of establishing a new stage of dependence.

Stage of so-called diffuse globalization, which is roughly marked by the end of the second – the beginning of the third globalization wave, intensified debate about the impact of economic openness, which is promoted by liberalization of flows of goods and capital, on economic development. Indirectly, this created a demand for reconsideration of the problem of dependence, which gradually evolved towards interdependence, but with different effects for initiating countries of strengthening global interstate cooperation and Periphery countries. Adapting Svennison "healthy circle" [22] to relations of dependencies we interpret the latter as progressing if their results are structural changes in the economy of Periphery country as response to increased access to foreign markets and qualitative changes in domestic consumer demand producing the need for technological and financial cooperation taking into account differences in potential and strategic objectives of the partner countries development.

Accordingly, in this way we focus on opportunities offered for countries whose governments have sufficient political will to implement strategic objectives of socio-economic development even by taking unpopular tactical decisions (administrative regulation; fiscal and investment (innovation-oriented) policy of the state; the structure of redistributing budget revenues; implementation of import substitution policy). Thus, the emphasis on quality of established interstate relationships changes: relationship of dependence able to trigger structural changes in the economy of Periphery country and its sustainable development based on intensive use of its resource, human and innovation potential transform into relationship of interdependence with the Centre country[23].

[22] According to Ingmar Svennison, if economic growth leads to higher income levels of population, change in the structure of demand becomes inevitable which, in turn, will initiate a fundamental change in the structure of the economy, thereby opening new sources of economic growth. This system of reasoning is called "healthy circle"

[23] Obviously, the key characteristics of growth (increase of business results; increase of social wealth; increasing output) may be a consequence of both country's economic development (characteristics of which is the transition from one quality of production factors to another, irreversible process of changing technological methods of production, quality improvement of performance, transition from one type of recovery to another, changing social division of labor and systematic changes of GDP), and its cause. On the other hand, only when recorded economic growth will have signs of balanced, it can trigger changes in structural proportions of economy and inter-branch distribution that affects changes of institutional organizational structure. Balanced growth is growth that is characterized by both "launch" of all sectors together in a progression constant enough, and which is focused mainly on domestic demand, which increases the role of national market as the main engine of development.

Synergetic concept of neo-dependence, which explains the latter as the state of multivariate interstate interdependence that: deepens as a result of diversification of forms of manifestation of growing economic openness; is based on non-linearity of endogenous changes and processes strengthened as a result of exogenous factors; provides for mutual influence of the Centre and Periphery countries described in terms of sensitivity and vulnerability and makes homogenization or unification of its manifestations impossible; admits adaptation of various complementary configurations of coordination of national economic policies, which defines its hybrid variations.

Economic development as imperative of cross-country association at classic dependence relationship became possible for periphery countries only while they were of interest for the center countries, while being unstable and unable to self-recover. In other words, development of the periphery manifested dependence relations, while development of kernel economies – a sign of dominance. The relationship of economic interdependence were peculiar for shifts toward increasing opportunities of periphery to find domestic sources of development, although impact of exogenous factors continued to hold leadership. Neo-dependence demonstrated a brand new phenomenon when development of kernel countries became dependent on the development of the most powerful periphery countries caught up in global chains of value under the influence of transnationalization. Moreover, the development of both the periphery and the center became dependent on the G7 business cycle, feeling the effects of imbalances of global savings and investments produced by countries on both sides[24].

Economic costs from suspending relationships between periphery and center countries at dominance of economic dependence relationship were deeply asymmetric which only deepened the gap between countries, whereas at the established economic interdependence vaguely interaction asymmetry was explained in terms of vulnerability and sensitivity. Neo-dependence showed a tendency to minimize devastating effects of suspension of interstate relationships due to existing extensive network of business partners that are interchangeable with each other.

Furthermore, discreet indicators of economic interdependence both among countries of the center and powerful countries of the periphery speak of decrease of asymmetric dependence of one on another, which we interpret as a manifestation of neo-dependence. A similar phenomenon is the result of processes of economic integration which became brand new manifestation of interstate relations, because the latter lays in the relationship of member states elements of true

[24] Haggard S. *Pathways from the periphery: The Politics of Growth in the Newly Industrializing Countries.* Ithaca: Cornell University Press, 1990.

economic federalism. Interestingly, according to most foreign lawyers, restriction of state sovereignty is an integral feature of any economic integration, although legally it would be more correct to say of a voluntary limitation of jurisdiction of state. State sovereignty is not restricted legally, but it can actually disappear when integration association comes close to a federal form of government. Thus, the logic of economic integration forms the background for the formation of foundations of economic neo-dependence, which makes for economic federalism, which provides that the creation of single market should be based on deep harmonization of totality of conditions of production and circulation of goods and services. Such harmonization could happen if states agree to the transfer of competence, i.e., the need to limit their sovereignty in favor of economic integration bodies.

During the third wave of globalization the most common forms of cooperation that affected the substantial transformation of the role of state were cooperation in the field of economic policy, political cooperation and integration cooperation. The latter proposed new format of interstate cooperation built on principles different from the pre-existing — from the principle of subordination, which provided for a clear hierarchy and deep asymmetry of dependence relations, to polydependence with declared movement toward symmetry in terms of formation of uniform rules of cooperation, which would gradually eliminate center-periphery fragmentation of the world economy.

According to one of the most common thoughts of globalists, together with the weakening of the state leadership capacity globalization devalues old ideas of regulatory role of law and establishes new "rules of the game". For countries wishing to fit into new global system, there were formulated economic policies based on recommendations of the "Washington Consensus", "Post-Washington Consensus" and "golden corset" terms with its openness, deregulation, privatization of national economies, and limited sovereignty of state. Institutes of regulation system are the IMF, World Bank, WTO and others. This approach had a significant impact on the current organization of international economic relations, largely putting some sovereign states in actual dependence on "economically stronger" sovereign states and supranational economic organizations they managed.

Back in 1970-1980s, domestic scholars rightly noted that economic independence was a kind of basis, material support of country's sovereignty. But the exceptional importance of economic independence of state for ensuring lasting political independence does not by any way mean that sovereignty of economically underdeveloped countries does not exist because they are actually dependent on major capitalist

states[25]. These statements are true not only today but became even more urgent in view of the growing economic interdependence of states and increasing integration processes. State sovereignty and economic independence of the state are closely interrelated but are not equivalent or interchangeable categories, and therefore the issue of state sovereignty cannot be substituted by the issue of economic independence, and vice versa.

State as an institution of political system during the third wave of globalization was, on the one hand, under pressure of transnationalization processes, on the other hand, under the influence of integration associations which become a new tool of economic power[26]. By getting inherent specific features, based on both starting conditions and intentions of country groupings integration associations become means of comparison and coexistence of interests on the global level of international economic relations. Institutional and legal links between integration associations create prerequisites for the formation of a new balance of power, the new, now already global system of international economic relations[27].

However, third wave of globalization (Table4) demonstrated destructive effects of such regional affinity of countries, which manifested in crisis contamination.

Integration and fragmentation, globalization and localization as contradictory but inseparable trends of international economy form new processes of fragmentation and glocalization. So, if immanent feature of fragmentation is the formation and strengthening of blocks and alliances of "national states" in the form of complex hierarchical systems against the growing number of actors on the world stage followed by a change in the balance of their forces, glocalization is characterized by the process of the world re-stratification based on new principles that enables the creation of a new global hierarchy. Fragmentation and glocalization form a brand new phenomenon of neo-dependence which we interpret as a process of interstate cooperation characterized by production of various forms of interdependence based on establishment of both asymmetric (North-South) and symmetric (North-South, South-South, within cooperation of regional groups) relationships of varying degrees of sensitivity and vulnerability despite the unification of global rules of coexistence embodied in the course of their regulatory harmonization against gradual elimination of regulatory functions of the

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state caused by transnationalization and laying the foundations of supranational regulation whose immanent feature becomes gradual reconfiguration of centers of power accompanied by formation of new poles of economic growth inspired by development of the South anchor countries.

Table 4 **Determinants of Dependence Relations Manifestation During the Third Wave of Globalization**

Stages of globalization	Distinctive features of historical period	By type	By form	Forms of cooperation	Specific features	Impact on economic development
Third wave of globalization since 1980s demonstrates their extremely fierce signs that threaten humanity with environmental, political catastrophes, systemic economic crises and large-scale violent conflicts	Fourth industrial revolution (information) Establishment of national, corporate, regional, and global institutes and institutions. Liberalization of financial and trade sectors Worsening of international competition. Expansion of TNCs The second wave of region, economic integration Collapse of bipolar world order Contradictions between national and global economic interests Regulatory mechanisms do not meet the level of globalization of world economic relations.	Poly-dependence between countries of the Center and Periphery Strategic interdependence as a result of integration interaction Market fundamentalism Transnational expansionism Macroeconomic interdependence Crisis contamination as a manifestation of global interdependence	Factorial Resource Structural Technological Migration Trade Financial Monetary Fiscal Debt Institutional Political	Cooperation in the field of economic policy Political cooperation Integration cooperation	A large group of countries entered the global markets for goods and services. Decrease in income and increase in poverty is observed within developing countries. Intensified process of international migration and international capital flows. Some “third world” countries were able to use their surplus labor to achieve comparative competitive advantage. Absolute increase in international capital flows to less developed countries at virtually unchanged their share in global volume. Industrialized countries began to weaken control over capital flows gradually. A large number of private capitals began to move toward developing countries again. Transformation of the role of the state.	During 1980-2003s the average annual growth rate of world trade and world production never exceeded the record levels after the crisis in 1976—11.8% and 6.7%, respectively. Integration of world commodity markets since 1980s allowed developing countries with favorable geographic position, moderate macroeconomic and foreign economic policy, stable institutions and infrastructure to take advantage of the excess of cheap labor and create comparative advantage in the production of certain goods and services. Within the current trend of international trade liberalization developed countries also find the possibility of using protectionist measures to protect domestic market through the use of non-tariff barriers.

Source: developed and prepared by the author

Being the challenge of economic sovereignty, neo-dependence as personification of diffuse dependence is manifested in the multiplicity of its manifestations (resource, structural, institutional, informational, technological, trade, financial, debt, monetary, etc.) with the establishment of different causal relationships between its derivatives according to the level of economic development and provides for legitimization of hybrid forms of cooperation (between regional groupings; bi-regional and trans-regional relations participation in which is not always tied to specific regional groups and may include countries from more than two regions; hybrid relationships as in particular between regional groups and some powerful countries) at simultaneous manifestation of convergence and divergence of national economic systems despite the announced homogenization and heterogenization of global economic environment that is becoming more and decontrolled and polycentric (Fig. 1).

We interpret neo-dependence as the highest stage of interdependency characterized by multivariate, multi-subordinance, complex hierarchy, decentralization and multilevel relations and consequences generated, produced not only by states but also other subjects of global economy.

The author's approach to the establishment of neo-dependence is intended to demonstrate that the current interstate dimension of interaction is in multiple coordinate plane, which distinguishes:

– producers of market dependence (financial globalization; economic (cyclical) crises; trade liberalization; capital liberalization; highly competitive environment; terms of trade; intellectual property market; TNCs as controlling individual commodity markets);

– subjects of institutional dependence (international organizations that produce dependence; decisions taken within G7/G8/G20);

– producers of integration dependence (regional trade agreements and inherent economic and political integration in the broader context);

– subjects of financial dependence (international economic organizations, TNCs, financial centers, stock markets, offshore centers);

– tools of socio-cultural dependence (transfer of consumption patterns from the rich to the poor countries inspired by TNCs; cultural and linguistic expansion; establishing social standards);

– producers of technological dependence (highly competitive environment; states; TNCs; international organizations);

– information dependence subjects (rating agencies);

– determinants of civilization dependence (global problems as civilization challenges; limited resources as growth oppressor; demographic challenges; production of homo economicus);

– determinants of global changes (reconfiguration of economic powers; transformation of meaningful dominants in determining economic interests of states).

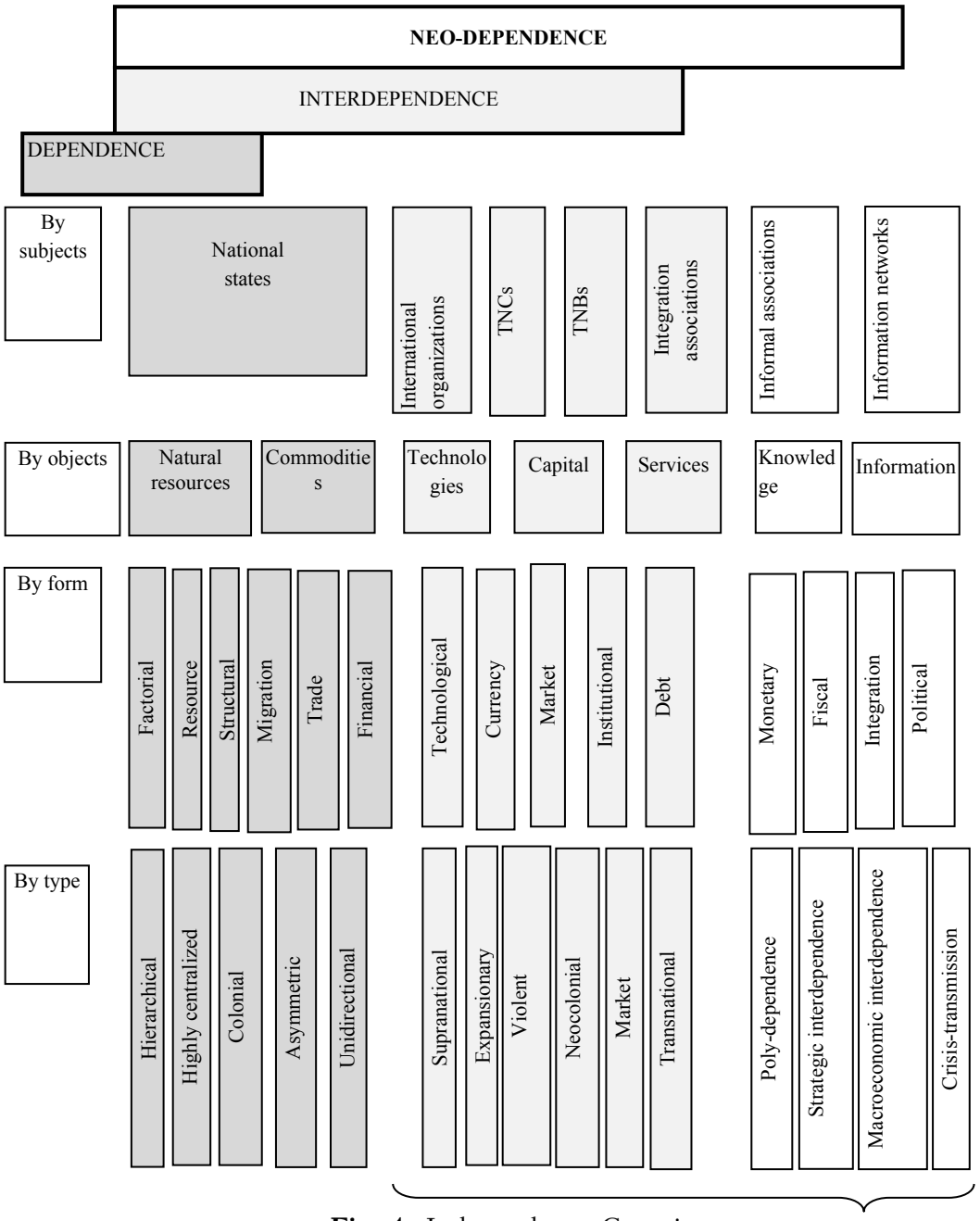

Fig. 1. Independence Genesis

Source: developed by the author

However, a certain unification of the rules of cooperation spelled out in statutes of international organizations which through control mechanisms make basis for formation and development of interstate relations on different levels — structural, technological, financial, investment — in the era of liberalization triggered asymmetric capabilities with declaration of their unity for all. But pressure on developed countries themselves also increased by transnational companies that play a leading role in the mechanism of redistribution of resources.

Neo-dependence demonstrates new paradox when no state is able to assume responsibility for the provision of public goods necessary for the orderly functioning and maintaining stability of the global economy and implementation of effective control over international institutions, which obliged to maintain open trading system, maintain stability of monetary system, ensure proper functioning of global financial markets. Neo-dependence as a process of intergovernmental cooperation based on a qualitatively new basis of interdependence of the Center and Periphery countries due to growing transnationalization of world economy and institutional pressure on national economic sovereignty puts on the agenda the search for solutions to overcome the problems of uneven development and sharpens the complex of dependencies — technological, financial, information because of existing cross-country resources, raw materials and structural asymmetries.

Solving the aforementioned contradictions will be promoted by: 1) creation of global economic governance institution whose purpose will be to address collective global goals (overcoming global imbalances and uneven economic development, control over expansion of monopolies, de-concentration of technological resources); 2) transformation of institutional framework of international organizations; 3) deepening of international economic cooperation within integration associations by member countries as to harmonization of policies they stick to and their further communitisation (fiscal, budgetary, banking, social) that will promote reduction of divergent processes and asymmetric dependence relations between its members and creating the basis for implementation of flexible integration scenarios that will increase resilience and adaptability of groups to transformational challenges of the current stage of globalization; 4) establishment of national agencies that would carry out strict management of stabilization and structural programs recommended for countries to minimize adverse negative effects of implementation of the latter due to aggravated debt, financial, investment and other dependences.

Conclusions

Change of structure of relationships that took root during the first wave of globalization, despite seemingly radical changes inherent to second wave of globalization only at the present stage of transformation of the world economy is accompanied by upheavals, crises, change of the very philosophy of management produces pulses to the system gaining new variations of rebalancing driving forces of the global economy and self-organizing system on new principles (complex hierarchy, multi-polarity). In this approach, the crisis may serve as a principle of creative, constructive mechanism of evolution. While reflecting philosophically we strive for unity, the origins and common objective, divergent nature of economic development eliminates the formation of a unified intention for all countries entering into economic cooperation. Here coexistence of polar in nature objectives is clearly traced: to keep and take positions in the global economy with its inherent stratification that which exacerbates existing interstate contradictions manifested in the multiplicity of asymmetries and production of their advanced combinations (state/company). With synergistic point of view, the increasing importance gets the fact that various subjects in the global economy take many decisions each of which is significant, however, sometimes contrary to each other, and therefore they can together lead to unpredictable results which puts on the agenda the search for answers to the challenges of global governance.

We interpret neo-dependence as a process of mutual influence characterized by the lack of clear hierarchy in interstate relations and polycentric nature due to the formation of flexible fragmented center-periphery structure of the world economy produced by unification of conditions of cooperation under the influence of market fundamentalism and transnational pressure accompanied by transformation of the role of the state against deepening of integration processes and strengthening of institutional levers of regulation. Unlike economic interdependence, which is described in terms of trading share and volumes of capital flows, economic neo-dependence is defined by a plurality of combinations of mutual influence of producers of civilization, market, institutional, integration, financial, technological, socio-cultural dependences under the influence of globalization shifts.

The above clearly shows that economic globalization creates great demand for political globalization, as the markets are not able to solve problems of equitable distribution and unbalanced development they create themselves. However, this political globalization of XXI century does not risk taking the form of domination of one central country.

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