

НАЦІОНАЛЬНА ТА МІЖНАРОДНА ЕКОНОМІКА

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РОЛЬ ЕКОНОМІЧНОЇ ІНТЕГРАЦІЇ ЯК ОСНОВА ДЛЯ СПІВПРАЦІ КРАЇН БЛИЗЬКОГО СХОДУ В УМОВАХ ГЛОБАЛІЗАЦІЇ.

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ROLE OF ECONOMIC INTEGRATION AS A BASIS FOR COOPERATION OF MIDDLE EAST COUNTRIES IN THE TERMS OF GLOBALIZATION

Мета. Мета цієї статті – визначити роль економічної інтеграції для країн Близького Сходу в умовах глобалізації.

Методика. Дослідження ґрунтується на діалектичному методі пізнання та системному підході. Основні наукові результати отримані з використанням комплексу загальнонаукових і спеціальних методів дослідження, а саме: систематизації та узагальнення (для обґрунтування сутності економічної інтеграції), абстрактно-логічного аналізу (для обґрунтування ролі економічної інтеграції для країн Близького Сходу та її впливу на особливості їх розвитку).

Результати. У статті представлені підходи до визначення поняття економічної інтеграції. Розкрито основні передумови та наслідки інтеграції для країн Близького Сходу. Розглянуто деякі з існуючих інтеграційних угод, особливу увагу приділено Барселонському процесу.

Наукова новизна. Подальший розвиток отримала систематизація підходів до визначення поняття «економічна інтеграція». Крім того, на основі аналізу поточного стану політичного, соціального й економічного розвитку країн Близького Сходу обґрунтовано необхідність поглиблення інтеграції, виявлено її переваги.

Практична значимість. Практичну значимість дослідження має оцінка переваг економічної інтеграції країн Близького Сходу, які можуть бути використані при розробці програм співробітництва, у тому числі за участю України.

Ключові слова: економічна інтеграція, глобалізація, світове господарство, співпраця, Близький Схід, Барселонський процес.

Introduction. The importance of economic integration is a very pertinent issue in Middle East, particularly in light of existing political and economic weaknesses. Some countries of Middle East are infested with the deepest levels of poverty, lowest share of world trade, and weakest development of human capital and infrastructure, to say the least. It is because of this that integration is needed, as this will assist in enhancing economic development and growth.

This paper will focus primarily on the economic aspects of integration, and the importance of it for Middle East countries. It is based on the notion that those member states

which are of the view that economic integration will make their economies worse than they are now have not fully explored the role of economic integration for countries development.

Latest research and publications analysis. Despite the presence in the modern economic literature, a significant number of works devoted to the integration processes (M. Maksimov, Yu Shishkov J. Tinbergen, R. Cooper, B. Balacca V. Ovchinnikov, O. Chernega, Y. Bocharova and others), Problems of economic integration of Middle East remains poorly understood until now. The need for in-depth and detailed study of this issue is related to the need of clearly defining of integration and the aim of co-operation, allowing all participants to receive such material and other benefits, which they could not get acting autonomously, and integration with the purpose of exploitation, regardless of any masking its factors .

The goal of the article is to identify the role of economic integration for the countries of Middle East in the terms of globalization.

Key research findings. The modern world is living in an era of global integration processes, affecting all spheres of life (politics, economics, education and other). International economic integration is one of the most important determinants of national economic development, manifested in the expansion and acceleration of international financial flows, which in turn contributes to a more efficient use of investment capital in all areas of the world economy and the international geographical division of labor, allows countries to significantly cut the costs of production and, consequently, to reduce the price of consumable goods. The integration process involves a constant search for the states flexibility, and compelling long-term reason to the reorientation of neutral or good-neighborly relations in the highly partnerships.

In ordinary language, the term ‘integration’ means to bring parts of an object into a complete whole, while in economic terms it would imply, in its narrowest sense, the coordination of economic activities within a country for the purpose of enhancing the development of that particular country. [1] Mutharika further gives the term a wider meaning, and indicates that it implies the process of integration of various economies in a given area or region into a single unit for the purpose of regional economic development. In a more precise way, economic integration occurs when two or more nations undertake policies that result in greater mutual economic interdependence.

Economists have defined the term ‘economic integration’ in several different ways over time. Economic integration is a process of eliminating restrictions on international trade, payments and factor mobility. [2] Economic integration thus results in the uniting of two or more national economies in regional trading agreements. T. Nikolayeva and V. Gayanov identified integration as holistic education, acting in the interests of all participants in order to achieve common strategic objectives, including the members of association and the connections between them, which are due to the strategic needs of the subjects themselves in enhancing the competitiveness and creating a relatively free from the external market competition. [3]

From these definitions, it can be distinguished two different methodological approaches to the study of the process of economic integration. In the first, the so-called ‘static approach’ for economic integration is identified as the onset of favorable circumstances and prerequisites for integration, the formation of supranational Institute, which aims are the convergence of national economies and holding its members agreed interstate economic policies to achieve common strategic goals. This interpretation of the essence of international economic integration has long been a major, especially in the neo-liberal-leaning theorists. From the point of view of the other, ‘active’ approach, it can be told about this concept as about the controlled and voluntary process of developing and

strengthening ties with the sequential approach and structural merging economic entities, in order to obtain comparative advantages. One of the first consideration of the need for integration not only as a static state, but as a dynamic process proved Hungarian economist B. Balassa, having formed thus to two-pronged approach to the interpretation of the essence of international economic integration. [4]

Despite many attempts since World War II to promote economic integration and political cooperation among states in the Middle Eastern region, economic interactions have remained limited. Increasing attention has been focused on the region's economic potentials due to the recent progress in the Arab-Israeli peace process and the steps taken by several countries toward external economic liberalization. This attention comes at a time of renewed global interest in regional arrangements, whether among industrial countries (such as the EU), a mixture of industrial and developing countries (Nafta and Apec), or developing countries alone. [5]

Any region needs a framework in which intra-regional issues – political, security or economic – can be addressed on a regular basis. Most have several overlapping regional organizations. It can be identified three reasons why countries seek greater regional integration: to make economic welfare gains; to increase the region's collective political bargaining power in extra-regional issues; to achieve other non-economic national goals, such as meeting security concerns and preventing future conflict.

A Middle East region is defined by several characteristics, the most basic being geography and culture. However, these two aspects say little about the extent of, or potential for welfare-enhancing economic interaction, which are also determined by economic and political factors. The more similar the economic and political systems of countries and the more similar their political goals, the easier it has proved to promote effective regional economic integration among them. The returns from economic integration also reflect the relative resource endowments of the participating countries, including human capital, albeit not in a unique or unambiguous manner. [6]

Limited integration has stifled the Middle East region's ability to tap into its significant potential for economic growth and job creation. The region is among the least integrated in the world economy. Although home to 5.5 percent of the world's population and 3.9 percent of the world's gross domestic product (GDP), the region's share of nonoil world trade is only 1.8 percent. By contrast, countries that have opted for a liberal trade and investment regime – most notably in East Asia – have experienced a significant increase in trade, employment, and per capita income. If petroleum and gas are taken into consideration, the Middle East countries are far more integrated in the world economy, with total exports accounting for 6.2 percent of total world trade. Exports of oil and gas represent about three-quarters of total exports. [5]

Deep economic integration could help policy makers address the critical development challenges that have been brought to the forefront by the Arab Spring. The Middle East faces a number of serious economic management challenges, including high youth unemployment, global commodity market shocks, weak governance, and inefficient public sectors. The Arab Spring has unleashed a torrent of protests across the region, giving voice to popular frustrations with exclusive, ineffective, and inefficient policy choices. This movement has brought to the forefront the need for policy makers to refocus their development strategies on inclusive growth, job creation, and good governance. The region's leaders are sensitive to the calls for reform and are accelerating measures to stimulate job growth, make the economic growth process more inclusive, and foster popular participation in the development process.

Middle East states have attempted to enhance intraregional trade by themselves. In 1998, Arab countries signed on to create a Greater Arab Free Trade Agreement (GAFTA)

that would eliminate tariffs, by 10% annually, on regional manufactured and agricultural goods over a ten-year period. However, intraregional Arab trade remains disappointingly low, with little progress being made. [7] Hence the region needs to move beyond shallow integration and into deeper integration to maximize welfare gains and surpass initial government scepticism to change. [8] In addition to the economic arguments for low levels of economic integration, others point out the political obstacles to modern pan-Arabism that include a lack of mutual trust among Arab leaders, vested domestic political groups' interests in regulated decision-making or rentier-state behaviour, and crony capitalist support for statist, inward policies.

The European Union has a strong geostrategic interest in having political stability in the Mediterranean. As a 'civilian power', the EU has used its economic prowess to negotiate trade agreements that it hopes will lead to political and economic reforms in its neighbourhood. The 1995 Barcelona Process had high hopes of achieving peace and prosperity in the Middle East through enhanced economic and political reforms that would lead to good governance in the region and help stem economic migration into Europe. The hub and spoke arrangement created by the Barcelona Process, however, negated many of the intended political and economic benefits of the agreements.

The Barcelona Process envisioned three areas of mutual objectives, highlighted by three chapters in the final agreement. First, the Political and Security Chapter called for the creation of 'a common area of peace and stability'. [9] For many Middle East states reeling from the rise of Islamic movements – made most clearly in the first-round election of Algeria's Islamic Salvation Front and the rise of Muslim Brotherhood's criticism of Egypt's Mubarak – the call for peace and stability in the region was interpreted as a call for enhanced domestic security in Middle East states. Second, the Cultural and Human Chapter would be based on promoting trans-Mediterranean dialogue on social and cultural issues. For Middle East governments, it was hoped this would imply improving European understanding of Middle East peoples to help economic migrants already in Europe and to help better understanding of the region. Finally, the Economic and Financial Chapter would build a 'zone of shared prosperity' by signing association agreements with Middle East states that would eventually lead to a free trade area.¹⁶ It was envisioned that the EU would sign free trade agreements with ten countries by 2010 – Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia and Turkey – to be called the Euro-Mediterranean Free Trade Area (EMFTA). The EU would negotiate the fulfillment of the Barcelona Process both bilaterally, through the association agreements, and multilaterally, with future working groups. [9]

The pace of the Barcelona Process on policy reforms within the Middle East, however, remained disappointingly slow, and EU members felt an added urgency of pushing the process forward after September 11th.¹⁷ The EU hoped to reap the benefits of a neoliberal peace, where increasing the living standards of Middle Easterners would decrease the spread of Islamist militancy in the region and help stem potentially radicalized economic migrants into Europe.

The EU has embarked on a new and more promising approach that may help to rectify the hub and spoke effect and stimulate intraregional trade in the region, and the 2004 Agadir agreement may be effective in producing the changes envisioned in the Barcelona Process. The EU, however, will need to prompt more Middle East states to join into the agreement to gain from the positive spillover effects.

Economic integration could help policy makers address these critical development challenges. In a narrow sense, economic integration is understood as the elimination of tariff and nontariff barriers to the flow of goods, services, and factors of production among a group of cooperating countries. [8] Deeper economic integration goes further, referring to

the integration and improvement of transport and trade logistic systems, strengthening of infrastructure, harmonization of institutional arrangements and practices, and improvement in behind-the-border policies and regulations that impose a burden on business activity. The latter include economy-wide policies such as exchange rate policy, competition policy and other aspects of the overall investment climate, and sector-specific policies affecting trade in services and the efficient provision of key backbone services such as finance, transport, telecommunications, energy, and water.

Economic integration can contribute to addressing the region's development challenges by strengthening incentives and opportunities for growth, economic diversification, and employment. While it is not a panacea or a substitute for domestic reform, economic integration can help attract the investment needed to generate more and better jobs by removing barriers to trade and investment and by improving the enabling environment for both domestic and foreign investment. Global trade patterns are changing rapidly, with a growing emphasis on the geographic splintering of production chains and the rise in 'trade in tasks' and vertical specialization. This has been driving trade expansion and demand for job creation in East Asia, Eastern and Central Europe, Mexico, and other parts of the world. Higher levels of intra-industry trade have generated greater and better employment for those integrated into these production chains. [8]

Despite complementarity in the output mix, nothing is preventing different countries in Middle East from further integrating into these multinational value chains. Economic integration can have positive market, efficiency, and long-term welfare effects. The extension of domestic markets provides opportunities for greater economies of scale and, through improvements in connectivity, helps strengthen access to markets. Economic integration can provide opportunities to expand economic activity through joint action to overcome policy and institutional barriers to the flow of goods, services, capital, and labor. If the reduction of interregional barriers leads partner countries to expand output and exports of internationally competitive products, the price of productive inputs or final goods in the importing country will fall and benefit consumers, input purchasers, and employees in the exporting country.

Conclusions. In this case, there is a need to create follow-up mechanisms to ensure respect for Middle East economic integration. Economic cooperation and integration could help address the political, social and economics problem of the region by boosting growth, fostering diversification, and stimulating employment. In particular, trade and foreign direct investment (FDI) matter for generating the jobs that the region so badly requires. Regional cooperation can make a difference in attracting the investment needed to generate more and better jobs by removing barriers to capital inflows and by creating a better enabling environment for both domestic and foreign investment.

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Цель. Цель данной статьи – определить роль экономической интеграции для стран Ближнего Востока в условиях глобализации.

Методика. Исследование основывается на диалектическом методе познания и системном подходе. Основные научные результаты получены с использованием комплекса общенаучных и специальных методов исследования, а именно: систематизации и обобщения (для обоснования сущности экономической интеграции), абстрактно-логического анализа (для обоснования роли экономической интеграции для стран Ближнего Востока и ее влияния на особенности их развития).

Результаты. В статье представлены подходы к определению понятия экономической интеграции. Представлены основные предпосылки и последствия интеграции для стран Ближнего Востока. Рассмотрены некоторые из существующих интеграционных соглашений, особое внимание уделено Барселонскому процессу.

Научная новизна. Дальнейшее развитие получила систематизация подходов к определению понятия «экономическая интеграция». Кроме того, на основе анализа текущего состояния политического, социального и экономического развития стран Ближнего Востока обоснована необходимость углубления интеграции, выявлены ее преимущества.

Практическая значимость. Практическую значимость исследования имеет оценка преимуществ экономической интеграции стран Ближнего Востока, которые могут быть использованы при разработке программ сотрудничества, в том числе с участием Украины.

Ключевые слова: экономическая интеграция, глобализация, мировое хозяйство, сотрудничество, Ближний Восток, Барселонский процесс.

Objective. The goal of the article is to identify the role of economic integration for the countries of Middle East in the terms of globalization.

Methods. The study is based on the dialectical method of knowledge and systematic approach. Basic scientific results obtained using the complex scientific and special methods of investigation, namely the systematization and generalization (to justify the

essence of economic integration), the abstract logic analysis (to justify the role of economic integration for Middle East countries and the impact of it on the characteristics of their development).

Results. *The article presents approaches to the definition of economic integration. The basic prerequisites and consequences of integration for the countries of the Middle East are presented. It is considered some of the existing integration agreements, special attention is given to the Barcelona process. It is proved that economic cooperation and integration could help address the political, social and economic problem of the region by boosting growth, fostering diversification, and stimulating employment. In particular, trade and foreign direct investment matter for generating the jobs that the region so badly requires.*

Scientific novelty. *Further developed systematization of approaches to the definition of 'economic integration' is presented. In addition, based on the analysis of the current state of political, social and economic development of the Middle East it is grounded upon need to deepen integration, its advantages are revealed.*

The practical significance. *The practical significance of the study is evaluation the economic integration advantages for development in the Middle East, which can be used in the development of cooperation programs, including with the participation of Ukraine.*

Keywords: *economic integration, globalization, world economy, cooperation, Middle East, the Barcelona Process.*

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ІСТОРИЧНІ ПЕРЕДУМОВИ ВИНИКНЕННЯ ТА СУТНІСТЬ ПОНЯТТЯ «КОРПОРАЦІЯ»

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HISTORICAL BACKGROUND AND MEANING OF THE TERM «CORPORATION»

Мета. *Мета статті полягає в проведенні критичного аналізу літературних джерел і наукових публікацій та узагальнення на цій основі історичних передумов виникнення й сутності дефініції «корпорація».*

Методи. *У процесі дослідження використано методи спостереження та порівняння для дослідження історичних передумов виникнення корпорацій, методи теоретичного узагальнення і порівняння, аналізу і синтезу, індукції та дедукції для систематизації й уточнення змісту поняття «корпорація».*