

СВІТОВЕ ГОСПОДАРСТВО І МІЖНАРОДНІ ЕКОНОМІЧНІ ВІДНОСИНИ

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FEATURES OF FORMATION OF THE “THIRD WAY” SOCIETY

Busarieva T.H. Features of formation of the “third way” society. The article analyses the problems of forming the capitalist and socialist model of economic development. The deficiencies of these concepts are identified in the context of tasks of creating conditions for the transition to knowledge economy and development of human capital.

Key words: capitalist model, socialist model, knowledge economy, society of “third way”.

Бусарева Т.Г. Особливості формування суспільства “третього шляху”. В статті проаналізовані проблеми формування капіталістичної та соціалістичної моделі економічного розвитку. Визначені недоліки зазначених концепцій у контексті реалізації задач щодо створення умов для переходу до економіки знань та розвитку людського капіталу.

Ключові слова: капіталістична модель, соціалістична модель, економіка знань, суспільство “третього шляху”.

Бусарева Т.Г. Особенности формирования общества “третьего пути”. В статье проанализированы проблемы формирования капиталистической и социалистической модели экономического развития. Определены недостатки указанных концепций в контексте реализации задач по созданию условий для перехода к экономике знаний и развития человеческого капитала.

Ключевые слова: капиталистическая модель, социалистическая модель, экономика знаний, общество “третьего пути”.

Formulation of the problem. The formation of the knowledge economy predetermines the search for the most effective model of economic development. To date, there are two opposite economic models that have differently defined the theoretical foundations and practical conditions for the socio-economic development: capitalist and socialist. It is within these models that human societies were able to achieve the greatest achievements in the field of socio-economic development. Let us consider in the framework of which of these concepts the task of creating conditions for the transition to a knowledge-based economy and the development of human capital can be realized.

Analysis of recent research and publications. The scientific analysis of the formation and development of knowledge economy and its separate theoretical and practical issues has been researched in works: D. Andrusen, N. Bonis, S.M. Klimov, R. Coase, B. Lev, B.B. Leontiev, L.I. Lukicheva, B.Z. Miller, I.V. Pronina, T. Stewart, R. Thyssen and others. Problems of estimation of capitalist and socialistic constraints of knowledge economy development in both developed and developing countries were considered in the works of E. Brok-

ing, L.G. Glushko, V.Yu. Zubko, R. Kaplan, A.N. Kozirova, D. Norton, A. Pulik, M. Malone, L.V. Postanagov, K. Swebi, K. Taylor, L. Edvinson, and others. However, a considerable number of scientific problems regarding the definition of an optimal concept remain unresolved, in the conditions of operation of which the principles of the development of the knowledge economy will be realized most effectively.

Analysis of previously unsolved parts of the general problem. The establishment and formation of the knowledge economy predetermine the search for the most effective model of economic development. To date, two opposite economic models are known, differently defining theoretical foundations and practical conditions for social and economic development: capitalist and socialist. It was within these models that human societies were able to achieve the greatest achievements in the sphere of socio-economic development. Let's consider, within the framework of one of these concepts, the task of creating conditions for the transition to knowledge economy and the development of human capital can be realized.

Formulation of the research task. The article examines the capitalist and socialist concept of creating con-

ditions for the transition to a knowledge-based economy and the development of human capital. The underlying deficiencies of the analysed concepts and the proposed new third-way co-pillar, which is the most effective in terms of the development of the knowledge economy.

Statement of the problem. The unchanging purpose of the business entities in the capitalist model of the economy is to maximize profits; The purpose of the economy as a science is to balance the supply and demand. In the economic analysis of the classical school, all, including the person, acted only as a means of maximizing the profit of the business owner. All attention was paid to the analysis of profit maximization factors, that is why the influence of the state of health, education, culture of a person, his standard of living on economic efficiency was not considered but the domination of economic, social, and productive forces in relation to man was recognized. The only source of wealth was considered a product created in material production. Such an interpretation of the essence and purpose of economic development corresponded and satisfied the economic reality of the period of early capitalism (XIX century – early XX century), when there was practically no connection between production and science, when production efficiency was provided by increasing involvement in the production process of human and environmental resources, natural environment. The science of that period did not have that accumulated material that could significantly change the forms, methods, and means of production.

Presentation of the main results. The functioning of economies based on these principles, as it was characteristic of the end of the XIX century – the beginning of the XX century, as the history showed, could not ensure the progressive development of society and economy. The crisis of the classical school of political economy was the consequence of the fact that the accumulation of capital was put into the centre of the whole economic life. So, in the USA in the 1920s, 1% of the proprietors owned 59% of national wealth, and the share of the poorest, accounting for 87% of the population, accounted for only 8% of national wealth. In 1920–1921 in England, 2% of property owners concentrated in their hands 64% of the national wealth of the country, and 76% of the total population owned 7.6% of national wealth.

The economic system, based on the principles of classical capitalism, has lost its flexibility. The result was the deepest crisis of overproduction in 1929–1933 and the subsequent depression, which lasted until the beginning of the Second World War. As a result, by 1932, production in the United States declined by more than half compared to 1929, private investment dropped by 4 times, and manufacturing by almost 5 times. The output of cars decreased by 80%, steel smelting – by 76%, metallurgical production decreased by 88%, real wages of workers fell in 1938 against the level of 1900 to 74% [1, p. 14–18].

All this required a substantial revision of the economic theory and the ensuing state economic and social policy. As a result, The General Theory of Employment, Interest and Money by J.M. Keynes appeared who substantiated the need and effectiveness of stimulating domestic demand and state regulation of the economy. On the non-viability of the classical economic theory, J.M. Keynes wrote: “It is quite possible that the classical theory is a picture of how we would like the society to function. But to assume that it actually works so well means to disregard the real difficulties.” The emergence of fundamentally new Keynesian economic theory has led to the realization that the oppressed person becomes a “brake” to the development of industry and economy. The factor of economic efficiency is a person who receives a high pay for his work and thus forms a high demand in the country and also has a free access to education, scientific knowledge, health care, and other social benefits. This theory contradicted the dominant classical school of non-interference of the state in the economy. However, the “new course” of US President F. Roosevelt, the experience of the policy of “prosperity for all” by the German Chancellor L. Erhard confirms J. Schumpeter’s conclusions made in his work Capitalism, Socialism and Democracy: “The capitalist system does not perish from an economic collapse, but its own success undermines the social institutions protecting it and will inevitably create conditions in which it will not be able to survive and give way to socialism.”

That is why at the turn of the 1940s–1950s the official doctrine of the governments of many countries is the concept of a “welfare state”, which proclaimed the need for broad social protection measures. Based on qualitatively changed in the twentieth century objective conditions of economic development, the American industrialist J. Galbraith in the 1960s–1970s resolutely refuted the basic provisions of the classical theory: the subordination of goals of the economic development of the economic system to the interests of the owner of material resources, the market self-regulation of the national economy, the advantages of economic activity of sole proprietors, the merger in one person entrepreneur, proprietor, organizer of production and recipient of income. D. Stark – in 1943, a consultant on the study of US businesses – so reflected the importance of the factor “man”: “A business enterprise is 85% people, 10% – materials, and 5% – money. Issues of production, distribution, financial and administrative – all of them resist the problem of personnel. Almost 85% of the final cost of production is created by people.” One of the main factors of the high efficiency of the US industry, he considered the human factor and a clear organization of work.

In the second half of the twentieth century for the first time in the economic science of the capitalist countries, the existence of not only the sphere of material production but also the sphere of intangible services, which is subordinated to the laws of the material pro-

duction, and which deals with such a specific factor of economic development as a man, is recognized. As a result, in the 1950s the first statistical model of a market economy was prepared and developed – the system of national accounts (SNA), which was originally based on economists: D. Keynes, M. Frisch, S. Kuznets, R. Stone, V. Leontiev, etc. In the SNA, the distinction is made between the production and the non-productive spheres of activity, the notion of spheres of activity does not apply. In the framework of the SNA, production activity is the activity of producing goods and services; it covers the activities of enterprises both in the sphere of material production and in the sphere of intangible services. The data on the statistics of developed countries testify to the growing attention to the person. In the second half of the twentieth century, social spending in the developed world grew faster than the gross national product (GNP). The share of social expenditures in GNP for the period of 1960–1975 increased by an average of 1.5-2 times. The largest share of social spending is characteristic of Germany (31.5% of GNP), in which the welfare policy for all was implemented.

In the second half of the twentieth century in the economic science of the capitalist countries, there is a realization that the development of the economy is ensured not only by productive investments but also by investments in the field of so-called intangible production: science, education, health care (Table 1.1).

If in 1970 the investments into the sphere of intangible production in the USA exceeded investments in production fixed assets by 2 times, then by 1990 this gap increased up to 3 times. Thus, in the developed capitalist countries in the second half of the twentieth century, the realization comes that not only productive investments but also investments in human capital become the basis of economic development. The effectiveness of industry is dependent on the development of science, education, health, and other areas that shape human capital. However, an increase in the attention of a person in capitalist countries in itself cannot be an indication of the priority development of the spheres of an activity forming the human person, and the rejection of the basis of the goal of a market economy – maximization of profit. In developed countries, the production of material goods is still regarded as a leading area of economic activity, and the only purpose of managing remains the build-up of capital. Suffice it to say that the progressive structure of GDP of developed countries, in which the share of

intangible production is 65-75%, and material production, respectively, 25-35%, became possible only due to the existence of a huge industrial scale of the world represented by the developing and the least developed countries. That's why in 2009, the world's 11 developed countries (Australia, Belgium, Germany, Italy, Canada, the Netherlands, the Republic of Korea, the United Kingdom, the United States, France, and Japan) accounted for 57.8% of world imports, while the share the indicated countries in the world population is only about 12%. The mere fact that the developed capitalist countries withdrew from a number of industrial, often environmentally harmful industries to other countries, indicates the unresolved issue of ensuring sustainable economic development within their own states. The high level of “informatisation” of the developed countries of the world to a large extent became possible thanks to “industrial colonialism”.

Unlike capitalism in the socialist economy, there was no private ownership of the means of production, they were state-owned. Therefore, in the socialist state, the possibility of increasing capital by a separate group of people was excluded, and the maximization of profits was not proclaimed as the main goal of economic activity. Despite this, the goals of functioning were similar: instead of capital build-up, the objective of an economy of a socialist type was to build up state capital, mainly capital.

The theoretical basis of the socialist economy, its structure became the law of the predominant growth of production of means of production, formulated by K. Marx. Dividing the entire social product into its natural form into two divisions: the first subdivision of social production (production of means of production) and the second division (production of consumer goods) – and, having identified the elements of the cost of production in each of them, K. Marx showed what value and natural interconnections and proportions are formed between them in the process of simple (when all surplus value is consumed) and expanded reproduction (when part or all of the surplus value is capitalized, that is, it turns into additional capital, accumulates). From this concept, it follows that expanded reproduction, or economic growth, is determined by an increase in the production of means of production beyond what is necessary to resume capital expenditures in both units. This surplus is the material basis for new investments, which increase the capital stock of labour, which in turn becomes the basis for the growth of its productivity [3, p. 5–8].

Table 1.1

Social expenditures of some countries of the world in 1960–1975

Country	The share of social expenditures in GNP, %		Average annual growth rate in 1960-1975, %	
	1960	1975	GDP	Social expenses
USA	10,9	21,0	4,1	7,7
Denmark	20,5	31,5	4,7	6,7
France	13,4	23,8	5,8	7,4
Great Britain	13,9	24,9	3,1	5,6

Source: [2, p. 21–23]

Hence the law of pre-emptive growth of producing means of production as the main law of economic development. In the textbook of 1956, *The Economy of the USSR Industry*, prepared by a team of scientists from the Institute of Economics of the USSR Academy of Sciences, the following is stated: “Under the conditions of a socialist economy, large-scale industry, and especially the heavy industry, is a leading industry, a base for the development of all sectors, provides for the socialist reconstruction of the entire national economy, strengthening of the economic power and independence of the country. It creates conditions for the achievement of high productivity of social labour. In order to create a material and technical base and further technical re-equipment of all branches of the national economy, the Soviet government has directed and directs the predominant mass of capital investment in the heavy industry.” This law was the basis of economic planning in the USSR. In practice, it meant that more and more money was being spent on the production of raw materials, machinery, equipment, and construction of fixed assets for production purposes, and an ever smaller share went to the industries producing consumables and into the intangible sphere.

The logical continuation of this theory was the statistical model of a planned economy – the balance of the national economy (BNE). In its essence, it was a reflection of the theory of social reproduction and economic growth and was based on a theoretical assumption about the existence of two spheres of activity – production and non-production. It is in the production sphere that the public good is created, and the sphere of non-material production is a superstructure, it does not create a social product and, therefore, cannot be the basis of economic development. It is completely financially dependent on the product created in material production and cannot have independent sources of its development.

The result of this was that the main share in the expenditure structure of the USSR state budget was precisely the expenditures on the national economy (industry, agriculture, forestry and water management, construction, freight transport, material and technical supply and marketing) (health care, education, housing and public services, social services, culture, art, science) were in the second place (Table 1.2).

During 1960–1984, more than half of all expenditures of the USSR state budget were investments in material production. Material production was considered the only area, in which value is created. Only labour in the branches of material production was considered productive. Moreover, if the share of expenditures allocated to material production increased every year (from 46.6% in 1960 to 57.8% in 1984), the share of social expenditures, on the contrary, decreased (from 34.1% in 1960 to 31.8% in 1984). In addition, throughout the period under review, with the exception of 1983, expenditures on the national economy increased with a greater growth rate than on social expenditures. So, if in 1982 spending on the national economy increased by 16.2%, then for social purposes and science – only by 5.8%.

The branches producing the means of production developed at rates exceeding the growth rates of the industries producing consumer goods, as well as agriculture. On this basis, the share of producing means of production in all industrial products has steadily increased. So, according to the USSR Central Statistical Office in 1984, the volume of producing means of production (group “A”) was 3 times higher than the volume of production of consumer goods (group “B”), the share of people employed in the branches of material production in 1984 was 73.3%, and in the so-called “non-production” industries – 26.7%.

The structural deformation of the economy and material production could not but lead to such structural imbalances as the shortage of consumer goods, the lagging growth in the production of consumer goods and services from wage growth, especially that part of the population that was engaged in the industries producing means of production. In a socialist economy, in fact, the sphere of material production was opposed to the sphere of non-material services; the basis of the economy was an industry. Excessive production of means of production has led to the depletion of the economy and the exhaustion of resources for economic development. Such an economic structure did not identify the priority development of the non-material sphere with sustainable economic development. Thus, despite all the differences between the capitalist and socialist economic models, both of them are characterized by the priority development of the spheres of material production in order to accumulate capital [5, p. 31–34].

Table 1.2

The structure of the state budget expenses of the USSR

Index	1960	1970	1975	1980	1981	1982	1983	1984
State budget expenditures, total, %	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Including								
- on the national economy, %	46,6	48,3	51,6	54,7	54,8	57,5	57,0	57,8
- on socio-cultural events and science, %	34,1	36,2	35,9	33,5	33,4	31,9	32,4	31,8
- on defence, %	12,7	11,6	8,1	5,8	5,5	5,0	4,8	4,6
- on management, %	1,5	1,1	0,9	0,8	0,8	0,8	0,8	0,8

Source: [4, p. 17–19]

In this case, the economic reality of the second half of the twentieth century more and more confirmed that the basis of economic efficiency is not just material wealth, but human capital. The capitalist economy, as well as the socialist one, cannot be considered the economic model and mechanism, within which it is possible to ensure the creation of conditions for the transition to the knowledge economy as a natural stage in the evolution of society and the economy. Both of these systems in different ways came to a crisis and to the realization of internal contradictions. But the main cause of the crisis of both systems was the subordination of the economic development of human capital and the spheres of activity that form it, the accumulation of capital to the detriment of the development of the human person. The only difference was that if in a socialist economy capital accumulation was carried out mainly for the purpose of subsequent investment in the creation of new means of production, then in a capitalist economy – in addition, it was also in order to maximize the welfare of the owners of material resources. Both the capitalist and the socialist economic model can be called the industrial economic model, in which conditions cannot be created for the development of a knowledge economy.

Over the past decade, scientists have increasingly realized the need to revise the outcome of the industrial era of society, understanding its results and developing a new socio-economic concept – the concept of transition to a post-industrial or information society, which is based on a new type of economy – knowledge economy. This problem is not a specific problem of any country or territory, it is global, and therefore, it should be considered in the context of global trends and solutions. And the main thing here is not just an increase in attention to those areas where knowledge is created, such as science, education, and health care, the main thing here is the recognition of the knowledge of that main and driving productive force, without which in modern conditions it is impossible to ensure the effective functioning of socio-economic systems, recognition of the fact that the full development of the individual is the only and necessary social criterion of all economic transformations.

As world practice shows, the industrial concept of the development of society has practically exhausted itself, and standard economic laws do not work in modern conditions. Models of economic development of countries based on the laws of a market economy are not able to explain and solve most social and economic problems. Classical market political economy, according to which the basis of the national wealth of the territory is natural resources and capital, cannot explain the destructive socio-economic processes that are taking place. Modern economics does not give an idea of what the economic model of the knowledge economy should be.

The idea of the absence of such a model is currently finding more and more supporters among scholars and economists. This explains the increased at the turn of the XX–XXI centuries the search for the so-called “third way”

of development, different from the socialist and capitalist models. Developed under the UN auspices of the Concept for the sustainable development of society and the economy, the main emphasis was placed on humanizing the social and economic life of society, ensuring effective control over the effectiveness of the use of the Earth’s natural resource potential in the interests of the entire population of the planet, social protection of the population capitals. In this connection, academician of RAS D.S. Lvov wrote: “Now it is already quite obvious to many that the market economic system is not a panacea” [6, p. 54–56].

What should be the economy corresponding to the social ideals of the “third way”? This is the main question, the answer to which progressive political leaders, scientists, and specialists all over the world are looking for today. The 2001 Nobel Prize winner in economics, J. Stiglitz, formulated his idea of the third way economics: “This vision lies somewhere between those who see the state playing a dominant role in the economy and those who support its minimal role, and at the same time, between those who consider capitalism to be completely rotten through the system, and those to whom the market economy seems to be a flawless and wonderful human invention that provides unprecedented prosperity for all. I see the market mechanism as a powerful tool for creating wealth, which has not yet reached the ceiling of its capabilities, but in the process of its development has condemned part of humanity to lag and, in fact, even worsened the position of some part of it.”

The market economy in the first place puts the profit and growth of material well-being, and as a result, the only purpose of management is economic growth. This approach to socio-economic development has led to the fact that humanity on the threshold of the twenty-first century faces with such problems that before it was impossible to imagine. Against the background of the population growth of the planet (in 1900, the population of the planet reached 1.6 billion people, by the end of the 20th century – 6 billion people) and the growth of the world economy (in 1950 the global gross domestic product was about 4,000 billion dollars, by the end of the 20th century it grew by almost 9 times, reaching more than 35,000 billion dollars), the gap between the developed and developing countries, the richest and the poorest people, increases every year. The growth of the general material well-being of the population of the Earth did not lead to the elimination of the main problem of mankind of the XX century – problems of poverty, while the rapid growth of the world economy only aggravated these contradictions. Only about a billion people on our planet live in developed countries and, according to statistics, accumulate up to 84% of the world’s wealth, while most of the world’s population do not have access to even basic means of subsistence: more than a billion people do not have access to clean drinking water, in the second half of the 20th century 826 million people suffered from malnutrition, 95% of them live in developing countries.

In the XX century, environmental problems also significantly aggravated. This is evidenced at least by the fact that in the late 1980s the intensification of environmental problems has led to the isolation of a new area of scientific knowledge – ecology, designed to explain and find ways out of such problematic situations that humankind has never encountered before. According to experts, the current level of consumption is about 10 times higher than the acceptable parameters in terms of the sustainability of the biosphere: 1/3 of the soil layer is lost, forests are cut down by 2/3, the animal and plant world in the 20th century lost 1/5 of their species diversity, the spread of deserts occurs at a speed of 60 thousand square km per year, forests disappear at a speed of 150 thousand square km per year (which is comparable to half of the territory of Germany, the area of which is 357 thousand sq.km).

The heyday of industry in the XX century brought wealth and wealth at the cost of destruction of nature. The widespread use of industrial disposable products, which are energy-intensive in production, contributed to the irrational consumption of scarce materials extracted from the bowels of the Earth. For example, batteries that power a personal stereo player with headphones require 50 times more energy to make them than they can give. The development of industry has led to the fact that at the beginning of the XXI century, every fourth person (about 1.5 billion people) on the planet breathes air that is detrimental to health – with a high content of sulphur dioxide and nitric oxide. A fifth of the world's population (1.3 billion people) regularly drink water containing various pollutants: nitrates, phosphates, and pesticides. Up to 175 million tons of solid waste: industrial waste, sewage effluents, oil, etc., are released into the global ocean annually.

If in the middle of the XX century forests of the humid tropics occupied more than 30 million square

km, i.e. more than 20% of the land surface, then at the beginning of the XXI century – only 12%. There is a constant depletion of minerals, such as oil, gas, coal, metal and non-metallic ores, etc. Thus, the existing approach to the socio-economic development, based on the constant growth of anthropogenic pressure on the environment, the continuous use of the natural resource potential of territories, the constant satisfaction of the growing needs of human society through material benefits, on the one hand, led to the growth of the world economy and growth of world production of goods and services. On the other hand, an increase in welfare did not lead to the elimination of such complex social phenomena as poverty, hunger, and disease.

Conclusion. Consequently, the growth of the world economy over the twentieth century, first of all, positively contributed to the growth of wealth of only a small part of the world's population and did not solve the problems of poverty and inequality (the number of poor people in the world grows from 1.1 billion in 1990 to 1.3 billion in 1996).

The results of the industrial type of social development indicate the impossibility of solving the emerging socio-economic problems within the framework of the classical concept of a market economy, the main purpose of which is to maximize profits and subordinate this goal to both natural and human potential. A society based on the orthodox principles of a market economy is characterized by an unfair distribution of national wealth and national income, an increase in the processes of social stratification, the differentiation of people by income level and starting conditions.

This explains so much increased attention of economists to the so-called concept of the “third way”, to the search for new ways of development of society based on other values and benchmarks that put different goals at the centre than economic growth for economic growth.

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