

## **Latest trends in international monopolization of capital\***

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**ABSTRACT.** The article deals with the character and features of international monopolization of production and capital at different stages of the capitalist market system development. On the basis of research of the latest trends in international monopolization of capital we substantiate its global character, manifesting in coverage of almost all world countries of and all social reproduction phases at industrial, territorial and regional levels. It is also proved the inconsistency of global corporations influence on the parameters of the world economic equilibrium, multidimensional manifestation of which can be seen in deepening of the asymmetry in socio-economic development of the countries and regions of the world.

**KEY WORDS.** Global monopolization of capital, production and capital concentration, internationalization, transnationalization, international monopolies, global corporations, TNC, global capital, global production networks, social reproduction, capitalist market system, asymmetry in global economic development.

### **Introduction**

The fast rates of economic globalization, dynamic development of innovation, information and communication technologies, formation of new competitive conditions of economic entities at national and international levels as well as sharpening of competition among Western TNCs for the redistribution of economic power in the world, require scientific understanding of character, regularities and decisive determinants of the process of global monopolization of capital. This leading trend of the world economic development, generated by the growing internationalization of socio-economic life, science, technology and humanitarian sphere, is, from one side, the reason, and, from the other side, the result of strengthening of the degree of monopolization of public production. It is the basis of the global micro-integration, and within the framework of modern transnational structures it acquires its concentrated expression, first of all, in the formation of global production networks and stable channels of co-operation of national

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economies in production, investment, finance and innovation, expansion of the subject structure of the monopolization process and formation of new institutes of its regulation.

Among scientific achievements of scholars, investigating the theoretical foundations of production and monopolization of capital, patterns of transnationalization of social reproduction, peculiarities of TNCs and national economies relations, factors of securing international monopolies competitiveness in global environment, corporate strategies of innovative and investment activity, peculiarities of co-operation of monopolized and non-monopolized sectors, as well as the problems of social losses of monopolization, it is necessary to point out the works of such foreign and national scientists, as G. Bannister P. Braga and J. Petri<sup>1</sup>, S. Borkovski<sup>2</sup>, H. Görg and E. Strobl<sup>3</sup>, J. Dunning<sup>4</sup>, R. Zymenkov and O. Romanova<sup>5</sup>, A. Kostusev<sup>6</sup>, K. Koulin and D. Mueller<sup>7</sup>, B. Kim, J. Prescott and S. Kim<sup>8</sup>, B. Lagutin<sup>9</sup>, D. Lukyanenko<sup>10</sup>, T. Mitton<sup>11</sup>, V. Nazarevskyy<sup>12</sup>, R. Oladi, H. Beladi and N. Chau<sup>13</sup>, T. Orehova<sup>14</sup>, C. Pantzalis, J. Park and N. Sutton<sup>15</sup>, A. Poruchnyk<sup>16</sup>, R. Prasada<sup>17</sup>, V. Rokocha<sup>18</sup>, E. Savelyev and C. Yuri<sup>19</sup>,

<sup>1</sup> Bannister G., Braga P., Petry J. Transnational Corporations, the Neo-liberal Agenda and Regional Integration: Establishing a Policy Framework // *The Quarterly Review of Economics and Finance*, Volume 34, Supplement 1, Summer 1994. — P. 77—99.

<sup>2</sup> Borkowski S.C. The Transfer Pricing Concerns of Developed and Developing Countries // *The International Journal of Accounting*, Volume 32, Issue 3, 1997. — P. 321-336.

<sup>3</sup> Görg H., Strobl E. Multinational Companies and Indigenous Development: An Empirical Analysis // *European Economic Review*, Volume 46, Issue 7, July 2002. — P. 1305—1322.

<sup>4</sup> Dunning J. H. *Multinational Enterprises and the Global Economy* / J. H. Dunning. — London, 1994.

<sup>5</sup> Zimenkov R., Romanova Ye. *Amerikanskiye TNK za rubezhom* [U.S. TNC abroad // MEiMO. - 2004. - № 8. - pp. 45-53.]

<sup>6</sup> Kostushev O. O. *Konkurentna polityka v Ukraini: Monohrafiya*. [Competition Policy in Ukraine: Monograph. - (In Russian). - Kyiv: Kyiv National Economic University, 2004. - 310 p.]

<sup>7</sup> Cowling K., Mueller D. The Social Cost of Monopoly Power // *Economic Journal*. — Vol. 88, 1978, December. — P. 727—748.

<sup>8</sup> Kim B., Prescott J. E., Kim S. M. Differentiated Governance of Foreign Subsidiaries in Transnational Corporations: an Agency Theory Perspective // *Journal of International Management*, Volume 11, Issue 1, March 2005. — P. 43—66.

<sup>9</sup> Lahutin V. *Shkoda vid monopolii i koryst vid konkurentsii: chy vse tak prosto?* [The harm from monopoly and the benefits of competition: is it so simple? // *Economy of Ukraine*. - 2007. - № 4. - pp. 55-61.]

<sup>10</sup> Lukianenko D. G. *Ekonomichna intehratsiya ta hlobalni problemy suchasnosti*. [Economic integration and modern global problems. - Kyiv: Kyiv National Economic University, 2005. - 206 p.]

<sup>11</sup> Mitton T. Institutions and concentration // *Journal of Development Economics*, Volume 86, Issue 2, June 2008. — P. 367—394.

<sup>12</sup> Nazarevskiy V. *Novye yavleniya v protsesse konceptnopruii* [New phenomena in the process of concentration // MEiMO. - 1989. - № 8. - pp. 20-33.]

<sup>13</sup> Oladi R., Beladi H., Chau N. Multinational Corporations and Export Quality // *Journal of Economic Behavior & Organization*, Volume 65, Issue 1, January 2008. — P. 147—155

<sup>14</sup> Oryekhova T. V. *Transnatsionalizatsiya ekonomichnykh system v umovakh hlobalizatsii: Monohrafiya*. [Transnationalization of economic systems in the context of globalization: Monograph. - Donetsk: Donetsk National University, 2007. - 394 p.]

<sup>15</sup> Pantzalis C., Park J. C., Sutton N. Corruption and Valuation of Multinational Corporations // *Journal of Empirical Finance*, Volume 15, Issue 3, June 2008. — P. 387—417.

<sup>16</sup> Poruchnyk A. M. *Natsionalnyi interes Ukrainy: ekonomichna samodostatnist u globalnomu vymiri: Monohrafiya*. [Ukraine's national interests: economic self-sufficiency at a global level: Monograph. - Kyiv: Kyiv National Economic University, 2008. - 358 p.]

<sup>17</sup> Prasada R. New Trends in Globalization of Corporate R&D and Implications for Innovation Capability in Host Countries: A survey from India // *World Development*, Volume 25, Issue 11, November 1997. — P. 1821—1837.

V. Sidenko<sup>20</sup>, P. Fedosova<sup>21</sup>, G. Fylyuk<sup>22</sup>, A. Filipenko<sup>23</sup>, S. Chernenko<sup>24</sup>, A. Yudanov<sup>25</sup> and others.

At the same time, in spite of constant research interest in the problems of monopolization of production and capital within the last decades, the investigation of evolution of production and capital concentration processes at different stages of the capitalist market system development was not sufficiently covered in scientific literature. The real essence and public form of global monopolization of capital need to be concretized. Besides, the determination of the main trends in global monopolization of capital as well as the estimation of its impact on the parameters of the world economic equilibrium are also urgent today and are the main subject of this article. Its information basis is scientific monographs on the problems of monopolization and activity of monopoly structures, articles of foreign and national scientists in periodicals, and also official publications of international organizations and expert evaluations of information rating agencies.

### **Transnational and regional forms of international monopolization of capital**

It is known that international monopolies began to arise at the end of the 19<sup>th</sup> and at the beginning of the 20<sup>th</sup> centuries. Their origin is connected with the transition of the capitalist market systems of the world leading countries to the monopolistic stage of development when technological changes in the public production required large-scale capital accumulation for international projects implementation in industry, transport and construction spheres. Exactly from this period on large economic monopoly type corporations become key subjects of economic co-operation at national and international levels. These processes found their brightest embodiment in the USA, where at the beginning of the 20<sup>th</sup> century monopolization process of oil and oil

<sup>18</sup> *Ekonomichniy globalizm: rozvitok ta zrostannya: Monografiya* [Economic globalism: the development and growth: Monograph / V. Rokocha. - K. Tucson, 2005. - 320 p.]

<sup>19</sup> *Ekonomichni problemi XXI stolittya: mizhnarodniy ta ukrainskiy vimiri* [Economic problems of the XXI century: international and Ukrainian prospects / S. I. Yuriy, E. V. Saveliev. - K.: Znannya, 2007. - 595 p.]

<sup>20</sup> *Sidenko V. R. Globalizatsiya — yevropeyskaya integratsiya — ekonomicheskoye razvitiye: ukrainskaya model: V 2-kh t. T. 1. Globalizatsiya i ekonomicheskoye razvitiye.* [Globalization - European integration - Economic Development: Ukrainian model: In 2 V, Vol.1. Globalization and economic development. - K.: Phoenix, 2008. - 376 p.]

<sup>21</sup> *Fedosova P. Rol transnatsionalnogo kapitala v ustanovlenii ekonomicheskoy iyerarkhii stran i voprosy ekonomicheskoy bezopasnosti RF* [The role of transnational capital in the establishment of the economic hierarchy of countries and aspects of economic security of the Russian Federation // Herald of the Voronezh State University, Economics and Management, 2004. - № 1. - pp. 10-16.]

<sup>22</sup> *Fylyuk H. Sotsialno-ekonomichni naslidky monopolii: teoretychniy i praktychniy aspekty* [Socio-economic effects of monopoly: a theoretical and practical aspects // Economy of Ukraine, 2008. - № 1. - pp. 30-41.]

<sup>23</sup> *Filipenko A. S. Hlobalni formy ekonomichnoho rozvytku: istoriya i suchasnist.* [Global forms of economic development: history and modernity. - K.: Znannya, 2007. - 670 p.]

<sup>24</sup> *Chernenko S. Konkurentsya ta efektyvnist tovarnykh rynkiv v Ukraini: Monografiya* [Competition and efficiency of commodity markets in Ukraine: Monograph. - Kyiv: KNTEU Press, 2006. - 171 p.]

<sup>25</sup> *Yudanov A. Istoriya i teoriya krupnogo predpriyatiya (vzglyad iz Rossii)* [History and Theory of a large company (a view of Russia) // MEiMO. - 2001. - № 7. - pp. 23-33.]

processing industries (95 %), steel industry (60 %), production of chemical goods (81 %), metallurgy industry (77 %), production of paper and printed goods (60 %), production of lead (85 %), was practically completed<sup>26</sup>.

Just at the beginning of the 20<sup>th</sup> century high dynamism of monopolization of national economies of the world countries led to the formation of the first international monopoly unions and multinational corporations as a qualitatively new form of capital concentration on the background of their foreign trade activity intensification and transnational flow of capital. So, in 1903 their quantity ran up to 100, and at the end of the 1920s their amount was about 200<sup>27</sup>. Among these corporations the leading positions were occupied by European steel cartel, International copper syndicate, European aluminium syndicate, International rail cartel, International potassium cartel, Spanish-Italian mercury cartel, International zinc syndicate, Trade navigation International cartel and others.

In the twentieth century the dominant forms of international monopolization of capital were transnational and regional ones. Their multidimensional manifestation could be found in the transformation of the most powerful monopolies of the United States, Canada, Western Europe countries and Japan into transnational businesses, the growing concentration in their hands of the world resource base and industrial production, the diversification of their activity through dynamic penetration in other branches, territorial expansion of monopoly structures at an international level on the basis of export of capital, the formation of «symbioz» forms of co-operation between big business and small entepot, as well as the formation of large state-monopoly complexes with appropriate institutional system of regulation in the economies of the world leading countries. So, scientific and technological revolution which took place in the middle of the 1950s gave a powerful impetus to the development of the processes of monopolization of capital. It had a decisive impact on economic development of the countries, intensified the processes of surplus capital movement from mature industries into new, fast developing and highly profitable ones, and also strengthened the role of companies and state in R & D financing. As it was much easier for large corporations to solve the problems of innovation investment, since that time there is a new, vertical form of capital concentration and centralization in the form of monopolies which impose control over the enterprises belonging to different segments of the market.

These processes found their financial embodiment, first of all, in the products value increase of the world developed countries and simultaneous reduction of the number of enterprises. Due to the achieved results giant

<sup>26</sup> Kostusyev O. O. *Konkurentna polityka v Ukraini: Monohrafiya*. [Competition Policy in Ukraine: Monograph. - (In Russian). - Kyiv: Kyiv National Economic University, 2004. - p. 12.]

<sup>27</sup> *Ekonomichniy globalizm: rozvitok ta zrostannya: Monografiya* [Economic globalism: the development and growth: Monograph / V. Rokocho. - K. Tucson, 2005. - pp. 127—128.]

enterprises are able to expand the constant volume of production not only without involvement of additional manpower but even at the expense of its reduction. For example, if during the 1960-1970s part of the largest works in the total number of industrial enterprises in Germany fell from 2.3 % to 1.5 %, the volume of production increased from 45 % to 61%, respectively. In 1970 about 40 % of employed in industry, 45 % of total sales and 62% of investments<sup>28</sup> fell on every 235 French companies. Their proportion in the total number of industrial enterprises was only 0.5 %.

At the same time, huge concentration of productive forces, reached by the world leading countries during the 1960-1970s, stipulated the necessity of carrying out radical, organizational industrial adjustment. Therefore, one of the typical trends in this sphere was production dispersion at small and medium-sized enterprises, that is the process which is opposite to enterprise integration. For example, at the end of the 1970s the proportion of small entrepot in the U.S. gross national product was 45%, in aggregated labour forces it was 57 %, and in the creation of new jobs in the private sector its share was 87 %<sup>29</sup>. In the second half of the 1970s the employment at small French industrial firms increased on average by 2.5 % annually, it remained stable at medium-sized enterprises, and at large enterprises it fell away by 1.2% annually. From 1977 to 1985 large companies in the Federative Republic of Germany slashed 200.000 jobs, while small and medium-sized enterprises created nearly 670.000 jobs and fully compensated employment reduction in large companies<sup>30</sup>.

In fact, this process, marked by all developed countries without any exception, was a new form of capital concentration and centralization, a kind of «symbiosis» of big business and small entrepot. Its origin was stipulated by the fact that it was more profitable for large monopolies, which took advantage of unlimited possibilities of economic dictatorship over non-monopolized, formally independent enterprises, to decentralize production at small and medium-sized enterprises. The latter, being in the centre of big monopoly business, specialized in certain parts, components and machinery manufacturing, as well as in carrying out innovations. For example, during the 1960—1970s the number of such U.S. innovative firms increased from 2.5 thousand to several tens of thousands<sup>31</sup>.

The production concentration, both in its traditional and a new form, deepened the already existing asymmetry in economic development of small, medium-sized and large enterprises, as well as of monopolized and non-monopolized companies. At the same time an integral feature of state-monopoly capitalism is production concentration, first of all in highly

<sup>28</sup> Byulleten inostrannoy kommercheskoy informatsii. [Bulletin of Foreign Commercial Information. - 1977. - № 1. - p. 5.]

<sup>29</sup> *Gosudarstvo i upravleniye v SSHA* [The government and management of the U.S. / USSR Academy of Science. Institute of USA and Canada, L. I. Yevenko. - M: Mysl, 1985. - p. 201]

<sup>30</sup> *Kostusyev O. O. Konkurentna polityka v Ukraini: Monohrafiya.* [Competition Policy in Ukraine: Monograph. - (In Russian). - Kyiv: Kyiv National Economic University, 2004. - p. 14].

<sup>31</sup> *Gosudarstvo i upravleniye v SSHA* [The government and management of the U.S. / USSR Academy of Science. Institute of USA and Canada, L. I. Yevenko. - M: Mysl, 1985. - p. 201]

profitable, innovation-intensive branches of industry. It made a decisive influence on deepening of the economic asymmetry between them and traditional industries (agriculture, food processing, textile, clothing, leather industries and others) of the world developed countries where, from the point of view of private capitalist investment, economic agents were mainly low-income, unattractive small-scale trades.

As to the territorial expansion of the Western monopoly structures at an international level, it became possible at the expense of capital export intensification and dynamization of the transformation processes of the leading countries monopolies into transnational corporations. Thus, the formation of modern multinational corporations in the United States began as early as the 1950s, and up to the early 1980s their total number was 320. The fact that assets of every American TNC exceeded \$1 billion dollars and the value of assets of 62 corporations ran up to over 5 billion dollars<sup>32</sup> tells us about a high level of monopolization of the United States economy at that time.

Within the prescribed period restructuring of world monopolies demonstrated, in particular, deviation of the world leading countries from traditional industrial expansion of their territories and their relocation to the states which had the lower level of economic development and which were increasingly drawn into the world economic system. In the second half of the twentieth century high dynamics of these processes first of all depended on slowing down the growth rate of world capitalist production caused by surplus of capital in the leading countries, lack of the most profitable spheres of its investments and monopolies trends in investing capital abroad. Besides, the reaction to the sharpening of the environmental crisis in the world leading countries was the adoption of laws, forcing monopolies to reorientate their investments from industry to environment protection. It increased the attractiveness of the developing countries as removal of labour-intensive production of Western monopolies.

The cyclical crises to some extent debased this quality of the backward countries. But even under such conditions besides mining operations and partial processing of raw materials, the formation of various production departments, manufacturing a wide range of consumer goods, machine components and mechanisms as well as setting labour-intensive, assembly operations in mechanical engineering, took place on their territories. Thus, during the 1967-1981s the total value volumes of accumulation of monopoly investment capital in the developing countries increased from 32 to 130 bln. US. dol<sup>33</sup>. Permanent expansion of monopoly capital export in this group of countries made it possible for Western monopolies to engrain in their national economies, to take up particular space in the system of

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<sup>32</sup> The same source.

<sup>33</sup> U.N. Transnational Corporations in World Development. — N.Y., 1978. — P. 33; U.N. Transnational Corporations in World Development. Third Survey. — N. Y., 1983. — P. 25.

asymmetric South-North relations, to grow into the backbone and shock force of monopolization of capital worldwide. There is every reason to say that at that time the developing countries were a kind of polygon. Monopoly capital conducted approbation of intensive methods of its extension influence on the global economy in order to proceed to implementation of strategies of global expansion at the turn of 20—21 centuries.

At the same time, monopoly capital overconcentration in a relatively small group of the developing countries caused deepening of the asymmetry in their economic development and the formation of new centers of economic rivalry at a sub-regional level, first of all in the Pacific and Latin America regions. So, during the 1960—1970s the new industrial countries (Brazil, Mexico, India, Malaysia, Argentina, Singapore, Colombia, South Korea, Taiwan and others), as well as Peru and Zaire, which had advanced mining industry, took over two thirds of the total volume of monopoly capital export to the developing countries (excluding OPEC). The result of Western monopolies aspiration to secure an excess profit was that most backward states invested the bulk of their capital (about 70 % in 1978) in free trade zones, where foreign companies enjoyed substantial tax and financial benefits, as well as in the «tax Harbours» of Panama, the Bahamas and Bermuda Islands (12 % respectively)<sup>34</sup>.

The processes of monopolization of capital at the state-monopoly stage take place in quite diversified and integrated organizational and economic forms. Even within the framework of some monopolies there was an effective association of large, medium-sized and small enterprises. It generated new mechanisms of expansion of monopoly power over enterprises of non-monopoly sector and promoted the merger of industrial capital and the state, which was accompanied by the formation of large state-monopoly complexes in the economies of the world leading countries. During the 1950-1970s the processes of governmentalization of scientific activity and increase of militarization scale of national economies of the world leading countries gave a powerful impetus to their formation. So, at that time the most powerful Western monopolies developed entire schools in many innovative fields of economy (electronics, machinery construction, aircraft, rocket production and others) of the world leading countries. They did it at the expense of government orders, simultaneously adjusting both strategies of their financial-economic activity and R & D organization. As international experience showed, at that time monopolies, engaged in the embodiment of innovative projects in the system of state orders, had more opportunities to strengthen their competitive position on the global market in connection with the public R&D funding, obtaining tax and depreciation incentives, the privilege to credit innovative activity, the right to include innovative activity cost in the prime cost of manufactured products and others. For example, during the

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<sup>34</sup> *Sovmestnyye predpriyatiya v praktike mezhdunarodnykh ekonomicheskikh otnosheniy.* [Joint ventures in the practice of international economic relations. - Moscow: Vneshtorgizdat, 1989. - p. 50.]

1970s, the United States federal agencies annually concluded similar contracts with the largest monopolies to the overall value from 15 to 19.5 million dollars. And with it the activity of 94 branches of the U.S. manufacturing industry was closely connected with scientific and technological progress and performance of Government orders<sup>35</sup>.

As to the world national economies militarization, it began in the period of the Cold War (late 1940s) and caused significant changes in the process of monopolization of capital. It found its expression in the formation of monopolies specializing exclusively in manufacturing weapons, reorientation of many corporations activity to fulfilling official military orders, consolidation of defense industry through merger of monopolies contractors, expansion of private financing of military innovations and so on. In this period among the largest monopolies of military production it is necessary to point out «Lockheed», «IBM», «British Aerospace», «Marconi Systems», «Hue's Aircraft», «Chrysler», «Ford», «Golfstream Aerospace», etc.

### **Leading trends in international monopolization of capital at the global stage of the world economic development**

A qualitatively new stage in the development of international monopolization of capital began in the 1980s, and it is associated with the transition of the global economy to the global stage of its development. A formal characteristic of this stage is a substantial transformation of real essence and public form of international monopolization of capital, when there emerge old, traditional forms of its manifestation change, as well as new ones. So, modern real essence of monopolization of capital is determined by the domination of a few dozen of the largest TNCs, which, at the expense of internal growth and mechanisms of merger, concentrate in their hands increasing scales of global production, tremendous assets and material and raw resources, the most numerous army of highly educated and skilled manpower, advanced science and innovative technologies. They also own hundreds of thousands of small and medium-sized enterprises and appropriate small-scale property through the system of monopoly prices.

Today monopolization of capital reached its highest level, covering almost all world countries and all social reproduction phases at industrial, territory and regional levels. This gives grounds to confirm its global character, which is crystallizing more vividly and acquiring material implementation in the following trends. First of all, it is worth noting the increase of the range of monopolization in the global measurement. Among the factors, which had a

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<sup>35</sup> *Ekonomichna entsyklopediya: U 3 tomakh. T. 1* [Economic Encyclopedia: In 3 vol.. V. 1 / S. V. Mocherny and others. - K.: Publishing House "Academy", 2000. - p. 338.]



significant, catalyzing impact on the scales and dynamics of these processes, it is necessary to point out such key ones as sharpening of competitive struggle between the leading TNCs for the redistribution of the world economic power, a qualitatively new level of capital concentration and centralization, deepening of the asymmetry in economic and innovative development of the countries, technological gap between American monopolies and their main competitors and the formation of new centers of economic rivalry in the global economy.

Thus, the statistics of modern global corporations activity certify the deepening of the trend in the growth of monopolization of the global economy within the last twenty years. In particular, as UNCTAD estimates, the value of production of foreign TNCs subsidiaries rose from 0.7 to 6.0 trillion US. dollars during the 1982—2007s, their total assets increased from 2.2 to 68.7 trillion dollars, total sales increased from 2.7 to 31.2 trillion dollars, the number of employees grew from 21.5 to 81.6 million persons and export rose from 0.7 to 5.7 trillion dollars respectively<sup>34</sup>.

However, the distinctive feature of modern global corporations is not only enormous range of activity, but the rapid growth of their capital overconcentration, which gives these companies a new status in the world co-ordinates and makes them almost independent on traditional institutions of global management. In particular, it is proved by the fact that during the past decades (1971—2006s) the total assets of the 10 world largest monopolies grew in 26 times, the volume of sales increased in 18 times. And in 2006 the specific part of the first ten world monopolies in the total volume of assets of the 100 largest corporations was 28 %, the volume of sales was 30.1 %, and the total number of employees was 22.1 % (Table 1). The strengthening of the degree of monopolization of global production is also proved by the fact that in 2006 the assets of the 100 world monopolies were 20.3 times as large as the assets of 500 monopolies in 1971 and 14 times as large as the volume of their sales.

Moreover, despite the tenfold TNCs growth from 7.000 in 1970 to 75.000 in 2004 (from almost 825.000 of their subsidiaries)<sup>35</sup>, only 2—3 corporations, which monopolize production, distribution and exchange of appropriate goods and services, hold the dominant position in every segment of the global market nowadays. For example, only 2 companies, such as «Boeing» (which merged with «McDonnell Douglas» in 1997) and «Airbus Industry», control the global market of civil aircraft construction, which annual scales are estimated at 1 trillion US. dol. and 16 000 planes. 73 % of the world car market was monopolized by 10 concerns, among which the leading positions are held by «General Motors» (13 % in 2006), «Toyota» (11 %), «Ford»

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<sup>34</sup> World Investment Report 2008: Transnational Corporations and the Infrastructure Challenge. — United Nations. — New York and Geneva, 2008. — P. 10.

<sup>35</sup> Statistical Abstract of the United States: 2008. U.S. Census Bureau, 2008. — P. 516.

(9 %), «Renault-Nissan» (8 %), «Volkswagen» (8 %), «Hyundai-Kia» (6 %) and «Honda» (5 %)<sup>36</sup>.

Table 1

**Dynamics of indicators of economic activity of the 10 and 100 largest corporations of the world during the 1971—2006<sup>37</sup>**

Year	Assets bln. US. dol			Sales, bln. US. dol			Employment, mln. persons		
	Total	foreign		Total	foreign		Total	foreign	
		value	%		value	%		number	%
<b>10 corporations</b>									
1971	101,5	...	...	118,4	...	...	1,9	...	...
1980	280,8	...	...	452,8	...	...	2,4	...	...
1983	329,6	...	...	459,5	...	...	2,4	...	...
1993	1194,8	260,3	21,8	944,2	395,2	41,9	2,5	0,9	36,0
1995	1267,2	499,6	39,4	1021,4	516,0	50,5	2,4	1,0	41,7
1998	1493,4	520,1	34,8	1067,4	591,9	55,5	2,5	1,1	44,0
1999	1760,2	573,7	33,0	1198,5	620,4	51,8	2,0	1,1	55,0
2000	1788,2	947,7	53,0	1074,8	566,1	52,7	1,9	0,9	47,4
2002	2242,2	1222,9	54,5	1353,0	751,7	55,6	2,0	1,0	50,0
2004	2392,3	1368,4	57,2	1445,5	839,8	58,1	2,0	1,0	51,3
2005	2846,7	1691,1	59,4	1919,2	1154,4	60,2	1,9	1,0	52,6
2006	2591,6	1693,4	65,3	2135,3	1173,2	55,0	3,4	1,3	38,3
<b>100 corporations</b>									
1971	455,6*	...	...	502,9*	...	...	14,3*	...	...
1980	1175,5*	...	...	1650,2*	...	...	15,9*	...	...
1983	1353,9*	...	...	1686,7*	...	...	14,1*	...	...
1993	3721,9	759,3	28,2	3710,7	1596,1	43,0	10,7	5,1	47,7
1995	4511,4	1700,8	37,7	4125,6	2000,9	48,5	11,6	5,8	49,8
1998	4610,0	1922,0	41,7	4099,0	2063,0	50,3	12,7	6,5	51,2
1999	5092,0	2124,0	41,7	4318,0	2123,0	49,2	13,3	6,1	45,9
2000	6293,0	2554,0	40,6	4797,0	2441,0	50,9	14,3	7,1	49,7
2002	6891,0	3317,0	48,2	4749,0	2446,0	51,5	14,3	7,0	49,0
2004	8852,0	4728,0	53,4	6102,0	3407,0	55,8	14,9	7,4	49,7

<sup>36</sup>Byulleten inostrannoy kommercheskoy informatsii [Foreign Commercial Information Bulletin, 2007. - № 149-150. - p. 8.]

<sup>37</sup> Calculated by author on the basis of sources: Государство и управление в США / АН СССР. Ин-т США и Канады; Отв. ред. Л.И.Евченко. — М.: Мысль, 1985. — С. 160; World Investment Report 1995: Transnational Corporations and Competitiveness. — United Nations. — New York and Geneva, 1995. — P. 20-23; World Investment Report 1997: Transnational Corporations, Market Structure and Competition Policy. — United Nations. — New York and Geneva, 1997. — P. 29; World Investment Report 1998: Trends and Determinants. — United Nations. — New York and Geneva, 1998. — P. 39; World Investment Report 2001: Promoting Linkages. — United Nations. — New York and Geneva, 2001. — P. 6, 94; World Investment Report 2002: Transnational Corporations and Export Competitiveness. — United Nations. — New York and Geneva, 2002. — P. 86-89; World Investment Report 2004: The Shift Towards Services. — United Nations. — New York and Geneva, 2004. — P. 276; World Investment Report 2006: FDI from Developing and Transition Economies: Implications for Development. — United Nations. — New York and Geneva, 2006. — P. 31; World Investment Report 2008: Transnational Corporations and the Infrastructure Challenge. — United Nations. — New York and Geneva, 2008. — P. 27, 220.

2005	8683,0	4732,0	54,5	6623,0	3742,0	56,5	15,1	8,0	53,1
2006	9239,0	5245,0	56,8	7088,0	4078,0	57,5	15,4	8,6	55,8

\*information refers to 500 monopolies

The higher level of monopolization is inherent in information technology industries. So, today American company «Microsoft» controls 90 % of the global market of operating systems for personal computers<sup>38</sup>, and according to company McKinsey, 2 % of the largest companies own more than 63 % of market capitalization of U.S. software, 65 % of the capitalization of semiconductor industry belong to 9 % of firms, 41 % of the market capitalization of computers and peripherals belongs to 9 %<sup>39</sup>.

So it is quite natural that while studying international monopolization during the 1950-1960s the 500 largest monopolies were pointed out, during the 1970 – 1980s twenty monopolies were pointed out, but today we speak about the global economic power concentration in the hands of the 100 and even 50 largest corporations. For example, from the total number of 281.000 U.S. industrial enterprises the 200 largest monopolies account for half the volume of their production, in which the 50 monopoly giants account for about a quarter of it. Besides, only 2 % of enterprises with annual turnover of more than 50 mln U.S. dol<sup>40</sup> account for almost 90 % of total income received by industrial enterprises in 2004.

Another trend, reflecting the global character of modern processes of international monopolization of capital, is the transformation of international monopolies strategies with their transition from fierce competition to partnership. As modern global corporations activity covers key phases of social reproduction (production, distribution, exchange and consumption), the natural consequence of these processes is the deepening and aggravation of the relations between them through the expansion of the scale of conformity to plan. The latter turns into an integral component of TNCs co-operation in the global competitive environment because the enormous scales of their financial and economic activity make it too risky or even impossible to launch the products on the market. Therefore, global monopolies are interested in organizing effective planning at their enterprises as well as at their partners’.

It mostly refers to monopolies, which belong to a group of companies related by intercompany products supply, technological dependence and complex system of relations of all stages of the production process. Within the framework of such a group of monopolies they formed a unique, multiple industrial complex, where even minor violations of its separate parts can

<sup>38</sup> Fylyuk H. *Sotsialno-ekonomichni naslidky monopolii: teoretychniy i praktychniy aspekty* [Socio-economic effects of monopoly: a theoretical and practical aspects // Economy of Ukraine. - 2008. - № 1. - p. 36.]

<sup>39</sup> Frick K. A., Torres A. Learning From High-Tech Deals // The McKinsey Quarterly, 2002. — № 1. — P. 113—123.

<sup>40</sup> Statistical Abstract of the United States: 2008. U.S. Census Bureau, 2008. — P. 493.

disbalance the whole system of industrial relations. Consequently, there is an urgent need for hard and fast co-ordination of market prices and production volumes, resource base accounting and rationalization of its distribution among separate links of production, control of relations with suppliers and competitors, conscious influence on customers' demand and dynamics of the development of the industry, as well as implementation of the concerted policy of capital investments, scientific research and innovative developments. Only under such conditions it is possible to achieve manageability and market processes control and reduce uncertainty and unpredictability of global economic conditions. International monopolies also form the main parameters of the global market, its segmentation, and also industrial and intercompany distribution takes place.

Tehnoglobalism, as a leading trend of modern global economy promotion, stipulates the innovative components growth in implementation of strategies of global expansion of transnational corporations and the leading dynamics of monopolization of high-tech industries of global production. It expresses the TNCs aspiration to accrue their exclusive right to possession, control and redistribution (on the economic map of the world) of global (technological, human and intellectual) resources of the development of civilization. It finds its manifestation in the world scientific and technological potential concentration at the enterprises of international monopolies, the diversification of the forms of their innovative business organization, deepening of co-operation with partners in the field of high technologies and the TNCs transformation into the leading Institute of regulation of the global market of intellectual products.

Namely global corporations, as key participants of the global market, have become today's largest producers of high-tech and high technology products and concentrated in their hands practically all innovative fields of global production. Having tremendous industrial and financial resources, these structures are able to carry out large-scale R & D funding and their material and technical support at the expense of internal accumulation of capital, employ highly qualified staff and train their own personnel, as well as to use the strategies of scientific and technological exchange, strengthen their positions of world scientific and technological leaders. So, today the feck of world scientific research is carried out in laboratories and research centers of the largest foreign TNCs, which is proved particularly by the figures as to their research budgets. For example, in 2006, R & D expenses of corporation «Toyota Motor Corp.» amounted 7486 ml. US. dol, «Pfizer» — 7423 mln., «Ford Motor Co.» — 7200 mln., «Jonson & Jonson» — 7125 mln., «Microsoft Corp.» — 7121 mln., «DaimlerShrysler AG» — 7007 mln., «GlaxoSmithKline» — 6611 mln., «Siemens AG» — 6604 mln., «General Motors Corp.» — 6600 mln., «Volkswagen AG» — 6030 mln.<sup>41</sup>, which

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<sup>41</sup> Spectrum's Top R&D Spenders, December 2007 // <http://www.spectrum.ieee.org/images/dec07/images/12.RDchart.pdf>

substantially exceeds the innovative charges of many world countries. At the same time there is a high R & D concentration in a limited number of corporations. For example, in the U.S.A. the 100 largest monopolies have nearly 90 % of R & D, and only the 15 largest TNCs<sup>42</sup> master nearly 40 % of the total volume of private financing of science. As a result, now TNCs control more than two-thirds of the main flow of scientific and technological knowledge (patents and licenses for new equipment, technology, know-how), which is a sign of their growing role in the formation of the global model of the division of labour, in the process of international socialization of labour and production and in intergovernmental scientific and technological exchange.

A key role of TNCs in monopolization of high-tech industries of global production particularly increased under the conditions of the fifth technological set-up, and it becomes dominant under the conditions of origin of the sixth one, when the expenditures connected with innovation are doubled every 3—4 years. For example, if in 1976 the average value of the development of a new medical drug was 54 mln. US. dol<sup>43</sup>, today, according to the experts of «Pharmaceutical Research and Manufacturers of America» (PhRMA), it reaches 900 mln, and the development of biotech drugs costs 1 bln. dol. And this is despite the fact that only 3 of 10 drugs, which are on the market, yield a more or equal profit to the sum of money which was spent on their development<sup>44</sup>.

R & D results, obtained with the participation of the foreign countries personnel, are actively used by the parent companies. In some branches of manufacturing industry, such as pharmaceutical, chemical, instrument-making, scientific laboratories of the foreign TNCs subsidiaries are often more important than in the parent companies. For example, in the early 1990s the company «IBM» had over 25.000 researchers and about 30 laboratories, which within the frames of the single plan of the corporation were engaged in R & D outside the United States, but they took into consideration all peculiarities of specialization of the branches and corporation subsidiaries markets.

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<sup>42</sup> *Fylyuk H. Sotsialno-ekonomichni naslidky monopolii: teoretychniy i praktychniy aspekty* [Socio-economic effects of monopoly: a theoretical and practical aspects // *Economy of Ukraine*. - 2008. - № 1. - p. 33.]

<sup>43</sup> *Yudanov A. Istoriya i teoriya krupnogo predpriyatiya (vzglyad iz Rossii)* [History and Theory of a large company (a view of Russia) // *MEiMO*. - 2001. - № 7. - pp. 26.]

<sup>44</sup> *Glumskov V. Mirovoy farmatsevticheskiy rynek: sostoyaniye i tendentsii* [The global pharmaceutical market: current situation and tendencies // *Expert Kazakhstan*. - № 20 (122) 28 May 2007]

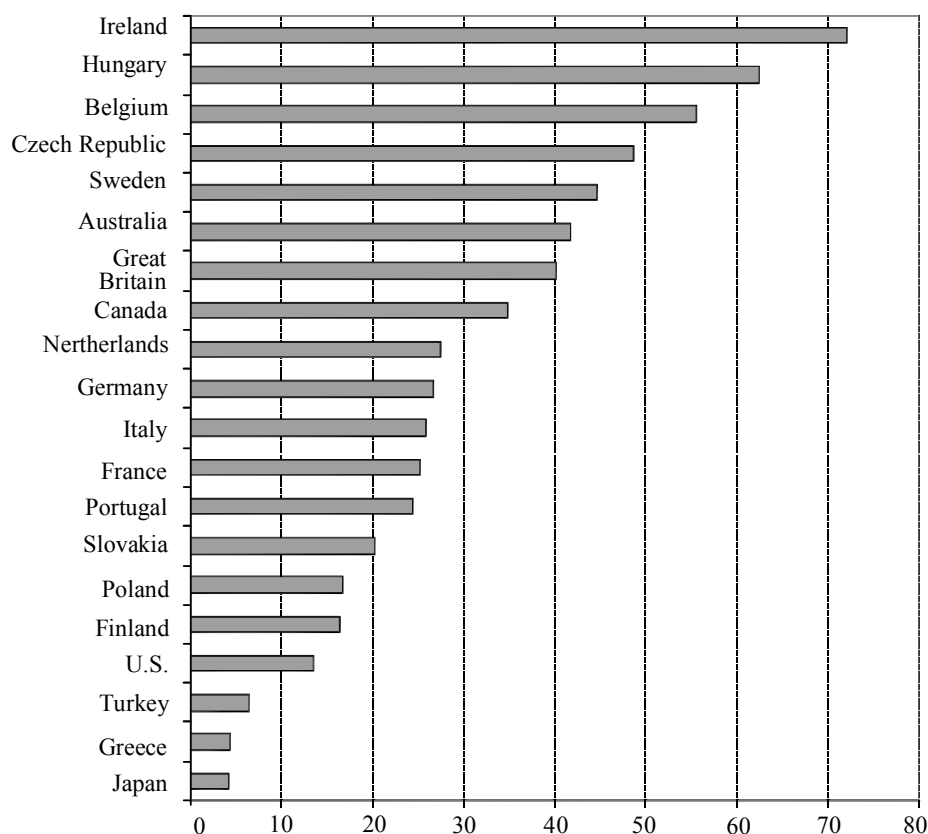


Fig. 1. The globalization of research and research and engineering developments in 2004 (share of foreign subsidiaries in the financing of private sector R & D, %)

Taking into consideration tremendous achievements of science and technology, as well as international network of production branches, the leading Western monopolies concentrate in their hands the main channels of technology transfer. At the same time TNCs foreign subsidiaries get absolute priority to use technological innovations. It is proved by the fact that the parent companies give more than two thirds of the USA of patents and licenses export to their foreign subsidiaries and one third to independent companies<sup>45</sup> for commercial export of technology.

Besides, the branches themselves invest the predominating part of charges on R & D (about 80 %) in projects, which are realized for their own needs, although these researches are often connected with the work carried out in other TNC branches and its parent company. Similar intracompany

<sup>45</sup> Zimenkov R., Romanova Ye. *Amerikanskiye TNK za rubezhom* [U.S. TNC abroad // MEiMO. - 2004. - № 8. - p. 48].

international cooperation reorients to a certain degree interstate technological exchange toward increase of scientific and technological cooperation deepening between TNCs and their branches, which promotes the technological potential increase of the world leading countries and provides their technological leadership in various spheres of scientific and technical competition.

The diversification of the forms and methods of competition on the global market creates new conditions for international monopolies activity, under which they can maintain a highly competitive position on the basis of mobilization of internal potential of the development in a maximum degree and using its exogenous factors. Among the latter the level of monopolization of skilled labour and scientific manpower takes an important place. During the past two decades the trend to rapid intensification of these processes took lasting and stable character. And today it finds its manifestation in concentration of the army of the most skilled and professionally trained labour force and scientific manpower at monopoly enterprises, their integration into a single industrial and technological system of global corporations, the transformation of TNCs into the best producers of human resources, the formation of internal corporative market of skilled labour force and so on.

So today thousands of scientists and engineers work at research centres of international monopolies. The intensity of their research activity is demonstrated, in particular, by the number of patents registered by global corporations. For example, in 2006 «IBM», which registered 3651 patents, became the leader of patenting in the Bureau of patents and trade marks of the U.S. (US Patent and Trademark Office, USPTO). And such companies as «Samsung», «Canon», «Matsushita Panasonic» and «Hewlett-Packard», which registered 2453, 2378, 2273 and 2113 patents respectively, are the five world leaders. Among U.S. companies, which carry out large-scale scientific research, one should also mark «Intel» (1962 patents), «Micron» (1612 patents), «Microsoft» (1463 patents), «General Electric» (1051 patent), «Texas Instruments» (884 patents) and «Sun» (776 patents). Nowadays the highest patenting concentration in the USPTO can be seen in such fields as medicine (31 %), electronics (24 %), service (15 %), as well as in transport and communication (13 %)<sup>46</sup>, which is the reflection of industrial structure of monopolization of the global innovative activity.

Besides, the dynamic development of information technologies gave global corporations more opportunities to concentrate at their enterprises the most skilled labour force, scientific manpower and representatives of scarce specialties at the expense of outsourcing, which allows «virtual» labour recruitment in the production processes on the territory of foreign countries without changing the physical place of its stay. In particular, the dynamic development of such schemes of monopolization of global human resources is proved by the fact that in the first

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<sup>46</sup> Trilateral Statistical Report. 2006 Edition. — Alexandria, Virginia U.S. October 2007. — P. 36.

half of 2007 international monopolies concluded 139 outsourcing contracts at large value (over 50 million dollars), and during the 2000—2006s the number of such contracts grew from 133 to 185<sup>47</sup>.

Nowadays high efficiency of monopolization of skilled labour and scientific manpower are demonstrated by the migration mechanisms, to which global corporations resort to with the aim of intensification of their scientific research and saving financial resources for the scientific manpower training. Thus, nowadays the leadership, as to the number of skilled labour and scientific manpower involved from abroad, is held by American monopolies, which select specialists of higher qualification and desired specialization. It is enough to say that today about 650.000 foreigners (or almost 20 % of the total number of employees)<sup>48</sup> work in the field of U.S. information technologies; about 40 % of doctors of science are engaged in the field of engineering and computer science, as well as 25 % of lecturers of technical disciplines at higher educational institutions in the USA are immigrants. Besides, in the country foreigners are annually awarded with about 65 % of academic degrees in engineering sciences; 60 % of American authors of most frequently cited works in physics and 30 % of authors in other natural sciences<sup>49</sup> are of foreign origin.

The formation of new locales and localities of transnational capital accumulation is another new trend of international monopolization of capital, which indicates its global level. Within the last decades their formation and dynamic development were largely conditioned by the correction of geographical directions of investment activity of international monopolies. Thus, maintaining their traditional motivational incentives (availability of capacious internal markets, cheap labour, access to the national resource base and others), capital investments of international monopolies are more and more drawn into dynamic high-tech clusters of the leading countries of the global economy, as well as into those natural habitats of national economies of the backward countries, which to a great extent have non-material strategic resources of economic development, that is highly qualified labour force, modern systems of innovative and social infrastructure. They are also able to produce technological innovations and ensure the process of continuous training of workers.

As a result, the formation of regional innovative clusters takes place in different branches of the global economy. They do not only more and more insistently declare about themselves on the high tech fractions of the global market, but also pretend to its redistribution. Moreover, nowadays a number of regional innovative clusters, formed on the basis of international monopolies units, hold the leading positions on separate fractions of the global market. For example, the formation of automotive cluster in the Chinese province of Guangdong takes place at the car assembling plants of

<sup>47</sup> *Munos C.* Old assumptions are being challenged as the outsourcing industry matures // *The Economist*, July 26-th 2007.

<sup>48</sup> *Tsapenko I.* *Rol immigratsii v ekonomike razvitykh stran* [The role of immigration in the developed economies // *MEiMO*. - 2004. - № 5. - p. 30.]

<sup>49</sup> *Tsapenko I.* *Rol immigratsii v ekonomike razvitykh stran* [The role of immigration in the developed economies // *MEiMO*. - 2004. - № 5. - p. 32.]



Japanese companies «Nissan», «Honda» and «Toyota». In Poland, the Czech Republic and Slovakia automotive clusters are formed on the basis of plants «Volkswagen», «Fiat», «Peugeot-Citroen» and «Toyota», and research centers of transnational corporations «Motorola», «Nortel», «Alcatel», «Cisco» and «Siemens» became the core of information and communication cluster in Israel.

Among the vivid examples of the formation of new locales of transnational capital accumulation one can mention «point» zones of high technologies (ZHT), created in the countries of South-East Asia. They became a key institutional form of regional innovative clusters, securing innovative development of Asian meharegion on the basis of integration of the most advanced scientific and technological developments of highly efficient production processes. For example, during the last twenty years about 60 technoparks have been created in the most developed coast areas in China. The most effective ones of them became Innovation Centre in Shanksk, Technopark «Chzhunguantsun», Technopark Harbin, Technopark «Hefei», Peking Experimental Zone, Park «Fuzhou», Park «Lanzhou», Park «Foshan» and others. Zones of high technologies became the main producers of high-tech products in China, and they played a decisive role in the rise of export of national production, attraction of new scientific knowledge, innovative technologies and advanced methods of business organization.

### Conclusions

Comprehensive analysis of nature, characteristics and forms of international monopolization of production and capital at various stages of the capitalist market system development allows us to make such conclusions:

1. In the process of the capitalist market system evolution, real essence and social form of international monopolization of capital underwent permanent modifications, when alongside with the transition from capitalism to a new, higher level of development old, traditional forms of the manifestation of monopolization changed as well as new ones emerged. In the epoch of monopoly and state-monopoly capitalism the dominant forms of international capital were transnational and regional ones, characterized by the transformation of the most powerful western monopolies into transnational businesses, growing concentration in their hands of the world resource base and industrial production, the diversification of their activity through dynamic penetration in other branches, territorial expansion of monopoly structures at an international level on the basis of the export of capital, formation of «symbioz» forms of big business and small entrepot cooperation, as well as the formation of large state-monopoly complexes with appropriate institutional system of regulation in the economies of the world leading countries.

2. At the global turn of the world economic development international monopolization of capital reached its highest level, having covered almost all

world countries and all social reproduction phases at industrial, territory and regional levels. It gives all grounds to confirm its global character, multidimensional manifestation of which is in the expansion of monopolization in global measurement, the transformation of strategies of international monopolies activity with their transition from fierce competition to partnership, outstripping dynamics of monopolization of high-tech industries of global production, monopolization of skilled labour and scientific manpower, as well as formation of new locales and localities of transnational capital accumulation in the global economy. As a result they create the necessary prerequisites for unhindered engagement of global capital in the reproductive relations of national economies alongside with the destruction of reproductive integrity of national economic systems and the formation of new industrial proportions of global production. Under such conditions, global capital, regardless its national identity, forms international corporate structures of the network type of production, covering the more growing geographic and economic space and directing to those locales and localities in the global economy, where one can obtain monopoly excess profits, establish total control over the most profitable spheres of activity and master natural, industrial, technological and financial resources of the host countries.

3. Among the factors which made a significant catalyzing impact on the scales and dynamics of the global monopolization of capital, key ones are as follows: sharpening of competition between the leading TNCs for the redistribution of economic power in the world, a qualitatively new level of capital concentration and centralization, deepening of the asymmetry in economic and innovative development of the countries, technological gap between American monopolies and their main competitors and the formation of new centers of economic rivalry in the global economy, especially in Asian megaregion.

4. Modern global corporations are not only characterized by enormous scale of their activity, but by the rapid growth of capital overconcentration, which gives them a new status in the world coordinates and makes them almost independent on the traditional institutions of global management. Thus today any changes in the implementation of strategies of global corporations activity are far outside the framework of their co-operation as the subjects of business relations and can make fundamental amendments in the political and economic situation in the world at a supranational level.

5. Global monopolization of capital deepens the asymmetry in economic development of the countries and regions of the world through weakening their impact on the world economic processes of national states; the transformation of their economic sovereignty parameters and erosion of their technical and technological security; creating conditions of unequal competition for the backward countries, subordination of small and medium-sized non-monopolized sectors to their monopolistic interests; deepening of

technological disparity between the countries, involved in the development and commercialization of key innovations and the states which are outsiders of these processes and so on. It requires substantial restructuring of the current system of institutional support of the global economic development with the purpose of leveling the negative consequences of the global asymmetry and harmonisation of the global economy interests.

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