

THE KOREA TIMES

First in the Nation



**China's yuan policy
Beijing should let currency
appreciate for world — Page 21**



**F1 Korean GP
Yeongam track will open
3-day event today — Page 26**

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I'S rise sets model for developing nations Prosecuti

starts exi crackdo corrupt

CID targets C& Group c

By Park Si-soo

The prosecution is investigating several top family-controlled conglomerates or "chaebol," broadening its sweeping crackdown on corrupt businesses and politicians.

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Why is Korea not afraid to enter geo-economy?

By Iryna Novikava

In the 21st century, globalization became objective reality which determines all social and economic processes in the whole world and in every national economy. Today, the world economy is forming a new economic system which in the near future will function as a single and unified organism.

At the moment the global geo-economy is only being formed as the result of globalization, and it is only attempting to function as one single organism as the Single Economic Complex was formed and started to function in the former USSR in the 1980s.

Globalization is a process of "inhaling" the world economy into the market and market relations (the world economy has been recently understood as a totality of national economies connected by the system of the world labor division, economic and political relations). As a result of this "inhaling" some parts of national, "internal" economies are transformed into "external" ones via transnational corporation (TNC), regional groupings, special economic and frontier zones and bilateral agreements on free trade. Then the process of separation of these "external" parts of economies from national ones and their close interweaving into the geo-economics as its components of take place. As a result of these processes,



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a single world market network economy and its infrastructure are being created though at the same time the national sovereignty of the states that were the most important actors on the world arena for so many centuries is now being destroyed.

And on this only basis geo-economy, the system of single and united economy, and its new structure emerge. Elements of this geo-economics will not be national states but all those parts of national economies that have become "external" ones — TNCs, regional groupings, special economic and frontier zones, etc,

which will serve the world reproduction process irrelevant to the countries they came from.

It is necessary to notice that each country nowadays makes efforts to take part in the globalization process. Nevertheless, not all economies can enter into this global geo-economy as equals both economically, and politically.

And there is a simple reason for that. The emerging geo-economy assumes a free competition among economic subjects, but only few of them can really compete. Moreover, economic environment of the majority of national economies, as a rule, is not ready for a free competition and free admission of foreign companies to their market.

Obviously, it is not possible for many countries to take part in the formation of geo-economy. Therefore, new approaches to economic strategy development are necessary for all the countries wishing to participate in these processes.

The Republic of Korea is the country which was one of the first to realize the necessity of entering the geo-economy and it managed in 40 years' time to create the economic system that helped it without shocks and losses to take part in the processes of geo-economy creation.

Korea was one of the first countries to realize the necessity of another economic step — to get the

advantage of its new status among the developed countries in the conditions of globalization and to maintain it Korea started carrying out the transition to deregulation, decontrol and decentralization.

This strategy has caused transition from state regulation to public-private partnership (PPP). And already on this basis, it began to involve not only the budgetary funds but also the means of private businesses and foreign investors.

New infrastructure that meets the requirements of globalization was created in a short time (creation and modernization of airports, seaports, highways and high-speed railways) to attract new investors from all countries of the world. The share of expenses on the infrastructure's creation adequate to the processes of globalization and allowing the country's integration into the world economy has made up 3.2 percent of the gross national product but it made the economy really open.

And the experience of the Republic of Korea is a good example for us showing a possible way of the country's development via participation in the globalization processes and geo-economics formation.