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Thomas Palley (2012) argues that economists and economic theory are very much to blame for the global financial crisis, because of their focus on supply-side economics and the optimal properties of unfettered markets, and ignoring the demand-generating process. What he calls 'emergency Keynesianism' – expansionary monetary and fiscal policies in crisis periods – is unlikely to succeed, because it ignores the underlying problem, that of the structural lack of aggregate demand, caused by excessively low wages and overly large income dispersion. However, he does not provide systematic evidence for this claim [3].

James Galbraith (2012) presents a novel measure of economic inequality and argues that it reflects a concentration of wealth at the very top of the distribution. It has been brought about by financial rather than real forces. Interest rates, stock market booms and international payments, but not technology or education are responsible.

While Galbraith repeatedly stresses inequality as a cause of the crisis, he is rather vague about the exact mechanisms and criticizes the Bush administration and its drive for an ownership society for a deterioration of lending standards. All of these contributions share a focus on the experience of the United States. Our approach differs, firstly, in systematically highlighting the link between income distribution and demand formation, in particular the effect of wage growth on consumption growth. This link is substantiated empirically. Second, we take an internationally comparative approach, highlighting that different countries have adopted different strategies in dealing with the rise in inequality. The US debt-led growth model is only one variant among many. Other countries have pursued export-led growth strategies. Both strategies do rely on rising imbalances (the former on rising debt ratios, the latter on rising trade imbalances). A wage-led growth strategy offers a sounder macroeconomic alternative.

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**MANAGEMENT OF FORMATION AND DEVELOPMENT OF THE KNOWLEDGE
ECONOMY BASED ON ITS ASSESSMENT IN THE REPUBLIC OF BELARUS**

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Multilevel analysis of the knowledge economy establishment in the Republic of Belarus with adapted information and analytical support is presented in this article. The main problems of the establishment of the knowledge economy in the Republic of Belarus are detected and solutions of these problems are proposed here.

At the moment, the economy of the Republic of Belarus is in transformation period, economic system of the country is being restructured. And now it is important to formulate the model that national economy should become. Note that the Republic of Belarus has no significant natural resource potential to compete with foreign countries in the world. At the same time, according to experts, it has a significant employment potential. Thus, the business model which could fully realize this potential should be used in the country's economy. Knowledge economy can serve as such model.

Knowledge economy is the highest stage of development of the post-industrial economy and the innovation economy [1]. It's the economy where the main factors are the development of knowledge and human capital. The development process of this type of economy is to improve the quality of human capital, improve the quality of life and produce knowledge, high technology, innovation and high-quality services.

The main components of knowledge economy are the following [2]:

1. Scientific and methodological support of the innovation development.
2. Development of the national innovation policy.
3. Efficient scientific and technological venture business.
4. Efficient fundamental science.
5. Production of knowledge and high technologies.

6. Formation of national and regional innovation systems that possess such features as:

a) forms and methods of interaction between state and business in the field of fundamental research, applied research and development, as well as in the field of high-tech industry, formation of innovative infrastructure;

b) development and implementation of regional innovation strategies;

c) assessment and enhancing of the innovation potential of regions and enterprises.

According to experts, the Republic of Belarus has a significant research and innovation potential for the knowledge economy. However, the whole country and its regions as well as enterprises and organizations have significant drawbacks and barriers to transform the transition economy in the knowledge economy.

In order to assess the readiness of countries to transition to the knowledge economy Knowledge Assessment Methodology developed by the World Bank is used. In accordance with this methodology the following indexes are calculated:

1. KEI – Knowledge Economy Index – is an aggregate index that represents the overall level of development of a country or region in the Knowledge Economy. It is constructed as the simple average of following subindexes:

– economic incentive and institutional regime (EIIR);

– innovation;

– education;

– information and communication technologies.

2. KI – Knowledge Index – is an aggregate index that represents an ability to generate, accept and disseminate knowledge, and it is constructed as the simple average of three subindexes except subindex of economic incentive and institutional regime.

In this article the results of the KAM used for the assessment of the level of the knowledge economy development in the regions of the Republic of Belarus on the basis of information and analytical support of this assessment, adapted to the statistical report of Belarus are detailed.

Let's analyze the data of the Table 1 to assess the development of the knowledge economy in the regions of the Republic of Belarus. It presents the results of the calculation of indexes and subindexes of the knowledge economy, in accordance with the procedure KAM, which are used for analysis. The normalized value of the EIIR subindex is taken at a rate of 2.5 for all regions, as there are the same conditions for all administrative-territorial units of the Republic of Belarus.

Table 1 – Indicators of the knowledge economy by regions of the Republic of Belarus in 2013

Region	Rank	KEI	KI	EIIR	Innovation	Education	ICT
Minsk city	1	5,457	8,413	2,5	8,214	8,096	8,929
Minsk region	2	4,460	6,420	2,5	7,676	4,443	7,141
Gomel region	3	4,388	6,275	2,5	6,249	6,507	6,07
Vitebsk region	4	3,978	5,456	2,5	6,07	6,19	4,109
Brest region	5	3,657	4,815	2,5	3,75	4,446	6,248
Mogilev region	6	3,592	4,683	2,5	4,466	6,189	3,395
Grodno region	7	3,245	3,990	2,5	3,574	4,288	4,109

Source: author's own design using KAM [3].

As it can be seen from Table 1, the leader of the knowledge economy index and knowledge index among the regions is Minsk city. It is no wonder because Minsk is a place of concentration of industrial, innovation, education and ICT areas. Minsk region has the second place that is inferior to other regions only in education subindex. This is due to the lack of high schools in the region, and thus there are lower normalized values of many variables.

Vitebsk region is on the 4th place. Being higher in the ranking of Brest region Vitebsk region is inferior to it on ICT subindex. Last place of this ranking is performed with Grodno region. It is inferior to Mogilev region in all variables except ICT subindex. Thus, data of Table 1 shows the difference in variables of region from the leader region and from each other. Analysis of these data enables a choice of the direction of development for each region.

There can be seen a significant variation in individual variables of KEI and KE for regions of the Republic of Belarus. For example, a number of organizations engaged in R&D in Minsk exceeds almost 9 times a number of such organizations in other regions as well as there is the largest number of innovation-active organizations. Thus, there is a concentration of innovative potential only in one region, while the becoming of

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the knowledge economy should be carried out in all regions of the country in accordance with the policy of the Republic of Belarus in respect of their development in the direction of alignment of social and economic status. And the same situation is observed in all subindexes.

Thus, using of the obtained results allows detecting weaknesses in the formation and development of the knowledge economy in Belarus. At the moment, the process of establishment of new economy is spontaneous. To improve the efficiency of formation of new economic system is necessary to manage the process with the help of information and analytical support of the assessment of the knowledge economy with the KAM methodology.

Investments in four components of the economy of knowledge are needed for sustainable creation, assimilation, adaptation and utilization of knowledge in domestic production of goods and services that will be expressed in their higher added value and will increase the probability of economic success in such a highly competitive and globalized world economy. Accordingly, the management of the formation and development of the knowledge economy must also be carried out in these four areas: institutional and economic regime, innovation, education and ICT.

The management process can be performed by changing and monitoring indicators that make up the subindexes of KAM methodology. In our opinion management should be carried out on 3 levels:

- macro level;
- regional level;
- micro level.

Management must be carried out on all three selected levels. The initiative should come from institutions and enterprises of the republic as well as from the government.

Let's consider methodology of management of formation and development of the knowledge economy on the selected levels.

At the state level Knowledge Assessment Methodology developed by the World Bank should be used as a management tool. Management should be based on the results of the assessment through variables management, included in subindexes of the methodology.

To manage the development of the knowledge economy in the regions of the Republic of Belarus adapted Knowledge Assessment Methodology should be used.

At the level of organizations and enterprises using of KAM is not possible, because it is focused on the macro level assessment. Therefore, we propose to adapt this methodology to apply at the level of organizations and enterprises with the composition of the indicators characterizing the situation at the micro level. To do this, we represent the variables of the statements prepared by enterprises and organizations of the Republic of Belarus, in accordance with the areas of the knowledge economy of the KAM. The result is shown in Table 2.

Table 2 – The composition of indicators of the methodology for assessing the development of the knowledge economy at the level of enterprises and organizations

Innovation	Education	ICT
1. Costs of technological, organizational and marketing innovations	1. Number of employees with higher education	1. Number of employees using personal computers with access to the Internet
2. Amount of financing of the innovation costs	2. Staff listing of Ph.D. workers	2. ICT costs
3. Amount of innovation costs financing at its sole cost and expense	3. Number of staff improved their skills	3. Cost of employee training related to the development and use of ICT
4. Volume of shipped innovative products (works, services)	4. Number of employees completed internship	4. Volume of shipped goods (works, services) related to ICT
5. Volume of provided innovative services	5. Number of retrained employees	5. Research and development costs in ICT sphere
6. Number of new and high technology acquired and transferred by the organization	6. Number of employees completed the educational program of training courses	
7. Research and development costs		
8. List of workers who were carrying out research and development, yearly average		
9. Volume of financing of domestic costs on research and development		

Source: author's own design based [3].

Assessment with the KAM procedure allows identifying weaknesses in the development of the knowledge economy in the regions of the Republic of Belarus and focusing on their elimination. It is also necessary to ensure the rational and reasonable growth or decline of indicators for assessment.

The main problems that are common to all regions of the Republic of Belarus and reduce the capacity in the field of the knowledge economy are presented in Table 3.

Table 3 – Regional problems of Belarus on the elements of the knowledge economy in accordance with the procedure KAM

EIIR	Innovation	Education	ICT
a) an application of the strict policy of protectionism	a) low degree of susceptibility of enterprises and organizations to innovate	a) reducing the budget funding for education	a) lag behind of the ICT sector level from the level of developed countries
b) excessive banking supervision	b) low level of innovative entrepreneurship activity	b) discrepancy between the structure of specialist training and needs of society	b) lack of access to information support
c) bad conditions for investment attracting	c) lack of effectiveness of government innovation stimulation	c) lack of specialists with the skills	c) the use of obsolete software and hardware
d) legislative weaknesses	d) low interest of employees in the implementation of innovation	d) reduction in the quality of higher education	d) low level of training in the field of ICT
e) unstable economic conditions	e) insufficient funding for research activities	e) lack of feedback with employers	e) imperfect state system of the informatization and development of the telecommunications services market
	f) weak infrastructure to support innovation	f) difficulties in training and retraining of employees of the enterprises	f) insufficient attraction of private and foreign investment in the development of ICT infrastructure
	g) lack of development of intellectual property market		g) insensitivity of administrative personnel to changes in the environment

Source: author's own design based [4, p. 20–24].

Presented in the table problems of each area of the knowledge economy allow to identify the directions needed to take measures to remove obstacles for the establishment of the knowledge economy in the Republic of Belarus. It should be a comprehensive solution of identified problems. Those are measures in all areas: economic incentive and institutional regime, innovation, education and ICT as they are closely linked.

Measures to overcome the obstacles for the establishment of the knowledge economy in the Republic of Belarus can be represented by the elements of the KAM [5, p. 42–44]:

1. Economic incentive and institutional regime:
 - a) mitigation of customs and tariff regulation;
 - b) the formation of the favorable investment climate;
 - c) self-banks control for their activities;
 - d) creation of adequate conditions for business.
2. Innovation:
 - a) establishment of small innovative enterprises and their support by government;
 - b) the introduction of government and business partnership in innovation;
 - c) intrapreneurship;
 - d) use of the CALS technologies;
 - e) the establishment of strategic alliances for the implementation and application of R&D;
 - f) use of venture capital;
 - g) innovative activities in the field of IT-technologies;
 - h) improvement of the legislation in the field of intellectual property.
3. Education:
 - a) the introduction of government and business partnership in education;
 - b) informatization of education;
 - c) revision of curricula;
 - d) conduction of internships on enterprises;
 - e) preparation of elite specialists;
 - f) feedback with the employer.

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4. ICT:

- a) improving of equipment;
- b) expansion of e-services;
- c) improvement of the legislation in the field of ICT;
- d) development of broadband access to the Internet;
- e) creation of ICT development.

Thus, carrying out the above activities, creating a culture of knowledge will lead the organizations in the region and the country to economic growth and prosperity and that is possible only with mutual development of business and government.

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**ANALYSIS OF THE METHODS FOR DETERMINING
OF THE COMPETITIVENESS OF MOTOR COMPANIES**

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The article presents the analysis of the main methods of assessment of the competitiveness of enterprises, the advantages and disadvantages of the methods considered are identified. It's impossible to efficiently improve this rate and to estimate the successfulness of actions taken without estimation of present-day competitive ratio.

According to A.S. Golovachyov competitiveness of enterprises is determined by: 1) methods of formalization of factors (indicators) that determine the competitiveness of the organization; 2) matrix methods; 3) the method of the competitiveness of goods [1].

Methods of formalization of the factors (indicators) are based on using indicators of competitiveness of products (services) and production efficiency. First factor is the factor that determines purchasing decision, caused by the necessity of satisfying needs of customers. Second factor is the factor of production development, caused by aspiration to provide competitive advantages of goods (services) of organization by improving production efficiency and implementation the expanded reproduction, which determines the strategy and tactics to achieve the best results, among other things in the field of competitiveness of products (services).

Matrix methods are based on the identification of internal and external factors of competitiveness of the organization and its particular area of economic management (market segment) where the organization has or wants to gain a competitive advantage. These methods include the matrix of Boston Consulting Group (BCG) “share of the market - sales growth rate”, the matrix of development “goods – markets” by I. Ansoff matrix of strategies of small enterprise [1].

The method for determining of the competitiveness of enterprises (C_e) based on assessment of the competitiveness of its products taking into account the weightiness of their implementation in various markets involves formula evaluation:

$$C_e = \sum \alpha_i \beta_j \cdot C_{ij} \rightarrow 1, \quad (1)$$

where α_i – the share of the i-th product of the enterprise in the volume of all sales for the review period, the share of the unit;

β_j – indicator of the significance of the market where the company products are sold (for example, markets in the US, Japan, Canada and the European Union countries have a value of 1, the foreign markets of other countries – 0.7, the domestic market – 0.5);