SOcio-Economic Development of Ukraine: New Challenges and Threats

Urgency of the research. The world global processes and the international integration of the national economy stimulate the scientific consideration the socio-economic development of different countries, in particular of Ukraine.

Target setting. The modern information society dictates new challenges for each state. It obliges all countries to take care of the socio-economic development of a high level and to work constantly for its improving.

Actual scientific researches and issue analysis. Such scholars as V. Bazylevych, M. Dolishny, V. Heiets, E. Libanova and others studied the peculiarities of socio-economic development of Ukraine.

Uninvestigated parts of general matters defining. The main directions of economic policy with external and internal threats need to be adjusted.

The research objective. The research of socio-economic development of Ukraine in modern conditions and the suggestion of basic ways to increase its level.

The statement of basic materials. The article examines the current state of socio-economic development of Ukraine and defines the main factors of its providing.

Conclusions. Natural resources potential and favorable geopolitical position provide a high level of socio-economic development of Ukraine. The correct state policy plays here a decisive role, which involves: carrying out of the systemic reforms (institutional and structural transformation); macroeconomic stabilization (fiscal, monetary, price policy, etc.); promotion of innovation and investment development; introduction of high social standards of living of the population; European integration and membership in the European Union.

Keywords: socio-economic development; Gross Domestic Product; globalization; economic potential; investment; innovation development; European integration.

DOI: 10.25140/2410-9576-2018-1-1(13)-100-107

Urgency of the research. In the current conditions of the functioning of the world economy, each country tries to achieve a high level of socio-economic development. As globalization processes place increasing demands on the parameters of the national economy, Ukraine must develop a strategy for its development that can adequately represent our state by macroeconomic indicators and the standard of living of the population.

Target setting. Achievement of high indicators of social and economic development of Ukraine is possible given its real participation in integration processes in the system of world economy. Neces-
Chorna N. P., Chorny R. S., Shandruk S. K. Socio-economic development of Ukraine: new challenges and threats

The purpose of the article is to study the socio-economic development of Ukraine in modern conditions and to offer the main ways to increase its level.

The socio-economic development of the country is a progressive movement of the state, business entities and social strata of the population. This is an extremely important notion of macroeconomics, which, according to its indicators, shows the state and place of the national economy in an international dimension.

Socio-economic development is a complex contradictory process in which positive (natural resource potential, achievement of NTP, favorable state policy, etc.) and negative factors (political instability, social conflicts, ecological disasters etc.) interact positively. However, on a global scale, there is a continuous development of the economic system, as a characteristic feature of the world economy of the twenty-first century is globalization.

The typology of states is the division of countries into groups depending on the level of their economic development, according to which states are divided into four types:

- economically developed countries (producing 2/3 of the gross national product (GNP) of the world, about 30);
- developing countries (1/4 of the GNP of the world, about 130 countries);
- countries with transit economies (up to 30 countries in Central and Eastern Europe, North and Central Asia);
- Countries centrally controlled economy: China, Cuba, DPRK, Vietnam.

Each state occupies one or another niche in the world space. There are countries with rich natural resources, with highly developed technologies, with an adequate social level of the population, etc. At the same time, people die of hunger every day in other states. This imbalance is so significant that solving all-growing problems in underdeveloped countries requires an effective policy of international organizations.

The main criterion for determining the level of economic development of the country is the value of gross domestic product (GDP) per capita.

GDP is one of the most important indicators of economic development, which characterizes the final result of the production activities of economic units of the population in the sphere of tangible and intangible production. Measured by the value of goods and services produced by these units for end use.

In 2014, Ukraine ranked 106th place among the countries of the world in terms of GDP per capita ($8,668), in 2015 - 133rd place ($2109), in 2016 - 131th place in the rating ($2194). In 2014, the list for the above indicator was headed by Qatar ($14,3427), Luxembourg ($103,187) in 2015, Luxembourg ($103199) in 2016. It should be noted that in 2015 and 2016, Switzerland ranked second with the GDP per capita of US $82,178 and US $79,242, respectively [7].

Fig. 1 provides information on GDP per capita in individual countries in 2016.

In addition, a new integral indicator of social development in the countries - the Human Development Index (HDI) - is being used. The Human Development Index is published as part of the UN Development Program’s Human Development Report.
ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

Fig. 1. Gross domestic product per capita
Source: on the basis of [7]

The index of human development is an integral indicator calculated annually for interstate comparison and measuring of living standards, literacy, education, longevity, social protection, ecology, crime level, observance of human rights as the main characteristics of human potential of the studied territory. It is a standard tool for a general comparison of the standard of living of different countries and regions.

For calculating the HDI, 3 types of indicators must be considered:
1. Expected life expectancy - evaluates longevity.
2. The level of literacy of the population (average number of years spent on education) and the expected duration of training.
3. The standard of living, estimated through GDP per capita, based on purchasing power parity in US dollars.

In 2016, Ukraine’s Human Development Index gained 84 positions, Norway 1 ranked [10].

Market transformations in independent Ukraine were carried out in the socio-economic environment formed in the conditions of a centralized economy. As a result, the benefits of a market economy could not manifest itself to the fullest extent. Ukraine, for years of independence, unfortunately, did not become a highly developed country, despite its rich natural-resource potential and favorable geopolitical position. For the last four years, our state is experiencing a rather complicated period of its history, which is connected with the military conflict with Russia in the East of Ukraine. This is reflected negatively on all indicators of socio-economic development of the country and exacerbation of the domestic political crisis.

Many socio-economic factors affect many different factors, the main, in our opinion, can be grouped into the following groups (Fig. 2).

Economic potential of the country characterizes the possibilities of the national economy to produce material goods, to provide services, to meet the economic needs of society. This is due to the use of all available resources - natural, production, material, labor, financial, scientific and technical, information, etc. The above resources form the structure of the country’s economic potential. The level of social and economic development of any state is a consequence of the realization of its economic potential.
Fig. 2. The main factors affecting the socio-economic development of the country

Ukraine has a unique natural resource potential. According to the total reserves of some natural resources, Ukraine occupies one of the leading places in Europe (for example, mineral, soil, recreation). The largest natural wealth of our country is land resources. Ukrainian black earths make up a large part of the world's soils. As of 2016, the land fund of Ukraine is 60.4 million hectares, including agricultural land - 42.7 million hectares [3].

Effective use of natural resources is one of the main opportunities for ensuring a high level of socio-economic development of our country.

The industrial potential of the country is formed by the main productive funds of enterprises. Unfortunately, many business entities, due to the difficult financial situation, have outdated, very worn out, and even destroyed, production funds that need to be upgraded or dismantled.

Labor potential is characterized by the quantity and quality of labor force. For a long time, the growth of labor resources of different qualifications in Ukraine met the needs of the national economy. The economic crisis in the country led to the emergence of unemployment and underemployment, mass emigration to different countries of the world. Among those who go to work, a large number of highly skilled professionals who under the new conditions do not realize their professional capabilities.

The financial potential of the country is determined by the aggregate of funds of individuals and legal entities, the state. The financial capacity of Ukraine in recent years is rather low. Our country is a borrower of a significant amount of money in international financial institutions and other countries. A large number of Ukrainian enterprises are financial debtors or are on the brink of bankruptcy; many citizens of the country receive income lower than the subsistence minimum. This has led to a heightened development of the shadow economy, which is a major obstacle to achieving high macroeconomic performance.

The scientific potential of Ukraine is based on an extensive network of scientific institutes, research institutes that exist in the system of the National Academy of Sciences, ministries and departments. In some areas of science, Ukraine has shown itself to be one of the world leaders, for example, in cybernetics, electric welding of metals, cardio surgery, space technology. However, in many branches of scientific activity, relating to the development of high-tech equipment and advanced technology, the backlog of domestic science is significant. In our time, the situation is complicated by the lack of funding of scientific organizations, the departure of specialists of high qualification abroad.
A significant threat to the vector of socio-economic development in Ukraine is the imperfection of the institutional provision of all sectors of the economy.

Institutional support - a set of state and non-state institutions that provide regulatory and organizational and economic conditions for any type of activity.

As the main shortcomings of the legal framework in our country, the following should be marked:
1. Lack of a single legislative strategy.
2. The aging of most legislative acts and, as a result, the impossibility of their real use in practice, despite the changes made.
3. Ambiguity, instability and contradiction of the regulatory framework.
4. Lack of involvement of representatives of public associations in the discussion of draft laws.
5. The presence of legal nihilism, which is characterized by a conscious ignoring of the requirements of the law, the value of law, contemptuous attitude to legal principles and traditions. This is primarily due to the unfair and unbiased attitude of the Ukrainian judiciary towards offenders.

Substantial improvement of the Ukrainian legislation and its adaptation to the requirements of the European Union (EU), as well as a real reform of the judicial system as a whole, will open up the real possibilities of our economy.

An important factor in ensuring a high level of socio-economic development of the country and its competitiveness in the world market is the investment attractiveness of the state. Investment attractiveness is a generic characteristic that reflects all the advantages and disadvantages for an investor in an investment object.

The investment climate is a combination of political, legal, economic and social conditions that ensure and promote the investment activity of domestic and foreign investors.

Taking into account the institutional environment in Ukraine, there is a decrease in the amount of investment. This is especially true of foreign investment, which is extremely important in the context of international cooperation and European integration.

Direct foreign investment in Ukraine: 2013 - USD 57056.4 million. USA, 2014 - $ 45744.8 million USA, 2015 - $ 43371.4 million. USA. Foreign investors invest the most in industry and, in particular, in the processing industry (in 2015 - USD 13280.1 million or 30.6% of total investment) [3].

An armed conflict in the East of Ukraine negatively affects its investment climate, which without this is unsatisfactory. During 2014 - 2017 there was a significant outflow of foreign direct investment. It is not quick to improve the investment climate, because it is a rather long process.

Among the main reasons that cause an unfavorable investment climate in Ukraine and hinder economic development, the following should be noted: instability of Ukrainian legislation, underdevelopment of market infrastructure, in particular stock market, high tax pressure, corruption in local and central authorities.

At the same time, our country has a competitive advantage that foreign investors can use: a large area; advantageous geopolitical location; high level of natural resource availability; prospects for agricultural activity; cheap skilled workforce - the average monthly wage of Ukrainians is much lower than the wages of workers from foreign countries.

The noteworthy feature is that the above-mentioned competitive advantages are due, unfortunately, not to the achievements of the Ukrainian economy, but to the opportunities provided by nature. In addition, the presence of cheap labor shows the attitude of the state and employers to hired workers. The consequence of such behavior is the desire to leave the citizens of our country, which are the main labor and scientific qualification resources of Ukraine.

V. Yurchyshyn, Director of Economic Programs of the Razumkov Center, considers one of the key challenges for Ukraine to overcome the investment failure. The investment image of our country is extremely low, he says, there are not enough investments, and the structure of the Ukrainian economy is clearly consumer: 90% of GDP is the goods and services that go for private and public consumption. There are very few resources available for investment [2].

The state should support business, complete liberalization of entrepreneurial activity, abolition of administrative pressure and bureaucratic restrictions. In order to ensure economic growth and inflow of investments in Ukraine, structural reforms are needed. The macroeconomic stability of our country
will continue to depend on continued cooperation with the International Monetary Fund and international donors.

The innovative development of the country is of paramount importance to the impact on social and economic development. Innovative development of the country is determined by the Global Innovation Index, developed by the World Intellectual Property Organization, the Cornell University and the international business school INSTEAD. This index takes into account 79 indicators.

In 2015, Ukraine ranked 64th among 141 countries of the world, and in 2016 - 56th among 128 countries of the world.

The weakest criteria in the 2016 Indicator of Innovation for Ukraine were: Political Stability and Security (125th out of 128), Bankruptcy Elimination Issue (113), Political Environment (123), GDP per unit of energy used "(115). Also, the category "Investments", where our country took 77th place, is also a weakness. Interestingly, the Global Innovation Index also takes into account some cultural indicators, where our weakness is "The number of feature films" per million populations - 94th in the ranking [9].

An indicative indicator of the development of innovation activity is the level of economic freedom, which in 2015 Ukraine took 162 positions among 178 countries. The imperfect economic policy, the low level of protection of intellectual property rights, the ineffectiveness of economic reforms has a negative impact on the country's innovation development.

A stagnant factor in the recovery of economic growth in Ukraine is insufficient solvent demand of the population. The final consumer spending in the period from 2014 to 2017 decreased almost threefold. This is primarily due to the depreciation of real incomes of citizens due to the significant devaluation of the national currency, a significant increase in tariffs for housing and communal services, which ultimately leads to inflationary processes in the country.

The dynamics of economic processes in Ukraine in recent years allows us to conclude that the economy is in a state of deep crisis. The conduct of hostilities in eastern Ukraine, connected with the aggression of Russia, caused an imbalance of all macroeconomic indicators. Ukraine suffered territorial and human losses, industrial production (coal, metallurgy, machine building, chemical industry), financial and transport and logistics infrastructure was destroyed, residential facilities were destroyed. It affects the well-being of the population.

Decreasing volumes of production affects the reduction of exports, and, accordingly, the inflow of foreign currency. This weakens the position of the hryvnia and leads to higher prices, and as a result - inflation. Additional emission of money accelerates its growth rate. Inflation in Ukraine devalues the results of labor, destroys the monetary and credit system, weakens the national currency, impedes the development of foreign trade and long-term investment.

Unfortunately, in our country there are a number of other problems that hamper the achievement of high indicators of socio-economic development. As the main ones, it should be noted: imperfect implementation of reforms, high levels of corruption and economic crime.

Corruption is the main internal threat to achieve high indicators of socio-economic development of our state.

According to a survey conducted by Ernst & Young Global Limited in 2016, Ukraine is considered the most corrupted of more than 40 countries in Europe, the Middle East, India and Africa.

The strategic goal of Ukraine is European integration and membership in the European Union (EU). This is the best way to realize national interests, to build an economically developed and democratic state, to strengthen positions in the system of international relations.

European integration for our state is the modernization of the economy, attraction of foreign investments and new technologies, creation of new jobs, increase of competitiveness of domestic products, output of commodity producers to the world market.

The political benefits of Ukraine's integration into the EU are linked to the creation of reliable mechanisms for political stability, democracy and security. The rapprochement with the EU is a guarantee, and fulfillment of its requirements is an instrument for the development of democratic institutions in Ukraine. In addition, EU membership will open the way to collective security structures of the European Union, will ensure more effective coordination of actions with European states in the field of
export control and non-proliferation of weapons of mass destruction, will allow intensifying cooperation in the fight against organized crime, smuggling, illegal migration, drug trafficking, etc. [4].

European integration will contribute to increasing the productivity of the economy and the pace of technological modernization under the influence of competition in a single European market and ensuring free access to the latest technologies, capital, information; raising the skills of the labor force in the conditions of their free movement within the single market; creating a more favorable investment environment; Significant increase in trade volumes on the EU market; creation of preconditions for accelerated growth of mutual exchange in industries with a higher level of science and technology; improving the quality of regulatory institutions in the budget, banking, financial and corporate sectors. Economic integration will also enable the use of EU regional development funds to accelerate the transition to a higher level of economic development, inherent in more developed countries of the European Union [5].

As a result of joining the EU, our country will receive the social benefits associated with high levels of education, culture and social standards in Europe, decent pay and effective protection of citizens' rights, a well-developed system of health care and the environment.

In order to increase the indicators of socio-economic development, Ukraine must implement such principles of state policy that will enable the Ukrainian business to function effectively and provide a decent standard of living for the population. This is a reduction in the tax burden, delayed payment of taxes for newly created enterprises (fiscal policy); stabilization of the exchange rate of the national currency, favorable conditions for lending to individuals and legal entities (monetary policy); improvement of the investment climate, real support for innovative enterprises (innovation and investment policy); reduction of inflation, state regulation of prices for certain goods (price policy); prevention of unfair competition (anti-monopoly policy); creation of new jobs and increase of real wages, implementation of social payments (social policy); reduction of imports and increase of export of goods, eurointegration (foreign economic policy).

**Conclusions.** The level of socio-economic development of Ukraine is due to the interaction of external and internal factors. The main external factor of the negative influence is the conduct of the war on the territory of the state, among the internal ones one can distinguish, first of all, the lack of a comprehensive approach of the government to improve macroeconomic indicators. As a result, there is a sharp fall in GDP, the investment climate worsens, inflation is accelerating. Total corruption and inappropriate conditions for doing business lead to an outflow of investments, migration of labor resources abroad.

Natural resource potential and favorable geopolitical position provide a high level of socio-economic development of Ukraine. A decisive role in this should be played by the correct state policy, which involves: undertaking systemic reforms (institutional and structural transformation); macroeconomic stabilization (fiscal, monetary, price policy, etc.); promotion of innovation and investment development; introduction of high social standards of living of the population; European integration and membership in the European Union.

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ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ


Received for publication on 25.12.2017

Бібліографічний опис для цитування: