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## **SOCIAL TRANSFORMATION OF UKRAINE WITHIN THE FRAMEWORK OF ECONOMIC GLOBALIZATION**

One of the key issues of civilization prospect of Ukraine is the sound and consistent orientation on joining the processes of technical globalization. It is a global trend of internationalization of innovations and technologies transfer and diffusion developing and mastering of use, both production and commercial. Thus innovations are considered to be discrete novelties, which are a part of market life cycle. Positions and prospects of Ukraine in the world market of technologies are more favourable than those of developing countries, according to many criteria. However, in the last decade in Ukraine there were stable negative dynamics observed in this sphere.

As the processes of international commercialization of intellectual sphere in Ukraine are taking place, the role of: motivational management and scientific and technical marketing, ownership patterns change and self-sufficiency, orientation on a materialized result, search for foreign capital and potential customers is increasing because they are related to market. However, social instability and conceptual uncertainty, insufficient legal guarantees and obligations discipline, lack of resources (financial, material and informational) and proper experience, high crime level among economical subjects and pauperization of the intelligentsia result in the dumping or “shadow” loss of ideas concerning intellectual works and loss of substantial commercial benefit, which is undesirable.

Formation of Ukrainian society closely interacts with the idea of common prosperity, growth of the real incomes and social structure transformation. At the same time further development of independent Ukraine, formation of democratic society basing on the socially-oriented market economy, as part of the common civilized global process, leads to ambiguous consequences and phenomena. Foremost the role of Ukraine in

the world society increases. On this basis an integral national purpose, which determines strategic state policy directions for 2007-2011, is formed in the program of government and development prospects of Ukraine.

Economic and social policy is built according to the necessity of consistent and radical increase of gross domestic product (GDP) per capita. The government defined that a new effective state policy, providing stability of GDP growth rates, is needed. In this situation the government intends to increase the accumulation stake in the economy and send facilities to update, modernize and expand production. Therefore in the budget of 2007 it is already suggested to decrease the redistribution of GDP through the budget approximately to 30%. According to the calculations of the Cabinet of Ministers of Ukraine, this sum will reach about 36 billion UAH and will encourage the industry to increase the rates and to reach a new level of internal product quality. Thus, there are reasons to hope that the life of all layers of Ukrainian society will increase. Positive dynamics of industrial production volumes in 2000-2005 also proves this (table 1).

For the specified period Gross Domestic Product (in actual prices) has increased 2,5 times, Gross Regional Product has increased 3 times, income of the population – almost 3 times, investments into a fixed capital – 4 times.

Table 1. Basic parameters of development of Ukraine in dynamics

Parameters	2000	2001	2002	2003	2004	2005	Growth Rates, %
All industry (in percentage to the last year)	113	114	107	116	113	103	-
Gross Domestic Product (in actual prices), billion UAH	170	204,2	225,8	267,3	345,1	424,7	249,8
Income of the population, billion UAH	128,7	158,0	185,1	215,7	274,2	370,6	287,9
Investments into a fixed capital (in actual prices), billion UAH	23,6	32,6	37,2	51,0	75,7	93,1	394,5
Unemployment Rate, %	11,6	10,0	9,6	9,1	8,6	7,2	62,1
Monthly average nominal wages	230	311	376	462	590	806	350,4

Source: *Ukraine in figures in 2005, Short Statistical Reference-book*, State Statistics Committee of Ukraine, O. G. Osaulenko, Chief Editor V. A. Golovko, K.: Publisher "Konsultant" 2006, p. 22-23, 63.

In the regions of Ukraine the powerful potential accumulates gradually and also the developed industrial infrastructure is being created. Thus, unemployment rate in 2005 in comparison with 2000 has decreased for 37, 9 percentage points, and nominal monthly average wage made in 2005 806 UAH, which is 3, 5 times more than in 2000 (table 1). It is explained by the fact that in 2005 new progressive technological processes of 1808 units (against 1403 in 2000) were introduced at the industrial enterprises. 690 (38,2%) of them are low-wasted, resource saving and without waste, thus the mastered production of new kinds of techniques has increased for the analyzed period (2000-2005) for 26 units, or on 4,1% [Ukraine in figures, 2006, p.168]. Thus, the positive results are obvious.

Criminal offences give us representation of social safety. The general indicator of a criminal situation level is the number of registered crimes. Thus, in 2005 491,8 thousand crimes were registered by law-enforcement bodies of Ukraine, that is 76 thousand (13,6 percentage points) less than in 2000. On the one hand, it gives us a positive characteristic of law-enforcement bodies' work, and on the other hand, testifies increase of society living standard.

In the beginning of economic reforms, Ukraine has faced a problem of shadow economy – manufacture, distribution, an exchange and consumption commodity-material assets and services were not controlled by the society, i.e. closed from public authorities and society as well as social and economic relations between separate citizens and social groups. Comparison of shadow economy indicators (by experts estimations, in Ukraine it makes more than 50%) and registered crimes gives the basis to confirm, that influence of social and economic development on a crime rate is very great. In particular, presence of shadow economy has led to the fact that the number of robberies has increased in 2005 in comparison with 2000 on 24,1 thousand, or more than 2 times, robberies – on 1,1 thousand (19,6%). The analysis of criminality problem and shadow economy helps us to define such objective reasons as: poverty, intervention imperious structures of all levels in the economic activity, high taxes and constant changes of the tax laws.

With the purpose of provision with complex of measures concerning economy “de-shadowing” and improvement of the society welfare it is necessary to provide favorable conditions for enterprises activity and

not to apply administrative fiscal methods of impact on the shadow economy sector.

It is possible to achieve the set goal in this sphere in case of implementation of the tasks provided by the government program for 2007-2011 years: work improvement of law machinery and other state authorities in the sphere of person's and citizen's rights and freedom observance, protection of person's life and health, increase of the struggle level against criminality, provision of the public order and, what is the most important, improvement of people's socio-economic state. All these give an opportunity to create a civilized socially oriented society with high level of living conditions and will become one of the most important ways of Ukraine's integration into the world community.

It is essential to notice that during the last years Ukraine's integration efforts led to the certain progress in the intensification of political dialogue and improvement of the whole atmosphere in relations with European Union. European choice as a strategic direction of national development determined priorities of Ukraine's foreign state policy, first and foremost among which are integration to EU and economization of the country's external economic activity. In the program of Ukraine's integration to EU there are: detailed directions of EU and Ukraine's collaboration, analyzed their relations about regions of the economy and fields in analytical and prediction context and defined such priorities for 2007-2011 years as: forming the socio-economic sphere, which is able to provide an active implementation of the market structures into the process of regional collaboration; Ukraine's participation together with the European Union's countries in consultations, conferences on the separate problems of socio-economic development; participation of regions, separate branches and enterprises in the international European exhibitions and joint projects

Globalisation gives a humanity huge possibilities in goods, service, information, technologies and capital exchange widening, in humanitarian relations, personality progress. Because of globalization, conditions of „market economy” gain a new character. Traditional market elements sidestep, in the same time when state regulation elements step a side, elements of social direction of external economic state policy become more important. This way, Ukraine, as one of the biggest European countries with a relevant potential, is interested in entering to the European economic and law space.

According to the author's opinion, the history of „market relations” in Ukraine is inextricably connected with the world economy connections widening. About this indentation attests an increasing amount of countries which invest in Ukrainian enterprises. Referring to Statistics Committee of Ukraine direct investments to the Ukrainian economy, according to 01/01/06 set 16,4 billion dollars USA, and grew up 4,2 times, in comparison with 01/01/2001 [*Ukraine in figures...*, 2006, p. 141]. Integration processes, which are realised in Central and East Europe, influence on all-important changes in relations of Ukraine and Poland. On the beginning of the year 2006 the length of true Ukrainian investments to the Poland economics set 20,3 million dollars USA, which is 6,2 times more than on the beginning of the year 2001.

The meaning of Poland as a receiver of direct investments from Ukraine also increased. The sums of investments to the definite projects went up from 62,8 million USA dollars in the year 2000 to 224,0 million USA dollars in the year 2005, it means 3,6 times [*Ukraine in figures...*, 2006, p. 141]. This tendency proves the Polish investors intend to invest sufficient sums in Ukrainian business. Positive tendencies of these relations are the result of deeds of many internal and external factors, which help to develop investment components of Ukraine-Poland collaboration.

Thus, together with the market factors importance for Ukraine's economy, creation of a firm system of investment processes' management is a task that cannot be postponed, including foreign investments. Forming and development of Ukraine's economy set the necessity of establishing tighter beneficial (for all the Parties) relations with other countries, join international economic integration. The development of the world market, international trade scales expanding, production and commerce globalization, free capital movement among the countries, interstate economic integration – are the most important modern tendencies, which provide with the further economic development, welfare and life standard improvement.

## REFERENCES

*Ukraine in figures in 2005, Short Statistical Reference-book*, State Statistics Committee of Ukraine, O. G. Osaulenko, Chief Editor V. A. Golovko, K.: Publisher “Konsultant” 2006.

## **Summary**

In the article there is stressed that development of Ukrainian economy requires binding close relationships with other countries as well as joining the process of international economic integration. The role of Poland is pointed out as a recipient country of direct Ukrainian investments.

## **Společna transformacja Ukrainy w uwarunkowaniach globalizacji gospodarczej**

## **Streszczenie**

W artykule podkreślono, że rozwój gospodarki Ukrainy wymaga nawiązania bliskich stosunków z innymi państwami, a także dołączenia do procesu międzynarodowej integracji ekonomicznej. Zauważa się rolę Polski jako adresata bezpośrednich inwestycji ukraińskich.