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INCLUSIVE GROWTH OF THE NATIONAL ECONOMY IN MODERN CONDITIONS**Pereverzieva A.V.***Zaporizhzhya national university*

In this article the concept of inclusive growth and its indicators is investigated. It is proved the necessity of forming an inclusive model of the national economy to improve its competitiveness and human development. The basic indicators of inclusive growth to the national economy, namely: employment, poverty and uneven income distribution are analyzed. It is proved that inclusive growth contributes to a more complete realization of human potential through «inclusion» in various activities. It is determined that inclusive growth is characterized by increasing economic growth and increasing the size of the economy, which creates favorable conditions for investment. It is found that inclusive growth focuses on identifying the sources and factors which constrain sustainable and high economic growth. It is determined that the rapid pace of inclusive growth to reduce poverty and allow people to be an active participant of economic processes and to benefit from economic growth in the long term. It is emphasized that that inclusive growth should be the defining strategy that promotes harmonization of human, natural and productive capital is not only based quantities, but also qualitative parameters.

Keywords: inclusive growth, inequality income distribution, employment, development, level of poverty, level of welfare, human potential.

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ІНКЛЮЗИВНЕ ЗРОСТАННЯ НАЦІОНАЛЬНОЇ ЕКОНОМІКИ В СУЧАСНИХ УМОВАХ**Переверзєва А.В.***Запорізький національний університет*

В статті досліджується поняття інклюзивного зростання та його показники. Обґрунтовано необхідність формування інклюзивної моделі національної економіки з метою підвищення рівня її конкурентоспроможності та рівня людського розвитку. Проаналізовано основні показники інклюзивного зростання для національної економіки, а саме: рівень зайнятості, бідність та нерівномірність розподілу доходу. Доведено, що інклюзивне зростання сприяє більш повній реалізації людського потенціалу за рахунок «включеності» у різні види діяльності. Визначено, що інклюзивне зростання характеризується підвищенням темпів росту і збільшення розміру економіки, що створює сприятливі умови для інвестицій. З'ясовано, що інклюзивного зростання

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зосереджується на виявленні джерел і факторів, які стримують стійкі та високі темпи економічного зростання. Визначено, що швидкі темпи інклюзивного зростання сприяють скороченню рівня бідності та дозволяє людині бути активним учасником економічних процесів і користуватися благами економічного зростання у довгостроковій перспективі. Підкреслено, що інклюзивне зростання повинно стати визначальною стратегією, яка сприяє гармонізації людського, природного і виробничого капіталу не тільки за квантитативними, а й за квалітативними параметрами.

Ключові слова: інклюзивне зростання, нерівномірність розподілу доходу, зайнятість, розвиток, рівень бідності, рівень добробуту, людський потенціал.

Actuality of the problem. The realities of economic life show that nowadays economic growth decreasing and unemployment level increasing are observed. So income is not distributed equally. Therefore there is a necessity in searching of new economic sources, which must be accompanied by not only increasing of GDP volume per capita in the country, but also by a comprehensive personality development. The «inclusive growth» is such a source that includes the development via the inclusion of all members of society on one side and humanization of economic processes by forming values on the other side. The formation of inclusive model is very important for Ukraine, because it is the most appropriate for national economy rivalry and increasing of human development level. Accordingly, the relationship between the inclusive growth and the development is the topical study of present time in order to create inclusive national economy model.

Analysis of the recent research. There is a great number of scientific works by foreign and domestic researchers on this relevant problem.

Significant attention was paid by such foreign scholars such as D. Acemoglu, D. Robinson, E. Raynet, E. Duflo [1-4] and others. A significant contribution to the study of the inclusive growth was done by works of domestic researchers such as V. Heyets, B. Danylyshyn, B. Kvasnyuka, Halchynskiy A., D. Meadows [5-9] and others who deepening research, focused on factors and sources of growth.

International organizations pay much attention to the practical research of development and inclusive growth such as World Bank, the United Nations

and International Organization for Cooperation and Development, the International Economic Forum (WB, UN, OECD, WEF) [10-12].

Despite a significant amount of theoretical development requires a more in-depth research for inclusive growth of the national economy, its relationship with the development in modern conditions.

Purpose of the paper to study the concept of «the inclusive growth», its constituent elements and rational interrelationship between the inclusive growth and development.

Statements of main results. In present economy the development should be seen as a necessary condition for the efficient functioning of economy and economic growth. The human is not an object but a subject and an active participant of country's decisions.

In most countries it is generally considered that the main indicator of economic growth is GDP or GDP per capita and index of human development of population (HDI). These indexes have quantitative measuring, which is characterized by ease of calculation, but not fully determined the level of country's development. That is necessary, but insufficient, in terms of mathematical logic. Therefore, there is a necessity to define complex index - an indicator of the inclusive growth. The key term in the inclusive growth is the concept of «inclusion», which involves adaption of the system to the needs of individuals as well as active participation in it of all stakeholders in order to get a positive result for under the conditions of equal opportunities. Within inclusive model people adapt, change, considering and satisfying the needs of every member of society. The concept of the inclusive growth implies that every subject of economy is an important, unique and valuable to society and it is able to meet their needs. Thus, the inclusive growth is defined as the main prerequisite for human progress of society, which according to G. Murdal's humanistic approach states that the growth should be accompanied by the improving of majority; otherwise, it is not considered as «the development», itself, because it remains aside of vast majority of the population [13].

EC countries pay great attention to the concept of «the inclusive growth», what can be approved by their strategy of development upto 2010. The inclusive growth is defined as the main prerequisite of economic, social and territorial cohesion of EC countries [11]. The inclusive growth means:

- Increasing employment in Europe - creation of quality jobs, especially for women, young people (75% employment for women and men, aged 20-64 years);
- Investment into education and training (to help people acquire new skills, adapt to changing labor markets and make successful career changes) ;
- Modernization of the labor market in order to increase employment, reduce unemployment, increase labor productivity;
- Ensurance of equal growth of all EU countries (reducing the disparities between regions).

A detailed study of the inclusive growth belongs to the International Organization for Economic Cooperation and Development [12]. The economic growth is accepted as the inclusive growth that creates opportunity for all segments of the population and distributes dividends of welfare, both, in monetary and non-monetary terms. This approach to the definition of the inclusive growth allows calling it multidimensional one and it goes beyond the proceeds of the economic growth and it includes researches in the uneven distribution of income, wealth and structural policy. Based on the above, it should be concluded that the inclusive growth is a model of the economic growth that provides sustainable growth in production and it covers all sectors of the economy, creating opportunities for productive employment of the majority of the population of working age and it also helps to reduce the unemployment rate [14, p. 1]. That is, it is multifactorial and multistages process, which is based on achieving the maximum level of employment and cooperation of all economic subjects. Modern society can not exist without an active involvement of all members into various activities, equality, preservation and development of cultural heritage, public order and social harmony, creative and public activity.

Inclusive growth can be viewed by two aspects: the use of common benefits and the participation in economic life. Quantitative analysis of shared benefits is based on two indicators: poverty and uneven income distribution, but in terms of participation in economic life it is the level of employment (Figure 1).



Figure 1. The main components of inclusive growth

Source: constructed by [15, p. 3]

Thus, the most important source of the development is human development. Many economists examined the link between wealth and standard of living of its population. Thus, E. Hansen insisted: «Show me a country with a low level of public expenses and I'll name the country with low standard of living» [16, p. 84]. His idea was supported by Lucas R. and P. Roemer, defining that «economics great human resources and advanced science and it has more long-term perspectives than the economy which has no these benefits» [17, p. 19].

To characterize this element of inclusive growth as uneven distribution of incomes we can review the features of the income distribution of the population in Ukraine (see Table 1).

In Table 1 the data clearly demonstrates the significant disparities in income distribution. Thus, 11.5 % of the population have level of income lower than the minimum wage in 2013 (1218 UAH.). 5.1 % of the population is the richest one, whose income exceeds 3720 USD a month.

Table 1. The distribution of the population in terms of average equivalent of total income

Index	Year
Distribution of Population (%) in terms of average total income per month, UAH	2013
до 480,0	0,1
480,1–840,0	2,3
840,1–1200,0	9,1
1200,1–1560,0	21,3
1560,1–1920,0	22,1
1920,0–2280,0	16,6
2280,1–2640,0	10,4
2640,1–3000,0	6,7
3000,1–3360,0	4,3
3360,1–3720,0	2,0
понад 3720,0	5,1

Source: constructed by [18]

If one compares wage in Ukraine and some countries, it can be concluded about the level of poverty (Figure 2).

Figure 2 shows that minimum wage in Ukraine 26 times less than in leading country (Australia) according to this indicator. In Ukraine there is a significant difference of income, causing to even distribution, deepening their poverty.

Let us consider such component of the inclusive growth as population employment. Dynamics of the level of employment in Ukraine and EU countries is represented in Table 2.

Analyzing the dynamics of employment in Ukraine and the EU -28 for the period 2010-2014, it should be noted that in Ukraine up to 2013 there was an increase of employment, while in the EU on the contrary there was the reduction. The opposite trend was seen in 2014 when the employment rate in the EU increased by 0.4 percentage points and in Ukraine, on the contrary, fell by 0.6%. A decrease of employment does not correspond to the concept of «the inclusive growth».

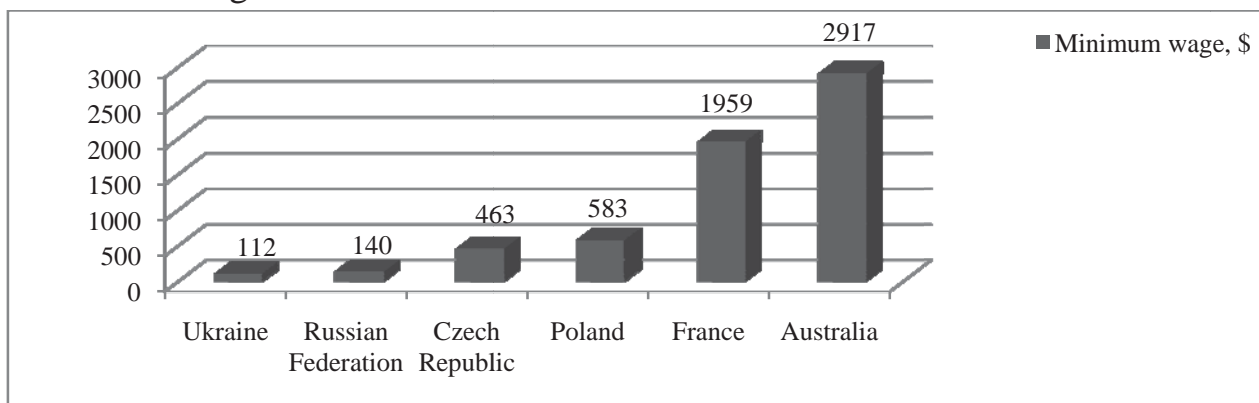


Fig 2. – The level of minimum wage in Ukraine and the world

Source: constructed by [19]

So in today's economy broader classification of elements of the inclusive growth is considered [15, p. 8]: education; employment; development of entrepreneurship; investment; fighting against corruption; development of services. All these components are directly connected together. Equal access to education, medicine and labor creates the preconditions for better jobs and higher wages. This will help to increase employment and it will allow each person to realize their potential, to feel the importance of their lives and be involved into various activities. The inclusive growth is characterized by increasing growth and increasing scale of economy, which creates favorable conditions for investment.

Table 2. Employment rate in Ukraine and EU countries, %

Country	2010	2011	2012	2013	2014
Ukraine	58,4	59,1	59,6	60,2	56,6
EU-28	51,9	51,8	51,6	51,4	51,8

Source: constructed by [18]

A significant advantage of the inclusive growth is that it focuses on ex-ante analysis of sources and factors, hindering the steady and rapid economic growth and it identifies ways to improve growth through better usage of labor, increasing productivity.

This greatly expands the research tools, because as a rule, only the impact of economic growth on poverty reduction is traditionally evaluated. Furthermore, the

inclusive growth focuses on the nature and pace of growth, which are interdependent and therefore, they should be considered as a whole.

Rapid promotion of the inclusive growth reduces poverty and allows people to be active participants of economic processes and use benefits from economic growth in the long- term perspective. Inclusive growth is focused on productive employment as means of increasing income rather than on direct income redistribution [15, p. 6].

The above analysis has demonstrated that the inclusive growth should become the defining strategy which will harmonize human, natural and productive capital not only because of quantitative parameters, but also for qualitative parameters.

Conclusion. Summing up mentioned above, we can draw conclusions about the implementation feasibility of the inclusive model that will be the basis of development of any country.

Its implementation will create a unique model of harmonization between human, production and natural capital. The «inclusion» of people in all spheres of society, equal distribution of income, equal access to education and health care, access to decent work and its payments and stimulation of entrepreneurial activity is a prerequisite condition for this. Therefore, movement towards inclusive growth that creates opportunities for everyone to participate in the creation of goods and their subsequent distribution and gives every opportunity for self-development, dignity and quality of life, should become a worldwide trend. It is the fair thesis that economic growth and development are directly linked with the «inclusion», i.e. the participation of all participants of economy in all areas of society must meet their needs.

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