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**THE DEVELOPMENT OF UKRAINE'S ECONOMY UNDER THE INFLUENCE OF GLOBAL TENDENCIES**

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The trends in the global economy in the context of globalization as well as their positive and negative consequences are examined. Problems and future direction of the economy of Ukraine under the influence of globalization processes, as well as the degree of inclusion of Ukraine in the world economy are identified. Directions for creating conditions for effective international integration national economy are suggested.

**Keywords:** internationalization, globalization, globalization factors, world economy, international integration, economic development.

**Statement of problem.** The goals and tasks of the economic policy of Ukraine within

a period of its gaining the status of an independent European state are determined by

needs to establish a new market economy system of high quality. It requires full considering the external, international impact on the processes in progress in our state. Establishment of an effective market system means its transformation into a constituent of the world market economy, thus generating our dependence both on the current tendencies of its development and on the institutes, mechanisms and instruments the world market operates with.

**Analysis of recent papers.** The above mentioned theoretical and practical issues are researched in a range of works by scientists in the economic field, namely: V. Gejets, Je. Panchenko, Je. Libanova, O. Bilorus, Ju. Pahomov, A. Galchynskyj, N. Kosolapov, S. Churov, F. Cardoso, S. Amin, I. Wallerstein, V. Horos, V. Zujev, Ju. Shyshkov and others [1–9].

Even having conducted some scientific researches of the issue, we cannot say about the final resolution of all the current problems of globalisation. Ukraine has no clear strategy of integration in the world economic system; due to this there is a need to reveal the internal and external factors and problems of the economy development under conditions of globalization. The complexity of the integration processes also consists in the fact that while Ukraine is determining the strategic guidelines of its integration strategy, the world economy is facing changes, to which our economy reacts with a great delay.

**Aim of the paper.** Understanding of the essence of the changes occurring in the world economy under impact of globalization allows to consciously determine the priority directions of socio-economic transformations of the national economy of Ukraine both inside the country and in the world market economy. The aim of this article is to analyse the tendencies of the world economy development under conditions of globalization, to determine the problems and outline the strategic directions of Ukraine's integration into the world economic community.

**Materials and methods.** The main factor, which stipulates the world economy development under current conditions, is globalization. In its essence it is a new, higher-level internationalization of the world economy seen in a constant increase of international economic relations, mutual dependence of different coun-

tries and regions of the world as well as of economic entities of different levels. In the late 20th century internationalization of economic life reached a new level of high quality – globalization – and represents the process of transformation of the world community into an open integration of information and technological, financial and economic, social and political as well as social and cultural relations and interdependency lines. Internationalization is a historical and evolutionary background of globalization, which cannot emerge without large-scale, long-term, comprehensive processes of internationalization [1].

We must notice that globalization differs from internationalization fundamentally. With its expansion national borders start to be eliminated and a distinctive diffusion of economic space occurs, the grounds of national sovereignty are undermined and the basis for a new global community is laid [2–5].

The emerging of tendencies towards globalization promotes runaway of market forces from under control of the state, weakens its efficiency in performing economic functions and as well narrows the limits of regulating economy by national governments. It especially concerns decreasing possibilities to apply traditional instruments of national macroeconomic regulation. A greater and greater part of national wealth of some countries (intellectual resources, knowledge, scientific and technical potential) begins to function beyond the state control. More often economic decisions are taken not for national benefit but, first of all, for the benefit of large TNCs and international economic organizations [6–7].

Under these conditions a state is forced to delegate part of its sovereign authorities to international organizations, as possibilities of personified, independent and effective regulation of economic processes, which are running away from under national control, are limited. Moreover, when losing its influence and independence in managing global economic processes, a state should reach the international level by taking part in work of international organizations, on which depends the settlement of global problems impossible to be solved by separate national economies.

At present the driving forces of globalization are intensification of international division

of labour and development of the international transport infrastructure, information revolution (revolution in the telecommunication media), development of transnational business, strengthening of integration tendencies at regional, subregional and international levels.

Thus, the processes of the world economy establishment as integration with a specified structure, forms and institutes of functioning are of an objective character. Globalization of social development processes is revealed in the directions as follows:

- emergence of needs in standardization of certain «rules of game» for all participants of the world economy;

- formation of new forms of world economy management, which take into account not only the interests of a national character but also of a supranational one, common for the whole humankind;

- establishment of new conditions of separate states' political activities, under which they would not be independent to take all decisions about their functioning;

- restrictions of the alternatives in selecting goals and instruments of development of separate countries and regions by the global community for their own benefits.

The reality of globalization is not doubted. Under modern conditions there are general tendencies of different countries' development, when in most of them the paces of development are simultaneously decelerated or intensified, when the crisis in one country results in emerging of crisis situations in other countries. It is evidence of existence of the single economic environment and common conditions of economic situation at the global level.

It should be noted that there can be both positive and negative consequences of globalization processes. At present there are a number of theories spreading among economists, which explain the consequences of globalization for separate countries. In the dependence theory (R. Prebisch, A. Frank, F. Cardoso, E. Faletto) two variants of consequences from globalization are distinguished, namely: a pessimistic variant and an optimistic one. According to a pessimistic variant, as a result of development of the «dependence chain» between developed and underdeveloped countries the system of inequitable relations is established. In this case

part of surplus from the production manufactured from own resources of dependent countries is appropriated by major developed countries, for satisfaction of their own interests national elites of less developed countries export and invest capital in economies of other states, actually being in service of foreign capital and satisfying all the demands. The fundamental provision of this conception is that states of the so-called «periphery» become poorer due to the fact that their resources and capital flow to countries of the «core». As a result, poverty of underdeveloped countries is stipulated not by their poor integration in the global space but by their being part of it.

An optimistic variant is based on the «boomerang effect» and proceeds from the fact that quantitative changes in economies of dependent or underdeveloped countries under impact of foreign investment inflows can eventually result in a high-quality leap, economic «breakthrough». Under these conditions global economic relations are the means of release from dependence but not an instrument for its maintenance.

Such optimism is not shared by those economists, who consider, that technological and financial intervention of core countries in periphery countries can assist to their development. Scientists mark that such intervention does not deprive them of dependence as its terms do not stipulate this but impose unprofitable terms of borrowings, subordinate an investment process to own interests, establish control over foreign trade.

According to the theory of «world system» by I. Wallerstein, the world system of economy is adjusted in a certain way depending on the dominant historical type of the socio-economic model of development. Proceeding from the division of the historical process of the global economy into three stages («mini-systems», «world empires» and «world systems»), I. Wallerstein considers that this is the capitalist system, having a huge potential of expansion and attracting wide layers of population by its internal dynamics and capability of offering the bulk of various commodities, that eventually results in hierarchization of the world community through establishment of three levels of states: core, periphery and semi-periphery.

Such an order of the world economy confirms, firstly, the preservation of the system asymmetry even in the single world economic system; secondly, it predetermines «ripening» and development of asymmetry in cultural flows. The current reality is that the western model of economy and culture development is becoming dominant and is considered a symbol of civilization.

According to S. Amin theory, the consequences of the globalization process are dual: firstly, the tendency of the world economy and world market domination over policies and ideologies of national states is broadening; secondly, polarization of development levels is increasing as markets of commodities and capitals are acquiring global significance but labour markets remain nationally segmented.

Moreover, S. Amin believes that «the core» will seek to dominate for the account of supporting five monopolies: the monopoly of innovative technology, monopoly of control over global financial flows, monopoly of access to natural resources of the planet, monopoly over information and mass-media, monopoly of mass destruction weapons. For S. Amin the consequences of such monopolization under conditions of globalization will be deepening of the global hierarchy, expansion and complication of the periphery structure and levels, development of polarization processes in «the core» [5].

Globalization processes resulted in emerging of fundamentally new types of risk, the influence of which is felt by national economies of all countries including Ukraine. They are as follows:

1. Risks of global financial crises. Financial crises lead to devaluation of national and global currencies, stock markets breaks, insolvency of creditors and bank defaults, increase in domestic and external national debts.

2. Risks of power crises. Performances of nearly all companies depend on the cost of power resources. A rise in prices of power resources and unstable access to them can be called not a risk but a factor, which causes the chain reaction of increase of other risks exposure. For instance, power crisis increases the exposure of credit, financial, transport and other types of risks.

3. International terrorism, fraud and crim-

inality. Globalization of international business resulted in emerging new risk types that is multinational risks. Swift expansion of the western economic model, relatively free flows of capital, commodities and services together with the boom in information technologies caused counteraction on the part of international terrorism. Violation of incorporeal rights and ordinary smuggling expose businesses to enormous losses, let alone such crimes as kidnapping or piracy.

4. Ecological risks. Technogenic disasters are sources of major losses incurred by the world ecosystems. For businesses ecological risk is caused, in the first turn, by reaction of consumers and supervising bodies to the harm made to ecology. Unfortunately, the issues of considerable atmospheric emission, which caused a greenhouse effect, climate changes in the world and global tendencies to remove harmful production from developed countries to developing countries are not of priority for state authorities.

5. Information risks. They are seen in the open or hidden intentional informational influence on the partner for the purpose of misinforming him. For business information risks can be connected with statements of some personalities from economic and political fields, which can cause sharp fluctuations of national currency or of companies' share prices.

6. Political risks. They include not only political violence, war, terrorism, sabotage, military revolt, revolution, but also such events as elections, alterations in the legislation and practice of state administration.

Traditionally «political risk» is viewed as the risk of expropriation, whose special features nowadays are changes in the «rules of game» for investors after they have already invested their capital, implementation of a discriminatory taxation policy or imposition of new commitments. In Ukraine political risk is the most complicated risk for the state: over recent years political aggravation has reached an unbelievable level, political crises and annual changes of governments, every of them having its vision of economic development; social tension; deterioration of international image of Ukraine. Political and economic uncertainty can result in currency destabilization; worsening of a political climate inside the country results in an increase

of the inflation rate.

Due to its geographical location and aspiration to integrate into the global community as fast as possible Ukraine is exposed to global financial risks. However, at present Ukraine cannot manage them or at least influence them due to its very low competitiveness in the world arena.

Deepening of internationalization in an international scale requires further development, first of all, production integration as a process of interdependent industrial reproduction, which needs pursuing of the common economic policy. It is stipulated by the fact that integration of production due to influence of the scientific and technical progress requires countries of the world to combine their efforts in scientific and technical researches, use of the single standards and indexes of manufactured goods quality, single criteria of personnel training. As a result there is an objective necessity to establish international organizations and unite countries as centres of international regulation of the common economic processes.

Examining different groups of countries of the modern world in terms of their capability of integration, some economists [8; 9] revealed the following regularity: under modern conditions developed countries but not developing are more adaptable for integration processes. The fact that the rates of mutual trade are increasing for those countries of the world, where the share of finished goods is more substantial, is the evidence of the above stated regularity. This is characteristic of developed countries.

Developing countries mostly export raw materials and semi-finished goods; this diminishes own possibilities of national economies development and does not promote their efficiency. Thus, the conclusion is that the real integration of one or another group of countries is possible in case these countries reach the necessary level of integration maturity. According to Ju. Shyshkov, «in economy it means a high level of the processing industry development, which provides a wide diversification of export and import operations of the country, its inclusion in international division of production process and existence of a highly developed financial infrastructure» [8, p.59].

Economic integration of the countries, which attained a high level of industrialization,

are able to manufacture a wide range of finished products and actively participate in international production co-operation results in intensification of trade, creates preconditions for cross investing and international intertwining of capitals, active crediting and payment relationship, corresponding finance and banking infrastructure, etc. Consequently, highly developed national economies are gradually intertwined. On this basis an urgent requirement arises to co-ordinate foreign trade, fiscal, credit and other aspects of macroeconomic policies of corresponding states, to establish efficient payments, customs and currency unions. Thus, under impact of economic processes at micro- and macrolevels of national economies the interstate and intrastate institutes of integration character are built.

The advancement of Ukraine on the path towards inclusion in the world globalization economy and integration processes is very complicated. At first, manufacturers from developing countries could integrate in the global economy through market techniques resting upon cheap labour force and their countries' natural resources available. Now in the global economic environment such manufacturers have faced a plenty of market and non-market difficulties related to obligatory procedures of goods certification, patenting, examination for ascertaining the conformity to numerous norms. Mostly manufacturers have a possibility to deal in the economic fields prepared for them by global economic centres.

In transition to a more open model of development countries have an illusion of possibility to solve internal economic problems of providing solvent demand, increasing savings and investing for the account of foreign sources. Accordingly, their reorientation to fighting for foreign markets and attracting foreign investments takes place. The problems of preserving and increasing own resources, making the population economically active and extending the domestic market are of minor significance. From 2006 to 2011 in Ukraine the specific gravity of exports in the GDP increased from 46,6% up to 53,9% accordingly (Table 1).

However, in 2010, for instance, iron and steel accounted for 28,4% in the structure of exports; equipment and machinery only made up 6,1%. Mineral fuel, oil and its products

The share of Ukrainian exports in GDP and world exports, %

Index	2006	2007	2008	2009	2010	2011
The share of exports in GDP, %	46,3	44,8	46,7	46,2	50,7	53,9
Share in world exports, %	3,34	3,68	4,23	3,39	3,62	3,96

Source: compiled from: [10]

(32,3%) plastic and products made from it (44,1%) dominated in the structure of imports of Ukraine in 2010 [10]. On the one hand, it is evidence of an increase in the interdependence between Ukraine and its trade partners; on the other hand, it shows strengthening of the national production orientation to the export of raw materials. Starting from 2006 the import of commodities and services has steadily exceeded their export. If in 2006 this difference was 5,8%

in 2012 it made up 14,1% [10]. The national debt, which reduces possibilities to invest in the national economy, undermines the production competitiveness and development of social programs continues to increase. Thus, in 2012 in comparison to 2009, the national debt increased by 62,7%. In 2012 its share in the nominal GDP of Ukraine accounted for 36,6% (Table 2).

Table 2

Public and publicly guaranteed debt of Ukraine from 2009 to 2012, mln. UAH

Index	2009	2010	2011	2012
Total debt, including	316884,6	432235,4	473121,6	515510,6
– external debt	211751,7	276745,6	299413,9	308999,8
– internal debt	105132,9	155489,8	173707,7	206510,7
Nominal GDP	913345	1082569	1316600	1408889
The share of public debt to GDP, %	34,7	39,9	35,9	36,6

Source: compiled from: [10]

The major problem of the Ukrainian commodity export development is a low potential of competitiveness of commodities with a high level of value added in foreign markets as well as low manufacturability and science intensiveness of commodities. Subsequently, Ukraine's function of semi-finished goods supplier is strengthening; these goods are manufactured by industries with increased levels of labour intensiveness (mainly with semi-skilled work), energy intensity and material capacity with a low level of ecological compatibility. Such development of the exports structure contradicts national structural priorities and prospects of the world economy development as a whole. Moreover, under conditions of the domestic demand limitedness an increase in exports becomes the catalyst of the tendencies towards structural simplification of the economy, its deindustrialization.

It is known that the higher a country's economic potential is, the greater possibilities for its development are for the account of the domestic market; as well the country requires

fewer goods and services to be exported from abroad. Such an economy does not need serious resources for exports.

In 2012 in Ukraine compared to 2003 the share of extractive industry and trade increased while the share of the GDP production reduced in processing industry, agriculture and forestry (Table 3).

Development of these economic activity lines would enable Ukraine to extend its domestic market, optimize the structure of exports and imports. We can agree with the ideas from the Prebisch-Singer thesis, according to which import-substituting industrialization but not its exports-oriented variant is an optimal strategy for less developed countries [11]. This thesis is confirmed by the fact that, according to the data of international researches, in 2013 Ukraine only took the 47th place among 82 countries of the world by the total figures of globalization index [12]. It is known that this index is an aggregated figure, which includes the indexes as follows: economic integration level, personal contacts, modern technologies and participation

The share of economic activities in Ukraine's GDP, %

Economic activity	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Agriculture, hunting and forestry	10,5	10,2	9,0	7,9	6,9	7,1	7,6	7,7	8,5	8,3
Mining	4,2	3,8	3,9	3,7	3,5	4,2	3,8	4,7	5,0	4,6
Manufacturing	37,3	38,7	38,1	36,5	35,6	34,2	30,3	32,3	31,8	30,6
Production and distribution of electricity, gas and water	4,8	3,8	3,5	3,8	3,7	3,5	4,1	4,1	4,4	4,5
Construction	4,1	4,5	4,4	5,1	5,7	5,3	3,7	3,9	4,1	4,1
Trade; repair of motor vehicles, household and personal use appliances	8,7	8,5	9,5	9,8	10,5	10,9	11,5	11,7	11,8	11,7
Transport and communications	9,5	8,9	8,7	8,6	8,2	7,8	8,8	8,3	8,4	8,2
Education	2,9	2,6	2,8	2,9	2,8	2,8	3,4	3,3	3,0	3,3
Health care and social assistance	2,4	2,2	2,2	2,3	2,2	2,1	2,6	2,6	2,3	2,5
Other economic activities	11,3	13,0	12,9	14,0	15,8	16,3	18,4	16,3	15,0	15,9

Source: compiled from: [10]

of a country in activities of international organizations.

**Conclusion.** The acceleration of world globalization processes coincides with the beginning of essential improvements and changes process in the Ukrainian economy and society. The place of Ukraine in the world community and the quality of life of its every citizen depend on the fact how quickly and successfully our state will be able to solve the problems of the transition state related to establishment of a new economic system of high quality, how well this system will meet the requirements of globalization processes.

The character and degree of Ukraine's inclusion in the global economic relations represent the modern state of its economy. The low economic potential by modern criteria urges the country to intensify international exchange. The low level of technical and economic development restrains its admission to international trade. In our opinion, it is possible to considerably accelerate the creation of preconditions for effective international integration of the national economy by concentrating resources in those segments of the economic structure, which determine the future of the world economy and create a possibility of advancing development rather than overtaking development. It requires recognition of the following economic activity lines of the state as those of priority: scientific and technical, innovative, educational and informational.

Ukraine should find its place in the global

economy, using strengths of its economic, production, scientific and technical as well as of intellectual capital for this purpose. Numerous efforts should be made in order to provide transition from raw material specialization to scientific and technical specialization in the international division of labour. An increase in the competitiveness of products on the domestic and foreign markets is a necessary condition of strengthening the economic position of Ukraine in the world.

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У статті досліджуються тенденції розвитку світового господарства в умовах глобалізації, які мають як позитивні, так і негативні наслідки. Виокремлено проблеми та перспективи розвитку економіки України під впливом глобалізаційних процесів. Визначено ступінь включення України у світогосподарські зв'язки. Запропоновано напрями для створення умов ефективної міжнародної інтеграції національної економіки.

**Ключові слова:** інтернаціоналізація, глобалізація, фактори глобалізації, світове господарство, міжнародна інтеграція, розвиток економіки.

В статье рассматриваются тенденции развития мирового хозяйства в условиях глобализации, которые имеют как положительные, так и отрицательные последствия. Определены проблемы и перспективы развития экономики Украины под влиянием глобализационных процессов. Установлена степень включенности Украины в мирохозяйственные связи. Предложены направления для создания условий эффективной международной интеграции национальной экономики.

**Ключевые слова:** интернационализация, глобализации, факторы глобализации, мировое хозяйство, международная интеграция, развитие экономики.

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