

PROGRAM SUPPORT OF NATIONAL ECONOMY'S
ECONOMIC SECURITY

Ways of developing programs in order to support the economic security of the national economy are explored. The main directions of economic security are defined.

Keywords: economic security, economic policy, mechanism, national economy, growth potential, priority development, reform.

Гіндес А. В. Програми підтримки економічної безпеки національної економіки

Досліджено шляхи вироблення програми підтримки економічної безпеки національної економіки. Визначено основні напрями забезпечення економічної безпеки країни.

Ключові слова: економічна безпека, економічна політика, механізм, національна економіка, потенціал зростання, пріоритетний розвиток, реформування.

Гиндес А. В. Программы поддержки экономической безопасности национальной экономики

Исследованы пути выработки программы поддержки экономической безопасности национальной экономики. Определены основные направления обеспечения экономической безопасности страны.

Ключевые слова: экономическая безопасность, экономическая политика, механизм, национальная экономика, потенциал роста, приоритетное развитие, реформирование.

Introduction

The weakening and collapse of economic relations that evolved over decades between regions and enterprises affect state of national economic potential of Ukraine's economy. Ukraine's national independence, change of the country's political system, democratization of society, creation of a new model of economic development helped to change the economic mechanism. This, in turn, enabled Ukraine to employ long-term and stable factors of production efficiency, to switch to new methods of management based on economic interest.

Analysis of recent research

On the relevance of the scientific topic of an economic security as a priority for the state's public policy indicate numerous theoretical studies and generalizations of Ukrainian scientists, particularly such as Z. Varnaliy, B. Danylyshyn, Y. Zhalilo, A. Baranovsky, V. Boyko, V. Heyets, O. Houchuk, B. Gubsky, M. Koretsky, B. Muntian, B. Paskhaver, Y. Pakhomov, P. Sabluk, O. Skydan, V. Shlemko, L. Yaremko. The importance of this aspect of public policy is stated in the researches of foreign scientists: A. Altukhova, K. Barrett, I. Bogdanova, S. Glazyev, A. Gorodetsky, Y. Odu-ma, G. Stolyarova, N. Fursa and others.

Statement of research objectives

- to explore ways to develop programs to support the economic security of the national economy;
- to determine the main directions of ensuring economic security of the country.

Results

Destructing the command-administrative system and building a new system of a market economy could not happen without losses, which were foreseen and admitted at the outset of reform. However, estimations of expected difficulties from the changing of a system were much understated. All views were directed to the positive benefits of Ukraine: advantageous geographic and climate location, diverse and significant natural resources, high labor productivity and high intellectual potential, well-developed material and technical base of the country. All inspired strong conviction in quite easy transformation of a system and in gaining economic benefits inherent in a market system [2, p. 72].

Because of the mentioned, above the attention was not paid to the imbalance of natural resources; complexes, branches and production material and technical bases' imbalance and imbalance of their production potential; militarization of the econo-

my accrued for the decades; and disproportion of basic consumer industries, capital's and energy's high consumption production facilities. Due to this the situation emerged, when the economy under the command and administrative system functioned satisfactorily. However, it proved to be quite non-technological and largely unsuitable for operation in a market economic system. The historical loss of business, market, and acquisitive mentality of the population was also sharply felt under new market system conditions. Under such conditions it is possible to identify the main social and economic results of transition from planned to market economy:

- transformation of the economy in an atmosphere of its deep crisis;
- unwillingness to understand the course and management of the process of the economy's transformation;
- dissatisfaction with the intermediate results of transformation process.

In such circumstances active state intervention in the economy during its qualitative transformation, change in the fundamental principle of forming a system of state regulation are one of the main conditions of economic transition to market economy. Reformation of the economic system of Ukraine is aimed at creating socially oriented market economy. Achieving this goal, we believe, is impossible without the active participation of the state.

Especially intensively the economic disintegration existed in the 1990s. This was largely a natural process that is dictated by the need to adapt an economic system to a market economy, its integration into the global economy. However, the actual loss of control by the state over what is happening in the economy and the social sphere, mistakes led to such results that the transition of the economy to market rails, adjustment of regions, economic operators to new conditions were accompanied by major economic, social and political costs. Among them are:

- compression of the internal market due to falling domestic production and consumer demand, a significant rise in price for freight transportation, coming to Ukrainian market of competitive foreign products lead to erosion of the tax base of the entities of Ukraine;
- the actual collapse of the real sector of the economy into two largely independent parts: internally oriented industries and export oriented industries; both sectors coexist in parallel with

each other; their intersection and, consequently, the general interests are limited to a minimum, concentrating mainly in common for both sectors sphere of infrastructure, which remains;

- the emergence of large financial and industrial groups as well as vertically integrated diversified holdings, controlling much of the production and sales of major products (so-called oligopolies); in their work they often take into account long-term interests of certain business entities of Ukraine, medium and small businesses, and population.

Spontaneous development of these processes led to the fact that Ukraine entered the twenty first century with heavy load of serious economic and social distortions and imbalances.

Each country has its own characteristics due to geographic, economic, social and other conditions of life. When one tries to identify possible ways of creating and strengthening the economic security of the national economy, the most important directions of its development previously considered should be used with regard to these characteristics. These conditions will determine the possibility of passing certain directions of creating the economic security and, if found to be available, degree and methods of its application [3, p. 132; 4, p. 19].

Peculiarities of the country or its differences may be an independent argument in favor of this or that decision related to the economic security of the national economy, consistent enforcement of which should solve some challenges in this area.

When developing programs to support the economic security of the national economy, in our opinion, the following should be considered:

- firstly, certain characteristics of the economic and social situation of the country in the present time; the degree of industries' development, provision with the natural resources, their reserves and the level of use of the natural resources; the level of expenditure and competitiveness of products in domestic and foreign markets; the state of education sphere, health care system, social security system and other settings;
- secondly, the external and internal non-economic factors, but the importance and impact of them are so big that they bind the state to redistribute a significant proportion of public resources to the use of specific countermeasures.

For example, huge geographical area and, therefore, big distances between the location points are challenges for Ukraine, which in par-

ticular increase the transportation costs in the country. This is the economic side of this issue. Ethnic heterogeneity of the population in the vast areas along with the disintegration internal trends and external support of these processes (and this is what is happening right now) is not only a social problem in the narrow sense, but it also creates preconditions for the growth of external threats to the possibility of losing parts of the country's territory.

In this example, which characterizes the situation in some regions of modern Ukraine, social problems and external threats have absolutely certain economic price, which is most obviously expressed for the country in the form of increased government spending on security, law enforcement and defense. The scale of these costs is very high.

The first feature of the country is the level of economic security of the national economy, which is expected to assess by determination of the ratio of economic and non-economic threats (expenses) as well as their absolute magnitude [1, p. 318].

Regarding Ukraine, its geographical conditions cause significantly higher physical expenditures for construction, power supply, production as industrial goods as food products than, for example, it is so in the European countries. Therefore, the unit costs in Ukraine are always higher than in the countries of Europe. As a result, the same rule applies also to the value (real value) of a labor force (even without counting those components of living standards of the population, without which one can relatively painlessly live, such as luxury items or items that provide relatively great comfort of life compared to other states. In the result of a comparison of production costs in the conditions of Ukraine and in the conditions of the European countries we can conclude that Ukraine can not have advantages in this respect to other nations. Based on this conclusion, we can assume that in the competitive struggle for investment, if this struggle is done according to the rules of so-called free world market, almost any Ukrainian business enterprise is doomed to a loss.

From the above mentioned statement the following conclusions can be made:

1) losing by the objective indicators that characterize the basic components of production costs, the domestic industry should not orientate on external sources of investment;

2) for the same reason the «rules of the free world market» should not be taken by nation-state

as a given since they do not correspond strategically to the economic interests of social development.

Raw-oriented industrial structure is also partly related to geography. The country with the territory, rich for natural resources, can afford to live at the expense of trade of these natural resources. Of course, the raw materials' focus of industry structure is also the result of the country's economic development in the past and in the present times, and it is the result of the economic policy, which was carried out. However, country like, for example, Israel simply objectively can not establish the structure of an industry like Ukrainian one, because Israel does not possess such territory rich with such natural resources. As the result such country is forced to seek for other sources of welfare. In the mentioned specific example of Israel such sources were found, or rather to say, they were artificially created. Of course, without external sources of financial, technological and human resources, Israel could not have achieved some successes in the newest areas of industry. But on the other hand, which country if not Ukraine, even with its heritage left from the Soviet Union, could have achieved similar results. This, however, has never happened [5, p. 74].

Thus, the assumption arises that the availability of rich natural resources corrupts economic policy, allowing it to focus on the unrestricted use of these natural resources. This orientation of the country's economy simultaneously leads to:

1) a rapid depletion of natural resources;

2) a lack of development in technological fields of the industry if the revenue from exports of natural resources is not directed to target this sector of the economy's development.

Thus, when considering the provision of Ukraine with natural resources, geographical factor can be measured unambiguously. It had certainly a positive value in the past, which was manifested in the role of resource provision as one of the key resources driving the overall development of the country's economy. However, allowing the society to live further at the expense of exploiting the natural resources in parallel with a conduction of an unprofitable economic policy led to the gradual freezing of the industrial structure with domination of raw material component. This, in turn, led to the depletion of natural resources. Modern estimations of the natural resources' reserves are not the same as those in the recent past. Moreover, modern estimations warn against the use of such

characteristics as «a country that has rich reserves of exhausted natural resources». Initially provided with natural resources through its geographical and territorial location, society as a result got rid of (or is located very close to this limit) as a technological future, as much of exhausted natural resources.

Economic security requires public policy implementation aimed at priority development of those sectors, industries of manufacturing industry, transport, communications, construction, that have not lost their potential to growth.

Statistical agencies do not keep records of performance indicators, including inter-regional balance of import and export, which would give us an idea of the state of economic ties between business enterprises of Ukraine. In particular, there are no numbers that characterize trade between them.

In general, in Ukraine the share of inter-regional work in relation to GDP has declined. Total level of inter-regional economic ties fell approximately in 3.5-4 times. Moreover, the industrial output level also declined.

Primary role in this process has played, in our view, marked above the disintegration of the Ukrainian economy on export oriented and internally oriented sectors of the economy. External trade of goods Ukraine carried out with 216 partner countries. 35.3 % of all goods is exported to the CIS countries and 26.9 % (in January-November 2009 – respectively 38 % and 28.4 %) is exported to the EU countries.

Russian Federation remains the largest trade partner of Ukraine (23.6 % of export incomes and 23.2 % of import incomes). To Turkey, Italy, Poland, Belarus, the United States of America and Germany total number of 23.6 % of exports was carried out from Ukraine.

Among major trading partners in January-November of 2009 exports increased the most to the United States of America – in 2 times, Poland – by 45.4 %, Belarus – by 41.2 %, Turkey – by 36.8 %, Russian Federation – by 29 %, Germany – by 13.7 %, and Italy – by 12.8 %.

The basis of goods structure of the external trade in Ukraine as before are base metals and articles thereof, mineral products, mechanical and electrical equipment, vehicles and road equipment, chemicals and related industries.

From the CIS countries it was imported 39.7 % of all goods, from the EU countries – 33.6 % (in January-November of 2009 – 42.6 % and 36.6 %). Proceeds from Germany, Turkmeni-

stan, China, Poland, Kazakhstan and Belarus together accounted for one third of total imports. Import deliveries increased from all major trading partner countries [6].

Products of herbal origin, polymeric materials, plastics, base metals and articles thereof prevail in the Ukrainian export. These products do not go through the technological processes of the Ukrainian economy. On the other hand the bulk of imports to Ukraine (except for imports of agricultural and food products) are finished products. They also do not pass through the domestic industries. Thus, increasing the participation of Ukraine in foreign external economic relations is done in such forms that stimulate the disintegration trends in the economic sphere.

In the list of the peculiarities of Ukraine the scale of the territory, long distances, length of communications, of course, occupy not the last place. The transport factor can be defined one of the above-mentioned problems. Just as important is a climate factor (because the country can have a large territory, but in favorable climatic zone), which creates more problems to society.

In this list of challenges one can highlight one of their parts. It is the economic group. It includes additional costs for transportation, construction of communications, and remoteness of mining of raw materials and so on. At that economic actors and society are forced to carry large:

1) physical costs (except, for example, building of roads of a greater length and in more complex climate conditions; they are also more difficult to overcome during cargo transportation);

2) time costs (the length of communications and their quality reduce the speed and volume of freight transport).

The rest of the difficulties associated with the scale of the territory and transport factor form a group of non-economic issues. But this does not mean that these problems do not cost anything to the country and society. It is quite the opposite.

In addition to the analyzed above, climate, communication, transport problems, associated with geographic location and scale of the country's territory, raw resources «debauchery», a high real cost of labor resources, which is also a consequence of the above factors, there is another group of problems, making a significant impact on the level of economic security of the national economy.

Unfortunately, one can not make a relatively positive assessment of human resources, which

Ukraine has, and make optimistic predictions because of a number of peculiarities. In turn, these peculiarities are proposed to split into two groups.

One group of peculiarities that characterizes the state of human resources of the country has always existed over the past few centuries. It is like a permanent feature and is connected also with the geographical factor. The territory of Ukraine determines the heterogeneous composition of the population in the national context. To understand what the consequences may be from the presence of such peculiarity one does not need to build forecasts. The collapse of the Soviet Union is the best demonstration of the dangers that are carried in a heterogeneous population of country in the absence of real community of population that has developed.

Another group of peculiarities that characterizes the state of human resources of Ukraine is not an inevitable disadvantage of the country arising from any external (natural) conditions that can not be changed. This group of peculiarities is associated with the legacy of the country, which it received from its former historical experience. This is not the result of life in the vast territory, but the result of an absolutely certain economic and social policy, which took place for a long time.

Also it should be taken into account that the emergence of foreign labor force contributes to rising of social tension, which also requires specific resources for its neutralization (removal is probably not possible). Inevitable are also other social costs that are connected with immigration from re-

gions with other cultural, religious and economic arrangements. For example, the emergence of an additional burden on social programs of the host country is the result of subsequent immigration of children, relatives, and acquaintances. The situation in Ukraine is almost fundamentally no different from the European one with some amendments to the scope and the quality of migration. Since this situation is relevant only for some countries, described migration processes are also needed to be counted as peculiarities of Ukraine that are related to the problem of the country's economic security.

Conclusions

The peculiarities of Ukraine analyzed in this article are the main features of our country, which, as it seems to us, do not exhaust the subject of these peculiarities at all, but are most important when considering issues related to attempts to define the main directions of provision of the country's economic security. Solving problems related to overcoming the negative impact of these characteristics of the country's economic and social development requires, above all, financial resources. Their source, ultimately, can only be sustained from the economic growth which, in turn, is directly dependent in the current conditions on effective implementation of the state's functions as a stimulator of economic growth. Thus, the state may as a result contribute to the achievement of the required level of national economy's economic security.

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