

# CHARACTERISTIC OF SOCIALLY ORIENTED MARKET ECONOMY IN UKRAINE

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**Abstract:**

*The economy, which has the negative effects, can not be internally balanced and has no capacity for effective growth. It always is a dialectically threat exacerbate social conflict and becomes a possible detonator of powerful socio-political explosion. Accumulated social anomalies are irrefutable evidence of the ineffectiveness of social policies that were realizing in Ukraine over the launch period of market reform. Effective implementation of social policies, which primarily should be aimed at overcoming the established social anomalies, can not be ensured unless it is based on the principles of systematic and comprehensive approach.*

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The duration and depth of socio-economic crisis that engulfed Ukraine requires addressing not only the current but strategic issues as well. The result of a long and painful transition period should be effective socially oriented economy that can provide a high standard of living.

The transition to a market economy transforms the entire system of economic, social, political and cultural relations, but the most significant changes should occur and are occurring in the field of labor relations. These changes, as changes in other elements of industrial relations should reflect an innovative model of economic development that accompanied the growth of the role of human capital. Industrial growth changes to humanitarian one, forced by scientific knowledge, creativity and intellectual potential of man and society.

Such changes require innovative approaches to socio-economic aspects of technical modernization, as the new content labor needs, further intellectualization of labor, changing the structure of employment and others.

According to the new conditions, one of the main requirements for capital is its mobility, retaining even after the practical implementation in production form. This property capital is mediated by using the scientific and technical knowledge. Therefore, the intellectualization of production processes requires a high dynamism and mobility of capital, scientific and technical knowledge, highly skilled workers, which provided the competitiveness and profitability of enterprises and their high productivity. From among the public general forms of wealth (nature, consumer value, free time, human resources, institutions and other states.) , special place is taken by the intelligence of community, which is the determining factor in the production of spiritual, scientific and technical progress, entrepreneurship and other creative activities.

Intellectualization of labor as a global trend is in the rapid development of economic information, the rapid dissemination of information about new technologies, increasing educational and vocational qualification potential employees, the highest level of society in general.

Now a competitive edge is not determined either by country's size or its geographical position, or wealth of natural resources. Determinative place is taken by the human capital, education and accumulated knowledge of society, the non-material

forms of wealth, and man-made spiritual essence. It's not necessary to prove the vital importance and complexity of intellectual creative work. Evolutionary pattern is a constant complication in this type of work, in particular, for reasons of accelerating the development and rapid growth of knowledge stocks in the period that you want to learn to move the science further.

A country that allows delay ahead with development of intellectual capital in general can not count on a decent place in the world community. The consequence of new economic growth processes is their complexity with simultaneous actualization of management problems at all stages of society. As modern economists argue, decisions made not in time threaten not only massive losses, but also can lead to partial or complete market loss.

One of the Ukraine's strategic priorities in 2002-2011, is significant strengthening of the social course of reform. It is about the transformation of the direction in defining tool acceleration of economic growth, strengthening harmony and understanding in society, forming a civil society. Thus, social policy becomes the basis for the national security.

Economic security is fundamentally important component of state security in general. A clear understanding of the notion of economic security, its parameters and priorities, is necessary for the establishment of practical measures that were appropriate to take to ensure the priorities of public life and national development. Economic security is the state sufficient capacity to ensure stable production, expanded reproduction capacity in industry, agriculture and in all areas of social utility work, and guarantee the economic means of such social goals as the stability of public order, the availability of affordable and efficient environment health, reliable military-political guarantees against external threats.

Wider and long-term vision of national security in a competitive open market complex is associated with the provision of some basic criteria and standards development - faster development of science, educational sectors, comprehensive modernization of civil society in accordance with modern values and information realities.

However, the concept of "economic security" has somewhat irrational "flavor": unlike those aspects of life that are its objects (the dynamics of GDP, spending on science, etc.), it can not have independent quantitative measurements. According to the criteria of a systematic approach it's necessary to determine that economic security has specific manifestations in its complex of realization. These manifestations can be characterized by the relevant criteria and indicators. Moreover, because economic security is closely related to the category of interest, the cause to research the security is a threat to the others. In most universal treatment of security we can distinguish its key components:

- The ability to ensure sustainable development of national economy;
- The availability of effective capacity to maintain stable condition of socio-economic system;
- The ability to support scientific and technological development, introducing leading technology innovation, providing income to the country's technology know-how, advanced methods of management.

This is above all about professional, educational and cultural level of workers and the general population.

Considering Ukrainian course to build a socially oriented market economy, conditions of its forming have to be created mostly due to significant improvement and spreading the use of economic instruments, used by the state executives providing regulatory, security and control and enforcement functions of the state.

Definitions of national economic interests provide the opportunity to move to develop public policy to ensure economic security in a combination of its main areas

(priority). On the other hand, when prioritizing economic security, it is important to take into account national priorities, which at the present stage of development, especially, should be named those that mostly lie in the plane of the economy:

- Strengthen the economic foundations of statehood and national security, continued systemic reforms in the country, economy and society;
- Providing the critical mass of reforms that would better enable the market mechanisms;
- Stabilization of production and economic growth;
- Deep restructuring the national economy, strengthening scientific and technological development model.

World and domestic experience provides an opportunity to define threshold values of major economic indicators of safe areas. Threshold value criteria accession candidate countries to the Maastricht Treaty are: the total debt - 60% of GDP, the total budget deficit - 3% of GDP, annual inflation rate - 3.1% annual interest rate on government securities - 8.5%.

Cardinally important component of economic security of Ukraine is its international economic security. Much of the public believes that globalization should help to improve life, employment, development of education, culture, health and other humanitarian factors. It should not stay behind the pace of globalization movement and simultaneously to be sure where this trend is and whether it is really moving at speed, enough to survive in today's changing world environment. Attitudes towards globalization only in terms of market, in all its manifestations should change in favor of broader concerns about people, about their intention to transform into a normal democratic participation in all matters of life and improving the quality and stability of life in reality. You must pay attention to guidelines aimed at improving the social aspects of globalization and achieve progressive change and development of all countries.

From a global human of XXI century will be required special mobility and ability to adapt to changes in hard living conditions, professional and cultural environment. Indicator of global human mobility will be universal education and the ability to strain, move, mobilize themselves, and learn life. Global civilization is aimed at creating a non-citizen of the country, but a citizen of the common world community. But globalization may be unable to ensure basic human rights for all people worldwide. Principal at the same time - is to build a global world household income and not from the dollar, but from human to human.

In these conditions, the need to enhance understanding of national security's nature increases, as its scope expands. Special importance in the public policy of national security is its social component. Compliance with the requirements is a necessary precondition of national interest' protection in the social sphere, where the main objects are citizens, their rights and freedoms and society, with its spiritual and material values.

The priority tasks of social aspects of national security resulting from constitutional principles, which stipulate that Ukraine is a democratic, social state. Given Ukraine's European choice is made; the relevance of social security reinforced the need to focus on compliance with social standards reached by developed countries of the European and world community.

The world's leading countries recognized the need to create a basis for their future. The main defined object of the national interests is clearly defined human as the main social productive force. Human as a person of high intelligence, the creator and a citizen became a source of social development of society. The quality of the human person is the main goal in the national interests of developed countries. Guided by this, and our government makes its European choice.

Realizing the complexity of challenges that arise in this connection to our country, we need to objectively evaluate the current situation and previous experience, and on the basis of this to analyze and identify factors of influence, define a development strategy.

Unfortunately, the transition to modern state of socio-economic relations in Ukraine is characterized such a negative trend: the loss of educational potential, non – intellectual work, which is the result not only of the tragic history of Ukrainian people in previous decades, but unreasoned socio-economic policies of 90<sup>th</sup>. This is humiliation of intellectual work's status (especially creative and humanitarian), emigration of the best, the destruction of schools, reducing the level of education, employment training and motivation, work ethics crisis, distorted structure of employment, reduction of morality and many other disturbing trends.

Structural-logical, theoretical and practical analysis of specific transformation of the economy of Ukraine reveals the following trends:

- Ukrainian society is on the stage of production factors, the effectiveness of which is a residual distribution of social sphere, that is not acting on the Pareto principle's optimality, and not the principle of compensation of Kaldor-Hicks, and society is at a lower stage of development of competitive economy;
- Social choices of people describing the Tocqueville effect and Nash inequality in government and parliament, which embodied in the absence of a unified concept of national interests;
- Susceptibility to the national economic system to innovation is characterized by a complete lack of Perru's «capture» effect, which is uncovered in Tanzi-Oliver effect related to Laffer's curve effect and Phillips' curve added by Hiffen's effect;
- Reality of «third wave» concept for Ukraine is hardly possible, so the transition «axis for industry structure» from the industry dominance to services dominance is characterized by the “Freerider's” problem and King's effect;
- An «axis for economic power» transition is not from the rule of media owners to the rule of knowledge' carriers, but to the rule of bureaucracy (especially part's coming from ochlocracy), transition by «axis for science» happens not from the rule of “applied” science to the «theoretical»benefits, but characterized by technological stalemate;
- The likelihood of «big push» concept action, «breakthrough» etc., for Ukraine is also negligible, as international relations reflect the Leontiev 's paradox and «J-curve» effect [3].

Today times offer the following stage of competition policy: development of the basic factors of production, investment development, society's welfare (according to the ratings of Ukraine in the UN standard of living ranked 104th place from 174 countries). Analysis of development indicates the presence of factors that negatively affect the social and other spheres of national life. There are many reasons. On the one hand, there are consequences of economical and social transformation, which caused a sharp fall in output, sudden emergence of such socio-economic and social phenomena as inflation, unemployment, property and population differentiation. So the next time it's necessary to use such transformation trends of social development:

- To put the needs of people in the center of the development process;
- Adopt international, governmental and civil strategies that will promote social development and ensure the active participation of all citizens;
- To achieve the necessary balance between economic efficiency and social justice within the targeted growth of just constant development in accordance with national interests;
- Develop innovative solutions for interrelations of state's social role and the market response to social distress and needs of constant development;

- To identify common problems of socially marginalized population groups, and those who are in serious condition to facilitate the involvement of these groups in society, and to pay great attention to equalization of opportunities for all members of society;
- To develop programs for the legal protection, to facilitate effective social welfare programs and improve education and training for all;
- Ensure the effective provision of social services to those people who are in serious condition;
- Mobilize resources for the social development at local, national and regional levels.

As this list, the first among the priorities is facing the human and his needs. Therefore, the strategic goal of radical social transformation identified the need of becoming not just a market, but socially oriented market economy. But now it is done very few in this direction and there's accumulated a lot of negative effects:

- Undermining the prestige scale of fair and skilled labor, destruction mechanisms of motivation and economic incentives, especially in the commercial material production;
- Significant reduction of real living standards of the overwhelming majority of citizens while the system of targeted social assistance to poor still not working at a sufficient level;
- Bundles of the deep level of wealth and poverty, what happens when the position of middle-class is not sufficiently strengthened;
- Large-scale growth of incomes of "shadow" sector, where certain categories of persons enriched not on the basis of dynamic economic development, but not equal appropriation of other people's work and the redistribution of national wealth of the country.

Clearly, the economy, which has the negative effects, can not be internally balanced and has no capacity for effective growth. It always is a dialectically threat exacerbate social conflict and becomes a possible detonator of powerful socio-political explosion. Accumulated social anomalies are irrefutable evidence of the ineffectiveness of social policies that were realizing in Ukraine over the launch period of market reform. Effective implementation of social policies, which primarily should be aimed at overcoming the established social anomalies, can not be ensured unless it is based on the principles of systematic and comprehensive approach.

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