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## **THE EFFECTIVE PROCESS OF TRANSFORMATION OF UKRAINIAN ECONOMY**

The features of transformation of economy of Ukraine are examined on the modern stage of its development, problems which arise up in the process of transformation are investigated, directions of optimization of socio-economic development are grounded on the basis of rationalization of transformation dynamics.

The article is focused on the function of the state in transformation of all socio-economic modifications with an accent on an individual Ukrainian road and searching of ways of improving its economy.

**Keywords:** socio-economic processes, transformation, economy, efficiency.

Formation of mixed economic system in Ukraine set colossal problems for the country and society. It was caused by the social reforms which concerned almost all components of social and economic life and required coordination and synchronization of all transformations. Some additional problems arise because of the disharmony of the institutes of different incompatible economic systems (the administrative command and market ones) are not able to interact and, thus, they reduce the efficiency of “transition economies” functioning [2].

In the group of the post-Soviet countries Ukraine used to have the most favorable starting conditions for market modifications and, simultaneously, it managed to demonstrate the most catastrophic results. It should be noted that the period of 1991-1999 witnessed permanent economic recession (the Gross Domestic Product of Ukraine on the average was cut in 9,5 % annually. At the very end of the mentioned above period it constituted 38% of the level of 1990). Such statistical data prove the fact that leader of social and economic transformation processes made guide a number of serious mistakes and miscalculations.

The objective necessity of economic transformations stem from the general logic of transition from historically finished and economically ineffective command-administrative model to advanced liberally-capitalistic socially oriented market economy. Scientific positions concerning these problems are described in the works of many Ukrainian and foreign economists: Z. Adamanova, O. Bilorus, A. Halchynskiy, V. Heists, S. Hlazier, S. Yerokhin, V. Inozemtsev, S. Mochernyi, L. Chernink etc. The ideas of these scholars are, in the main, subjective. Their recommendations as to the perspectives of the national social and economic systems, however, are based on the objective factors.

The development of economy is accompanied with permanent various transformations examined by quite a number of analysts. The economic terms: “structural transformation”, “structural modifications”, “restriction” – are often used in economic literature but they are understood by different people in different ways and not always distinctly.

The mentioned above terms generally mean modifications in the structure of sphere of activity, management, property etc. This is the general way the economists interpret them. In particular, the Great Economic Encyclopedia explains the term “transformation” as “... the interaction of various processes and phenomena in the sphere of economy, policy and other fields of life which secure formation of the new quality of social system on the whole” [3; 681]. The Great Economic Dictionary interprets transformation as ‘an operation of

the process of organization which means conversion of the basic objective into a number of interrelated objectives and targets securing achievements of radical results'[4, p.1089].

In opinion of Ukrainian analysts S. Yerokhin, transformation means modification of the structure of any objective in the self-organizing process [8, p. 13].

Talking into consideration economic realities of Ukraine, transformation or structural improvement, means qualitative or qualitative adaptation of the elements of economic systems on macro- , meso- , and micro- levels and their market economy functioning and development which result is information of qualitatively new structure [12, p. 283].

Transformation processes in economy of Ukraine have their own peculiarities. Our country, in fact, never had its own economic system. Economic system of the former Soviet Ukraine used to be only a sub-system of the single national complex of the USSR Ukraine only served it without any necessary elements of economic independence. Transformation modifications in our economy, thus, its transition to complex and integral economic system oriented on market principles. It is quite evident now that the economic pre-conditions of Ukrainian economy transformation are: transition from the extensive ones; structural reconstruction of economy based on the advanced technologies; expansion of science-intensive industries; implementation of the program for increasing production of consumer goods coordinated with dynamics of solvency demands; priority of small-sized business; curb of inflation; indexation of all quantitative economic parameters; security of effective social reforms [12, p. 253].

The article is focused on the function of the state in transformation of all socio-economic modifications with an accent on an individual Ukrainian road and searching of ways of improving its economy.

Internal systematic transformations take place everywhere in the world. In opinion of V. Heyets, transformation economy structure and formulation of fresh forms of development [11]. Transformation, nevertheless, does not concern the markets reforms only. It has a complex character and also means modification in political, institutional and cultural spheres coordinated by space and tame factors.

Current economic systems witness various forms of transformation. Quite a number of analysts state that the distinguishing feature of economic development now is its focus on the processes of post-industrial transformations. According to V.Inozemtsev, the global economy of the XXI cent. will be influenced by post-industrial economic system. The most evident effect of this system setting in the development western countries, starting from 1970s, is the birth of the new international regime characterized by primarily deeper and intensified economic disproportions among post-industrial and other nations of the world the world [9]. Consequently, analysis of the long-term prospects of the countries development proves they will be productive primarily within the process of post-industrial transformations.

Efficiency of studying transformations, their factors and effects is usually determined by, its treatment, adaptation and application. Theoretical level of identification of transformations is connected primarily with the use of systematic approach. The principle of systematic as an integral element of dialectical method of research is fundamentally interrelated with the principles of development, unity and conflicts of antagonism, historicism etc. Research of economic transformations is based on the complex application of these logical principles. Each of them formulates a number of more concretized mechanisms, rules and ways of cognition [10, p. 173].

A characteristic feature of Ukrainian economic transformations is their revolutionary spirit. Ukraine of 1990s changed radically the objectives of their social and economic development and launched the start of radical economic and political modifications with an orientation of on the experience and progress of the developed countries. However, because of the lack of national transformation model and unsuccessful imitation of foreign models of economic development (say Washington consensus model) our country was not a success. Instead of economic and scientific advance and construction of socially oriented of people Ukraine got catastrophic results [1, p. 5].

Fresh challenges of the world economy of XXI cent. faced Ukraine with objective necessity of meeting the conditions of globalization.

As a result, our country has demonstrated its helplessness in the sphere of global integration. Problem of our social and economic development under conditions of globalization are caused by incompleteness of systematic social, economic and political transformations in the period of our entering the global economy. We cannot say at the current moment that our country has been entirely involved into the regime of transition and, thus, market economy prospects. Therefore, when speaking of its current position in the process of economic transformations we frequently use the terms “post-transition” or “post-transitive” economy [1, p. 5].

Our economy, thus, is not stable yet and suffers from depressions. Industrial recession got a systematic character. Deep inflation is accompanied by the raise of all types of non-payments. The relations among enterprises are often tensed and unfriendly. Simultaneously, our economic enterprises frequently lack innovative progress. Many of them for a rather long time have not introduced fresh technologies and technological approaches. They have outdated machines and lack prospects of procession. All the mentioned above economic realities impart negatively the competitiveness of manufactured global and progressive trends in our social and economic polity [1, p. 5].

Now we mostly witness the signs of recession in economy of Ukraine. Our economy becomes colossally dependent upon the influence of other nations, in particular in formulating priorities of social and economic development. Dependence of our national economy and its priorities of social and economic development on the global economy are not only negatively and also positively effected because of the increase of our external demand. The world economic recession, however, makes our economy to apply its dependence rationally, i.e. to reach balanced interrelation between Ukrainian domestic market and its export. It sounds strange enough, and under conditions of global economic decline, our country gains advantages of its generally undeveloped economy, weak commodity – and financial markets disintegrated with the corresponding world institutions. In addition, in the situation of worsening conjuncture at the global market and intensifying business rates of developed

countries, Ukraine would become more attractive for investors. Such arguments are extremely weak on the background of quite a number of various negative tendencies, but they are able to prove the idea that declining factors are not obligatory negative.

In last years of Ukrainian history we have witnessed extremely complicated political relations within the country which sufficiently deteriorate the state of development of our social and economic priorities. Now the prior task for the anti-decline economic regulation of our country is stabilization of its political situation. The mentioned above circumstances formulate basics of anti-decline economic regulations as basics of formulation of optimal mode of priorities of social and economic development in transformational post-transitive period as well as principles of functioning of enterpriser troubled by primarily the objective of overcoming recession. The basic destabilizing reason of formulating priorities of social and economic development is non-viability of the ideology of economic functioning based on the discrepancy of real economic situation and the current state policy [1, p. 5-6].

Proclamation of political independence and the state focus on economic reforms became the crucial pre-condition for the development of Ukrainian economy. Having proclaimed national independence we hoped to strengthen the economic potential of the country and, thus, to raise the people's living standards. Instead of that, we got the cutting of agricultural and industrial production of food staffs, the raise of unemployment and dropping of the aggregate people's demand caused by shortening of their real financial abilities and extensive development of farmsteads [5, p. 26].

Thus, the basic current trends of social and economic transformations of Ukrainian economy are further deepening of social inequality of the majority of people by economic, political and social parameters which provokes the tension in our society. On the one hand, the social inequality is caused by the formulated recently system of incomes distribution and injustice in economic, political and social resources availability. On the other hand, such inequality is the result of Ukrainian state policy.

The further development of strategic processes in Ukrainian society will depend on the rates of economic and political reforms and formulation of new state ideology substituted now by the interests of a little group of people [6].

More than twenty years of state independence have not resulted in dynamic social and economic prosperity of Ukraine. That is caused by the lack of perfect mechanisms and instruments of macro-economic regulation. Transformations, correspondingly, take place chaotically without and regime. As a result, Ukraine loses its positions in ratings of economically developed countries. One may witness now revivification of the main characteristic of pre-recession model of economy and its extra-sensitivity to volatility of world conjuncture. The economic progress, meanwhile, is paradoxically connected with some hesitations of global economic dynamics. Current state of our economy, in spite of some advance of the post-recession period, does not give and optimism to the prospects of our further development. Structural characteristics of the country's development are able to state that economic growth does not promote overcoming of the mentioned above contradictions which influence negatively our social and economic development. The given problems may be solved in Ukraine by means of macro-economic regulation [7, p. 77].

Studying of socio and economic transformation processes in the context of the Ukrainian economy realities are assumed as preconditions for further development of Ukraine.

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## **ЭФФЕКТИВНЫЙ ПРОЦЕСС ТРАНСФОРМАЦИИ ЭКОНОМИКИ УКРАИНЫ**

### **Аннотация**

Рассматриваются особенности трансформации экономики Украины на современном этапе ее развития, исследуются проблемы, возникающие в процессе трансформации, обосновываются направления оптимизации социально-экономического развития на основе рационализации трансформационной динамики.



Обоснование деятельности государства в трансформационных социально-экономических преобразованиях общества с акцентированием внимания на “украинском пути” и поиска путей повышения ее эффективности.

**Ключевые слова:** социально-экономические процессы, трансформация, экономика, эффективность.

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## **ПЕФЕКТИВНИЙ ПРОЦЕС ТРАНСФОРМАЦІЇ ЕКОНОМІКИ УКРАЇНИ**

### **Анотація**

Розглядаються особливості трансформації економіки України на сучасному етапі її розвитку, досліджуються проблеми, що виникають в процесі трансформації, обґрунтовуються напрями оптимізації соціально-економічного розвитку на основі раціоналізації трансформаційної динаміки.

Обґрунтування діяльності держави в трансформаційних соціально-економічних перетвореннях суспільства з акцентуванням уваги на “українському шляху” та пошуку шляхів підвищення її ефективності.

**Ключові слова:** соціально-економічні процеси, трансформація, економіка, ефективність.

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