

INTEGRATION OF UKRAINE INTO EUROPEAN UNION IN GLOBALIZING WORLD

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Abstract. The article investigates the problems of Ukraine’s integration under globalization conditions, namely, the reasons for negative tendencies in the economic development of the country and its international competitiveness. The authors suggest some steps to introduce European norms, values and living standards in our country.

Keywords: integration, globalization, information space, economic recession.

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Introduction

Ukraine’s unstable economic conditions caused by a number of external and internal factors both structural and tactic in character call for constant transformations. In a rapidly globalizing world when the Ukrainian economy is undergoing changes, an organization functioning requires prudent strategic steps aimed not only at short-term surviving but also at creating a high potential in the long run.

Problems and prospects of European integration of Ukraine

Globalization issues indicate that it has a number of advantages. It facilitates the economic activity between countries providing an access to advances in economy and science and leveling the development inequity of different regions. At the same time, for many countries including Ukraine, globalization causes some difficulties and risks by decreasing the country’s economic potential due to economy transition towards a free-market system, disintegration of post-Soviet states as well as low efficiency of national economic, executive and legal systems. It is the uneven balance of power that makes one accept the rules of more powerful market entities exchange (Volkov, 2004).

Modern globalization having reached a high level of interdependence indicates a process of transforming regional social and economic systems into a single worldwide system evolving on the basis of unified regularities. Fernand Braudel defines globalization as a transformation of individual economies into the world economy (Braudel, 1997).

On the one hand, globalization facilitates a rapid development of the productive forces, science and technology and intensifies nations’ intercourse. Thus, it indeed facilitates the creation of a universal resource base and intellectual potential of mankind to ensure economic development according to new high standards. The growing interdependence of nations in all

spheres causes new political approaches aimed at maintaining democratic multilateral mechanisms of controlling the world system.

At the same time, globalization processes developing mainly spontaneously without any collective control of the world community, escalate a number of existing economic problems and give rise to some new risks and challenges. According to V.L. Inozemtzev, modern globalization is a transformation of regional social and economic systems that have reached a high degree of interdependence and integrated into a single world system developing under relatively unified regularities (Inozemtzev, 2003).

O.M. Chumakov in his article "Globalization and cosmopolitanism in modern age" focuses attention on another aspect of "globalism". He indicates that globalism is a phenomenon characterizing the world's integrity as well as a worldview, a type of consciousness, a world perspective when a global component dominates домінуючою (Chumakov, 2005).

At present, the development of all countries and world economy sectors is determined by globalization and increased economic interdependence of the states. Radically new information technologies and communication means, fast-track deregulation of the goods, services and financial markets have accelerated economic processes and decreased the degree of freedom in business. As far as Ukraine's strategic goal is European integration, we should take into account these tendencies.

The primary reason that blocks Ukraine's joining the world economy is an extremely low competitiveness of its goods on the world market, as the majority of Ukrainian goods do not meet the international standards. Nowadays, the transition to the world-class standards requires much time and money, which most producers cannot afford. Besides, Ukrainian products are characterized by a low quality and materials-output ratio as the equipment applied is obsolete. The reasons for low competitiveness of Ukrainian goods include the predominance of primary commodities in the country's export, the lack of high technology equipment, patents, licenses, know-how that are in great demand on the market. A considerable drawback is the lack of highly qualified employees ready to work on foreign markets and guarantee sales activity.

The research by the World Economic Forum indicates that in 2015-2016 Ukraine took the 79th place among 140 countries as for global competitiveness having lost three positions since the previous year (76th place) (Public union "Economic discussion club").

Experts say that the most challenging issues of Ukrainian business activity include the following (in the descending order): corruption, a complicated access to finances, inflation, political instability, high tax rates, inefficient bureaucracy, complex tax laws, currency market control, frequent government changes, limited labour market control, low innovation potential, low-quality of infrastructure, a high crime and theft rate, poor health care and education as well as bad professional honour (Public union "Economic discussion club").

Summarizing experts' estimations as to negative features in Ukraine's economic development and its international competitiveness we can provide the following reasons:

- 1) deterioration in the financial market development because of the unstable bank system;
- 2) the country's credit rating drop caused by the state debt escalation;
- 3) low national investors' protection caused by the inefficacious investment protection by the state;
- 4) the need for professional management;

- 5) a growing number of emigrant-researchers resulting in Ukraine’s intellectual potential decrease;
- 6) decreased impact of business on the conditions of direct foreign investment;
- 7) increased impact of taxation on investment stimulation;
- 8) poor intellectual rights protection;
- 9) business development position drop (now 98th, in 2015 -91st) caused by inefficient antimonopoly laws and the lack of stimulation mechanisms for small and medium-sized business including the tax inspection pressure;
- 10) low quality of Ukraine’s infrastructure.

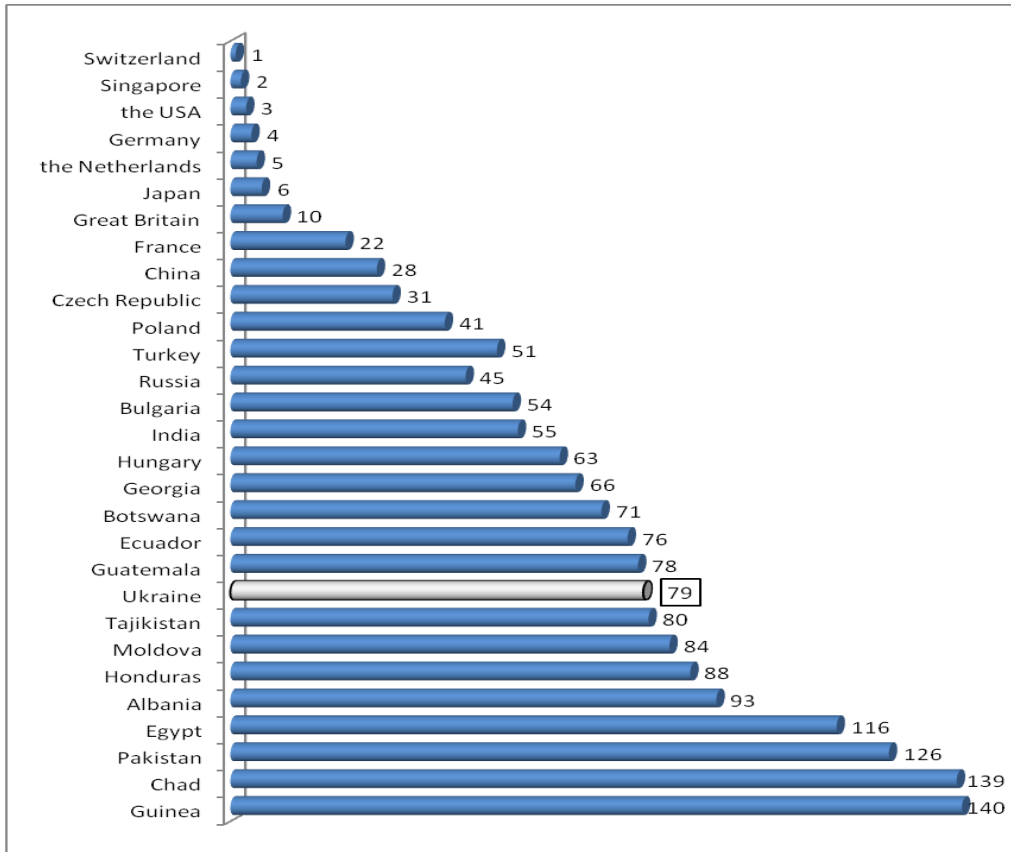


Fig. 1. Global competitiveness indices in 2015-2016*

*Source: The Global Competitiveness Report 2015-2016

At the same time, Ukraine’s higher education has been improved resulting in a growing number of graduates, the market size and innovations due to a high level of innovational potential, scientific and research staff as well as the quality of research institutions.

The Global Competitiveness Index indicates a country’s competitive advantages. It is a traffic map for potential foreign investors and governments. The international competitiveness regress is determined by the lack of complex and sectorial strategies for the country’s long-term development. The long-term strategy development taking into account the strong and

weak positions in accordance with the Global Competitiveness Index makes it possible to form the tactic and strategic goals for Ukraine, facilitating its investment attractiveness and the country's brand formation.

That is why, Ukraine's economic model should take some modern world achievements as an example including rapidly changing technologies, technical, environmental and other criteria of competitiveness. The basic factors of increasing Ukraine's economic competitiveness as a whole and that of its separate enterprises on the world markets are a favourable business environment, investment climate, transparent and non-overburdening taxation as well as comparatively cheap labour force.

Ukraine's economic system formation is mostly connected with its transition from the administrative and command economy to the market one. Meanwhile, some people think that we observe the transformation of the mixed-type economy based on directive and planned principles to the mixed-type economy based on the free-market principles. In other words, the principles change. These transformations are not so much characterized by the reforms in the economic policy and business methods as by the changes in the social and economic relations.

The major goals of the Ukrainian economy market transformation include:

- creating a reliable foundation for people's welfare growth;
- stimulating a rapid economic growth;
- labour productivity increase;
- reaching the world efficiency levels of mineral commodity usage introducing new technologies;
- manufacturing a sufficient amount of products in demand;
- ensuring a high quality of products and services;
- creating conditions for increasing the real income of the population.

While analyzing Ukraine's economy position and perspectives, it should be noted that over the years of its independence the country failed to create an efficient economic system. The country's sovereignty has been expressed by formal political attributes as the state debt is covered from foreign sources. The shadow economy and its criminalization pose a serious threat for the country's safety.

In the course of the economy transformation there appears a need for creating conditions of its further development to ensure the economic system functioning and to facilitate its global competitiveness.

It should be noted that in the strict sense, a transformation is a transition period (transition economy, transformation economy) restricted in time and determined by crucial events in society implying a transition from one balanced state to another. Yet, in a general sense, it is a continuous process unrestricted in time implying a system transformation (systematic changes), including its elements, connections and relations among them (Fathurdinov, 2003).

Economic theoreticians focus their attention on a transition period in economy.

Theoretical economics as a mode of thinking is a relatively young branch of science. It was first distinguished in the general philosophy structure in Adam Smith's "An inquiry into the nature and causes of the wealth of nations" that can be considered the first research of economic development ever. The author investigated the issues of continuous production and income growth in society.

Later on, the Industrial Revolution made economists focus on regularities in capital economy dynamics, fluctuations of economic variables and that of the economic development in particular.

Economic development in its traditional rendering is determined by labour distribution and specialization. Under capitalism conditions, this notion rendering changed. Joseph Schumpeter proved the hypothesis that economic development is a series of disharmonic leaps and jerks caused by introduction of radically new investment projects (innovations). Development involves relatively short alternating periods of welfare and recession because of the disturbance in the resource and income circulation conventional for the system (Mamedova, 2010).

The major economic problems of underdeveloped countries were connected with the growth and structural changes without which economic development could not occur as well as with the countries' position in the world economy. Crisis aggravation in developing economic systems was also explained by cyclic fluctuations in the economy, which provide for alternating stage changes from recession to expansion.

M.D. Kondratiev indicated that for two decades prior the long cycle wave of expansion one could observe a recovery of technological inventions and the expansion beginning coincided with a wide introduction of inventions in industry. That idea supported Schumpeter's innovation theory in which he saw the chance to overcome recessions in production by means of innovation upgrading of capital through technical, organizational, economic and management innovations.

On the other hand, the development of economic systems in W. Rostow's theory of the stages of economic growth includes five linear stages:

- 1) traditional society, technologically backward with predominant agricultural relations and hierarchical social structure;
- 2) preconditions for take-off, characterized by new technologies in agriculture due to new investors;
- 3) take-off to the cumulative growth characterized by a self-determined growth and formation of the social and political structure supporting innovations;
- 4) drive to maturity, a long period of technological progress;
- 5) high mass consumption, the longest period when prosperous society is formed and consumers' goods production becomes complicated.

Transition to the growth stage is possible if internal and external investment resources are mobilized. The Harrod-Domar model describes the impact of investments on economic growth suggesting that part of the national income should be saved and mobilized in the form of investments to facilitate further economic development.

Among the reasons for the economic recession in Ukraine, one can mention the absence or underdevelopment of many necessary institutions mediating the relations between the market, the state and the community. The major causes of Ukraine's economic system transformation problems include:

1. The previous economic system was based on distributive relations; everything produced by people was taken by the government and then part of it was distributed by certain officials among the legal and physical subjects of the national economic complex.
2. A relatively low development level of productive forces compared to other developed countries, a high production concentration making the conditions for developing small and medium-scaled business complicated; the economy disequilibrium, its monopolization, the continued existence of the elements of the state-run economy 3. The issue of Ukraine's economic development model has not been fully approved yet. Researchers state that it can be a mixed social-oriented economy involving the advances of the modern civilization, its best economic, scientific and technical achievements. This model should be

detailed and connected with the economic policy including the development of the stages, strategies and tactics of its realization.

Mixed economic systems of a European type would be ideal for Ukraine providing that the economic mechanism is under the state's control. Ukraine belongs to Europe from the geographical viewpoint. The relations between Ukraine and the European community are vitally important as they guarantee peace and safety in the Euro-Atlantic region. Yet, if Ukraine is eager to become a European state not only geographically, but also economically, a whole complex of steps should be implemented to introduce European norms, values and standards of living.

The transition economy introduction raises a number of problems:

1. The economy transformation degree and its recession. We can render the recession accompanying transformation processes as a considerable potential of macroeconomic contradictions accumulated in the years of the state-run economy. The recession is caused by radical economic transformations, that is why it is called a transformation recession. We can say that society's expenses from the recession are a kind of charges for the system transformation, a social price of economic reforms.

2. Transition period duration. The depth and duration depend on the disproportion and amount of transformation tasks considering technological and technical levels as well as the development level of market relations, etc.

3. Coordination of wide, multidirectional interests in a region. Integrated national entities, including independent republics or states tend to become control subjects determining the process of social and economic transformations during a transition period.

4. The correlation degree of the state control and competitiveness. The state control over the economy depends on the particular economic situation. In a transition period, the state focuses its economic policy on stimulating the business and investment activity, consumer purchasing power increase by means of subsidies and other economic regulators. Besides, the state decreases taxes, credit rates providing extra jobs to ensure employment.

There are several classifications of transition periods in the world practice. According to one of them, we distinguish the following (Mamedova, 2010):

- “market socialism” characterized by gradual changes performed by the state leaders (Yugoslavia, Hungary);

- “shock therapy” involving a rapid destruction of the previous system, the market entry, market relations, (accelerated corporatization of the state property – Poland, the CIS);

- a gradual version focusing on the “process” unlike the shock therapy. Transformation is interpreted as a change in the structure of the aggregate demand and supply, highlighting a resource- and capital-intensive character of the process and its duration.

Reform practice reveals that studying other countries' experience is of great importance to ensure the economy reformation by overcoming the transition recession difficulties on the way to the free-market economy. In this aspect, the experience of forming international standards in Poland would be of a particular interest taking into account its geographical proximity, economic connections and long cooperation with Ukraine. In Poland, the international consensus-oriented standards providing acceptable economic decisions and an access to European knowledge and experience have been introduced

Science and education, teaching and learning are the most effective factors of training a person to live in the information society. Education modernization based on information technologies introduction would create a new social and cultural environment, the information society. The creation of the Single Information Space (SIS) is one of the ways to provide

information support in education. It would allow us to introduce new information and telecommunication technologies, apply unique information resources and naturally create a culture generated by the information age in which individuals' and social groups' interests are realized.

Modern training practice focuses on the issues of IT penetration in education the latter becoming an open process with a variety of widely discussed and scientifically proven alternative strategies.

The information society formation in education involves the introduction of multimedia training the advantages of which are revealed in Fig. 2 and include the following:

- individualization of training (the possibility to consider students' training levels, abilities, needs and interests);
- the change in cognitive activity character (the increased independence and search skills);
- self-perfection stimulation;
- enhanced intersubject communication in training (phenomena and events are studied in an integrated manner);
- enhanced flexibility, mobility of education;
- forms and methods of organizing students' extra-curricular activities change as well as the possibilities to spend their free time.

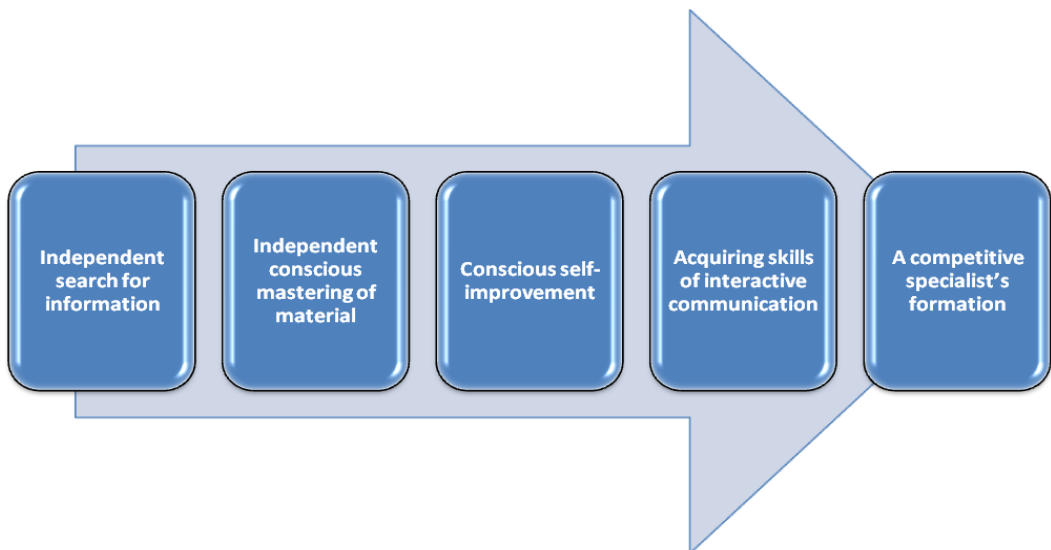
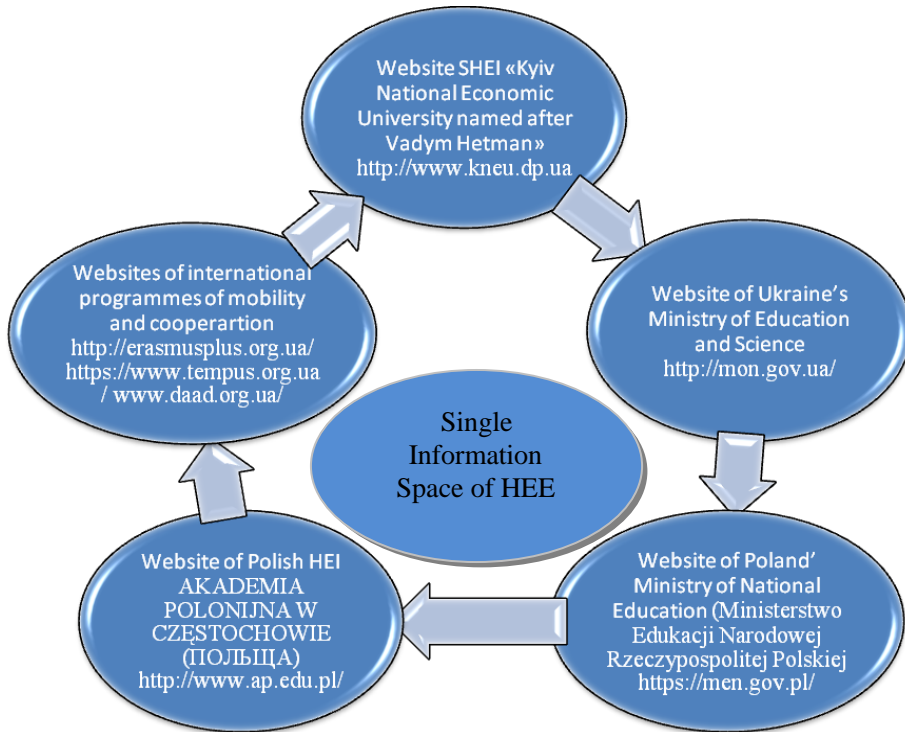


Fig. 2. IT-penetration stages in education

This complex being introduced into the Ukrainian teaching process is inferior to the similar practices in other countries. In its turn, education reconstruction is based on the fact that social, economic, cultural and technological conditions of human existence change in accordance to social development and it is a necessary response to transformations caused by globalization. The Single Information Space (SIS) provides a possibility for all system subjects to use electronic information resources of the system. The education SIS is based on the open education model (Fig.3).



**Fig. 3. Single Information Space of a higher educational institution (HEI)
Conclusions and recommendations**

Thus, the economic system functioning involves the changes in its development stages determined by their cyclic character. The transition to a radically new economic level is possible in case of creating the country's task-oriented strategic potential. Ukraine's relations with the European community are of great importance as they ensure peace and stability in the Euro-Atlantic region. Yet, if Ukraine is eager to be a European state not only in a geographical sense but also in an economic one, a whole set of actions should be introduced to achieve the European norms, values and standards of living.

It is advisable to introduce the international consensus-oriented standards providing acceptable economic decisions and an access to European knowledge and experience. Science and education, teaching and learning are the most essential factors in a person's training in the information society. Education modernization based on information technologies development and introduction will allow us to create a new social and cultural environment, the information-oriented society.

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