

## ЕКОНОМІКА ТА УПРАВЛІННЯ НАЦІОНАЛЬНИМ ГОСПОДАРСТВОМ

UDC 338.242(477)

**Baranovska I.V.**, Candidate of Economic Sciences,  
Senior Lecturer at Department of Production  
and Investment Management  
*National University of Life and Environmental Sciences of Ukraine*

### THE CONCEPTUAL BASIS OF FORMING THE POLICY OF UKRAINIAN ECONOMY MODERNIZATION IN CONDITIONS OF GLOBAL COMPETITION

**Baranovska I.V. The conceptual basis of forming the policy of Ukrainian economy modernization in conditions of global competition.** In the article, the conceptual basis of forming the policy of economic modernization in the condition of global competition in the context of the orientation of Ukraine's development towards achieving smart, sustainable, and inclusive growth are generalized. The necessity of revising approaches and determining prospects of economic development on the basis of qualitative parameters of the modernization model of its reform as a basis for the formation of national policy is substantiated. The priority directions of realization of the policy modernization of Ukrainian economy are determined.

**Key words:** economic development, economic growth, modernization, economy modernization, policy of economy modernization.

**Барановська І.В. Концептуальні основи формування політики модернізації економіки України в умовах глобальної конкуренції.** У статті узагальнено концептуальні основи формування політики модернізації економіки в умовах глобальної конкуренції у контексті орієнтації розвитку України на досягнення розумного, сталого та інклюзивного зростання. Обґрунтовано необхідність переосмислення підходів та визначення перспектив економічного розвитку на основі якісних параметрів модернізаційної моделі її реформування як базису формування національної політики. Визначено пріоритетні напрями реалізації політики модернізації економіки України.

**Ключові слова:** економічний розвиток, економічне зростання, модернізація, модернізація економіки, політика модернізації економіки.

**Барановская И.В. Концептуальные основы формирования политики модернизации экономики Украины в условиях глобальной конкуренции.** В статье обобщены концептуальные основы формирования политики модернизации экономики в условиях глобальной конкуренции в контексте ориентации развития Украины на достижение разумного, устойчивого и инклюзивного роста. Обоснована необходимость переосмысления подходов и определения перспектив экономического развития на основе качественных параметров модернизационной модели ее реформирования как базиса формирования национальной политики. Определены приоритетные направления реализации политики модернизации экономики Украины.

**Ключевые слова:** экономическое развитие, экономический рост, модернизация, модернизация экономики, политика модернизации экономики.

**Introduction.** The development of scientific sources of different directions (philosophical, political science, sociological, economic, etc. ) and the depth and level of detailing the emergence, necessity, conditionality, and expediency of modernization processes in the social system allow making contradictory conclusions concerning the objectivity of certain provisions of the modernization theory, since perspectives of researchers concerning the essence of modernization as a process and as a result predominantly based on ideologies of a particular historical stage of social, scientific, and cultural development.

Today, the concept of modernization, in general, is a complex of sociological and socio-economic theories that analyse the process of transition from the traditional society, or from a society lagging behind in socio-economic development, to a modern one.

**Analysis of recent researches and publications.** In scientific studies of economic orientation, Ukrainian and foreign scientists (O. Abrashka, V. Bilozubenko [1], K. Buzhymyska [2], V. Heiets [3], A. Hrytsenko [4], T. Kachala [5], Yu. Kindzerskyi [6; 7], L. Lazebnyk [8], O. Levkovets [9], E. Libanova [10], V. Liashenko [11],

V. Onyshchenko [12], V. Polterovych [13], E. Rustamov [14], A. Filipenko [15], A. Chukhno [16], L. Shynkaruk [17]) formed various approaches to the determination: of the essence of modernization processes and transformations in the economy; of its parameters; of magnitude and directions of modernization according to the stages of economic development; of the level of demand for economy modernization in society; of means of implementation and maintenance of modernization transformations according to points of application of resource components. Thus, they focused on structural, technological, and institutional changes in the national economy, which directed to increasing its competitiveness and providing development in the long term, considered the modernization mainly in the context of improving the social-economic system to modern conditions, in particular: systemic process, which means changes in economic, political, legal, cultural institutions and relations [9, p. 4] and conducted, at the same time, at the level of institutional reforms (change, harmonization of rules and procedures of social-economic life), economic (application of adequate tools of impact on economic processes) and social policy (forming conditions for the realization of interests of certain social groups) [14, p. 88]; the mobilization process, which is introduced to reduce the lagging behind the countries-competitors, that is, involves spatial and time mobilization of resources and forming target directions according to the level of competitors development [12, c. 5].

**Unsolved aspects of the problem.** Scientists express different opinions on the results of research of the specifics of modernization transformations. Some experts believe that modernization is a process of natural development of the social-economic system; therefore, the state should enable market and social mechanisms to carry out modernization transformations of society. The point of view that modernization transformations should be accompanied by the liberalization of public institutions, globalization and the liberalization of the entire economic mechanism, reducing the state role and increasing the role of non-state institutions are quite common. Another part of specialists believes that modernization is a product of purposeful state policy. There are a number of intermediate opinions on the search for forms of combination of liberal and state positions. Accordingly, the definition of a state's role in modernization processes through the development and implementation of an appropriate policy does not lose its relevance.

**The objective of the article** is the determination of approaches to the formation of the policy of economic modernization in the conditions of global competition in the context of changing the paradigm of world economic development.

**Presentation of the main research material.** The category "modernization", which corresponds to such a process of improvement, borrowing the standards of the organization of the best economic models,

characterizes macro-processes of development of leading modern society most accurately [8, p. 11]. Therefore, the social-economic sphere modernization means solving of three interrelated problems, namely: modernization of state economic policy, modernization of the production and technological base of the economy, modernization of social protection system of the population [18, p. 34]. The modernization tool is the realization of reforms directed to the implementation the most effective principles, mechanisms, and formats of management of socio-economic processes in the country. An unconditional imperative of society is a practical implementation of the sustainable development model, which provides an integrated combination of economic efficiency, social justice, resource balance, and environmental safety. In this regard, in developing the policy of economic modernization, there is advisable to be guided by the necessity of: economy modernization taking into account the need of increasing efficiency of national production as a guarantee of a stable social-economic development of the country in the long term; modernization of the technological base of economy taking into account the urgent need of finding adequate responses to climate and energy challenges; socio-economic modernization taking into account the imperative of adaptation of the national economy to the requirements of competition on the regional and global markets; modernization and radical increase of the efficiency of national economy taking into account demographic trends. The final qualitative result of economic modernization should be a real reduction of the gap between Ukraine and developed market economies.

The country's economic policy has to be based on two key aspects. First, a deep impact of the economic crisis, which in Ukraine was almost the largest among other countries of Central and Eastern Europe and CIS countries; therefore, the policy content in the short and medium term will be determined by the necessity of an adequate reaction to the consequences of the crisis. Secondly, in the strategic context, the state should lay the foundation for a stable economic development in the long term.

Now Ukraine is quite high-integrated into the world economy, so the economic policy should be based on adequate consideration of such a dependence and realistic assessments of the ability to minimize negative external shocks and to use effectively integration opportunities. We proceed from the fact that the deep question about the nature and scope of economic reforms is reduced to the problem of the valuable civilization choice – whether the country remains in the system in post-Soviet coordinates with monopolized markets, the dominance of corruption schemes and excessive bureaucratic interference in the production and commercial activity of primary economic agents, whether it will ensure the adoption of the principles of real competition, economic and non-bureaucratic expediency, the realization by the state of functions adequate to market economy.

In other words, it is actually about the choice between the creation of an efficient modern economic system that has virtually unlimited development potential and partial improvements of the current economic model that does not have a historical perspective.

Because the tasks of any modernization in the conditions of globalization are fundamentally unchanged but, of course, the instruments of its implementation change, the dynamic growth of the national economy in the conditions of the strengthening of globalization processes and regional integration processes as its integral part requires constant efforts directed to the real providing of:

- macroeconomic stability as a prerequisite for the economic growth, investment, fiscal stability in the context of long-term demographic trends and the growth of international flows of goods, services, capital, and labour;

- adequate climate for entrepreneurship and innovation, which have an important element – support for research and development. At the same time, the ideology of regulation of social-economic processes, in general, and production-commercial activity, in particular, should change also;

- active participation (due to membership in international and regional economic organizations) in the development of relevant economic rules and provisions, given that the level of openness of the Ukrainian economy is constantly increasing. In such conditions, Ukraine is objectively interested in ensuring further multilateral liberalization of trade-economic ties and strengthening international cooperation with key partners;

- effective social and labour market policies that flexibly respond to market needs, thereby supporting high rates of economic growth and employment;

- raising of the level of environmental safety through the implementation of appropriate production technologies and active participation in international cooperation of solving problems of global climate change.

The country modernization involves the social, economic, political, ecological, demographic, and psychological changes that take place in society in the process of its transformation into a new type of society. Thus, the formation of the policy of modernization economy is conditioned by the necessity of responding to the following challenges:

- macroeconomic challenge due to the exhaustion of opportunities for intensive development in the existing economic structure and reducing profitability, investment attractiveness of leading economic sectors, the rapid growth of capital intensity and rising energy prices, etc. ;

- technological challenge due to the beginning of a new stage of technological development of the world economic system;

- social challenge due to sustaining a high level of poverty, backed up by the current financial and economic crisis, growing population differentiation and human resource degradation;

- institutional challenge due to the lack of adequate institutional support for the national economic development and some its sectors and the necessity to improve the legislative framework for the implementation of positive transformation processes in their development.

In the development policy of modernization economy, it is necessary to take into account that solving its tasks involves the formation of sufficient financial resources. Its structure predetermines the dominance of a certain type of financial support of modernization:

- the monetarist approach includes measures of rigid budgetary savings, which allows ensuring long-term macroeconomic stability, the stability of the national currency course. The economic modernization in part of the renewal of fixed capital, the acquisition of patents, licenses can be carried out mainly at the expense of own funds of enterprises, attracting direct and portfolio investments, including the use of financial market instruments. The use of elements of a monetarist approach is obligatory, since in the conditions of soft budget limitations and foreign trade imbalances, an underdeveloped stock market, the excessive budget-emission support for the economy mainly contributes not to the increase in economic activity and sustainable growth but rather to a rapid development of inflationary and devaluation processes. The effectiveness of mitigating monetary policy, the stimulating character of monetary measures can occur only if the entire business sector functions in the framework of market competitive limitations, forms production programs based on the possibility of sales;

- the investment approach includes the possibility of significant budget and credit support for the branches of the real sector of the economy and is directed to ensuring the effectiveness of projects, in which a new value is created. The insufficiency of budget resources is compensated by the use of quasi-budget financing instruments (“targeted” credits refinancing of selected projects). But the dominance of this approach will determine the growth of crisis factors and be as an incentive of devaluation in the condition of a tangible deficit of effective projects, long payback periods, over-pricing of projects, incorrect calculations, the impact of external shocks. In most developed countries, the credit channel of providing resources of the economy is quite demanded because the possibility of bank lending to potentially effective projects with a low level of rates in the market and the availability of effective market mechanisms of providing loans stimulates business activity and creation of new enterprises. However, in this case, it is a question of activating business structures in connection with the presence in the domestic or foreign market of dissatisfied demand for goods (work, services), which is the primary factor in the expansion of production capacity;

- balanced approach provides point budget and credit support of effective projects in real sector economy, subject to active search and use of other sources of funding for technical and technological upgrades by business

entities. A balanced approach may be the most affordable variant of financial support of modernization.

The factors of economic modernization should be considered in the context of integration processes, and accordingly, the growth of competition between domestic and foreign commodity producers. The domestic market of countries with low or middle income per capita is passive and devoid of the mechanisms of its own development. Competition in such a market is low. In conditions of increasing competition with foreign firms, national producers are faced with incentives for the technological innovation. On the other hand, readiness to compete is determined by the availability of technological advantages. If the country is far from advanced technological boundaries, an open market can lead to a loss of domestic production in many spheres of economic activity. It is the way that the countries of Eastern Europe are currently undergoing.

Thus, the success of the economic modernization along with its specific factors is determined by the following conditions:

- detail developed strategy (conception) of reforms (with a clear determination of priority directions of actions, means, and mechanisms of achieving the goals, an adequate assessment of the financial and social costs associated with reforms), which should include a limited number of reform priorities, their logical interconnection, timelines, and appropriate resources;

- a clear tactic of reform since the mistakes and inadequacies of actions can seriously compromise the idea of reform and an ideal strategy of its implementation, and, at the same time, the success of the reform requires the consistency and inheritance of reform efforts and measures;

- the ability of quick and adequate reaction to unpredictable changes of the internal and external environment in order to ensure the continuity and consistency of the transformation process;

- the external favourable environment for reforming: external – external financial resources and experience; internal – reform forces, resources and national political consensus on the necessity and the main directions of transformation.

In each successful forms of modernization, the state played not only a significant but also a leading role. Each successful social-political form of modernization was not based on extreme liberal views and did not deny the role of the state in the necessary condition for public confidence in proclaimed goals that involves the elimination of corruption, the implementation of a rigid antimonopoly policy, the formation of a policy of reasonable protectionism, the granting of freedom to small business and private initiative, the formation of economically attractive conditions for investments in economy's modernization.

The orientation of Ukraine's development towards achieving smart, sustainable, and inclusive growth requires rethink of approaches and determination of pros-

pects of the economic development on the basis of qualitative parameters of the modernization model of its reform as a basis for forming national policy; therefore, modernization of the national economy and society should be based on a broad civilization approach, be directed to the implementation of multi-faceted human capabilities – economic, social, political, moral-psychological, and spiritual – for growth welfare and the transition to a new quality of the social-economic development.

The policy of national economy's modernization should ensure: the creation of a mechanism of expanded interaction of goods production, generation of incomes, and stimulation of final demand; forming a leading industrial structure, which possesses not only a powerful growth potential but also a rather critical mass for the qualitative transformation of whole economy; a harmonious combination of interests of development of the industrial sector, the model of which should be a model for the determination of dominants of economic orientation and the implementation of competitive advantages in the format of strategic development of the world economy, mobilization of structural, technological, and social sources of improving the efficiency activity of business entities through the search for new institutional, economic and organizational forms of integration of industrial and post-industrial structures, formation of national innovation systems and its inclusion in the extended playback paths.

The policy of industry modernization in Ukraine should include three levels of indicators/tasks and measures: socio-cultural and social-labour measures, which will form the opinion and behaviour of society in accordance with innovation processes; sectoral measures, determined on the basis of the analysis of the financial state of the industries that enable the state institutions responsible for developing the country's economic development programs to identify sectoral priorities and inter-sectoral interactions and an independent survey of enterprises for the aggregation of technological benchmarks of the micro level and strategic priorities of the state; level of enterprises – selection of enterprises by state authorities on competitive terms and as a result of expert studies and conclusions.

In this context, the mechanism of the national economy's modernization as instruments, which in practice can create the appropriate conditions for development, includes the means of state support for economic entities and the leverage of state impact on their activities with a focus on increasing of products competitiveness. It should be a benchmark for systematic actions directed to achieving the goals of the national economic development. It should be implemented not only through tactical measures of the executive authorities, which mainly concern the promotion of goods to the foreign market and the development of international cooperation.

**Conclusions.** Among the priorities of the implementation of the modernization policy of the Ukrainian economy are: development of strategy of econo-

my's modernization taking into account new challenges and tasks of national economy; strengthening coordination of systemic activities of ministries and departments, state administrations in implementation of the policy of economy modernization; creation of favourable administrative, institutional, tax, and financial conditions for placing modern high-tech industries in Ukraine; accelerating the harmonization of the national system of standardization and certification with modern international norms and requirements; implementation of a long-term import substitution program based on technological modernization of the national industry; improvement of the system of monitoring and control of prices in the sectoral domestic and regional markets; providing in budget processes clear and transparent procedures of using the mechanism of state procurement, state guarantees directed to the stimulation of demand for Ukrainian products; improvement of pricing and price control in the domestic market in terms of pre-

venting speculative actions that lead to market imbalances; revision of standards of the formation of material reserves in strategic commodity markets (grain, sugar, meat, fuel, and others) in the direction of their increase in order to strengthen the position of the state as a regulator and guarantor of the stability of market development and the protection of national interests.

It is advisable to form a policy of economy's modernization to take into account internal and global risks, identification of sectors at the level of modernization potential, development of the main directions of modernization, formation of mechanisms, and determination of instruments of structural changes taking into account the prospects of the development of high-tech industries, development of variants of the sectoral structure taking into account the formation of priorities of innovation development on the basis of aggregation of technological benchmarks on the micro level and strategic priorities.

### References:

1. Білозубенко В. С. Модернізація як інструмент перманентного розвитку соціально-економічних систем [Електронний ресурс] / В. С. Білозубенко, Г. О. Горіна, О. В. Абрашка // Вісник Донецького національного університету економіки і торгівлі ім. Михайла Туган-Барановського. Економічні науки. – 2013. – № 3. – С. 57-65. – Режим доступу: [http://nbuv.gov.ua/j-pdf/vdnuete\\_2013\\_3\\_9.pdf](http://nbuv.gov.ua/j-pdf/vdnuete_2013_3_9.pdf).
2. Бужимська К. О. Теорія модернізації: виникнення, розвиток, сучасний стан / К. О. Бужимська // Вісник Житомирського державного технологічного університету. Серія: Економічні науки. – 2008. – № 2. – С. 216-227.
3. Геєць В. М. Інноваційно-інноваційний шлях розвитку – модернізаційний проект розвитку української економіки й суспільства початку XXI століття / В. М. Геєць // Банківська справа. – 2007. – № 4. – С. 3-32.
4. Гриценко А. Методологічні основи модернізації України // Економіка України / А. Гриценко. – 2011. – № 2. – С. 4-12.
5. Качала Т. М. Модернізація як необхідна умова економічної відбудови Т. М. Качала // Волинського інституту економіки та менеджменту. – 2011. – № 2. – С. 163-171.
6. Киндзерский Ю. Дилеммы модернизации: к определению ее содержания, целей и стратегии в общественно-экономических преобразованиях / Ю. Киндзерский // Економіст. – 2012. – № 3. – С. 25-29.
7. Киндзерский Ю. В. Императив использования государственного сектора в модернизации экономики / Ю. В. Киндзерский // Экономика Украины. – 2013. – № 11. – С. 29-40.
8. Лазебник Л. Л. Фінансові та інтеграційні механізми модернізації економіки емерджентного типу: автореф. дис. на здобуття наук. ступеня докт. екон. наук: спец. 08.00.01 «Економічна теорія та історія економічної думки» / Лариса Леонідівна Лазебник. – К., 2010. – 40 с.
9. Левковець О. М. Модернізація економіки України: зміст, умови, ризики / О. М. Левковець // Бізнес Інформ. – 2011. – № 10. – С. 4-9.
10. Лібанова Е. М. Соціальні проблеми модернізації української економіки / Е. М. Лібанова // Демографія і соціальна політика. – 2012. – № 1. – С. 5-22.
11. Ляшенко В. І. Україна ХХІ: неоіндустріальна держава або «крах проекту»? [монографія] / В. І. Ляшенко, С. В. Котов; НАН України, Ін-т економіки пром-сті; Полтавський ун-т економіки і торгівлі. – К., 2015. – 196 с.
12. Онищенко В. Модернізація як імператив розвитку України / В. Онищенко // Економіка України. – 2011. – № 7. – С. 4-14.
13. Полтерович В. Стратегии модернизации, институты и коалиции / В. Полтерович // Вопросы экономики. – 2008. – № 4. – С. 4-24.
14. Рустамов Э. Принципы эволюционной модернизации переходных экономик / Э. Рустамов // Вопросы экономики. – 2009. – № 7. – С. 85-96.
15. Філіпенко А. Модернізація економіки України в умовах глобалізації / А. Філіпенко // Вісник НАН України. – 2000. – № 1. – С. 34-43.
16. Чухно А. А. Модернізація економіки та економічна теорія / А. А. Чухно // Економіка України. – 2012. – № 10. – С. 24-33.
17. Структурні трансформації в економіці України: динаміка, суперечності та вплив на економічний розвиток: наукова доповідь / [Шинкарук Л. В., Барановська І. В., Бевз І. А. та ін.]; за ред. Л. В. Шинкарук; НАН України, ДУ «Ін-т екон. та прогнозів. НАН України». – К., 2015. – 304 с.
18. Модернізація України. Визначення пріоритетів реформ. Проект до обговорення / [відп. ред. І. Коліушко, І. Бураковський, О. Сушко, С. Захаров, С. Бистрицький]; Мережа підтримки реформ. – К., 2009. – 123 с.