UKRAINE IN THE GLOBAL ECONOMY

MONOGRAPH

Kyiv 2017

**ISBN** 978-617-7300-01-3

The monograph covers the theoretical foundations of the world economy development, international economic relations’ forms in the economic aspects of global problems. Special attention is paid to the role of international economic organizations in the multilateral economic community and the regulation of international economic relations. The problem of prospects for the development of globalization in the context of the fourth industrial revolution and its socio-economic consequences was investigated.

The monograph is useful for enterprises and financial institutions, teachers, postgraduates, students, as well as for a wide range of readers who study the problems of globalization of the economy.

**ISBN** 978-617-7300-01-3

© KNUTD, 2017
Authors of the monograph

Doctors of Sciences, professors:

Valentin Fedorenko, Doctor of Economic Science, Professor, Academican of UAS (introduction, 4.1)
Ivan Gryshchenko, Doctor of Economic Sciences, Professor, Academican of NAPSU (introduction, 3.1, 3.2)
Ievgen Bondarenko, Doctor of Economic Sciences, Professor, Academican of UAS (1.3)
Olga Novikova, Doctor of Economic Sciences, Professor (5.1)
Aleksandra Olshanska, Doctor of Economic Sciences, Professor (2.5)
Alona Melnyk, Doctor of Economic Sciences, Professor (2.1)
Tayisiya Voronkova, Ph.D. in Economic Sciences, Professor (introduction, 6.1, 6.2)
Nikolay Denysenko, Doctor of Economic Sciences, Professor (3.3.)
Radmyla Voytovych, Doctor of public administration, Professor (2.2)
Andrey Gaidutskiy, Doctor of Economic Sciences, Associate Professor (2.4)

Candidates of Sciences, Associate Professors:

Svyatoslav Palytsya, Ph.D. in Economic Sciences, Associate Professor (4.1)
Stanislav Fedorenko, Ph.D. in Engineering Sciences, Associate Professor (4.2)
Andrey Gryshchenko, Ph.D. in Economic Sciences, Associate Professor (1.1)
Tetiana Iankovets, PhD in Economic Sciences, Associate Professor (3.4)
Zorina Shatskaya, Ph.D. in Economic Sciences, Associate Professor (2.3)
Natalia Patyka, Ph.D. in Economic Sciences, Associate Professor (4.3)
Oksana Pan’kova Ph.D. in Economic Sciences, Associate Professor (5.2)
Tetiana Zaplitna, Ph.D. in Economic Sciences, Associate Professor (1.2)
Lesya Vasilchenko, Ph.D. in Engineering Sciences, Associate Professor (4.2)

Teachers, postgraduates:

Olena Levishchenko - senior teacher (1.4)
Maria Pyaskivska, Graduate student (4.4)
CONTENT

INTRODUCTION ..................................................................................................................6

CHAPTER 1 ECONOMIC ASPECTS OF GLOBAL PROBLEMS .......... 13
1.1. Socio-economic essence of global processes ......................................................... 13
1.2. Globalization as a new type of social development ................................................. 18
1.3. Global problems for today and their classification ............................................... 52
1.4. The prerequisites for the solution of global problems ........................................... 58

CHAPTER 2 GLOBAL WORLD TRENDS’ IMPACT ON THE UKRAINIAN ECONOMY DEVELOPMENT ........................................ 67
2.1. Ukrainian economy transformation influenced by the world economic crises .......................................................... 67
2.2. Global leadership and effective administration in the conditions of Ukraine’s search of a new geopolitical identity .................................................. 100
2.3. Technological transformation of the economy of Ukraine in conditions of modern global processes .................................................. 111
2.4. Migranomics: the chance for Ukraine to become a successful country in the XXI century .................................................. 131
2.5. Regional spatial aspects of globalization in the economy of Ukraine ............ 147

CHAPTER 3 APPRAISAL OF OPPORTUNITIES OF UKRAINE’S INTEGRATION INTO THE WORLD COMMUNITY ..................... 167
3.1. Level of Ukraine’s globalization as a basis for its integration into the world economy .............................................................................. 168
3.2. Influence of the national global competitiveness on the investing appeal of Ukraine .............................................................................. 174
3.3. Appraisal of the global competitiveness of Ukraine on a basis of the world economic ratings .............................................................................. 184
3.4 Global Innovation Index as an indicator of Ukraine’s possibilities for innovational development .............................................................................. 191

CHAPTER 4 UKRAINE’S COOPERATION WITH INTERNATIONAL FINANCIAL INSTITUTIONS AND THE WORLD TRADE ORGANIZATION ..................................................... 200
4.1. Cooperation with the International Monetary Fund .................................................. 201
4.2. Cooperation with the International Bank for Reconstruction and Development .............................................................................. 204
4.3. Cooperation with the International Finance Corporation ........................................ 212
4.4. Cooperation with the World Trade Organization .................................................. 221
CHAPTER 5 IMPLICATION OF THE NATIONAL EXPERIENCE
ADVANTAGES OF SOCIAL RESOURCES OF THE ECONOMIC
DEVELOPMENT USAGE TO THE GLOBAL WORLD.................233
5.1. Internally displaced persons (IDPs) in Ukraine as a source for the
economic development of the country.........................................................233
5.2. The implication of the innovative volunteering experience of Ukraine
in the world practice .......................................................................................244

CHAPTER 6. TRENDS AND PROSPECTS OF GLOBAL PROCESSES
DEVELOPMENT .................................................................................................269
6.1. The advanced problems study in global models of the Club of Rome .......269
6.2. The global challenges of the fourth industrial revolution .........................279

What is the European Business Association (EBA)? .......................................279
INTRODUCTION

Our world has finally yielded to globalization. The size of the planet has narrowed to a small layer, you can get to any country in the world literally in a few days. As a phenomenon, globalization has its advantages and disadvantages, its pros and cons.

Open economy and practice, the instant access of any country to the latest advances in science and technology through free trade are unconditional advantages of human progress. But sometimes new challenges faced by the governments of many countries and peoples of entire continents appear to have too many unknowns, partly due to the novelty, and partly because of the overly complex "mechanics" of economic and social processes.

The processes of globalization have significantly accelerated at the beginning of the third millennium; they envisage the complete unification of the economic, political, social and spiritual life of a planetary society and its state-national models. All these signs take place in Ukraine. In a transformational environment, the need to find effective methods and directions for the establishment of market relations, and the formation of a socially oriented economy is growing significantly in Ukrainian society.

The process of globalization is one of the most urgent problems for today, as it characterizes the state and development of the modern economic system. In today's conditions, the increasing dependence of the national economy on the external factors is observed, especially in the context of reducing trade barriers and increasing access to the world capital markets. These factors contribute to a global approach to doing business. It is the globalization process that has created conditions for reorientation of the companies’ national potential from domestic and regional to world markets.
Most researchers point out that the directions of globalization processes for national economies are too complex and controversial. Globalization deepens the specialization and co-operation on a global scale, the international division of labor, which results in increased productivity, in reduced costs (due to the scale effect) and in price optimization. International competition stimulates the development of innovative processes, the latest technologies, including the transfer of technology among the countries of the world. Ukraine is included in world international relations and projects, which will serve to increase its investment attractiveness for foreign organizations and private investors. An effective state macroeconomic policy should facilitate the acceleration of these processes, which is aimed at creating a favorable investment climate for doing business and protecting property rights. The effectiveness of these processes for the national economy also depends directly on the level of liberalization of its economy, reduction of international trade restrictions and financial capital, labor force and knowledge, and the elimination of corruption.

The research of international rating systems testifies about the spread of processes of economic globalization among the countries of the world. These results allow priority directions for eliminating weaknesses of the national economy to be identified and to develop its strong sides, which will allow not only to raise rating estimations but also to strategically accelerate the growth of the national economy.

The main risks of globalization for the national economies of different countries and Ukraine, including, are manifested in the prevalence of the world’s advanced countries; not promoting the development of certain sectors of national economies whose products are replaced by imported supplies; an increase in labor migration and, ultimately, a loss of competitive position on the world market.

The interdependence of national economies, besides the positive effects, also has significant risks, as an economic instability, crisis phenomena in some
countries of the world can have negative global influences and increase the level of instability of many national economies.

These and other problems of the Ukrainian national economy development from the perspective of contemporary global problems are the subject of research by the team of the monograph’s authors.

The team of authors expresses its gratitude to the General Director of the European Business Assembly (EBA) prof. John A. Netting (UK), to individual members of the EBA Board of Directors – Anton Savvov (Ukraine), Ivan Savvov (Great Britain) for contributing to the preparation of monograph materials and working with regional partners, which is a permanent interactive platform for international economic, academic and intercultural cooperation with Ukraine.