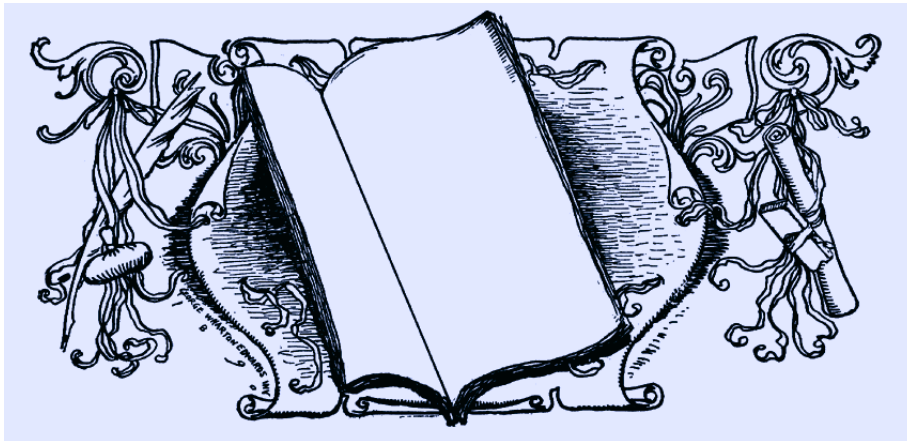


PUBLIC POLICY AND ECONOMIC DEVELOPMENT

Scientific and Production Journal



Issue 3. 2012

Founder of publication:
Petro Mohyla Black Sea State University
Local NGO «Center for Economic and Politological Studies»
Yemelyanova Tetiana Volodymyrivna

*Published by the decision of the Academic Council of Petro Mohyla Black Sea State University
(protocol № 10 from June 5th, 2012)*

*Published by the decision of the Council of Institute of Public Administration
(protocol № 9 from May 25th, 2012)*

Public Policy and Economic Development : scientific and production journal. –
Issue 3. – Mykolayiv : Publisher Yemelyanova T. V., 2012. – 92 p.

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Section 1.

**PROSPECTS AND CHALLENGES OF STATE
REGULATION OF NATIONAL ECONOMY**



УДК 330.341.1

Janna Anpilohova,
Ph.D. in Economics, Postdoctoral Fellow,
Academy of Municipal Management

CHALLENGES OF STATE REGULATION
OF INNOVATIVE MODERNIZATION OF UKRAINIAN INDUSTRY

Annotation

This article explores problems of state regulation of the innovation processes in the Ukrainian industry and suggests the ways to accelerate innovation activity.

Keywords: investment, innovation, innovation policy, investment and innovation activity.

Анотація

У статті досліджено проблеми державного регулювання інноваційних процесів української промисловості та запропоновано шляхи активізації інноваційної діяльності.

Ключові слова: інвестиція, інновація, інноваційна політика, інвестиційна та інноваційна діяльність.

Аннотация

В статье исследованы проблемы государственного регулирования инновационных процессов в украинской промышленности и предложены пути активизации инновационной деятельности.

Ключевые слова: инвестиция, инновация, инновационная политика, инвестиционная и инновационная деятельность.

Introduction

A characteristic feature of the current state of the world economy is the widespread introduction of newest scientific and technical achievements into production. In the conditions of the global financial and economic crisis the competitive are those industries that are based on the implementation and the use of innovative technologies. At present Ukraine's reserves of growth through not innovative path of development are exhausted. It is therefore necessary to outline the main problems and difficulties that are characteristic of innovation sphere of Ukrainian economy and to develop measures to address them.

Analysis of recent research

Works of many domestic scientists – economists: A. I. Amosha [1], V. M. Geyts [4,5], A. A. Lapko [7], B. A. Malitskiy [8], O. I. Volkov [3], L. I. Fedulova [10] and others are devoted to the development of theoretical and practical aspects of the management of scientific – technical sphere, acceleration of innovation processes and innovative development.

Statement of research objectives

The aim of this article is the study of state of innovation activity in the Ukrainian industry, the separation of the main problems that hinder its development, as well as finding ways to address them.

Results

World experience of the development of leading countries shows that the dynamic growth of expenditure on innovative technologies provides increasing and maintaining of their competitive potential.

Restoring economic growth, on what the government and directly the manufacturing circles make emphasis on, is now impossible without the active mastery of innovative path of development. Frankly speaking, ensuring the transition to actual innovative type of the development is an indispensable condition for maintaining the economic and political sovereignty of our country. It is acknowledged that the economy, which is characterized by the extremely high levels of resource and energy costs of production that is the characteristic of Ukraine, even without the influence of other external factors is doomed to the gradual exhaustion of reserves of extensive growth and to further increase of economic depression's threats. Therefore, the implementation of synergetic effect of innovative development becomes the only possible way for Ukraine to reduce the technological and economic gap with the developed countries. Implementation of the strategy of innovative development should be considered as compulsory stage of realization of intentions to achieve the European standards of social and economic development in Ukraine. So much is said about this and for such a long time at

all levels of government but, unfortunately, so little is being done.

Model of development that was based on growth at the expense of non-renewable natural resources and not timely modernized resource costs, aging industrial and technological base was practiced for decades in Ukraine as during the Soviet period, as by inertia during independence. This has led to the fact that the economy appeared on the penultimate place – at the level of the Third World countries in terms of competitiveness.

Works of many domestic scientists – economists: A. I. Amosha [1], V. M. Geyts [4,5], A. A. Lapko [7], B. A. Malitskiy [8], O. I. Volkov [3], L. I. Fedulova [10] and others are devoted to the development of theoretical and practical aspects of the management of scientific - technical sphere, acceleration of innovation processes and innovative development.

Considering current trends of scientific – technological and innovation process, L. I. Fedulova stresses that «... under conditions of Ukrainian reality there is not only a lack of attention to the need to develop real mechanisms for the formation of economic system based on innovative factors, but also the lack of organizational resources at all levels of management of scientific – technological and innovative process» [7]. V. Heyets emphasizes the importance of government support of innovation sphere. He notes that «... research, education, innovation activities of enterprises, development of scientific – research infrastructures are the areas with large external effects. Concentrating material resources on prospective areas, the state will promote progressive technological change in the framework of the national economy». [3] It should be noted that the differentiation of the level of economic development of regions and industries, innovative potential of certain areas, their different investment attractiveness cause actuality of research of scientific – innovation sector in terms of specific regions and industries.

At present Ukraine has chosen for itself an innovative way of economic development. Therefore, much more attention should be paid to the question of forming an effective innovation policy, because the rapid development in the future will be determined by the level of innovative activity and its financial support.

Growth of competitiveness of production should be carried out through the rapid development of high tech and industrial types of products and innovation and technological modernization

based on introduction of modern achievements of native and international science and technology.

The Law «On investment activity» rather laconically and clearly defines investments and the ways of financing investment activity. It also defines innovative activity as a form of investment activity, which is undertaken in order to implement the achievements of scientific and technological progress in production and social sphere. Law of Ukraine «On innovation activity» interprets innovative activity as an activity aimed at using and the commercializing scientific research and developments and leads to the issue of new competitive products and services to the market. Thus, the concept of innovative activity specifies the direction of investment activity particularly in the scientific sphere, which leads to the creation of new innovative products that generate income or social effect and increase the competitiveness of businesses, industries and the economy as a whole.

As mentioned in the same Law, state regulation of innovation activities is carried out as follows:

- identification and support of priority areas of innovation activities on state, sectoral, regional and local levels;

- formation and implementation of national, sectoral, regional and local innovation programs;

- creation of legal framework and economic mechanisms to support and stimulate innovative activity;

- protection of rights and interests of subjects of innovative activity;

- financial support of implementation of innovative projects;

- stimulation of commercial banks and other financial and credit institutions that lend the implementation of innovative projects;

- establishment of preferential taxation of subjects of innovation activities;

- support of the operation and development of modern innovation infrastructure.

Innovative activity includes:

- production and dissemination of new types of equipment and technology;

- progressive intersectoral structural changes;

- implementation of long-term scientific and technical programs with the large term cost recovery;

- funding of fundamental researches to make qualitative changes in the state of productive forces;

development and implementation of new resource-saving technologies designed to improve social and environmental situation.

State innovation policy is a complex of legal, organizational, economic and other measures of the state aimed at creating appropriate conditions for the development of innovative processes in the economy, encouraging the implementation of the results of innovative activity in production.

The main purpose of the state innovation policy is the creation of appropriate conditions for effective reproduction, development and use of scientific and technological potential of the country; ensure the introduction of modern environmentally friendly, safe, energy- and resource saving technologies, production and sales of new types of competitive products.

According to the Law of Ukraine «On innovation activity» enterprise is recognized as innovative enterprise (business combination) of any form of ownership, if more than 70 percent of its production volume (in monetary terms) for the reporting tax period is the innovative products and (or) an innovative production. Innovative projects are subjects to state expertise, classification and mandatory registration. Term of consideration of the project and its examination may take up to 6 months; the registration is valid for 3 years and it does not oblige state to funding. All of this delays implementation of the results of innovative activity in the economy and creates additional documentary burden on business and investors.

It is established that among four groups of sources of financing industrial enterprises' innovative activity (own funds, funds from the state budget, foreign investors funds and other sources), own funds of enterprises have been covering the largest share for many years. The reasons of this are the lack of adequate funds in the state budget and inefficient state policy to support innovation activity of enterprises.

There are the following problems that hinder the development of innovation activity of domestic enterprises today in Ukraine:

- inconsistency of legislative acts;
- the lack of correlation between monetary, budgetary and financial policies and politics of economic growth;
- the lack of scientific and methodological basis for the formation of scientific and technological sphere;
- the lack of consistency in the state's actions on realization of innovative potential of the national economy;

public administration of innovative activity is carried out without clearly defined grounds;

set out strategy of scientific and technological development and innovation, consistent and balanced internal and external policy;

absence of an effective system of priorities of scientific and technological sphere's development;

state management of innovation activities is provided on a sectoral basis;

no coordination of actions of the subjects of innovative activity;

lack of financial resources to ensure the research and implementation of innovative developments;

imperfection of the system of intellectual property rights;

innovative sphere of our country has not become truly attractive for domestic and foreign investors.

Hence, to create the systemic mechanism for stimulating innovation activity there is a need to explore the world experience of stimulation of innovation activity and adapt it to local conditions of economic development, and implement it in the industry.

Legal framework for innovation should be improved, which will create conditions for realization of innovative ideas. It is advisable to develop market infrastructure of innovation; to increase the motivation of developers to exercise innovative activity; to strive to achieve the level of innovative developments, corresponding with international standards or exceeding it. Today Ukraine has exhausted potential for economic growth by increasing production and export of resources. Therefore, the solution of issues hindering the development of innovation activity should be provided.

Principal combination of the above measures will make it possible to determine how important is innovation activity in Ukraine to quickly overcome the economic crisis and ensure effective development.

Thus, increasing the competitiveness of the national economy needs a gradual change in its primarily raw materials export structure, reorientation of investment flows to the innovation sector, introduction of high technologies, formation foundations of innovative model of development and knowledge economy in Ukraine. A key strategic objective of forming innovative model of development of the Ukrainian economy should become

the use of modern innovative technologies as the only possible direction of the successful competitive struggle of national economic entities in the internal and foreign markets.

In the specified context of the importance of the industrial production's development in the country it seems important to analyze the world experience regarding state regulation of progressive changes in the sectoral and technological structure of industry, selection of priority directions of state support for these processes in general, which is the main content of the state industrial policy.

The structure of industry, especially in its industrial and technological sections and in the context of organizational, legal and industrial relations under conditions of their progressiveness, is among the most determining strategic factors of development as industry and national economy, as society in general. Hence, the close interwoven connection of industrial, investment and innovation structural policies is manifested, which allows using a fairly wide definition of industrial policy as an integral part (link) of structural policy and subsystem of social and economic policy of the state [4].

Direct state regulation of innovative processes in different countries is carried out not equally, but it everywhere plays an important role in providing innovative development. Studying the experience of industrialized countries it is worth paying attention to the major structural elements among the fundamental principles state scientific-technical policy in innovation sphere.

These basic elements are the following three principles:

1) technology. This principle requires the identification and prioritization of scientific and technological development, based on which the technologies will be created. Typically, the areas selected are those, which already have some successes;

2) finance. This refers to financial aspect and supply of resources for development of technologies and introduction them into civil circulation;

3) infrastructure and its management.

These elements should constitute a single mechanism of commercialization. Lack of even one of them makes the whole structure unstable. The above principles, in our opinion, need to become a part of the national innovation system (policy).

Comparison of the national innovation system allows reaching a conclusion about its positive or

negative impact on economic development of the country. According to the data of the Organization for Economic Cooperation and Development (the OECD), an increase in funding of science by 1% of total GDP does not affect the processes of technology commercialization. Increasing the number of people with higher education for every 1,000 citizens also does not affect economic growth. However, it was established that increasing the number of young people working in engineering companies, has a positive effect on economic growth. This dependence is called mobility of human personnel.

Referring to the principle of finance, we note that in general in industrialized countries during the implementation of policy of innovative activity's stimulation in the industry with the financial means of direct government regulation the ever-increasing tendency of transition from state subsidization of industrial enterprises, which are developing new science-intensive products, to the mechanisms that increase the financial responsibility of industrialists for receiving and using scientific and technical results can be traced. The most common mechanisms in this area are:

a) government loans or government guarantees provided to commercial banks that provide access to credit resources;

b) state order for development, production and delivery of strategically important science-intensive products;

c) shared participation in the financing of research, which are ordered by industrial enterprises (usually 50%).

Non-financial mechanisms of direct state regulation include export and import quotas used to provide the necessary level of competition in the domestic markets of science-intensive products. [8, p. 435]

All industrialized countries of the world also actively use indirect methods of state regulation, especially the mechanisms of taxation and depreciation policies. Almost all approaches are based on providing some incentives (benefits), which are:

1) assigning R & D expenditures on current production costs of the enterprise (in the U.S., Italy, UK, Canada, Belgium, Sweden it is legally allowed to attribute all the costs of R & D on production costs);

2) postponement of taxes' payment for companies that invest in development and exploration of new high technology products before the receipt of income from their sale;

3) discount on income tax is proportional to the increase in spending on research and development.

Referring to the international experience, it is worth paying attention to the participation of bank capital in the development of infrastructure of innovative sector. Bank of innovation type was established in Poland back in 1990.

The main objective of this bank was financing the restructuring process of Polish enterprises as well as privatization, crediting of investment projects, providing guarantees, forming the credit consortia. Vigorous activity in the capital market, in particular, guarantee of emission of enterprises' shares was another important feature of the bank. Such bank was established in Russia in 1999. The main feature of the Russian Development Bank (RBR) is long-term crediting of the real sector of economy. The RBR sees the purpose of its activities in the practical assistance of implementation of the state investment policy by crediting the enterprises of priority industries. The RBR emphasizes its activity primarily on projects of innovative character, financing import substitute industries and modernization of capital assets of enterprises. Today the RBR is one of the largest banks in the Russian Federation. We believe that the experience of our neighbors in this area will be useful for local bankers.

Experience of Russia causes an interest in building an innovative sector of economy. Note that the International Science and Technology Center has been operating in the Russian Federation already for over 10 years. This center has funded more than 1800 research and development projects worth about 500 million dollars USA during this time. Prior to 2003, the founders of the center, the governments of the USA, Japan, European Union and Russia assumed that financing of the center would be carried out from funds received from commercialization of technologies created by Russian scientists of the military-industrial complex. However, this problem has not yet been resolved completely, although foreign lawyers and experts in the field of commercialization created perfectly organized infrastructure for commercialization in this Center, including the system of training of project managers. Thus, the importance of the «third principle», namely management, was proved again.

Today about fifty Innovation Technology Centers are created in 11 regions of Russia, which are primarily supported by the Ministry of In-

dustry and Science of Russia. Over thousands of small scientific and technological enterprises, using ITC infrastructure for their development, work within their structure. Five years ago, according to the Foundation of assistance to the innovative development, small businesses expressed almost no interest in the use of IP in their activities, now more than 50% of these companies have started actively applying them. By the way, this may indicate that they need new scientific ideas to create new products and services to be available on the market.

In international practice, the so-called cluster (cluster is a class of related elements of the statistical set) is a progressive industrial-innovative association of enterprises. Cluster is an association of companies interconnected technologically and economically in order to release high technology products of the world level. Integration of companies is a general trend that can be traced in the global economy, but the question of unification becomes more urgent in the area of attracting high technologies to civilian use. It is clear that systematic research and development require large investments. That is why an isolated business is unable to constantly maintain innovative status in modern hard competitive environment.

Italy has the most developed cluster system. Here a powerful ramified cluster model of the economy has been created over the past 50 years. Model of network system is formed in the country. It contains support mechanism between clusters, which is based on the study of innovation, cooperation and institutional linkages between enterprises of the network. Austria, having examined first the patent opportunities of each region, has built almost all the innovation sector of economy on cluster model. Former countries of the SEV also actively use cluster models for the development of innovative economy. Developed cluster systems operate in Hungary, Poland and Romania. For example, the cluster, which is engaged in biotechnology, computerization, electronics and telecommunications, employs about 60 companies in Gdansk (Poland). The cluster that creates aircrafts (A340, A380) operates in Europe. Finland's economy is completely clustered.

The company VTG (the UK) has made a quite significant contribution to the development of the system of commercialization of scientific and technical developments at the international level. The company offers a full range of possible services of attraction of scientific and technical de-

velopments to the economic turnover. The main objective of the VTG is the identification of the commercial moment in new technologies and its effective implementation.

World economic history shows that although the market plays an important role in stimulating innovation activity and selecting scientific and technical products adequate to the needs of society, by itself it can not provide a comprehensive solution of problems related to the dynamic development of innovative systems. Government regulation is necessary. The existence of well thought through public policy, within which specific measures are implemented to support and encourage those stages of the innovation process, for which market incentives are not enough, is also necessary. The emergence of promising markets, sales of high technology products, creation of new jobs, increased budget revenues through broadening the tax base should become main results of these measures.

It is clear that the shortcomings of the market are characteristic of not only the national economic systems. Problems, including innovative ones, of one country have their continuation also on the

international level. In this regard, the generation of international innovation policy, which would take into account global tendencies of development of scientific-technical sphere and at the same time tolerantly treat the national market formations, is important.

Conclusions

Summarizing the results of the study of international experience in regulation of innovative processes, it is worth noting the very real possibility of using certain achievements in the national practice of use of the IP in economic turnover. It is clear that the development of intellectual property market is a complex and long process. Thus, the concept of knowledge-based economy is relatively new even for the countries with developed market relations in which difficult and controversial stage of development of market economy in general preceded the formation of knowledge-based economy. Ukraine has yet to pass a difficult path to complete formation of innovative economy. On this path the international experience can become a useful material for creation of own original model of economic development of the country.

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УДК 338.43:316.422

Igor Zamykula,
Ph.D. candidate,
Academy of Municipal Management

CREATING CONDITIONS FOR EFFICIENT PRODUCTION
AND CONSUMPTION OF FOOD IN THE STATE

Annotation

Factors that influence prices for agricultural goods are determined. The relationship «expenditures – price» in agriculture are grounded. Goals of agri-food market in terms of the state are identified.

Keywords: agri-food market, state regulation, food safety, risks, agricultural production.

Анотація

Визначено фактори впливу на ціну сільськогосподарських товарів. Обґрунтовано зв'язки «витрати – ціна» в аграрній сфері. Визначено цілі агропродовольчого ринку з погляду держави.

Ключові слова: агропродовольчий ринок, державне регулювання, продовольча безпека, ризики, сільськогосподарське виробництво.

Аннотация

Определены факторы влияния на цену сельскохозяйственных товаров. Обоснованы связи «затраты – цена» в аграрной сфере. Определены цели агропродовольственного рынка с точки зрения государства.

Ключевые слова: агропродовольственный рынок, государственное регулирование, продовольственная безопасность, риски, сельскохозяйственное производство.

Introduction

The theory of state regulation of agri-food market in Ukraine is still under development. A sharp lack of fundamental works, in which agri-food market would be presented as an integrated system, is observed. But more and more theoretical studies of its individual components appear in recent years.

It should be noted that many Ukrainian agricultural markets are still in a formative stage, however, agri-food market has a special place in the system of market relations. This is due to the fact that state food security depends on the quality and volume of products produced in agricultural sector; agricultural products serve as a form of finished goods and as a raw material for further processing in 30 different industries of the economy.

Analysis of recent research

Significant contribution to the study of methodology and solution of practical problems of state regulation of agrarian food markets have made domestic scholars such as W. Ambrosov, P. Borshevsky, A. Amosov, M. Besedin, V. Heyets, S. Hudzynskyy, B. Danylyshyn, O. Datsiy, L. Deineko, T. Zayets, O. Ivanytska, M. Koretsky, A. Kutsenko, M. Lobas, O. Lebedynska, A. Lisiecki, G. Mostovyi, P. Makarenko, M. Malik, A. Mogilny, M. Orlaty, B. Paskhaver, T. Pepa,

P. Sabluk, M. Hvesyk, L. Chernjuk, O. Shpychak, V. Yurchyshyn and also foreign scholars: J. Bolt, M. Bunkina, J. Hotin, D. Rechmen, M. Tracy, and others.

Statement of research objectives

- to identify factors influencing the price of agricultural products;
- to justify the relationship «expenditures – price» in the agricultural sector;
- to determine goals of agri market from the viewpoint of the state.

Results

Peculiarities of state regulation of agri-food market, in particular, separate markets of agricultural raw materials and products are caused by the specific agricultural production and, above all, uncertainty and a seasonal character of products. At the same time the demand for food during the year remains stable. It causes state regulation of unstable and relatively low prices for agricultural products and revenues from agricultural activities.

Rural producers have other problems associated with production and distribution of products, bringing it to the final consumer, which are called marketing problems in agriculture. The following can be attributed to them:

- rural producers can not in the short and long run control the release of their products in the same way as non-agricultural enterprises;

- high risk and uncertainty of agricultural production;
- difficulties of influence of agricultural producer prices through their individual and group activities;
- pressure of relationship «expenditures – price» for agricultural products;
- exceeding market power of buyers of agricultural products compared with the market power of rural producers;
- change of the effectiveness of pricing on food markets;
- strengthening the conflict of interests between the agrarian sector and food sector.

The problem of controlling the total output of agricultural products is connected with the fact that rural producers can not control the release of their products in the same way as non-agricultural enterprises. This is because, firstly, the total amount of grown products is determined by the work of many smaller producers acting independently; secondly, the production results largely depend on weather conditions and biological systems.

Opportunities of rural producers to respond to changes on agro-food market are objectively fairly limited: except for known temporary lag caused by the duration of the biological cycles of growth of the product, the costs of its production are mostly permanent. It is impossible to quickly stop or change the agricultural production. Conversely, many industrial or commercial enterprises can adapt to changes in supply of agricultural raw materials and products in the short term rather than farms can adapt to changes of the factors of production.

In addition to the marked adjustment problems in the short term, it must be considered that there are extended periods for changing production of some agricultural products. Unlike other industries, instantaneous splash of growth of production and, therefore, profits for its producers with a sharp increase in demand from consumers is impossible on agricultural markets. This process - balancing supply and demand - has a known time lag. For example, fruit trees grow several years before they begin to bear fruits, but during this period market conditions can change significantly. The increase in milk production is also a slow process. Also, when investing in agricultural buildings, equipment and other real capital assets is made, the changes in these are very difficult and expensive.

Risks and uncertainty in agricultural production are related primarily to the inability to quickly

adapt to changing conditions. So, the market, for which production is being cultivated for a long time, may change before the period of its market delivery. Changes in consumer tastes and preferences may lead the revaluation of the allocation of resources by agricultural enterprises, as they presumably provided too much attention to production of those products that are no longer needed. High prices, formed as a result of temporary shortage of any agricultural product, may change the purchasing behavior and reduce the consumer market for this product until its former production is restored.

These relatively unpredictable and uncontrollable factors create many marketing problems for agricultural producers.

It is known that a large portion of food products refers to the basic necessities. This means that growth of demand for agricultural products is slower than growth of consumer incomes. In particular, as a result of research by many scientists found that families with at the beginning low income spend most of their income on food, but with growth of income they stabilize their spending on basic necessities (primarily food). Moreover, there is clearly visible, in accordance with law of E. Engel, trend: the higher the level of family income in the country, the lower if the share of expenditures on food (and vice versa).

From the fact that consumption of food products (as basic necessities) has a strong «niche» in the structure of expenditures of individuals does not follow that on every market of a given agricultural product remains stable situation. The main threat to the market of a particular food product is its variability. Consumers prefer to buy specific products: bread, milk, beef, potatoes, etc., rather than «kilo of food». Therefore, if the price on any product changes (for example, increases) consumers can always replace it with another under market economy conditions.

Rural producers, trying to influence prices through their collective and individual actions, are constantly faced with other difficulties, as they are in most cases «pricing recipients» in the market. In order to increase the price through the control of supply, agricultural commodity producers should act as a coherent group. However, the higher the number of participants and their different economic conditions, as practice shows, the harder they organize and act jointly on the market. For instance, suburban farms that are located near each other coordinate prices for vegetables, but sometimes farms that have a large amount of

products at their disposal reduce prices, thereby undermining the general policy. In this regard, Western scientists have noted the so-called problem of «riders» (free rider problem), when farmers can try to increase prices through the program of voluntary control over the supply of agricultural products or through farmers' associations for negotiation [2, 3, 4].

If all goes well, then the productive cost brings benefit to all agricultural producers regardless of whether they participate in the «contract» or not. But in practice, as it is already noted, it is very difficult to achieve concerted actions of producers to achieve this result [1, p.18].

At the same time, if the price for products and, therefore, profits is high, then some rural producers will seek to increase its production, and some of them can do so without consequences. But if all the producers try to increase the production of these products at the same time, the market prices and their profits may be reduced sharply as a result of market saturation.

Highly competitive conditions in the agricultural sector lead to the fact that prices for agricultural products are kept close to production costs. Therefore, the problem of pressure of relationship «expenditures - price» in the agricultural sector has two sides. On the one hand, the fall of prices for agricultural product will not be as dangerous to the producers, if they can accommodate the use of factors of production to prices that declined. The dependence of rural producers, however growing, on suppliers of industrial means of production leaves them very little time to adapt to falling prices for agricultural products.

On the other hand, prices for agricultural products that grow increase the profitability of farms and lead, in turn, to increased prices for factors of production.

A serious problem is the overwhelming market power of industrial consumers of agricultural raw materials. Companies involved in food marketing, have two major advantages over producers of agricultural products: they are larger and have sufficient and timely market information.

Some time ago there was no need for rural producers to be related to the food sector, because the administrative-command system guaranteed fair, or at least, equal prices to all. However, in modern conditions direct contracts with processors and wholesalers, vertical integration and contractual relationships actually derive a significant portion of food products from the action of market

forces and no longer provide guarantees of high efficiency in food markets. In this context, rural producers should now be more skilled in their management decisions.

Formation and evolution of the market of agricultural products and food have shown that goals of this market with respect to consumers of these products, producers and the state are not identical. Consumers see the goals of this market in food production of high quality (range, caloric value, consumer characteristics, reducing the content of harmful substances, etc.); provision of food in accordance with the principles of balanced diet, compliance with the retail prices of their purchasing power.

From the point of view of rural commodity producers, the goals of the market lie in interest in the production of certain types of plant and animal products, availability of optimal conditions for providing production resources, effective tax policy of the state, equivalent exchange with other sectors and social protection of rural workers.

From the viewpoint of the state, the objectives of food market are to provide conditions for efficient production and consumption of food; improving product quality; environmental protection, rational land use and optimal self-supporting of food.

Conducted researches have shown that it is very difficult to implement fully the interests of all market players on the modern agro-food market, because the conflict of interests between the agricultural and processing enterprises continue to increase. Rural commodity producers maintain product orientation, and enterprises and firms of the food sector support orientation on commercial production planning, including the choice of product for production, determination of its characteristics, terms and certain prices. Moreover, most rural commodity producers are not involved in those kinds of food marketing that have great growth potential. Not participating in the recycling of products, advertising campaigns, trade and marketing activities, they just keep the status of producer of raw materials for food industry.

The formation and operation of agro-food market largely depends on the condition of markets of production, labor, land and finance. For instance, operational efficiency and competitiveness of commodity producers largely depend on the state and the development of the market of the means of production. To a greater extent this market is represented by national industrial enter-

prises, which, often as a monopoly, set appropriate prices for material and technical resources. This, in turn, considering disparity of prices, puts a lot of rural commodity producers in a difficult financial position.

It is no accident that in recent years many Western companies, specializing in the production of means of production for agriculture, have started to rapidly conquer this market. This process develops in two main areas: on the one hand, Western firms seek to sell their products at dumping prices in the relatively prosperous and promising regions of the country; on the other hand, they buy and reconstruct Ukrainian machine-building enterprises. In this context it is already possible to see fierce competition between domestic and Western companies in the market of means of production for agriculture. In this situation if specific regulatory measures are not adopted by the state in the near future, the result of this competitive struggle is completely foreseen.

Unlike funded supply, the market of means of production in the form of wholesale trade implies:

- the right to choose the supplier by the consumer, that is all questions consumer can decide directly with the supplier, in the role of which supply agencies, commercial enterprises, designer shops, and producers directly can act. The only condition for purchasing products is the solvency of the consumer;

- balance of the needs of rural commodity producers in technology, spare parts and materials with production capabilities (facilities) of engineering enterprises that meet those needs;

- competition of enterprises-manufacturers and enterprises-suppliers of machinery, that usually means the excess of their total capacity for supplies over the overall need of production in machinery, spare parts and materials. This circumstance leads to reduction of prices on material resources and the increase of the competitiveness of domestic products.

Essential role in the development of agro-food market belongs to the labor market, which becomes a commodity in the presence of two conditions:

- firstly, when a person is free and has the opportunity to independently dispose his or her labor force;

- secondly, when he or she is deprived of the means of production, because otherwise he or she would not need to sell his or her labor force.

That is, in fact, this market is some form of labor movement. At the same, developed labor

market usually provides full payment of the latter, stimulates business activities, initiative, improves the quality of labor force and determines its high mobility.

In modern conditions of the diversity of ownership and management, freedom of choice of a particular place of work, application of each person's his or her labor force expands drastically: work in agriculture, hired labor, work in cooperative or state enterprise. This, in turn, requires freedom in the choice of his or her place of residence. However, in the conditions of market relations specific workplace is not guaranteed to anyone. That is why the labor market in the agricultural sector is a subject to active state regulation, in particular, by setting a guaranteed minimum wage level, providing material support for temporarily unemployed, organization of the system of retraining of personnel, allocation of concessional loans, realization of the effective resettlement policy and others.

A necessary condition for effective operation and development of agro-food market is the market of land, especially lands of agricultural purpose.

Established land market in our country is a part of the system of land relations, regulators of which are: right of ownership (possession, use, disposal), the ability to transfer this right (rent, sale, mortgage, etc.), competition (free choice of the participant), monetary evaluation and prices, which are freely composed for land.

In our view, statutory set of conditions, privileges and restrictions (easements) to use of the data of regulators must be activated for lands of agricultural purpose.

In general, the land market performs important functions and promotes:

- the solution of social and economic problems in rural areas, especially the problem of rural employment;

- efficient use of land through intensification of agricultural production;

- increasing the level of commercialization of agricultural enterprises;

- solution of food problem.

Ideally, the land market creates and supports attitude to the land as a special value, leads to its efficient use, creates a mechanism for transfer of land to those who can effectively manage it. In practice, the ideal system is often violated. And yet, even imperfect land market reflects real interests of the vast number of participants of land relations.

For example, state structures support the land market as a fundamental principle of market

economy, because they are interested not only in big budget revenues (in the form of taxes from land owners, fees from land transactions and land lease), but also in the growth of investment, business activity, the release of parts of concerns about support of the land fund in good condition.

Great influence on the development of agro-food market makes the financial market, which is based on two sources – free financial resources of enterprises and free cash of the population. It is divided into the credit market and equity market.

Short- and long-term loans of agricultural and processing enterprises to ensure their rhythmic and effective industrial activity are the tasks of the credit market. Credit market implies creating a system and branching network of state and commercial specialized and cooperative banks.

Conclusions

Thus, the stock market, which is designed to pull money out of circulation in emergency sav-

ings, is of a great importance for the normalization of monetary state of enterprises – shares of companies, associations and labor groups, bonds of state and local loans, certificates, treasury bills, etc. The stock market means basically, on the one hand, decentralized market system of financing production activities of enterprises, and on the other hand, it reinforces the material interest of their teams in the final results. Specificity of agri-food market is largely characterized, as it is already noted, by a variety of its objects and subjects.

Above all it should be noted a great variety of products presented in this market: by type, range, degree of readiness for final consumption (fresh, different degree of processing – from primary to deep), terms of storage and also by the level of demand (goods of prime necessity and special demand – all sorts of delicacies), energy potential (high- or low-calorie foods), vitamins and so on.

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FUNCTIONING OF STATE AUTHORITIES OF CONTROL IN THE MANAGEMENT
SYSTEM OF EXTERNAL ECONOMIC PROCESSES

Annotation

Problems of organization and implementation of the state financial control of external economic activities to enhance its effectiveness are investigated. The role in improving fiscal relationships between the state and subjects of external economic activity is detected.

Keywords: public administration, external economic activity, integration of national economy, customs control, financial control.

Анотація

Досліджено проблеми організації та здійснення державного фінансового контролю зовнішньоекономічної діяльності з метою підвищення його ефективності. Визначено роль у вдосконаленні податкових взаємостосунків між державою і суб'єктами зовнішньоекономічної діяльності.

Ключові слова: державне управління, зовнішньоекономічна діяльність, інтеграція національної економіки, митний контроль, фінансовий контроль.

Аннотация

Исследованы проблемы организации и осуществления государственного контроля внешнеэкономической деятельности с целью повышения его эффективности. Определена роль в совершенствовании налоговых взаимоотношений между государством и субъектами внешнеэкономической деятельности.

Ключевые слова: государственное управление, внешнеэкономическая деятельность, интеграция национальной экономики, таможенный контроль, финансовый контроль.

Introduction

The current state of economic development of Ukraine, its translational motion to the global economy needs a clear regulation of processes of integration of national economies to international economic unions and organizations, and their handling from the side of public administration bodies. These issues are very important in modern conditions, which are characterized by, on the one hand, intensification of foreign economic activity and increase of its volumes and, on the other hand, disbalance of the national economy, growth of shadow capital in all spheres, inefficient and irresponsible expenditures of budgets of all levels. Under these conditions, economic and financial control of the bodies of state authorities and public administration in all spheres of economic activity, including in the field of foreign economic activities, is essential.

Analysis of recent research

Peculiarities of formation and development of foreign economic activities and international relations of Ukraine during the transformational changes are highlighted in the works of Ukrainian

scientists V. Bodrov, I. Burakovskiy, O. Vlasyuk, V. Heyts, I. Hrytsyak, Y. Kozak, V. Kovalevskiy, V. Kozyk, L. Pankova, Y. Pakhomov, A. Rumyantsev, F. Rut, S. S'omin, A. Filipenko, O. Shnyrkov.

Statement of research objectives

– to examine the problems of organization and implementation of the state financial control of foreign economic activities to enhance its effectiveness;

– to define the role in improving fiscal relations between the state and subjects of external economic activity.

Results

Ukraine is facing the problem that lies in some contradiction between the need to integrate into the global economy, on the one hand, and to ensure internal economic integration, protection of its internal market, own producers and national interests, on the other hand. It should be borne in mind that the world economy continues to be the scene of a collision of interests of different countries. Therefore, only the development of own highly effective system of public administration,

in the foundation of which the mechanisms of economic and financial control are put, would enable: to achieve a sufficient level of economic security; to avoid possible destructive effects of the rapid opening of national economy; to ensure its competitiveness; to protect domestic producers; to interact effectively with international financial and economic institutions.

In this sense, publications of S. Syreno are interesting, which state that according to the World Bank estimations the size of shadow economy in Ukraine has reached more than 70 % of official GDP, that is a threat not only to Ukraine's economic security, but also for the world economy. Ukrainian government agreeing that the size of shadow economy in Ukraine is «too big» does not agree with disclosed figure and states that the level of this indicator is at 44-35 % and tends to decrease.

According to researches of scientists foreign economic operations are included in the most risky operations, where «gray» or «shadow» operations are possible, in particular:

- export operations connected with the return of VAT – through overstatement of volume or the customs value of goods or in general «fictitious» export operations without commodities [2] operations of tolling raw materials - by hiding the actual volumes of expended materials or products from the production and their release into the shadow rotation [import operations on consignment agreements (through customs licensed warehouses) [foreign investment and charitable operations [outline the range of threats in the field of foreign trade activity, which requires organization of especially careful monitoring by the state to protect its interests;

- consider the types of state financial control, which may be held by customs authorities and the problems of its implementation;

- conduct analysis of the organization and carrying out the inspections of business entities by the representatives of customs authorities;

- define the directions of improvement of state financial control to improve the efficiency of foreign economic activity.

Obviously, the state financial control affects various aspects of activity of the state, particularly its foreign economic activity and is on its status the system of a higher level in comparison with the systems of customs and tax control. However, the answer to the question of what place these types of control are in the system of state financial

control seems far from ambiguous. In our opinion, two approaches can be considered. The first is based on consideration of both customs and tax control as a review system of a set of complex issues related to the implementation of customs and tax state policy carried out by special government agencies established in system of state financial control. The second approach involves the division of tasks faced by each individual authority of control on verification of foreign trade activity, including by customs and tax authorities, not selecting these types of control in an independent direction.

Today in Ukraine the second approach to the organization and implementation of customs and tax control of foreign economic activity is used, which, as confirmed by the results of research, is not effective.

It is our deep conviction that the second approach in an environment where the success of integration reforms largely depends on the successful reform of customs and tax policy system of state customs and tax authorities is a false one and leads to underestimation of significance of customs and tax control in the process of improving efficiency of market mechanisms of economic development.

At the same time, once again we emphasize that the official concept of state financial control is still not explicitly formulated and, consequently, public policy concerning customs and tax systems of control, which is its integral part, is not precisely defined. Today there are only the beginnings of some reorganization of the existing system of economic control in Ukraine to the appropriate level, through creation of a system of state financial control of a new model. So, anyway, improvement of organizational and legal structure of the system of tax and customs control of foreign economic activity is closely connected to the improvement of the entire system of state financial control, which requires special attention and will be considered further.

In the conditions of development of integration processes determining strategy and tactics of customs and tax policies and monitoring their implementation have become the most important functions of the state. In this situation, the creation of an adequate system of customs and tax control is one of the indispensable conditions of success of economic reforms. Integration processes taking place in the global economy, European Union enlargement to the east cause the change of for-

foreign economic policy of Ukraine. Currently, the state makes steps to create a favorable investment climate for foreign capital, providing additional guarantees of property rights protection, facilitation of customs clearance and so on. In addition, negotiations are conducted on the possibility of establishing a free trade with the countries of the European Union. In this context, the need for research on adaptation techniques, procedures and methods of customs and tax control to the changing conditions of implementation of foreign economic activity of economic entities becomes evident.

Building an effective system of customs and tax control requires a comprehensive study of its characteristics, opportunities, weaknesses, organizational and structural support. These studies are necessary to form strategy and tactics for controlling structures and improvement of forms and technologies of carrying out state control.

One of the main directions of development of organizational and technical provisions of the customs and tax control is the development of specific methods of carrying out control measures against a relatively new in domestic practice objects of taxation. Reform of the tax system in Ukraine requires significant changes in the scientific and methodological apparatus of customs and tax monitoring. Theoretical and methodological principles of customs and tax control as an integral part of the system of state financial control in fact have not been investigated. The nature and content of customs and tax control are not sufficiently defined; its conceptual apparatus is poorly systematized; significant relationships of this structural element with other modules of state financial control are not conclusively identified.

In this regard, one could argue that there is an objective need in in-depth study of such fundamental issues of theory and methods of customs and tax control in Ukraine as:

- formation of theoretical and methodological approaches to the determination of the system of customs and tax control, taking into account patterns of development of integration processes in the economy of Ukraine;
- determining the location of customs and tax control in the system of state financial control;
- development of private and complex methods of carrying out customs and tax control of the participants of foreign economic activity based on the system (accounting) information using the methods of auditing.

Main directions of foreign economic state policy are defined in the Customs Code of Ukraine, which provides a number of measures that promote the creation of a stable system of customs regulation and control. In the conditions of gradual integration of Ukraine into the world economy the improvement of customs tariff legislation in the direction of its adaptation to the international standards is observed.

The Tax Code of Ukraine, which reduced the total number and amount of taxes, established preferences for certain subjects of foreign economic relations of the total foreign trade regime of taxation, plays an important role in improving the fiscal relationship between the state and subjects of foreign economic activity.

Obviously, reducing levied customs payments and taxes involves raising the level of their payment. That is why the successful reform of customs and tax system is not possible without adequate improvement of the system of state customs and tax control. The need to develop organizational and legal issues of customs and tax control suggests the relevance and practical significance of research problems of as theoretical and methodological aspects of the scientific definition of the term «customs and tax control,» that is derived from the category of «financial control», as well as organizational and legal aspects of the activities of state customs and tax control in the structure of the system of state financial control.

Unfortunately, rather cumbersome and inefficient system of state economic control is today in Ukraine. About the inefficiency of activities of the numerous bodies of state economic control, list and purpose of which are widely described in the special educational and scientific literature and in existing laws and legal documents, show facts and figures published in scientific and popular publications.

Conclusions

To solve this problem we suggest the reorganization of the state system of economic control in the following areas:

1. Reducing the number of state control bodies (and especially fiscal) by combining the functions of control of financial flows from all without an exception activities under the guidance of the Ministry of Finance of Ukraine. The dispersal of powers between different organs of the system of state economic control (STA, SCSU, STU, SCRS, IFI, the NBU, etc.) led to the creation of cumbersome, overly bureaucratized system, which is not

able to respond quickly to changes in the economic sphere, detect and prevent economic offenses.

2. Viewing and bringing in conformity legislative and normative acts that regulate the economic and financial activity of enterprises. Simplification of the system of tax, customs and economic legislation will make it more transparent and understandable for both subjects of entrepreneurial activity and other users, and for representatives of state regulatory agencies. The presence of clear and unequivocal legislation would eliminate the possibility of its interpretation for the benefit or detriment of those or other businesses.

3. In the near future to develop and implement a system of full control not only and not so much of incomes of legal and physical persons, but real expenditures of all without exclusion physical persons – citizens of Ukraine and compliance of their living levels with the declared and taxable profits. Any shady schemes, any economic crimes are carried out with one aim of tax avoidance and enrichment of certain physical persons rather legal persons. Today Ukraine has developed a functioning

system of control of incomes of firms, companies and enterprises, but the end-consumer of benefits – a physical person is a subject to the control system only occasionally – in the part of revenues. The control of exactly expenditures of physical persons will allow exposing and bringing out of the «shadow» a significant portion of the funds.

4. Make a series of measures to promote financial and social protection of officials of state regulatory agencies. Effectively protect the state rather than private interests can only the person whose material and social interests are reliably protected by the state. At the same time high social status of civil servant will allow demanding from employee's integrity and accountability in course of duty and will provide reducing the level of corruption in state bodies, including in those engaged in financial and customs and tax control.

Improvement of the system of state control in these areas will allow making it really effective and enhancing the role and effectiveness of the public administration system.

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Yana Orlenko,
PhD. in Economics,
Postdoctoral Fellow, Associate Professor
Academy of Municipal Management

**PRIORITY AREAS OF IMPROVING THE SYSTEM OF
STATE REGULATION OF BUSINESS IN THE MARKETS OF FOOD PRODUCTS**

Annotation

In this article the priorities for the improvement of state regulation of business in the markets of food products are identified; the macro- and microeconomic factors that influence the development of food markets are revealed; the priority objectives of state regulation of business in the food markets in the medium term are determined.

Keywords: state regulation, food safety, food markets, management.

Анотація

В статті визначені пріоритетні напрями вдосконалення системи державного регулювання підприємництва на ринках продовольчих товарів; окреслено макро- і мікроекономічні чинники, що впливають на розвиток продовольчих ринків; обґрунтовано пріоритетні цілі державного регулювання підприємництва на продовольчих ринках на середньостроковий період.

Ключові слова: державне регулювання, продовольча безпека, продовольчі ринки, управління.

Аннотация

В статье определены приоритетные направления совершенствования системы государственного регулирования предпринимательства на рынках продовольственных товаров, изложены макро- и микроэкономические факторы, влияющие на развитие продовольственных рынков; обоснованы приоритетные цели государственного регулирования предпринимательства на продовольственных рынках на среднесрочный период.

Ключевые слова: государственное регулирование, продовольственная безопасность, продовольственные рынки, управление.

Introduction

The current state of food markets and food security reaffirms the fact that the market self-regulation does not provide a way out of crisis as well as the increase of production of food products. The sharp reduction of government intervention has led to a disruption of inter-branch relations, disparity in prices for agricultural and industrial production, decline in agricultural production, and reduction of the tax base. At each stage of development of food markets there are the set priorities, material and financial support for their implementation required. These priorities are: improving the efficiency of agricultural production, quality status and level of productive capacity, the use of scientific and technological progress and marketing [5, p 6].

The main purpose of this article is to identify the priorities for the improvement of state regulation of business activity in the markets of food products.

Analysis of recent research

The problem of ensuring food security is the focus of a large number of scientists, including

L. Abalkin, E. Borisenko, A. Varchenko, V. Geys, O. Hoychuk, S. Demyanenko, A. Kochetkov, R. Markov, P. Sabluk, I. Svidersky, O. Shebanina and others. However, some related issues are still not fully explored.

Statement of research objectives

– to identify priorities for the improvement of state regulation of business in the markets of food products;

– to determine macro- and microeconomic factors that influence the development of food markets;

– to justify the priority objectives of state regulation of business activity for the food markets in the medium term.

A necessary condition of ensuring the safety of the food markets is the legally docked food policy.

Results

For the accomplishment of purposes and principles of food policy, the following methods of state regulation are being applied:

– special tax regimes applicable to the subjects of agro business market;

- procurement, storage, processing and marketing of agricultural products and food products for the public use;
 - setting of the minimum and maximum threshold (guaranteed) intervention prices for agricultural products and food;
 - customs regulation, taking into account the specifics of the food sector;
 - tariff and non-tariff regulation of imports and exports of agricultural products and food, support of the exports of agricultural products and food;
 - providing subsidies, subventions, guarantees and compensations to agricultural producers and other actors in the food market and other forms of budget financing;
 - state investments;
 - technical regulations, licenses and other types of restrictions;
 - risk management in agriculture, related to the specifics of food sector.
- Encouraging the development of institutions and infrastructure on the food market, including the system of cooperative crediting through land mortgage, leasing of the equipment, insurance;
- antitrust regulation, measures to address the administrative, regional and technical barriers in the agricultural sector;
 - programs for the sustainable rural development and conservation of natural resources and natural landscape;
 - informational support and advisory services provided to the subjects of the food markets;
 - measures targeted at financial recovery of agricultural producers, including the restructuring of their debts.
 - promoting the scientific and technological progress and innovation in the industrial complex;
 - other instruments of state control as provided by the current legislation of Ukraine.

It should be noted that the economic security of food markets is a macroeconomic problem. It is related to the efficiency of social production, the level of differentiation and income, unemployment. Consumption growth is possible only with macroeconomic stabilization and growth in real incomes, and not through redistribution of land, as it is recommended by international organizations regarding developing countries.

It should also be underlined that the development of food markets affect macro-and microeconomic factors. The macroeconomic ones include: budget, tax, monetary, sectoral, foreign

trade and also the problems of economic and food security of the state.

The microeconomic factors include problems of insolvency and financial recovery in agricultural sector [4, p. 64].

All these problems are closely interconnected with each other. Let us consider the macroeconomic factors and problems of the food markets.

1. The budget problem is to determine the optimal level and structure of budgetary support for agriculture and other agricultural enterprises.

2. To the tax problems should be counted in the significant tax burden (even setting a fixed agricultural tax, calculated per unit of land is not sufficient to restore financial stability of agricultural enterprises).

3. Monetary problems during the period of adjustment negatively affected the food markets. The replacement of the normal cash payment by the natural «barter» was not in favor of the food market and, in fact, excluded the development of the market mechanism. After the 1998's default situation slowly began to get corrected, but the credit, especially the long-term one, continued to be unavailable for farms.

4. Intersectoral cooperation. Currently, there are so called «price scissors» for the agricultural and industrial products and services. Since 2000, the ratio of prices relative to agricultural products constantly deteriorated, primarily due to accelerated growth of prices for electricity and petroleum products. As the result, the share of agricultural raw materials in the final price of products is constantly decreasing.

5. Foreign economic relations affect the food markets of Ukraine very much due to their unreasonable openness to imported goods produced in a better climatic conditions, with the help of higher technical equipment and high level of economic support.

6. Microeconomic problems arise at the level of interaction between farmers as the producers of the food products and the food market. One difficult problem is the insolvency of agricultural enterprises that incurred during the years of reforms. Currently, the market of food products became the object of high attention from the side of investors who buy or lease the enterprises of food industry and apply modern technology in their activity. Such formations, mainly in the form of holdings, are already operating successfully in the regions with the most favorable climatic conditions.

7. The problem of manpower in the market of food products is becoming more acute. It should be ideally solved in conjunction of the state, regional bodies of government and the businesses enterprises themselves.

8. Environmental issues. Today there is the problem of maintaining and increasing the soil fertility, conservation of water and forests.

An independent problem is the legal framework for the formation and operation of the information about the state of the food market, because its specifics is that it must be accurate and provided to the participants of the market process for free.

Currently there is no legal basis to restrict the release of economic entities in the information space. This allows large operators to go into media and pursue their own corporate goals while misleading the public about the real situation on the market. This results in the excessive demand for products and the higher prices. Similar actions in a civilized market are not allowed.

With the adoption of the relative law the set of measures aimed at creating a competitive environment and equal access to information for all agents of food markets would be fixed.

The system of state information support of the food sector is based on the principle of equal access to the revenues of this information to the subjects of the food market. In order to implement this principle the rules about posting the information on the website of the authorized body of executive power and its dissemination through the media without restrictions and for free are being introduced.

The stability of food supply is determined by the well-being of the country. In terms of political autonomy and economic instability due to the reduction of agricultural production, raw materials and food, their role becomes a priority. Despite to the diversity of ways and mechanisms to solve the food problem, the most important trend is achieving the stability of production through the sustainable development of national agriculture.

Thus, the strategic goal of the food security is to secure the population with sufficient agricultural products and food. The guarantee for its achievement is the stability of domestic production and the availability of the necessary provisions and reserves.

The main objectives of food security, regardless of the changes in external and internal conditions are the following:

– timely prediction, detection and prevention of internal and external threats to the food security, minimizing their negative effects through the constant readiness of citizens to ensure food and the formation of strategic stocks of food;

– sustainable development of domestic production of food and raw materials which is sufficient in order to ensure the food independence of a state;

– achieving and maintaining physical and economic access of every citizen of the country' to the safe food in the volume and range, corresponding to the rational norms of consumption of food needed for an active and healthy lifestyle;

– ensuring food safety through certification of food products [2, p. 22].

Given the risks and threats to food security of Ukraine, we would like to offer the following priority areas in improving the system of state regulation of business.

1. In the area of economic access to the food products for all categories of the population the special attention should be given to solving problems by the means of reducing poverty and providing priority support to the most vulnerable population, as well as healthy nutrition for pregnant and lactating women, infants, children of preschool and school age, in schools and in other establishments of the social sphere.

2. In the part of physical accessibility of food: to develop inter-regional integration in the sphere of food markets and food security, to use the mechanisms of support of the regions that are located in areas of low food production or caught in the extreme situations more efficient, to improve the transport accessibility in remote areas for the uniform and steady food supply to the population, to create conditions for increasing the number of objects of trade infrastructure and catering of various types.

3. In the part of the formation of the state material reserve the range of the relevant material values and norms of the problem should be determined.

4. In order to ensure the food safety the control in this area should be organized and carried out in accordance with the legislation which exists in the spheres of agricultural, fishery products and food, including imported, at all stages of production, storage, transport, processing and sale.

5. To exclude the uncontrolled proliferation of food products derived from the genetically

modified plants using dietary modified microorganisms and organisms that are genetically modified counterparts.

6. To continue harmonization with the international requirements of food safety indicators based on the fundamental research in the field of scientific study.

7. To improve the control of food safety by the means of certification of food products, including the establishment of modern technical and methodological basis for it.

In the field of producing agricultural and fishery products, raw materials and food products the state support should concentrate on these areas:

- the increase of soil fertility and productivity, the expansion of the agricultural crop due to the unused arable land, the reconstruction and building of the reclamation systems;

- the accelerated development of the livestock;

- the expansion and more intensive use of the aquatic biological resources and new technologies of industrial growth;

- the creation of the new technology of deep and complex processing of food raw materials, the methods of storage and transportation of agricultural and fishery products, the development of scientific potential of agricultural and fishery facilities, the support of the new research directions in the sphere of adjacent fields of science and implementation of measures aimed at preventing the outflow of highly qualified scientific personnel;

- the increase of the pace of structural and technological modernization of the agricultural and fishery facilities, the reconstruction of the nature-ecological potential;

- the development of the system of training and re-qualification of the staff which is able to implement the objectives of the innovative model of the development of agricultural and fishery facilities taking into account the requirements of food security;

- the improvement of the mechanisms of regulation of the market of agricultural and fishery products, raw materials and food products in terms of increasing the efficiency and eliminating the price distortions in the markets of agricultural and fish products and material-technical resources;

- the improvement of the efficiency of the state aid into the branch by paying special attention to creating conditions for financial stability and solvency of the producers.

In the sphere of foreign economic policy the following must be provided:

- operational measures of customs and tariff regulation for the purposes of rationalizing the ratio of exports and imports of agricultural and fishery products, raw materials and food;

- active use of safeguard measures during imports of agricultural and fishery products, raw materials and food, and in cases of dumping and the use of subsidies during their export to foreign countries;

- effective operation of the sanitary, veterinary and phytosanitary control taking into account the international rules and standards;

- gradual reduction of the dependence of domestic agricultural and fishery complexes from the import of technology, machinery, equipment and other resources.

The formation of the foreign economic policy must be in compliance with the criteria set out in the Law of Ukraine "On food security of Ukraine."

The actions of the state and society in connection with ensuring food security should be based on comprehensive objective analysis and forecasting of food situation in the country.

The mechanisms of food security are being developed and implemented as the most important part of the state's forecast of the programs of socio-economic development of Ukraine, as well as special programs of agricultural development of the country.

The results of the proposed priorities for the improvement of the system of state regulation are necessary to be analyzed according to the following complexes (indicators) that were built into four categories: food, agriculture, agricultural, trade.

The food unit includes such factors as:

- p norms of consumption per capita;

- the structure of consumption, calculated on the basis of effective demand, given the actual consumption of own and imported goods;

- an indicator of consumption, calculated as the ratio of the structure of consumption of own and imported goods to the total physiological needs of the population;

- food self-sufficiency rate, calculated as the ratio of consumption of own products to the physiological needs of the population [1, p. 4].

The agricultural unit includes:

- i of the potential that can be defined or based on actual achieved output, or by using the method of analogues – the rate of potential increase in production under the condition of the use of modern technology;

– the rates of performance of agriculture (gross output of 1 hectare, gross output per 1 employee, cereal yields of 1 hectare, productivity per unit of livestock feed; capital return, the number of people that the farmer can feed, etc.);

– consumer basket of the manufacturer – an indicator that shows the costs of a particular kind;

– profitability of production (calculated on the basis of the previous figure as it is the indicator of the need of this particular type of production for the state support;

– the level of subsidies into agriculture;

– the ratio of wages of agricultural producers and the average wage in the country as the reflection of the potential labor force activity of agriculture.

Within the agricultural unit should be distinguished:

– the structure of production costs (material, labor costs, depreciation and other costs) and its comparison with the developed standards;

– the balance of production and marketability factors, the use of products for different purposes, losses. Based on the evaluation of losses inherent in the entire APC, the measures of the structural policy aimed at reducing the costs of food producing can be developed and justified;

– price ratio: factor – the product, product – product, factor – factor;

– definition of the agricultural wholesale and retail prices (due to the structure of the retail price).

The foreign economic trade block includes the following indicators:

– the share of imports in the consumption of food (food import dependency);

– the balance of import and export of agricultural products;

– the ratio of domestic and world agricultural and wholesale prices;

– the assessment of the possible damage caused from trade liberalization of agricultural products and food not only to farmers but also for the end users due to the measures related to import restrictions;

– a group of indicators related to the annual fluctuations in the production of crops by the region, country and around the world; the production of livestock products by the region, country and worldwide; providing animal feed industries in regions, countries and around the world, providing food products by the region, country and around the world; prices for different types of agricultural products and food.

Based on the current conditions prevailing in the market of food products, today's problems of the

functioning of this market, its vitality, that requires the resolution at the regional and state level, the following priority objectives in the medium term are highlighted:

1. The stabilization of the fiscal, monetary and pricing policies of food markets.

2. Enhancing market and other institutional changes in the field of food markets.

3. Scientific study and innovation projects for the creation and implementation of the resource technology, environmentally friendly product.

4. The creation of organizational and economic conditions for investment and innovation in agriculture.

5. Programs and mechanisms for the modernization of production, restructuring of the agricultural enterprises.

6. The programs of the sustainable development of the regions according to the food security indexes.

Conclusions

The governmental regulation of business in the sphere of food markets under the modern conditions of the existence of society is an objective necessity. But creating an effective system of this regulation is an extremely complex issue, as it is evidenced by the years of experience.

Therefore, the objective of the state regulation is the development of an optimal combination of market and state intervention in achieving the main goal - a comprehensive account of the interests of the society as a whole.

It should be noted that in areas such as development of rural infrastructure, agricultural research and education, information provision, crediting, the regulation of the market of foreign trade, the undisputed leading role lies on the government regulations. At the same time, maintaining the state of prices and incomes requires a differentiated approach.

Major difficulties in developing the effective system of state regulations creates a subjective approach of the legislative bodies in the process of formation of the food policy that is inherently presented in Ukraine, where many politicians decide upon the issues affecting the fate of millions of people and the entire state.

It is very important, as the experience of foreign countries shows, to maintain the principle of voluntariness while developing the mechanism for regulating the food market. The freedom of choice of the manufacturer cannot be restricted.

Compliance with the strategic goals is very important during the process of forming a system

of effective state regulation. This choice of the right strategy, given the macroeconomic situation not only in the country, but in the world, could be decisive.

The policy of state regulation of the market of food products must be integrated. All its programs and mechanisms should focus on achieving the

overall goal, not contradict each other, unlike other sectors of the economy of Ukraine, the food market is not just a market. It is the production, social and cultural sphere, the basis for the substantial part of the population that historically formed over the large areas of Ukraine.

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CONCEPTS AND CHARACTERISTICS OF BANK AS A MAIN ELEMENT OF THE
BANKING SYSTEM

Annotation

Concept and characteristics of bank are defined. The peculiarities of bank in comparison with other financial institutions are explored.

Keywords: banking system, activity, law, credit organization, market economy, financial institution.

Анотація

Визначено поняття та ознаки банку. Досліджено особливості банку в порівнянні з іншими фінансовими установами.

Ключові слова: банківська система, діяльність, закон, кредитна організація, ринкова економіка, фінансова установа.

Аннотация

Определено понятие и признаки банка. Исследованы особенности банка по сравнению с другими финансовыми учреждениями.

Ключевые слова: банковская система, деятельность, закон, кредитная организация, рыночная экономика, финансовое учреждение.

Introduction

Noting the important contribution of many scientists in developing various aspects in the field of bank activity, you can not state the fact that in the conditions of transition to market economy many categories are conceptualized in new ways, including the term «bank» and determination of its role in the banking system. However, the presence of many, often contradictory, views on this issue requires investigation not of a random set of issues that characterize banking, but of answers to specific questions raised by methodology. The first definition of «bank» appeared in the Law of Ukraine «On Banks and Banking». According to the Article 3 of this Law banks are defined as institutions, whose function was crediting subjects of economic activity and citizens through attracting funds of companies, institutions, organizations, population and other credit resources, cash and settlement services of the national economy, implementation of foreign exchange and other banking operations. This definition was too broad. This is because, first of all, 16 such operations were noted in the Law, but it was not specified whether the bank should perform all these operations or only one of them in order to obtain the appropriate status of the structural element of the banking system. This gave an opportunity to interpret the term «bank» and the field of bank activity too broadly. Therefore, there was no clear

legal boundary between banking and non banking financial institutions.

Analysis of recent research

Works of G. Bashnyanyn, A. Vovchak, A. Halchynskiy, O. Dzyublyuka, M. Kozoriz, O. Kopylyuk, A. Kirichenko, A. Moroz, S. Mochernoho, A. Petrick, M. Savluk, T. Smovzhenko, M. Surzhynskoho, S. Reverchuka, S. Horunzhny, T. Chernychko, V. Yushchenko and others are devoted to the problems of regulating the banking system of Ukraine under conditions of transition economy.

Statement of research objectives

- to define the concept and characteristics of the bank;
- to investigate the peculiarity of the bank compared to other financial institutions.

Results

In 1993, changes and amendments were made to the Law under which non-bank financial institutions were forbidden to open accounts, accept deposits, and carry out payments and credits. So they were considered purely banking activities and, therefore, other financial institutions were not allowed to be engaged in it. But even these changes and amendments did not finally solve the question of what the Ukrainian legislation means by the term «bank». Is it an institution, which performs named above four operations, which are forbidden

for non-banking institutions or only one of them, or any of the 16 operations listed in the Article 3 of the Law of Ukraine «On Banks and Banking» from March 20th, 1991. The requirement for the bank about the deposit insurance, as it was done under the U.S. law in the Ukrainian law was not even mentioned.

Second of all, definition of the concept «bank» from the perspective of the law was not entirely successful, because organizations that were created by the owner to carry out managerial, social, cultural and other functions of noncommercial character, and that were financed by him fully or partially were traditionally understood in the law as institutions. Thus, the legal nature of bank as the main element of the banking system remained not entirely clear. In addition, the legislation allowed institutions that were not banks by defining them as «other credit institutions to perform certain banking operations».

Definition of the concept financial and credit institution appeared much later in the Law of Ukraine «On the National Bank of Ukraine.» Concept of «credit institution» was used separately, although in the glossary of this Law the term «bank» was defined through the concept of legal person, who carried out activities on attracting deposits from physical and legal persons, maintaining accounts and providing loans on its own conditions based on the license of the National Bank of Ukraine. According to A. A. Selivanov, «the distinctive features of the banking institution are sometimes ignored in the legal sense, as evidenced by the terminology of some laws, in which the term «banks» are covered by general definitions, such as economic entities» [1, p. 46].

All mentioned above shortcomings were due to transition the economic situation in which the Ukrainian banking legislation arose. They were also caused by the fact that there had been a lack of theoretical study of this issue. Especially important is the fact that over time an understanding of bank acquires a new meaning that reflects its place in society and in the state, and in the banking system. With good reason known representative of the Russian pre-revolutionary law school M. Agarkov emphasized that there is no such logically correctly constructed definition that would exactly conform to the notion that is meant while using the term «bank».

In the dictionary edited by Professor A. Gorbunov term «bank» is also viewed through the concept of «credit institution», which has the exclu-

sive right to perform certain banking operations in the aggregate [5, p. 25].

Characteristics of the bank as a credit institution envisage revealing the range of operations that the bank has the right to exercise. At the same time, based on the above, the concept of a credit institution should be broader because it covers both banks and non-banking credit organization. Moreover, bank acts as if the most perfect credit organization. This is because it can carry out any activities such as bank and non-bank activities. Non-banking credit organizations can carry out any banking operations, except of those which by the law are related to the competence of the bank. This means that the term «bank» includes the term «credit institution» next to the term «non-bank credit organization», with which they form this common definition.

The question of what means the notion «bank» in the U.S. banking legislation also remains controversial. So, American scientist P. Rose characterizes the bank as a financial institution that offers a wide range of services [14, p. 3].

After analyzing different views on the nature of a bank, scientists-economists concluded that bank is a «special credit and financial company that carries out a variety of operations in particular, provides main basic functions, in the process of implementation of which, as well as of appropriation of available assets in it, occurs a certain set of production relations between different economic entities to generate income primarily the appropriation of profits» [12, p.7].

As we can see scientists-economists define the concept of bank in different ways:

The first ones call the bank an institution, the second – a credit institution, the third – an institute, the fourth – a financial and credit institution, the fifth – a credit and financial enterprise, the sixth – an associate legal category of «bank» with the statute and permissible banking activity. And sometimes the term «bank» is defined by listing certain functions performed by it, most frequently identifying functions of banks with certain areas or types of their activities and sometimes just with some transactions.

Identification of the bank as any institution that accepts deposits that the depositor may lawfully withdraw on demand, and which carries out activities to provide commercial loans, means limiting the subject of banking activities to just these functions. Many banking services remain outside the scope of banking activities with such a nar-

row approach. There are many organizations and institutions, which on the basis of permits may grant commercial loans, but they avoid defining themselves as banks. Hereby, they do not violate the law, but also have no legal basis for classifying themselves as «banks».

Analyzing scientific researches of the term «bank», it can be said that this issue is not as simple as it seems at first glance.

Words that were similar to the word *bank* and marked different concepts in the field of monetary circulation entered most of European languages almost simultaneously in the era of development of trade in the medieval Europe.

In his monograph A. P. Orlyuk points out that there are different approaches to the definition of «bank» in the Central European and Anglo-Saxon system of law [13, p. 6]. Countries belonging to the continental system of law consider banking institution through a set of functions performed by it. Countries of Anglo-Saxon system of law, unlike continental countries moved away from the traditional approach in defining the banking institution. For example, in English law the emphasis on the concept of «bank» moved to the regulation of banking activities, i.e. rules (for example, conditions of contracts), which are used in banking practice [2, p. 6].

Concept of the credit institution in the EU legislation was approved by the First Banking Directive. All of the following EU regulations, which related to issues of regulation of credit institutions, came out from the concept of «credit institution» provided by the First Banking Directive [16]. According to the First Banking Directive, company is recognized as the credit institution if its activity is in taking deposits or other funds from the public with mandatory return and providing loans at its own expense. This definition is based on the classic comprehension of the term «bank» in the law of continental Europe as an institution that is constantly engaged in adoption deposits and granting loans.

Based on this definition, A. A. Vishnevsky concluded that in order to the enterprise to be seen as a credit institution, it must meet three criteria [3, p. 28]: 1) acceptance of deposits and other funds by the credit institutions with mandatory their return; 2) acceptance of deposits should be the principal activity of such enterprise; 3) enterprise is only then a credit institution when its activity is connected not only with acceptance of money with their further return, but also with credit exposures

at its own expense. The author believed that this approach was too broad to determine the bank. Moreover, «European banking reality in the part of subjects of banking activities was such that much of the institutions remained outside the definition, such institutions that provided services traditional to banks, but did not fall under the definition of credit institution, provided by the First Banking Directive» [3, p. 28].

Of course, it could not be considered as the imperfection of the First Directive. This once again proved the fact that difference in the banking legislation of various European countries and in the forms of organization of banking business in these countries is so huge that it could not be overcome only by one Directive. The First Directive was seen as first a step towards the harmonization of banking law in Western Europe, as was pointed out in its preamble: «given the extent of these differences (differences between the banking laws of states – members of the EU), the conditions necessary for a common market for credit institutions can not be created by adopting one Directive.» As a result, the need for harmonization of banking law in the EU was proclaimed.

With the adoption of the EU Directive from the 20th of March, 2000 much earlier Directives (and including the First one) became invalid. Directive 2000/12/EC of the European Parliament and the Council of the 20th of March, 2000 (as amended by the Directive of the European Parliament and the Council 2000/28/YEES from September 18th, 2000) [15, p. 23] laid the foundation of the main legal principles of banking.

«Credit institution» is considered by this Directive:

1) subject of entrepreneurial activity, activity of which is to receive deposits or other funds from the public on a returnable basis and grant credits at its his own expense, or

2) institution which conducts electronic money within the meaning of the Directive 2000/28/YES of the European Parliament and the Council from 18th September, 2000 regarding its establishment and its conduct by institutions conducting electronic money of prudential supervision.

In order to introduce supervision on a consolidated basis, the credit institution is a credit institution, as well as any business entities or government agencies that meet the definition of credit institution and which are licensed to operate in a third country.

In order to introduce monitoring and controlling over great risks, the credit institution is a credit

institution, as defined in the definition, including branches – structural units of credit institution in third countries, and any business entities or government agencies, including their affiliates that meet the definition of credit institution and which are licensed to operate in a third country.

Financial institution, based on the above mentioned Directive, is a subject of entrepreneurial activity that is not a credit institution, main activity of which lies in acquiring participation in a financial institution or implementing one or more types of the activities specified in paragraph 2.12 of Appendix 1 (including providing loans, financial leasing, money transfer services, issue and maintenance of means of payment – credit cards, traveler's and bank checks, etc.).

Law of Ukraine «On the National Program for Adaptation of the legislation of Ukraine to the legislation of the European Union,» identified a mechanism for Ukraine to achieve compliance with the third Copenhagen and Madrid criteria for membership in the European Union [13, p. 6]. This mechanism involves the adaptation of legislation and creation of appropriate institutions necessary for effective law creation and law enforcement. EU Common Strategy on Ukraine supported the process of economic reforms in Ukraine and the gradual approximation of Ukraine to the EU legislation in certain priority areas, including the banking law.

Thus, taking into account all of the above, let us try to define the term «bank» by highlighting above all its main characteristics.

Some scholars have identified the contractual nature of the relationship between the bank and its customers as the main feature of the bank. But it should be noted that the bank compared to other business entities has some powers of an administrative nature that do not allow defining the legal nature of the relationship between the bank and the client fully as a negotiated one.

We consider the proposal to see the bank as an enterprise that provides a specific kind of services - banking services or as an enterprise of a special type as more correct definition. But it is precisely here it is necessary to consider the fact that banking services can be provided by not only banks but by other financial institutions. In this connection there is a need for clear delineation of these concepts.

It is known that money serve as the main financial tool of banking activities. The article 99 of the Constitution of Ukraine stipulates that the

monetary unit of Ukraine is the hryvnia [11]. Banks must make payments and do calculations in the territory of Ukraine only in local currency.

A. P. Orlyuk states: «If in normal activity of the enterprise funds serve mainly the role of means of payment, in banking activity the money itself serve as a commodity. This peculiarity of the banking enterprise makes it so unique that it objectively requires special legal regulation which differs from the general laws on enterprise.» As noted by O. P. Orlyuk, «currently banks are among the oldest and the largest financial intermediaries by assets.» I. B. Zaverucha offers also to consider the bank as a special category of businesses - financial intermediaries. As the author states, «financial intermediation envisages attracting funds from investors (depositors) and investing (attachment) of funds with the purpose of making profit. Financial intermediaries are deployed between the investor and the end user of investment. Investors in financial intermediation enter into a relationship only with the agent, not with the company or project in which funds are invested». [6, p. 34]

Economic Code of Ukraine, adopted on January 16th, 2003, financial intermediation regards as activities relating to the receipt and redistribution of financial assets. As indicated in the Code, «financial intermediation is carried out by banks and other financial-credit organizations» [4].

Today the bank as a legal category is reflected in the Article 1 of the Law of Ukraine «On Banks and Banking Activity». According to it the bank is defined as a legal entity which has the exclusive right based on the license of the National Bank of Ukraine to exercise in the aggregate the following operations: attracting funds of individuals and legal entities into deposits; placing these funds on its behalf, on its own terms and its own risk; opening and maintaining bank accounts of physical and legal persons [9].

For the first time in a new version of the Law of Ukraine «On Banks and Banking Activity» the legislator determines the priority role of the basic operations and the fact that only banks can exercise them in the aggregate. Exactly the combination of these three operations: deposit operations associated with the involvement of money in deposits, credit and payment operations reveal the main features of the bank, because some of these operations can be carried out also by non banking institutions.

Some inconsistency was with the notion of a financial institution in the current legislation. For instance, in accordance with the Article 1 of

the Law of Ukraine «On the National Bank of Ukraine», the financial institution was seen as a legal entity that carried out one or more operations that could be carried out by banks, except attracting deposits. Wider meaning was given to the concept of financial institution in the Article 1 of the Law of Ukraine «On Financial Services and State Regulation of Financial Services Markets». According to the Law a legal entity that provided one or more financial services and was included in the relevant registry is recognized as financial institution [8]. On January 10th, 2002 the Parliament adopted the Law of Ukraine «On amending some legislative acts in relation to the adoption of the Law of Ukraine «On Banks and Banking Activities» [10]. As a result the term «financial institution» is excluded from the Law of Ukraine «On the National Bank of Ukraine.» Currently this issue is regulated by the Law of Ukraine «On Financial Services and Regulation of the Market of Financial Services.» We believe that in any case, the main feature of the financial institution is a provision of financial services, which is subject to the receipt of the appropriate legal status and permission to implement them.

Thus, bank is a financial institution, which under the NBU license has the exclusive right to carry out in aggregate deposit, credit and payment operations. The peculiarity of the bank compared to oth-

er financial institutions lies in the fact that the bank is a major financial institution, which is designed to carry out banking activities, which has an exclusive character. At the same time all other financial institutions are mainly specialized organizations that perform a defined range of banking transactions depending on their legal status. Legal category of «banking operations», which reveals the contents of their activities and which we will also try to explore, is an integral part of such concepts as «bank» and «financial institution».

Conclusions

Thus, based on the conducted research, we can conclude that the main features of the bank include:

- 1) bank as a legal entity may be a state institution or a subject of commercial activities aimed at making a profit;
- 2) bank is created in the form of open joint stock company or cooperative bank;
- 3) bank not only carries out banking operations, but also in aggregate exercises such banking operations as deposits, credit and payment;
- 4) bank is obliged to have statutory fund (capital);
- 5) bank has a special competence, i.e., it makes a profit only by means of defined operations;
- 6) bank operates under a license issued by the NBU;
- 7) bank is a key element of the banking system.

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Section 2.
**PUBLIC ADMINISTRATION AT NATIONAL AND
REGIONAL LEVEL**

УДК 354:353:352.07

Oleksandr Onyschenko,
Ph.D. candidate,
Academy of Municipal Management

TOOLS OF ACTIVATION OF RESOURCE & INNOVATION ACTIVITY OF THE STATE

Annotation

The main goals of modern innovation policy of the country and its regions are defined. The model of innovation development, which includes levers and mechanisms for accelerating scientific and technological progress, is formed. Priority directions of innovation development are identified.

Keywords: globalization, innovation policy, tool of activation, mechanism, priority areas.

Анотація

Визначено головні цілі сучасної інноваційної політики країни та її регіонів. Сформовано модель інноваційного розвитку, яка включає важелі та механізми прискорення науково-технічного прогресу. Визначено пріоритетні напрями інноваційного розвитку.

Ключові слова: глобалізація, інноваційна політика, інструмент активізації, механізм.

Аннотация

Определены цели современной инновационной политики страны и ее регионов. Сформирована модель инновационного развития, которая включает рычаги и механизмы ускорения научно-технического прогресса. Определены приоритетные направления инновационного развития.

Ключевые слова: глобализация, инновационная политика, инструмент активизации, механизм.

Introduction

The economic feasibility of an innovative model of economic development is based on a combination of qualitatively new progressive changes, which in the conditions of limited resources and high production costs positively affect economic development taking into account global changes in the international market.

The implementation of strategy of regional development on the basis of innovative activity is an integral part of an integrated socio-economic system of market economy and is considered in the context of its overall reform in the direction of formation of investment and innovative model of management.

Analysis of recent research

Research of innovation issue is reflected in many sciences. For example, linguists see in the concept of «innovation» change, renewal, novelty, innovation; philosophers focus on obtaining new knowledge and resolving contradictions; psychological interpretation focuses on conflict, ways of conflict resolution, synergies, which are reached by the innovators. At the same time technical understanding is presented by the technological problem of change of fundamentally new technologies.

As the economic category innovations are systematized and presented: as a process (B. Twist, T. Bratan, B. Rapoport, B. Santo, S. V. Valdaytsev et al.); as a system (N. I. Lapin, J. Schumpeter) as a change (F. Valenta, J. Yakovets et al.); as a result (A. Levinson, S. D. Beshelyev, F. G. Gurevich, R. A. Fatkhutdinov, E. O. Utkin et al.)

Statement of research objectives

- to identify the main goals of modern innovation policy of the country and its regions;
- to form a model of innovative development, which includes levers and mechanisms for accelerating scientific and technological progress;
- to identify priority directions of innovation development.

Results

The main advantage of innovative activity is a focus on creative abilities of people, their intellect; investment of capital in improving the creative potential of the individual.

Name of the famous Ukrainian scientist M. I. Tugan-Baranovsky, who linked the phases of cycles with the need to upgrade production facilities, is rightfully among scholars who enriched the theory of innovation. In particular, it

is his assertion that the initial phase of the capitalist cycle is characterized by increased demand for capital goods, and the downward phase – the weakening of demand for them [6, p. 3]. Fundamental concepts of innovation economic theory have been developed by foreign scientists. In particular, J. Schumpeter, V. Zombar, V. Micherlić argued that the entrepreneur – the innovator – is the main vehicle of scientific and technological progress, used innovation as a means of obtaining a higher profit.

The development of the modern theory of innovative activity is accepted to distribute into five stages: classical theory of innovation; theory of long waves by M. Kondratyev; Neoclassical (the «post Schumpeter») theories; acceleration theory, socio-psychological theory. The theory of long waves by M. Kondratyev proves the existence of stages of economic growth and decline (crisis) with an interval of 40-60 years connected with significant inventions, change of technological paradigm. Representatives of the «post Schumpeter» theory in accordance with it divide innovations for such that provide creation of new branches of industry and aimed at improving the production of apparatus of operating productions [2, p. 51]. Socio-psychological theory is interesting in view of the priority of human relations in the management of innovative activities. Its strength is in determining the degree of the first priority of a personality, behavior, and education level, analysis of social and psychological, organizational and sociological factors.

It is impossible to disagree with the thought of E. V. Mekhanik that «innovations are a special phenomenon in the form of the final result of research works, implemented in social practice. As a result of the combination, integration, merge of some of its parts into a single system of management, due to systemic effect and their rational use, it contributes to the emergence of new properties that each separate element does not have. But separate elements all together combine the unique features of the synergetic effect. As a consequence it ensures obtaining over profits at the micro - and macro levels and achieving the appropriate level of economic and social growth of the national economy of any country». [5, p. 8]

Legislation of Ukraine in the field of innovation is based on the Constitution of Ukraine and consists of the Laws of Ukraine «On investment activity», «On innovation activity», «On science and scientific and technical activity», «On spe-

cial regime of innovation activity of technological parks», «On the priority directions of development of science and technology», «On priority directions of innovative activity in Ukraine» and other legislative acts regulating social relations in this area.

Domestic methodology of disclosure of nature of innovation in the conditions of open economic system is based on international practice, which defines innovative activity through the lens of technological innovation, creation of new or improved existing product, perceptible by market demand.

Financial supports, implementation of favorable credit, tax and customs policy in the sphere of innovative activity are among the fundamental principles of state innovation policy according to the Law of Ukraine «On innovation activity» [4].

The need for state regulation of innovation processes is determined by the growth of competition in the global world space as well as the state of the national economy, which requires: positive structural changes in its sectoral structure; intensification of the use of existing scientific and technical potential; reduce of the material consumption and energy-intensive production; ecologization of production and rational use of natural resources; further growth human capital.

A characteristic feature of the present Ukraine's transition is the fact that the world economic system demonstrates further increase of contradictions between increasing globalization on the one hand, and updating the regional aspect - on the other.

It is known that globalization processes are connected with the expansion and the deepening of integration connections, internationalization of all spheres of social life, and regionalization on the contrary includes search of competitive advantages of the development of national economic systems. At the same, the level of economic development of each country is directly determined by the development of science and technology and the extent of their use that is the level of innovative activity, which affects almost all aspects of national development and also defines the country's place in the world economy.

Directive economic model, which had been dominating the post-Soviet space for a long time, left its mark on the present state of innovation management.

It is evident in the fact that most managers tend to sectoral approach in this area, do not use the possibilities of national fundamental and applied science, and do not consider the mechanisms that are characteristic of highly developed countries.

The main goals of modern innovation policy of the country and its regions are in the formation of a new model of innovative development, which includes levers and mechanisms of accelerating scientific and technological progress, determination of its priorities, increase of the investment activity of economic entities, industries, regions and state in general.

Organizational-economic mechanism of innovative development must be based on an innovative strategy that can have such a character in relation to innovation: use of the available foreign scientific and technological potential through the purchase of licenses on highly effective technologies for the development of production of new generations' products; adopt and develop the production of high technology products, which were previously produced by the industrially developed countries, based on the usage of the national production potential and cheap labor force; increase own scientific and technical potential, use the results of fundamental and applied science to create new products and technologies, build a new model of innovation development of the state.

Foundations for innovative development, which are based on activities that are characterized by a set of technological, industrial and commercial measures leading to the launch of new production processes and equipment, are formed in Ukraine [1, p. 383].

It is characteristic that these measures should be implemented comprehensively considering the fact that innovations can be produced only under conditions when there is a demand for them in the economy, but at the same the scientific sphere needs adequate attention.

This relationship is most fully manifested in the transition period, which in Ukraine was characterized by stagnation, stabilization phenomena, and economic growth; and now it is in a state of recession in the conditions of global financial crisis.

Fundamental science is a constant for the functioning of society with socially oriented economy. The concept of competitive economic system, need to overcome the innovation's de-

pression are interdependent.

When the national economy through fair competition and the use of new technologies based on the results of fundamental science will reach the appropriate productivity, it may be socially oriented, which corresponds to the social needs. This means that the economy will offer innovations that can meet new social needs. And under other circumstances society will reveal interest in meeting its own needs at the expense of foreign goods, not the domestic economy.

Innovative development should cover all stages of social reproduction that are adequate to the life cycle of innovative product. After all every reproduction, which is based on steady-state level of equipment and technology, is characterized in the economy as a static one. And, conversely, only innovative development produces so-called «emerdzhentnist» (development) and creativity.

The experience of the leading European Union countries, USA, Japan shows that to succeed in the innovation development there is a need to focus resources on the implementation of national priorities, which sectorally cover the most important vectors of economic development. This is because an innovative model of development of the economy and regions is the determining factor of society progress and the improvement of the welfare of its citizens. That is why the state, on the one hand, must mobilize available national resources to support innovation sphere and, on the other hand, strengthen state regulation of processes of innovation development.

The current economic situation in Ukraine, especially given the financial crisis, needs to enhance innovation activities, which can be achieved through:

- financial support of innovation based on a system of tax preferences;
- extensive introduction of accelerated depreciation of fixed assets;
- guarantees for investment loans granted to small and medium enterprises;
- risk insurance of innovative entrepreneurship;
- creation of innovative funds.

Complex innovation and investment program of the development of the region can be an effective mechanism of this model functioning for meso level, which allows examining the existing problems from technological, environ-

mental, economic, social, demographic, cultural, educational and other points of view by monitoring the current situation in the region, and also balancing the resource and production potential in the direction of the complex development of the territories. The introduction of such a program as a management mechanism for development of the region will help to focus resources from all sources and to direct them for implementation of priority projects with a given level of liquidity.

It should be noted that throughout the period of statehood in Ukraine there was an attempt to define and build an optimal model of management of the processes of innovative development. This applied to the creation of central executive authorities on functional grounds, centralized formation of the innovation fund at the expense of target contributions from all economic agents, and also coherent organizational structure and the management system of this fund's money.

Nevertheless, it looked none other than an attempt to establish manual management of the processes of innovation development in conditions of market transformations. So the desired effect was achieved, although it was a search to get the matter up, and some positive changes it has brought. In the context of the current vector of national policy on European and Euro-Atlantic integration, the state of the Ukrainian economy is characterized by almost complete absence of technologies of the 6th structure, share of the 5th does not exceed 10%, and the most common are 4th and especially 3rd technological structures.

The share of finished products in merchandise exports is 30-35%, raw materials and semi-finished products – 65-70%, while in world exports it is respectively 77.5 and 12.5%.

All this suggests that inherited technological imbalance and low current level of technological development of most branches of the Ukrainian economy cause its low efficiency, decrease of competitiveness in foreign markets and growth of the deficit of own products in the internal market, leads to waste of natural resources and intellectual resources, reduction of living standards of the population.

Equally important is also the decision of the National Security and Defense Council of Ukraine from the 6th of April, 2006 «On the state of scientific and technological sphere and measures to ensure the innovative development of Ukraine». It defines priority objectives of the

bodies of executive power to ensure national security in scientific and technological sphere, including:

- development of the national innovation system as a set of institutions that provide realization of the effective state policy;
- ensuring the integration of education, scientific and technological sphere and industry as a precondition for innovation development of economy;
- comprehensive support of fundamental research aimed at ensuring the technological development of Ukraine;
- development of production of high technology products and services on an innovative manner;
- priority implementation of innovative projects aimed at significantly improving the energy supply and energy efficiency, reducing the energy consumption and resource costs of production.

Thus, in Ukraine goals, objectives, strategic directions of the systemic work to enhance innovation development and management of these processes at the state level were practically determined. But at the same, link between businesses, industries, and regions is completely absent. That is integral structure of management of innovation and investment development at all levels is not arranged.

Expectations to ensure that work through local state administrations will not bring the desired result, since the latter do not have in their structure nor the relevant departments or personnel with appropriate expertise.

In our view, a comprehensive program should become the main instrument for promotion of innovative activities at the regional level. For coordination of works on formation of such programs, analysis of a course of their execution, informing the local authorities about the state of innovation development and to provide concrete assistance to business entities, working bodies are required to have in this work at the local level. These could be regional, district (inter) urban and of associative type regional development agencies established by municipal, district and regional councils independently as pure communal enterprises, or with the participation of business structures of innovative types (consulting, engineering companies, innovation centers, business incubators).

We are more inclined to mixed schemes of co-foundation, because here it is possible to

equip the agency with highly skilled specialists, and the mechanism of motivations of their work and financial independence and accountability of the legal entity is laid.

Given that local councils are the co-founders of agencies logical is primarily the legal side of the case, and future transfer to them the powers of the hosts of the territory in the context of constitutional reform in Ukraine.

The newly created structures under the guidance of the departments of the economy of regional state administrations and with the assistance of potential regional universities could in the short term conduct monitoring of innovation and investment activity of all existing economic entities; give them concrete support in the justification of prospective innovations; develop business proposals and business plans; together with other participants and with the participation of academic institutions the NAS of Ukraine, applied science develop and mutually tie all components of regional integrated program of innovation and investment development.

During the execution of programs, regional development agencies could centrally make their information support on busi-

ness forums of national and international levels, work with investors, especially on projects that are replicated in nature or affect the interests of forming clusters.

Conclusions

Thus, given the realities of modernity, innovative development of the region is a complicated mechanism that is constantly evolving and, therefore, requires a systematic managerial approach. Factors, as well as infrastructural support exert, on the one hand, a great influence on the formation of innovative development of the region. On the other hand, investment, labor and natural resources potential of the region that acts as a certain regional aggregate, which may be aimed at implementing innovations under positive internal and external circumstances. An innovative model of development of Ukraine has to take into account European integration course of economic development and maintain strategic partnerships with the CIS countries, especially with Russia. The effectiveness of management decisions at the level of economic entities of regions or states in general is in finding economic benefits in both the short and in the longer term.

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THE FORMATION OF EFFECTIVE RESOURCE SUPPORT OF AGRICULTURAL PRODUCERS THROUGH THE DEVELOPMENT OF FINANCIAL AND CREDIT RELATIONS IN UKRAINE

Annotation

In the article the basic problems of financial and credit relations in the agricultural sector of Ukraine at the present stage of development are revealed and the ways to achieve effective resource support of agricultural producers through the development of financial institutions are discussed.

Key words: agriculture and agricultural enterprises, lending, financial mechanism, commercial banks, credit risks.

Анотація

У статті розглянуто основні проблеми фінансово-кредитних відносин у сільськогосподарському комплексі України на сучасному етапі розвитку, визначено шляхи досягнення ефективного ресурсного забезпечення сільськогосподарських товаровиробників за допомогою розвитку системи фінансово-кредитних установ.

Ключові слова: сільськогосподарський комплекс, сільськогосподарські підприємства, кредитування, фінансовий механізм, комерційні банки, кредитні ризики.

Аннотация

В статье рассмотрены основные проблемы финансово-кредитных отношений в сельскохозяйственном комплексе Украины на современном этапе развития, определены пути достижения эффективного ресурсного обеспечения сельскохозяйственных товаропроизводителей с помощью развития системы финансово-кредитных учреждений.

Ключевые слова: сельскохозяйственный комплекс, сельскохозяйственные предприятия, кредитования, финансовый механизм, коммерческие банки, кредитные риски.

Introduction

Changes in the financial mechanism, caused by the dynamic development of the environment and the need for the farm entities to be adapted to the market conditions, require new approaches to their credit relations. Currently, there is the controversial approach towards the definition of factors that hinder the development of these relations and the priorities of farm entities' crediting process. One reason for it is not an explicit theoretical and methodological study of these processes along with the practices of bank lending to agro formations.

For a long time agricultural complex of Ukraine had been operating in the conditions of low logistical security. Poorly developed credit market and therefore the lack of funding money is the remarkable obstacle for its rapid development. One of the most critical problems is the lack of role of commercial banks in lending to agricultural producers. As the result the potential for the development of agriculture complex cannot be used to its fullest.

Under modern conditions, when on the world market there is a growing demand for food, an extremely important task is the further development of domestic agriculture on the direction of strengthening the material-technical base, also through the establishment of credit processes for agricultural enterprises.

Thus, the formation of the effective mechanism for crediting agricultural enterprises, which would be able to meet the high demand in the market of crediting agriculture and to overcome the tendency of low offers on loans by commercial banks, is the priority goal for the development of agricultural sector.

Statement of research objectives

The purpose of the article is to analyze the main problems of finance and credit relations in the agricultural sector of Ukraine at the present stage of its development, to identify ways to achieve the effective resource supply of agricultural producers through the development of financial and credit institutions.

Results

One of the fastest growing sectors of the Ukrainian economy is the banking one, which demonstrates high numerical growth in the scale of its activities and significant impact on all parts of the economic system. An important role in the development of economy in general and the agricultural sector in particular in Ukraine plays the relations between agricultural enterprises and banking institutions. The development of agriculture is impossible without bank lending, which is ensured by the tendencies of the economic cycle and financial resources associated with the peculiarities of their circulation [4].

It is clear that agricultural lending is inherent with high risks, which increase even more through the following specific features: agricultural production is seasonal, with the long production cycle, the time of investment in resources, production and reception of products in most agricultural areas is separated by at least 6 months, agricultural production, despite of technological progress, is in a strong dependence on climatic factors (drought, floods, epizootic, etc.), the existing disparity in prices is not in favor of agriculture and so on.

The objective necessity for crediting agricultural enterprises is due to the existence of seasonal needs for additional working capital in ensuring the continuation of its movement. With the help of the short-term loan, agricultural enterprises as the rule cover the difference between the overall need for financial resources and their existing volumes. Thus, the credit provides stable conditions for economic activity while acting as the balance feature of financial resources.

Despite to some progress in the development of crediting process into the agricultural sector in recent years, lending is still far from the needs of the sector and the credit mechanisms are not perfect, neither in terms of protecting the interests of borrowers nor the security of financial institutions providing loans [3].

In addition, during the process of providing bank loans there is the lack of knowledge and experience of the borrowers in order to properly present the status and capabilities of their business and to assess the validity of the requirements which are put towards them by lending institutions. On the other hand, due to the inadequate legislation and slowness of the judicial system, credit institutions have very limited access to debt recovery, and, consequently, they compensate high risks of loans by imposing strict requirements for borrow-

ers and higher interest rates.

It should also be noted that by this time most of the credit market problems remain unsolved. First of all we are talking about improving the legal framework that governs the legal, financial and credit relations in the agricultural sector and the further development of credit institutions. Thus, the questions of land ownership, undeveloped market of land use, significant deterioration and moral obsolescence of fixed assets remain unresolved. It is known that the absence of the market of land prevents its use as the collateral for the loan, which in turn impedes the development of the long-term lending.

One must also intensify the new forms of crediting in the agriculture which will enable getting commercial loans without the direct government involvement. An example of this would be obtaining loans which are secured by manufactured products, factoring transactions, loans by promissory notes and financial leasing.

Now the functions of the credit-deposit servicing of the agriculture in Ukraine are being performed by unspecialized commercial banks, which are seeking minimal risk of their capital investment into the agricultural sector [5].

At the same time, examples of successful activities of foreign banks in many countries in the agricultural sector indicate that they have learned to effectively manage their risks. Among the factors that contribute to this are the following:

- the analysis of projects and the solvency of rural households;
- gradual structuring: from small loans to re-lending larger reliable borrowers;
- the diversification of loan portfolio;
- the combination of group and individual lending technologies;
- the expansion of activity in remote areas by working with credit unions
- providing financial services of attracting deposits and loans;
- the creation of effective incentives for staff and borrowers in order to ensure the timely repayment of loans.

Agricultural producers may prefer the traditional cultures and technologies which are less profitable, but more reliable and stable in order to manage risks and minimize them. However, under the condition of proper encouragement they can also complement the current crop of potentially risky cash crops, which will give more profit. In addition, budgets of farmers and small businesses

are largely integrated with the finances of their households, so the total cost of agricultural production, consumption, social goals can be directly linked. In many cases, the bias of the bank employees in regards to insurmountable problems of agricultural crediting has become a disaster, because due to this situation this type of credit is either categorically excluded, or very complicated to receive and more expensive [1].

There is a compromise between diversification and specialization. The access to the world markets induces producers to implement highly specialized, growing high-yielding varieties and getting revenue and profit from economies of the scale production. Maybe they will have to use the mechanisms of risk management (such as insurance, price stabilization means, and futures) in practice for diversification in favor of small scale activities and transition to a narrow specialization. Non-financial institutions and government can take an active part in such risk management in order to stimulate investment in the commodity of sub-sectors and encouraging the inflow of funds from the private sector.

Experience of the developing countries also confirms that most financial institutions, including commercial banks, are avoiding cooperation with enterprises of agriculture. Mostly it is a consequence of the financial policy of restricting risk or poor management. On the other hand, this experience also suggests that the reformed and well-managed specialized agricultural financial institutions can provide a favorable and stable credit of commodity production, processing and trade. These institutions include banks, agricultural development (China, India, Iran, Indonesia, Pakistan, Algeria, Tunisia, etc.), rural banks (in Nigeria, Ghana, Tanzania, Philippines, Indonesia), financial cooperatives (in Kenya, Tanzania), rural funds (in Syria, India, Indonesia) [2].

For these institutions and their customers financing the agricultural sector is an attractive business. Their experience also showed that social and economic objectives of rural and agricultural development are best achieved not through charity, but with the help of financial relations between the institutions and their customers based on commercial principles.

Such entities may advantageously provide commodity loans: not as a single service, but as part of sustainable profitable loan portfolio. Therefore the limits of credit process are being gradually expanded, balancing between a purely

commercial projects and projects of social and economic development.

Although agricultural credit inherent in the particular problems of modern agricultural development, banks can effectively overcome them. These institutions have developed risk management strategies for agricultural credit and other rural projects [7].

The essence of the strategy of credit risk management for agricultural borrowers lies in their systematic detection and minimization.

Some lessons for the development of domestic financial mechanism of the agricultural sector can be taken from the experience of successful foreign banks in agricultural development. These, above all others, are:

- the thought-out and effective financial policy that works and promotes innovation;
- the attractive banking products savings and loan with appropriate stimulation of employees, effective system of internal control and supervision ensuring high profitability of rural micro-credit;
- the poor segment of the population can save, and rural financial institutions can mobilize these resources with minimal cost;
- if financial services are being provided without stimulation of lending, the demand for deposit savings exceeds the demand for loans with a large «plus»;
- the incentives for the timely repayment of credits, which work effectively;
- the coverage from the side of the financial institution of a huge number of people with low income combined with competitiveness, breakeven point, and financial independence of the bank;
- high transaction costs can be reduced by increasing the amount of loan-able funds [6].

Agricultural development banks in many countries are viable and sustainable providers of financial services to all segments of the rural population, including the especially poor ones, fulfilling an important social and economic mission.

Conclusions

A lot of factors that effect the development of the process of bank lending into the agricultural sector can be divided into two groups: factors that are determined by the specific features of agricultural borrowers, and the factors governing the economic and legal relations of banks and borrowers. Of course, not all factors are equally having positive effect on the willingness of commercial banks to lend money to agricultural enterprises.

Some factors, due to the specifics of the agricultural businesses in our country, limit the number of credit portfolio, as well as increase the riskiness of both the agribusiness and the related bank loans.

One of the features of crediting agricultural borrowers is the significant complexity analysis and control of business borrowers, connected with their diversified activities (each company has several types of activities: crop, livestock, horticulture, vegetable growing, etc.).

Moreover, taking into account the lack of specialists with agro technical education in banking institutions, banks are forced to engage seasonal monitoring of future harvest (mortgage) agronomists and animal husbandry, which increases the cost of bank credit operations.

The use of future crops and livestock offspring as the collateral for the provision of the credit increases the credit risk, as the early realization of collateral is almost impossible. Moreover, the specificity provided requires more active formation and development of the market of forward and futures contracts as well as the insurance market in Ukraine.

During registration of the future harvest the seizure of the collateral can usually be done only after the harvest has been collected. Thus, in case of adverse weather conditions the non-assembled yield may die, and the borrower will lose not only

a source for repayment, but also the collateral that serves as the security for fulfilling obligations before the bank. Therefore, taking into account the high dependence of agribusiness on natural factors, one of the ways to minimize the credit risk is insuring the crop.

Ukraine should have the strong agricultural sector in order to address the difficult socio-economic tasks and goals and ensure the food security. The system of financial institutions should contribute to the effective resource support of agricultural producers and the formation of new government policy regarding financial relations in the countryside, progressive forms of financial support of the agrarian sector of economy in consideration with international experience in this sphere.

In order to achieve this goal it is essential to:

- strengthen political will for legislative regulation and the creation of appropriate regulatory framework;
- create and implement an adequate strategy for reforming agricultural production;
- create and implement an effective system of financial services provided to farmers, with branches representing profit centers;
- to provide operational and financial stability;
- to ensure the effective internal control and external bank supervision

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STATE SUPPORT OF THE DEVELOPMENT OF THE
TOURIST-RECREATIONAL COMPLEX OF THE REGION

Annotation

The directions of the state support of the development of the tourist-recreational complex of region are considered in the article.

Keywords: state support, public policy, tourism and recreational complex, region.

Анотація

У статті розглянуто напрямки державної підтримки розвитку туристсько-рекреаційного комплексу регіону.

Ключові слова: державна підтримка, державна політика, туристсько-рекреаційний комплекс, регіон.

Аннотация

В статье рассмотрены направления государственной поддержки развития туристско-рекреационного комплекса региона.

Ключевые слова: государственная поддержка, государственная политика, туристско-рекреационный комплекс, регион.

Introduction

The current state of the economic development had formulated a number of conditions that lead to the need to find and implement new directions in the development of the state management of the tourism and recreational complex of the region. The development of the tourist and recreational complex, which is resulting the multidisciplinary and close factorial interdependence with other subsystems of the economy, initiates the implementation of the state policy in the field of regional recreational complex, taking into account local features and functions.

State support of the development of the tourist and recreational complex as the territorial system involves the search, application and adaptation of it into the specific economic conditions of the economic system of the region, innovative tools and techniques in improving the management decision making processes. Given the high degree of the structural complexity and diversity of the components and subsystems of the tourist and recreational complex as the object of the regional governance in the existing conditions of uncertainty and instability of internal and external environment, there is the need to use the reserves and provisions being laid down in current directions of the governmental management of the tourist and recreational complex.

Statement of research objectives

The purpose of the article is to consider the directions for the development of the state policy in the sphere of tourist and recreational complex of the region.

Results

In the recent years in our country the application of the functional approach towards the use of the natural resources and the principles of the sustainable development of the nature users, which foresee the provision of the ultimate formation of the integrated system of management in practical use as well as the preservation and restoration of the natural resources had gained the wide popularity. The main priorities of the state policy had been determined, including: the development of the environmental legislation, the improvement of the state governance in the field of environmental issues as well as the economic mechanism of the nature use, the creation of the effective system of control and monitoring of the environment, the formation of the state policy in regards to the development of the tourist and recreational complex.

The basis for the process of regionalization of reforms in Ukraine is the recognition of the objective primacy of the regional conditions and concerns within the industry, identifying the specific interests of the state and regions with the aim of determining the ways of achieving the consent

of those interests. This is particularly important in such states as Ukraine with its significant internal regional differences that may affect the expression of certain principles of the market economy and the possibility of inter-regional cooperation in placing production and the formation of the regional markets. Therefore there is the need for the development of tourist and recreational complex of the region and consideration of the market relations in their regional forms, which is essential for the formation of the basics of the regional markets of various sizes [1, p. 35].

The structure of the economy of the regions of Ukraine in the conditions of the transition towards the market relations tests the actions, which are typical for most of the regional industrial structures of the countries. In the first stage of the economic reforms the most powerful result of the macroeconomic influence became the deformation of the structures of the regions due to the significant changes in the structure of the final demand. The particular importance in these conditions has the restructuring of the economy of the regions, which primary goal is the removal of the contradictions between the market demands and the constant proportions of the regional play. One of the conditions for the transition into the socially oriented market economy is the development of the non-production areas as the socially significant subjects of the economic relations. Therefore, in order to overcome the structural deformation of the regional economy and restore the natural regime of the reproductive process formed, the regions need to diversify the economic activities by means of development of services.

The tourist and recreation complex is one of the most important sectors of the non-production areas of the existence of the modern society – its social infrastructure, and tourism to be more precise has the considerable potential as the tool for further economic development.

Today, tourism is the sector of the world economy, which is the most dynamically developing one. Tourism is also one of the most profitable businesses in the world after the export of oil and cars. The tourist activity of individual countries and regions in the world market of recreational services is largely determined by the radical change in consumer demand. At the turn of 1980-90's the weakening of the interest to the mass standardized touristic tours and the increase of the awareness of the customers and their critical attitude towards the tourist product provided

by the tour operators according to the criterion of price / quality had been observed. Under the influence of the structure of the tourism demand, which is very complicated, nowadays there the growing fraction of segmentation and diversification of the tourist offers in the world tourism market is being addressed and specialized [5, p. 99]. In this regard the effective state governance of the tourism and recreation branch nowadays becomes the priority for the government of Ukraine. Especially in the areas that have traditionally specialized in tourism.

Any of the existing recreational facilities has its own history, stage of development, structure, internal organization, specialization in certain types of tourism and recreation areas, its advantages and disadvantages.

In the process of tourist and recreational development of the territory the creation of the tourist and recreational complex is inevitable and objectively necessary, because the existence of the tourist and recreational complex is serving as the higher degree of the evolution of this segment of economy. The development and creation of the tourist and recreational complex is the stage of transition from the «focal» tourist and recreational facilities to their complex and purposeful construction.

As the rule, two groups of conditions for the formation of the tourist and recreational complex – natural and socio-economic are distinguished. The nature ones often underlie the formation of the tourist and recreational complex. They also, in most the cases, determine the specialization of tourist-recreation complex. For example, the presence of the mineral springs and therapeutic mud leads to the opening of spa resorts, scenic combination of mountains, easy gentle slopes, forests – the organization of tourist complexes, ski centers.

Today, based on the experience of Ukrainian regions and other countries, there are two main ways of creating recreational facilities. The former layout of recreational and tourist facilities serves as the basis of the first path. This way the regions follow because that is historically how the tourist and recreational facilities had always functioned. The primary objectives for these regions are: rehabilitation, reconstruction and development of the existing facilities.

The important role in enhancing the competitiveness of the country and its regions in the sphere of tourism plays the national tourist policy, which aims to promote the development of the national

tourism product and infrastructure. The main tasks of the state in the development of the recreational resources of the region are:

- changing of the recreational features of the territory from therapeutic to the entertaining one;
- accelerating the rate for the development of the private «unorganized» objects of the sector (mini-hotels, apartments, etc.);
- the predominance of the unorganized tourists in the general flow of tourists;
- the increase in the share of domestic tourists;
- the growth of differentiation of the entry flows according to the criteria of motivation, age, and purchase ability;
- the increased demand for the specialized forms of tourism services;
- the availability of the spare space for building up the tourist infrastructure under the condition of virtually completed process of distribution of land holdings;
- the deterioration of the competitive environment in the tourism business branch.

Thus, increasing the effectiveness of the state support for tourist and recreational complex of the region should enhance its role at the national and regional level that may affect the regional sectoral specialization. The organization of the tourist and recreational activity requires serious centralized intervention from the side of the government into the economic mechanism aimed at the development of regional tourism and recreational complex. This finds its confirmation in the needs for such social and economic processes that are accompanied by:

- the support of the living conditions of recreational enterprises on the basis of the legal implementation of economic decisions;
- carrying out the stabilization measures (the adjustment of the tempos of economic development of sectors of tourism and recreation complex, the encouragement of progressive changes in the regional structure of tourism and recreational complex);
- the implementation of the socially-oriented redistribution of resources (such as the provision of the recreational services to the people with low income) [6].

This requires the provision of the tourist and recreational production with the analytical, indicative, software and other justifications, primarily through the improvement of proportions and using the balanced structure of the recreational

services and their relocation. Improving the management of the tourist and recreational complex in the region, the coordination of the organizational and economic functions of tourism and recreation industry and applying the economic management into practice allows solving a series of interrelated tasks. These include the provision of the population of the region with the quality recreational services provided in the required nomenclature; receiving the profit as the main internal source of finance in companies, providing the positive effects from the functioning of the tourism and recreation industry and its infrastructure, which reflects in the increase of the capacity of the regional economy.

Conclusions

The differences in the economic, natural, geographic, socio-demographic, political and other conditions of the development of the regions of Ukraine require the implementation of reforms in the tourism branch and underline the need for the flexible state policy which would take into account the peculiarities of each region.

The concept of the touristic and recreational complex is not only the geographical, but also economical and managerial term. It is important to note the functioning of the tourist and recreational complex depends not only on the internal components of the region, but also on factors that are not formally included into the competence of the region. These measures include the state support in the field of tourism and recreational complex by the means of applying the general world trends and factors of its development, such as for instance the prevention of natural disasters, etc.

As for the factors of the region itself, the formation of the tourist-recreation complex is based on the available resources, creating the structure of objectives and the specialization area. The important role in the formation of the tourist-recreation complex plays state support in the form of defined policy, which has the primary objective – to coordinate the system of operation and development of the tourist and recreational complex in the region. The specialization of the region on one particular direction of the tourism activity is determined by the existent resources of this region and directly affects the formulation of the goals and objectives for further development of the tourist and recreational complex.

Thus, tourist and recreational complex of the region is the complex multifunctional system, which is defined by the interior features and facilities of the region, as well as external factors

of the development that are independent from the circumstances of the area. The main purpose for the existence and development of the regional tourism and recreational complex is the formation and implementation of the tourism product aimed at the spiritual and physical renewal and improvement of people. The main participants of tourist and recreational complex act not only as

businesses and industries that directly serve the tourists, but also as a number of related and allied industries and public authorities, where the tourist and recreational complex gets its resources and potential, which leads to the specialization of the tourist and recreational complex and helps to develop its potential.

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REGIONAL POLICY AS A COMPONENT
OF RESPECTIVE STATE POLICY

Annotation

The essence of that part of regional policy, which characterizes the policy of separate region of the state, is investigated. Structuring state regional policy, which allows considering its components in detail and exploring the relationship between them, is defined in this article.

Keywords: public policy, components, directions, regional policy, structuring.

Анотація

Досліджено сутність тієї частини регіональної політики, що характеризує політику окремого регіону держави. Визначено структурування державної регіональної політики, що дозволяє досить детально розглянути її складові та дослідити взаємозв'язок між ними.

Ключові слова: державна політика, компоненти, напрямки, регіональна політика, структурування.

Аннотация

Исследована сущность той части региональной политики, которая характеризует политику отдельного региона государства. Определено структурирование государственной региональной политики, что позволяет достаточно подробно рассмотреть ее составляющие и исследовать взаимосвязь между ними.

Ключевые слова: государственная политика, компоненты, направления, региональная политика, структурирования.

Introduction

State regional policy, which is based on national interests, is most organically complemented by policy of regions that reflects the interests of the certain territories, which constitute territorial space of the whole country.

Analysis of recent research

Such leading scientists as A. I. Amosha, G. V. Balabanov, P. T. Bubenko, Z. S. Varnaliy, S. G. Galuza, Z. V. Gerasymchuk, A. P. Golikov, G. K. Guberna, M. I. Dolishniy, L. M. Zaitseva, Y. M. Ipatov, B. T. Kliyanenko, V. S. Kravtsiv, O. P. Kraynyk, N. G. Kuznetsov, L. M. Kuzmenko, A. G. Mazur, T. S. Maksimova, A. S. Marshalova, D. M. Stechenko, G. F. Stolbov, L. L. Taranhul, S. G. Tyaglov, V. M. Hodachek, L. G. Chervova, M. G. Chumachenko, B. M. Shtulberh and others have made a significant contribution to the formation of ideas about approaches to managing the country's regions, regional development, principles of designing and implementing regional policy, identifying features of state regional policy and policies of regions, identifying their subjects and objects.

Statement of research objectives

– to explore nature of that part of regional policy, which characterizes the policy of separate region of the state;

– to determine structuring of state regional policy, which allows considering its components in some detail and exploring relationship between them.

Results

The distribution of state policy is primarily done depending on the sphere of application. Internal policy aimed at managing the processes taking place inside the country, and external policy aimed at protection of the country's own interests in relations with other countries, are distinguished according to such grounds. State regional policy is distinguished as part of internal policy, among other components. However, it can also be realized outside of this country, including relations with the neighboring territories of other countries, or actions in the national interest of the country around the world. There are many cases when the most powerful states conduct very aggressive foreign policy (from funding specific projects to military intervention) in the various regions of

the world, and such active measures are justified by «legitimacy» of establishing democracy in all countries and continents. Thus, state regional policy has also an external dimension to the state. But its main directions are still related to socio-economic territorial space of the country and its administrative regions.

In this regard M. H. Chumachenko notes that regional policy is divided into two types: the tactics of the state and the internal politics of the region [12, p. 52]. This selection of types of regional policy, unfortunately, does not completely correspond with the nature of its main components, even if we restrict the consideration to one country, because the state regional policy can not be represented only as a tactic of the state concerning management of the regions. Because, as it is mentioned previously, the policy is a «strategic line of behavior of the state in these or those areas of public life». [8, p. 12] Therefore, it may be noted that state's actions «aimed at equalizing the conditions of regions' activities and their results, effective use of regional resources and opportunities, creating conditions for increasing the efficiency of the regions» [12, p. 52], cease to be a deliberate policy without the strategic goal. Instead, they are reduced to the method of «trials and errors», the use of which has to be left in the past regarding regional development.

As for the tactical component of regional policy, it may be represented by a system of tasks that detail its purpose and by fundamental constraints on the ways to achieve it. At the same time, as the group of scientists, including O. I. Amosha S. M. Katsura and T. V. Schetilova note in the study on innovation policy, medium-term goals and objectives are important to coordinate with long-term strategic goals [6, p. 82]. Thus, it should be emphasized that the state regional policy can not be imagined only as a tactic, because effective purposeful regional policy, which is carried out in the interest of the state, necessarily implies the existence of a strategic goal, and the presence of a strategic component with it. However, together with an indication of clear strategic guidelines, regional policy should include tactics to adapt to constantly changing specific factors of internal and external environment to the subject of this policy, which is used at the stage of its implementation.

By the way, sometimes one can find the view that orientations, including strategic orientations, unlike the goal, are something vague and, therefore, not worthy of an attention. Relevant thesis,

which proposes M. I. Dolishniy, we present about this: «the main differences in approaches to definition of the purpose of regional policy are generated by different visions of strategic orientations for its implementation». [4, p. 22] Indeed, the definition of such an objective of regional policy, which can be considered as concrete end or desirable result [5, p. 89] rather than a general wish is impossible without clarification of strategic orientations, on which the implementation of this policy should be directed (as the term «orientation» means the pointer for directing actions in a certain direction [2, p. 461-462]). Thus, defining strategic orientations of the development of the country in the regional context must precede the formation of goals and state regional policy itself.

Study of that nature of regional policy, which characterizes the policy of a separate region of the state, shows that in fact it can not be defined as «internal politics of the region». After all it is aimed not only on ensuring the development of region itself, but also on forming its relations with the state and other regions (and these regions may be outside of the country). This means that the internal politics of region, similar to internal politics of any country, is only part of its comprehensive policy, in this case – regional policy. The presence of foreign policy component in the policy of the region can be partially illustrated by the study of V. V. Tretyak. The author examines the regional aspect of foreign economic policy of Ukraine, regional foreign economic policy and foreign economic policy of region [11, p. 71] in it.

It should be added to all said above that policy of any region of the country can not be considered exclusively regional, because it also includes economic, social, environmental and other aspects. At the same time problems of spatial development of the region (alignment of inter-district disparities in socio-economic development, allocation of productive forces within the region, opening of branches of enterprises and institutions of the region in other regions of the country or the world, etc.) in this case should be referred to regional policy of the administrative region.

In contrast to M. H. Chumachenko's approach to the selection of components of regional policy, V. K. Symonenko divides regional socio-economic policy into regional state policy and regions' own socio-economic policy [9, p. 50, 66-67]. Regarding the first component it is appropriate to use the term «state regional policy» similar to the construction of the terms «state policy», «state pow-

er» and «state interests». The term «regions' own socio-economic policy» is correct in its essence. But it can be shortened to the phrase «policy of region», which even extends its value because, in addition to social and economic policy, it covers a number of other components.

Specialists in Regionalistics quite often use general term «regional policy» to refer to the aggregation of state regional policy and policies of all regions of the country. The same term is sometimes applied to state regional policy [1, p. 69] as evidence the definitions of this term provided by H. V. Balabanov and Y. V. Navruzov. M. I. Dolishniy, V. S. Kravtsiv and V. K. Symonenko use the term «regional policy» as to indicate state regional policy and as for more general concept that, along with the state regional policy, involves policies of administrative regions. In this case study stipulates directly in the text exactly when regional policy is considered «in the broad sense» [8, p. 14].

Specifying the approach to the concept of «regional policy», we must also consider that it is much broader than the regional policy, which is carried out in a given country. This is because there are regional policy of the European Union [13] and even international (world) regional policy aimed at supporting problematic areas and developing areas, preservation of peace in conflict regions and solving many other issues. In this regard H. V. Balabanov, based on research experience of Western European countries, states that regional policy had left the national framework and turned into important interstate task, became a «two-story»: a supranational communitarian policy and regional policy of separate states [1, p. 70] (although he does not consider another level, namely the level of sub-national regions).

All the above enables to draw this conclusion: problem of separation of regional policy, under which the totality of state policies' component and policies of all sub-national regions of the country as well as state regional policy are meant, can not be solved through the use of the term «regional policy», which is common to all spatial policies. Shortest path in this direction is to move away from the use of the terms «regional policy» and «state regional policy» as synonyms, which quite often found in specialized literature, and to give them in accordance «wide» and «narrow» meaning that applied in the interpretation of regional policy.

Application of this approach when discussing regional policy of Ukraine or regional policy

of any other state will allow using the term «state regional policy» solely to indicate the aggregation of state regional policy and policies of the administrative regions of the country. At the same time the term «regional policy» should remain as generalizing one for policies of the territorial units of different levels (supranational, state or subnational level) to address the complex of issues of spatial aspects of their socio-economic development.

Regional policy of the world that reflects the spatial aspects of its development and applies to all peoples and all countries can be considered the highest level of regional policy. Regional policy worldwide is made up of regional policies that are formed and actively carried out by supranational organizations and communities, as well as of state policies around the world. In fact, regional policies of each of influential supranational organizations are thoroughly investigated by state institutions and political forces of all countries to use the identified trends in development of their own strategies. Scientific researches are also devoted to regional policies of major supranational organizations, including an entire section is dedicated to the policy of the European Union in regional development in the monograph of V. I. Pyly, O. S. Chmyr, O. A. Harasyuk and T. V. Tereschenko. [10, pp. 38-87]. The set of all regional policies of supranational organizations and communities through mutual integration and balance the interests of their subjects has gradually transformed into a global regional policy (which, in turn, is part of geopolitics). The main subject of regional policy is currently the United Nations Organization, which consists of 192 member states and, thus, represents the common interests of the overwhelming majority of countries worldwide. In addition to this global organization all international organizations and communities form the global regional policy. These organizations are particularly the European Union, the North Atlantic Treaty Organization, the Organization for Security and Cooperation in Europe, the Shanghai Cooperation Organization, the International Monetary Fund, the World Trade Organization and other international associations that geographically cover several countries of the world and implement their own policy including the regional one.

Respective state regional policies, which together with the policies of subnational regions of each country determine the overall regional policy of the state, are part of state policies of all countries. To this one needs to add that the policies of

sub regions formed in the legislative order and endowed with political self-government have their own regional component. It reflects the spatial aspect of their development in all areas, the list of which will be formed in the process of further investigation of the structure of regional policy.

Detailed study of the components of regional policy and their relationship to state policy revealed the existence of several approaches to the selection of those policy directions that belong to their composition. Dictionary of Public Administration, edited V. M. Knyazyeva and V. D. Bakuhenko, in detailed interpretation of the term «public policy», reads as follows: «In drawing up plans for socio-economic development of the country the measures are developed in the following areas: financial, monetary and pricing policies, structural policies, agricultural policy, social policy, regional economic policy, foreign economic policy». And it is also added: «Economic policy, in turn, is divided into industrial, tax, tariff, monetary, price, customs, investment, etc.» [3, p. 51].

Analyzing such approach to defining components of the policy according to the directions for its implementation, one should pay attention to the fact that, firstly, there is an inconsistency: financial, monetary and pricing policies are specified as parts of state policy, and as separate components of economic policy. Secondly, not regional and foreign policies are highlighted within the state policy, but only their economic elements. Indeed they are essential, but nevertheless one should also take into account social, scientific, technical, humanitarian and environmental spheres of society's life. Thirdly, industrial policy is seen as part of economic policy, and agricultural policy is derived outside its boundaries by this approach to the structuring of state policy. An analogue regarding separation of agricultural component from economic policy is found in the philosophical dictionary under the editorship by I. T. Frolova. It states that according to various spheres of social life policy is divided into economic, social, national, agricultural, cultural and others. However, despite the fact that the economies of various economic sectors (industry, agriculture, transport, etc.) [2, p. 74] are components of an integrated economy of any country, agricultural policy should be considered within the economic policy.

Given that the state regional policy has the same directions as state policy (except regional), approach, according to which not only agricultural but also industrial components are separated from

economic policy, is found in some sources. Thus, in the monograph under the editorship M. I. Dolishniy it is proposed to consider the state regional economic policy «as a conglomerate of fiscal, tax, credit, pricing, structure, investment and institutional policy» [8, p. 19], and based on the universality of economic policy, not to include it in the division of state regional policy for the areas of public life. Thus, a group of authors divides the state regional policy according to directions «on the social, industrial, agricultural, environmental, humanitarian, scientific and technical» [8, p. 20].

At the same time the next level of detailing the structure of state regional policy involves the allocation of such policy components within the social policy as social protection, housing, demographic, urban, and recreational and employment policy, and within the humanitarian policy – ethnic, cultural, interfaith and educational policy [8, p. 20-21]. We can completely agree with that, except for the use of the term «demographic policy» that requires separate consideration.

Sharing mainly position on described above approach to the structuring of state regional policy, which allows considering its components and the interactions between them in detail enough, we should nevertheless note that the proposal of M. I. Dolishniy, V. S. Kravtsiv and V. K. Symonenko on structuring economic policy and its separation from the general division of state regional policy according to various directions requires a certain adjustment. First, proceeding from the fact that those components that are linked to economic policy in the monograph under the editorship M. I. Dolishniy, and that are indicated by M. H. Chumachenko within economic policy along with the policies of individual production complexes relate to «all spheres of public life» [8, p. 20], then they should be combined in infrastructure policy, whose function is to ensure the functioning of the economy, social and humanitarian areas, conservation ecosystem and the development of science and technology. Second, given that the economic policy is a policy in the field of industrial relations on the exchange, distribution and consumption of wealth or the aggregation of industrial relations (based on the definition of «economics»), we consider it necessary to mandatory inclusion of industrial and agricultural policies that can be further detailed by specific types of industries, to its characteristics.

For example, M. H. Chumachenko identifies policy of development of regional systems (agro-

industrial, construction, transport) in economic policy, noting also the following components: budget and tax policy; planning, forecasting and programming in the region; use of natural resources and property management in the region; distribution of productive forces and structural transformations in the region; control and analytical activities and information support [12, p. 52]. As can be seen, there are many components in this list, related to economic policy by M. I. Dolishniy, V. S. Kravtsivim and V. K. Symonenko, including those that are difficult to directly associate only with the economy (especially the institutional and structural policies [8, p. 19], and also carrying out structural transformations in the region and information support [12, p. 52]).

Another approach to the selection of components of regional policy is presented in the detailed work of V. I. Pavlov. In particular, he notes that the regional socio-economic policy is «a complex system, whose effectiveness depends on the level and areas of operation and development of its subsystems», to which the following is included: demographic policy of in the region, policy of market transformation, policy of investment support of functioning and the development of the region, policy of ensuring the environmental safety in the region, policy of the social sphere in the region, policy of development of economic areas of the region and policy of the use of the nature and resource potential of the region [7, p. 21]. Obviously, some of these policies may be connected to the above mentioned policy of the development of the economic sphere of the region (in particular, policy of market transformation, policy of investment support of functioning and the development of the region). In addition, such very close in the meaning components of regional policy, allocated V. I. Pavlov, as policy of ensuring the environmental safety in the region and policy of the use of the nature and resource potential of the region can be combined into a common political direction.

Such component as «environmental policy» requires separate consideration. The paragraph devoted to the characteristics of the region has already provided an explanation of terms, which includes an appeal to a certain science. Thus, ecological or demographic policy is a policy in the sphere of the development of relevant science. Therefore, despite the fact that these concepts are commonly used, they essentially do not correspond with the phenomenon, which is indicated by them. Thus, taking into account that the social

component of ecosystem is displayed in social policy, the term «environmental policy» should be changed to «environmental protection policy» and «demographic policy» to «policy on the composition and movement of population.»

According to the above stated arguments, the main components of state regional policy finally need to be recognized economic, scientific, technical, social, humanitarian and environmental protection components. Accordingly, it is advisable except the regional component also to highlight economic, scientific, technical, social, humanitarian and environmental protection components within state policy and the policies of regions. It should be borne in mind that the economic component includes policy in the branches of industry and agriculture, scientific and technical – creation of conditions for development of science, development and implementation of new equipment and technologies, humanitarian – development of culture and the arts, preservation of ethnic identity of different peoples and nationalities, environment protection – conservation, sustainable use and restoration of natural resources, social - health care, education, stimulating birth, providing employment, support for disabled people, creating decent living conditions and more. Infrastructure policy, based on its nature, is actually possible not to submit to the list of the main components of state policy, state regional policy and the policies of regions. Nevertheless, one needs to have clear idea of how it relates to the elements that are distinguished by the spheres of public life. This is the interconnection of infrastructure components of the policy (budget, tax, pricing, and credit; investment, structural and institutional) and components that are allocated by the policy direction in different spheres of social life (economic, scientific, technical, social, humanitarian and environment protection). Similarly, the relationship between elements of the infrastructure policy and components, selected by the spheres of public life, state policy or policy of the region can be studied.

Conclusions

Thus, this study provides grounds for such a generalized conclusion: regional policy of the state (for example, regional policy of Ukraine) consists of state regional policy and policies of its administrative regions; state regional policy has internal and external components, so it can not be attributed only to the internal policy; policy of administrative region is divided into internal and external policies, and it has a regional (spa-

tial) component along with economic, scientific, technical, social, humanitarian and environmental components. State regional policy of each country is a part of relevant state policy. It, along with state policies of other world countries and policies of international organizations, makes regional policy of the world, which determines its spatial development in various spheres of human life.

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Section 3.
PECULIARITIES AND TENDENCIES OF
MANAGEMENT OF STATE'S SOCIAL
AND HUMANITARIAN SPHERE

УДК 332.142.6:332.

Roman Povoroznyk,
PhD candidate
Academy of Municipal Management

THE ENVIRONMENTAL FACTOR IN THE SYSTEM OF PRIORITIES
OF THE ECONOMICAL STATE POLICY

Annotation

The environmental factors in the system of priorities of the state economic policy are substantiated. The economic evaluation of the natural resources in the system of indicators for the development of the country is determined.

Keywords: public policy, environmental management, natural resource, conservation activities, the system of priorities, factors.

Анотація

Обґрунтовано екологічні чинники в системі пріоритетів державної економічної політики. Визначено економічну оцінку природних ресурсів у системі показників розвитку країни.

Ключові слова: державна політика, екологічний менеджмент, природний ресурс, природоохоронні заходи, система пріоритетів.

Аннотация

Обоснованно экологические факторы в системе приоритетов государственной экономической политики. Определена экономическая оценка природных ресурсов в системе показателей развития страны.

Ключевые слова: государственная политика, экологический менеджмент, природный ресурс, природоохранные мероприятия, система приоритетов.

Introduction

Measures which are aimed at the sustainable use of the natural resources and the stabilization and improvement of the environment, do not give the desired effect. The main reasons are: the lack of a single integrated approach and coordination in addressing these problems, insufficient funding for environmental activities, the lack of really existing economic mechanism of the nature use, poor organizational structure of the management in this area. Over-exploitation of certain types of natural resources, inadequate forms and methods of their involvement in the reproductive process need require for the priorities of their use to be revised while making the target orientation in the strategies of the nature use clear and applying the scientific justification of the actions and mechanisms in order to successfully achieve them.

Analysis of recent research

The significant contribution to the theory and practice of evaluating the effectiveness of the use of natural resources and economic activities had made such scientists A. Ahanbehyan, L. Abalkin, B. Burkynsky, V. Mischenko, O. Tsarenko, L. Melnyk, M. Hvesyuk, S. Harichkov, B. Stepanov, A. Aksenenko, O. Amosha, T. Ben', I. Bul'yeyev, O. Vasylyk, N. Konischeva, A. Turylo,

L. Chervova, M. Chumachenko, A. Sheremet and others.

Statement of research objectives

– to justify the environmental factors in the system of priorities of the state economic policy;
– to identify the economic evaluation of the natural resources in the system of indicators of the country's development.

Results

The feasibility of development and implementation of the strategy of rational use and protection of natural resources at the regional level requires significant adaptation of the existing in our country rules and regulations to the European standards of environmental management. The legitimization of the targeted program approach will enable the effect of various opportunistic interests in regards to the use of natural resources, will guarantee the transparency and predictability of the regional policy in this area [3, p. 326].

Applying the environmental factor into the priorities of the state economic policy is caused by a number of objective and subjective factors. Among them the most crucial are:

– the need to ensure the energy security, socio-economic development due to the lack of own energy resources;

- the reduction of the anthropogenic impact of the industrial complexes on the environment due to the wear of the certain objects of the logistic and material base and the undeveloped state of the infrastructural provision;

- to prevent the appearance of natural disasters (foods, landslides) due to the irrational use of some components of natural resources;

- to strengthen the budget-filling function of the nature use and the social orientation of the commercialization through involving natural resources into the reproductive process;

- to implement the priorities of the ecological use of natural resources and other elements of the environment into the dominants of acceleration of the socio-economic rehabilitation of territorial units;

- the formation of the financial base for the upgrade and modernization of the environmental infrastructure and expansion of the territorial boundaries of protected areas;

- the legalization of the business sector in the specific areas of natural and gradual formation of the competitive environment and market infrastructure in the development of natural resources;

- the improvement of the fiscal control of the nature use through the introduction of promising forms and methods of assessment (administration) of the resource payments and environmental charges;

- increasing the rental target taxation for the use of certain types of natural resources through differentiation and diversification of the rates and fees for exploitation and the introduction of a mobile system of fines and recoveries;

- the development of the methodological and methodical basis for the economic evaluation of natural resources as part of the national wealth and justification of the efficiency indicators of natural resources in social reproduction;

- the development of the financial, credit and banking systems that would have the natural resource and environmental focus and accelerate the innovation of the means of production in the natural resource sector;

- the implementation of the principle of equality of ownership and the natural resource component of the national wealth under the condition of presence of the strong municipal sector as the base for filling in the budgets of local communities and preserving the state ownership of those natural benefits, which are performing the strategic function in preservation of the favorable living

conditions and increase of the assimilation of potential areas;

- the transformation of the environmental management through the concentration of the basic regulatory instruments and management tools in a single center;

- the large-scale implementation into the practice of business activity of the elements of environmental management with the aim of the domestic enterprises of nature use entering into the system of environmental standards, which operates in the countries of the developed capitalism;

- the elimination of the distortions in the water supply of some regions because of the gradual improvement of the river basin management and the equalization of the standards board at the regional basis as well as taking into account the sectoral characteristics of water;

- increasing of the wood resource potential through the transformation of economic relations, which includes the implementation of the system of stimulation of forestation and reforestation incentives, the deep processing of timber and forest complexity, the revitalization of business in the recreational forest and non-wood raw materials during processing and the use of the non-wood qualities of the wood [5, p. 231].

To the elements of the protection of the environment can be included all kinds of activities of different nature related to the prevention of negative consequences of the process of production and consumption, meaning the treatment facilities, waste-and low-waste technologies, the closed process of water consumption and the formation of reserves that preserve and stabilize specific biogeocenoses.

Although Ukraine is marked with the downward trend in emissions of substances that pollute the atmosphere it is not a insignificant one. Thus, according to data of the state statistical reporting, the proportion of samples of air, which found contaminants in concentrations exceeding the bounding (hereinafter – MAC), was: in 2006 – 9.5, 2007 – 9.3 2008 - 9.1, 2009 – 9.2, in 2010 – 8.8.

The main pollutants of the air are suspended solids (about 27% of non-standard samples), oxides of nitrogen (about 23 %), carbon monoxide (about 14%), and sulfur dioxide (about 9 %). These substances are the main components of the emissions of the fuel and energy, manufacturing and extractive industries, transportation and agriculture.

During the period of year 2010 by the specialists of the state epidemiologic service of Ukraine

had been selected for laboratory studies some 256,452 samples of the air in urban areas and 39,626 samples - in rural areas. The results of the 22,461 samples in ambient air in urban and 732 rural air samples were found exceeding the MCL contaminants. The above statistics shows that the number of samples of air containing contaminants in concentrations that exceed the MCL, in the cities is about 9% in rural areas – about 2%.

The assessment of the air pollution in the cities of Ukraine was accomplished according to the observations made in 53 cities, 162 fixed routes and two observation points of the hydrometeorological monitoring system. Thus, the air content was determined to include 32 contaminants, including benzo (a) pyrene and heavy metals.

The average annual concentration of the formaldehyde in the cities of Ukraine, where observations were carried out, was at 2.7 MAC, nitrogen dioxide – 1.3 MPC, dust – 1.1 MPC, ammonia, hydrogen fluoride and phenol – 1.0 MAC.

In 2006, the annual average concentration exceeded the MCL for formaldehyde in 36 cities, nitrogen dioxide – 30, dust – 25, phenol – 11, carbon monoxide – 10, ammonia and benzo (a) pyrene – 7, hydrogen fluoride – 6, sulfur dioxide – in 2 cities, hydrogen chloride and carbon black – in 1.

The maximum concentrations of pollutants exceeded 5 MAC (high pollution level) in three cities: Kyiv with nitrogen dioxide in 4 cases (in the past year – 10), in Kharkov with the dust in 2 cases (1 respectively), in Krasnoperekopsk with hydrogen chloride in 23 cases (of which 2 cases were above 10 MPC (12)), with ammonia – 5 and nitrogen dioxide – 2 cases (in the past year – 4 cases). Altogether there were 36 cases of high air pollution to the maximum concentration level against 33 cases detected last year.

In 2010 in 22 cities of Ukraine the level of air pollution (with the complex air pollution index - KIZA) was higher than the average for the country. The highest level of contamination had been detected in the cities of Odessa, Dneprodzerzhinsk, Krasnoperekopsk, Armyansk, Horlivka, Slavic, Dzershinsk, Makeyevka, Mariupol, Yenakiyev, Lisichansk, Donetsk, Dnepropetrovsk, Kramatorsk, Lutsk, Uzhgorod, Severodonetsk, Odessa, Krivoy Rog, Rubezhnoye, Yalta, which is associated with the significant concentrations of formaldehyde, nitrogen dioxide, benzo (a) pyrene. In some cities there was the high average content of hydrogen fluoride, phenol, dust and other substances inspected.

The main reasons that cause the poor and often dangerous condition of the air in the settlements are non usage from the side of technological enterprise of the air pollution abatement equipment, failure to comply with the timely measures in order to reduce emissions to the required level, slow pace of the modern technology for cleaning emissions, the lack of the effective treatment of emission from the side of gaseous impurities enterprises, the lack of safety zones between industrial and residential areas.

The high level of the air pollution is caused mainly by the emissions made by the enterprises of coke, metallurgical and chemical industries. The subject of the most adverse effects of harmful factors becomes the population living within the sanitary protection zones of industrial enterprises, which is the violation of the requirements under degree «On the public health rules of planning and development of human capacity.»

The problem of climate change is recognized today as one of the most pressing problems that the mankind should solve in the XXI century. As the evidence of the awareness of the international community with the threats caused by the global climate change is the fact that 189 countries became the parties of the UN Framework Convention on Climate Change, and 164 countries are parties to the Kyoto Protocol.

In the conclusions of the Intergovernmental Panel on Climate Change it is stated that, according to the third report, prepared by this group, in order to stabilize the greenhouse gases in the atmosphere the global greenhouse gas emissions should be reduced considerably – more than in 2 times compared to 2000.

The European Union on the 12th Conference of the Parties of the UN Framework Convention on Climate Change, in which Ukraine also took part (November 2006), released its long-term strategy for reducing the emissions by 30% by 2020 and by 50% by 2050 compared to the level of 1990's. Ukraine's commitments as the party to the Kyoto Protocol during the commitment period of 2008-2012 years, meaning five years, are not to exceed the fivefold of the amount of greenhouse gases of the 1990's.

The Kyoto Protocol does not only pose certain challenges for Ukraine, but also allows it to get more investments into the economy. Kyoto's Protocol flexible mechanisms, namely: trading greenhouse gas emissions and joint implementation of the projects in order to reduce such emis-

sions can and should become a significant source of financial income into the economy.

According to a recent inventory of anthropogenic emissions of greenhouse gases of the year 2004, excluding the removals by sinks, there were some 413.4 million of tons of CO₂ thrown out into the atmosphere. In the 1990 the base emissions of Ukraine totaled 925.4 million tones of CO₂ [2].

The reproduction of natural resources is directly related to the reproduction of renewable resources, meaning the formation of artificial biocenosis, the sewage treatment for their multiple effective and efficient uses, the expansion of forests and crops and so on. Here the important and necessary problem is the restoration of the natural resources associated with land reclamation, cleaning of rivers, lakes, reservoirs and other water systems as well as scientifically sound conduct and implementation of soil and water protection measures.

Under the modern conditions the problem of the rational use of natural resources and the level of its development reached the critical level. According to the international environmental organizations over the last hundred years the mining of coal in the world increased by 48 times, oil – in 145 times, natural gas – to 831 times, pig iron – 18 times, steel – 23 times, wood – 10 times. Every two decades around the globe the mining of natural resources is being increased in two times [1]. This situation indicates the negative impact on the environment, the transformation of its structure and the essence of the balance of forces.

The high level of the development and utilization of natural resources in the economy led to the situation that nowadays the humanity moves and transforms about 18 km³ of rock from which more than 185 different types and components of various minerals are being removed. These data points out on the intense movement of the individual components of natural resources of the world and alarms about the relative completeness of natural resources of the planet and unwanted negative phenomena and processes.

To the natural and resource potential of the state the national scientists include: land, forest reserves, water resources intended for the commercial use, stocks of mineral resources. It should be noted that along with the concept of natural and resource potential the term of ecological and economic potential is being used, which is close in meaning. Ecological and economic potential comprises of the resources theoretically available for use and properties of the natural systems through-

out the world and its regions. The operation and maintenance of them is being particularly emphasized [4, p. 20].

Natural resources should be considered as the integrated resources and they need the comprehensive evaluation conducted upon them, which should include three levels: natural-historical, natural-resource and environmental- socio-economic ones [1, p. 8].

Natural resources are considered from two perspectives: as the natural formation and social basis. This causes the existence of the evaluation of their natural and socio-economic characteristics.

On the economic evaluation of natural resources their dual nature has an influence. The assessments undergo the qualitative properties – using value and the quantity ones – the spending costs of the society connected with entering the natural resources into the national turnover. As part of the economic assessments of natural resources, macroeconomic assessment impacts directly the ecological and socio-economic level of the assessment of natural resources. In turn, the evaluation of natural resources is carried out at every level of social production.

Macroeconomic assessment determines that the effort of the society lies upon the exploration of natural resources, bringing them into operation, bringing resources to their best use and recovery, the elimination of violations of the use of natural resources and the results of the natural resource disasters.

Conclusions

The above stated efforts of the society, as they take part in social production, are called the costs of labor which are allocated for the accumulation of the value of natural resources. The economic essence of accumulation is to create the reproduction of the national wealth. This figure, along with the economic development potential characterizes the development of the national economy.

As the world reserves of natural resources are very large, the probability of near physical exhaustion of the most of them due to the irrational use is fairly insignificant. In the period of difficult economic development and weak implementation of new scientific and technological achievements into the economic practices it can be concluded about the exhaustion of industrial stocks of biological material, given the current technology of production. As the example, we can talk about the geological deposits of coal, oil, uranium, and other important minerals of the world in the crust.

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Olena Hinds,
Ph.D. in Public Administration,
Crimean Economic Institute of
Vadym Hetman Kyiv National Economic University

ESSENCE AND RESULTS OF INTERACTION BETWEEN MARKET
AND STATE REGULATION UNDER CONDITIONS OF GROWING SHORTAGE
OF RESOURCES AND ENVIRONMENTAL DEGRADATION

Annotation

The problems of resource-ecological safety of the state are defined. Essence and results of co-operation of market and state regulations under conditions of growing shortage of resources and environmental degradation are grounded.

Keywords: state regulation, institutional regulation, ecological orientation, natural potential, resource-ecological safety.

Анотація

Визначено проблеми ресурсно-екологічної безпеки держави. Обґрунтовано сутність і результати взаємодії ринку та державного регулювання за умови зростання дефіциту ресурсів і деградації довкілля.

Ключові слова: державне регулювання, інституціональне регулювання, екологічна орієнтація, природний потенціал, ресурсно-екологічна безпека.

Аннотация

Определены проблемы ресурсно-экологической безопасности государства. Обоснована сущность и результаты взаимодействия рынка и государственной регуляции при условии роста дефицита ресурсов и деградации окружающей среды.

Ключевые слова: государственная регуляция, институциональная регуляция, экологическая ориентация, естественной потенциал, ресурсно-экологическая безопасность.

Introduction

Mutual influence in the system «society - nature» is increasingly evident at the present stage of human development: significant changes in the environment are shown on the quantitative and qualitative parameters of development of society, and increasing scale of society's activity causes irreversible total changes in the environment. This indicates that society and nature is a single dynamic system, for components of which interdependence and active feedback connections are typical. In other words, tendency of growth of dependence of the society from the natural environment can be traced due to exhaustion of natural resources, reduction of the area of the Earth per capita, reduction of assimilation capacity of the environment, its loss of original features as a favorable living environment that is caused by increasing human pressure on nature. Thus, the environmental crisis has become systemic.

Analysis of recent research

Works of A. M. Bronshtein, B. V. Burkyns'kyi, S. A. Hensiruk, M. I. Dolishniy, V. S. Kravtsov, M. S. Nyzhnyk, S. M. Stoyk, A. I. Tarasov,

K. K. Tkachenko, S. J. Callan, W. S. Gates are devoted to the study of environmental problems of nature. Socio-economic aspects of nature management are highlighted in the works of M. M. Amirhanov, A. E. Babynets, A. F. Balatskiy, O. V. Vrublevska, T. P. Halushkina, V. N. Gerasimovitch, A. V. Hidbut, E. V. Hirusov, A. A. Golub, K. G. Hoffman, L. S. Hryniv, O. V. Zhyvytskiy, V. M. Kyskyi, Y. Y. Tunytsya, and others. Nevertheless significant part of research on improving the economic mechanism of regulation of the use and protection of natural resources does not consider the specifics of recreational nature management.

Statement of research objectives

– to identify problems of resource and environmental security of the state;

– to justify the nature and results of the interaction of market and state regulation under conditions of growing shortage of resources and environmental degradation.

Results

Environmental crisis is, first of all, a crisis of the actual mechanisms of adaptation of soci-

ety to the environment. There is an urgent need to change the vector of this interaction through the reform of institutions of management. It is about management of not only the economy but also the whole historical process [7, p. 290]. There is a need to note that the current scenario of reforms (American, Western European) have exhausted themselves. Their transfer to other territories did not give the expected results, and even suffered a complete fiasco. In particular, now it is admitted that «invisible hand» of the market can not cope with the problems without special management. The concept of state regulation of economy, developed by J. M. Keynes at one time showed the seriousness of the idea of predictable and controlled economy. The need for regulation is caused by the presence of so-called «market failures», though with part of these «accusations» and the overall position of their formation is difficult to agree.

Marshall drew attention for the first time to market failures. Later this question was actively considered in the theory of social welfare (V. Manson, F. Hirsch, A. Pigovian, G. Daly) [1, p. 169, 2, p. 170, 6, p. 255]. Market failure is called a situation in which the market is unable to independently, without external intervention produce effective individual and community decisions, resulting in disturbed economic equilibrium. The modern vision of market failures that determines the need to regulate the market mechanism is caused by a number of reasons.

Campbell R. McConnell and Stanley L. Brue, citing the arguments against the market system, name extinction of control function and competition, wasteful and inefficient production, injustice of income distribution, the violation of market mechanism through the presence of external effects, disregard of social needs, volatility [1, p. 88-91].

Paul A. Samuelson and Wilma D. Nordhaus state that such market economy is ideal, where all goods and services are voluntarily exchanged for money at market prices. This system ensures receiving maximum revenues without government interference. Yet, according to scientists, it is almost unattainable state, and every market economic system has flaws that lead to environmental pollution, unemployment, stratification of society into rich and poor. It characterizes the «market failure», which is due to imperfect competition and information, external effects. Moreover, markets do not always justly distribute incomes and can not always ensure macroeconomic stability

and growth, especially in the long term. However, returning to the issue of breach of fairness in the distribution of revenues, the same authors emphasize that these are shortcomings of actual distribution, rather than the market [6, p. 67-79, p. 313-315].

Let us note that analyzing the so-called market failures or imperfections of the market, the aforementioned scientists stress that market efficiency is not being questioned. Besides, using the theory of social welfare and market efficiency, they justify the feasibility and scope of regulatory policy of the state.

Specifically, A. Samuelson and V. Nordhaus note: «... mixed economy is characteristic of all industrialized countries, where the market determines the volume of production and sets prices ... and the state manages the economy in general ... Both sides - market and state - are important for the continuous functioning of the economy. The existence of a modern economy without one of these parties is the same as the attempt to applaud with one hand». [6, p. 78]

The authors identify three main economic functions of the state in a market economy:

- 1) ensuring efficiency by conducting active environmental and antimonopoly policy;
- 2) redistribution of incomes and the use taxes for the establishment of social justice;
- 3) stimulating macroeconomic growth and stability [6, p. 74-79].

Scientists from different countries have studied these problems in the sphere of nature management and environmental protection. In particular, this is reflected in the writings of researchers L. M. Cherchyk, G. B. Pohirschuk, who analyzed not only market failures but failures of the state in these areas, examined issue of correlation between state and market regulation of the economy [9, p. 609, 4, p. 120]. L. M. Cherchyk names the following causes of «failures» of the market in the environmental field: externalities (external effects), the absence or underestimation of prices for natural wealth, lack of markets, public goods, transaction costs, property rights, uncertainty and short-sightedness of the market. He underlines the need for implementation of environmental policy of the state aimed at a significant adjustment of failures of the market. Along with this scholar provides examples of ineffectiveness of state policy: provision of subsidies (on fertilizers, pesticides, herbicides, energy, water, etc.), the ineffectiveness of the tax system, control of prices inconsistency

in the reform of property rights, etc. [9, p. 610].

However, as it is rightly observed by L. Melnyk, the market is only a subsidiary mechanism designed to serve the needs of people and is guided by the will of the people. That is, it works the way it is set up within clearly defined functions and in the exact modes of operation [3, p. 260].

The authors of «Economics» warn: «Without doubt, the market is a powerful driving force for economic growth. Yet do not try ... to assume that the state is an unnecessary relic of the past. The state plays a key role, providing a safe environment, in which markets can flourish, and helping to avoid extremes that occur when they (markets) are not limited in any way. Prosperity of modern economy depends on the support of the required balance and proper allocation of responsibilities between market and government». [6, p. 66]

It should be mentioned that role of the state has indeed grown significantly since globalization of consequences of government decisions, which may lead (and sometimes lead) to the irreversibility of social processes and to no reproduction of the vital natural resources, has become an important result of the development of technogenic civilization. «Never before in world history was such a big responsibility as today relied on the state power, because through unprecedented technological powers it had acquired such domination over the people, over the environment and even over all living on earth, which it had never before». [8, p. 520] But it also has negative consequences: hypertrophied responsibility of the state decreases extent of responsibility of certain people; eliminates civil liability for their decisions and results of their implementation. Obviously, there is a need to find consensus in the actions of civil society and the state, determine the extent and forms of state influence on market mechanisms.

Correlation between government regulation and market economy is schematically presented by P. Samolotov [5, p. 158]. We agree with the proposed terms of feasibility of state interference, namely that, firstly, this intervention should create conditions for improving the functioning of the market; secondly, the positive effects should exceed costs for organizing this intervention. Let us note that the state as an owner of natural resources represented by state-owned enterprises, establishments and institutions, is itself a full subject of market. And, therefore, the state must comply with its activities under market conditions, obey the laws and established rules of the game on a

common basis, and provide control over their implementation and responsibility for the failure.

If we consider these issues more globally, we outline the problem of resource and environmental security of the state caused by degradation of natural landscapes and catastrophic reduction of nature and resource potential. The main reasons for this are recognized:

- intensive anthropogenic changes in nature and resource potential through the adoption of environmentally unjustified decisions;
- inefficient use of natural resources;
- consumer attitude to natural resources, the dominance of current interests over the perspective ones;
- imperfect environmental justification of projects;
- inadequate system of public administration, legislative support, institutional arrangements in nature management.

Agreeing with each of the problems mentioned, once again we emphasize the principle position: market is purely economic mechanism, so it is unfair and wrong to accuse it of failing non-economic functions. Although, we repeat again, that with an appropriate adjustment and set up, it can successfully solve environmental and social problems. Therefore, in our opinion, such accusations of the market as the inability to provide social justice, environmental security, social needs can not be directly related to it, they can not (in principle) be resolved only by means of market mechanism.

Addressing these issues is the prerogative of completely different institutions, in the first place - the state. Practically, presenting these accusations the scientists considered the market as a global regulator of social ecological economic system, which is wrong in principle.

Conclusions

Thus, purely market economy does not solve problems associated with the excessive use of natural resources, rapid exhaustion of non-renewable resources, degradation of landscapes, opportune use of land plots for the development of those forms of entrepreneurship that would ensure the maximum return in the short term without regard to the needs of future generations, environmental security, and sustainable development. This is why in the 1960-70s, when environmental problems were exacerbated, market-oriented countries had begun an active search for effective market and state regulators, their optimal combination.

In economically developed countries models of mixed economy with a strong public sector were formed and function. State, corporations, banks, businesses, NGOs are equal significant attributes of a market economy, and combination of the interaction of state, market, institutional mecha-

nisms provide positive results in nature management and environmental protection. Economic development should not be an end in itself. This requires restructuring of the social model based on the strengthening of institutional regulation and environmental orientation of development.

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FORMATION OF SOCIAL STRUCTURE OF SOCIETY
IN THE COUNTRIES WITH DEVELOPED MARKET ECONOMY AND IN UKRAINE

Annotation

Institutional environment in the area of social protection is formed. Modern problems of social protection of population in Ukraine are defined. The formation of new institutions and institutional environment in the context of the major problems of social protection of population is grounded.

Keywords: state regulation, institutional level, mechanisms, living wage, reform, social protection of population.

Анотація

Сформовано інституціональне середовище у сфері соціального захисту. Визначено сучасні проблеми соціального захисту населення в Україні. Обґрунтовано формування нових інститутів та інституціонального середовища у контексті основних проблем соціального захисту населення.

Ключові слова: державне регулювання, інституціональний рівень, механізми, прожитковий мінімум, реформування, соціальний захист населення.

Аннотация

Сформирована институциональная среда в сфере социальной защиты. Определены современные проблемы социальной защиты населения в Украине. Обосновано формирование новых институтов и институциональной среды в контексте основных проблем социальной защиты населения.

Ключевые слова: государственное регулирование, институциональный уровень, механизмы, прожиточный минимум, реформирование, социальная защита населения.

Introduction

Nowadays the complex of problems of social protection of population in Ukraine is considered through the prism of society, the state of market relations, when the new realities of civil and economic life replace the old ones and the ones that are exhausted. The peculiarity of this period is lagging in the development of regulatory standards and legal regulation of the everyday needs of society. This lagging is the most vulnerable in comparison with social standards (norms) of the European countries. In particular, according to the standards of the European Social Charter, the minimum wage should be a minimum of 2.5 living wages. So far Ukraine is unable to achieve this ratio.

That is why the legal system does not always demonstrate readiness to rapid implementation and effective regulation of new processes, including in the field of social protection of population. Under conditions of absence of adequate legal regulation of the practice of reform, reforms even in the best case are carried out slowly, formally, and inconsistently. Hence, relevant social, economic,

and psychological consequences of reform arise; the complex of issues associated with providing legal and social protection of population in the conditions of transformations that are undertaken, about what it was dealt in previous sections. It is not surprising that tasks of effective development of economic sectors and social sphere are not always consistent with the problems of social harmony, adaptation of the population, especially its vulnerable strata, with rapid changes in life, with ensuring the guarantees of people incapable to work (pensioners, disabled, large families, etc.).

Analysis of recent research

Special attention to studying the mechanisms of activation of social policy at the state level provide such well-known scientists, as A. I. Amosha, N. P. Boretska, S. Y. Vovkanych, T. A. Zayets, A. S. Krupnik, V. O. Mandybura, V. M. Novykov, O. F. Novikova, U. Y. Sadova and L. K. Semiv, P. I. Shevchuk. Some aspects of the problem from the standpoint of public administration were examined by A. O. Degtyar, D. V. Karamyshev, V. V. Nikitin, H. S. Odintsov and others.

Statement of research objectives

- to form institutional environment in the sphere of social protection;
- to identify current problems of social protection of population in Ukraine;
- to justify the formation of new institutions and institutional environment in the context of the major problems of social protection of population.

Results

In the context of the main problems of social protection of population at various institutional levels, not enough attention is paid to the practical implementation of theoretical developments of «compensatory» protection mechanisms for society that would help its citizens to adapt to specific conditions of formation of new institutions and institutional environment.

The recognition of Ukraine as a country with market economy imposes certain obligations on it. First of all they relate to problems associated with the rethinking of the new state economic policy, which should provide the maximum mobilization of all resources of the country, promote economic initiative and independent action of the population especially in the form of small and medium business, strengthen the social orientation in the development of enterprises, regions and the economy as a whole. This long-term socially oriented policy should be aimed at reducing the real level of unemployment, strengthening economic activity and mobility of the population, increasing its income, living standards, that is improving social protection of population. The convergence of living standards of population to average European standards of its quality, indicators of human development is expected on the basis of socially oriented economy of the modern type [4, p. 38].

Economic support to effectively working national commodity producer on both domestic and foreign markets remains the actual problem. Its solution lies in optimizing the tax burden, expanding support of export activities within the international legal framework, using potential of international organization and economic integration.

In state regulation of market economy economic mechanisms and levers of influence and control with differentiated approach to state and non-state (private) sectors of the economy, spheres of distribution and redistribution, circulation and consumption acquire great importance

Along with the reform of the wage system, the concept of which is supported by the state, it

is necessary to achieve the reduction of economic inequality by introducing a flexible tax policy, rational social transfers, promotion of small and medium business, protection of minority shareholders' rights.

Optimization of tax rates, reduction of the types of taxes and collections while simultaneously expanding the tax base and ordering the established benefits of income tax on citizens for all groups of taxpayers contribute to the expansion of production, reduction of burden on the state financial system in the part of state payments to the population for social programs, which should be targeted. Therefore, it is important to strengthen the revenue base of budgets of all levels, which should lead to understanding, rethinking and as soon as possible adopting the Tax Code of Ukraine. It, according to experts, will allow to increase incomes of the population, stabilize the domestic tax law and adapt it to the European legal framework [3, p. 57].

The primary problem in the context of social protection of population is the enforcement of full-scale reform of pension system. It should be carried out on three levels: solidarity system of pension payments (first level), system of cumulative individual pension accounts within the mandatory state pension insurance (second pillar) and the system of private pension insurance, which will provide additional pension payments through voluntary pension contributions of citizens (third level).

Modus operandi of the first and second levels of the pension system and the mechanism of transition to mandatory funded system are defined in the Law «On Compulsory State Pension Insurance» [1].

To improve the system, solve problems and tasks of social protection of disabled it is important to adopt the new version of the Law of Ukraine «On the basis of social protection of invalids in Ukraine» that creates a regulatory framework for social protection of disabled persons, forms an effective organization and its financial mechanism of its provision [2].

An important problem in the context of social protection of population is the development of humanitarian sphere, including education, science, health, culture, physical culture and sport, recreation and tourism.

This development of areas of human capital helps to ensure social well-being of person at all stages of his/her life; it becomes a solid foundation of his/her self-defense. For instance, more

than 50 percent of new graduates «find a job themselves» in Russia. State employment system of young professionals no longer exists there. This situation contrasts sharply with the employment of young professionals in other countries, where there is a common practice of conclusion of contracts of students with some firms, which pick up for themselves the appropriate professionals. For example, in the U.S. more than 80 percent of graduates are employed throughout the year. In Japan this figure exceeds 90 percent. Thus, it is possible because the education system in these countries is focused on flexible diverse specialization [7, p. 79]. International experience shows that spending on education should not be less than 5 percent of the GDP; UNESCO experts identified the lowest possible share of expenditures of the state on education around 3.5 percent.

Collapse of the infrastructure of education will be inevitable in case of their noncompliance. Analyzing the obtained results, experts make the following conclusions:

- there is a «blurring» of professional field, professional culture, the destruction of educational and occupational structure of society as the basis of social structure;
- a question of supply and demand is not sufficiently closely studied by the educational institutions, the Ministry when forming personnel potential;
- there is a concern about the quality of professional education, level of specialization and socio-economic justification of the number of professionally trained personnel for certain sectors [9, p. 54].

It should be noted that in general the quantitative parameters of education in Ukraine look not bad among the countries in the world. However, in terms of financial support for this important sphere of socio-economic activity, Ukraine is not far ahead of the least developed countries.

Ensuring social cohesion in the country is directly related to solving by the state the most pressing problems of society – employment of the population and improvement of the level of its life. Employment should be a guarantee to ensure every worker his/her well-being according to the labor contribution of knowledge and skills.

Serious socio-economic problem, the resolution of which depends on the state of social protection of population, is the increase of unemployment level. It threatens the adverse social consequences. Analysis indicates that the popula-

tion, which has been without work for a long time, increases presently. Extension of terms of unemployment is a very dangerous socio-economic process, which shows the trend of its transition to congestive form. Of course, it has a negative impact on the potential professional and qualification level of unemployed persons, because the allowable period of job search, when the loss of qualification, skills and habits to work has not started yet, is 3 months.

It is unfortunate that a significant contribution to the formation of unemployment in Ukraine provides a hidden form that is the unwillingness or the inability of a significant part of really unemployed people of working age to register in the employment services. The most important factor at the present stage of economic reform is the increase of the management efficiency of the employment of the population by improving the administrative, legal and socio-economic mechanisms. This is primarily the development of new and additions to existing legislative acts on labor, determination of the competence of the public administration bodies at various levels in the implementation of employment policy.

This is the inclusion of new economic mechanisms aimed at creation of material conditions for the functioning of state guarantees in the sphere of employment such as targeted funding, preferential loans and provision of additional benefits to business entities, which ensure the expansion of production, creation of new jobs, the increase of employment of the population [6, p. 95].

Income of the population is one of the most important indicators featuring the level of economic and social status and security of society. Analysis of the legal framework on this issue confirms the fact that workers and their families are guaranteed the right to receive adequate minimum income as at present as well as in the future to satisfy the material needs, accessibility to quality education, health services and recreation, which ensures normal life opportunities and human development.

One of the major factors, which reduce income, is delayed wages. By the middle of 2011 debts on wages in the economy grew more than 10 %. This tendency, unfortunately, was observed in all kinds of economic activity [5, p. 178].

The latter, in its turn, prevents rapprochement of Ukraine to the European countries in terms of equalizing wages, and not only to the countries with economies that are obviously much stronger

than the Ukrainian one, but also to the new EU member states.

Presented facts give grounds for some people, especially socially and economically active, to seek a normal life for themselves and their children abroad. There are several million of such people for the period of independence of Ukraine. They reduce the share of officially registered unemployed people in the country and «beautify» the statistics of relevant government agencies. The silent neutrality is arrayed between them and the state: they do «not notice» each other. In this neutrality the disturbing phenomenon of weakening and negation of connection of a citizen with country up to the subjective rejection of such a connection is hidden.

Analysis of economic issues related to timely payment of wages suggests that wages, as before, are not earned, but are charged at face value. Thus, wages as a major component of labor incomes in Ukraine do not always perform their functions, because they remain very low; its inter-sectoral and inter-regional differentiation is too noticeable; differences between qualifications are excessive in sectors with high wages and are such that verge on leveling in the sectors with low wages [8, p. 41].

In turn, low levels of labor incomes and unjustified differentiation and controversial structure inevitably lead to a crisis of motivation of work, resulting in low labor activity, incomplete use of

labor potential, reducing the role of labor and its full or partial exclusion from the list of basic life values of economically active people.

The release of a significant number of workers and employees exacerbates two problems. Firstly, it is their financial security, and secondly, it is the timely implementation of professional retraining of unemployed people.

Conclusions

Existing problems give grounds to state a lack of attention from the ministries and agencies on personnel training at all levels in accordance with existing and future needs of the market economy. The specified above is in a high level of controllability of these processes. There is almost no mechanism for ahead of training and retraining of workers, who are at risk of dismissal. This important leverage can significantly mitigate the problems of employment, reduce the level of unemployment.

The transition to a market economy brings to the first place a problem of forming a «middle class». According to the definition, the middle class is the main part of the social structure in the countries with developed market economies. In these countries small and medium-sized owners, farmers, managers, state officials, scientists, doctors, lawyers, highly paid part of the engineering and technical personnel and workers, people of so-called liberal professions rank as the middle class.

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THE ROLE OF THE INFORMATIONAL AND INTELLECTUAL RESOURCES IN THE PRODUCTION PROCESS OF GOODS AND SERVICES IN THE KNOWLEDGE SOCIETY

Annotation

The directions of the globalization processes are defined. The groups of the intellectual resources of the subjects of economic entities are formulated. The role of the informational and intellectual resources in the processes of production of goods and services in the knowledge society is defined.

Keywords: globalization, intellectual capital, economic environment, mechanism, resource formation.

Анотація

Визначено напрями глобалізаційних процесів. Сформульовано групи інтелектуальних ресурсів суб'єктів господарювання. Визначено роль інформаційних та інтелектуальних ресурсів у процесах виробництва товарів та послуг у суспільстві знань.

Ключові слова: глобалізація, інтелектуальний капітал, економічне середовище, механізм, ресурс.

Аннотация

Определены направления глобализационных процессов. Сформулированы группы интеллектуальных ресурсов субъектов хозяйствования. Определена роль информационных и интеллектуальных ресурсов в процессах производства товаров и услуг в обществе знаний.

Ключевые слова: глобализация, интеллектуальный капитал, экономическая среда, механизм, ресурс.

Introduction

The problem of intellectual resources is considered by the different areas of science. The existing theories tend to examine the separate types of intellectual resources: scientific and technical progress, human capital, social capital, intellectual capital, information, knowledge, non-material resources. The specialists in the field of strategic management distinguish as intellectual resources companies and their competence or ability (for instance, the ability for conducting research and the development or production of low-cost products), which can be supported by such assets as patents, licenses and equipment and others. These are called «key competencies» as they demonstrate that exactly they serve as the ground for the creation of competitive advantage.

Analysis of recent research

To the development of the theoretical and conceptual approaches towards the proceeding of the technologies of the governmental management of the economy in the sphere of accumulation of intellectual capital are devoted works of foreign and domestic scientists, namely O. Alymov, D. Bell, J. Galbraith, B. Danylyshyn, L. Dickens,

I. Egorov, L. Edvidson, M. Malone, T. Stewart, B. Andrushkiv, O. Butnik-Seversky, B. Malitsky, I. Bystryakov, V. Heyets, J. Lysenko, O. Lyapunov, B. Mukytenko, O. Novikova, G. Savina, O. Tsybulov, A. Chukhno, Y. Yatskov and others.

Statement of research objectives

– to identify the directions of globalization processes;
– to form the groups of intellectual resources of economic entities;
– to determine the role of the informational and intellectual resources in the processes of production of goods and services in the knowledge society.

Results

The stage of modern economic development is characterized by the growing role of individual and collective knowledge at all levels of the economy - from micro level to the development of innovative public policies. At the theoretical level this stage of economic development is characterized by the development of notions of the theory of knowledge (knowledge as the economic category), problems of research and measurement of knowledge, the creation of knowledge management.

Russian scientists see the knowledge economy as such level of economic development, where knowledge serves as the factor, the product and the measure of organizational activity [4, p. 31]. In the economy where the cycle of financial and commercial capital is complemented by the circulation of intellectual capital, knowledge as the technological part of the intellectual capital is beginning to play the significant role of the resource insurant for the operation of businesses entities.

The production and consumption are getting knowledge-consistent, while the new forms of knowledge which became the object of the sale and purchase agreements such as brands, franchisees and others appear.

The information on the market demand, combined with the knowledge about how to meet them create the opportunities for the deployment of virtual economics and virtual enterprise structures [3].

The evolution and significance of different levels of knowledge in the post-industrial society are associated with the emergence of such characteristics as «profound knowledge» and «personalization of knowledge.» In the previous eras of the economic theory and practice the collective knowledge with the high degree of generalization was studied and evaluated. In the knowledge economy, however, when cognition became the essence of knowledge, its perception, formation, preservation and transfer had been personified.

Russian scientists state that while in the industrial society individual had to meet the requirements of the society, in the postindustrial one the society in its turn must meet the needs of the individual [5, p. 38]. This significantly alters the functioning of the social structures and economic characteristics.

To the determination of the role of the individual knowledge in economic development are devoted works of French neo-industrialists and some Ukrainian scientists [1, 5]

Based on the research of Ukrainian and foreign scientists devoted to the processes of forming the knowledge economy, the following specific features and elements of the new phase of economic development can be formulated.

1. The change of the logistical and material base of production through automation and computerization of the production and resource costs for making products (minimization of the material costs, the increase of information) [7].

2. The development of the information support of the social processes by improving the in-

formational technology, implementing new technologies of communication and knowledge management systems [5].

3. As the most important resource becomes the intellectual capital and its carriers- personnel.

4. As the source of creating the new value serves the intellectual potential of the employee, and not his psycho-physical efforts, meaning that its only his/her creative and innovative character of work creates the additional opportunities for businesses.

5. The informational and networking technologies define the technological mode of the production and sales, the organization and management of these processes (the creation of the networked virtual organizations).

6. The nature of work had been changed in such a way: the intellectual content of it increased the same as the decentralization and de-urbanization of the production (remote work). Also it is marked by the development of business activity in all areas, the introduction of new partnership relations into the organization of labor.

7. The public and private consumption is changing towards knowledge-consistence and individualization.

8. There is the elimination of the alienation of the manufacturer from the means and results of production (after sale information and knowledge belong to the seller).

The formation of knowledge economy in Ukraine is being conducted in the conditions of the globalizing economy. Thus, globalization is seen as a comprehensive process that covers the following areas:

- the reduction of barriers for the economic, political and cultural interaction between countries and nations [7];
- the formation of the homogeneous economic, political and cultural spaces;
- the creation of the transnational institutions such as virtual organizations and international innovative structures [6, 2].

Globalization in the knowledge economy is manifested through such factors as speeding up the process of the capital accumulation and increasing the exports of the capital (the appearance of the term «global capital»). Thus, 500 of the largest TNCs of the world provide 2/3 of the global production of goods and services, which constitutes to the 1/3 of the world exports and 4/5 of technologies and administrative service's trading [6]; the internationalization of supply and de-

mand, which is manifested in the standardization of the consumer markets; the changes in the nature and structure of the global capital by increasing the share of intellectual and human capital (the development of the virtual capital as well as the advanced levels of the money and short-term stock market's instruments), the ratio of high-tech and commodity sectors and branches of the national economy which determine the possibility of including it into the world's global processes.

For Ukraine this means the need to develop and implement the strategy of innovational model of economic development. In the conditions of deployment of the globalization processes the personalization of the categories of the knowledge economy leads to the increased anthropogenic factors that determined the uncertainty of environment. Considering the economic system as the poly-systemic formation, the development of which is carried out through the mechanism of management and stabilization in view of the internal capacity and external changes, it can be argued that uncertainty is the constant factor of its functioning. Uncertainty as the object of economic research is seen as the relation between economic actors in the conditions of the development of multiple economic situations with inaccurate or missing information about the quantitative parameters of their measurements.

The value of uncertainty increases through the existence of the following factors:

- the complicated character of the system and fundamental research of the operation of socio-economic systems;
- the nonlinear nature of the creation and functioning of the open complex systems;
- the increase of the uncertainty in the functioning of economic actors through the transformational changes in the nature of the main economic categories (capital, labor, knowledge, rights, globalization), which are not enough theoretically grounded and practically described.

Based on the studies of P. Drucker, A. Tofler, T. Stewards the formation of the intellectual society is seen as the factor shaping its derivative and uncertainty [2]. The features of the impact of the factor of uncertainty on the economy of knowledge are shown by the following factors:

- the growth of the dynamics of the economic processes of capital formation and economic structures of a new type;
- the increase in the value and volume of information needs, values and motives for human

actions and how they are being formed and eventually change;

- the existence of the non-predictable development of science and new technologies and the impacts of their influence on public life and the environment;

- the formation of the new economic virtual organizations, which had not found the adequate reflection in the economic science and institutional structures due to the lack of information about their operation.

The uncertainty of the development of the subjects of the Ukrainian economy depends on domestic and international economic factors and is divided into:

1. The uncertainty which is generated by the formation of the new society of knowledge, which requires the development of the innovative strategies based on the intellectual capital of the enterprise and using the networked information structures of the economy.

2. The uncertainty which is generated by the global processes with the requirements of forming the single economic and informational environment, which determines the needs and behavior of the population.

The specific feature of the knowledge economy is the emergence of the increasingly complex intellectual rather than physical forms of the capital, which possess the greater potential for the economic activity.

The economy of knowledge is such a level of economic development, when the intellectual resources are being brought ahead. It's the economy, where new knowledge is being produced, accumulated and used effectively; where there is the supply and demand for it, where knowledge makes the use of the inputs more efficient. The systematic study of the formation and effective use of the intellectual capital of the economy becomes very important for the economic reform and the development of the social and economic policy aiming at economic growth. These processes are being characterized by the relative novelty which makes it necessary to deepen the theoretical and methodological study of the problem of identification of the intellectual resources, their role in shaping the intellectual capital and the use of their intellectual potential.

The existing theories for the formation of intellectual resources of the businesses entities can be divided into three groups: economic, administrative and social. The economic theories include the

following ones: the theory of the economic growth of Karl Marx, the evolutionary theory of economic change by Nelson and Winter, I. Schumpeter's theory; to the management ones – the concepts of R. Mintzberg, K. Prahalada, G. Hemel and other founders of the theory of strategic management; to the social ones - the theories which consider the people and social interaction between them (the theory of human, social and intellectual capital) as the main generator of intellectual resources [8].

Under the term «resource» (Fr. Ressource) one should understand the available assets: physical, financial (cash and universally recognized values), personnel, intellectual or intangible assets (information, intellectual achievements fixed in the documents, knowledge, generated relations), etc. [1].

In this context, intellectual resource can be considered as:

- the reserve of any (by type) information which serves as the source of the intellectual work of the individual or team;
- the professional and personal characteristics of the specialist (curiosity, ability, competence, etc..)
- the mean (method, mode of action in order to achieve something), which is being applied if deemed necessary (the analysis, research methods such as logical thinking for instance).

This way into the concept of intellectual resources the informational, methodical and professional factors are being included. But these are not the only factors that determine the formation of the intellectual capital and its potential. In order to display the system features of forming the intellectual potential, intellectual resources should be considered as the economic resources that are being formed with the help of information, knowledge and energetic work. They increase the cost in the process of their exploitation, they constantly grow while moving into the new level (also known as the change of the state and potential), they are the source of the intellectual activity of the person or a group of individuals, and they form the competitive and innovative features of the businesses entities. The intellectual resources of the business entity should be regarded as the results of the creative intellectual work and knowledge of its workers, together with their professional and personal characteristics (ability, curiosity, and competence), methods (ways) in achieving something (analysis, logical thinking, and inference) and the organizational skills of the business entity.

The increasing volumes of the informational and intellectual resources in the processes of production of goods and services in the knowledge society contribute to the new understanding of capital as the factor of production.

In the works of local authors and in the translations of foreign publications the set of objects that are included into the composition of the IC as well as the ones which exist in the structure of material and financial resources reflected in the balance sheets are called «the assets». However, the term «asset» is assigned to certain economic and legal attributes, which the dominant IC resource – knowledge does not have. In order to ensure the semantic identity of the investigated objects of the IC it is essential to use the broader concept – holdings, with the allocation of the assets in their structure (objects that match this concept).

Holdings are the tangible and intangible resources of the production that do not necessarily have the liquidity and the objects of the property (including the assets that represent one side of the balance sheet) and express in the monetary terms all tangible and intangible values of the economic system. In this case the circle of the IC entities include the material holdings and assets such as patents, trademarks, operational technology and software programs, «intangible» holdings such as knowledge, technical skills, competence and opportunities of employees [6].

According to the traditional views on the structure of intellectual capital (E. Brukinh, L. Edvinson) and in accordance with the above definition of holdings, the resources of the intellectual capital of business entities can be divided into three groups: human, structural and market holdings. Human holdings include a set of individual and collective knowledge from the side of firm personnel, their competence, knowledge and experience in the particular branch of industry, their creativity, technological and managerial skills and so on. Market holdings are directly related to the operations made in the market which provide competitive advantages for firms. Structural assets and holdings ensure the successful operation of the main production and management of the business activities of all kinds [6].

Among so called «human holdings» the first and most common place takes knowledge while the epistemological and ontological attributes of this concept are still not specified. This actually is the identification of the concepts of «information» and «database». Thus, only the substan-

tives of the aspects of «knowledge» are being considered while the procedural aspects are being implied only at the level of technological know-how. As the result of this into the structure of the intellectual potential of the enterprise's staff are not included general scientific, economic and mathematical models and methods. These methods and techniques have sectoral restrictions (such as know-how) and restrictions on property rights. The acquisition and use of the intellectual resources are not associated with any cost and therefore, unlike the traditional factors of the production, they don't transfer its value into the newly created product and don't increase its cost. These holdings, because of their prevalence, do not have the unlimited liquidity and economic rights and their existence in one form or another cannot make an impact on the market value of the firm. However, they serve as the resource and the production factor. In its economic essence knowledge is the ideal renewable resource of production, the use of which is ideal. Under the certain conditions of its application knowledge can provide additional economic benefits. The intellectual work of the business entities' staff creates new values for the firm.

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Conclusions

Thus, the general scientific, economic and mathematical methods have the main features of the capital – to create new value – and should be included into the structure of the IC. Formally, these holdings form the basis of the methodological knowledge that can be equally incorporated into the human and structural IC holdings. The mechanism of the intelligent use of the resources and holdings allows forming the intellectual capital (IC) of the business entity.

On the background of the rapid growth of the new «intellectual» economy it is necessary to systematize the accumulated experience with the study of intellectual capital as one of the types of the capital. Intellectual capital (from Lat. *Intellectualis capitalis* – head knowledge) can be regarded as the kind of capital that has the appropriate features of the capital and additionally simultaneously reproduces the specifics and peculiarities which are characteristic only for it. Intellectual capital in the context of technological, managerial and market innovations serves as the knowledge that can bring additional revenue and that can be measured.

Section 4.
**REFORM OF THE SYSTEM OF MANAGEMENT
OF HOUSING AND EDUCATIONAL SPHERE**

SATISFYING THE NEEDS OF ENTERPRISES AND ORGANIZATIONS
OF DIFFERENT OWNERSHIP TYPES IN THE PROVIDEMENT
OF QUALITATIVE EDUCATION SERVICES

Annotation

The main directions for the formation of the educational services in Ukraine are determined. The system of adjusting the concept of the «life-long learning» is being grounded.

Keywords: state certification, long-term strategy, tools, competitive individual, educational services.

Анотація

Визначено напрями формування освітніх послуг в Україні. Обґрунтовано систему регулювання «освіти впродовж всього життя».

Ключові слова: державна атестація, довгострокова стратегія, інструмент, конкурентоспроможність індивіда, освітні послуги.

Аннотация

Определены направления формирования образовательных услуг в Украине. Обоснована система регуляции «образования на протяжении всей жизни».

Ключевые слова: государственная аттестация, долгосрочная стратегия, инструмент, конкурентоспособность индивида, образовательные услуги.

Introduction

The gradual formation of the basic elements of the knowledge economy actualized the problem of forming the system of continuous education. The ability for the lifelong learning and acquiring new knowledge is the most important indicator of the competitiveness of the individual in the labor market. In the European context, the concept of education throughout life involves the formation of the society that constantly learns. Receiving education throughout life (lifelong learning) at the grassroots level is one of the main priorities of the European education policy.

Analysis of recent research

Some attention to the problems of state regulation of education in the overall context of the development of the knowledge economy was paid by the well-known scientists such as: G. Becker, E. Bowen, E. Denison, J. Kendrick, J. Minser, T. Schultz. In the works of the native scholars such as: L. I. Antoshkina, T. M. Boholib, A. I. Butenko, V. A. Visyashev, V. M. Geyts, O. A. Hrishnova, B. M. Danylyshyn, G. A. Dmytrenko, T. A. Zayets, S. M. Zlupko, I. S. Kalenyuk, O. A. Kratt, V. G. Kramen', V. I. Kutsenko, L. K. Semiv, O. P. Sologub, D. M. Stechenko, L. A. Jankowska and others specific organizational and economic problems of higher education were highlighted. However, the market conditions for the function-

ing of higher education require the elaboration of new mechanisms of state regulation and management in this particular sphere.

Statement of research

- to determine the directions for the formation of the educational services in Ukraine;
- to justify the regulatory system of the «lifelong learning.»

Results

There is a lot of information about the system of the continuous education in the relevant EU documents related to the problem of European education and the creation of so called «Europe of knowledge» [2, p. 26]. The final communiqué of the meeting concerning the Bologna process in Prague in 2001 stressed out the importance of the lifelong learning as the basic element of the European higher education [8, p. 23]. The document of the European Commission gives the following definition of the term «lifelong learning»: «All the learning activities, carried out throughout life, in order to improve knowledge, skills and competencies for the purpose of personal benefit, as well as for the civic, social development, and / or for the purpose of enquiring work» [8, p. 13].

In the countries where there is the highest level of the modern technological lifestyles, for example in the U.S., more the 60% of the adult

population is studying constantly, and in Germany – 40% accordingly [7, p. 22]. That means that «life-long learning» is the requirement for the development of the higher technological basics of the «knowledge economy».

If receiving higher education can be regarded as the powerful tool for the long-term strategy of training the specialists and human resource development, the diversity of the programs for lifelong learning (formal and informal structures of teaching and training) serves as the tool of solving short-term tasks, which enables the rapid «adjustment» of the qualifications towards changing conditions in the labor market. The criteria for the operation of each subsystem are the maximum competitiveness of the personnel and their compliance with the requirements of the labor market.

The primary education is considered education and professional training, which a person gets before entering the labor market and also the education received during his/her working life. Therefore, it is the education of adults. It can be agreed that the line between these two components determines rather the start of work, other than the age and the duration of persons' studies [1, p. 17]. So when it comes to the life-long learning, it is advisable to use the term «adult education» or in case of getting the second higher education – «continuing education».

Given that fact that education is the most important factor in augmenting the human capital, education of the adult population at the state level should be considered as the defined social institution. The functioning of this institution ensures the salvation of important social, economic, political, educational, moral and educational problems of the modern society.

Postgraduate education in the modern world is considered as the most important component of the lifelong learning that allows each individual to gain a new level of competence, to carry out the constant creative renewal, to develop and improve throughout life. According to the Article 10 § paragraph 1 of the Law of Ukraine «On Higher Education» continuing education is the specialized improving of the level of education and further training of people by the means of strengthening, expanding and updating their professional knowledge and skills or getting another specialty based on previously acquired educational qualification and practical experience. Postgraduate education creates conditions for the continuity and succession of professional growth and includes:

- retraining – getting another specialty based on the previously acquired educational qualification and experience;

- receiving specialization – the acquisition by the person of the ability to perform certain tasks and responsibilities that have features within the particular specialty;

- the expansion of the professional profile (advanced training) – the acquisition by the person of the ability to perform additional tasks and responsibilities within the profession;

- internship – gaining experience through performing the tasks and responsibilities within chosen specialty.

A person who had successfully passed the retraining along with the state certification will receive the appropriate document about higher education. A person who had successfully passed the training/internship or received the specialization or broadened his/her professional profile receives the appropriate document about postgraduate education [8, p. 11].

Postgraduate education is carried out by the university providing postgraduate education or departments of the universities of the appropriate level of accreditation, including the ones which are being carried out on the basis of concluded agreements. According to the Article 48 § paragraph 1 of the Law of Ukraine «On Education» to the post-graduate educational institutions, in particular, are included the following:

- academies, institutes (centers) for providing the advanced training, retraining and professional development;

- university units (branches, departments, faculties etc.).

Every year in Ukraine in 562 establishments and units engaged in the postgraduate education and training (retraining) more than 30 thousand specialists with the higher education receive their training and about 300 thousand specialists-advanced training[4, p. 69].

Special attention is given to postgraduate education. It is recognized that «public policy in the field of postgraduate education is practically nonexistent. In this regard, there is an urgent need to create an independent system of postgraduate education and identify promising directions for its development».

Recently the structure of the educational establishments of the secondary education had been changed. Over 200 of them function as part of the universities, but the number of small educational

institutions and departments of postgraduate education had been decreased, which contributes to the improvement of both human/personnel and also teaching-methodological support of the postgraduate education system.

The statistics concerning how many people have two (or more) higher education currently doesn't exist. The second higher education is paid, as the citizens of Ukraine have the right to receive higher education in the state and municipal universities for free under the conditions that this qualification is the first one to be gained by this particular individual (Article 4 of the Law «On Higher Education»). Universities can provide the second degree only if for this type of educational activity is properly licensed. In Ukraine there are also such postgraduate higher educational institutions (universities and institutes) which have received the necessary license and are opening the departments or branches for acquiring the second education in order to perform educational and vocational training according to the state certification. They have different terms of learning, content and programs. Currently the second degree is often acquired at the expense of legal entities and individuals while there are not so many cases when the state pays for it. With the help of the state a person can get education as the rule only in situations when she/he had lost her/his job and was registered within the unemployment center.

It is believed that the choice of specialty for the second higher education is being determined by the situation which exists on the regional labor market. And if till 2005 the profession of an economist and lawyer was very popular, today there is the growing interest in engineering fields of information and computer technology. The popularity of the humanities, including psychology, sociology tends to decrease. Thus, in Dnipropetrovsk many graduates want to become engineers, metallurgists, in Donetsk - engineers of coal industry, in Kyiv the most attractive occupations are related to the computer technology. Among people who wish to obtain the second degree the most numerous group - leaders of different levels can be selected. For example, educational program in the Central Institute of Postgraduate Education was established for educating leaders within educational institutions, NC leaders of different types [6, p. 255].

The education of the adult population, on one hand, poses serious challenges to the range of educational institutions, and on the other – the

great opportunity to enhance business functions of the universities. Entrepreneurship in the field of providing educational services to adult population universities can implement within the traditional post-graduate education programs in the following areas:

- the second higher education;
- work with corporate customers;
- work with individuals.

To resolve the problems that occur in the system of postgraduate education, it is necessary to: create the clear system of postgraduate education in each industry of economy with the relevant system of control and coordination, scientific, technical, legal and logistical support. Therefore the state should ensure the development of laws and legal regulations which would enable the existence of the continuous education system with predictable dynamics of the labor market.

In Ukraine, lifelong learning should primarily help citizens to adapt to the changes in the economy and society, to promote the innovation of culture. Because the bulk of the workforce was educated under the different economic system, not all people (especially those who are 35-45 year old) could adapt to the new conditions easily. This is the significant cause of unemployment. Integrating these people into the economic activity is the subject of receiving additional education, training or retraining. The government should take measures in order to increase the access of the economically active population to education, to establish the system of special trainings, courses that are oriented on providing help and support to the specialists wishing to start their own business, meaning the self-employed activity.

Business education as the separate field of providing the educational services in Ukraine had been formed and provides paid trainings for the corporate executives concerning the methods and strategies of business management. Getting an MBA degree can be considered as the particular case of the good investment into the human capital.

The emergence of the business education was the response to the challenges of the market environment, which is currently dynamically developing. In the early 90's economic departments of the existing universities have begun to prepare the students with the focus on new economic relations. However, at the timeframe the traditional educational market had been experiencing the lack of the specialists in the newly established and

unfilled niche – the need for the timely and quality training of the managers and practitioners that could quickly adapt to the market conditions and effectively use their skills and knowledge in the business environment. This was especially applicable to people who have already had their higher education and some experience of management, but their professional skills along with the way of thinking were being formed under the conditions of the administrative economy. That was exactly they who needed knowledge and skills of doing business in the new conditions of the market the most and were ready to pay for its reception. Accordingly this niche of the market could not remain empty, especially since the world practice has developed the effective mechanism for training managers for the market economy meaning business education.

The main objectives of the business education lie in the transmission of the professional knowledge about the market, development of the entrepreneurial skills, formation of the personality traits, formulation of the life position and giving the outlook for future managers. The relevance of business education has led to the formation of the new type of higher educational institutions - business schools. These educational institutions offer educational services in the field of business administration (MBA) as the organization and production management in the sphere of economy. Training programs of such schools are more focused on the practical aspects of management and less on theoretical knowledge. Modern business education enables the path of all companies and organizations towards success on their way to economic development. As one British expert had once noticed «MBA is the door to be opened today in order to get into the future of management» [5, p. 78].

We would like to agree with the opinion of V. Zabolotnij that the MBA program is the post-degree level of business education in the field of general management and business administration, which should ensure the development of highly professional managers, enable the personal development of students, guarantee career growth and it should also correspond with the high intellectual and academic standards of higher education [3, p. 28]. However, under the conditions of the existing knowledge economy, to our point of view, more focus should be given to teaching techniques in gaining new knowledge along with increasing their use in practice.

The development of business education in Ukraine was caused by the following circumstances:

- the need to meet the needs of enterprises and organizations of different ownership forms regarding the quality of educational services needed by the managers and entrepreneurs with the special focus on their personal initiative in the market economy;

- non-accordance of the higher education system with the fast development tempos of the business environment due to fundamentality and certain inertia which is inherent for it;

- strengthening of the pragmatic approach towards education from the side of the students;

- the need for the regular update of knowledge and improvement of the skills of specialists virtually in all areas, hence-managers at various levels and sectors of business;

- the need to really see the particular theoretical aspect in action that is essential in order to gain good practical skills, which is often required in the process of staff selection;

- not all aspects of business activity that are included into the process of business operation of the enterprise in the real environment, are developed enough as part of the system of academic education in the framework of this or that discipline;

- the need to train people in the spirit of enterprise and innovation;

- the need to reclaim new forms and methods of training which are focused on the development of the leadership skills;

- the need to provide students and professionals with the most advanced information for the purpose of their successful employment or increasing the adaptability.

The main criterion for the successful operation of business schools is the career and financial success of its graduates. The source, which determines the required level of the fundamentality in training, serves not so much the school itself as the real consumer of educational services. Business education provides unique opportunities to develop leadership skills, intuitive sense of the situation, the ability to find solutions in all seemingly hopeless situations.

Now Ukraine has rather the broad offer of business education programs and also the variety of the copyright trainings. However, the MBA degree in its classical form (the closest to the Western standards and also comprising the national features of education) provide the following: The

International Institute of Management (IMI) Kyiv, The International Institute of Business (IIB) Kyiv, «Kyiv-Mohyla Business School» (KMBS); Lviv Institute of Management (LIM), Dnipropetrovsk University of Economics and Law.

According to many experts, understanding and vision of business education begins with the understanding of its differences from the pure economic education. This distinction is the essential condition for strengthening the status of business education in our society.

In contrast to pure economic education, which provides the understanding of the laws of management, business education produces skills and creates the desire for acquiring profit within the particular economic activity. The main characteristics of business education that distinguish it from economic education are the following ones:

- the applied aspect of business education – its emphasis on the practical application of acquired knowledge;
- postgraduate level business education can be regarded as the segment of adult education;
- non-state character (private, non-state funding sources of financing);
- the most globalized sector of education;
- the most highly profitable form of educational activity;
- the main focus is given on the practical needs of business environment.

To the disadvantages of Ukrainian business schools can be counted in:

- the lack of foreign groups, which eliminates the possibility of Ukrainian students to make new useful contacts, share career and cultural experience of doing business in different countries;
- the absence of the culture of attracting highly qualified teachers, practitioners, business analysts and experts into the educational process;
- the high costs of education, which is often not affordable for Ukrainians along with the undeveloped credit system of education;
- the low level of competition for admission along with the entrance tests not pursuing the goal of «weeding out» the future student audience;
- the absence of accreditation in most schools.

Governmental regulations make little impact on business education as the segment of the educational market. The main disadvantage of the Ukrainian MBA programs is the non-recognition of the acquired diplomas not only at the wider internal level but also inside of Ukraine itself. This is due to the fact that it is impossible to ac-

credit the MBA program according to the formal requirements of SAC in Ukraine, because it's not included into the public register of educational programs available.

The education and training of managers, marketers inside the system of business education can become an alternative to their preparation within high school. If a person with the basic technical and humanitarian education would be able to get the necessary knowledge and skills in the business school he or she will not need to study in order to become the economics or manager, knowing the substantial overload of such specialists in the labor market. Thus, business schools will be able to «unload» the economics departments/faculties of the universities, which are nowadays accused of «overproducing» experts in the fields of economics.

The institutions of business education are ought to provide different types of professionals the diverse range of services, programs from the classic four - or five years of higher education to two-week training courses of the specific direction. Foreign experience and the value of importance of business education for the successful development of the market relations show the need to include the following components into business education: undergraduate programs, postgraduate education with MBA degree, postgraduate education without a degree and short-term training programs. All these three areas are important and need the development. Thus, if the training courses will have the greater effect in the short term, the bachelor and MBA programs – «on the long run».

One of the types of the educational services provided by the business schools is the training. The basic principle of the training can be reflected in the words of the Chinese philosopher Chuang Tzu: «The truth must be experienced rather than described.» Today the in developed countries if there is information included into CV about candidate's professional training successfully passed in the past, his/her chances to receive the desired job greatly increase.

In general a term of training is the method of active learning, built on the analysis of business situations in which «students» immediately reproduce and «solve». Trainings are organized primarily for entrepreneurs or employees of the companies under the order and last from 1-2 days to a week. Classes are conducted with several participants at once (optionally the anonymity is provided).

The most common today is the training aimed at the promotion, the successful presentation, as well as the one related to marketing and sales management. This focus is too narrow, since it is aimed at activities that are targeted to maximize the profits. We think it is relevant to organize and held out trainings (even with the creation of the specialized training centers) for students and graduates, civil servants, members of the service sector.

Training programs are formed with the focus on the needs of the target group of students through questionnaires, market research and more. According to them, the training program for various items is being formed. These programs should be based on deep theoretical aspects and have the current practical situation integrated into them. For the organization and delivery of the trainings it is appropriate to invite qualified specialists of the particular field of industry, teachers, and professional coaches.

Trainings can serve as the variety of educational services provided by the universities (or institutions of post-graduate education) free of charge. They must pass accreditation, but not the state one, rather than the one established by the

employers' associations. One of the problems which the university may face in carrying out such training s is attracting highly qualified teachers (trainers), who can equally be university professors or the invited parties. The state must establish the system of the issue of certificates which would be given to the graduates who had successfully passed the relevant training and had enriched their expertise and skills through it.

Conclusions

In the society which is based on knowledge, the sector of educational services related to the post-graduate education is promising but not yet well developed from both quantitative and qualitative aspects in most of the regions of Ukraine. Most universities of the IV rank in the regions, in response to the growing demand on this particular segment of the education market, have created units of postgraduate education. However, in order to improve the postgraduate education, a set of state measures and regulations with the aim of making it the instrument of specialists' competitiveness in the labor market should be enforced. Life-long learning should receive recognition as one of the main components of the strategy for the development of education in the future.

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THE DEVELOPMENT OF THE MODEL OF THE MARKET
OF AFFORDABLE HOUSING

Annotation

The article outlines the state of the housing market in Ukraine and the main features of affordable housing. The peculiarities for the formation of the model of the market of affordable housing in Ukraine are defined.

Keywords: affordable housing, housing market, model, housing policy.

Анотація

У статті визначено стан ринку житла в Україні, окреслено основні риси доступного житла. Обґрунтовано особливості формування моделі розвитку ринку доступного житла в Україні.

Ключові слова: доступне житло, ринок житла, модель, житлова політика.

Аннотация

В статье определено состояние рынка жилья в Украине, очерчены основные черты доступного жилья. Обоснованы особенности формирования модели развития рынка доступного жилья в Украине.

Ключевые слова: доступное жилье, рынок жилья, модель, жилищная политика.

Introduction

For Ukraine there has always been a pressing problem of housing which is not being solved till now. Today, according to the State Statistics Committee of Ukraine, the average housing availability is 20.1 square meters of the total area per 1 person [1], which is 1.5-2 times lower than in the developed countries.

Some improvement of housing issues was associated with the active development of the mortgage market in the period of 2002-2008 in Ukraine, which should be divided into three stages [2, p. 69]: the period of gradual development of the mortgage market - the beginning of 2002 till July 2005, the period of credit expansion - from July 2005 till October 2008, the period of stagnation - from October 2008 till now. It is exactly at the first stage of the active development of the mortgage market when residential mortgages dominated, which accounted for almost 90% of the transactions, but almost all of them were carried out on the secondary market. This fact shows that the situation with housing is almost solved. However, the development of the mortgage instruments provided improvements over 2004-2007, as the volume of the commissioning housing were increasing on the average 12.5% annually [2, p. 90].

In the countries such as Chile, Sweden, Russia, USA, China, Netherlands, France, Austria, Germany the government programs of providing public

housing to its citizens are established in order to stimulate the effective demand for housing. In these countries the system of public housing subsidies for the construction and rehabilitation of housing is developed, there are systems of public guarantees for the housing loans, and most loans are low interest rate [3]. It also indicates the need for further progress in the direction of providing the citizens of Ukraine with affordable housing.

Analysis of recent research

The investigation of the housing policy and the problems of affordable housing in Ukraine attract the attention of many domestic and foreign scientists, including: A. Berto, T. Zavora, V. Kravchenko, T. N. Kubasova, Y. Mantsevych, V. Magnussen, G. Malhinova, K. Palyvoda, M. Pachione, B. Reno and others. Despite to significant achievements in this direction, there is no model for the development of affordable housing in Ukraine.

Statement of research objectives

The purpose of the article is to determine the state of the housing market and the characteristics of affordable housing and the models of its development in Ukraine.

Results

In general, every country, including Ukraine is developing programs of helping people with housing, especially families with low and moderate income, within which the direct housing construction or assistance in paying for is foreseen.

Housing policy as part of the social policy shapes the ideas and views on what should housing relations in the society be comprised of. It creates the conditions for the development of the basic elements of housing system in order to implement each citizens' right for housing, the level of social security, the quantity and quality of housing services, the mechanism for determining the rent price, the development of the financial institutions regarding the creation of the housing market [4, p.141].

The main purpose of socio-economic policy of Ukraine at the present stage is to provide citizens with the adequate housing and to create an optimal infrastructure of residential in accordance with physical, aesthetic, ecological and environmental parameters and taking into account local conditions.

The housing reform, as part of the package of measures of stabilizing the economy of Ukraine and its exit from the crisis, has the phased transition of the residential sphere as the industry of economics into the expanded reproduction mode as the most important task. In the system of economic restructuring housing construction is being defined as one of the main priorities, with which the development of many combined between each other construction industries are interconnected as well as the production of the durable consumer goods. In the secondary market as the subjects of sale appear those buildings, which have been built in previous years, meaning almost the redistribution of housing. However, under the conditions of the huge deficit and high cost of residential housing, the market even increases the stratification processes in terms of security and removes the social tension in this matter.

In the pre-crisis period the significant hopes of the population of Ukraine were associated with the Foundation for Youth Housing, the aim of the creation of which was increasing the volume of housing construction by the means of financial, organizational, economic and technical activities, raising funds from various sources of investment, financing the youth housing construction with the help of state's social youth initiative, participation in the privatization programs, etc. [2, c. 91].

As the result of the applied transformation the structure of the ownership of housing Ukraine had cardinally changed. This realization of the right for housing for people with sufficient effective demand should be done through the promotion of the market of housing services, for the low-income citizens – through the system of social protection and

the provision of housing conditions in accordance with the established social standards at the expense of local budgets for citizens who are entitled to accommodation under the law by providing housing for the costs taken from the state budget.

In Ukraine there are three types of housing: commercial (available for 10-15 % of the country's population), social (10-15 %) and affordable (70 %). Each type of housing is suitable for the relevant layer of population: commercial for the richest, social for the most poor and affordable housing for people in need of a state aid [3].

The main strategic (long term) goals of the state economic and social policy in the sphere of the provision of affordable housing are:

- the creation of the stable market mechanisms and infrastructure in the market of affordable housing which are aimed at ensuring the affordability of housing and residential services to citizens according to their effective demand;
- ensuring the social protection of poor people in the housing sphere that guarantees them the housing conditions which are set according to the established social standards;
- the formation of the system of guaranteed providing with housing of the citizens who are eligible to that under the law;
- providing the safety of citizens in housing and the quality of products and services in the residential area;
- the creation of the effective housing markets, land territories for the establishment of new housing facilities, building materials, utilities, production and services which come in line with the consumer demand.

The housing fund of Ukraine as of early 2010 consisted of about 10.2 million buildings with the total area of 1066.6 million square meters, including 221 thousand multi-flat buildings. With that, the share of the used and emergency houses in Ukraine currently constitutes to 0.6% of the housing stock, or 60.7 thousand buildings with the total area of 5.1 million square meters. [5, p. 119].

The main role in the implementation of tasks within the social and economic policies is given to the market entities that produce goods and services in the housing sector and provide the infrastructure of the market of affordable housing. The adoption of laws and regulations as well as the implementation of measures of the credit, finance, taxation nature along with the competition policy should be aimed at removing the barriers for competition, the support of the development of the new small and

middle-size businesses, reducing the risks of doing business in the residential area.

The availability of the social and economic policies that regulate the market of affordable housing and housing investment processes are objectively necessary in the market economy.

The main purpose of safeguarding the national interests regarding the formation of the market of affordable housing is ought to be build according to the well-functioning market, which would be able to ensure the acquisition of the residential real estate by the people with average income, based on the market principles of purchasing housing free from the monopoly at the housing market from its own funds and public long-term mortgage loans.

The formation and development of the model of the market of affordable housing is able to provide: the creation of conditions for facilitating the investment of the main actors of the market into the region and economic growth through the investment component; the inflow of domestic and foreign investment into the region; bringing the banking into the investment activities of the region by transforming mortgage credit to the source of housing finance; the transformation of the savings of the population into investment, the reallocation of the temporary available funds of industrial-financial complex and funds received from other sources into the investment resources, which would take the form of mortgages.

However, except for some economic benefit it provides also the social impact on the development of the state. As the factor for reducing social tensions in the country serves the fact of providing affordable housing for all segments of the population that can be fulfilled through the formation and development of the mortgage housing.

The problem of housing supply to the populations is the most important component of the social policy, which is the result of slow reorientation of public housing policy towards the creation of new market mechanisms aimed at their salvation, including the development of the mortgage housing and the affordable housing market.

The current state socio-economic policy together with the former focus on the needs of disadvantaged groups of citizens should make a new emphasis on solving the housing problems of the majority of the working people, which has the average incomes. This can be explained by the fact that productive social policy is possible only if the effective functioning of the economic system that ensures the steady GDP growth fills in the budgets

of different levels with the optimal tax payments. Performing this task is possible as the result of the socially and economically active layer of the society, meaning the middle class.

For the effective functioning of the regional housing market, which would be able to improve the social conditions of life, a number of contradictions and challenges on the way of implementing this component of social policy need to be resolved. They can be divided into three major categories: 1) problems of the underdeveloped infrastructure of the regional housing market, 2) problems with the potential of the development of system elements, and 3) lacks in the legal field.

To the problems of the first block can be counted in the following: the high market cost of housing and low income of the population with the high percentage of current consumption; high interest rates, the lack of sufficient funds of the population that would enable them to pay the first installment for obtaining the mortgage, which is due to the low level of savings; the lack of long-term credit resources from the side of banks in providing predominantly short and medium term liabilities and the limited access of so called «long money» into the financial markets, which are the source of insurance funds, retirement savings, etc; weak development of the bank lending activities; the existence of the distorted pricing mechanism in the market which causes imbalance in the main parameters of the mortgage and housing markets; the lack of investment structures which carry out their professional activity in the sphere of providing housing mortgage and providing the adequate level of fund-raising for the development of mortgage market; the weak development of the mortgage securities and the lack of legislation on the regulation of these securities; the high cost of the mortgage lending to the public; the incomplete taxation of the mortgage from the side of market participants of the housing sector; the significant difference between regional and local economic development; the psychological factors; the potential increase of housing prices as the result of increasing the effective demand for it.

Problems of the second block, which lie in the potential of the development of the system components include: the lack of offers for land, which would be secured by the necessary utilities infrastructure; complicated and opaque administrative procedures for obtaining land and building permits; the complicated procedure of connecting the land to the network of communal infrastructure and the existence of onerous technical conditions; the absence

of the transparent construction market in the country. Monopolization of the construction markets, which is reflected in the absence of the response of the offer towards the demand, keeps the monopoly price steady, which creates the situation known as the «dealer market».

Today in Ukraine the population acquires mostly flats on the secondary market with the help of the credit, while the mortgage with the system of refinancing virtually has no effect on the development of the regional housing market. In addition, the reduction of the proposals on the secondary market leads to the situation when prices on the primary market increase and it reduces the purchase ability of citizens. Therefore, reducing the cost of the residential properties while ensuring the smooth loading of the enterprises of the building complex and involving the banking sphere into the investment activity, will contribute to solving these problems.

The organizational model for the development of the market of affordable housing is taking into account the interaction between regional economic institutions which include: the regional state administration, regional mortgage agencies, investors, lenders, buyers, mortgage consulting companies, investment construction companies, real estate companies, retailers. We would like to consider each of these participants of the regional market of mortgage housing with identifying their objectives or economic interests, and also functions which they perform as the result of the business activity in the market.

The regional state administration should provide favorable conditions for the formation and development of the regional housing market by the means of developing mechanisms for implementing this objective, ensuring its viability, tools and their practical implementation in addressing the housing problems of the region. The functions include the following ones: the formation of the legislation and regulation of processes occurring at the regional housing market which are aimed to reduce the risks of the market participants; the allocation of funds from the regional budget for the market development in accordance with the law; providing guarantee upon the issued mortgage securities; the management of the market participants; providing subsidies for the improvement of the living conditions and other measures.

Regional mortgage agencies as part of the regulatory infrastructure should be established in order to develop the effective system of regional

housing market taking into account its specificity. This market participant combines the functions of the borrower, seller, investor and also lender in one: the work with the investment resources of the off-budget organizations, foreign investments involved against the guarantees of the administration area, the compensation of the part of the initial payment, the interest rate, the annuity payments, the monitoring, analysis and forecast of the market of housing and so on.

Investors may be represented as the legal and natural persons aimed at maximization of the return from the investment of their resources into the mortgage securities and minimizing all possible risks. The functions of the above stated participant of the technological infrastructure are the following ones: the purchase of the securities in concern and thus ensuring the indirect investment into the housing sector through the elements of mortgage.

The role of borrowers- buyers plays the population of the region (technological infrastructure), which aims at improving the living conditions through the involvement of so called «long» money and the purchase of housing with the ability to provide the down payment and make all payments according to the loan. The population also performs the very important function on the market of mortgages housing construction as it creates the credit needs and therefore contributes to the revitalization of the financial and credit organizations. Through channeling the borrowed funds for the needs of housing supply, the households finance the enterprises of the building complex.

The mortgage consulting company as part of the information infrastructure should be the first instance where the people who had decided to purchase housing by using the mortgage could go to. Here the informational support in regards to the existing financial and credit schemes for acquiring housing must be provided, the degree of the accessibility of various schemes for the needs of the particular borrower must be determined and the potential object of the residential property should be assessed if it is being acquired in the secondary market as well as the credit history of the borrowers should be accumulated. Therefore, the purpose of the functioning of such companies is providing informational and consulting support to people, carrying out consultations, determining the optimal variant for the purchase out from the possible schemes based on the methodology of calculation of indices available, the formation of the credit case of each individual borrower, the evaluation of the

objects of the residential properties in the secondary market.

Investment construction companies (technology infrastructure) form the effective investment-organization mechanism of the system of mortgage lending in the process of construction and the further purchase of the housing space. Its functions are to: enhance the housing market, to support the development and implication of the new materials and technologies of the building and construction industry and to help in improving the quality of affordable housing. Enterprises of the building complex, due to the market of mortgage housing, are able to keep up with the rhythmic production. By the means of channeling funds received into the housing sphere, they build houses while reducing the social tensions and providing the market with the durable product.

Real estate companies (technology infrastructure) are the professional participants of the market which are oriented on receiving the profit by providing the brokering services. Their main features are: the selection the appropriate options of objects for the implication of the sale-purchase agreements on behalf of their clients, providing organizational and judicial help during the conclusion of the sale-purchase agreement between the seller and the buyer, facilitating the sale of the intangible property on behalf of other participants of the housing market.

Sellers of housing property (supporting infrastructure) are both legal and natural persons which act with the aim of maximizing the income derived from the sale of residential properties. The main feature of sellers is providing additional volume of offers in the housing market.

Commercial banks as the elements of technological infrastructure organize the effective

work, which ensures: the optimal profitability while conducting active operations, the repayment of the loan capital, the minimization of the risks while maximizing the profit, the performance of various operations on the regional housing market. Commercial banks perform certain functions: satisfying the demand of households; providing them with the «long money» in the form of mortgages after assessing their solvency and creditworthiness by entering into the loan and mortgage agreements; implementing the service of the issued loans; being actively involved into the process of formation of the mortgages pool from which the mortgage securities are derived; contributing to the further movement of investment funds in the real economy.

Insurance companies (auxiliary infrastructure) are the professional participants of the regional housing market which main goal is receiving the profit by the means of expanding the spectrum of operations. These functions include the protection from the insurance risks in the sphere of mortgage lending and joint projects with mortgage lenders.

Conclusions

The organizational model that includes the regional state administration, regional mortgage agencies, investors, lenders, buyers, mortgage consulting companies, investment construction companies, real estate companies, sellers can become the strategic guideline and has the potential to come into force «on the long run» by the initiative and support of the regional state authorities.

Thus, the presented model demonstrates that in order to develop the regional housing market it is ought to attract the increasing number of new participants, which would provide the competitive environment in this market and increase the chances for acquiring affordable housing for the population.

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УДК 354:338.2

Andriy Klymenko,
Ph.D. candidate,
Academy of Municipal Management

THE PROCESSES OF INTEGRATION OF ECONOMIC AND SOCIAL INTERESTS IN
THE HOUSING POLICY OF THE STATE

Annotation

The directions of complex solution of the housing problem, taking into account various aspects, are defined. The mechanisms of the system of financing housing at the current stage of socioeconomic development are grounded.

Keywords: *aspect, housing policy, financing housing, mechanisms, directions, system, territorial differentiation.*

Анотація

Визначено напрями комплексного вирішення житлової проблеми з врахуванням різноманітних аспектів. Обґрунтовано механізми системи житлового фінансування на сучасному етапі соціально-економічного розвитку країни.

Ключові слова: *аспект, житлова політика, житлове фінансування, механізми, система, територіальна диференціація.*

Аннотация

Определены направления комплексного решения жилищной проблемы с учетом различных аспектов. Обоснованы механизмы системы жилищного финансирования на современном этапе социально-экономического развития страны.

Ключевые слова: *аспект, жилищная политика, жилищное финансирование, система, территориальная дифференциация.*

Introduction

Contemporary Ukrainian housing policy is formed under the influence of three key factors. Firstly, new problems – homelessness and poverty have appeared in Ukrainian society. On the other hand, modern Ukraine meets the problem of social polarization, the concentration of poverty and wealth. Private houses construction for sale is developing rapidly, while market prices for housing and maintenance of old housing stock are rather high. As a result, access to housing becomes problematic for the population that can not afford to buy it.

Secondly, local authorities play an important role in the development and implementation of housing policy. It is believed that this opens up opportunities for more significant institutional changes, increases democratization and the degree of involvement of civil society. Today local authorities are responsible for delivering a range of services to the population. But they have a problem of execution of the duties, which have increased.

Thirdly, the transfer of housing burden from the state to the person and the family reflects the shift in provision of social services towards market vision of social policy.

The relative role of private and state sectors is changing: the private sector replaces the state one more and more. Promotion of market principles became a defining factor in the development of housing sector.

However, the important role of the state remains in determining the policy, implementing regulatory mechanisms and in developing the institutional structure to support socially unprotected citizens. That is why the question of integration of economic and social aspects of housing policy arises particularly acute.

Analysis of recent research

Theoretical and applied aspects of social policy of the state to secure Ukraine's population with housing are investigated in the scientific works of S. Asknaziya, S. Bratus, Y. Basin, I. Biryukov, I. Vishnevskaya, P. Dyatlova, O. Dzery, V. Zolotar, O. Krasavchikova, G. Kovalenko, I. Kucherenko, V. Lytovkina, T. Lisnychenko, I. Martkovycha, V. Maslova, I. Prokopchynka, V. Surkova, P. Seduhina, V. Chyhyra, K. Chorna and others.

Statement of research objectives

– to identify directions of complex solution of problems of housing taking into account various aspects;

– to justify mechanisms of the system of financing housing at the present stage of social and economic development of the state.

Results

As a rule there are several problems when considering social policy, including such issues worth mentioning as:

- equality / inequality;
- availability of (financial, geographical, physical) and social integration;
- support of socially unprotected population groups, which traditionally include the elderly, disabled, orphaned children, women, youth, large families, persons returning from places of confinement, immigrants, homeless people.

In implementing the housing policy it is necessary to relate its objectives with actually achieved results. It is important to evaluate whether the measures imposed by the state, lead to improved position of socially unprotected population groups.

Housing remains a limited resource that is uneven in quality, which or is distributed on request or on the ability to pay; it will bring greater benefits to one compared to other.

As a system of different institutions in resource allocation housing system actively affects social inequality and contributes to the process of its systemic structuring. In some cases it plays an important role in maintaining inequality by income, status, employment that exist in modern society. The problem is that defined population groups are systematically more likely to have worse housing that is located in the worst areas (lack of infrastructure). At the same time housing conditions determine access not only to the roof over your head but also to a wider range of other services. Thus, housing policy can contribute to overcoming poverty and social disintegration.

Territorial differentiation of the population is also associated with housing problems. It is felt most acutely in rural areas and in large cities, where often internal ghettos are formed. Isolated neighborhoods are formed in large cities based on self sufficiency [3, p. 1295].

One of the major constraints of access to housing in present conditions is a financial one. Although the construction of housing for sale is growing quite rapidly, but market prices for new housing and repair of old buildings are quite expensive.

The main issues that affected households are sharp decline in government subsidies; sharp

increase in housing prices; decline in public housing construction. The result is the decrease in affordable housing for poor citizens and even families with average incomes. There is a need to address the problem of «poor on housing», which concerns a growing number of Ukrainians [2, p. 315].

Today there is a real problem of determination of «poor on housing» in the field of housing policy. Firstly, the poverty indicators that are used in the country, traditionally measure poverty by income. Secondly, during the Soviet era the distribution of housing took place not only according to the revenue, but also according to other criteria. That is why it is likely that low-income families have better housing conditions, or conversely, a relatively wealthy people can live in poor housing conditions.

In our opinion, the definition of «poor on housing» should include the following criteria:

- overpopulation – more than one household lives in one residential building;
- low quality of housing – old buildings, lack of hot water, gas, electricity, etc.;
- inability to pay the rent and communal services;
- lack of housing (homelessness) – situation in which a person has no home at all.

The consideration of private property on housing as the main form has been the main trend in the housing policy in Ukraine since the early 90-ies. As the first wave of privatization of housing was free of charge, the large number of people – regardless of their incomes – privatized their housing, especially in large cities. At that time most people did not think of such problems as support of housing stock, payments for the apartment, etc. As a result, the problem of poor homeowners, who can not pay housing and communal services and maintain housing stock, appeared after a large-scale privatization free of charge.

Another important issue that emerged in the period of transition to a market economy is the issue of homelessness.

Homelessness is social position of a person caused by the lack of residential premise (houses, apartments, rooms, etc.), which he or she could use to live/stay and where he or she could be registered [5].

It should be noted that homelessness is a relevant problem for almost all large cities. The problem of homeless citizens in Ukraine distorts social environment; destroys the

physical, mental and spiritual health of people; reduces their vital, social and creative activity; affects moral condition, creates social tension in society.

The reasons for this situation were sharp decline in incomes and living standards of population due to structural changes in the spheres of economy, unprofitableness of many companies of production sphere, imperfections of financial and credit mechanisms, sharp increase in existing and hidden unemployment, unwillingness of educational and social institutions, law enforcement bodies to work with such categories of the population in market conditions.

Today there are no accurate data on the number of homeless citizens in Ukraine. According to expert assessments there are about 30 thousand homeless people in the country, including in the capital – 3.5 thousand. However, there is a reason to assume that this figure is underestimated, because according to some reports in Odessa there are about 20 thousand of homeless people, in Lugansk – 15 thousand. Most of them are of working and reproductive age, a third of homeless people – women [4].

In this regard it is important how the state treats homeless people. The relationship between housing policy and tackling homelessness is not clear. On the one hand, it is recognized that homelessness is a problem rather social and not just residential. Homeless people need not only the place of residence, but also means for life, assistance regarding their return to a normal lifestyle. That is why important is the relationship between different departments, such as health, social security, internal affairs, employment and housing policy.

In the overall context of housing reform in Ukraine, the question of selection of priorities arises sharply. Today they are primarily of financial and economic nature – transition from subsidizing housing to subsidizing people with the establishment of a system of protection of socially unprotected categories of population. Yet, practice shows that not only income support, but also other strategies are needed to address housing provision.

When determining the strategy of formation of state housing policy and when choosing the optimal scenario for the development of real estate market, in our opinion, the following features of the housing sphere should be taken into account:

– this sphere is an important segment of the economy, in which government, private business and population interact on the basis of market

mechanisms, and the real estate market in volumes constitutes a substantial part of the GDP;

– construction of housing carries out a direct and significant impact on the development of compatible with it industrial sectors (construction of objects of housing and communal sector, objects of engineering infrastructure, construction of materials, etc.), which provides a significant increase in industrial production as far as production is increased in the sphere of residential construction;

– this sphere is directly related to the solution of priority social problem.

Till the early 90's residential area developed within the framework of administrative-command system of management mainly from budgetary funds without active participation of the population – the consumer of construction and housing and communal services. Setting goals, objectives, scenario of development and its resources support were in the hands of the state.

For instance, the problem of provision of housing was mainly solved by building two-, three-storey buildings of the simplest architectural forms from local building materials and structures in the post-war period at the end of 40-50s during the reconstruction of destroyed cities, towns, industries and whole national economy of Ukraine. Speeding and ongoing methods of residential construction received further development and mass implementation in the next period.

Such buildings have preserved to our time in most large and small cities. They occupy usually prestigious adjacent to the city center areas with convenient and reliable transport links and a full staff of objects of engineering and social infrastructure. At the same time density of building of these areas is in 2,5-3,0 times higher than modern standards. Physical condition of constructive and engineering systems of these buildings in most cases requires sanitation.

Five storey buildings of the first mass typical series of brick and in large panel and large block implementation of various storeys were built with the development of industrial methods of housing construction in the early 60's and 70's in towns and cities of the country. The number of such buildings in our time is 10-39% of the total housing stock of cities of Ukraine. Building of cities with five storied buildings was carried out with line-speed methods in the form of blocks and neighborhoods on the free territories. Density of building of these areas was in 2,0-2,5 times higher than modern standards. Indicated housing stock,

which is predominantly up to 80 % of large panel, large block and brick buildings with the so-called small apartments, is designed for settling families. Currently, major drawbacks of architectural and urban planning solutions for five storey buildings and constructions, which no longer sufficiently meet the life ensuring qualities of buildings, are obvious. Accordingly, five storey residential area blocks and micro districts of cities require complex reconstruction of residential buildings and infrastructure in the areas of existing urban development.

Policy of intensive housing construction in the 1970 to 1980 years was aimed at meeting the immediate needs of the population, namely providing needy in residential areas by provisions in square meters of housing per person. It brought to life industrial methods, appropriate structural systems and modern technologies of construction of residential buildings. Cities were built with 9-s, 12 s, and more storeys large panel houses on free, remote from the city center areas.

Multi-residential buildings that were built during this period and are still being built to date, differ from the five storeys in greater comfort, but still have many shortcomings [1].

Inefficiency of such management system in the long term required a significant change in approaches to the development of residential sphere.

But in the 90s the state, legislatively ensuring the existence of housing market, almost completely ceased budget financing of housing construction, giving citizens an opportunity to independently interact with privatized and created private construction companies.

This abrupt withdrawal of the state of residential sphere could not help but lead to the deformation of the market considering the lack of formation of its financial (lack of capitalization of the banking system) and construction (no institute of development) infrastructures, and the weakness of local government, and significantly affect the amount of housing that are put into operation, namely the reduction of them.

This led to the emergence of administrative barriers that often have a corrupt nature, in relation to land plots for housing and terms of processing permissive documentation for construction.

Relationships between citizens and builders began to be based on equity schemes that in many cases were financial pyramids on the construction market, which grew further to the issue of «investor deceived.»

All of this requires selecting the optimal scenario of the housing market and optimal system of public administration.

In its framework the advantages of a market economy based on the maximum development of competitive relations must be combined with the active participation of the state in those segments that are currently unattractive for private sector, which is oriented to obtain maximum profits.

In our opinion, principle of separation of tasks of state administration of residential sphere and professional participation of the state in market activities should be laid down as a foundation of state housing policy under this scenario.

Restricting its function as a professional market participant, the state should increase the effectiveness of state regulation of the housing market, directing it to improve service quality and reduce public spending, associated with construction activities, provision and maintenance of housing.

Thus, the optimal strategy of the state in the housing market lies in creating and promoting most favorable conditions of life for socially and economically active segments of the population, facilitating the formation of the middle class, while maintaining socially unprotected segments of population, i.e. the reduction of poverty.

This policy is implemented through the implementation of normative and legal regulations, program development and monitoring of the effectiveness of the measures of government support.

In our opinion, the success of state housing policy essentially depends on how people perceive its aims and objectives, whether they feel that it is aimed at improving the living standards of all not only the most wealthy segments of society, how declining property imbalances are.

At the same time the most important part of the state housing policy is a social housing policy that provides mechanisms for implementing the right to housing of citizens who need help from the state.

From our perspective, the social housing policy should include measures of state support that are differentiated depending on the material situation of citizens, who can be divided into two categories:

– Categories of citizens who need social protection. It includes low-income citizens, who are recognized as such under the provisions of housing legislation and other categories and who are recognized as being in need of residential premises in accordance with the established grounds by the

law. In addition, citizens, whose incomes do not allow them building and buying housing even on condition of state support, must be also assigned to this category. This category of citizens needs to be provided with housing on social contract of employment or contract of free use through measures of social protection. State authorities or local governments are proposed to create a particular type of contract within their competence depending on the property status of citizens.

– The category of citizens, who need social support. These include people with family incomes greater than in the previous category, but not able to build, buy or rent housing using their own income, savings or loans without certain support from the state. Citizens of this category should be given assistance or in housing provided under the terms of hiring with the fees charged by the state (non-commercial hire), or in acquisition or construction of housing using various financial instruments.

Implementation of strategic objectives and principles of state housing policy is impossible without forming a coherent effective housing finance system, which provides introduction, implementation and operation of housing.

It should be aimed at solving the following problems:

– providing real increase of affordable housing, adequately equipped housing of sufficient size and of normal quality for all categories of citizens regardless of their incomes with taking into account all obligations of the state;

– development of market mechanisms in the housing sector.

Mechanisms that form the basis of such a system and combine the use of state (municipal) funds with private investments should focus on attracting financial resources in the amounts and on terms that are necessary for solving problems of social housing policy, as well as on dynamic balance increase in proposals on the market of housing and of solvent demand for it.

Housing funding should be based mainly on the private investors, including financial means of the population. State and municipal finances serve just catalysts of market processes, which stimulate their accelerated development. They are also used as co-investments, including in the form of public-private partnership, on social protection and social support for those categories of citizens, who are unable to resolve their housing problems themselves.

The range of mechanisms of financing housing should allow each category of citizens solving their housing problems according to their capabilities without going beyond economically feasible opportunities of state, regional and local budgets.

The system of financing housing should include such mechanisms at the present stage of social and economic development as:

– creation and maintenance of the fund of social housing;

– resettlement of citizens from emergency housing and repair of existing housing stock;

– creation of sector of rental housing;

– residential mortgage lending;

– social support of citizens in the form of targeted housing subsidies;

– accumulation of funds for construction and purchase of housing by citizens;

– creation of engineering, transport and social infrastructure;

– funding of housing construction;

– development of base of building industry.

Therefore, the main tasks of public housing policy may include:

– ensure compliance of amounts of housing stock with the needs of the population and affordable housing for all citizens of Ukraine;

– attraction of extra-budgetary financial resources to all components of residential sphere;

– creation of a set of mechanisms of financing housing, which allows each category of citizens solving their housing problems according to their capabilities and adequately formed needs;

– provision of mass housing construction through:

a) removal of legal and administrative barriers in the work of construction, provision and maintenance of housing;

b) development of personnel potential in the sphere of construction and housing management;

c) organization of spatial planning and the realization of the effective city planning policy that ensures balanced development of new and previously built-up areas by providing construction of engineering, social and transport infrastructure;

d) introduction of innovations in the housing market, the most effective technologies of construction, management and maintenance of housing;

e) control of compliance with competition rules and conditions for non-discriminatory access to infrastructure and land resources;

f) effective tariff and pricing policy in the housing sector;

- creating conditions for the purchase of own dwellings by broad population strata (using different ways to reduce costs, or subsidizing the purchase of housing for certain categories of citizens);
- development of social housing sector;
- development of sector of rental units;
- increasing comfort of living of the population in residential sector;
- ensure the availability of cost of exploitation of housing;
- expansion of sphere of private-public partnership in the housing sector;
- introduction of mechanisms of self-regulation of construction activity and housing management;
- development of mechanisms of insurance in the housing sector;
- improvement of legal framework of construction, provision and operation of housing;

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- increasing the effectiveness of the control and supervision in the construction and housing and communal sector by improving legal framework for functioning of control system for the establishment of requirements for housing, construction of materials;
- development of the system of residential lending.

Conclusions

Thus, the relevance of solving housing problems is determined by the presence of a number of contradictions and complications of current problems in the housing practice. Necessity of introduction of new and integrated approaches to planning, development and implementation of housing policy; strengthening control over the process of implementation of programs of housing construction and realization of housing by the government is evident in this situation to provide population with adequate and high quality housing.

УДК 338.242: [338.45:378]

Natalia Boretska,
Ph.D. candidate,
Academy of Municipal Management

FORMS AND METHODS OF STATE REGULATION
OF THE SPHERE OF HIGHER EDUCATION

Annotation

The «form» of functioning of higher education is defined. Changes of emphasis in public administration of the educational sphere are grounded. Administrative methods used by the state in the sphere of higher education are researched.

Keywords: state educational policy, modernization, regulatory instruments, reform.

Анотація

Визначено «форму» функціонування вищої освіти. Обґрунтовано зміни акцентів в державному управлінні освітньою сферою. Досліджено адміністративні методи, які застосовує держава в сфері вищої освіти.

Ключові слова: державна освітня політика, модернізація, регулюючий інструментарій, реформування.

Аннотация

Определено «форму» функционирования высшего образования. Обоснованы изменения акцентов в государственном управлении образовательной сферой. Исследованы административные методы, которые применяет государство в сфере высшего образования.

Ключевые слова: государственная образовательная политика, модернизация, регулирующий инструментарий, реформирование.

Introduction

Comprehensive development of the higher educational institutions needs more attention from the state in the process of modernization of higher education. Nowadays the dependence of the performance of the higher educational institutions on economic factors increases, resource capacity of study and research increases too. On the one hand, state amounts of financing are not able to cover increasing needs of the higher educational institutions, on the other hand, it is necessary to elaborate effective and transparent mechanisms of regulation of their activities outside the budget (incomes). Thus, the social nature of relations in the sphere of higher education and growing dependence of higher educational institutions on economic factors require the formation of mechanisms of state regulation that are adequate to market conditions and the development of a new regulatory state education policy, which would have directed the efforts of higher education on the consistent improvement of its competitiveness.

Analysis of recent research

Known scientists G. Becker, E. Bowen, E. Denison, J. Kendrick, J. Minser, and T. Schultz paid attention to the problems of state regulation of the education sphere in the overall context of

the development of the knowledge economy. In the works of native scholars L. I. Antoshkina, T. N. Boholib, A. I. Butenko, V. A. Visyashev, V. M. Geyts, A. A. Hrishnova, B. M. Danylyshyn, G. A. Dmytrenko, T. A. Zayets, S. M. Zlupko, I. S. Kalenyuk, A. A. Kratt, V. G. Kremen, V. I. Kutsenko, L. K. Semiv, O. P. Sologub, D. M. Stechenko, L. A. Yankovska and others specific organizational and economic problems of functioning of the higher education system are highlighted. However, market conditions of functioning of the higher education require the elaboration of new mechanisms of the regulatory activity of the state in the sphere of its administration.

Statement of research objectives

- to define the «form» of functioning of higher education;
- to justify the changes of emphasis in the state administration of educational sphere;
- to examine the administrative methods used by the state in higher education.

Results

The peculiarity of entrepreneurship in modern conditions is, in particular, that it extends from the sphere of material production to education, science, and culture. Nowadays higher educational institutions are gradually transformed into

entrepreneurial structures of public sector. As, on the one hand, their activities include satisfaction of public needs on the basis of outside budget funding (in whole or in part), and, on the other hand, higher educational institutions may be considered as commercial enterprises that offer services to individuals, who use education with a personal purpose with the intention of obtaining additional revenue in the future. Such variant has some advantages in the transitional economic conditions: focus on customer satisfaction, participation in market competition, desire for efficient use of resources.

Numerous allegations of researchers in this field testify for the benefit of that education, market and business are currently closely intertwined with each other, including:

- «Today education is just the same sphere of market relations as industry, construction, finance and credit, and other systems» [1, p. 31]; «In modern society, education is big business, means of entering the global labor market ...» [8, p. 197];

- «Higher education is a business: in this sphere educational services are produced and provided by a certain price and necessary for such activity factors of production are purchased. Manufacturing activity is determined by technological constraints. Costs and revenues stipulate decision making and determine the viability of the higher educational institutions in the long run» [2, p. 87];

- «governments of many countries are increasingly moving to the position of neoliberal philosophy, emphasizing the role of the market in all spheres of society. In particular, support for private universities, most of which can be interpreted as entrepreneurial organizations, increases» [11, p. 6];

- «in Ukraine present difficulties motivate in one way or another to use a lot of means of expansion of the number of sources of financing higher education and improvement of the efficiency of resource use – savings and reductions, permission for a number of areas of entrepreneurship of state higher education institutions, the expansion of paid services and all sectors of paid education, etc.» [5, p. 11].

The entrepreneurial function is inherent not only to the subjects of education market, which are registered as business entities. If we look at private higher educational institution, it is entrepreneurial organization that operates in the market of educational services. However, state higher educational institutions, in which paid services have become widespread, carry out entrepreneurial activities under market conditions. Under the entrepreneurial

activity of the state higher educational institution we should understand the initiative, independent, risky activity that brings profit to the higher educational institution and is directed to address its statutory objectives. N. V. Niyazova believes that entrepreneurial activity of the higher educational institution is relatively independent, provided by the charter of the higher educational institution activity, which complies with the legislation on education, in order to obtain results in the form of profit to ensure educational process [9]. According to M. Dolishniy and V. Kutsenko, entrepreneurship in education in general and in higher education in particular is innovative economic activity aimed at improving its effectiveness in the conditions of limited capacity of resource support from the state [3, p. 11].

Analysis of existing views on entrepreneurship in education allowed to formulate own definition. Entrepreneurial activity of the higher educational institution (according to the content) can be defined as innovation-oriented statutory activity in the market conditions, which aims at improving efficiency of the educational process and quality of educational services through motivation of educational institutions for constant improvement and optimization of the use of material and human resources.

Not only private higher educational institutions (as governed by the Laws of Ukraine «On Education» and «On Higher Education» and the Law of Ukraine «On Entrepreneurship») and universities, but also other educational institutions may realize an entrepreneurial function.

Entrepreneurship of the state higher educational institution is the type of economic activity of state higher educational institution, which aims to generate revenue from the provision of educational, scientific services and other activities under the current legislation to cover rising costs, with the aim of increasing the competitiveness of higher educational institutions in the educational services market and its graduates in the labor market. Educational entrepreneurship is a special form of entrepreneurship. As a form of economic activity of educational institutions on the educational services market within the legislative field this type of entrepreneurship is aimed at reception of incomes through meeting the demand of target groups of consumers on the basis of independence, responsibility and innovation. In the exercise of the educational entrepreneurship the combination of individual and social benefits

occurs. Moreover, priority should be given to the latter.

At this stage of reforming the education system fundamentally new functions – an innovative and entrepreneurial ones – emerge at the universities along with the traditional functions (teaching, research, professional, educational), which necessitates a continuous search for ideas that allow the universities retaining their status, get a new impulse for development [4, p. 18].

Internal university culture by its nature is defined as non-profit, which is characterized by the fundamentality of knowledge, «scholasticism» of teaching, traditions of scientific schools. The knowledge gained by a student at the University can not be restricted to a particular fixed amount; the value is not this size, but the ability to work with information. We agree with Y. Lotman that «the development mechanism» of an individual is laid during the university studies [7, p. 29]. However, this mechanism has to get space for its operation by the state. The state should regulate the primary labor market so that young professionals would be given the opportunity for self-realization and self-actualization.

Actualisation of the entrepreneurial function in the activity led to the concept of entrepreneurial university, which features are:

- constant movement, organizational flexibility, adaptability, dynamic, interactive attitude to society (efforts to best respond to the changing needs of the society);
- competence in both academic and administrative spheres;
- the addition of classical tasks (research and training) with such tasks as technology transfer, postgraduate education, higher educational institution's adaptation to the needs of the labor market;
- continuous improvement of the system of management in the areas such as research and teaching personnel, production of new knowledge is a condition of effectiveness, as well as improvement of the competence of both students and workers of the university.

The authors conclude that the defining feature of the entrepreneurial university is a combination of the educational mission with entrepreneurial management in the system of university governance.

Russian scientists talk about innovation and entrepreneurial model of university, in which the university «actually turns into a scientific and educational-industrial complex with academic core and interdisciplinary design-oriented peripherals

consisting of many online innovation and high-tech structures and small businesses that actively deal with orders of local authorities, industry, business and society at large» [10, p. 21].

Higher educational institution, gradually acquiring features of a business entity, must generate a specific infrastructure for entrepreneurial activity. Higher educational institution by providing educational and scientific services incurs expenses to be reimbursed. However, the main purpose of higher educational institution's operation is not profit, which distinguishes them from purely business entities (enterprises, companies, etc.), for which this goal is crucial.

The Ukrainian legislation also treats profit as the main goal of business activity. However, according to O. Kuzhel this definition «does not fully reflect all the diversity of socio-economic and spiritual nature» of entrepreneurship, but displays only «transformation, the initial state of this economic sector and even contradicts the modern theory of the firm» [6, p. 69]. As a result of its activity the subject of entrepreneurship receives not only material gain, but also moral and psychological satisfaction, sense of professional and human self-realization.

O. Kuzhel quotes American economist, Nobel Prize winner H. Simon in the work «Administrative behavior», who identified the company as an adaptive system, formulated a theoretical principle that firms set themselves the goal of not so much maximization of profits, but of making optimal management decisions in the market conditions.

To determine the possible directions of entrepreneurial activity of higher educational institution let us outline the main activity directions of higher educational institution under the market conditions (under paragraph 1 of Article 44 of the Law of Ukraine «On Education»):

- preparation, in accordance with state procurement and contracting relationships with legal and physical persons, of highly qualified specialists of different educational and qualification levels for the national economy, science and sphere of education;
- preparation of scientific and technical personnel of higher qualification – candidates and doctors of sciences;
- qualification upgrading of teaching staff of educational institutions, training and qualification upgrading of other specialists of different industries;
- conducting research and activities related to implementation of their results;

– cultural, educational, methodical, publishing, financial, economic, industrial and commercial activity;

– implementation of external relations.

As a result of gradual abandonment of methods of administration, new possibilities are opened to higher educational institutions, especially the budget ones, leading to their functioning as economic entities like manufacturing companies. Therefore, economic development of the higher educational institution as a process of improving quality and structural parameters of financial and economic activities of the higher educational institution reflects their ability to qualitatively improve the basic functions. Economic development of higher educational institution is impossible without increasing the share of allocations earned by it. Thus, more attention should be paid to the problems of complex economic development of higher educational institution, which is not confined only to the problems of funding, in the process of modernization of social and economic development. The state must improve the mechanisms of necessity of achievements of higher educational institution's scientific researches; strengthen the interaction of business, science and education. Given the above, there is a need to rethink the role of educational in-

stitutions not only in ensuring economic progress, but also in forming a highly educated specialist and a strong personality, competitive in today's world.

Conclusions

Thus, observing changes and trends that take place in the sphere of higher education, and evaluating approaches and methods of administration of this sphere, we have obvious discrepancy of form and content. In terms of philosophical concepts, if form hinders the development of content that is attached to it, then at some stage this form will be «broken» and the new one will come on its place. However, if the form is transformed according to changes in content, then a normal evolutionary process takes place. Today the situation with the development of higher education is that the state, regulating all aspects of the educational process, determines the «shape» of functioning of higher education. Administrative methods used by the state in higher education not only do not meet the challenges of time, but also inhibit the development of this strategic sector. Evident is the need to not only to reform and modernize the higher education, but reform and modernize the administration and regulation of this sphere. Only this will enable national high school to gradually become a factor of Ukraine's competitiveness in the global arena.

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Signed to print 13.06.2012
Format 60/84 1/8 Offset paper.
Headset «Times New Roman». Print ryzohraf.
Conventional printed pages 10,70 Accounting and publishing worksheets 9,03
Circulation 1000 copies. Order № 1/6.
Publisher and manufacturer: Yemelyanova T. V.
54001, Mykolayiv, prov. Sudnobudivniy, 7
Tel.: (0512) 47-74-48, e-mail: printex_nik@rambler.ru
Certificate of publishing subject MK № 24 from 25.05.2011