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ЛІНГВІСТИЧНИЙ НАВЧАЛЬНО-МЕТОДИЧНИЙ ЦЕНТР

**МАТЕРІАЛИ XI ВСЕУКРАЇНСЬКОЇ
НАУКОВО-ПРАКТИЧНОЇ КОНФЕРЕНЦІЇ
СТУДЕНТІВ АСПІРАНТІВ ТА ВИКЛАДАЧІВ
ЛІНГВІСТИЧНОГО НАВЧАЛЬНО-МЕТОДИЧНОГО
ЦЕНТРУ КАФЕДРИ ІНОЗЕМНИХ МОВ**

“TO MAKE THE WORLD SMARTER AND SAFER”

(Суми, 23 березня 2017 року)

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
SUMY STATE UNIVERSITY
FOREIGN LANGUAGES DEPARTMENT
LANGUAGE CENTRE

**MATERIALS OF THE ELEVENTH
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NATIONAL INCOME AND ITS ROLE IN SOCIAL REPRODUCTION

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The theory of consumption and accumulation is an important component of economic system of views of any society, but in the conditions of transitional economies special novelty of research problems of accumulation and consumption is determined by the new conditions and challenges that are related to the need to develop and implement a strategy for sustainable economic growth.

National income is the cost of a newly created society, not only in the sphere of material production, transport, trade, public catering and communication sphere, but also in the service during a certain period of time. Its magnitude is one of the most important macroeconomic indicators, which shows the most complete picture of the level of economic development of the country, its potential to ensure well-being of the population and solving social problems.

In its movement the national income passes the following stages of social reproduction: production, distribution (primary and secondary), redistribution, exchange and consumption. The distribution is a key step in the process of social reproduction. This separation allows to distinguish between different ways of using the GNP, which influences the state and dynamics of national economy of the country:

- 1) the fund of accumulation is a part of national income which is used for expanded reproduction, increase of non-productive assets, creation of state reserves and stocks;
- 2) the fund of consumption is a part of national income, which is used to meet non-productive needs (private and public), to maintain organizations and in non-productive sphere.

These directions are related dialectically. Theoretically the boundary between them is conditional. However, a clear definition of proportions between accumulation and consumption is very important as well as specific funds of accumulation and

consumption, because they affect the pace and quality of economic growth.

The ratio of funds is determined by a number of factors: a model of economic development, the intensification of expanded reproduction, household income level; tax system; the cost of factors of production, especially the costs of material resources, labor, capital (the interest rate); amounts of intangible assets (information, technology, etc.); the ratio between supply and demand; the stability of monetary circulation; the stability of political situation; the legislative framework; the condition of the environment etc.

To determine the status and trends of gross capital in Ukraine we analyzed the dynamics of gross savings and gross fixed capital formation and their share in GDP (table 1).

According to analysis during 2006-2016 the level of gross savings has changed as follows: in 2006 – 2009 and in 2011 - 2014 gross savings were less than gross capital base, but in 2010 and in 2015 - 2016 they were more than it, which shows a complete transformation of savings into accumulation.

The analysis of capital accumulation dynamics demonstrates that after the economic crisis of 2008, the share of fixed capital formation decreased from 24 - 27% to 18 - 19%. The economic and political crisis of 2013 - 2014 also had a negative impact, because the proportion of accumulation did not exceed 14% in the post-crisis period.

So, consumption and accumulation are the main directions of national income use. The optimal proportion between them is the ratio of 75% to 25%, but in different socio-economic conditions it can vary depending on the governance priorities and targets and economic development. If the ratio between consumption and accumulation ensures continuous improvement of the absolute size of consumption and accumulation funds, stable economic growth, it can be considered optimal. In any case, speaking about the development of economic public policies you should pay attention to the fact that the speed of accumulation rate to accelerate intensive economic development has its limitations and that capital formation

of GDP must not exceed 30%, otherwise social conditions will

Indicator s Years	GDP, mln UAH	Gross fixed capital formation, bln UAH	Gross savings , bln UAH	Gross accumulati on,% for GDP	Gross savings, % of GDP
2006	544,2	133,9	127,0	24,6	23,34
2007	720,7	198,4	177,2	27,53	24,59
2008	948,1	250,2	197,5	26,39	20,83
2009	913,4	167,6	151,8	18,35	16,62
2010	1082, 6	195,5	197,7	18,06	18,26
2011	1302, 1	241,8	208,4	18,57	16,00
2012	1459, 1	283,2	198,6	19,41	13,61
2013	1522, 7	247,1	152,6	16,23	10,02
2014	1586, 9	224,3	183,6	14,13	11,57
2015	1979, 5	258,8	321,5	13,07	16,24
2016*	1649, 7	222,6	286,9	13,49	17,39

deteriorate and population standards of living will reduce.

* during 3 quarters of 2016

Table1. Dynamics of GDP, gross savings and gross fixed capital formation in 2006 – 2016.