Brief Introduction:

The country I chose to research on for this country report is Ukraine. Ukraine is a European country that borders several others, such as Russia, Poland, Romania, and Belarus (Figure 1). Ukraine is currently an MEDC (more economically developed country). However, Ukraine is not as developed as other MEDCs, as there are many facts that indicate that Ukraine is ranked somewhere in the middle to low range as far as economic development. Also, Ukraine is currently facing a recession, as its economic growth right now is negative.

Background:

A few decades ago, Ukraine was the most important economic component of the former Soviet Union. Its fertile land produced more than one-fourth of Soviet agricultural output. It also provided substantial quantities of other food products to other countries as well. Shortly after independence in 1991, Ukraine tried to form and stable its own economy, but resistance to reform within the government soon led to reverse its new policy. This led to the Ukraine economy to become capricious. Ukraine's lack of structural reform has made its economy vulnerable to external shocks. Many improvements are needed, such as developing capital markets and increasing the economic freedom of the country. The long-term economic growth may be threatened by the government's involvement in the economy.
Economic Development:

Ukraine is ranked a little below the middle as far as economic development. Although it has some factors that prove that it can be a MEDC, there are also many other determinants that show that it is not quite developed enough to be one.

GDP per capita (PPP):

One factor that shows that Ukraine is a middling country in terms of economic development is its GDP per capita (purchasing power parity). I chose GDP as one of the factors to explain Ukraine's economic development level because this statistic can show clearly if the country is a MEDC or a LEDC, as it can prove whether the citizens in the country have a high standard of living or not. Most countries with high standards of living are MEDCs. For example, if a country has a high GDP per capita, we can assume that the citizens of the country probably have high literacy/education rate because the country seems to have a skilled work force (countries with skilled work force are able to maintain a high GDP because the human resources can produce a large amount of good quality goods). We can also assume that the citizens have long life expectancies (a factor for being and MEDC), which also leads us to think that the citizens in the country have access to all necessary health care. The GDP per capita for Ukraine as of 2009 is $6300 (US dollars), which places it in 136th place in the world. Compared to other countries, this is not a particularly high value, considering the fact that there are almost 200 countries in the world. Looking at the GDP of Ukraine, I can see that it ranks in the low range as far as economic development, because there are many countries that have much higher GDP than Ukraine, and compared to those countries, the GDP per capita for Ukraine is quite low. Low GDP per capita also suggests that the population in Ukraine is high. This is because if a country has a small population, more GDP will be divided up for each person, thus resulting in a high GDP per capita. I can also assume that the life expectancy of Ukraine might not be as high as some countries. This is because if a country has high life expectancy, the citizens would be able to work for a longer amount of time, thus increasing the GDP of the country. This would result in a higher GDP per capita as well. However, in Ukraine, this is not the case. From this, I concluded that Ukraine was developed, but in the middling range as far as economic development.

Population and Human Resources:

Another factor that I chose to show where Ukraine is as far as economic development is its population. I chose population as one of the factors because a country’s population can reveal many important facts about the country, such as whether the country's work force (human resources) is large or not. The population of Ukraine as of July 2010 is 45,415,596 (estimated). This ranks 28th in the world. This suggests that this country might have a large labor force, or a large amount of human resources. Of Ukraine’s population, the labor force (or human resources available) is 22.15 million (28th in the world). This shows that the human resources available in Ukraine are high. However, having a high
amount of available human resources is not always a good thing. It would be excellent to have a large number of available work force if it is educated and has high skills, because work force with high skill tend to produce a large profit. The literacy rate of the country can usually determine whether the work force of that country is highly educated or not. The literacy rate of Ukraine as of 2010 is 99.4%. I would not say that this is a high value; it is normal for MEDCs to have a 99.9% literacy rate. Therefore, I cannot say that the work force of Ukraine is highly skilled. I can also say that Ukraine is not highly developed because its literacy rate is lower than those of other MEDCs.

One can also determine whether the country is a MEDC or not by looking at how much of its work force works in each of the three sectors of an economy: agriculture, industrial, and services. MEDCs usually have most of their work force involved in services and a very small portion involved in agriculture. LEDCs usually have most of their work force working in agriculture. Below is a chart that shows that distribution of Ukraine’s human resources in each of the three categories.

(Figure 2: Labor force of Ukraine in each of the 3 sectors)

One can see in Figure 2 that 16% of the work force in Ukraine is involved in agriculture. The portion of the work force that is working in the agriculture section is much higher compared to other MEDCs. From this, one can surmise that Ukraine is not as highly developed as some MEDCs.

Population pyramids like the one below (Figure 3) shows several important facts about a country’s population, such as its age structure. These facts may help us greatly in determining the country’s economic development.
The above is the population pyramid of Ukraine for 2010 (Figure 3). From this population pyramid, we can see that it is somewhat rectangular, as most of pyramids for MEDCs are. From this, one can assume that there is not that much population growth in Ukraine, and that there is a large work force. Because the section for children is smaller compared to other sections, we can see that the population growth is small, or even negative. The actual population growth in Ukraine as of 2010 is -0.619%. This signifies that Ukraine is a MEDC, as most MEDCs tend to have very low population growth. Please refer to the predicted population pyramid of 2020 below as well (Figure 4). We can see that the population would keep on decreasing in the future as well. The low population growth rate indicates that Ukraine has no need to increase its population, which is good because Ukraine has a high unemployment rate (8.8% as of 2009). Therefore, we can assume that Ukraine is a MEDC. Infant mortality rate is slightly high compared to other countries with 8.73 deaths/1,000 live births. The life expectancy is also not very high, with 68.46 years. The medium infant mortality rate indicates that Ukraine is a MEDC, but ranks in the middle range because this means health care may not be readily available in the country compared to other MEDCs. The rather low life expectancy of Ukraine is also shows that all the necessary health care might not be available.
Capital and Natural Resources:

Another factor that can help us determine whether Ukraine is a MEDC or not is its capital and natural resources. Ukraine is considered one of the natural resource leaders in Europe and the world. Ukraine has abundant natural resources, such as coal, ferrous and nonferrous metals such as steel, mountain wax, granite and graphite, fuel and petroleum products, various chemicals, transport equipment, and machinery. For decades, Ukraine has been a producer of various salts and has a rich base for metallurgical, porcelain, chemical industries, for production of ceramics and building materials, sources of precious and semiprecious stones. Ukraine is famous for its mineral water treatments and medicinal mud as well. Ukraine exports a large portion of its capital resources. Most of the capital goods that are exported are produced and manufactured in Ukraine. This shows that Ukraine is able to manufacture the products on its own. This is one indicator that Ukraine is a MEDC, as LEDCs cannot export goods that they processed on its own, as they do not have enough money to do so.

Ukraine also has arable land, 71.29% of which is used for agriculture. This reveals that agriculture must be an important, and also supports the fact that there is a large portion of the work force involved in agriculture in Ukraine (refer to Figure 2). The main agricultural products for Ukraine are grain, sugar beets, sunflower seeds, vegetables, beef, and milk. It is interesting to see that although Ukraine uses much of its land and a great amount of its work force in agriculture, as only 11% of their GDP comes from agriculture (Figure 5). From this, we can assume that Ukraine might not have much machinery to work the land; the work force is probably doing the majority of the work. This is one indicator that Ukraine may not be as economically developed as other European countries.
Entrepreneurship:

Another factor that can reveal many facts about where Ukraine is as far as economic development is its entrepreneurship. I was not able to find that many facts about entrepreneurship during my research. However, I was able to find the economic freedom of Ukraine. I chose the economic freedom as one of the factors because economic freedom can determine how much entrepreneurship is taking place for that country, and what kind of role the government plays in the economy. It can also show how economically developed the country is. Normally, the higher the economic freedom, the more developed the country is (this is not always the case). The economic freedom of Ukraine is 46.42 (Figure 6). This is a very low number, and it shows that the economy of Ukraine is repressed. Countries with low economic freedom usually have ties to communism, as the people who control the government wishes to control the economy as well. This low economic freedom may be a result of Ukraine’s ties with the former USSR, which was a communist country. As I mentioned in the Background section, the Ukrainian government tried to form and stable its own economy after independence, but failed. Therefore, it had no choice but to abide with the economy (communist) that was formerly used in the USSR. This has led the Ukrainian economics to become more repressed that the others.

(Figure 5: GDP composition of Ukraine by the 3 sectors)
This very low economic freedom explains why it was so difficult for me to find facts about entrepreneurship. Because of this low economic freedom, Ukraine has a hard time creating an entrepreneurial environment, as the government is repressing the country from doing so. This low economic freedom has hindered progress in foreign investment, and has also made many commercial operations and business formation challenging. From these facts that have resulted from Ukraine’s low economic freedom, one can assume that Ukraine is not as highly developed economically as other MEDCs, such as other European countries. In fact, Ukraine is ranked 43rd out of 43 countries in the Europe region, and its overall score for economics freedom is lower than the world average. This low economic freedom may be one factor that is keeping the Ukrainian economy from growing (explained more in the Economics Growth section later on).

Investment:

Another factor that can explain Ukraine’s entrepreneurship and economic development is its investment (as a % of GDP). Investment is good indicator in deciding whether a country is economically developed or not, because it shows if the country has enough money to invest. Therefore, if the country has a high GDP, its investment would probably be high. My prediction about Ukraine’s investment before I started researching was that it would be quite low, as its GDP and economic freedom were both very low. Therefore, I thought that investment would explain how Ukraine is not as economically developed as other MEDCs. Ukraine’s investment is 18% as of 2009, which places it 112th in the world. This is a result of Ukraine’s low economic freedom. As explained in the Entrepreneurship section, because of its low economic freedom, Ukraine has a hard time creating an entrepreneurial environment, progressing in foreign investment, and formations of businesses are challenging. In short, it has a hard time investing because of its economic freedom. Therefore, I conclude that Ukraine is not as economically developed as other MEDCs as far as investment.
Economic Growth:

As I mentioned at the very beginning, Ukraine is currently facing a recession, as its economic growth right now is negative. In this section, I will describe and explain about the GDP growth rate that show that Ukraine is not economically growing at the moment.

GDP (per capita) Growth Rate:

One factor that shows Ukraine is not economically growing is its GDP growth rate. GDP growth rate indicates directly if the economy of the country is growing or not, as economic growth is the increase of GDP per capita. Ukraine is in recession currently, as the GDP growth of 2009 was -15.1%. This means that the GDP is decreasing. This sudden great drop in growth has resulted from the increase in unemployment rate between 2008 and 2009. From these facts, we can conclude that Ukraine is currently in recession. This partly explains why Ukraine has little money to invest (refer to Invest section above).

(Figure 7: Ukraine’s GDP growth over the past years)

Conclusion:

In conclusion, Ukraine is a middle to low ranking MEDC in a recession. There are some factors that show Ukraine is a MEDC, such as its population growth rate, there are so many more indicators for LEDCs, such as its economic freedom and life expectancy. The most important thing for Ukraine to do right now would be to increase its economic freedom, because this is the key reason why Ukraine may not be developing more. If the economic freedom were higher, Ukraine would be able to have more chances of growing economically, such as growing its GDP and investing more money.
References


