

25 YEARS OF TRANSFORMATIONS. WHAT'S NEXT?

Results of transformations in Ukraine's economy during its independence make controversial thoughts at the time of its quarter-of-a-century anniversary. On one hand, in all this time Ukraine's economy has not been able to restore its GDP to the pre-1990 level, moving along the path of de-industrialization and substantial lowering of the living standards of its population. On the other hand, at the end of 2005 the EU and the US (in 2006) officially recognized Ukraine's market economy status. It has been one of the most important results to us, as at the beginning of the transformations the majority of our population had no idea about the essence of the market as a format of functioning of modern economy, institutionally dominated by private property. By the way, it has taken western world more than five hundred years to reform that institution to its modern type with relevant forms of capitalist entrepreneurship.

Private property as a founding institution has been establishing itself in extremely controversial conditions, where as formerly dominant form of property in all of Ukraine's economy was public. The opinion polls that the Institute of Sociology of the National Academy of Sciences (NAS) of Ukraine has been doing since 1992 revealed more than 50% approval rating for the notion of the development of private entrepreneurship yet in the early 90-s of last century. This rating today is, despite periodic crises, more than 60%, and the percentage of those who opposed it has in all the years of the transformations been slightly more than 14%. This proves prevailing acceptance of private entrepreneurship by the society. And entrepreneurship, as is well known, can't be successful without the institution of private property. At the same time, formation of private property in Ukraine through privatization, including privatization of big enterprises, met at that time, in the 90-s, negative attitude on the part of almost 32% of respondents. Before Ukraine's 25-th anniversary of independence already 55% of the citizens shared these attitudes. There were also twice as many as before of those who opposed privatization of small businesses.

The amount of those with negative attitude towards privatization of land spiked almost 4 times. Their number reached over 53%. The number of those positively viewing privatization of land has fallen drastically by 2015 – almost three times from around 65% at the beginning of the 90-s. All this is a proof that society is deeply divided over market economy based on private property, and the establishment of private property via privatization. With privatization being done by Ukrainian state, the trust in its institutions has been in all the years of the transformations not higher than 20%. Moreover, the data of the Institute of Sociology of the NAS shows that more than 50% of the citizens do not trust Ukrainian state either partially or entirely. All these indicators are in place despite the five requisites of market economy, established by the US Department of Trade as a proof of the market economy status of Ukraine.

It was noted specifically that Ukraine underwent a structural reform of ownership rules and the right to private property was endogenous. At the same time we have already learnt about society's reluctance to recognize the reform of ownership rights based on privatization. It considers this reform conducted illicitly, thereby provoking second thoughts about the need to observe the rights resulting from privatization. These doubts are aggravated by the fact that reforms in Ukraine have brought about one of the highest in the world levels of monopoly control of formerly public assets that has af-

ected negatively the process and outcome of structural reforms in other spheres. In these social and governance conditions there are pre-requisites for instability in the realm of observance of the right of private property. This instability in its turn dissolves the motivation for investments, and accumulation of property through the processes of capitalization of economy take the back seat, despite being a natural condition for market economy. That is why the controversy I started with could not but affect the dynamics of investments thus leading to the wear of manufacturing facilities, lower competitiveness, falling apart of the infrastructure and the lack because of that of the possibilities for acceleration of economic growth.

Autonomous and free development of market environment is among the determinants of modern market economy. This environment is formally acknowledged. At the same time, sociologic research in Ukraine demonstrated in 2015 that almost 75% of the respondents supported if not a return to the planning economy based on entirely state accounting and control (26% only), then at least a mix of economic management by the state with the methods of market economy (almost 49%). Only 9% of the respondents opted for minimization of the participation of the state in economic activities. Given the extremely low level of faith into the government of Ukraine and its institutions against the backdrop of political crises that occur regularly, we have to tackle an extremely difficult issue of ongoing structural reforms with regard to institutional risks of further transformation of assets, and attaining inclusiveness in social and economic development. Thinking of that, we should be taking stock of the dynamic processes of globalization, because Ukrainian economy has since its independence been vacillating chaotically and cyclically around a long-term trend. Given global processes of "financialization" of Ukraine's economic development, it would make sense to reach some certainty about the currency exchange rate and thus finance and credit policy.

A problem of Ukraine's energy independence has not been fully resolved in the 25 years of its independence either, especially due to the need to consider new challenges of liberalization of energy markets.

A problem of land reform that has caused so much controversy also remains among the tasks of the first order. Making this reform demands that international practices be taken into account. The fact that the Ukrainian village and farmers, whose role in the development of economy has been instrumental, still remain at a juncture of opportunities and at a crossroads of hopes, is especially painful.

All these tendencies are reflected upon in the articles of this issue of the journal. It was compiled on the occasion of the 25th anniversary of the independence of Ukraine. It reflects our vision of where to the new attempts of structural transformations of economy should be directed. While understanding that our authors were not able to touch upon all key problems that Ukraine is facing, we invite feedback on our initiative from all the readers who have empathy to our country. Important problems on which you work can further broaden the spectrum of issues that we raised on these pages. Alternative views can also be of interest. Therefore, we invite everyone of you to a discussion.

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