

THE MAIN FEATURES OF THE SOCIO-ECONOMIC DEVELOPMENT OF UKRAINE IN 2014-2019

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Abstract

The purpose of this article is to carry out a comprehensive analysis of the main trends and problems of the socio-economic development of Ukraine in 2014-2019. The authors identify two phases of development that the Ukrainian economy went through during 2014-2019: a) crisis (2014-2015); b) depressed with signs of gradual recovery (2016 - 2019). The article investigates how these have affected the social sphere, in particular, socio-demographic and labour indicators, health care, education, quality of life and social security. At the end of the article the main problems in the socio-economic sphere are identified at the current time.

Key words: *Socio-Economic Development, Economy of Ukraine, Social Policy, Crises*

INTRODUCTION

The dynamics of socio-economic development, especially in a period of social transformation, is a key factor in the life of both the average citizen and the state as a whole. The topicality of the article is that, on the one hand, the identification of trends and problems in the socio-economic sphere allows us to better assess the results of modernisation at the current time and take them into account in the reform process. On the other hand, an objective analysis of the contemporary development of the socio-economic sphere in Ukraine makes it possible to forecast threats to state development and make the necessary adjustments to the state development strategy. The main tendencies, problems and threats to the security of the Ukrainian state since its independence have been at the epicenter of the attention of politicians, scientists and publicists. This topic was especially popular after the events of Euromaidan and at the commencement of the war in Donbar and the annexation of Crimea by the Russian Federation. Various aspects of this problem were explored in works by L.Akimova (2016), Z.Varnalii (2016), T.Vlasiuk (2015), M.Vozhniak (2016), T.Korkh (2015), S.Tkalenko (2014), O.Sharov (2017), M.Kalnytska (2017) and others. However, modern historiography lacks a comprehensive analysis of the main trends and problems of the socio-economic development of Ukraine in 2014-2019. The aim of this article is to carry out a comprehensive analysis of the main trends and problems of socio-economic development of Ukraine in 2014-2019.

FEATURES OF THE ECONOMIC DEVELOPMENT OF UKRAINE, MAIN PHASES AND CONSEQUENCES

In 2013/2014, the Ukrainian economy faced a whole set of serious challenges that created a new system to coordinate its development within which the crisis of the current structural and technological model of management sharpened. Key challenges were:

1. The incompleteness of the post-socialist economy transformation into a modern market economy which resulted in the exhaustion of the industrial base and production infrastructure formed in the Soviet Union. Symptoms and indicators of the growing crisis in the socio-economic sphere were, on the one hand, a huge exacerbation of the old problems that originated from the Soviet past (backwardness of the technological base, critical level of deterioration of fixed assets, economic disparities between regions; high level of energy intensity and resource intensity; low competitive level of product quality and high production costs, etc.), on the other - layering new destabilizing factors on old troubles, complications and obstacles related to the transition to the market (the oligarchs' influence on the national economy; high level of "black economy" and criminal activities in economic processes; criminal-clan system of public resources distribution, sharp devaluation of the national currency, etc.).

2. Implementation of the Ukraine–European Union Association Agreement and a Deep and Comprehensive Free Trade Area between the parties which, on the one hand, created conditions for the development of the Ukrainian economy (increased access of Ukrainian goods, services, capital and technologies to the European market; improvement of conditions for Ukrainian export products with the gaining of a price advantage due to the abolition of import duties; increase of EU members investment in the economy of Ukraine, including the creation of joint enterprises; increase in bilateral trade and in the flow of foreign currency; competitiveness of domestic products in connection with the introduction of new European standards, etc.), but on the other, caused a number of problems and risks (necessity for significant financial resources to ensure the adaptation and implementation of new legislation; increase of manufacturers’ financial costs due to high standards of production and quality; increase in the negative balance of bilateral trade in Ukraine due to the deterioration of the export structure because domestic exporters have reoriented from manufacturing of finished goods to the export of raw materials and semi-finished products; the appearance of a shortage of domestic goods on the internal market due to export reorientation of manufacturers; displacement of the Ukrainian manufacturers from the internal market; increasing the level of import dependence of the domestic market on products from the EU; Russia’s initiation of a number of economic wars to block Ukraine’s participation in European integration processes, etc.) [Kuharskaya 2016: 39].
3. The war in Donbas and the annexation of Crimea by the Russian Federation led to the destruction of the economy and life support systems in the temporarily occupied territories and to a loss of their human potential. As a result of the Crimea annexation, Ukraine lost 4.3% of its population, 1.5-1.6% of foreign trade turnover and 4% of GDP. According to the estimates of the Ministry of Ecology and the Ministry of Justice of Ukraine the total amount of losses is now estimated at more than UAH¹ 1 trillion, of which the amount of direct losses amounted to UAH 950 billion, losses of the market value of the material and raw material base of Crimea amounted to UAH 126.8 billion. Ukraine has incurred significant losses as a result of the Donbas occupation as 14% of the population of Ukraine live there. The region was the country’s main industrial and energy hub, accounting for 16% of national GDP, including 25% of industry and 7% of agricultural output. Before the occupation, Donbas provided 95% of domestic coal needs and a large share of Ukraine’s commodity exports - 23.2% [Zghurovskiy 2015: 11].

During 2014-2019 the Ukrainian economy passed through two stages of development: a) crisis (2014-2015); b) depression with signs of gradual recovery (2016-2019). During the crisis phase GDP decelerated rapidly: in 2014 - by 6.6%, in 2015 - by 9.8%. In 2015, public debt increased almost by three times compared to 2013 and amounted

¹ KAH: Ukrainian Hryvnia – national currency of Ukraine.

to UAH 1 trillion 573 billion. The rate of inflation was increasing at a galloping rate: in 2014 - 12.1%, in 2015 - 48.7%. There was a sharp devaluation of the hryvnia, the rate of which has fallen threefold in the period 2013-2015 from 8 to 24 hryvnias for one dollar [Ukraina: perspektyvy 2017: 4]. In addition, the Ukrainian economy in that period was characterised by all the classic features of the crisis phase - the decline in production; bankruptcy and liquidation of many businesses (especially banks); rising unemployment; non-payment crisis, and diminished investment in the economy, etc. The war in Donbas and the annexation of Crimea by the Russian Federation were the catalyst for negative processes. It led, on the one hand, to a significant weakening of Ukraine's economic potential (according to experts, the loss of Crimea cost the state 4% of GDP, the war in the Donbas - 7% of GDP, and another 3% of GDP Ukraine lost due to the outflow of investment), on the other, it forced the state to spend more than 5% of GDP on national security and defense [Yatsenyuk 2015].

The depressive phase was characterised by the fact that the first signs of weak macroeconomic stabilisation and recovery from the crisis appeared in 2016. The real GDP growth was 2.3% compared to 2015. Inflation rates slowed down - the consumer price index in 2016 was 12.4% compared to the previous year. Incomes per person increased almost by 15%. However, these positive developments did not mean that the crisis was finally over. A high level of unemployment, which not only decreased in 2016, but also increased by 0.2% reaching 9.7% of the active population, was an indicator of low level of economic activity during this period [Ukraina – 2016. Statystychnyi zbirnyk 2017: 10, 14, 15; Sotsialno-ekonomichne stanovyshe Ukrainy 2016].

The economic situation in Ukraine in 2017 did not improve significantly. GDP growth has remained, although this year it decreased slightly compared to the previous one and amounted to 2.2% and it was a positive sign. Tax revenues increased significantly. They increased by 2.5 times in 2014-2017: from UAH 299 billion up to UAH 760 billion. In the same time, local budget revenues almost tripled - from UAH 68.6 billion in 2014 to UAH 192.7 billion in 2017. For the first time in the history of the country, local budgets accounted for 50% of the national budget [Khandusenko 2018]. The construction industry, whose output grew by 20.9%, markedly improved its performance. Good growth was demonstrated by retail trade. The turnover in 2017 increased by 8.8% compared to 2016. Such positive dynamics in the trade sector was due to the fact that in 2017 the average monthly nominal wage compared to 2016 increased by 37.1%.

At the same time, the economy did not come out of the depression phase. Industry and agriculture showed in 2017 albeit a slight but falling of their indicators and stagnant characteristics. In particular, the industrial production index fell by 0.1%, while the agricultural production index fell by 2.7% compared to the same period the previous year. Inflation had increased, in 2017 it amounted to 13.7% (in 2016 - 12.4%) [Sotsialno-ekonomichne stanovyshe Ukrainy 2017]. The catalysts for

inflationary processes were a rise in production costs and the revival of consumer demand, including the raising of minimum wages and pensions; the abolition of retail prices regulation for food; an increase in world prices and external demand for domestic food (including meat and dairy products).

At the beginning of 2018, there were some signs of macroeconomic stabilisation and a revival in the Ukrainian economy: in the first quarter of the year, GDP growth in Ukraine was 3.1%. It was possible to achieve this figure due to large-scale reforms, European integration processes, increased investment activity, growth of household incomes and a gradual decline in inflation. As a result, during 2016-2018 the real GDP of Ukraine increased by 8.4% (in 2016 - by 2.4%, in 2017 - by 2.5%, in 2018 - by 3.3%) to 91.3% of the 2013 level [Prohnoz ekonomichnoho i sotsialnoho rozvytku Ukrainy 2019]. However, the economic situation has not yet become stable since in the first quarter of 2019 GDP has increased only by 2.5 %. Hundreds of enterprises were closed, and the volume of industrial production in 2019 amounted to only 71% of 2013. Domestic turnover (in dollars) in Ukraine in 2018 decreased by 3.2 times compared to 2013 [Statystyka roznychnoho tovarooborota 2019]. This is explained by the fact that the process of the Ukrainian economy recovery was complicated by a number of old unsolved problems from the Soviet past; the politicisation of economic decisions; the challenges arising during the process of transition to the market economy and unpredictable changes in the global market, etc.

PROBLEMS IN THE SOCIAL SPHERE AND ATTEMPTS TO SOLVE THEM

The contradictory dynamics of Ukraine's economic development in 2014-2019 significantly complicated the situation in the social sphere and limited the opportunities for implementing effective social policy. Experts highlight a number of socio-economic factors that created unfavorable prerequisites for solving social problems: reducing GDP per capita; the existence of significant real differentiation in the standard of living of rich and poor people; the large volumes of black labour market, employment, incomes and expenditures of the population; the high level of corruption in educational, cultural, housing and communal services, public social services spheres; the irrationality of the structure of the population income and expenditure and the low level of state financing of social sphere; the decrease in life expectancy, decrease in population and narrowing of educational potential; the deterioration of the development and quality of the functioning of objects of social and communal infrastructure, etc.

When assessing the state of the social sphere development and the effectiveness of social policy, experts use the analysis of a complex of economic, demographic, cultural, medical, socio-psychological factors that characterise the quality and standard of living of citizens. Key factors among them are:

1. *Socio-demographic* (birthrate, mortality, average life expectancy, migration). For the period of 2014-2018 the mortality rate decreased from 632 thousand in 2014 to 588 thousand in 2018. The birth rate also decreased - from 465 thousand to 336 thousand people. In 2016, the average life expectancy in Ukraine was 71 years. According to the World Economic Forum, the country ranks 88th among 144 countries in the world.

The situation in the socio-economic sphere is significantly influenced by migration processes. In the first half of 2017, there were 1.7 million internally displaced persons (IDP) from Donbas and Crimea in Ukraine. With this number of internally displaced persons, Ukraine ranked fourth in the world after Syria, Iraq and Yemen at that time. (In June 2019, the number of internally displaced persons from Donbass and Crimea in Ukraine decreased slightly, but remained quite significant - 1 million 387 thousand people) [Unian.ua, 24.06.2019]. The scale of external migration is significant. In particular, in the period of 2015-2017, 1.3 million people or 4.5% of the population migrated from Ukraine. Of these, 43% returned, 49% were temporary migrant workers. Most Ukrainians migrated to Poland, Russia, Italy and the Czech Republic. According to experts, the total number of Ukrainian migrant workers in 2017 was about 2.3 million or 8% of the population. But the process, intensified by visa-free travel regimes, increasingly gained momentum and in 2018 there were already 3.2 million citizens working abroad, i.e. 17.8% of the working population of Ukraine. As a whole, on average, from 7 to 9 million Ukrainians participated in the migration process [Slovoidilo.ua, 11.12.2019]. Large-scale labour migration not only hindered the growth of Ukrainian production, but also exacerbated the imbalance between demand and supply in the labour market. In addition to labour migration, educational migration has been gaining momentum. In particular, the number of Ukrainian students at foreign universities in the 2016-2017 academic year increased by 56% compared to the 2012-2013 academic year and amounted to 72 thousand people [Finbalance.com.ua, 03.02.2018]. Forecasts for a reduction in the working-age population are also important. The International Monetary Fund on July 15 2019 published a report, "Demographic Headwinds in Central and Eastern Europe". According to this report, the largest reduction (more than 34%) in the workforce in Eastern Europe by 2050 will occur in Ukraine [Batog, Crivelli, 2019, p. 16].

2. *Social and labour* (state of labour resources, dynamics of employment and unemployment). The state of labour resources was negatively affected by a decrease in the number of economically active population in 2015-2018, which made the process of retirement difficult. The unemployment rate remained consistently high. In particular, if in 2012-2013 this figure did not exceed 8.1% of economically active population, in 2015-2019 it fluctuated within 9.5-9.9% [Riven bezrobittia v Ukraini 2019]. This is explained by the fact that in 2014-2015 the military conflict in Donbas began, Ukraine lost a significant part of its industrial

potential, production declined sharply, and GDP fell sharply.

3. *The level and quality of life of the population* (dynamics of real money income, consumption of goods, social benefits, etc.). In the period of 2014-2018, the average monthly nominal wage increased by more than 2.5 times: from 3480 to 8865 UAH. The average monthly wage rate in the industry and in the country's production sector tended to increase steadily upto 2013. However, initially the internal political and then economic crisis of 2013-2015 led to a sharp depreciation of the national currency and, consequently, a decrease in the average monthly wage in US dollars. It was not until 2019 that the average monthly wage exceeded the level in 2013 [Tiurina N. & Karvatska N. 2020: 145]. *The average monthly income per person increased gradually - in 2015 it amounted to 2650 UAH, then in 2018 - 4825 UAH. In 2015-2017, the amount of social allowance increased by almost 30%. The purchasing power of the nominal wage increased. In particular, the index of real wages in Ukraine increased from 86.5% in 2014 to 109.7% in 2018 [Indeks realnoi zarobitnoi platy 2019; Dokhody ta vytraty naseleattia Ukrainy 2018].*

Some improvement in the standard of living was caused by a slowing down of prices increase: if in 2015 they increased by almost 43%, in 2017 - by 14%, then in the first half of 2019 - only about 4% [Indeks inflatsii 2019].

The pension reform that began in 2017 was to resolve the problems of financial support for the elderly population. The main reasons for its introduction were: the progressive aging of the population and a reduction of the economically active population in the structure of labour resources; the exacerbation of problems with financing the pension fund; the inadequate payment of a single social contribution (SSC) - employers and the state paid the SSC for 75% of the employed population, and 25% of the employed population did not pay it at all because they worked in the shadow economy; the low level of the minimum pension received by 67% of pensioners; the discrepancy between the average pension, which was only 29% of the average wage, and social standards [Chomu pensiina reforma 2017]; the unavailability of pensions differentiation depending on earnings and insurance payments, etc. The implementation of the pension reform envisaged the modernisation of pensions, a social standards increase, a gradual increase in the length of working before retirement and the introduction of an automatic annual indexation of pensions to protect against inflation, etc.

4. *Housing support for the population* (characteristics of the housing resources by square footage, communal welfare). Housing resources grew at a slower pace, increasing slightly more than 1% during 2015-2017. In 2017, almost 80% of Ukraine's households were provided with water supply, sewage, heating, gas and 63% with hot water supply.

5. *Population health and health care system* (dynamics of morbidity, characteristics of medical infrastructure and staffing). The dynamics of Ukrainian citizens morbidity was controversial. If for the period of 2014-2016 the number of first detected diseases increased by 480 thousand (2%), in 2017 it decreased by almost 750 thousand (27%) compared to the previous year. The same contradictions can be traced in staffing and in the development of medical infrastructure. On the one hand, in the period of 2014-2017 the number of doctors of all specialties working in the system of health care remained unchanged, but the number of hospitals reduced by 6% (from 1800 to 1700) and the number of hospital beds decreased by almost 8% (from 336 to 309 thousand).

The health care reform launched in 2017 was intended to improve the situation in health care. It aimed at introducing insurance medicine, radical restructuring of the entire medical infrastructure, ensuring real autonomy of medical institutions and approving a guaranteed package of medical services, etc. However, this reform has been conducted slowly. The main brake factors were the unfavourable socio-economic situation in Ukraine, characterised by the emergence of recurrent crisis phenomena; the lack of systematic analysis of the real causes of inconsistency of the current Ukrainian health care system with public expectations; the lack of public consensus on the reform model and an insufficient level of public awareness of the main directions and mechanism of medical reform implementation.

6. *National education, culture, information services* (dynamics of the number of students, characteristics of cultural and educational infrastructure). In 2014-2018, the number of pupils in general educational institutions increased by almost 8% (from 3757 to 4042 thousand people), and the number of schools decreased by almost 12% (from 17.6 to 15.5 thousand) [Zaklady zahalnoi serednoi osvity 2019]. In the cultural and information sphere, in 2014-2017 the number of museums increased by 6% and the number of performance visitors increased by 15%; the number of newspapers decreased by 22% and library funds decreased by 8%. Educational reform was aimed at the comprehensive modernisation of the educational and scientific sphere. It was implemented in four directions: reform of secondary education, vocational (vocational-technical) education, higher education and the creation of a new system of management and financing of science. It was planned to improve the quality of education by introducing new educational standards, improving the material and technical base of educational and scientific institutions, the allocation of broad autonomy, creating the conditions for developing and enhancing the staffing potential of the educational and scientific spheres and introducing a fair, transparent system of financing.
7. *Economic and social security* (environmental security costs, crime rates). In 2014-2017, environmental investments increased by 38.5%. The criminal situation in

Ukraine is contradictory. In particular, in 2014-2016 the crime rate increased by 12% (from 529.1 thousand to 592.6 thousand crimes), in 2017 it decreased initially by almost 14% (523.9 thousand crimes) since 2016, and in 2018 it decreased by another 7% compared to the previous year (487 thousand crimes) [Dynamika zlochynnosti v Ukraini 2017].

8. *Socio-psychological well-being of the population* (social satisfaction, anxiety, conflicts). According to the poll conducted by the Kiev International Institute of Sociology in May 2018, the Ukrainians are more satisfied with their own life than with the life of the country. In particular, the respondents' social well-being index is rated 46 (indexes can range from -100 to 100 points, where -100 indicates total dissatisfaction, and 100 indicates overall satisfaction). However, this estimate has increased slightly compared to 2017. On average, Ukrainians are much more satisfied with their own lives than with the life of the country (the index is higher by 52 points). Over the last three years the index of individual well-being has increased from -8 to +6 and now corresponds to the level of pre-war 2013 [Samopochuttia meshkantsiv Ukrainy 2018].

An integrated picture of the state and effectiveness of social development in Ukraine in comparison with other states gives the Human Development Index. This generalised indicator is regularly calculated by the UN to monitor the development of the social sphere of different countries. The Human Development Index combines the analysis of three key indicators - gross domestic product per capita, literacy and life expectancy rates. By this indicator, in 2017, Ukraine was in the group of countries with high levels of human development and ranked 88th among 189 countries. From 1990 to 2017, the Ukrainian human development index increased by 6.5%; life expectancy at birth increased by 2.3 years, the average period of education increased by 2.2 years and the expected period of education by 2.6 years; at the same time, GDP per capita decreased by 24.4%. Although Ukraine is in the group of countries with a high level of human development, its results remain below the average of the countries from this group and below the average for the countries of Europe and Central Asia [Human Development Indices and Indicators 2018].

MAIN PROBLEMS OF THE STATE IN THE SOCIO-ECONOMIC SPHERE

1. The domination of the monopoly-oligarchic model of business management. The impetus for this model formation was the privatisation of state property after the dissolution of the USSR, which did not lead to the emergence of an effective owner who would invest in new technologies and progressive structural changes. This is because only 10% of Ukraine's population has benefited from the transformational changes. As a result, privatisation in Ukraine, especially of large concerns, became the basis for the formation and enrichment of clan-oligarchic groups.

The following characteristics and features are inherent in the oligarchic economic

model: the artificial creation of monopolies in order to avoid competition; a low level of reaction to changes in market conditions due to the multi-sectoral and diversified composition of financial-industrial groups and the inflexibility of their management and state subsidies; gaining advantages over potential economic competitors through the use of political power as an economic resource, which allows the generation of surplus profits and the elimination of potential competitors by non-market methods; the use of political levers - lobbying through their representatives for customs-tax, budgetary-subsidy, credit, price, raw materials, energy and other privileges and preferences; the coverage of losses by subsidies from the state budget; the rejection of modernisation and innovation due to a lack of competition and the bringing of economic objects to depreciation, moral and physical destruction. The dominance of the monopoly-oligarchic model of the economy led to the fact that 10 oligarchic clans control 70 to 80% of the Ukrainian economy [10 oliharkhichnykh klaniv 2013]. As a result, experts estimate that in 2015 the cumulative income of 10% of the richest people in Ukraine was 17 times higher than the income of 40% of the poorest ones [National Sustainable Development Goals 2017]. Analysing integrally and evaluating the mechanism of the formation and influence of the monopoly-oligarchic model of management in Ukraine, Polish researcher M. Vozhniak points out:

“The inconsistent process of implementing a market economy and related political reforms has led to the establishment of a capitalist oligarchy under state control. It impedes the rule of law, effective state control over development-oriented activities, the proper functioning of the democratic society, and local government” [Vozhniak 2016: 13].

2. The high level of the black economy and criminalisation of the national economy, criminal-clan system of public resources distribution. According to IMF experts, the average size of Ukraine's black economy is 44.8% of GDP. For comparison, in developed countries the figure is in the range of 7% to 15% of GDP (the USA, Netherlands, Japan, Switzerland, Singapore) [MVF nazval 2018]. In 2016 Ukraine ranks third in the list of countries with the largest black economy (45.16%). Only Nigeria was ahead of Ukraine with an indicator of 48.37% and Azerbaijan - 67.04%. The scale of the losses caused by the black economy is eloquently evidenced by the amount of unpaid taxes. In particular, in 2016, the GDP of Ukraine amounted to UAH 2.38 trillion, the revenue part of the state budget - UAH 595 billion, and unpaid taxes amounted to UAH 1.1 trillion [Ukraina zanyala 2017].
3. The low level of competitiveness of the national economy due to the backwardness of the technological base, high energy consumption and resource intensity, low quality of production and high production costs. Today, Ukraine continues to be one of the first countries in Europe with high energy intensity in terms of gross output. It is 3.5 times higher than in industrialised countries in Europe and 1.6 times higher than in Belarus [Khalatov 2017]. According to the Global Competitiveness Index 2016-2017 published by the World Economic Forum, Ukraine ranked 85th

among 138 countries (it ranked 76th in 2014-2015) [Pozytsiya Ukrainy v reitynhu 2016].

4. A significant level of corruption, its presence in all spheres of public administration. According to Transparency International's 2017 Corruption Perceptions Index (CPI), Ukraine gained 30 points out of 100 possible and ranked 130th out of 180 countries (Indicators 0-30 mean a significant level of corruption, 31-60 - the state is trying to fight with corruption). According to the IMF, corruption in Ukraine annually costs the country 2% of economic growth [Ukraina posila 2018].
5. The critical state of fixed assets in leading industries, agro-industrial complex and life support systems. During the period 2000-2014 the technological backwardness of the Ukrainian economy increased, and the obsolescence of production facilities increased significantly, the level of wear of which doubled during this time and increased from 43.7% in 2000 to 83.5% in 2014 [Zhuk 2016: 252; Vartist osnovnykh zasobiv 2017].
6. A shortage of fuel and energy resources and insufficient level of diversification of energy supply sources and technologies. Ukraine meets its needs for natural energy at the expense of its own production by about 45%. At the same time, energy intensity of GDP in Ukraine is 3-5 times higher than in economically developed countries [Zghurovskiy 2015: 16].
7. The strengthening of structural deformations and disproportions of the national economy and their acquisition of systemic inter-sectoral and regional character. These negative processes were manifested in the growth of production of the most energy-intensive, material-intensive, fuel-raw materials industries and the reduction of the share of high-tech industries and those producing final products. In 2010, in the sectoral structure of the Ukrainian economy, 57.9% were represented by the branches of the third technological paradigm, which is dominated by ferrous metallurgy, railway transport, electric power, inorganic chemistry, coal consumption, universal mechanical engineering, and the share of products of the fifth technological paradigm, which determines post-industrial type of production (the development of the aerospace industry, computer science focussed on complex computer technology, modern types of weapons, software, telecommunications, robotics and new materials) was only 4% [Vasilenko 2013: 68]. According to experts, in 2014-2016 the share of the third technological paradigm in the overall structure of the national economy increased to about 80% [Gaevskiy 2017].

Serious deformations in the economy of Ukraine persisted at the regional level. Statistics show that the indicators of maximum and minimum gross domestic product in the different regions of Ukraine at the end of 2015 differed more than 11.5 times, capital expenditures - 9.33 times, social allowance - 4.92 times, and the difference in income per capita between different regions was almost 38.5% [Vershynhora 2017: 25].

8. A critical dependence of the national economy on external market conditions and low rates of internal market expansion. An indicator of this trend is a significant

increase in the negative balance of foreign trade in 2017, which increased by 2.2 times compared to 2016 and amounted to \$ 6.3 billion (in 2016 - \$ 2.9 billion) [Negativnoe saldo 2018]. The increase in imports led to a gradual loss of the domestic market by a domestic manufacturer. In 2014-2015, Ukrainian manufacturers lost more than 53.9% of domestic sales [Bazyliuk at al. 2017: 19].

9. An irrational export structure with a predominantly raw material nature and low specific value of high value-added products. The considerable dependence of national production on the global market is due to the raw material nature of exports. In 2016, 62% of domestic exports consisted of vegetable products (21.3%), fats and oils (10.6%), finished food (6.2%), precious metals and goods thereof (23.9%) [Kozziak at al. 2017: 262].
10. The great debt dependence of the state with critical volumes of state external and internal debts. During 2013-2018, Ukraine's general debt grew at a very rapid pace. In particular, if in 2013 it accounted for 40.1% of the gross domestic product of the state, then at the beginning of 2018 - 81% of GDP (in monetary equivalent, UAH 2 131 849.5 million, of which the external debt amounted to UAH 1 373 182.8 million, internal - UAH 758 666.7 million) [Derzhavnyi borh Ukrainy 2019]. Such a sharp increase is largely explained by the loss of economic potential of the annexed Crimea and the occupied Donbas, the need for additional expenditures on the Ukrainian Armed Forces, the devaluation of the national currency, the costs of maintaining the banking system and the fact that the largest payments to the IMF and holders of government bonds in 2015 -2016 were for loans received as early as in 2008-2010.

CONCLUSION

In these circumstances, the slowness and inconsistency of reforms that could have solved these problems and ensured sustainable, effective economic development of the country and the improvement of quality and standards of living, on the one hand, led to the emergence in society of fatigue and apathy from the constant expectation of quick and correct steps towards economic recovery and, on the other hand, led to a radicalisation of public views, judgments and demands. That is why, according to experts of the National Institute for Strategic Studies of the NAS of Ukraine, "*if earlier public requested to change the economic model of development, now it is worth mentioning the public demand for its modernisation*" [Analitychna dopovid 2016: 245]. Therefore, the economy of Ukraine in the period of 2014-2019, after a serious recession in 2014-2015, began to show gradual recovery since 2016. However, the pace of economic indicators improvement is rather slow, which requires an accelerated transition of the Ukrainian economy to a new innovative model of development/management which would be based on: a forced transition to a new technological method of production; the modernisation of fixed assets and the technological base; a reduction in the share of primary production sectors and the growth of the services

sector; a comprehensive support for technical and technological innovation; ensuring the priority development of higher technological structures; stimulating the development of high-tech industries; the introduction of resource- and energy-saving technologies; the diversification of energy supply sources and energy-related technologies; the removing of obstacles for the development of domestic business, supporting and stimulating its economic activity especially with regard to small and medium-sized enterprises and reducing inter-sectoral and inter-regional disparities.

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