

# **Ways out of the crisis**

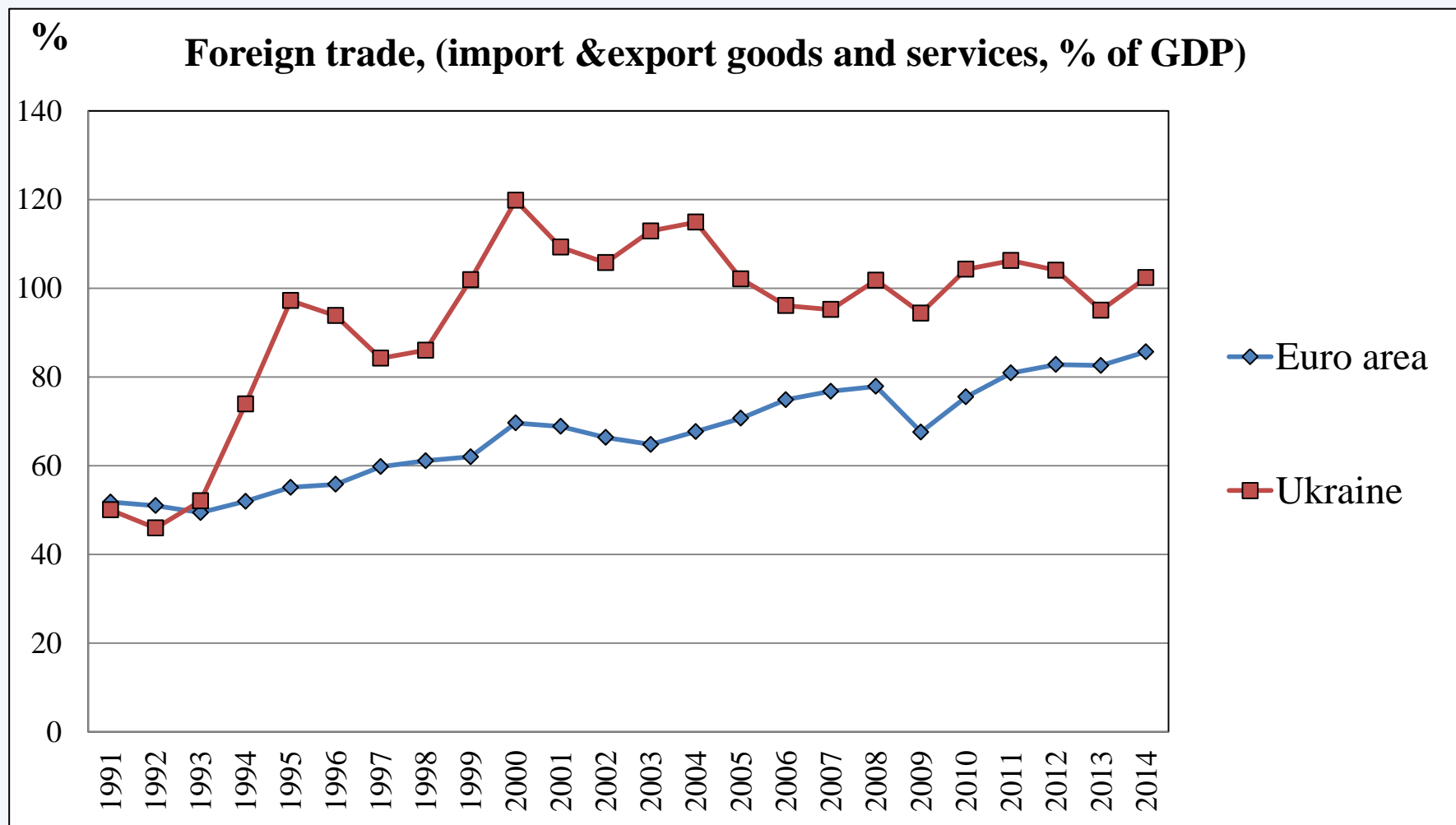
## **Ukrainian and international aspects**



**Alexander Kravchuk**

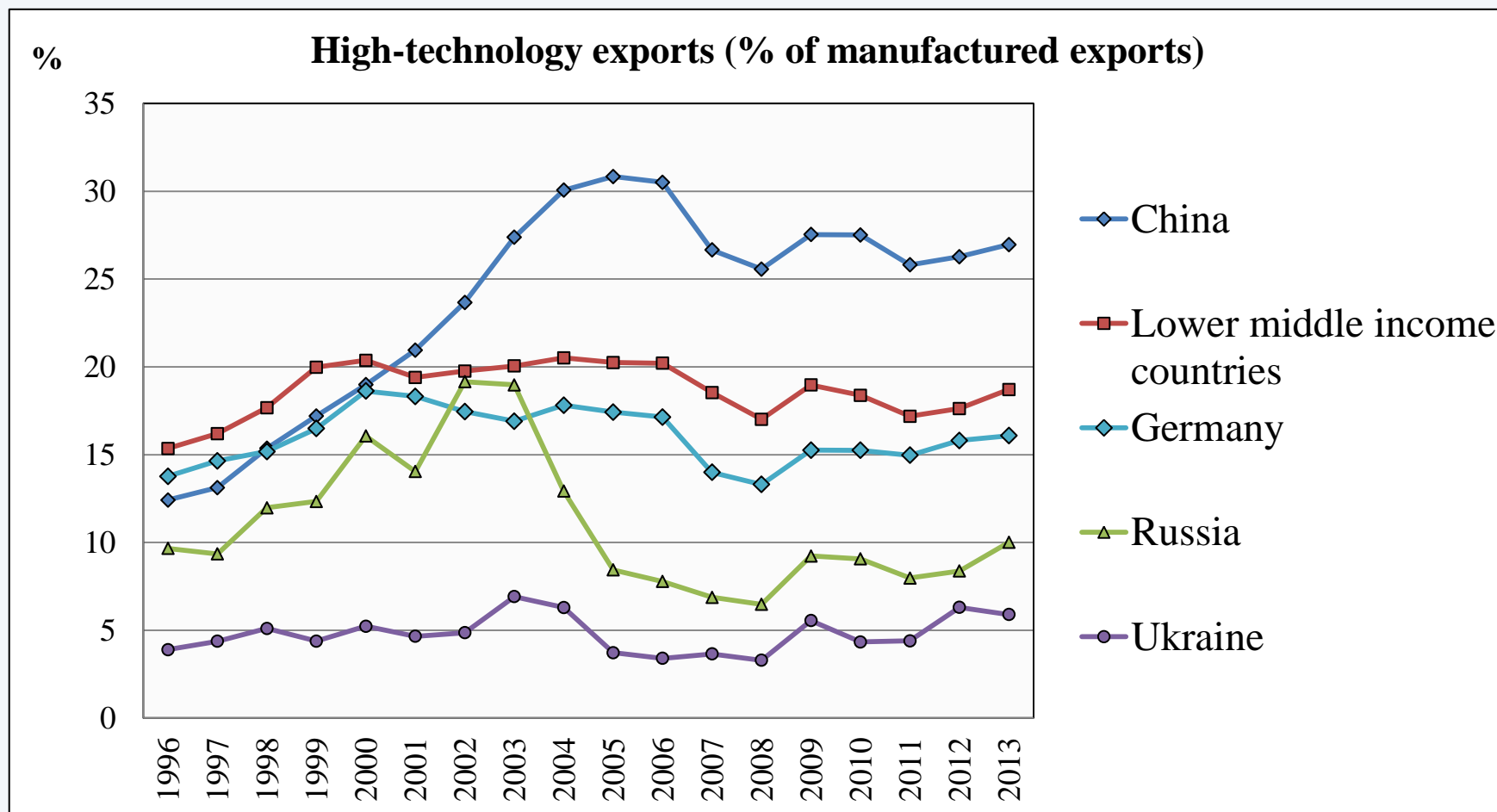
# **1. Ukrainian level**

# What has changed since the open outbreak of the global financial crisis, and why?



- Ukraine became one of the most opened economies in the region;
- weak domestic market and dependence on foreign commodity conjuncture

# What has changed since the open outbreak of the global financial crisis, and why?



- Average hi-tech Ukrainian exports varies around 5-6 %.
- 3/4 of Ukrainian export are raw and semi materials (agriculture, mining, metals, ore)

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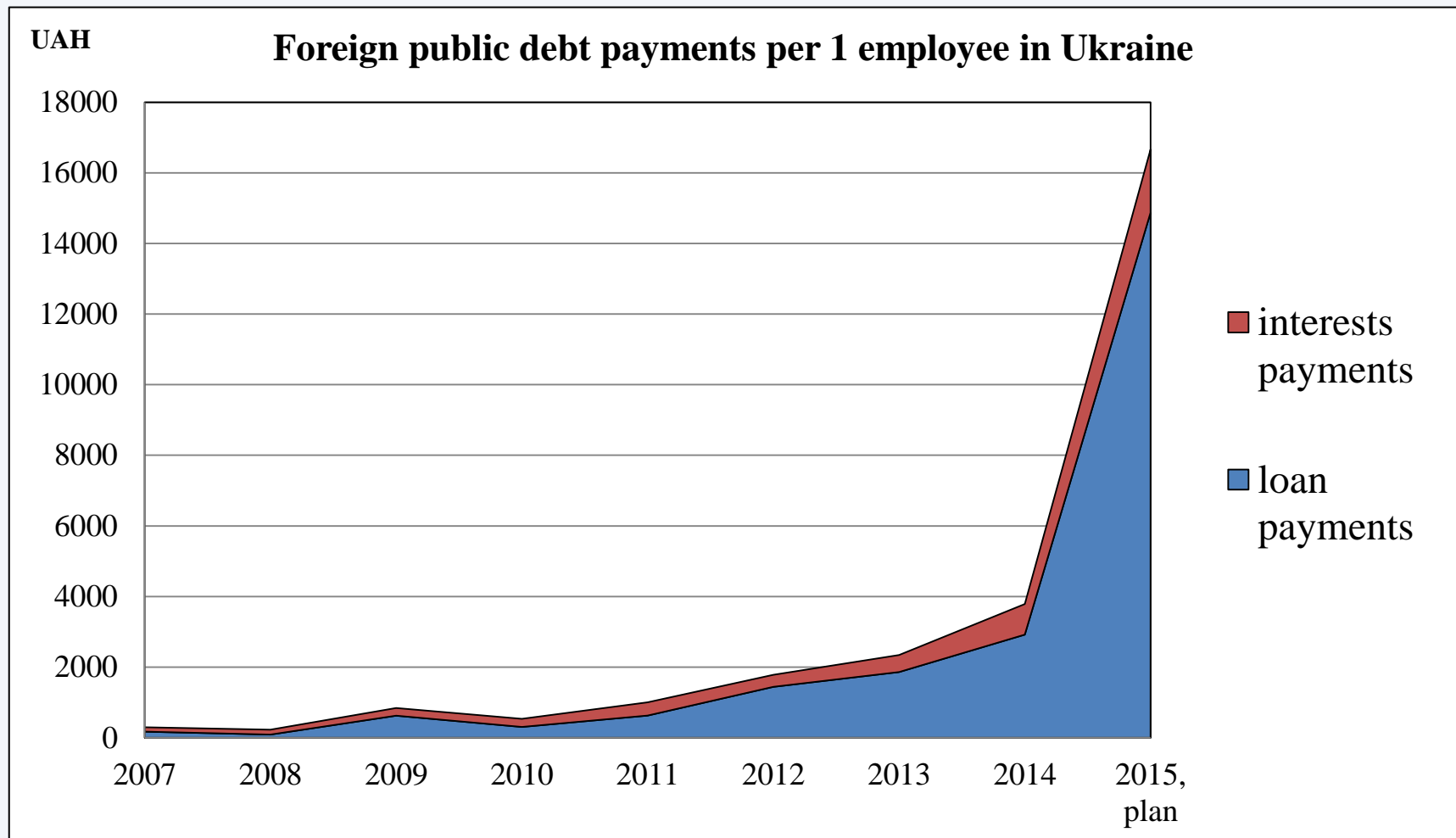
- From 2006 – unseen capital flow to offshore zones;
- About 90 % of foreign investments from Ukraine are located on Cyprus too

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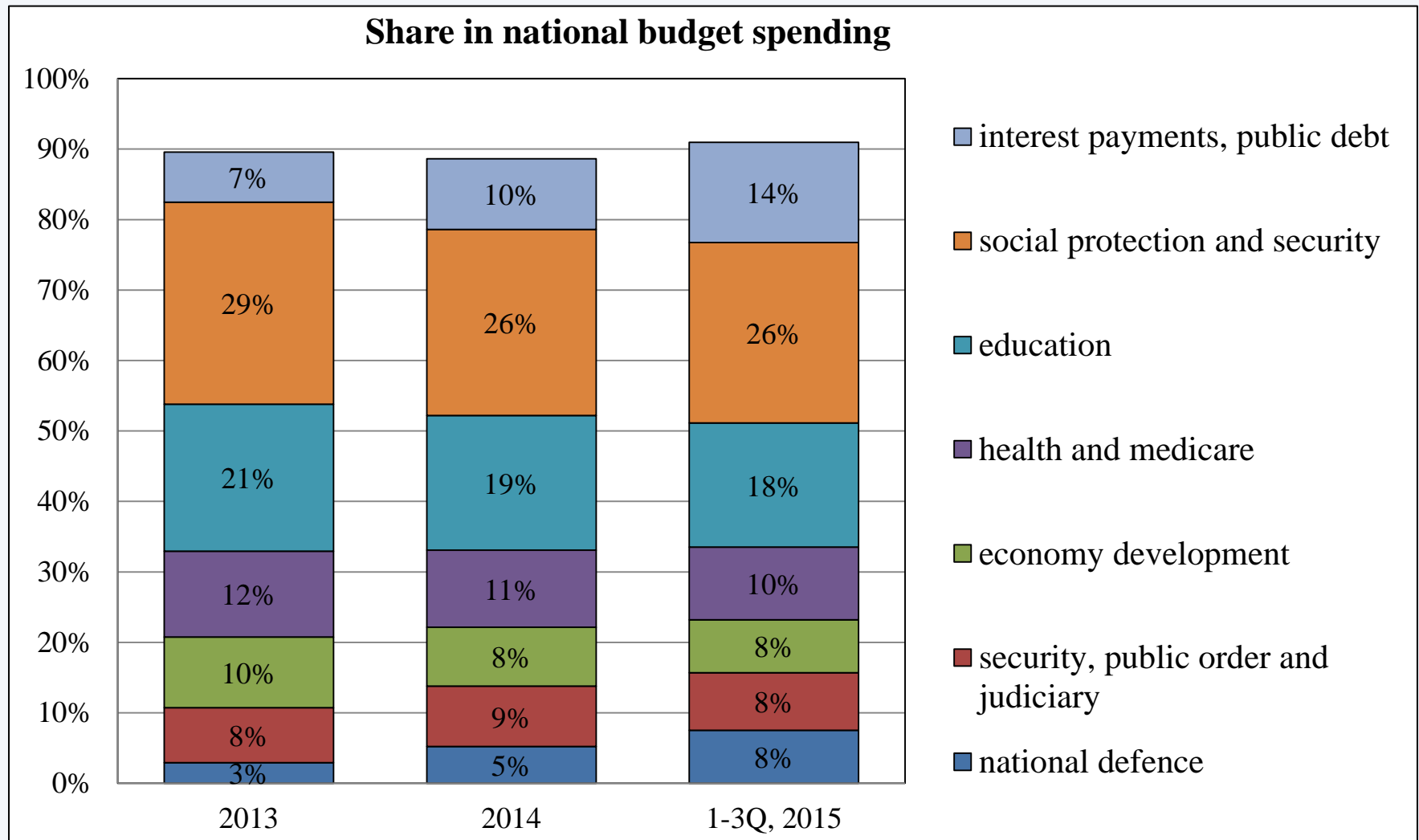
- Till 2008 Ukraine decreased debt dependency;
- But in the same time, Ukraine lost years for structural changes and became depend from private foreign capitals

# Which have been the actual consequences of these developments for a country?



- Overall payments by foreign debt exceed 16 ths UAH (5 average month salaries)
- Payments for a foreign debt increased in 56 (!) times from 2007 to 2015
- and for 7 times from 2013

# Which have been the actual consequences of these developments for a country?



- Social cutting (education & health by -3%);
- Increasing defense and security shares (in 1,5 times)
- Doubling interest payments for a public debt



- The rejection of cooperation with the international finance institutions;
- Effective and not fictitious control of capital abroad outflow;
- Changes in tax policy that would reverse the trend of release large owners from paying taxes;
- Nationalization of strategic industries and businesses instead of transferring them to private hands;
- The formation of strategic development programs for residues of science-based industries.

## **II. International aspect**

## Which scenarios are possible and shall emerge and what are the conditions for the actual realization of such trends?

- What should be the model of a democratically planned economy today (with a critical evaluation of the socialist countries experience, their errors, and successes)?
- What criteria instead of the "resources / profitability" should be put in the basis of all production processes?
- How to replace the bureaucratic system of «expert manual management» and to get away from representative democracy to a system considering the opinion of each person;
- What are the technical resources do we need for such modeling?