

UDCC 330.101.22:342.417:369.014.84

THE CONSTITUTIONAL ECONOMIC ORDER AND ITS INFLUENCE ON FORMATION OF THE LEGAL ECONOMY IN UKRAINE

*O. V. Ovsiienko, PhD. (Economic Sciences), associate professor,
Yaroslav Mudryi National Law University*

The Constitution of Ukraine entrenches particular social and economic rights of the citizens (right to ownership, right to entrepreneurship, right to education, social protection, medical care, etc.), that is to say it recognizes opportunities of certain behavior in the economic field. Such entrenchment is especially necessary in those fields, where exercising own rights by one subject is closely related to considerable restrictions of rights and freedom of others. However, a situation, where attempts of some subjects to exercise their rights are significantly restrained and rights of others are impeded, is typical for Ukraine. A reason is distortion of reference points of rational economic behavior of some subjects, particularly, an employable population. Trying to act rationally, they compare advantages gained owing to exercising constitutionally entrenched rights and own expenses related to exercising rights.

Since enjoying some rights (certain components of social maintenance, medical care) does not cause additional personal expenses of a human (for instance, under the Constitution of Ukraine, medical care is free), minimization of officially gained incomes is economically beneficial for an employable population. This conduces to saving a share of personal incomes owing to decrease of payments for mandatory governmental social insurance and avoiding direct tax payments. The importance of saving is strengthened by significant shadow payments. Humans are obliged to make them in the process of medical servicing.

Therefore, the economic order, which is entrenched in the Constitution of Ukraine, causes strong economic motivation of a considerable group of a population for transition to shadow or semi-shadow sectors. Regardless of deficiency of payments to the state budget, necessity of financing of exercising social and economic rights of the citizens remains an obligation of the government. This, in turn, complicates exercising social and economic rights of other subjects: under insufficient financing, the chronic deficits of the budget and the funds of mandatory state social insurance extremely deteriorate quality of social services; the most indigent share of the citizens cannot fully exercise their rights. Consequently, the

constitutional economic order in its current format transforms into a factor, which destroy preconditions of legal economy formation.

Distortion of reference points of the economic behavior stipulates extremely negative macroeconomic consequences. Firstly, social and economic differentiation of the society strengthens, since not only the indigent, but also the well-off gain subsidies. Secondly, economic entities bear the unequal tax burden: some (officially employed) pay only indirect taxes; others (officially employed) pay indirect as well as direct taxes and bear costs related to the mandatory state social insurance. Thirdly, in a case of deficiency of payments to the social insurance funds, the government is obliged to allow them dotation from the state budget. As a result, the unsubstantiated burden on social finances increases. In addition, under conditions of insufficient financing, quality of social services deteriorates. Frothily, the shadow sector of the economy actively develops.

Taking into account the above-mentioned facts, improvement of the constitutional economic order, renovation of destroyed relations between social and economic rights and obligations of the citizens are urgent matters. The constitutional economic order is able to provide mutual responsibilities of a human, a society, and a government only under the noted conditions.

UDCC 331.215:330.526.3

LOW SALARY AS AN INSTRUMENT OF «HIDDEN PRIVATIZATION»

***O. O. Chuprina, PhD. (Economic Sciences), associate professor,
Yaroslav Mudriy National Law University***

In Ukraine, salaries are very low. Frequently, their amount is insufficient for reproduction of the labor force of employees. Long-term maintenance of the salaries at a low level is possible, because certain publicly owned companies provide services and goods (local facilities, transportation, education, medical services, etc.) free of charge or at understated prices. At the same time, the government does not compensate losses of the publicly owned companies in full. This results in gradual depreciation of fixed assets of such companies without appropriate reproduction. Consequently, the author can form the following logical chain:

1. Capital owners seek to increase own incomes. Thus, they pay salaries, which is lower than the value of labor force reproduction.