

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.

2. To compensate this gap in some way, the government provides goods and services at understated prices or free of charge.

3. The publicly owned companies, which create such products, receive less profit, their investment opportunities significantly reduce, and they are not able to modernize production as well as carry out their simple reproduction.

That is to say, such publicly owned companies gradually lose their assets. As a result, capital owners become final beneficiary parties. In such a way, public ownership is indirectly transferred to the capitalist class.

The similar conclusion is appropriate for other components of the national wealth of Ukraine, which did not become the property of «new Ukrainian capitalists». Particularly, the author mentions:

– real estate obtained by the population owing to privatization. In modern Ukraine, only a small share of the citizens, especially among the employee class, can purchase or construct new real estate at the expense of own incomes. The housing fund of the country dramatically declines, but scales of housing construction are limited (funds, which might have been used for amortization of houses of low-income persons, are spilled over to the capitalists through the above-mentioned mechanism);

– human capital of employees — low salaries significantly reduce opportunities of humans to maintain own professional level, to allow own children to gain qualitative education, to provide a long and health life for themselves and descendants. Reduction of average life expectancy, the increase of a number of disable persons, the decrease of education quality are consequences of considered processes. The value of human capital, which was formed in the soviet period and was not reproduced in the independence period, is also spilled out to the capitalists.

Therefore, in the process of distribution and re-distribution of publicly owned assets of the USSR, the «new capitalists» appropriate not only objects obtained directly through privatization, but a share of the value of assets of particular publicly owned companies and employees. In other words, there is indirect «hidden privatization» of the mentioned objects.

This process is accompanied by colossal losses: the national wealth amount decreases (losses of achievement of previous generations); amounts of the real GDP lag behind potentially possible amounts on the assumption of modernization of the economy (current losses). This lag ends in the decrease of future production capacities of the country (losses of the future generations).

Consequently, there is a need to get rid of price distortions in all the fields, from the resource markets (including, labor ones) to the markets of goods and services, as soon as possible. Setting adequate prices is a guarantee of rational usage of resources. Thus, this instrument is one of the most effective leverages for providing the future economic growth and development of Ukraine.