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UDC 346.5:338.2 (477)

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## **A CONTEMPORARY ECONOMIC POLICY IN UKRAINE AND LEGAL MECHANISMS OF ITS IMPLEMENTATION**

Matters concerned with enhancement of quality of public administration of the economy based on principles acknowledged by the European Union are kept under constant review of both scientists and practitioners. Nowadays, matters regarding formation of the modern legal fold being able to provide large-scale reformation of the Ukrainian economy, its accelerated reconstruction under resource, time, and other constraints should be brought to the fore. First of all, an issue of a mechanism of providing the legal influence on processes in the Ukrainian economy is of considerable importance.

At the same time, when it comes to the economy, there is a need to take into account an ownership form, which dominated in economic relations. Considering information from different sources, the author may conclude that shares of public ownership (including municipal) and private ownership accounts for 20% and 80% accordingly. Respective proportions exist in the context of the correlation between public (including municipal) and private sectors of the economy.

The mentioned circumstances stipulate a possible answer to the posed question: the government must use all advantages of economic incentives and substantiated preferences in order to encourage business entities (large, middle-sized, and small business) to invest in the Ukrainian economy.

It must be recognized that carrying out restructuring of the Ukrainian economy at the expense of budgetary funds is impossible. Accordingly, there is a need of the search of additional funds. Strengthening a fiscal pressure is the only means, which

is applied by the government for the purpose of transfer of additional funds to the budget. Practical experience has shown that such measure leads to nothing but restraint of economic activity of business entities.

A conception of receiving money should be changed to a conception of earning money. Hope related to providing essential critical monetary mass for economic transformations by international charity programs is an illusion rather than reality.

How can the government earn money and, simultaneously, provide means on strengthening the economy? It is possible in terms of formation of unordinary conditions for involvement of investments into various sectors of the economy (real, financial sectors and an IT-sector). Now, there are legal instruments for involvement of investment funds. Nevertheless, there are particular disadvantages, which cause the restraint of the investment increase.

Particularly, normative acts determine frameworks of public and private partnership in Ukraine as a legal form of involvement of investments. Foreign experience shows that governments were able to resume various industries of the economy and founded new types economic activity within partnership programs. Nevertheless, it is worth taking into account that this process is a result of government work on formation of peculiar conditions for implementation of the partnership agreements. A regime concerned with taxation of economic activity of a private partner is one of such conditions. In foreign countries, a government guarantees consistency of taxation terms for a private partner during all the period of running economic activity.

This is an important factor of involvement of investments in the economy of the leading world countries. At the same time, the domestic legislation of Ukraine does not provide such guarantees.

By the way, a special regime of economic activity should become a key leverage of involvement of foreign and domestic investment funds. When it comes to domestic experience of involvement money in free economic zones, a majority of critics claim that these zones are only fronts for money laundering and tax evasion.

Such phenomena occur at a time, when experience of a majority of the world countries demonstrates opposite processes. Rather, a government should take notice of an issue of tax evasion and commitment of other crimes as a consequence of negligence of the very government through particular governmental officials. In terms of appropriate effective control, the special regime in Ukraine will not differ from the same regime in the USA, Germany, and China by its efficiency. Economists should not complain about consequences. They should eradicate root causes.

In 2005, having tried to terminate the misuses of tax, custom, and other preferences on the part of business entities, the Verkhovna Rada of Ukraine repealed beneficiary terms of investment and innovative activity through adoption of the

Law of Ukraine «On the 2005 State Budget». Simultaneously, the Verkhovna Rada of Ukraine did not even try to estimate possible economic consequences. Such thoughtless step led to factual ceasation of a process of development of an innovation economy in Ukraine.

The positive effect of involvement of innovations in the Ukrainian economy was considerable. Particularly, results of carrying out innovative projects within technological parks are amazing. For instance, the Public Council of Heads of Technological Parks reports that during 10 years of existence of the parks they have implemented 119 innovative projects, created 3553 new workplaces, founded manufactures for production of innovative products with a total capacity of more than 2 billion hryvnias per year, sold 12.6 billion hryvnias of innovative products, including 1.7 billion hryvnias for export. Three leading technological parks have provided 97% of these results at the expense of carrying out projects adopted before 2005.

Without creating preferential conditions for development of innovation-based production, the state is condemned to be a supplier of raw materials, which provides needs of economically developed countries. The state turns from a producer and exporter of advanced technologies to an importer of them, financing economies of other countries. The author may not agree with such approach. A. A. Hrytsenko fairly points out that technological backwardness of the state economy inevitably leads to the necessity of adaptation to different fragments of the world economy as an industrial and agrarian supplier of raw materials on the basis of market laws. The author accepts an opinion of the scientist, who states that formation of an innovation type of economic development is the pledge of success of implementation of measures aimed at effective solving a complex of social and economic problems of a society.

Such result can be achieved under conditions of full-fledged usage of the potential of the special regime determined by the Ukrainian legislation.

Obviously, domestic mentality perceives the special regime of economic activity as the state of social relations, where the government fails to receive particular monetary funds in the form of direct payments to the budget. However, it is worth taking into consideration a synergetic effect arising in the process of formation of peculiar conditions for running economic activity by an investor, namely creation of new workplaces, technical re-equipment of production, expansion of the logistics base, launching production of high-technological products, etc.

Finally, the government «wins» and achieve a new level of production development and economic restructuring.

At the same time, it is important to take into account the necessity of implementation of measures for system restructuring the Ukrainian economy. The choice

of methods and means of solving urgent issues in different sectors of the Ukrainian economy should be made with the use of programs and prognostications, taking into account a strategic direction of country development. Hence, it is worth supporting a view of V. K. Mamutov on the necessity of enhancement and application of the General State Plan of Development of the Ukrainian Economy, which was presented more than once in scientific literature and mass media.

Thus, the author may conclude that a balanced state economic policy is an essential condition for development of Ukraine. The government should exercise the policy with the use of different legal means, effectiveness of which has been affirmed in legal systems of the leading world countries.

At the same time, the government might use all advantages of economic incentives and substantiated preferences in order to encourage business entities (large, medium-sized, and small business) to invest funds in the Ukrainian economy.

Full-fledged usage of the potential of the special economic regime determined by the valid legislation of Ukraine will form preconditions for accelerated restructuring the innovation economy.

The choice of methods and means of solving urgent issues in different sectors of the Ukrainian economy should be made with the use of programs and prognostications, taking into account a strategic direction of country development.

UDC 349.6:342.4

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## **CONSTITUTIONAL AND LEGAL FRAMEWORKS OF THE SPHERE OF ECOLOGICAL RELATIONS**

Excessive activeness of transformations is inherent to the current stage of constitutional lawmaking. Such process is concerned with a system of political relations in general and specification of constitutional division of powers between bearers of the highest bodies of state authorities, the balance of which in the one or another configuration determines a national model of a public administration form. Such relations encompass «rebooting» a judiciary and implementation of a decentralization model, including strengthening the authority of local communities, particularly in the public sector.