

OPENING REMARKS

The year 2004 is coming to end. The Ukrainian people meet the New Year Holiday for the 14th time in the conditions of state independence and awareness that the process of the nation formation has been completed.

The year completion always implies sum up of the achieved results. I would express my vision regarding period of economic development in Ukraine during its independence. I doubt whether this period of economic development will reflect traditional business cycles of world economy determined by recent Noble Prizewinner Norwegian Finn Kudland and American Edward Prescott. And not only because the country has a great number of described by them «dynamic divergences». The start of economic history in independent Ukraine begins with the destruction «to the ashes» of everything that had been inherited from the Soviet Union, and especially economic relationships. This was a unit of both nationalists and people, who were part of this history and were lucky to find them at the pie to be shared.

Formation of the Ukrainian economy is the sore process for millions of people is forced out from real economy and from the country itself for many years. Also it is almost a complete freezing of functioning for many industries of national economy and big businesses, which had lost their competitiveness long before the reformation period, and in the conditions of the increased openness of the economy had no further prospects. At the same time the accumulation of capital and foreign exchange reserves began. Foreign countries, though through different channels became the main source. These channels are:

Firstly, capital transfers of millions of «bread-earners» into their Motherland to support their families, to pay education fees of their children, to invest into realties, to set up private businesses, and to open deposit accounts;

Secondly, it is export re-orientation of the industries and enterprises, which had some opportunities to survive, though due to a dumping policy; and

Thirdly, it is development of a shadow economic sector.

The role of each of them still needs to be studied, but indisputably the fact is that it was just a background against which the industries relating to a new economy, and modern trade began to develop.

After year 2000, a number of managers of international level appeared in Ukraine. They started the policy of reforms and built up the bases for functioning of the Ukrainian economy as a single complex. The new politicians succeeded in orienting the new economic policy at a social aspect. The least settled remains the problem of Ukrainian economy within the system of world labor distribution. It is the most urgent issue now and requires the keen attention of specialists. Therefore, our journal will promote the publication of scientific findings dedicated to the solution of the above problem.

One should not be a highly experienced expert to realize that millions of jobs need to be created in the years to come. Viktor Yushchenko, a candidate for the presidency in Ukraine in his pre-election program determined the number of working seats required up to 5 million. We hope that the new policy will neglect the theory of continuous unemployment decrease by means of high inflation rate, the economic wisdom of which was expressed by Phillips curve. A modern theory and practice (the countries of euro zone, New Zealand, Great Britain) prove that the policy of high employment must be built on fiscal and monetary policy on the basis of long-term non-change biased rules. Despite some loss of flexibility of economic policy, it is more reasonable to concentrate efforts on the institutional changes versus changing of mandatory rules.

The crisis phenomena of the Ukrainian economy at the end of 2004 testified that the loss of trust towards economic policy of government resulted in de-controlled prices. When people have no belief in the promises of the government to decline inflation they are concerned to withdraw money from their bank accounts and intensely engaged into purchases, thus saving their financial accumulations. Such phenomenon in the end induces run-away inflation and has the only explanation: ordinary people will never agree that their purses turn thinner because inflation seethes in the country. Experience of presidential race 2004 showed that the «effect of expectation» could determine the behavior of the economy on micro and macro-levels. Evidently, the government of a new president of Ukraine should base the economic policy on the awareness that the entire economy could get in the trap of high inflation. Therefore, price and currency stability is to become the basis of economic policy, and also the policy of employment.

And the last but not least: what economy do we have today? Our present-day economy reminds a myth bird Phoenix bird that restored to life from ashes. It was exceptionally due to the reforms at the beginning of the century with direct participation of the President, and thanks to exclusive vitality of the nation, which is of no less importance, the growth mechanism had been started up. So far, the latter is self-regulated since the government's role in the economic movement, who is a consumer paid mainly for not interfering with the process, and it is done in the forms of taxes, bribes, undercharged businesses purchasing, etc. Unfortunately, the government has not defined the principle long-term guidelines of economic policy. The question could be put in such form: what economic model has Ukraine to choose? Would we be happy with the role of a construction site for the technologies developed by some other countries, or are we able to be-

come leaders in some definite economic spheres? Everybody who has his vision on that score is welcome to our journal.

When the last issue of the journal 2004 reaches its reader, Ukraine will already have a new President. A presidential race was extremely tough because the fight was not so much among concrete nominees for the position of national leader but among different world outlooks, specifically, between old and new economic thinking. Lots of things were set on a cast, which made the elections the dirtiest in the history of the country. Nevertheless, the most difficult comes with the completion of the elections: the promises the electors voted for should be kept to and fulfilled. Moreover, the successor should take the obligations of the party that had failed. We would like to wish a newly elected President not only success, but to render our all-round assisting in its achievement. Therefore on behalf of editorial board, I invite the researchers of Ukraine and from other countries to participate in the journal activities, to publish the research findings in the area of European economy, especially those, which can profit for economic policy determination of transition economies.