

Chapter 1

CONCEPTUAL BASICS OF COUNTRY'S ECONOMIC MODEL FORMATION

1.1. Theoretical-methodological substantiation of national economic model study

Each successful, wealthy, competitive country, with permanent economic growth, has extensively developed and defined national economic model, with fully shaped paradigm and outlined synthetic algorithm. Formation of modern economic model is crucial for Ukraine, which was not able to develop and provide such a model (neither on theoretical-methodological nor empiric level) throughout twenty years after independency resurrection. It is evident nowadays that successful development of our country is not possible without achieving this general goal. Only development and complex involvement of competitive national economic model shall empower Ukraine to be transformed from transitioning country of recessive type into country with high living standards for the majority of community.

1.1.1. Evolution of theoretical-methodological approaches to defining the «economic model» conception

A lot of prominent foreign scientists were researching the topic of developing economic models, in particular: J. Schumpeter [1], J.M. Keynes [2], R. Harrod [3], E. Domar [4], R. Solow [5], F. List [6], T. Лойсон [7], P. Romer [8], Lukas [9], W. Eucken [10], also Y. Kornai [11], L. Balcerowicz [12] and others. Models that were presented by them, which featured factorial analysis of economy growth sources as foundation, were received positively by scientific community and named after them. Special view on economic model composition and economic science in general is demonstrated by Austrian scientific school. «While other schools mainly depend on idealized mathematical economic models and offer paths for governments to conquer economy, Austrian theory is more realistic, so it is more scientific from the social point of view - Llewelyn H. Rockwell, junior, founder and president of Ludwig von Mises Institute (USA), who is an active promoter of Austrian school ideas in the world» [13, page 11]. He mentions that the school's representatives C. Menger, Eugen Böhm Ritter von Bawerk, Ludwig von Mises, Friedrich August von Hayek, F. Hayek, M. Rotbard and others in fundamental papers «...see economics as an instrument for understanding peculiarities of partnerships and competition among

people during competition in order to achieve their goals, during resources distribution and finding paths for community order design, which shall prosper. The Austrians mean business activity as critical force in economic development, private property is considered as a significant condition of effective resource management, government intrusion in market process – always as destructive behaviour» [13, page 12]. Analysis of numerous models led us to understanding that particularly those theories, which are offered by the Austrian Economic School, may act as methodological basis for our unique research.

It is worth mentioning that a lot of studies were performed by Russian scholars in this scientific direction. In particular, A. Borodaevskiy [14], M. Gelvanovskiy [15], V. Kirichenko [16], V. Kushlin [17], S. Tru-

nin [18], V. Cherkovets [19], M. Cheshkov [20], D. Chistilin [21] describe models of transition economy countries, above all, post-soviet countries, on the basis of studying and generalization of global experience.

Possible paths of economic model development of Ukraine are offered in scientific papers of prominent Ukrainian scientists, in order to adapt to modern globalization tendencies and securing national interests, among them O. Bilorus [22], A. Galchynskiy [23], V. Geyec [24], D. Lukyanenko [25], Y. Pakhomov [26], A. Filipenko [27].

Simultaneously, general methodological preferences and essence of the economic model require further research and definition; specifics of interconnection between definitions “economic system”, “economic model”, “economic growth model”, “economic transformation model”, “economic transformation strategy” as links of the whole logical chain; paradigm contents of national model of transitive economy; objective and subjective factors that influence government decision regarding formation one or another national economic model or its changes etc.

It is known that almost any economy develops in specific, purposeful fashion, meaning that it develops according to methodologically and theoretically developed model. Research methodology for economic model, in our opinion, should include, first of all, the following basic parts: firstly, defining essence of the «economic model» term; secondly, analysis of the balance between terms «economic system» and «economic model»; thirdly, distinction of terms «economic model», «economic growth model», «economic transformation model», «economic transformation strategy».

We shall note from the start that scholars encounter some methodological difficulties, while studying essence of the «economic model» term due to the fact that «model» term itself was used traditionally in mathematical, nature, humanitarian sciences, but not in economics. So usually simplified (but correct) definition of the «economic model» term is used: «complex of ideas, positions, interbalances which provide possibility to define optimal configuration of various economic system components» [28].

But we are of opinion that the «economic model» term requires much more specified definition, which would qualify for modern requirements and take into account shared preferences of various definitions of the «model» term. We shall define preferences for any models` formation, including economic, in context of our study:

4) model (material or abstract) – is a product of mind activity, so it is artificially created, so it is subjective;

5) model`s design allows widening limits of real object study (process or occurrence), define key problems that appeared because of its performance and outline ways to solve them;

6) a model must reveal and study connection type (optimal; deformed; one that exhausted itself relatively to end result) of main object elements (process or occurrence) between itself and outside environment;

7) models are designed for improving mechanisms performance of objects (process or occurrence) that exist or to provide propositions according to study`s results, regarding new object creation;

8) usually, on the grounds of new, set up model decisions are made, which are of transformation kind in relation to object of research.

Keeping in mind methodological preferences, mentioned above, economic model may be defined as abstract-information description through verbal or logical-mathematical (or combination of those) methods of real condition display or perspectives of interconnection system development, which are the economy`s backbone on micro, mezo and global levels, in order to achieve some particular result. So one or other model should not be favoured just to achieve some absolute truth. It is not a model itself that matters, but practical result, which could be achieved due to its implementation.

The term «economic model» is frequently identified with «economic system» term in modern scientific literature, meaning that «the model is defined as an analogue of studied system, an object that replaces original, reflects its the most important features and peculiarities with specified study`s goal and chosen hypothesis system in mind» [29, page 25].

Such intertwined terms may be explained with the fact that all of them have the same analysis methodology, in particular, description of connection system between main economic forms, processes, activities.

Economic model, which is being studied or offered, must reflect interconnection system between such deep economic forms (processes and occurrences) as property types, economy sectors, regulation mechanisms, ways and principles and forms of economic activity, which are the economy`s foundation. These interconnections may be of cause-and-effect type or chaotic,

also imposed by government through administrative influence. Depending of priority in interbalance between mentioned types of interconnections, the paradigm contents and model`s character is shaped. At the same time, shadowed interconnections should be considered, which form the backbone of parallel (shadow) economy, that is inherent for many transitive countries, and for Ukraine as well.

Economic development models of some countries are shaped within limits of particular economic system, which is composite of all economic processes, that happen in community on the basis of institutional, property and financial forms that are acting there. Main elements of economic system are social-economic relations, which are based on property forms for economic (real estate, land, production assets) and financial resources and economic activity results; organization forms of economic activity; economic mechanism, meaning the way of economic activity control on macroeconomic level.

During last hundred-two hundred years, when capitalist formation became the dominating one, various types of economic system were acting in the world: market economy, which is based on free competition (classic capitalism), mixed economy (modern capitalism) and two non-market systems — traditional (natural) and administrative-command.

In various countries, within limits of each system, models of economic activity organization are shaped that correspond with present economic, resource and cultural potential of a country, its traditions, spirituality and mentality. For example, within limits of administrative-command system existed Soviet, Chinese, North Korean, Cuban, Kampuchea and other models. In modern capitalistic system, there are certain models, that are differentiated from each another, because they include national peculiarities and different balance of public and private property. Those mentioned starting statements, which concern defining essence of economic systems and models, could be called as generally accepted in economics.

It would be appropriate, in this context, to mention main theoretical postulates, which were grounded in paper «Basics of national economy» (1940) by the founder of Freiburg neoliberalism W. Eucken [10]. Unlike classic political economy, which «searched for one, single order in historic variety of positive orders and found it in competitive order» [30, page 19], German scientist defined two main types of economic systems — «centralized controlled economy» (forced economy) and «trade economy» (market economy), simultaneously denying existence of ideal types of economic systems. W. Eucken defined the criteria as way of combination of elementary economic activity organization forms, such as property, labour division, coordination and management mechanism for such classification. It was his opinion that implementation of similar methodological approach would secure economics from using imprecise terms,

among them: «city economy», «capitalism», «socialism». «Thirty symbols may create huge amount of various words, and limited quantity of basic economic forms may create multiple economic orders» [10, page 97].

Students of W. Eucken continued studies in direction of revealing historically formed and actual forms of order, also principles, which provide possibility to organize them in complete systems; among them Karl Paul Hensel, A. Schuller, Hans-Günter Krüsselberg [30].

During analysis of dependence between terms «economic system», «economic model», «economic growth model», «economic transformation model», «economic transformation strategy», we concluded that all of them are interconnected and belong to single logical line, which may be outlined in the following sequence:

Transition from one social-economic system usually begins due to radical (sometimes revolutionary) changes. Such transition must be reflected in legal sphere (in the shape of appropriate basic laws) and economic development strategy.

During transition period country is developing according to transitive economic model that is named «economic transformation model».

Goals and capabilities of economic transformation model performance are described in economic transformation strategy, which is defined on government level. Strategy consists of directions, principles, mechanisms, and realization of those provides possibility of economic transformation model` implementation.

Transition of a country to more effective national economic model must be received as a result of transformation period, which is defined by certain model and strategy.

Economic growth models (economic balance models or other), which correspond to goals of providing stable, average or accelerated development on certain stages of economic cycle, depend of peculiarities of internal and external environment and capable for short and middle term periods, are developed within limits of dominant national economic model.

Mentioned logic line may be presented as a scheme, if we could assume that transition is happening from administrative-command to capitalistic social-economic system (*picture 1.1*).

It is necessary to mention, at the same time, that clear differentiation and outlining vectors of interconnections within limits of definition row of above mentioned five terms is absent in scientific literature – it is actually the opposite, they are either identified as equal or dependency between them is distorted.

For example, in research of economic development model, Ukrainian scientist I.V. Burakovskiy mentions that

«economic transformation strategies, carried out by various countries, may be conditionally divided on three large groups:

e 1.1. Logical row of model links during transition period

Source: Developed by the author

1. Transformation model of a country, which is developing. This strategy is usually carried out by economically struggling behind countries. Its key element is industrialization as a way to overcome economic stagnation and to shorten the gap to industrially developed countries. Roots of this model may be found in Western European countries of industrial revolution era. Meiji restoration in Japan and industrialization in former Soviet Union may be attributed (but with certain restrictions) to the mentioned model.

2. Economic reconstruction model. Successfully deployed in Western European countries and Japan after Second World War. Post-war reconstruction was carried out in Soviet Union also. Experience of East and Central European countries, where economic system of Soviet type was created, may be also attributed in some degree to the mentioned economic strategy.

3. Systematic transformations model. It may be considered as combination of elements from first and second strategies. But as opposed to those strategies, systematic transformations include change from administrative-command economy (which is based on state property and vertical hierarchical connections) to market economic system (based on private property in various shapes and combination of vertical and horizontal relations) [31]. Burakovskiy I.V., talking about economic development models, actually provides classification of transformation changes model, naming them economic transformation strategies (as it is obvious from the mentioned above quote).

We can not agree with methodological approaches of some researchers, who are of opinion that economic model is the basis for national economic development strategy and provides appropriate actions of economic policy. For example, Trofymova V.V. writes that «national economic model is the fundamental methodologic base for developing national economic development strategy, which is detailed in government actions programme and ensures specific actions of state economic policy to achieve the goal of modern stage of community development» [32]. It is our scientific opinion that cause-and-effect links are damaged in this definition, because economic development model of a country is not a basis for strategy development, but the opposite, it is the result of certain strategy performance, which has defined goal and is achieved through actions of state economic policy.

1.1.2. Scientific discourse of economic development models

Economic development models are grouped according to various criteria. Depending of implementation country, American, Japanese, Swedish and other models are differentiated, which will be described briefly further.

Main parameters of American model: high level of labour efficiency, encouragement of business activity, especially small business, key role of transnational capital, enrichment of the most active part of population, mass orientation for personal success, providing acceptable living standards to unwealthy population through partial privileges and donations, disregard of social equality principle.

Japanese model has the following main parameters: nation`s interests are above any personal interests; some underrun of population`s living standards (including salaries) from labour efficiency growth, so lower production costs are achieved and products become more competitive on the global market; absence of any restrictions for property segregation; presence of developed transnational capital.

Swedish model has the following main parameters: encouragement of market competition and private business; high taxation rates; strong social policy, directed to reducing wealth inequality, distribution of significant part of national income in favour of the most vulnerable segments of population.

Grouping economic development models according to presence of common, relatively stable features of economy performance, which have paradigm content and are not susceptible to market fluctuations, is rather rational.

Western European economists and sociologists presented (and substantiated) several theories and capitalism transformation models within limits of modern capitalistic system and according to mentioned criteria, and those theories and models had roots in real social-economic processes, but were explained in different ways.

Among main conceptual models that appeared near the end of 19th and during 20th century, the following list may be considered [33]:

«social partnership» concept (R. Aron, E. Gaugler, J. Galbraith and others), «collective capitalism» concept (G. Meanz, A. Barley), industrial society model (P. Druker, W. Rostow, J. Ellule, R. Aron), post-industrial society model (D. Bell, R. Aron), «convergence» theory (P. Sorokin, W. Buckingham, P. Drucker, J. Galbraith, Y. Tinbergen) and a lot of others.

Social-economic models vary based on prevailing factors in balance [28]:

- main types and forms of property and corresponding economy sectors;
- main types of economic interests and classes, social groups that defend their interests;
- centralized and decentralized forms of state property (municipal, regional, communal, etc.), democratic and bureaucratic methods of management and control of those property forms;
- market levers of economic system self-control (through free competition mechanism, prices liberalization, etc.) and state regulation;
- economic and social efficiency;

- such institutes as market, corporation and state;
- market and centralized methods of resource and income distribution;
- democratic and bureaucratic methods of national planning.

Different balances shape different types of models, among them conservative, liberal, social-reformist.

Basic element of economic models of conservative type is restricted (first of all, indirect) state intrusion in macroeconomic processes in order to create friendly conditions for private business, distribution of market levers of economy self-control.

Theoretical ground of conservative type models was established by economists of Austrian School (Carl Menger, the founder, Eugen Böhm Ritter von Bawerk, Friedrich von Wieser, John Bates Clark, Ludwig von Mises, Friedrich August von Hayek, John Richard Hicks, Abraham Ptachya Lerner, Ludwig Maurits Lachmann and Nicholas Kaldor, Lionel Charles Robbins, Frederic Bannam, Herbert Joseph Davenport, Gene Callahan, etc.), we share the majority of their conceptual ideas and founding our analysis on those.

In general, the term «Austrian School» itself or «Austrian economics» is being used as description and as a standard. It consists of complex of ideas about fundamental nature of economic theory and its logical consequences, it also appears as social market concept, which includes following statements: necessity of certain policy of restrictions and warnings about state intrusion into market process; about role of business as critical force in economic development; about private property and competition as significant conditions for efficient utilization and best resources organization [34].

Representatives of Austrian School were proving convincingly throughout 120 years of its existence that only market is single accessible criteria to define how resources should be utilized [35]. In our opinion, even that the Austrians did not name their economic model as national capitalism model, but those postulates about rational economic activity correspond in practice with principles and criteria that shape precisely this model.

There are various classifications of market economy models in economic literature. Mentioned models may be organized into the following groups:

- liberal market economy (United States of America);
- state of general wealth (The Kingdom of Sweden, Swiss Confederation, Republic of Austria);
- socially friendly market economy (Federal Republic of Germany);
- East Asian model (Japan and other countries).

Economic development models are the subject of analysis for some domestic scientists within limits of modern capitalism system. For example, Mocherniy S.V. defined such main economic models:

1) market economy with modifications and historic forms (straight market, civilized market, market economic system, socially friendly market economy, developed market economy, etc.);

2) mixed economy, which is the most advanced model of modern capitalism;

3) post-industrial society;

4) national economy;

5) capitalistic economy;

6) peoples economy [36, page 334].

We are of opinion that it would be rational to improve classification of economic models (on the basis of our research) and carry it out according to the parameters, which live up to current trends of global development. We have defined several economic development models with such classification features as state role in market control, ways to protect national interests and global economic focus:

1. Neoprotectionism (Slovak Republic, Republic of Poland, Czech Republic, Hungary). Described with barrier growth for actual market entrance, stronger state control functions, focus on national export support.

2. Market socialism (French Republic, Bolivarian Republic of Venezuela, Plurinational State of Bolivia). Described with shifting accents to state capitalism and corporatism, strengthening of distribution function of a state in economy, increase of taxes and social needs financing volumes.

3. Controlled market (United States of America, Federal Republic of Germany, Canada). Described with high intensity of competitive battle and indirect state control of main product markets. State targeted programs are directed on supplying market demands and structural economy balancing.

4. Neocolonialism (People`s Republic of China, Russian Federation). Described with political-economic expansion of geographic borders, which is happening through non-economic support for national exporters of products, capital, services, labour from government of such countries.

5. National capitalism (Republic of Austria, Swiss Confederation, North European countries). Described with careful state intrusion into economic affairs of a society, formation and protection of middle class interests as moving force of creative and natural restoration in society.

6. Transitivity (Republic of Armenia, Republic of Haiti, majority of African countries). Described with hybrid approach to state management, particularly connecting command and market methods for solving problems. This model is specified with high dependency rate of state policy from various groups of external financial and political factors, entwinement of government apparatus and financial-industrial groups, tribalism.

It is worth mentioning that rather popular direction of study among Western scientists (starting in the middle of 20th century) is developing economic growth models. Several economic growth models were presented, connected to structural

changes (*picture 1.2.*).

Harrod-Domar's Keynesian theories (1940th) Structural shifts between consumption and saving in income structure

Solow's neoclassic theory (1950th) Structural shifts between labour and capital in composition of production resources

Uzawa's two-sector model (1960th)

Structural shifts between labour and capital in composition of production resources are supplemented with shifts between consumer and investment sectors of economy

Arrow-Sheshynski models (1960th) Structural shifts between labour and capital in composition of production resources are supplemented with shifts of endogenous scientific progress

New neoclassicism: Lucas, Becker, Grossman, Helpman, Yang, Romer (1980th – beginning of the 1990th) Structural shifts between labour and capital in composition of production resources are supplemented with shifts in human capital in conditions of endogenous scientific progress

Picture 1.2. Evolution of economic growth models

Source: [37]

As it is evident from picture 1.2, during that times basic proportions between consumption and savings and growth factors were being studied, also conditions, which would empower achieving desired development rates and stability.

First dynamic model of economic growth was offered by R. Harrod [3]. Developing J.M. Keynes' theory [2], he was of opinion that investments equal capital gains, as they are not just income source, but a way of economy's strengthening:

$$I = dK/dt, \quad (1)$$

where dK – capital gain;

dt – time period, during which capital gain had happened.

According to R. Harrod, economic growth is defined by predisposition to saving and technological shifts, which in turn depend of capital gain rates and average capital intensity. From the point of view of structural shifts in economy, R. Harrod's model could be called single-factor, because economic growth is studied as result of changes in capital's structure only [37].

In work of O. Domar, R. Harrod's approach received more precise substantiation [4]. R. Harrod and O. Domar made an effort to find out which conditions are necessary for providing constant gradual growth, and also dynamic

balance in conditions of scientific progress; as it is known, J.M. Keynes [2] put aside the scientific progress and assumed economy as static. These scientists were working on Keynesian theory, that is based on equality of saving and investments volumes in scale of national economy not during relatively short period of time (for example, within limits of a cycle), but in long-term period.

Harrod-Domar`s model became an impulse for R. Solow`s model creation [5]. In 1950th he offered theoretically and methodologically elaborate model, which did not just brought quality changes into modelling of growth process, but encouraged reviewing of approach to studying of long-term economic growth. American economist R.M. Solow consistently studied four main economic values: consumption, investments, capital and labour as those that appear from independent processes; developed factorial analysis model of economic growth sources; for the first time used production function for measuring growth sources in USA; derived dependencies between gross national product, production funds volume and labour resources. R. Solow included in his economic growth model two out of three possible growth sources — labour and capital, but the main factor of economic growth — technical progress — continued to be exogenous[38].

We shall note also that a lot of foreign scientists concentrated attention on economic balance models creation.

For the first time the most significant model of general economic balance was offered by Swiss economist Leon Walras in 1874–1878. After 1950th, when fast mathematization of economics began, Walras` model appeared in the different light. Additional «measurements» for this model were introduced by K. Arrow and G. Debreu. According to this model, producers and consumers should be considered as elements, operating within limits of single system and have different goals, which can not be brought together in single purpose, but not isolated from one another. This model is in the class of balance models, where correlation between prices, demand and supply volumes are determined simultaneously. Arrow-Debreu model proves that general balance in economy is possible in case of certain conditions, which do not require equality between demand and supply from all types of products. Described conditions assure existence of general balance in case of less precise predictions, than in L. Walras` model [39].

In his paper «Theory of Value: An Axiomatic Analysis of Economic Equilibrium» G. Debreu wrote that precise balance provides optimal distribution of products and services. Any other distribution would lead to worsening of positions of, at least, one participant of economic process. He was constructing evidence «around prices system concept, or in more general understanding, around value function that is defined in product environment». He presented evidence of equilibrium existence, produced wealth theories that establish (evident) correspondence between competition equilibrium (balance) and Pareto optimum. This provided equilibrium theory with new dimension that touches ethical basics

[40].

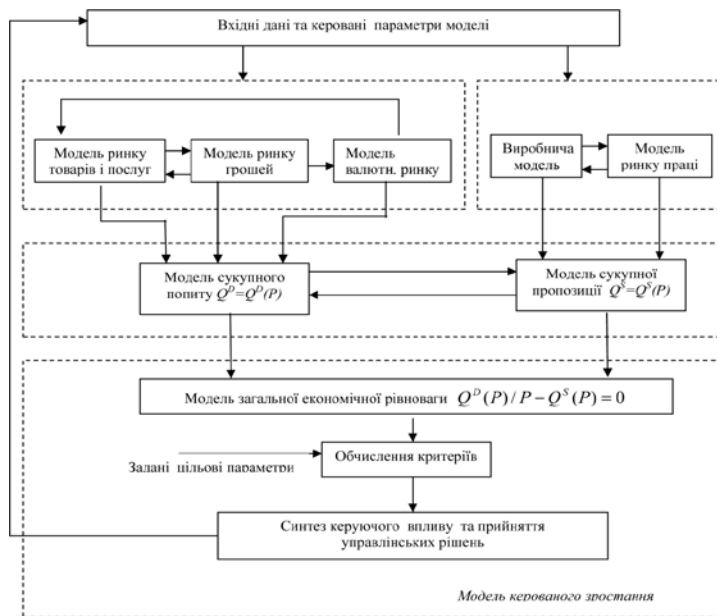
It is worth mentioning that general equilibrium models of L. Walras and his followers K. Arrow and G. Debreu were not shared by all scientists. In particular, in 1975, French scientist François Perroux appeared with strong criticism of main methodological and general theoretical statements of the mentioned models [41]. He denied traditional approach to economy as closed, self-sufficient system, making accent that economic development is actually inseparably connected to social and political spheres and ideology. So, like F. Perroux stated, market models that are developed by the economists, are restricted, and general equilibrium for market of «ideal competition» significantly simplifies real connections and motivations, but does not take into account any social relations. F. Perroux insisted such main influence factors as monopoly competition, state business, conflicts between capitalists and hired workers to be included in economic model.

So this is actually about economic equilibrium models and rational economic behaviour models (that dominated during last fifty years), developed by prominent Western scientists, which are based on neoclassic theory and use mathematical apparatus and software for description of optimum result, with certain parameters, displayed their restriction, and sometimes faultiness, because they did not take into account real human motives and human choices.

Ukrainian scientists (however, rather late) also turned to developing economic-mathematical models of general economic equilibrium. The most fundamental and scientifically grounded are works of Geyec V.M. [42]; Mantsurov I.G. [43]; Kryuchkova I.V. [44]; Arkhangelskiy Y.S. [45]; Tyschuk T.A., Ivanov O.V. [46; 47]; Popova V.V. [48] and others.

Special attention, in context of our research, is attracted by the economic-mathematical model «Alpha», developed by scientists of National institute of strategic research (*picture 1.3.*). It reflects complex approach to model building of economic state and Ukrainian economy development perspectives, it is based on precisely defined theoretical-methodological fundamentals (Keynesian, classical and monetary theories). This model presents interrelation of functions of gross demand and gross supply with assumption that price level influences economic activity [46].

It is worth mentioning that defining role of such an interaction in establishing general economic equilibrium in country is carried by developers of «Alpha» model on the basis of economic cybernetics methods, which does not provide possibility to take into account decisive influence of formal and informal relations between economic subjects a priori, between them and powerful society group, also disbalance and various directions of stimuli among businessmen. In our opinion, human factor in such system in Ukraine performs (quite possibly) almost major role in supporting balance between supply and demand on the national economy level and within separate market sectors.



Picture 1.3. Macroeconomic model of general economic equilibrium «Alpha»

Source: [46]

Entry data and controlled model's parameters				
Model of goods and services market	Model of monetary market	Model of currency market	Production model	Labour market model
	Model of gross demand		Model of gross supply	
	Model of general economic equilibrium			

	set target parameters	Criteria calculation			
		Synthesis of controlling influence and carrying out management decisions			
				Model of controlled growth	

We are certain that there is no single macroeconomic model, which are usually (up to certain degree) based on theories of economic balance, that can be basis for making key decisions in economic policy, if it will not have footing also in conceptual social-economic model, chosen by a government for country's development.

Fundamental abyss between praxeological and mathematical economic models was explained by Ludwig von Mises, founder of Austrian School, back in 1949 «Human Action: A Trestise of Economics» [49].

5 Praxeology [Greek. praktikos — active, + logos — study] — science about principles of effective, rational and productive activity (substantiated by Polish scientist T. Kotarbynskiy).

According to G. Callahan, lots of challenges for neoclassic paradigm forced its supporters to modifications of current models through introduction of some new parameters or adjusting what is considered as optimum. But attempts appeared to be unproductive, because such models are not capable to display huuman action principles. G. Callahan mentions that even B. Caplan, critic of Austrian economics, acknowledges: «During fifty years they [mathematical approaches] had growing hegemony in economics. But empiric evidence of their contribution are definitely negative» [50].

Taking into account the above mentioned, we set as goal to offer economic model

of Ukraine, which has footing in certain theoretical-methodological grounding and has the following features:

1) *hypothetic*, which includes proposal and substantiation of new hypothesis about necessity of creating adequate economic development model in Ukraine, based on arguments, which are grounded on evaluating knowledge and facts, critical analysis of appropriate alternative hypotheses, and positive experience of other countries;

2) *conceptual*, meaning it is an abstract (not applied, constructed using formal mathematical analysis) model, «which provides possibility to reveal cause-and-effect links, which are inherent for studied object within limits, defined by the study`s goals» [51, c. 41];

3) *praxelological*, which from one side implicates time and causality categories, from another — takes into account real interests, values, actual person`s stimuli, which acts in market conditions of neocapitalism, but is not free from considerable state pressure (which is the peculiarity of Ukrainian economic reality);

4) *predictable*, which includes substantiated assumptions and rational expectancies prognosis for acquiring in middle and long-term period of the biggest effect from formation and implementation of economic development model (proposed by paper`s author) by a country, society or individual citizen.

So, shaping economic model for Ukraine, we shall abide and develop approach of Austrian school`s founders regarding «correct interpretation of relations between model and actual action, from which it was abstracted, — суть is the essence of professional judgement. A model can not interpret itself; it specifies that *if* some aspects of actual situation closely meet specifications, that are included in the model, then we may expect certain conditions with complete certainty or with some probability. Model must not mechanically provide answer to a question, how fit it is for utilization on real actions» [52].

We have to express a warning that the model, which was developed by us, is somewhat vulnerable, because, from one side, its optimality for Ukraine is impossible to prove experimentally (and provide experiment`s results in this dissertation), and from another side, intentions to prove that all subjects of economic relations are interested in realization of this specific model (proposed by us) appear almost unachievable. Such factors as difficulty of practical confirmation and subjective restrictions may significantly hold back substantiation and implementation of even the most optimal economic model.

1.1.3. Basics of transitive economy model development

In the beginning of 90-es, when post-soviet countries started transformation from administration-command to market system, theoretical-methodological and practical demand for national economic model formation appeared. Transition economy is

typical for such countries, which are performing transformation from one system to another. Its main elements are described in general by Grazhevskaya N.I.: intersystem transformations that reflect transition from one economic system to another as defined, desirable state of social-economic development; dynamic disbalance, global, systemic character of transformation processes; one off changes, connected with conquering certain condition; time limits, defined in economic policy banners [53, page 26].

Prominent scientist V. Papava, associate member of Georgian Academy of Sciences, refers to "*economies in transition*" the following countries «East European countries, post-soviet countries, China and Mongolia, although there is a lot of countries in the world (around 30 in Africa alone), which are in the process of transition from centralized economy to market economy. Modern processes of economy's transition to the market performance may be divided on two groups: first, traditional transition of largely pre-capitalistic economy to modern market economy, which means repeating the way behind other countries, which is happening nowadays in the first place in tropical Africa and some South Asian countries, and second, unprecedented to the present time transition to market economy by countries, which accepted (and carried out) communist doctrine in the past, which can be observed now in Central and Eastern Europe, new independent countries on the ex-USSR territory and China (some similar processes are happening in a few of Latin-American countries). We shall mention also that history of the 20th century contains of other processes, which were defined by the "transition" term: transition from capitalism to socialism in USSR, transition from capitalism to post-industrial, post-economic or post-capitalistic society; transition, according to J. Gailbraith, to "*affluent society*" and so on» [54, page 54]. It appeared to be difficult to form national model of transition economy for post-soviet countries, because, firstly, «in a society in transformation process, which has no links between elements, it is almost impossible to forecast consequences after changes, so risk of errors increases» [55], secondly, «development could be oriented on changes in any directions: forward, to the back, to the side, in circles, etc...» [56], thirdly, institutions, typical for capitalist economy, were almost absent.

So it is evident that scientists from transitive post-soviet countries became addressing frequently to known Western theories, in order to create inhouse economic models on that methodological base. It is worth mentioning that the majority of referred theories took footing in universal laws, formed within limits of economic determinism and ignored influence of such subjective factors as national interests, mentality, culture, religion, tradition, appropriate level of productive forces and industrial relations, which is significant for Ukraine, for example.

Ukrainian scientist Filipenko A. S., after analysis of economic development models that freed themselves from colony dependence, so called young independent

countries with transition economy, notes that modern science defines such main groups of economic development model for these countries: model of linear stages; model of structural transformations; neoclassic model of free market; external dependence theory; dual evolution theory; endogenic growth concept; innovation theory of economic development; model of sustainable development [57, pages 418–436].

Theoretical generalization of practical experience specifies that there is always paradigm content of several social-economic system in the foundation of national model of transition economy — previous, which is usually archaic, prevails to natural economy or administrative order and appears mixed, and a new one. So during transition there is several economic models simultaneously, in any country: one is based on previous system; a model that reflects new system`s features; various mixed constructions.

Formation and development of national economic model within limits of new social-economic system according to chosen development strategy is carried out in three vectors. Firstly, old model is being gradually replaced thanks to application of mechanisms and instruments, defined by the government; secondly, new model is being developed and spread out on the whole economic environment simultaneously; thirdly, new model, which is not stable, evolving its appearances, adapting to internal and external threats, that emerge in front of the country, without changing its fundamentals.

Almost similar conditions (or influence factors), which can be of objective and subjective nature, induce making decision on the country`s level for formation national economic model. We are of opinion that in general these factors could be spelled out in the following way:

1. Aggravation of antagonism in all spheres and increasing of crisis activities, which induce rise of internal and external national debt and declining living standards. Appearance and extended existence of such situation must be the grounding for current model revision and making decision about necessity of its adjustment and transfer to another model.

2. Radical changes of environment due to civilization shifts, also to fundamental crises that shake economic environment. World economic crisis of 2008-2010 will become the impulse for adjustment of economic development model (especially for those that are used to respond to new challenges quickly and adequately). Those countries that did not form an economic model before mentioned economic crisis, should not adjust a model, but reconstruct it or change it entirely.

3. A nation`s understanding of its geoeconomic and geopolitical role in the world, also fundamental values, which must be the basis of society development model of a country in general, and its economic share in particular.

4. Precise idea about present means and resources, estimation of their sufficiency

for new model's implementation. Without necessary resources realization of the formed strategic goal will be limited to practical scenarios (national projects) at the best, and their realization will be unrealistic

5. Favorable combination of society interests during certain time period for making decision about adjustment (change) of economic model. If this combination shall appear as critically argumentative, the new model's implementation may be not evolutionary (the most desirable scenario) or transformative, but revolutionary instead or it may not happen at all. Then there is rather possible danger that a country could be engulfed in uncontrolled chaos.

6. Creative, free of stereotypes thinking of intellectual, government and business elite, which ultimately has decisive influence on making transformation (change) of national economic model.

But even presence of all mentioned factors does not mean that practical steps are going to be taken in order to change economic model. This simply means that country reached certain limit, a bifurcation point, a state of choosing one scenario from several options of economy's development:

Scenario #1: proceed with current economic model;

Scenario #2: to implement partial changes, in banking sphere, budget and tax policy, from time to time;

Scenario #3: perform radical reforms, directed on transformation of national economic development model.

As academician Tron V. rightly points out: «If there is nothing to compare with or to choose from, so there is no choice problem, no problematic situation» [58, page 87].

In conditions of globalization and crisis period of economic models, majority of countries faced the problem of necessity to change certain development basics or strengthen existing positives, meaning choosing one of the above mentioned scenarios.

Current situation in Ukraine is also problematic, it is decision status, characterized by above mentioned influence factors.

It is worth mentioning that during last 20 years Ukraine is acting on scenario #2, which corresponds to interests of restricted set of government-business elite, which is the carrier of state-monopolistic capitalism of oligarchic type. Orientation of the country on the strengthening of this specific model is connected to the risk of cutting positive dynamics of national economy development. Situation may become critical, if this risk will be impossible to keep under wraps or ignore. Then chain reaction starts: mass bankruptcies on micro level grow in macro bankruptcies, which (as proven by experience) may result in technical, and later in sovereign default.

In our opinion, Ukraine must choose scenario #3, which includes transformation of current national economic model. But what is the probability that implementation of such scenario will provide possibility to achieve desired result in certain period,

which is described with presence of certain resources and combination of certain interests? Alternatively, what is supposed to be considered an integral criteria, some denominator of accordance of chosen goal (transfer to new model of economic development) and acquired result (achievements of social-economic equilibrium with orientation on innovative growth, mass involvement of people to private property, growth of their wealth, formation of powerful and numerous middle class). In our opinion, such integral criteria is wealth growth and living standards growth of the population's majority, and also of nation's wealth during rather significant time (at least in middle term period — 10 years) with further stabilization of this tendency.

Here we should make a conclusion that even correctly spelled strategic goal — formation of new national economic model — in the process of practical realization always encounters barriers, the biggest of them are present abilities (restricted resources) and interests of those influential social groups, which are pursuing other goals. That is why in achieving positive result, the key role must be in reaching multi-criteria compromises in socially significant chain «capabilities—interests — goals — result».

1.2. Gnosiological determinants of economic model of Ukraine

Correctly formed and implemented national economic model, which corresponds with interests of the majority of society, is the basis of any country's effective development. There are lots of scientific papers regarding substantiation of definitive role of economic development model in countries' existence, published by domestic scholars — Galchynskiy A.S., [23], Geyec V.M. [24], Mykhalchenko M.M. [59], Mocherniy S.V. [36], Soskin O.I. [60–63], Filipenko A.S. [57], Russian scholars — Buzgalin A. and Kolganov A. [64], Glaziev S. [65], Kudrov V. [66], Livshyc V. [67], foreign scholars — Balcerowicz L. [12], Kornai Y. [68], Nort D. [69], Oslund A. [70]. Scientific achievement of each scientist is rather substantial, described by a system of theories and opinions. But it is worth mentioning that scientists are usually inclined to analyzing past experience or modern state of economic modeling instead of developing and offering concepts and mechanisms of implementation of optimal national economic development model. This concerns Ukraine as well.

1.2.1. Studying economic development model of Ukraine in scientific achievements of domestic scientists

Despite multiple approved national strategies, programs, doctrines after 1991, Ukrainian government still was not able to offer the strategy of social-economic development to society, which would be directed on increasing wealth of the whole society. System analysis of strategy and economic transformations and reforms,

carried out in Ukraine from 1992, their direction and efficiency provides possibility to conclude that they appeared unsuccessful (regretfully), despite correctness of general basic paradigm, which consisted of transit from administration-command, planning, subjective-voluntarism system to market economy system. There are lots of features that point to inefficiency of the Ukrainian history of transformations and reforms, in particular, declining of living standards, absence of middle class as main carrier of market activity, stagnation of small and middle national bourgeoisie, absence of innovation base for economic growth, stable and permanent spreading of shadow economy, instability of financial system, etc. But other post-soviet countries from Central Europe and ex-USSR display positive dynamics of economic activity. Such tendencies provide basis for assumptions that miscalculations of fundamental type were made, so such miscalculations defined rather negative conclusions of independent economic development of Ukraine throughout twenty years.

We are of opinion that main reasons of unsuccessful reforms in Ukraine are the following: 1) absence of correctly formed national economic interests, which should be the goal of economic model that is implemented in the country; 2) incorrectly defined theoretical grounding of economic development model in shape of liberal-cosmopolitan concepts of purely monetary orientation and automatic execution of advices and noncritical acceptance of experience of their carriers; 3) implementation of incomplete (in part of possible consequences) mechanism of general reforms` strategy, with instruments like massive voucher privatization of major part of state property, implementation of free pricing system of monopolistic type, instantaneous economy exposing to private export and import, changes in law, social and economic institutes that conditioned creation of corruptive environment in Ukraine, formation of crony-corporation groups and their binding with state-bureaucratic nomenclature.

Ukrainian scientists are searching with persistence for an optimal economic model for Ukraine, because economy growth and population's wealth growth depends on it.

In particular, while analyzing transition road of Ukraine, Geyec V.M. mentions that first wave of economic growth (2000-2008) did not provide sufficient potential for long-term further growth. So activation of next wave is necessary, which must take footing in new economic strategy that includes bringing long-term growth factors, which should be of endogenic nature and, in fact, form endogenic model of strategy for economy's growth. Internal final demand, internal market expansion, internal competition strengthening must become defining in providing economic growth dynamics [71].

But Filipenko A.S. [57, pages 432–433] expresses the opinion that endogenic growth model, which appeared from difficult unsolved problems of economic development in developing countries and obvious imperfection of free

market neoclassic concept, possesses weak spots. In the first place, this is about several neoclassic postulates are not to be applied to developing countries. For example, endogenic growth model does not take into account such economic growth barriers, as ineffective institution structure, underdeveloped infrastructure, underdeveloped market and production factors, etc. Rather logical appears Filipenko`s thought about this model's restricted sphere of utilization in conditions of globalization processes fast deployment in global economy.

Filipenko A.S. is of opinion that integral economic development model is acceptable for Ukraine, it is directed on «formation of mixed economy with strong government support and controlled market mechanisms, establishing market paradigm principles and appropriate form of performance and management», and «provides possibility to escape one-sided approach in formation of inhouse economic policy, to achieve more completely national interests in global economy» [57, pages 599–600].

In practice, a lot of domestic economists are of the same opinion, stating that «there is no such single market economy model, which would be able to take multiple features of our country. Domination of certain concept of transitioning to market does not take away right of proper choice from the country, but conditions failures on that road. Only through such understanding of the problem economic theory may reveal and study multiple approaches to formation and performance of market economic system» [72].

Mykhalchenko M.M. defines four possible models (he spells them as “scenarios”) of the Ukraine's future, each of them has economic foundation. They are the following models-scenarios:

- 1) «retro-idyllic», which is grounded on uncompetitive economy;
- 2) «mono-ethnic», which takes footing in idea of creating «restricted population», racially pure ethnos and «restricted national economy»;
- 3) «liberal», which is grounded on liberal values of market economy;
- 4) «convergence», which implies connecting best achievements of market economy mechanism with non-market forms of income distribution, creation of socially oriented economy with market methods [59]. Exactly the fourth option is considered the most perspective for Ukrainian environment.

Mocherniy S.V. was of opinion that the most natural for Ukraine will be national economy model, which implies using all types of property (with labour collective form dominating), comprehensive social protection of population, national democratic economic planning, it is supposed to develop in nation`s interests [36, page 334].

Author is inclined to some generalizations and conclusions, after analyzing economic development models, which exist within limits of modern market capitalistic system and those models, which are considered acceptable for our

country by Ukrainian scientists. In our opinion, almost all domestic scholars:

- 1) are trying to study Western economic development models and somehow apply one of them to Ukrainian realities;
- 2) substantiate necessity of mixed economic development model for Ukraine, which would be directed on realization of interests of the state, financial monopolistic groups, small and middle business;
- 3) insist on such economic model in Ukraine, which would imply binding of state control with market competitive economy;
- 4) in definition of state share in economy, they take footing in Russia's experience, which is proven by quantity of Russian sources;
- 5) state the necessity of optimal economic development model in Ukraine without comprehensive definition of such model.

But modern economic realities require state priority for one, single economic model in order to utilize it adequately, in practice. Because on the basis of inadequate models, catastrophic decisions for the country are on the way.

1.2.2. Theories of national capitalism : main concepts, modern format and acceptability for Ukraine

Beginning from 1950-s, Western economist and sociologists suggested a lot of theories and models of capitalism transformation (which were called bourgeoisie reformist apologetic theories by Soviet scientific community). During precisely this period in USA appeared theory of national capitalism, which was described through different concepts by American economists Marcus Nadler and Adolf Berle, Italian politologist Massimo Salvadori, German economist and statesman Ludwig Erhard, British scientist J. Cole and others.

The most widely known concepts, brought together in national capitalism group, are considered the following:

- 1) «capital democratization» theory, or «property diffusion»;
- 2) «management revolution» theory;
- 3) «income revolution» theory;
- 4) «collective capitalism» concept;
- 5) «social partnership» concept [73, pages 21–29].

«*Property diffusion*» theory (A. Berle, G. Means, J.M. Clark, S. Slichter), which emerged in England and got widespread in USA, is based on the assumption that with capitalism development happens property relations transformation through corporatization, joint-stock capital development, collective business forms. So structure of capitalistic property is changing gradually, new forms are emerging, the most prominent is joint-stock, which implies distribution of shares among shareholders, who become holders with equal rights (although minor ones) of joint-

stock enterprises.

A. Berle and G. Means in 1933, in the most widely known paper «The Modern Corporation and Private Property» noted tendency that power in large corporations is being transferred from proprietors to managers, separation of property from control [74] (this book was republished seventeen times, its rewritten edition was published in 1968). So profit motive was losing its past individual meaning; «heroic» role of a businessman, as pictured by J. Schumpeter, was diluted in collective management. In a corporation, in opinion of A. Berle, the process of «self-socialization» was happening due to distribution of joint-stock property among small and middle shareholders, participation of pension funds and insurance companies in joint-stock property, also thanks to socially responsible management of corporations from the side of managers.

A. Berle considered capital concentration as basis of property transformation. In the same book (in a chapter by G. Means) figures of production and capital concentration in large corporations sector were published for the first time.

Supporters of «property diffusion» theory are leading to conclusion about gradual liquidation of private property. This is impossible in conditions of capitalism. It is necessary to consider that capitalism of free competition era was characterized with individual private property, and modern capitalism is characterized with various property forms: individual, joint stock monopolistic, state, communal, collective, partnership.

«*Management revolution*» theory (P. Drucker, A. Berle, J. Barnham, T. Nichols) emphasizes that due to expansion of joint-stock property form, power of proprietors-capitalists is weakening or disappears completely and is replaced by managers` power, which are «trusted people's representatives», they are driven by society interests, not only by desire of profits growth. The socialization of capitalism is happening, separation of capital as property from capital as function, separation of property and management activity, democratization of management structure. With increasing scale of production and emerging of joint-stock enterprises capitalists began delegating management functions to hired employees — managers. Breakthrough of «managers revolution» was placed on the same footing as «Keynesian revolution», a lot of conclusions was made on its basis that significantly reevaluated neoclassic theory of firm and price formation.

It is worth mentioning that supporters of «management revolution» frequently make conclusions about disappearance of capitalistic class. A. Berle in the book «Power» (1969), one of his last publications, dedicated to problem of separation property from control, wrote: «Capital remains in place. Capitalism remains also. Capitalist is the only one, who disappears» [75]. But the main question is ignored — about property type, which is the nature of capitalistic system.

Key statement of «*income revolution*» theory (S. Kuznec, J. Galbraith, K. Boulding, M. Salvatori, E. Hansen) is cardinal transformation of national income

distribution system happened in developed capitalistic countries, and the result was gradual equality of income of different layers of society. Mentioned processes are hard to decline, but some scientists criticized this theory, insisting on tendency (meaning that figures could be interpreted incorrectly) type of offered calculations.

«*Collective capitalism*» theory (G. Means, A. Berle and others) develops idea that joint-stock enterprises are not private anymore, but collective, because property and control are separated there. The concept's essence is provided in the following statement of G. Means: «...now we have corporative enterprises, that employ hundreds of thousands, have hundreds of thousands shareholders, utilized production means worth billions of dollars, service millions of consumers and managed by single group. These are big enterprise collectives, and system, which consists of them or controlled by them could be named «collective capitalism» [76].

Authors of «collective capitalism» theory are of opinion that such corporations are transformed into social force that provides solutions for problems of society. It is obvious that while offering such theories, scientists mostly accentuate increase of proprietors quantity, not taking into account social-economic content of joint-stock capital.

«*Social partnership*» theory (R. Aron, E. Gaugler, J. Galbraith and others) was widespread in many countries during post-war period. Its supporters, taking into account increase of workers participation in capitalistic property and management of joint-stock enterprise, were attempting to prove that status of workers in social structure of capitalistic society is changing, and class contradictions are disappearing.

«Social partnership» theory was strongly disapproved by Soviet scientists, who took it as especially dangerous in the context of undermining the socialism foundations. For example, Blyumin I.G. and Dvorkin I.M. in the book, dedicated to national capitalism model, note: «Adherers of «national capitalism» are encouraging partnership of labour and capital as «equal» and «complementary» production factors, and establishing of «human relations» on enterprises. The most widespread example of preaching of class world is «social partnership» theory, which is being especially actively cultivated as part of «national capitalism» theory by bourgeoisie clerics of Western European countries. Powerful society sectors of capitalistic countries view «national capitalism» theory as propaganda banner, also as appropriate economic policy (mobilizing share of labour income of various parts of society for increasing investments). This theory serves for distraction of the masses from the battle against monopolies, to weaken influence of socialism's successes on workers in the whole world, to prevent creation of united antimonopolistic front» [77].

Soviet scientists Ardaev G.B. and Veber A.B. [78], Bregel E.Y., Vasylyev M.V., Dalin S.A., Panova M., Shumeiko G. and others were public with withering critic of the theory. They were proving that these theories are of apologetic type and

directed on hiding essence of state-monopolistic capitalism. Certainly, during Soviet times it was impossible to make another conclusion from analysis of national capitalism theories, but in reality, Western scientists, who were offering these theories, were describing real processes that happened in economy, while reacting to the already present situation.

Representatives of national capitalism theory were trying to organize and shape in certain form such social-economic processes (they were present mostly in American economy):

- property diffusion, quantity rise of capital proprietors through joint-stock processes, multiplication of property forms and business activity stimulation;
- changes in type and distribution of property, connected to transformation of possession relations in reproduction system;
- shortening the gap between income levels, also of wealth levels of various society layers;
- conquering poverty, rise of middle class share in social structure thanks to business development, private property and weakening of relative pressure from state;
- providing possibilities and secure right of larger part of proprietors to make independent decisions in management process without state control, transferring of companies management from proprietors to hired top managers, which increases management competency level, separates political power from economic.

We would like to emphasize that mentioned processes are still basic in many Western countries, where national capitalism model was established. Simultaneously, along with classic features, it received new, modern features, which is caused by transformation of world and national economic parameters. Among present features of national capitalism model we shall note the major ones:

- expansion and strengthening of business activity and middle class positions — «critical force in economic development», real wealth grows thanks to its effort;
- increasing role of free competition as universal method of providing equal access to resources, impossibility of its monopolization and avoiding reign of oligarchic organizations;
- support of strong traditions, like respect to property rights as economic growth foundation of national economies;
- development and implementation of state-wide and local programs of support and encouragement of innovations in small and middle sized businesses;
- evolution of financial market, which encourages business activity;

- restriction of government intrusion into economy, deregulation of economic processes;
- capital control dispersion, stimulating its accumulation.

As it is evident from our analysis, those countries, where mentioned processes are active, performing on the basics of national capitalism, which acquired new, modern format. This means that classic theories of national capitalism did not exhaust themselves, and ideas laid in them are in demand today.

During last two centuries free markets that describe capitalism, spread out through the world, making strong foundation for positive changes. But traditional capitalism is not capable to solve such dangerous problems for society as significant gap between wealth and poverty, unequal access to social services, difficulty to carry out business and productive features of labour potential. This particular feature was accentuated on World Economic Forum (January 2010), and underlined that capitalism, as demonstrated by first wave of global economic crisis in 2007-2010, requires changes and firstly through declining income of the richest (financial sector) and increasing possibilities for middle class. In the President of the United States Barack Obama proposals in the State of the Union Address (January 2010) mentioned expediency of additional taxes for largest banks and simultaneously lowering taxes for 95% of American families, and also small businesses, which could receive privileged credits [79]. Such milestones are considered as foundation for working out modern government policy in developed countries.

Discussions regarding future faith of capitalistic organization model of national economy are carrying on among scientists. various opinions are presented about its decay, transformation, acquiring new shapes etc. This question is especially active during global financial and economic crises. In October 2010, prominent scientific gathering was held in Columbia University, George Soros was a participant, group of Nobel laureates, largest bank and invest funds managers to discuss the problem: «Sovereign funds and long-term investments: new shape of capitalism?» Economists reached the conclusion, which was phrased by Augustin de Romane, head of board of directors and general director of financial company *Caisse des Depots et Consignations*, which is managed by French Parliament: «Each wave of global crisis creates speculations about death of capitalism, which was predicted by Carl Marx in 19th century. But capitalism continues its existence, evolving through each stage» [80].

Now more than ever economists in the world are of opinion that capitalism has to be reformed in direction of property diffusion and free development of small and middle businesses with government support, that becomes priority part of economic policy and government control system. It is more evident than ever that implementation of such capitalism model provides possibility to solve key social-economic problems of society.

Allegedly new economic development models started appearing in scientific literature, for example: «mixed economy model», «socially oriented market economy model», «national economy model», «national home economy model», «social protection model», «social partnership model», «social business model» etc. Critical review of essential features of the mentioned models in author's point of view is presented as follows.

Mixed economy model is lacking essence, because it is not clear in the name, what is actually «mixed» here. «Mixture» in science is associated with eclectic. There is no point in shaping something complete without fundamental grounds and precise logical structure.

Socially oriented market economy model is present in countries that are developing on foundations of market economy (excluding dictatorial regimes). Such name does not reflect peculiarities of economic model of the country, it is even dangerous to some degree. Because, from one side, it hides the fact that the most successful results in formation of prosperity and comfort were achieved by countries that implement national capitalism model (Austria, Switzerland, Scandinavian countries etc.). From another side, a lot of freshly created countries (Ukraine is among them), which declared in their social-economic development programs that socially oriented market economy is being formed, real goals of development were hidden behind this obscure name.

National economy model (as «national home model») is actually acceptable for describing capitalistic economy, as well as communist economy. So fundamental grounds and direction of national economy development are veiled.

Social protection model does not possess essential economic content, because it is accentuated on social angle, which is not a specific feature of national economies model. In the end of twentieth century social protection of the population became an attribute of social policy of all civilized countries. This policy is directed on supporting vulnerable layers of society, establishing social justice in society, providing equal access to medical services, necessary social services etc.

Social business model was proposed by professor of economics Muhammad Yunus. In his book «Creating the World without Poverty: social business and future of capitalism» (New-York, 2007) he presented his own view of new business model, which should unite power of free markets with searches for humane development, free and utilize entirely creative vibes of business activity. Described social business model implies connecting traditional business with social goals. M. Yunus did not just substantiate his model theoretically, but implemented it: being a founder of *Grameen Bank*, he provided micro banking (mostly to women with low income) without guarantee for starting small business and conquering poverty, and also helped to invest received profits effectively. Thanks to micro banking 10 millions of people in the world were able to get out of the poverty [81]. M. Yunus («banker of the poor») became Nobel Prize laureate for developing

social business model and its practical realization.

It is worth mentioning that Ukrainian scientific community also reveals and analyzes new trends that urge to working out adequate approaches to economic development modeling. A lot of papers by prominent domestic scientists emphasize necessity of broader involvement of citizens in property and management. Some of them suggest choosing national economy theory as basis for economic development paradigm, expediency of that particular theory for our country was substantiated by Filipenko A.S., Galchynskiy A.S., Mocherniy S.V.

In his publication «National economy model for Ukraine: main features» Filipenko A.S. proposes economic model of Ukraine as socially shaped, which means «broad involvement of citizens in all economic processes, starting from real privatization and joint-stock process in interests of majority of population (not in interests of group of oligarchs, as it happened in Ukraine), and in management of businesses and organizations of all property types» [82, page 3]. The scientist is of opinion that situation in Ukrainian economy is beginning to be ominous, if looked at in social angle, because citizens in Ukraine almost do not take part in management. Filipenko A.S. suggests the following to aid the problem «it is necessary to limit property volume for single entity, in order to resist latifundium on rural territories (which is visible already), and limit high concentration of industrial property, which exists nowadays» [82, page 3].

Mocherniy S.V. understood «national economy» as economic system which is developing in national interests and implies utilization of all property types (with domination of labour collective property), complete social protection of population and national democratic economic planning [36, page 334].

Chernyak V.K. approaches national capitalism model rather closely in his studies. He emphasizes on implementing in Ukraine the economy «with human face» [83, page 17]. Transformation tasks in transfer to such model, in scientist's opinion, «are connected with necessity to unmount plutocratic-oligarchic model of capitalism, which is dominating in our country nowadays» and remove major social inequality in goods and services consumption, poverty of masses. This is how Chernyak V.K. connects formation of a new model to transformations in trade, distribution and consumption of social product.

Kolot A.M. performs research in the same direction, substantiating «social cohesion» doctrine. In particular, he notes: « The acquisition of last decades is appearance of multiple concepts, doctrines, initiatives, that are supposed to respond to challenges that emerged in front of society at the turn of the century and encourage wealth and high living standards of global community. «Social cohesion» doctrine is among them [84].

We are of opinion that above mentioned scientific approaches, although overlap with national capitalism theory, but directed on strengthening of social capital in economy and direct Ukrainian society to return for socialist economy to some

degree, and its inefficiency is recognized by historical development practice.

So above mentioned and similar models are actually interpretations of national capitalism model, which was presented in USA and was actively developing starting from 1950-s. Being in permanent evolution, this model is implemented successfully in many European countries, providing high dynamics of economic development and commendable level of wealth for majority of the citizens.

We are offering to define economy, which is based on classic foundations and levers of capitalistic market economy, restricted regulation function of state, competition development and free business (especially small and middle), with old and practical term - «national capitalism model».

Author of this book, being a consistent supporter of national capitalism model implementation in Ukraine, developed theoretical-methodological foundations and practical mechanisms for realization of this model, taking into account its political, economic, cultural and historical peculiarities [60; 62; 85; 86 and others].

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