

Chapter 6

ACTUALIZATION OF FORMATION OF THE MODERN UKRAINIAN ECONOMIC MODEL UNDER THE INFLUENCE OF NATIONAL RISKS

6.1. National Risk Management in the System of State Anti-crisis Policy

The global systemic and structural crisis that began in 2007 was a consequence of the accumulation and aggravation of global, regional, national, sectoral and other risks. The crisis has shown that new trends and systems (economic, managerial, organizational, etc.) arise and spread in the world economic space. What is more, the interconnections are actively developing in dimensions that are difficult to foresee in advance. In this way, uncontrolled problems of the system are generated, which, in the absence of their timely detection and management, grow into risks, and hence the dangers for economic development.

The World Economic Forum Global Risks Survey 2013, based on an annual survey of more than 1,000 experts (representatives from various industrial sectors, governments, educational institutions and public organizations), outlines 50 most significant global risks for the world community. According to respondents, the most serious global risks that will appear over the next 10 years are significant income inequality and systemic financial crisis. In addition, there are two risks that are considered as the most influential: chronic financial imbalances and a water supply crisis [1].

Among the global risks that will be the most serious in 2018 are:

1. Fiscal Crises in Key Economies.
2. High level of structural unemployment / part-time employment.
3. Water crisis.
4. Significant income inequality.
5. Refusal to mitigate climate change and adaptation.
6. Expanding the scope of extreme weather events (eg floods, hurricanes, fires).
7. Failure of global management.
8. Food crises.
9. Imperfection of the main financial mechanism / institute.
10. Deepening of political and social instability.

Actually, the fact of increasing and strengthening of global risks testifies to the instability of the largest economic centers of the planet, which are experiencing a crisis of model development. It directly affects all its national segments and presents them with external risks. At the same time, each country is characterized by internal risks, usually associated with insufficiently effective state economic policies.

Ukraine is characterised by the lack of a coherent strategy aimed at implementing market transformations, eliminating the barrier to entrepreneurship development, and increasing business activity. The negative trends in the financial-monetary and foreign exchange markets have become especially noticeable for the society. Based on the analysis of statistical data and obvious

processes, it can be argued that in Ukraine, since 2005, economic, financial, monetary and currency risks that have grasped the national level. Its complexity of factors created a critical mass and led to the formation of a crisis field in the country's economy. At the same time, public administration was not able to develop a real, consistent and transparent economic, financial and monetary policy aimed at eliminating these risks. As a result, they grew into a nationwide crisis, which, after a latent period, came to the surface [2, p. 21].

Nowadays the theoretical and practical aspects of risk management at the national level in post-Soviet countries are not substantially investigated fundamentally. And this is understandable, because in the conditions of long-term orientation on the prevalence of the extensive type of development of the national economy, excessively high degree of centralization and dominance of administrative methods of management, it was not necessary to study the sources of origin, assessment and prevention of uncertainty and risk in the economy. Currently the scientific developments of Ukrainian scientists in this area are limited to identifying possible risks at the micro level (related to financial structures - banks, insurance companies, investment companies, etc.), sectoral levels (for example, the agrarian sector, gas, construction, In the real estate market, etc.) and in various spheres (eg, the field of entrepreneurship, taxation, investment, etc.).

Issues related to risk management at the level of individual enterprises are considered in particular in the works of such Ukrainian and Russian scholars as Balabanov I. T., Velikoivanenko G. I., Vitslinsky V. V., Vyatkin V. N. ., Goldstein

G. Ya., Granaturov VN, Guts A. N., Yekaterinoslavsky Yu. Yu., Kaminsky A. B., Lukyanova V. V., Makarev LM, Nakonechny C I. Khokhlov NV, Chernova GV, Shapkin AS, Sharapov O. D. In scientific articles devoted to this topic, an attempt is usually made to adapt Western models of risk management, which are found on the higher levels to the realities of post-Soviet countries.

Scientists and researchers have suggested to use quantitative analysis methods and indicators of quantitative risk assessment. A number of economic and mathematical models and methods of accounting and optimization of risk management have been tested on the Ukrainian realities. Such scientists as O. Yastremsky (proposed improved methods of taking into account and modeling risk based on the latest sections of stochastic programming [3]), as well as Machine N. I., Verchenko P. I. ., Sigal AV, Nakonechny have been working on the above-mentioned models.

Recently, especially in view of the current challenges that Ukraine faced during the financial and economic crisis that began in the world in 2007, and in Ukraine in 2008, some Ukrainian scientists are working on the risks that arise Macro level and try to understand the risks at the level of functioning of state institutions and the implementation of state programs. Such an approach is followed by Vitlinsky V.V., Kovalchuk T. T. and Kovalchuk N.P., Skrypnychenko M.I., Starostina A.O., V.Kravchenko V., A. Shumskaya, etc. . For example, Kovalchuk T. T. and Kovalchuk NP [4], are analyzing macroeconomic risks and claim that the intensity of their systemic manifestations and the severity of their impact on the national and global economy are significantly increasing. At the same time, the researchers note that the organizational and managerial mechanisms and market-regulatory

opportunities, which would allow counteract possible negative consequences and threats in the form of crisis phenomena, are noticeably narrowing. That is why the authors try to identify those key causes and factors that give rise to systemic risks, while exploring the directions, ways, mechanisms for preventing and minimizing macroeconomic risks.

Starostina A. O. and V. A. Kravchenko consider macroeconomic risks in Ukraine and draw attention to the false actions of the National Bank of Ukraine, the Verkhovna Rada, and the Ministry of Economy. In addition, the practice of preparing the annual State Programs of Economic and Social Development of Ukraine, where the risks and methods of management are not taken into account at the proper level [5], is also well documented in the opinion of these scientists about the state of risk management at the macro level.

Economic risks and measures to overcome them (national risk management) do not have the necessary scientific and theoretical foundations in Ukraine. In addition, there are no researches of Ukrainian scholars, where the impact of these risks on the development of an economic model in the context of its transformation would be considered. In our opinion, it is relevant to develop a theoretical and methodological approach to the economic risks at the national level, to identify the current risks facing Ukraine during the crisis period of 2008-2010, to outline the main principles of effective national risk -management, the development of a set of measures, the introduction of which at the state level will be able to level the negative effect of economic risks.

6.1.1. Theoretical and methodological bases of the analysis of macroeconomic risks at the national level

There are different definitions and classifications of risks, which indicate the lack of a unified approach to understanding their essence in modern scientific literature. At the same time, the sense of risk is usually preserved. Witlinsky, V.V., based on the principles of system analysis, gives such a general definition of risk, which has a certain philosophical basis:

"Risk is an economic category that reflects the characteristic features of the perception by stakeholders of the economic relations of objectively existing uncertainties and conflicts that are immanent in the process of goal-setting, management, decision-making, assessment that is burdened with possible threats and unused opportunities "[6, p. 67-68].

Chernova G.V. understands economic risk as the possibility of damage that has a monetary dimension [7, p. 5]. According to Rogov M.A., risk is the ability not to miss any expected events, the possibility of rejecting certain values from some of their (expected) values [8, p. 11].

So, as we see, scientists draw attention to various aspects of risk in their research papers, which has a negative impact on the practice of risk management due to the lack of a holistic, complex approach to its definition.

In our view, under economic risks it is necessary to understand the occurrence or probability of occurrence of a number of unfavorable phenomena, tendencies that can lead to the destruction of financial and economic entities, losses in the form

of loss or impairment of assets, degradation of the process of reproduction, bankruptcy, The need for additional costs, lost profits.

Depending on the changes in the internal and external environment, risks are likely to exacerbate or weaken their influence on the reproduction process and its subjects. All these signs may be inherent in risks at the micro, macro, and national levels. At the level of the corporation, the accumulation of risks affects the interests of its owners, partners and staff; at the macroeconomic level, the interests of a number of business entities and government agencies; at the macroeconomic level, the interests of the national state, which threaten it with bankruptcy, the decline of international authority, and in the extreme case - loss of independence.

Obviously, the absence of a model for diagnosis and risk management at the national level, or the lack of timely or unprofessional measures to prevent or overcome adverse events that cause a risk situation at the social level, has more negative consequences for the country than the presence of defects in the risk management system at lower hierarchical levels.

Therefore, it is very important that national agents who are directly responsible for the prevention of the risks of state existence, and above all the government, central bank, parliament and the president of the country, are ready for adequate risk perception, joint actions for their prediction, identification, minimization, Overcoming, and also distributing possible successes or responsibilities for defeat in this case.

National risks are a complex system, which in our opinion consists of a series of closely interconnected and interrelated risks, which, in turn, have an internal structure and are formed in certain blocks (Fig. 6.1). According to the functional classification in the system of national risks, as shown in Fig. 6.1, we distinguish four main components:

- 1) economic risks;
- 2) financial and credit risks;
- 3) institutional risks;
- 4) superstructural risks.

The blocks indicated in the scheme consist of a number of risks, each of which in certain circumstances may pose a danger to the Ukrainian state.

The key role in the system of national risks belongs to the first two blocks - economic and financial, since they differ from other risk blocks with the complexity of prediction, greater probability of occurrence, simultaneity and frequency of occurrence, interconnection and difficulty of elimination. It should be noted that until recently the world science has analyzed the economic and financial risks separately, referring them to different classes.

However, these types of risks have recently been merged into one class and use the term "financial and economic risks". This, in our opinion, is reasonable, since both the emergence and the overcoming of any economic risks are connected with financial possibilities and interests, as well as certain (depending on the scale of risks) violation of monetary proportions and the budget

balance at the level States and territories (this is especially true for Ukraine, where the correspondent accounts of all local budgets are concentrated in the State Treasury).

At the same time, financial and economic risks in modern conditions can not be considered without institutional risks and risks of superstructures, which have a decisive influence on the financial and economic block of national risks. It is on this basis that, in our view, in the classifications and methodologies of financial risks used by Western rating or consulting firms, these risks are only partially financial. For example, in the rather common and used standard financial risk classification developed by Coopers & Lybrand, apart from a list of purely financial risks, there are market and operational risks, as well as risk events, which include political, legal and force majeure risks [9, XV].

In assessing the country's risks, the leading international financial and economically oriented rating systems take into account social and political variables [10]. For example, the Economist Intelligence Unit, which carries out risk assessment for 100 countries, is based on four of its components: political risk (22% in overall assessment, consisting of 11 indicators); The risk of economic policy (28%; 27 variables); Economic-structural risk (27%; 28 variables) and liquidity risk (23%; 10 variables). Euromoney uses nine categories in its risk assessment model for 116 countries: economic data (25% in the assessment), political risk (25%), debt (10%), unpaid or restructured debt (10%), Credit rating (10%), access to banking (5%), access to short-term finance (5%), access to capital markets (5%), forfeiting disbursement (5%). Institutional Investor measures the risk of credit for more than 135 countries through a survey of experts that distinguish and

assess the most relevant risk factors: The final rating is in the numerical range from 0 (very high probability of default) to 100 (the least probability of default). In assessing sovereign credit risk, Moody's Investor Service analyzes both the political (6 indicators) and the economic (7 indicators) situation in the country.

Methodology of Standard & Poor's Ratings Group (S & P) contains an assessment of political risk (3 factors) as a country's willingness to pay in due time for debts and economic (5 factors) as a ability to pay off debts.

The financial and economic risks affecting the country as a whole are by their very nature homogeneous, which allows them to study certain groups of typical risks, analyze complex risk situations, identify the main characteristics of risks, trends in the size of losses, develop scenarios for the occurrence of non- favorable events in order to create formalized sets of standard reactions to their occurrence [11]. Preventive action risks are a key condition for sustainable development of the country due to limited resources maneuverability.

The fact of the emergence or strengthening of national financial and economic risks is fixed on the basis of analysis of the dynamics of the main economic and financial indicators, which, in our opinion, primarily include:

- rates and volumes of GDP in cost and form;
- balance of payments status;
- the amount of external and internal debt (state and corporate);

- the ratio of the total state debt to GNP, the deficit of the state budget;
- volume of international reserves of the central bank;
- the rate of the national currency;
- interest rates on loans and deposits, volumes of money outside banks;
- inflation rate;
- the level of "dollarization" of the economy;
- unemployment rate, etc.

At the same time, it should be noted that financial and economic risks at the national level have variables, but not fixed characteristics. The period of their action usually lasts several quarters or a year. If this period exceeds one year, then we can talk about the growth of risks in their higher form - a threat to national security and statehood. In view of this, it is difficult to predict the occurrence of risks, and the development of measures to overcome them - national risk management - requires the development of non-strategic development programs, and an urgent action plan for identifying and eliminating threats.

6.1.2. Modern financial and economic risks of Ukraine

The global financial and economic crisis continues destroying Ukraine. There has been no improvement in the functioning or stabilization of the socio-economic, financial and money-banking systems, but, on the contrary, the situation has become even more acute and has become systematically negative at both the micro

and macro levels. If the open phase of the crisis in Ukraine in the last trimester of 2008 began in the monetary and banking sphere, then gradually turned over to such industries as building and manufacturing of building materials, metallurgy, chemical industry, machine building, then in 2009-2010, the processes of the fall covered trade (both domestic and foreign), the investment sector (especially the volume of direct investment), transport, services, recreation and tourism, hotel and restaurant business. A decrease in employment and an increase in unemployment have started in Ukraine recently. The pressure on the domestic labor market has grown substantially because of the return to the country of hundreds of thousands of migrant workers who worked in other countries where the number of jobs was also reduced due to the crisis. To these problems was added a crisis of state and local finances.

The above processes are in fact the signs of the phase of the collapse of the great Kondratiev cycle in Ukraine and indicate that our state has limited capacity to independently support the reproduction process not only at the level of increment of the additional product and the creation of a new wealth (extended), but also at the level of self-sufficiency (simple). The phases of the production, distribution, exchange and consumption, degrade. The banking sphere, development of which is a prerequisite for the normal process of reproduction, has not acquired sustainable development. The country "feeds" its national wealth.

The main indicators of economic, financial, monetary and banking sector development in the national economy have negative dynamics. This is an indication that in our country the leftist share of national financial and economic risks (Fig. 6.1) has crystallized

and turned into a threat to Ukraine's development as a state. Among the most dangerous are the following key risks [12]:

1. The depreciation and destabilization of the national currency and, as a result, a sharp devaluation of the hryvnia. In Ukraine, in the period from October 2008 to November 2009, the hryvnia exaggerated by 60%: in October 2008, \$ 1 cost 5 UAH, in November 2009 - 7.9 UAH; For the next four years the exchange rate did not equalize (the dynamics of this process is analyzed in detail in paragraph 2.1 of the monograph). This terrible depreciation has not undergone any national currency in the world at the time of the current crisis. Due to cheapening of the hryvnia, the aggregate cost of Ukraine's potential, that is, its liquidity within the global economy, decreased by half. The situation on the money market is similar to 1993-1995, when the astronomical devaluation of the Ukrainian ruble, which then played the role of a surrogate national currency, took place.

The destabilization of the hryvnia exchange rate in Ukraine was due to a number of factors [13], the impact of which, in our opinion, does not decrease, but, on the contrary, increase due to the false model of economic development and the lack of real reforms.

The first factor irreparably weakens the hryvnia and poses a significant risk to the country. It is permanent crisis situation in the banking sector: the unprofessional nature of the regulator and the performance of functions that are not inherent in its law (in particular, the purchase of government debt obligations), low bank

lending activity, their inclination - the ability to exchange speculations and so on.

The second factor of negative influence on the exchange rate is the permanent access to the interbank currency market of the state monopoly of NJSC Naftogaz Ukrainy, which buys large volumes of foreign currency resources to pay billions of debts (in particular, the repayment of eurobonds) accumulated over the past years.

The third factor of the destabilization of the national currency is unreasonable growth of the money supply, which is not backed up by the relevant reserves of either freely convertible currency or material goods commodity mass, to finance the state budget deficit, which significantly accelerates the processes of devaluation of the hryvnia.

The fourth factor, which reduces the price of the national currency, is the expansion of devaluation trends and speculative operations in the Ukrainian currency market. Even the leadership of the NBU today is aware that in this market are operated by groups of currency speculators who are interested in weakening the hryvnia exchange rate.

2. Decrease in the volume of international reserves of the National Bank of Ukraine. International reserves are liquid financial assets of the state recognized by the international community as international, reflected in the balance of the National Bank of Ukraine and under its management. International reserves consist of reserves in convertible foreign currencies, the IMF reserve position, special drawing rights (SDRs), monetary gold, cash in foreign

currencies or accounts held abroad, securities issued by non-residents, and any other non- Which of the other reserve assets, provided that they are secured and liquidated, which is in the decision of the National Bank of Ukraine. The process of reducing the international reserves of the NBU lasts from August 2008.

At that time, their volume reached the largest mark of \$ 38,062 billion, in 2012 it decreased by 16,8% (or \$ 4,1 billion), as of January 1, 2013 it amounted to \$ 24,5 billion and continues "melt". This negative dynamics is explained by the fact that the NBU uses excessively high means for payments on repayment and servicing of the state and guaranteed by the state debt (in 2013 -\$ 6.2 billion) and refinancing of troubled commercial banks, carries out risky interventions in the interbank foreign exchange market, external and internal borrowings, and others. [14].

The NBU's international reserves would have been even smaller if the International Monetary Fund did not allocate a loan of \$ 16.5 billion under the Stand-By (SBA) program approved by the International Monetary Fund on the request of the Ukrainian side, approved on November 5, 2008. Ukraine received \$ 10, 6 billion trillion tranches: the first (\$ 4.5 billion) - to regulate Ukraine's balance of payments, maintain the exchange rate of hryvnia and liquidity of the banking sector. The second tranche (\$ 2.8 billion) was received to maintain the balance of payments and financing external debt obligations. The third tranches (\$ 3.3 billion) was received for financing the State Budget of 2009. Thanks to the IMF's resources, Ukraine managed to avoid a sharp deterioration in the balance of payments, support the exchange rate of the hryvnia and ensure liquidity of the banking sector.

It should also be noted that the structure of the international reserves of the National Bank is deteriorating. Although real information on their quality is not transparent, it can be assumed that the assets in which the NBU holds most of these reserves is not sufficiently liquid. For example, according to the agency Bloomberg, the share of monetary gold in the structure of international reserves of Ukraine is only 3.2%, while in the USA this figure is 68.7%, in Germany - 64.6%, France - 64, 2%, Italy - 63.4%, the Netherlands - 51.7% [4, pp. 184]. Accordingly, it limits the ability of the NBU to guarantee a stable hryvnia exchange rate, not to mention its strengthening.

Currently, the NBU's international reserves continue to decline. In our opinion, the critical threshold for the National Bank will be its fall to \$ 20 billion, and this dynamics is quite probable, especially given the rapid growth of Ukraine's external debt. The constant reduction of gold and foreign exchange reserves, which is currently below the volume of the three-month import, will not allow keeping the national currency rate in case of devaluation trends.

3. Immersing Ukraine into a debt gap, manifested in the steady growth of the country's internal and external debt. According to the results of 2013, the state debt of Ukraine is UAH 480.2 billion, or \$ 60.1 billion, and the state debt growth for the year amounted to UAH 81.0 million. [15].

The state domestic debt amounts to UAH 257.0 billion, or \$ 32.2 billion.

An increase in domestic financial needs of Ukraine is covered by the issuance of domestic state-owned debt bonds, which are

increasingly expanding. It should be noted that as of the end of 2008, the total amount of T-bills that were in circulation amounted to UAH 17.6 billion for the principal amount. As of 01.11.2013, this indicator amounted to UAH 235.4 billion, and as of February 1, 2014 - UAH 253.1 billion. At the same time, the largest share of T-bills is owned by the NBU - 60% (or UAH 141.2 billion) [16, p. 29].

According to the Ministry of Finance of Ukraine, the state external debt of Ukraine in 2013 amounted to 223.3 billion UAH, or \$ 27.9 billion. In 2013, Eurobonds for a total amount of \$ 5.25 billion were placed three times: in February, the 10-year bonds were converted to \$ 1 billion, placed in November 2012, at 7.625% per annum; In April, placement of new 10-year bonds for the amount of \$ 1.25 billion was settled in 2023. The placement rate - 7.5% per annum; In December there were 2-year bonds worth \$ 3 billion and repayment in 2015. The placement rate is 5% per annum.

Many countries have debts, because governments always want to spend more than they collect in taxes. The deficit is mostly covered by the sale of bonds, which is a tool for borrowing funds from private investors with an obligation to repay a debt with a certain gain for a certain date in the future. This is a common practice. And the financial crisis unfolds when investors begin to doubt the government's ability to repay a loan. In this case, he can offer them higher interest rates on their bonds to offset the increased risk. And then a vicious circle of accumulation of risks is launched: rising interest rates are added to public debt, further raising investors' concerns, and therefore the government again and again has to raise interest rates on an internal loan. It can

quickly turn into a fatal spiral that pushes the country to the risk of debt default [1].

As noted above, the largest holders of government debt obligations in Ukraine are domestic banks. Therefore, when the Government suffers losses in bonds, it directly threatens the banks' solvency. Thus, the fiscal crisis can lead to a financial and banking crisis. At the same time, it should be emphasized that this causal link can work in the opposite direction: the Government is forced to save large banks from the risk of default and provide them with funds from the NBU's reserves for refinancing in order to avoid a systemic financial crisis. However, the allocation of funds to banks increases public debt, which increases the risk of a dangerous financial situation in a full-scale financial crisis.

Nowadays it can be argued that the NBU and the Government failed to create conditions to avoid bankruptcy of dozens of domestic banks during the crisis and post-crisis years. The difficult situation of the banking system, which is in a high-risk environment, is shown in Table. 6.1 Dynamics and composition of functioning banks in Ukraine. Due to the devastating large-scale banking influences, Ukrainian citizens have experienced multi-billion dollar losses, whose levels of poverty have increased significantly.

Data in tabl. 6.1 shows that during 2006-2013 the number of banks in Ukraine decreased from 193 in 2006 to 176 in 2013; 22 banks are in the stage of liquidation.

Table 1

Number and composition of banks in Ukraine, 2006-2016

№	Indicator	As of 01.01.										
		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
1	Number of banks by the Register	193	198	198	197	194	198	176	180	163	107	
2	Excluded from the State Register of Banks since the beginning of the year	6	1	7	6	6	0	26	22	28	25	
3	Number of banks in liquidation phase	19	19	13	14	18	21	22	20	17	15	
4	Number of banks holding a banking license	170	175	184	182	176	176	176	168	160	100	
4.1	Of them: with foreign capital	35	47	53	51	55	53	54	49	51	41	
4.1.1	Incl With 100% foreign capital	13	17	17	18	20	22	22	19	19	17	
5	Share of foreign capital in the authorized capital of banks, %	27.6	35.0	36.7	35.8	40.6	41.9	39.0	37,8	36,2	39,6	

Source: Based on the data of the National Bank of Ukraine [17]

In our opinion, the activity of a significant number of banks in Ukraine has a usurious character, which is manifested in particular in the excessively high interest rate on loans. The current stability of the banking system is maintained only by banks with foreign capital, whose share in bank capital as of 01.01.2013 is close to 31%. Enterprises of industry and agriculture, who do not have access to foreign loans, are forced to pay annually too high interest rates, which are 2-3 times higher than the marginal unprofitable rate of 7%.

Accumulation of external and internal debt obligations with the failure to pay for them, without resorting to new borrowings,

creates a threatening situation in Ukraine both in the short and medium term.

3. Gradual destruction of public finances. Permanent inadequacies in the State Budget of Ukraine may lead to the collapse of the country's financial system, which poses a direct danger to the existence of Ukraine as an independent state. In the first half of 2009, the deficit of the State Budget amounted to 30 billion UAH, and by the end of the year it already exceeded 60 billion UAH. In 2011, the state budget deficit was UAH 23.6 bln., In 2012 it grew more than twice (UAH 53.4 bln.), And in 2013 it reached a record high of UAH 64.7 bln. Or 4.4% of GDP.

Debt financing of the high deficit of the state budget, issue of government bonds to support state enterprises and banks in 2013 led to a rapid growth not only in the level of public debt, but also in expenditures on its servicing - up to UAH 31.7 billion, or by 30.9%. The share of debt servicing expenditures in total expenditures increased to 7.9% versus 3.7% in 2009 [15].

The long-term uncontrolled development of the debt economy ultimately forces governments to make painful fiscal adjustments by reducing costs and / or raising taxes. And in case such actions are carried out unprofessionally, it can lead to a deep economic downturn and a marked increase in unemployment, which has

occurred in many national economies since the beginning of the financial crisis of 2007-2008.

However, there are examples in which emerging markets were able to recover from the recent global financial crisis. The countries of Latin America and Asia that have experienced their own financial crises in 1980s and 1990s, reformed and launched a system of government debt control.

Thus, an important task for the government is to find ways to effectively overcome fiscal risks, along with the establishment of sustained budget planning, especially in view of the growing budgetary problems in the long run (caused, for example, by aging of the population) [1].

4. Permanent decline of GDP and other macroeconomic indicators (their analysis is presented in clause 2.1 of this study). Similar destructive trends, according to Joseph Stiglitz, Nobel Prize laureate, are typical of those young states that ignore systemic risks and move from real problems toward erroneous decisions [18, p. 385-394].
5. The increase in the rate of inflation, which rapidly devalues the incomes of Ukrainian citizens, undermines their purchasing power and worsens the standard of living, destroys the business environment, inhibits the development of the current of strategic projects, makes it impossible to reduce the accounting bank's interest rate on loans.

The macroeconomic risks of the national scale of influence on the development of the country's economy and the stability of the state also include a number of other risks. We share in this regard the views of T. T. Kovalchuk and N. P. Kovalchuk, who distinguish the most significant macroeconomic risks in the financial field [4, p. 25]:

- intensive outflow of financial capital in offshore zones;
- a substantial reduction in prices for the main groups of goods of Ukrainian exports;
- the influx of international speculative capital followed by its sharp outflow;
- increase in world prices for energy (oil, gas);
- the impossibility of conducting an independent monetary and exchange rate policy.

A group of scientists at the National Institute for Strategic Studies under the President of Ukraine focuses its analysis, in particular, on the following risks [19]:

1. Foreign investment companies are dropping investment projects due to the high risk of not receiving the planned profit and the continuation of withdrawal by European banks of capitals from Ukraine.
2. Continuation of the tendencies of reduction of volumes of products, produced by domestic enterprises, and increase of volumes of import, which leads to a low balance of account of current operations of the balance of payments.

3. The general stagnation of the economy and expensive monetary resources that do not contribute to the growth of the loan portfolio of the banking system. The absence of solvent borrowers and the maintenance of harsh conditions for obtaining loans, which will restrict the investment activity of enterprises.

4. Depreciation of fixed assets and lack of modern technologies, which makes it impossible to change the structure of domestic exports and improve the competitive position of domestic producers in the external and domestic markets.

5. Slow introduction of energy-saving technologies, which negatively affects the profitability of many types of industrial activities that have a significant level of gas dependence.

Consequently, identifying and analyzing the main financial and economic risks that have actually exerted and influence the development of the Ukrainian economy, it can be argued that their accumulation to the critical mass is a danger to Ukraine. The situation is further exacerbated by the fact that the state is not currently taking adequate measures to minimize the risks and has a shaky control over the financial and economic situation in the country.

6.1.3. The system of public administration of financial and economic risks

National risk-management in the financial and economic areas of Ukraine is only in the process of development. At the same time, risk management in western countries was implemented around 30 years ago - after the abolition of the Bretton Woods

Agreements, the emergence of the Chicago Exchange and the publication of Black and Scholes pricing options [9].

We believe that the backlog of Ukraine in this area has a number of reasons, among them are the following:

- peculiarities of the Ukrainian political regime and mentality;
- low rates of development of market relations in comparison with other countries of Eastern Europe;
- lack of a developed system of financial instruments;
- lack of information business infrastructure;
- insufficient number of highly skilled specialists in the field of state management;
- low level of general culture of risk management;
- the prevalence of discrete subjective judgments over the scientific understanding of the sources of financial and economic risks and ways of their elimination.

As a result, the management of financial and economic risks in Ukraine is either developed by foreign partners (for example, the International Monetary Fund, which periodically allocates loans in our country and makes the relevant requirements), or completely unsystematic, confused and inadequately implemented by the Government, When the risk has already become threatened in terms of national interests.

Similar problems are relevant for Russia. In view of this, the Russian Branch of the International Association of Risk

Management Profiles (GARP-Russia) conducts, along with the organizations and individuals concerned, appropriate training in this area [8].

It should be noted that in practice, regardless of the reason for the occurrence of financial and economic risk, you can always make a managerial decision that will allow you to manage risk.

For a successful management of financial and economic risks at the national level, it is necessary to develop an action plan for their elimination of the problem. The following stages of implementation of this plan are distinguished:

1. Diagnosis and identification of risks.
2. Ranking of risks by priorities and possible amounts of losses.
3. Determination according to the built-up priorities of sources and mechanisms of allocation of resources, which will be aimed at eliminating risks.
4. Selecting methods and procedures for risk management.
5. Distribution of powers between levels and subjects of management with appropriate competence, and their coordinated and transparent activities.
6. Evaluate the effectiveness of the measures taken and their possible adjustments.

In our opinion, the most important task of national risk management in the current conditions of development, which solution will weaken the financial and economic crisis in Ukraine, is the formation of an effective mechanism for ensuring the

stability of the monetary and banking system. Its foundation should be a stable national currency. It is advisable to implement the "Currency board" policy in Ukraine, linking the hryvnia to SDR (special drawing rights) - the cash currency of the International Monetary Fund, which is formed on the basis of the "currency basket" principle. Contains US dollar, Euro, Japanese yen and British pound sterling. The share of each currency in this basket depends on its share in the world foreign trade turnover and indicators of economic development in the countries-issuers of these currencies.

Taking into account that Ukraine has declared the course on joining the European Union, consideration should be given to the possibility of using the euro in a free money circulation in the country in parallel with the Ukrainian national currency. Similar proposals are currently being discussed in Albania, the Baltic States, and Iceland. This option is also valid for our country, as the hryvnia is currently converted into a surrogate currency. De facto, the euro is already widely used in Ukraine, especially in cash transactions, despite the fact that a system of "dollarization" of the economy has been in place and functioning in the country.

In order to accelerate the concentration and centralization of bank capital in Ukraine, it is necessary to attract new efficient foreign owners, for example from Norway, Denmark, Finland, Switzerland, Luxembourg, Liechtenstein. It is advisable to negotiate with the EBRD, which would be able to redeem the controlling block of shares of troubled banks for a certain time, until their salvation and liquidation are carried out.

Implementation of the aforementioned action plan may become a reality if the leading members of the National Bank of Ukraine

will include professors who will take care of the interests of the Ukrainian nation and state. Those professionals will not be involved in corruption schemes and not affiliated with international groupings of currency speculators (such as FOREX)

To eliminate the financial and economic risks that increase in Ukraine, the state must:

- 1) balance the State Budget;
- 2) refrain from internal and external borrowing;
- 3) stop selling their debt obligations of the NBU;
- 4) ban the activities of the NBU to refinance private banks;
- 5) simplify the conditions for conducting small and medium business;
- 6) determine the priorities of economic development at the present stage of the processing of agricultural products, as well as sectors producing food, light industry and other commodities;
- 7) examine the issue of introducing a state monopoly on the production and trade of alcoholic and tobacco products, as well as on gambling business.

Financial and economic risks at the national level can be found in any country at any stage of its development, and it is not necessary to cause crises. Methods and procedures for identification, transformation, and risk management are developed by practice. Therefore, the main thing - timely, competently, pragmatically manage financial and economic risks, not allowing them to accumulate to the critical mass.

The measures we propose make it possible to manage the financial and economic risks that have emerged on the modern stage in Ukraine. At the same time, they are not able to eliminate the main cause of their permanent growth and overcrowding in the crisis phenomena that have covered our country. And it (this reason) lies in the fact that in Ukraine the model of state monopoly capitalism has not been dismantled; deep economic reforms have not been implemented - structural, banking, tax and payment systems, regulatory environment, local self-government, education - which will allow to be confirmed Models of national capitalism.

6.2. Possibilities of transformation of economic model of Ukraine in the context of exacerbating national risks

The depth and time frame of the transformational transition of Ukraine from the socio-economic model of the state-monopoly capitalism of the clan-oligarchic type to the model of the national capitalism of the Euro-Atlantic type depend on the influence of a number of factors. The key factors are negative consequences of the aggravation of macroeconomic risks in the context of changes in the internal and external environment, namely: the destruction of financial and economic entities, loss and impairment of assets, degradation of the process of recovery, massive bankruptcy of economic entities, a tangible increase Additional costs.

Risks increase or weaken at different stages of the macroeconomic cycle. At the growth stage (recovery and growth phases), it is possible to effectively use the positive potential risks. The opposite situation is observed when the downward stage of the economic cycle begins (the phase of falling and stagnation). In

this case, the risks are becoming devastating threats and grow into crises.

Crises are inevitable and have a certain periodicity, because the economy has a cyclical character of development. French economist K. Juglar wrote: "It seems that the crisis, as a disease, is one of the conditions for the existence of societies dominated by trade and industry. They can be foreseen, mitigated, postponed to a certain moment, facilitate the restoration of economic activity, but cancel them, in spite of all sorts of techniques, so far nobody succeeded "[20]. This long-proclaimed thesis by K. Zhoglyar again became relevant in 2007, when a new global financial and economic crisis broke out, which had a profound impact on national economies. It should be noted that for decades, governments and economists have been able to mitigate the effects of crises by stimulating economic growth in those or other areas by increasingly sophisticated measures.

It became clear that with the help of legal measures, such as regulation of bank lending rates, the sale of state debt, and stimulation of entrepreneurial activity, especially small and medium-sized businesses, it is possible to mitigate and even counteract the negative effects of the crisis and risks.

At the same time, it is believed that the post-crisis experience has shown the need to change both the economic model [21] and the actual methodology of economic science [22]. It is argued that for the US, the latest financial and economic crisis has become a real shock [23] and has led to an active search for a new system of economic development [24]. According to the Pew Research Center (2012), less than a third of Americans, 16% of Europeans

and only 7% of Japanese believe in the current model of capitalism [25].

The need for a transition to a new model of economic development in the post-crisis period (2010-2013) is based on Harvard, Cambridge, Oxford, Princeton and other leading universities and think tanks in the world. It became clear that econometric Models (DSGE) are not suitable for predicting the appearance of risks and crises. DSGE models, according to D. Colander's right approach, experienced "a practical failure" in the recent financial crisis, since they do not take into account the complex dynamics; Strategic interaction of agents; Multidisciplinarity and heterogeneity of the economic system; Problems of structural institutional stability, etc .; It is likely that it can play a negative role also in the periods of future crises [26, p. 74].

"We can think about what a good model is, only if we understand that we are not moving towards a single" true "model. The world is complicated and our analytical tools are limited. We must stop seeing the model as a source. Algorithmic models give us understanding of problems. That's the way the classics and Keynes followed. This is a method that modern economic science has forgotten and which should be re-taught, "- says D. Collander [26, p. 75].

This topic is also actual in Russia, - it is actively developed by R. Greenberg, V. Inozemtsev, V. Koltashov [27], F. Rybakov, V. Yakunin and others. Russian scientists are currently proposing different options for a transition to a new post-crisis model that would be able to provide economic growth: the liberal "Strategy 2020" (Y. I. Kuzminov, VA Mau), "Innovation-2020" (AI

Klepach), The strategy of modernization (V. M. Polterovich), the advanced model (S. Yu. Glazyev), the model of balanced development (L. I. Nigmatullin), the model of the integrated innovation and technological breakthrough (A. Akaev) [28]. On this basis, the approach suggests the need for the emergence of a "new political economy, called for substantiating the content, role and main ways of transition to a new model of development - innovative social capitalism, since the current real policy is still based on the combination of market fundamentalism with a rigid administrative-power influence on business , Which blocks the modernization of the economy "[25].

Therefore, the question of the formation of a qualitatively new economic model of the country in the post-crisis period was in the focus of research by leading domestic scientists, among them V.M. Geets [29], A.S. Filippenko [30], A.S. Galchinsky [31], V.K. Chernyak [32], L.V.Shynkaruk [33], and others.

A number of Ukrainian economists are trying to grasp the importance of the latest global financial and economic crisis within the framework of the development of globalization and the impact of this crisis on the Ukrainian economy. For example, AS Galchinsky [31], after analyzing the crisis of 2008-2009 in the context of modern global civilizational transformations, highlighted its systemic factors, disclosed an informative function, a constructive role in the innovation updating of social processes and their intensification, showed Vectors of the impact of the global crisis on economic and social transformations in Ukraine.

L. Shynkaruk [33] discloses macroeconomic imbalances that have become the basis for the deployment of the financial and economic crisis in Ukraine. He also describes the main contours

of the economic model of development in 2000-2009 and outlines the main tasks of the modernization policy as a tool to overcome the consequences of the crisis.

The economic recovery phase, which preceded the 2007 financial and economic crisis in Ukraine, had the following characteristics that could in fact be considered as national economic risks:

- excessive growth of the financial sector of the economy;
- Significant increase in investment demand;
- high level of loading of production capacities;
- increase of import volumes;
- increase of consumer demand from the population;
- increase in infrastructure constraints for economic development;
- narrowing of the expanded production;
- low level of competitiveness of products of domestic commodity producers;
- technological gaps in a number of industries;
- the spread of parasitic consumption,
- the carnival-hedonistic lifestyle of the population.

The financial and economic crisis that began in Ukraine in 2008 was marked primarily by the significant devaluation of the hryvnia, the bankruptcy of dozens of banks, uncontrolled growth of public and corporate debt; reduction in volumes and tougher lending terms; sharp fall in capitalization of companies and stock

indices; increase in budget deficits; recession in production; reduction of employment; lower producer prices and, finally, a decrease in consumer spending. The 2007 world crisis has changed with some revival of world markets in 2009, but did not grow at steady growth in 2010. The fall in prices in many markets, the decline in stock prices and other securities has led to an imbalance between real consumer demand and increased commodity supply.

The overcoming of economic problems in Ukraine by many managers and analysts is associated with the end of the crisis in the global economy. However, we consider this approach to be unwarranted. Our research, presented in the previous chapters of the monograph, confirms that the global cyclical structural crisis will intensify. In subsequent years, it will capture new countries, both vertically and horizontally, absorbing more and more sectors of the economy and sectors of production and gradually transforming itself into a systemic global-network crisis. Already, this is manifested in the emergence of a number of infrastructure crises, accelerating the process of dying out industries that are system-forming for the zero, first, second, and partly third, economic and technological arrangements. In particular, it is about extraction of traditional types of energy resources (coal, oil, gas, peat, iron ore), production of pig iron, steel, etc.

The ecological crisis is rapidly spreading and exacerbating, as evidenced by the total pollution of air, water and land resources, the increase of the greenhouse effect, the increase of harmful emissions, the barbaric extermination of forests, especially in the Amazon (the Amazon valley). The spread of epidemics, viruses,

HIV / AIDS, Ebola fever, etc., plunges the world into a permanent demographic crisis.

Consequently, the global crisis does not subside and even intensifies and spreads.

First, from the financial and banking sectors, it went into production, distribution, exchange and consumption phases.

Secondly, having started in the USA, the crisis already covered a number of developed countries, and first of all the EU. As we anticipated, in 2014 it gradually reached the BRIC, South Africa and other developing countries.

Thirdly, the world crisis is particularly acute in the transient and entropy countries (Ukraine, etc).

The global structural crisis has had a tangible effect on our country, exacerbating the system of relations in the economic, banking, financial, monetary, and social spheres to a critical point, which has led to deformation of the process of expanded reproduction at the national level.

The existence of a global systemic, structural crisis, which is a phase of not only the economic cycle, but also the great cycle of Kondratiev, is regarded as an integral risk for national economies. Moreover, this crisis, while at its downstream stage, is currently taking the risk of a systemic threat to all countries of the world. Its leveling is a key task for governments, since this process, which significantly affects economic, financial, social development in the vertical and horizontal plane and pours on all forms of life of any country, is quite lengthy in time.

It is impossible to avoid the cyclical stage of the fall, but those countries that deliberately prepared for it adequately embraced the destructive algorithms and trends of this period and were able to somehow reorient the national economies to meet the needs that have radically changed. It is about those countries that carried out radical transformations and reforms, and those that are developing under the economic model of popular capitalism. First of all, it is the Scandinavian countries, as well as Austria and Switzerland. To this phase, a number of post-communist countries have also largely been prepared, which is very important for us, namely Poland, Slovakia, Czech Republic. The Baltic States (especially Estonia, Latvia and Lithuania), which carried out deep transformations during the phase of the rise of the big K-cycle, which lasted from the mid-1990s until the end of 2007, were stable until the fall of the fall.

As already noted, the main features of the phase of the fall of the big K-cycle are the reduction of the main macroeconomic indicators (first of all, the total GDP and GDP per capita), the narrowing of investment and human resources, the total contraction of the economy as a whole. This is a fundamental structural change in the qualitative characteristics of all factors of production, including the basic means of production, the nature of labor, human capital.

According to the classical features of the cycle, after the phases of fall and stagnation, recovery and then growth will begin. But now this trajectory will unfold on the basis of the transition to the sixth technological process. Characteristic, mainstream mainstems of the sixth mode will be industries and sectors of the economy, which will be developed on the basis of nanotechnologies and

related reproduction systems, which will involve the use of qualitatively new - high-intellectual, socialized, creative, inclined to innovation, free - Labor force.

Consequently, the key priorities of the investment program of this period is financing of the development of human capital and the creation of a highly productive, complex in structure of fixed capital. The main producers of a mass of added value in the sixth economic and technological structure are: 1) a person with a large amount of knowledge and a high level of professional training, and 2) complex manufacturing structures, which use the latest technologies, including the deserted ones.

In the transition to this form, the human intellect of the labor force and the demand for labor that can work successfully not only in a stable environment, but also during periods of exacerbation of risks, the growth of horizontal network chaos. Therefore, for all countries, and especially for Ukraine, the creation of comfortable living conditions for a creative person as the main structure-building force of the entire socio-economic economic complex is becoming urgent.

The most competitive, prosperous and successful are those countries that form the most favorable conditions in their territory for the emergence, development and functioning of the largest possible groups of people who are carriers of intellectual and creative capital. The formation of a viable range of the functioning of such people should occur simultaneously with the elimination of negative factors that interfere with the life and development of man in the community and the natural environment. It is a question of curtailing the primitive forms of production inherent in the primary economic and technological arrangements, such as

mining of mineral (coal, iron ore) or energy (oil, gas) cheese; Preservation of environmentally friendly environment (clean water, clean air, utilization and complete processing of garbage, other wastes); Strong development of industrial infrastructure (roads, highways, modern railways, bridges, airports, sea and river ports); The formation of systems of people's livelihoods in small cities, not metropolises.

The development of the national economy on the basis of the sixth technological mode requires a corresponding effective model of economic development, basically oriented on similar changes. It is obvious that the model of state-monopoly capitalism is a clan-oligarchic type, in which the socio-economic structure of society is divided into two poles: on one - a handful of riches, billionaires, which concentrate enormous volumes of wealth, on the other - lumpen-proletarian, marginal population, leading in fact a beggar's way of life. The second type of population can not fit into the sixth technological mode and. World experience suggests that countries that belong to basic civilizations and are aimed at preserving the clan-oligarchic development model (Asian, Latin American, African states, and in the Eurasian space, in the first place, the Russian Federation), are not even able to reach the level of the fifth technological mode. In turn, the inability to manage these high economic and technological structures makes countries permanently entropy-outsiders.

Therefore, if Ukraine sets itself the task of escaping from the state of the "entropy funnel", a permanent transitive decline, it should make serious efforts and implement the transition to a new economic model - the model of the National Capitalism. The functioning on the basis of this creative model can effectively

counteract the exact risk that creates the phase of the decline of the economic cycle that has spread throughout the world and will be intensified.

The world economy will enter the phase of depression in 2017-2019 and countries that are oriented towards the development of national capitalism and would be prepared for the sixth technological mode will quickly recover from the effects of the crisis. These countries will become the most advanced and successful in the coming years. If today Ukraine does not make a transition to a model of national capitalism, its basic elements will not be established, then one can assume that the permanent state of decline and entropy of the country will become irreversible, turning it into a latent area of the world's "gray zone", where successful civilizations and their most successful state-owned centers will exploit our natural, labor, intellectual and other resources.

At the same time, the occurrence of such global systemic and structural crises at the national level can be used as an instrument for eliminating accumulated negative experiences. As the world practice shows, many European countries (listed above), which were using the basic principles of economic model of National capitalism, were able to neutralize the negative destructive processes and risks that cause the global crisis.

It should be noted that while characterizing the combination of factors that contributed to the economic growth of many countries in the world, scientists are trying to establish a system of indicators by which one can determine the strength and primacy of the influence of the external or internal crisis on the dynamics of society.

Some scientists believe that it is impossible to assess economic growth without taking into account the state of the world economy, others refer to the influence of internal factors [34, p. 129].

Of course, we can use the indicators to assess the economic turbulence of countries proposed by the UN. However, the current processes are rather new and ambiguous, and growth sources are contradictory, non-traditional, and creative, which requires a systematic but at the same time a non-standard approach to identifying key determinants that have exacerbated national risks. And their transformation into a total crisis, and the development of a successful model for further progress. In this context, one should agree with the opinion of J. Y. Olsevich that attempts by scientists "can yield results only if they are guided not by the principles of" optimality "or" harmony "(according to Panglos), but the task of approximation to Reality, i.e. To the interaction of constructive, inertial and destructive forces within the economy "[35].

When we research the crisis situation in Ukraine, we can say that the global crisis was not the main reason of the internal crisis that hit our economy. Among the major internal reasons are: the collapse and bankruptcy of the state, the lack of a strategy for economic transformation, lack of effective fundamental reforms in all spheres and industries Economy, ineffective mechanisms for attracting foreign capital, the destruction of the business environment and middle class, paralysis of development in science and education. Obviously, our problems, including the primitivization of the economy, are generated not only by market failures, but by the failure of the state (governmental failure). I

mean the government's inability to provide public goods to all levels of the state[36, with. 224].

Thus, it is logical to assert that the economic model of state-monopoly capitalism of the clan-oligarchic type, which was developed in Ukraine over the past 20 years, has exhausted itself. The uncompetitiveness of this model was fully demonstrated by the inability of our country to withstand the external influences and threats of the global economic crisis. And the ability to respond adequately to the negative trends of economic development is one of the key indicators of the quality of the economic policy of the state. Ukraine has neither an effective economic model nor a qualitative economic and monetary policy, and therefore can not solve the urgent three-fold problem:

1) to overcome the crisis;

2) to strengthen and update its resource potential;

3) to create an effective mechanism of creative human capital. Despite the obviousness of this thesis, the government continues to make decisions that consolidate the current model, which is heavily burdened by the rudiments of state socialism, especially in the public sector of the economy, social and monetary and monetary spheres. As a result, our country has been brought to a state of financial and economic default, as evidenced by the dynamics of key indicators of its development, Transparency International, The Heritage Foundation and The Wall Street Journal, and the World Economic Forum and the World Bank.

According to World Bank's "Economic Review of Ukraine 2013", Ukraine has one of the smallest in Europe annual GDP figures,

which did not recover after the crisis. According to the results of 2013, it amounted to \$ 177.43 billion, in 2012 - \$ 176.6 billion, in 2009 - \$ 117.23 billion, in 2008 - \$ 180 billion. Thus, the volume of GDP of Ukraine in 2013 is less than GDP in 2008 at \$ 2.57 billion. The dynamics of GDP of Ukraine and countries of the world in 2006-2012 is presented in Table. 6.2.

Table 6.2

GDP of the countries of the world, 2006-2016, billion dollars
USA

Count	2006	2007	2008	2009	2010	2011	2012	2013	20	20	20
Switzerland	405,1	450,53	524,29	509,47	549,10	658,8	631,12	685,3	702,	670,	659
Sweden	399,0	462,51	486,19	405,78	463,06	536,0	523,94	579,6	573,	459,	511
Norway	340,0	393,48	453,89	378,85	420,95	490,8	500,03	512,5	498	386	370
Austria	324,9	375,04	414,17	383,73	377,68	415,9	394,46	428,3	438,	376	386
Denmark	274,3	311,42	343,88	310,54	312,95	333,7	315,16	335,8	352	301	306
Finland	207,9	246,13	271,97	239,38	236,71	262,3	247,14	267,3	22	232	236
Poland	341,6	425,32	529,43	430,92	469,78	515,7	490,21	525,8	545	477	469
Czech	148,3	180,48	225,43	197,19	198,49	216,0	196,45	208,7	207	185	192
Ukraine	107,7	142,72	180,00	117,23	136,42	163,4	176,60	177,4	133	91	93
Hungary	112,5	136,10	154,23	126,63	127,50	137,4	124,60	133,4	139	121	124
Slovakia	69,0	84,12	97,91	87,24	87,08	95,8	91,35	97,7	10	87,	89,

Source: World Bank national accounts data [37]

The SB analysts point out that the adverse global environment and the delay in carrying out reforms led to the expansion of Ukraine's macroeconomic imbalances in 2013.

According to the Economic Liberties Index 2014, calculated by The Heritage Foundation, Ukraine ranks 155th among 178 countries with 49.3 points (this is the lowest among 43 European countries). As a result, it was in a group of economically non-free countries (between Leeds and Haiti) who are suppressed by economic freedoms. The lowest scores in terms of indicators within this Index were: freedom of investment (20 points),

freedom from corruption (21.9 points), financial freedom and protection of property rights (by 30 points each). In general, for all 20 years of indexation, Ukraine has improved its results by only 9 points [38]. Similar results confirm that Ukraine is developing on the false economic model, which promotes not the spread of economic freedom, but the accumulation and exacerbation of systemic risks.

The assessment of the Investment Attractiveness Index, conducted by the European Business Association on a 5-point scale (5 - the investment climate is clearly favorable for investing, 1 is clearly unpredictable), shows that in 2013 this indicator in Ukraine dropped to 1.87 points comparatively From 2012 (2.12 points) and 2011 (2.18 points) over the years [39]. The presented dynamics of the Investment Attractiveness Index testifies that Ukraine has not created favorable conditions for investing, which, as a result, leaves the country the sources of growth, the growth of incomes and opportunities is to be calculated on the basis of internal and external commitments.

According to official data, as of January 1, 2014, the gross external debt of Ukraine amounted to \$ 142.5 billion (as of 01.01.2013 - \$ 134.63 billion, as of January 1, 2012 - \$ 126.24 billion, as of January 1, 2011 -

\$ 117.3 billion, as of 01.01.2010 - \$ 111.6 billion). By 2013, the level of this indicator relative to GDP has increased to 78.3% compared to 76.6% by the end of 2012 [40].

The increase in indebtedness and the persistent deficit of the balance of payments, in turn, narrow the resource base for

domestic and foreign investment, and hence the potential for economic growth.

The risk and crisis situation described above was recorded by the Standard & Poor's, ranking the countries that are in default. According to the results of the second quarter of 2013, S & P analysts determined that Ukraine ranks 7th among 70 countries that may be in default for the next 5 years. The agency estimates that the probability of a risk of a Ukrainian default is 44.25% [41].

Based on the processes and indicators analyzed above, we came to the conclusion that our country is not able to meet its needs based on national extended reproduction and operates mainly through loans, both internal and external. Such a model introduces Ukraine into a state of economic collapse and perennial entropy.

The emergence of the Ukrainian society and its economy from a long-lasting crisis requires a radical update of the goals, strategies and tactics of socio-economic development. In other words, Ukraine reached the bifurcation point and should reorient to another model of development capable of ensuring a steady growth of the national economy. It is clear that this model should be based on capitalist market principles. In fact, as historical practice shows, capitalism has won in a harsh competition against socialism and communism and defended the right to be considered the only decent system of efficient, rational and competitive organization of a modern economy. It is capitalism that has revealed the genetic capacity for qualitative self-renewal and transformation.

The most effective model for the development of capitalism is the model of National capitalism, unlike the state-monopoly

capitalism model that now prevails in Ukraine. The operation of this model has led to a reduction in the volume and efficiency of production, the growth of the shadow economy and corruption, large-scale differentiation and social insecurity of the population. But the main model of state-monopoly capitalism lies in the fact that the "build-up" of capital is carried out, mainly through the redistribution of national wealth, as well as incomes in favor of the replacement of a small number of social groups at the expense of the rest of the population, the alienation of their The rights to the former national property and the withdrawal of funds from the real sector of the economy, which is not part of the interests of this social group [42, p. 5].

It is obvious that the ruling oligarchic group in Ukraine is not able to give an impetus to the creation of a new model of the country's development in a crisis or in the post-crisis period and to oppose the growth of national risks.

In our opinion, Ukraine's efforts should be focused on the transition to a model of National capitalism that can best combine the needs and behavior of all economic agents - the state, communities, businesses, banks, investors and consumers. The transition to proposed economic model involves the formation of a plan of mutually coordinated actions of economic agents, which should contain certain priority directions. The outlined directions should be followed by systemic (and not partial or contingent) institutional reforms and measures for state regulation at various Levels and in various spheres of management. We believe that the following are the priorities today:

1. Creation of a legal framework for legalization and unconditional guarantee of the rights of labor private

property, which will allow the majority of the population of the country to become interested participants in the modern market economy. This is an important foundation for the recovery of the national economy and social progress.

2. Stabilization of the national monetary unit and the establishment of the real exchange rate. The exchange rate management is today considered by the National Bank as its top priority, while key goals such as controlling inflation and stimulating economic growth are pushed to the background.

In our opinion, the most effective tool for stabilizing the national monetary unit and establishing the real exchange rate in Ukraine is the introduction of a model of the Foreign Exchange Committee (council), which involves attaching the hryvnia to four major currencies: the euro, the British pound, the US dollar, Japanese Yen. The currency board is a monetary institution issuing banknotes and coins that can be converted at a fixed rate to external reserve assets. The currency board regime permits the exchange rate of the national currency to be recorded in relation to the reserve currency at full coverage of the money supply. The main principles of the Vault Council are:

- fixing the exchange rate of the national currency against the reserve at the legislative level;
- covering at least 100% of the national currency with reserve assets;
- full and unlimited convertibility of the national currency within the country;

- the lack of the authority of the Currency Council to conduct transactions with government securities, as well as to provide any loans to the government or commercial banks.

The existence of a strong national currency and national financial capital is a prerequisite for ensuring the competitiveness and modernization of the country's economy.

This mechanism can be supported by the free rotation of the euro, which has become an important element of the successful development of many countries. As we know, the euro is used in a number of countries such as Finland, Austria, Slovakia, Latvia, Estonia, and Lithuania.

3. Accumulation of foreign exchange reserves. Under certain conditions, this most important instrument of industrial policy of low selectivity allows accelerating the growth of the economy through extra-money, stimulating exports and protecting domestic producers.

In an extremely volatile currency market in Ukraine, currency reserves need to be accumulated in gold, as there is a constant devaluation of the leading freely convertible currencies (first of all, the dollar and euro). In any circumstances, it is impossible to create foreign exchange reserves in Russian rubles, since this is a surrogate, ineligible currency. The stability of the Russian ruble depends on world oil and gas prices, which are interconnected. Export revenues of Russia by 80% depend on the export of these resources, respectively, any drop in prices for these products will immediately destabilize the Russian economy. If the price of oil is less than \$ 80, then Russia will actually be on the verge of financial bankruptcy

and default. Therefore, it makes no sense to focus on a country whose economy is raw, inefficient and militarized.

Changing foreign exchange reserves should not be reflected in the money supply, which should increase by a trend rate (GDP growth, prices and monetization). This means that the NBU must sterilize any amount of money supply caused by fluctuations in reserves due to external shocks.

4. Formation of a deficit budget of the state, which includes:

A) Reduction of the budget expenditures for the maintenance of the police, prosecutors, judges, civil servants, state support for coalmining enterprises, public educational institutions, tax and social privileges, etc.);

B) filling the revenue part of the budget, in particular by creating conditions for increased income (and, accordingly, taxes) of the middle class, the establishment of a state monopoly for the production of tobacco and vodka products; Giving beer the status of an alcoholic beverage and establishing a state monopoly on its production (for example, the Scandinavian countries);

C) the reorganization of state monopolies (NJSC Naftogaz of Ukraine, Ukravtodor, Ukrzaliznytsya, State service of highways, etc.), formation of effective management and overcoming of corruption in them.

In 2009 NJSC Naftogaz Ukrainy made \$ 1.6 billion of external borrowing by issuing and placing sovereign Eurobonds on the Dublin Stock Exchange (Ireland) for a term of five years and an annual coupon rate of 9.5%. This means that the state

external debt of Ukraine has been increased to the corresponding amount without approval by the parliament. NAV "Naftogaz" of Ukraine was never able to pay for gas purchased in Russia on its own. In May 2011, the Cabinet of Ministers of Ukraine increased the authorized capital of NJSC by 5 billion UAH. - up to 42 billion 340 million 905 thousand UAH (Decree of the Cabinet of Ministers dated 23.05.2011 № 527). In addition, the Cabinet of Ministers has decided to increase the authorized capital of Naftogaz of Ukraine NJSC in the amount of UAH 3.5 bln. T-bills were issued with a maturity of 5-7 years and an interest rate at the level not exceeding 9.5% per annum and made on behalf of the state in payment for additional shares of the National Joint-Stock Company Naftogaz Ukrainy. In 2012, the authorized capital of NAK was increased by 6.0 billion UAH. In 2013, the Ministry of Finance of Ukraine launched the issue of T-bills to increase the authorized capital of NJSC Naftogaz of Ukraine "(in accordance with the Cabinet of Ministers Resolution from January 9, 2013, No. 12) for the amount of UAH 8.0 billion. With profitability is 14.30% per annum. In general, the deficit of Naftogaz of Ukraine in 2013 was amounted to UAH 24 804 million, including debt to Gazprom of UAH 16 114 million. [43].

5. Control over the movement of capital. This is necessary in order to prevent a private sector debt crisis, the rapid growth of which was interrupted by the crisis of 2008-2009. However, in the future, uncontrolled increase in borrowings by the private sector could lead to a debt and currency crisis. In 2013, the external debt of the public administration and monetary regulation sectors increased to

\$ 31.7 billion, foreign debt of other sectors of the economy (with inter-firm debt) reached \$ 87.8 billion, the debt of the banking sector increased to \$ 22.6 Billion.

6. 6. Capital market development:

- formation of the stock market;
- liquidation of closed joint stock companies;
- transition to the creation of public open stock companies (without a controlling shareholding).

7. Sale of land only to natural persons with Ukrainian citizenship. Introducing a progressive land tax. Prevention of the formation of land latifundia. Limitation of the maximum amount of ownership of land.

8. Development of the national small and medium bourgeoisie. It is primarily about the following main points, such as:

A) Small business support:

- Reporting principle of registration of small enterprises;
- Reduction of tax pressure (submission of tax reports once a year);
- Increase in annual revenues of up to EUR 1 million for business entities operating under a simplified tax system;
- Revocation of Art. 19 of the Law of Ukraine "On Fundamentals of Social Protection of Disabled Persons in Ukraine", which establishes the standard of work places for the employment of disabled persons at enterprises, institutions and organizations;

B) Changing the tax system (reduction of taxes, simplification of tax administration system, cancellation of value added tax and income tax; introduction of a single social pension tax at the level of 14%, etc.).

C) Encouragement of the establishment of technological parks, innovative business incubators, venture enterprises.

9. Conduct administrative-territorial reform. The overall potential for revitalization of the national economy should be supported by a constructive strategy of regional development, effective utilization of resource possibilities of territories and factors of regional dynamics. The reform envisages, first of all, the transition to a two-tier system of self-government: the land - a city-city, as well as the elimination of districts as an unnecessary intermediate atavistic link of the administrative-territorial system.

10. Reform of the electoral system (introduction of open lists in separate districts).

11. Denationalization of higher education institutions and their transformation into public joint-stock companies without controlling shareholding.

Thus, we presented a basic matrix that simulates the further development of the Ukrainian economy and should be the basis of the state's economic policy. Given the formation of a model of economy that will have the above-mentioned components, Ukraine will develop its potential for a stable path of post-crisis economic development with 8-10% annual GDP growth. Note that most representatives of state structures emphasize that the crisis in Ukraine has already passed and economic development will soon

return to normal rhythm. At the same time, entrepreneurs hold the opposite view, emphasizing that the crisis continues to affect their business, reduce business activity and jobs, which needs to change the model and priorities of the country's economic development. This opinion is shared by independent researchers and scientists.

Comprehensive governmental activities will accelerate the end of the crisis in the field of the economy, which will enable to overcome the negative effects of economic disasters. In the absence of a policy of transformation, the competitiveness of the Ukrainian economy will be further reduced, the introduction of an innovation-investment model will be inhibited, incentives for economic growth will collapse, which will reduce the revenues of both the state and the population, which means a decrease in the national wealth of the country and its further decline. Without changing the current economic model and shifting to the economic model of folk capitalism, it is impossible to survive during the downward phase of the economic cycle in a systemic crisis.

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