OVERVIEW OF THE FEATURES AND PROBLEMS OF THE TRANSITION PERIOD IN THE HISTORY OF UKRAINE’S INDEPENDENCE

The paper provides an overview and a brief analysis of the problems of the economic development of the independent Ukraine. The comparison of the dynamics of economic development of Ukraine, Poland and Kazakhstan during the period from 1990 to 2016 is given.

Key words: economic crisis, economic growth, GDP, inflation, purchasing power parity (PPP), GDP per capita

Prior to 1991, Ukraine was part of the Soviet Union and was called the Ukrainian Soviet Socialist Republic. In fact, Ukraine had the territory in the USSR, with the conventional boundaries with the republics - Moldavian SSR and Byelorussian SSR — members of the USSR, and the actual border with Poland, Slovakia, Hungary and Romania — the Eastern Block or the Warsaw Pact countries (members of the so-called «socialist camp»). Ukraine has been a co-founder and member of the UN since the 1945.

Economy of the Ukrainian SSR — was a part of the economy of the USSR, located on the territory of the Ukrainian SSR. Economy of the Ukrainian SSR was one of the most powerful economic centers in the Soviet Union — with large production volume of ferrous metallurgy, chemical industry, mechanical engineering (machinery). Ukrainian Republic provided the stable growth of power generation in the USSR, a significant role Ukraine played in the agrarian sector, including agricultural exports. The territory of the Ukrainian SSR was 603,700 square km with a population of 51706746 people.

After the collapse of the Soviet Union in December 1991 (the USSR existed from December 30, 1922 till December 21, 1991 with the area of 22,402,200 square km and with the population of 293,047,571 people), on August 24, 1991 Ukrainian SSR has been transformed into an independent state in Eastern Europe with the name UKRAINE, on the territory of 603 549 square km.
To replace the Soviet Union the Commonwealth of Independent States (CIS) was created. CIS is an international treaty organization, designed to regulate the relations of cooperation between the states of the former USSR (not all of them). CIS is not a supranational entity and operates on a voluntary basis. CIS was founded by the heads of the Russia, Belarus and Ukraine by signing on December 8, 1991 in Viskuli (Białowieża Forest) «Agreement on the Establishment of the Commonwealth of Independent States» (known in the media as Białowieża Agreement).

It is important to note the following:

1. Ukrainian SSR, unlike other Soviet republics such as Lithuania, Estonia, Latvia, and later — Georgia did not seek independence from the USSR. Economically it was the second after the Russian Soviet Federative Socialist Republic or RSFSR (the largest economy), and it was one of the two main components of the overall economy of the USSR, integrated and dependent on the overall economic and industrial complex of the USSR. In fact, the independence from the USSR was received by the population of the Ukrainian SSR from spontaneous joint secession from the USSR of its subjects such as the RSFSR, the Byelorussian SSR and the Ukrainian SSR. Such an unexpected exit from the Soviet Union did not cause unanimous endorsement of the population of the Union republics.

2. Ukrainian SSR has been closely associated with the RSFSR and the Byelorussian SSR not only by the industrial and economic ties, but also by related national Slavic roots of Ukrainians, Belarusians and Russians.

3. Soviet communist morality served to the ruling regime, and had nothing in common with the global values of morality and ethics. Atheism was “preached” and all religions were virtually outlawed in the USSR. The Orthodox Church had the greatest influence in Soviet society; the higher leaders of the Orthodox Church had direct support of the ruling communist regime, had tacit support from the Communist Party and the state security services.

4. The 70 years of communist propaganda thoroughly decomposed Soviet society, especially the Slavic population, which in addition to state propaganda was under the government-controlled influence of the Orthodox Church.

5. The political and economic collapse of the USSR has set for independent Ukraine a number of the most complex problems and issues.

5.1. What type of the country is it necessary to build? What type of economy, socio-political system, form of governance should be developed? In which international alliances should Ukraine participate?

5.2. What transformational changes should lead to the new free democratic country and help to achieve necessary objectives?

5.3. What type of the ownership should dominate in a new country (post-Ukrainian SSR in former time had prevailing state and collective ownership system)?

5.4. What should be orientation of the new national economy: industry, energy and technologies, agriculture, non-productive (social) sphere? Who and with whom must cooperate? How to participate in the global system of economic relations and competition? How should the military-industrial complex develop and in which military alliances Ukraine should be a member?

Note. The Ukrainian SSR and then independent Ukraine until 1994 had the third largest in the world (after the US and Russia) supply of nuclear weapons. According to the memorandum of security assurances in connection with Ukraine's accession to the Treaty
on the Non-Proliferation of Nuclear Weapons (Budapest Memorandum of December 5, 1994) it was liquidated and Ukraine became the Nuclear Power Free country.

5.5. What should be the law enforcement agencies, which should be adopted in new Ukraine? Who should manage the nuclear weapons stockpile, and whether nuclear weapons were necessary for Ukraine

5.6. What should be with health care, medicine, education, science, culture, development of public sectors of the national economy and what are the priorities?

5.7. What are the contacts, political and economic ties and which countries are the priority and are vital for Ukraine?

5.8. What morals, ethics, and what education should replace the communist ideology and the state proclaimed atheism? And Ukraine had to answer to a very large number of other questions and problems


Over 25 years of independence in Ukraine there were 20 governments (currently in power is the 20th government). Policy and direction of each successive Government of Ukraine, as a rule, has no continuity with the policies and direction of the previous government and could have the opposite orientation of international cooperation either focused on closer cooperation with Russia, or — with the US and Western Europe.

Thus, the constant post-Soviet ideological opposition and resistance, confrontation and antagonism of the pro-Russian and pro-Western forces slowed the political and economic development of Ukraine since independence from the Soviet Union. The moral degradation of the post-Soviet communist ideology in Ukraine, the moral and ethical decomposition of the nation, a weak power and impunity for crimes led to prosperity of lies, widespread corruption and the emergence of oligarchic clans. A nuclear disarmament in 1994, the constant aging and reduction of conventional weapons and inefficient reform of the army with a significant reduction of the number of military staff led to the loss of defensive capacity of Ukraine as a sovereign state. This fact was used as an advantage by the leaders of the Russian Federation for a quick annexation of the Crimea and its transformation into a powerful Russian naval base on the Black Sea, and for entering Russian troops in Donbass area — Donetsk and Luhansk region — to establish a permanent military threat from the East, undermining the economy of Ukraine and creating the obstacles for Ukraine to enter NATO.

However, slowly, in very difficult conditions of counteraction of Russia and of Russia’s supporters in Ukraine and other countries, the annexation of the Crimea and the military operations in the East of Ukraine, resistance and countering of oligarchic clans, in the conditions of corruption and with big mistakes, the new for Ukraine model of market economy was created, and it is constantly developing. The majority of the Ukrainian population supports freedom, democracy, and made a European choice for life now and for future of Ukraine.

On the 21st of December, 2006 the EU Council of Ministers granted Ukraine the status of market economy country.

Essentially Independent Ukraine was transformed from the «Behind the Iron Curtain» communist-oriented country to a market-oriented democratic free country with a certain production and economic potential.
There are many publications with analysis of the causes of the disastrous economic policies of the 25 years of Ukraine’s independence, such as [1-5]. However, there are some deep reasons for the problems in the economic and political life of Ukraine in the period of independence.

Let us consider the dynamics of changes in some economic indicators of the three countries — Ukraine, Poland and Kazakhstan during the same period. Poland and Kazakhstan had the same starting conditions as Ukraine, but have made significant economic progress (for various reasons). 9 charts are shown below.

The main problems of Ukraine, which are impeding its economic development:

1. The oligarchy, which prevents the development of market relations.

Oligarchic clans control all sectors of the economy, where profits can be obtained on the basis of misuse of national resources and deferred taxes (transactions of buying and selling are widely and almost officially made through offshore zones).

2. In a country with corruption and theft, abuse of power and the widespread lies and lack of professionalism it is difficult for the country’s population to have confidence in the government and hope for the opportunity to create in Ukraine a real democratic civil society.

3. Lying, moral corruption, neglect of rules and standards of ethical behavior in everyday life frustration and lack of confidence of young people in a normal future leads to dangerously increasing emigration — especially among young people.

4. Over 25 years of independence in Ukraine there is practically no serious and systematic moral and ethical, spiritual and righteous education of the population — beginning from young children, young people and ending with the adult population. Most of the country’s public educational institutions (kindergartens, schools, secondary and higher education institutions) are practically not engaged in these fundamental problems, the successful solution of which is necessary to create a clean, honest, spiritual and moral civil society.

Unfortunately, in Ukraine church renders a very weak influence for the moral and spiritual education of the population. It is related to the 70-years historically approved atheism in the USER and state fight against religiousness of population. For example, in Ukraine the number of non-religious (non-believers) people is about 42,4% of the population, while in Poland — only 4,6%, and in Kazakhstan atheists are only 2,8% of the whole population [6].

According to authoritative Ukrainian non-governmental the “Razumkov Centre” sociological survey in 2006 over 62,5% of Ukrainian population did not consider themselves believers or belonging to any church [7]. The percentage of the total number of the believers (religious) belonging to the main religions in these three countries is: Ukraine — Eastern Orthodoxy (26,8%); Poland — Roman Catholicism (87,5%); Kazakhstan — Islam (70,2%).

Note. Statistics of these three countries – Ukraine, Poland (post-Eastern Bloc country) and Kazakhstan (post-Soviet republic) will be used in this overview to compare dynamics of their development from 1990 to 2015.

5. All of the 25 years of independence, and especially — beginning from the 2000s, Ukraine developed under constant hard political and economic pressure of Russia, which planned separation and annexation of Ukrainian lands and depriving Ukraine of its outlet to the Black and Azov Seas.

6. The annexation of the Crimea and the Russian occupation of eastern regions of Ukraine hinder the normalization of life in the country and stabilizing its economy.
GDP, PPP (current international $, Billion)
GDP per capita (current US$)
GDP per capita growth (annual %)
GDP per capita, PPP (current international $)

Total natural resources rents (% of GDP)
Summary and Conclusions.

The analysis of the World Bank (September 2016) noted the positive changes in the economy of Ukraine, and gave an optimistic following graph of projected GDP growth in the coming years [8]:

The experience of other countries (for example - Poland and Kazakhstan), advice and the invaluable assistance of the World Bank, the International Monetary Fund, the help of the United States and the community of the European Union can help Ukraine to overcome a deep economic and political crisis.

This requires an unambiguous desire of the Ukrainian society and the decisive actions of Ukrainian politicians and officials.