



Opening Remarks

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**THE SOCIAL REVOLUTION
OF MASSES IN UKRAINE
(NATION SHALL NOT LIVE BY BREAD ALONE)**

Abstract

The author asserts that Ukraine is currently witness to a social revolution. It has started after the Orange Revolution and compensates for the incompleteness of privatization. It consists in a gradual but increasing pressure of the masses on the new owners and authorities. In opposition to «soft» methods of privatization, the economically active population has found «soft» methods of income growth by increasing demands of the employers and politicians and ignoring the uncomplying ones. The latter ones are forced to accelerate the employees' income growth, thus bringing changes to the structure of population's spending, expanding their participation in the recreation industry and increasing their access to benefits of civilization.

Key words:

Gross domestic product, wages, recreation industry, privatization, luxury, social revolution, social justice.

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«God save us from living in the times of change» says one popular witticism. Really, changes in social life make it more complicated for the citizens of all groups of population. However, to some groups they give good chances to win, to some other – bad ones, while yet others they deprive of any opportunity whatsoever.

Throughout the years of its independence, Ukraine has undergone a chain of radical social changes. Unfortunately, not all of them were for the benefit of the majority of the society. The worst happened to be the reforms with property. Thus, the state has lost its monopoly in the production sector, and some economic power was delegated to private persons, thus having created sizeable private capital. Nevertheless, privatization has not encouraged the majority of people, who were legal owners of the means of production during the times of socialism, to business activity. In result, an oligarchic economy was formed.

The opacity of the Ukrainian economy was the reason why the nation has not understood how the privatization had been realized. In general, by many estimates, the privatization in Ukraine turned out a very poor social project. Its national peculiarities were secrecy, lack of competitiveness, argumentations, and clear rules. Eventually, this project completed with the Orange Revolution of 2004, which had to resolve the problem of full control over privatization. As it is quite evident now, the Orange Revolution has ended in a draw, since it has not changed the status-quo of oligarchs. Several political and economic players of the regional and national scales, who had managed to take possession of the state property before the Orange Revolution, have kept their positions as well after it and with varying success (but mainly successfully) go on consolidating and expanding their assets.

Instead, a new revolution from below has started to spread; and the politicians wishing to benefit from it politically and economically had to join it. The present revolutionary situation consists in a gradual but rising pressure of the people on the new owners and authorities who are forced to accelerate the rates of employees' income growth. Thus, the growth of average nominal wage against previous year made 119.2% in 2003, 127.6% in 2004, 136.7% in 2005, 129.2% in 2006, and 129.7% in 2007; the highest growth rate of 139.4% was observed in January–June 2008. These rates by far exceed the rates of GDP growth, which have made since 2003, respectively, 109.6%, 112.0%, 102.4%, 107.0%, 107.3%, and 107.5 (January–June 2008).

At first sight, the noted trends contradict economic laws. In fact, however, the growth of wages has marked the starting point for the redistribution of income between the owners of enterprises and the employees for the benefit of the latter. During the early years of privatization, the new owners were fortunate to get surplus profits at the cost of absolute impoverishment of their workers.

Nevertheless, if they managed to realize «soft» privatization, the people are currently succeeding in carrying out their version of «soft» revolution: in the conditions when employers avoid paying the real cost of labour, labour owners either refuse to work for scanty wages or work with lower productivity.

The gradual shaping of social justice is reflected in the employee labour remuneration indicators. This is well seen when shown in hard currency. At the beginning of the new century (2000), the average monthly wage of the workers employed by industry was US \$55.5, and only in 2003 did it exceed the \$100 threshold reaching US \$110.8. In the subsequent years, this policy developed, and in June 2008 the nominal average wage in the industry sector amounted to US \$423.8. It means that during this century the average wage grew ten times. Although it does not correspond to that of the western employees, yet it is lagging behind much less. This wage enables a citizen to afford much more as a consumer.

Unfortunately, the growth of population's incomes varies between regions and between enterprises. Thus, in the city of Kyiv the average wage in June 2008 made UAH 3,186 or US \$657.6, while in Donetsk region it was UAH 2,126 or US \$438.8, and in Ternopil region – UAH 1,394 or US \$287.7. Nevertheless, it does not mean that the population residing the regions such as Ternopil lags much behind the income leaders, since a large part of incomes in these regions is formed from other sources, especially from our compatriots' earnings generated abroad which undergo no statistical accounting.

Similar trends are characteristic for pension providing as well. If in 2000 the average monthly pension made US \$12.7, in 2007 it amounted to \$94.4, and in the first half of 2008 it reached US \$155.1.

Consequently, we can assert that the economically active population, in opposition to «soft» methods of privatization, invented its own «soft» methods of income growth consisting in the increased requests of the employers and politicians and ignoring of the uncomplying ones. The latter have to accelerate the growth of employees' incomes or lobby their interests. Thanks to this, broader masses of population have better opportunities to access the benefits of civilization being able to afford living not by bread alone. In this respect, let us look at the statistics of recreation expenditures and luxury consumption. The Ukrainians are becoming frequent guests abroad. In 2007, 17.3 mn Ukrainian citizens visited other countries, which is 30% more compared to 2000. In particular, the number of Ukrainians served by tourist agencies has grown from 285.4 thousands in 2000 to 868.2 thousands in 2007, i. e. three times.

Unfolding are the processes of initial saturation and accompanying change of outdated autopark. The volume of car sales in Ukraine has got a record dynamics, and in 2008 is forecast to grow by 20–30%. Along with that, Ukraine has already become one of the most developed European countries by car availability, which reaches nearly 150 cars per capita. In several years nearly one million cars are expected to be sold in Ukraine!

In general, we can state that with every passing year the Ukrainians' purchasing capacity is increasing. The total volume of retail turnover in 2007 made UAH 178.2bn, which exceeded the similar indicator for 2006 by 37.0% (UAH 130.0bn) and that for 2002 by almost 4.5 times (UAH 39.7bn). In January–June of 2008, total retail turnover reached as much as UAH 110.6bn.

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