Section V.
PUBLIC ADMINISTRATION SYSTEM IN UKRAINE

5.1 The Market Transformation and Public Administration in Ukraine

The relevance of this topic is determined by the fact that Ukraine is currently in a kind of bifurcation point that determines the trajectory of its subsequent movement. At the same time, on the one hand, world experience shows that in XX and especially in XXI art. an economic breakthrough is possible only on the basis of state capitalism, which implies the controlled development of the economy.

But, on the other hand, this contradicts those simplified ideas about the ways of further market transformation of Ukraine, according to which removing superficial corruption and a new wave of privatization is enough for the successful development of the Ukrainian economy.

The economic literature does not stop the discussion between supporters and opponents of state regulation of the economy. During this discussion, proponents of regulation usually point out that without an active role of the state, structural adjustment, technological modernization of the economy and its movement along the path of reindustrialization are impossible.

The most important argument in favor of this position is the apparent inability of domestic business to independently carry out such complex transformational processes without the active support and regulation of the state.

At the same time, their neoliberal opponents assume that the post-Soviet state, due to its inefficiency and institutional immaturity, is objectively unable to fulfill such an economic role. They draw attention to the well-known circumstance that the intensification of state intervention in these conditions in reality only leads to increased corruption, since the funds allocated by the state can be used for other purposes.

Of course, this argument is hard to argue with. He expresses the point of view of a significant part of business that perceives the state as a kind of corrupt and hostile force that stifles it with taxes and impedes development.

Not surprisingly, with such simple arguments, the advantage in this discussion is more often on the side of liberal economists, and the neoliberal tendency to deregulate the economy is predominant in general.

The aim of the study is to find the optimal model of market transformation of Ukraine from the point of view, first of all, of determining in it the place and role of public administration.

For three decades now, economic policy in Ukraine has been based on the assumption that market relations will lead to more efficient allocation and use of its resources in production and, above all, human capital, to the development of its scientific and production potential, to technological modernization and structural adjustment economics.

The "mainstream" of modern economic thought - neoclassicism - just promises just such an effect of market forces. However, if, according to neoclassical ideas, market forces are able to automatically ensure the efficient use of resources, then the question is, why is human capital and the scientific and technological potential of Ukraine used only to a small extent?

In this regard, the neoinstitutional approach has proved to be much more realistic than the neoclassical methodology [1, p.202-210, 2, p.112-122, 3, p.127-134].

However, paying tribute to the technique of neo-institutional analysis, it should be noted at the same time that the final conclusions and practical recommendations obtained with its help for the post-Soviet economy cannot be considered satisfactory.

In essence, neoinstitutional theory tells us that the low level of institutional development of post-Soviet society and, above all, the extremely low level of protection and specification of property rights, the prevalence of opportunistic behavior, etc., are to blame for our growing technological lag.

All this leads to an excessively high level of transaction costs that prevent the market mechanism from ensuring the efficient allocation and use of resources in production [4, p.407-415, 5, p.232-242, 6, p.175-177].

What to do? Calmly, slowly, to improve formal institutions, wait until after formal norms of behavior informal norms change for the better, they change so much that they no longer restrain the technological development of the economy.

The main thing is to develop private property, learn to respect, specify and protect property rights. If property rights are properly specified and protected, the allocation of resources in production will improve in full accordance with Coase's theorem, and then, by a wave of a magic wand, new horizons of structural restructuring of the economy will open. In this expectant position, the essence of the neoinstitutional approach to the analysis of the post-Soviet economy is [7, p.288-291, 8, p.212-219].

However, one should not forget that the West has for centuries moved towards the modern level of its institutional development. And, apparently, this process will take us more not one decade.

To expect this means to condemn yourself to an ever-growing technological lag, not only from European, but also from many Asian countries. By the time we possibly reach the required level of protection and specification of property rights, the technological gap may already be almost irreversible.

Meanwhile, the objective need for market transformations was precisely determined initially, primarily by the inability of the command and administrative system to solve the fundamental strategic task of technological modernization and structural adjustment of the economy.

This objective need for technological modernization predetermined the end of the Soviet system. But even the subsequent market transformation failed to solve this problem. The main problem that market reforms were called upon to solve remains essentially unresolved.

In history, much always depends on the subject. If there is a subject of historical development, the country breaks ahead, like China, if not, it is degrading. The subjective factor is a necessary link in the chain of historical events: if it falls out, then the whole chain of events collapses and the movement can change its orientation to the opposite.

In this regard, the most significant comparison of the experience of Ukraine and China. In China, the subjective factor has organically integrated into the objectively necessary chain of events, and the country is rapidly moving along the ascending line of historical development.

On the contrary, in Ukraine there is no subjective factor objectively necessary for the country's development, and the country continues to follow a downward historical line in the direction of further economic degradation. This is a typical example of a country in which there are no actors and driving forces of economic development along the path of technological modernization and structural adjustment of production.

When considering the process of market transformation in Ukraine from the angle of the ratio of subjective and objective factors, one should not forget that classical capitalism is characterized by an object-subjective development model in which economic actors act as agents of the objectified, alienated from them and opposing their own production relationship.

In contrast to the modern subject-object model, such a classical model of capitalist development, in principle, does not need a collective historical subject, since everything happens spontaneously under the influence of market forces that have broken free.

However, to XXI Art. such a development model is becoming obsolete. China clearly demonstrates to the whole world the advantages of a subject-object development model in which society acts as a collective historical subject. Moreover, the subject-object principle of the Chinese model may well become relevant for the American economy.

This, of course, is not about the eastern specifics of the Chinese version, but about the very principle of the subject-object model of controlled development. Thus, if the dominance of object-subject relations is the past, and free subject-subject communication, immanent in creativity, is the future, then today, in XX1 century the subject-object model of development becomes objectively necessary.

But, unfortunately, Ukraine is still beyond the bounds of this main historical trend. It found itself on the most remote side of the historical process - among the poorest countries of peripheral capitalism.

According to the World Bank, Ukraine is the world leader in the fall of GDP for 1991–2015. Over this period, the country's GDP has declined by 35%. There is no such fall in any state in the world. The following places in terms of GDP decline over the same period were distributed as follows: Moldova (–29%), Georgia (–14%), Zimbabwe (–2.3%), South Africa (–0.94%). In 2017, in terms of GDP per capita ($ 2,190), Ukraine was at the level of Honduras ($ 2,200), or 20% lower than in 1990, and became the poorest country in Europe[9, p. 15-17].

If we extrapolate the average growth rate of per capita GDP of Ukraine and neighboring countries (Poland, Romania and Turkey) for 2015–2017 until 2030, the picture remains the same, that is, there is at least a twofold lag in our state for this indicator. In order to catch up with its closest neighbors, Ukraine needs the growth rate of GDP, as in China, that is, an average of 7% per year over the entire period until 2030 [10].

The reasons for Ukraine’s economic lag should be sought not only in the politics of this or that government or president, not only in their competence or incompetence, but, first of all, in the complete inadequacy of the very model of market transformation imposed on Ukraine.

This is not a model of the XX1st century at all, and it is quite natural that in modern conditions it does not work, because it cans no longer work. It is closest to the classical model of market transformation of an object-subject type, which was characteristic of England the century before last.

And if Ukraine does not replace this long the aging model of market transformation, moving to the modern subject-object model of controlled development, it risks long staying one of the most backward countries of peripheral capitalism.

A categorical analysis of these processes also requires full consideration of the methodological distinction between the formal and real sides of market transformation. If the formal side is associated with a change in economic relations that form the social form of production, the real side is with the development of the productive forces that make up its technological content.

In carrying out this categorical distinction, it must be borne in mind that historically, market transformation and industrialization usually form the economic form and technological content of a single transformation process that takes place differently in different countries.

However, the post-Soviet market transformation has become a kind of «black swan» in relation to this organic unity. She broke the unity of the market form and industrial content of this transformational process, since it was accompanied by the de-industrialization of the post-Soviet economy.

Such deindustrialization is directly opposite in its direction to the process of industrialization, which previously constituted the usual content of real market transformation.

Thus, the market transformation of the post-Soviet economy has become a prime example of an exclusively formal market transformation. In contrast to the process of real market transformation, it is divorced from its industrial content and is accompanied, on the contrary, by the process of de-industrialization of the economy.

The main reason for the de-industrialization of the economy was the inadequacy of the chosen model of market transformation.

Ukraine preferred the liberal model of spontaneous transformation of the English type, rather than the subject-object model of controlled market transformation. Such a spontaneous model was characteristic of the advanced industrialization of England in the nineteenth century.

On the contrary, a model of controlled market transformation is needed for catching up industrialization. This was shown back in the X1X century. Friedrich Liszt, proposing the concept of educational protectionism in XX1 Art. Ukrainian experience has confirmed this need, but on the negative side.

He clearly demonstrated that in the context of catching up development, the spontaneous market transformation of the English type degenerates and acquires an exclusively formal character. This degenerate version of market transformation is accompanied by the destruction of the accumulated scientific and production potential in the process of de-industrialization of the economy [11, p. 5-8; 12, p. 7-11].

Thus, if for England the nineteenth century, the object-subjective in nature spontaneous model was a model of real market transformation, which was accompanied by the process of industrialization of the economy, then to XX1 Art. it finally degenerated and turned into its opposite. This is a neoliberal model of formal market transformation, which is accompanied by a process of de-industrialization of the economy of post-socialist countries.

And although such a neoliberal model of market transformation is spontaneous in nature and this makes it similar to the classic English version of liberal market transformation, at the same time, they in a sense act as opposites, since the classical English model was still a model of real market transformation.

In the process of spontaneous market transformation, she created an adequate technological basis for an industrial society. On the contrary, the neoliberal model of formal market transformation does not create, but destroys, the industrial technological basis.

Thus, in order to transition from a formal to a real market transformation, Ukraine needs a subject-object model of controlled development, which involves the conscious use by the state of the objective economic laws of capitalism.

The main conclusion is that at this stage of historical development, the subject-object model of controlled development becomes dominant, when society, acting as a single collective subject, consciously uses the objective economic laws of capitalism to develop its productive forces.

The key condition for the model of controlled market transformation is the control of society over the state. It is this control that mediates the conscious use of market relations by society. Forms of public control over the state are quite diverse.

For example, while China is characterized by a party form of such control, then other, non-partisan, and much more democratic forms of control have developed in European countries.

In this regard, Ukraine is still in transition. The party form of control has long ceased to exist, and the more modern democratic forms inherent in European countries have not yet developed, and as a result, virtually no mechanisms for control of society over the state.

In many ways, this is why Ukraine is characterized not by a modern subject-object model of controlled market transformation, but by a liberal object-subject model of the English type, which was inherent in England in the 19th century.

It has long been outdated, and in modern conditions does not lead to spontaneous industrialization, but, on the contrary, to de-industrialization of the economy. This suggests the need for a transition to the model of the subject-object type. This model is necessarily based on some form of public control over the state.

Thus, the control of society over the state acts as a political and economic category and is organically included in the subject of economic theory as a theoretical reflection of the historical need for a transition to a modern model of market transformation.

To some extent, the actual absence at the national level of a subject-object model of market transformation management in Ukraine can be offset by its partial implementation at the local level.

We are talking about the possibility of creating a model of conscious use of market relations for local economic development through public administration and administration at the level of territorial communities.

Within the framework of the subject-object model of the territorial management of market relations, local authorities should deal not only with purely domestic issues, but also with a wider range of economic problems associated with the conscious use of market relations for the development of the territory.

This shows that not only the national, but also the territorial level of public administration should enter directly into the subject of modern economic theory.

Since the mechanisms of society's control over the state do not work at the national level, similar mechanisms should be created at the local level of territorial communities and act as institutions of local economic development.

Thus, the dominance in Ukraine of an obsolete object-subject model of market transformation can be contrasted with a modern subject-object model of public management of market transformation at the level of territorial communities, since this model is in principle applicable at any level of management [12, p.3-18].

Thus, if in the long run the evolution of a highly developed economy leads in the direction of the transition to the dominance of a free subject-subject communication, immanent in creativity, then at this historical stage, characteristic of the first decades of the 21st century, the subject-object principle represented by the model of controlled transformation becomes dominant.

At present, when Ukraine is in a kind of "bifurcation point", from which it can move on in several mutually exclusive directions, the importance of economic science, which is called upon to actively influence social choice, is growing sharply.

Moreover, in the future it is impossible to exclude collisions of opposing factors that determine public policy. Some of them can contribute to the creation of a modern system of managed development (for example, the consistent implementation of a program to combat corruption and crime), while others (primarily related to economic liberalism), on the contrary, can significantly impede the creation of such a model that assumes an active role of government economic development. Under these conditions, economic science should offer such options for the state's economic strategy that best meet the objective needs of the development of the country's productive forces.

The search for a solution to this strategic problem inevitably rests against the problem traditional for economic science: an empirical verification of the initial premises and final conclusions of the theory.

At first glance, it’s really strange: if only the facts decide the fate of the theory, then why not check its initial position? However, the argument for solving this problem is stable.

First, direct verification of the premises is not always possible. Secondly, and this is the main thing, the theory differs from a simple description in that it explains “a lot of things”, that is, it extracts general and decisive elements from a host of complex and detailed circumstances.

Therefore, the initial premises are not realistic at all. Moreover, “the more important the theory, the more unrealistic (in this sense) the premises” [13, p.3-43].

The basis of this methodological concept is popperianism and instrumentalism. The doctrine of instrumentalism allows the use of arbitrarily far from reality and even mutually exclusive assumptions, as long as they give empirically meaningful conclusions.

Such a concept of the method generally removes objections to the entire traditional set of neoclassical postulates. Separate discussions of the realism of the object-subject model and its transformation, as well as other issues are not allowed. The theory based on them can only be evaluated as a whole.

Moreover, the solution to the question of its empirical validity is completely transferred from the sphere of initial premises to the region of final conclusions and predictions.

Thus, the problem is transferred to the plane of the relationship between public administration and market self-regulation of the economy. This problem has consistently passed through the entire history of economic science. The whole development of economic thought, starting with mercantilism, appears from this point of view as a struggle between economic liberalism and supporters of active public administration.

As you know, mercantilism at one time served as the rationale for an active protectionist state policy. On the contrary, the classical school that replaced it was equally consistent in upholding the principles of economic liberalism and free trade.

Then neoclassicism came into play, remaining the “mainstream” of economic thought to this day. The neoclassical trend continued to develop the principles of economic liberalism dating back to the classical school, relying on the new analysis technique associated with the use of limit values.

However, the dominance of neoclassical liberalism has never been either undivided or continuous. Almost simultaneously with neoclassicism, an institutional direction was formed that consistently opposed economic liberalism. Of particular importance should be given to Keynes, who deduced the theoretical legacy of the Great Depression.

For several decades, neoclassic went out of fashion and began to revive little by little only thanks to "neoclassical synthesis", that is, due to its forced alliance with Keynesianism. This went on until the neoliberal wave that swept through economic theory in the 70s and 80s, which continues to this day. But, although this wave brought to the surface a whole series of new liberal trends, neoclassicism still remains today the main stronghold of economic liberalism.

Even such a brief digression into the history of the struggle between two opposing approaches allows us to catch a peculiar “cycle” in the development of economic theory, associated with the repeated change of opposing approaches to public management of the economy.

Moreover, the periods of this “eternal return” are gradually shrinking. Mercantilism dominated for several centuries, classical liberalism for about one century, Keynesianism for about 40 years, the neoliberal wave has been going on for more than 40 years.

We see, therefore, that the struggle between opposing approaches to public administration permeates the entire course of development of economic thought over many centuries. However, despite the ongoing confrontation, all these theories have something essentially common.

None of these areas, both liberal and regulatory, have ever linked the problem of plan and market, the problem of centralization and decentralization with the delimitation of two different mechanisms in a single economic system - the development mechanism and the functioning mechanism of the economy.

Economic theory has never tried to link the problem of centralization and decentralization with the problem of distinguishing between the functioning and development of the economy with one another.

We see, therefore, that the struggle between opposing approaches to public management of the economy permeates the entire course of development of economic thought for many centuries. In this regard, the question naturally arises of at what stage in the development of such a peculiar historical cycle is the modern era.

For Ukraine, the answer to this difficult question is fundamentally important from the point of view of choosing the model of economic management that best meets the needs of modern development.

Extensive scientific and educational literature, covering a wide range of both theoretical and practical aspects of these problems, is devoted to issues of public administration and market self-regulation of the economy. However, under the influence of the neoclassical trend, the central place in this literature is often occupied by the construction of purely conventional non-historical models of market relations, claiming a universal character for all times and peoples.

Neoclassicism began by rooting the word “political” from the name of economic theory. However, in the twentieth century the situation has changed dramatically.

The monopolistic dominance of large corporations led to the erosion of the spontaneous mechanism of market self-regulation, and this caused the objective need to strengthen government intervention in the economy. This need was most clearly manifested during the years of the Great Depression, the answer to which was the Keynesian model of state regulation of a market economy.

The neoclassicist succeeded in outwardly elegantly assimilating this theory of state regulation generated by the “Keynesian revolution”, interpreting it as a special case of a more general equilibrium model (the specifics of this particular case were explained primarily by the rigidity of wages and prices) [14, p. 45-63].

Thanks to this logical assimilation, it became possible to combine neoclassical microeconomics and Keynesian macroeconomics through “neoclassical synthesis”. Thus, “economics”, incorporating the Keynesian theory of state regulation, actually again turned in its content into political economy, although it did not regain its former name [15, p. 173-181].

However, many methodological problems of such an outwardly majestic “neoclassical synthesis” remained unresolved, and as a result he was sharply criticized on both sides.

As a result, the analysis of the laws of the historical evolution of public administration and market self-regulation is in fact taken beyond the boundaries of economic theory.

This circumstance cannot but hinder the scientific substantiation of the management model that is currently objectively necessary for the sustainable development of the national economy.

Therefore, the most important scientific task of the article is an attempt to understand the intrinsic regular nature of historical changes associated with the evolution of public management of the economy and outline methodological approaches to their categorical reflection in economic theory.

The search for such methodological approaches is based primarily on the principle of historicism in the analysis of economics, according to which objective economic laws and the corresponding principles of public policy are largely specific for each given historical era.

But perhaps economic theory did not do this simply because this cannot be done at all? One of the goals of this study is precisely the search for the answer to this question.

Modern economic theory is inclined to consider the economic system simply as obvious, directly given, taken for granted, not causing any problems, the unity of functioning and development.

Such tacit ignoring of the hidden, latent in the bosom of the economic system potential opposition of the functioning mechanism and the development mechanism has become for the classical and neoclassical theory as firmly rooted before A. Smith as an intellectual tradition, which, for German philosophy, has become, on the contrary, a tendency to sharpen the antithesis of becoming and becoming.

Therefore, the exacerbation of this contradiction can be used as a very effective methodological "antidote." This is an excellent remedy against ignoring the potential antithesis between the mechanism of functioning and the mechanism of development.

It should be noted that this contradiction is traditionally used in economic theory as an instrument of “complications” of this issue.

This approach allows you to take a fresh look at concepts such as the functioning and development of the economic system. In this case, becoming and becoming appear as the functioning and development of the economy and form, although connected together, but still opposite poles of a single economic system.

This approach opens up a methodological opportunity to consider the differences and contradictions between the functioning mechanism and the development mechanism within the same economic system.

With this methodological approach to the analysis of the economic system, it turns out that the mechanism of its functioning and the mechanism of development, in principle, can be completely different and even in a sense opposite to each other. But even if they act as opposites, this does not at all prevent them from drawing together a single economic system.

The bifurcation of a single economic system, the separation of two different and even opposing mechanisms in it, opens up new possibilities for economic analysis.

First of all, the question arises as to whether this contradiction between functioning and development cannot be considered as a powerful potential "source of energy" for the economic movement. It may be that not only unity, but also the opposite of these two poles of the economic system are important for a quick advance.

On this path, the possibilities of a fundamentally new methodological approach to such a traditional economic problem as the relationship between plan and market, centralization and decentralization are opening up.

There is an opportunity, as already noted, to line up and connect such pairs of opposites as development-functioning, on the one hand, and centralization-decentralization, on the other.

Thanks to this, the emerging method of analyzing the economic system from the very beginning acquires a distinctly expressed applied value.

From these positions, first of all, the possibility of a slightly different interpretation of the stagnation and bureaucratic necrosis of the Soviet public wah. It turns out that this ossification can well be connected with the fact that not only development was centralized, but also the functioning of the economy.

After all, enterprises not only were created, but also worked according to a single national economic plan. However, the centralization of development in itself does not necessarily lead to such bureaucratic ossification. This happens only when it is combined not with the market, but with the command and administrative mechanism of the functioning of the economy.

On the contrary, if centralized development is combined with market, decentralized functioning, then such a "thermonuclear" synthesis of opposites can overcome not only bureaucratic necrosis, but also reduce the economic and technological lag in the long run.

The collapse of the Soviet system meant only the first step towards overcoming this administrative-command, bureaucratic necrosis and its corresponding growing lag behind developed countries. This is only the first, preliminary, formal stage of market transformation, the stage of destruction of the inert command and administrative system.

But in itself, this stage of transformation is not capable of solving the problem of including technological changes in that global stream of technology, from which Soviet society almost fell out.

As a result, the entire market transformation of the economy appears to be somehow emasculated, devoid of real technological content. And it may seem that market reforms were idle, that all these economic shocks do not have real historical meaning.

However, in reality this is not entirely true. Market transformation can take on a really deep historical meaning, but only as a prerequisite, as a prerequisite for subsequent technological modernization and structural adjustment of the economy.

In order to move from the formal transformations of social relations to the real development of productive forces, one needs to add another “floor” over a single-level investment system. This means a transition from the formal to the real stage of transformation, designed to overcome the growing economic lag of Ukraine.

Thus, market transformation involves two steps. The first, mainly formal stage, associated primarily with a change in production relations means the creation of a single-level investment system.

The second, mainly real stage, necessary for the accelerated development of productive forces, requires the conscious construction of the second level of the investment system.

Now in Ukraine, a critical moment has come for the transition from a single-level to a two-level investment system, which is necessary for technological modernization and structural adjustment of the economy.

A two-tier investment system involves the bifurcation of a single economic mechanism. In a single system, on the one hand, the development mechanism is distinguished, and on the other, the mechanism of economic functioning. Essentially, the question is whether centralized development can be effectively combined with the decentralized functioning of the economy.

This is not a purely speculative question. He captures the very essence of the history of the twentieth century. As you know, the Soviet system made it possible to systematically accumulate scientific and production potential, but could not ensure its effective use due to the lack of a market mechanism for the functioning of the economy[16, c.212-214] .

Opportunities for systematic development here could not be fully exploited due to an ineffective mechanism for the functioning of the economy. The Soviet economy could grow, but was not able to function effectively. This contradiction completely discounted the growth and made it purely quantitative.

On the other hand, a market system can provide a more efficient functioning of the economy. The resources that she uses, she really spends efficiently, and not wasted. But with the development here, not everything is so smooth.

Keynes emphasized the capricious, unstable nature of private investment. He regarded them as the most important source of macroeconomic instability. The instability of private investments, their danger to the economy, depending on the change in the mood of entrepreneurs and, consequently, on the whole complex range of their psychological experiences, is known to have caused Keynes the most anxiety.

This volatility of private investment is a significant disadvantage of a decentralized mode of development. Here, too, there is a contradiction between the functioning and development of the economy.

Being a way of efficient functioning, decentralization at the same time may by no means provide equally effective development. This means that a decentralized investment system inherent in a single-level market economy has not only advantages, but also disadvantages.

It is not necessary to reproduce it with us, especially when Ukraine faces the problem of technological modernization and structural adjustment of the economy.

As time goes on, and the problem of technological modernization of the country remains unresolved, the doubt is growing that in this matter one can completely rely on private investment. It is becoming increasingly apparent that it is in this respect that private investment does not justify the hopes that were originally assigned to them.

On the other hand, the Soviet practice of centralized investment has so discredited itself that it makes no sense to talk about returning to it in its previous form. Thus, it is completely obvious that neither purely private nor purely public investments taken separately from each other, nor even their simple mechanical combination, are capable of themselves becoming the basis of technological modernization and structural restructuring of the post-Soviet economy.

The problem, therefore, is to find some other, more organic way of combining them, allowing them to be firmly connected into such a single, continuously working system that would be able to provide modernization.

This system can work effectively only if it provides a continuous mutual transition of centralized investments to decentralize and vice versa. The same value, the same invested capital, or, as J. B. Clark said, capital-fund, must continuously put on and discard in the process of its circulation either a form of centralized or a form of decentralized investment.

This continuous circuit is the main idea of a two-level market system. In a two-tier market economy, the main thing is not parallel or joint implementation of centralized and decentralized investments, but their “vertical”, inter-level mutual transition, which is a closed circular cycle of the circulation of centralized capital.

The very idea of a two-tier market system is extremely simple. The upper level is centralized financing of the process of creating new enterprises, primarily in high-tech industries that determine scientific and technological progress.

But these high-tech enterprises are not just being created. They are created as goods - for sale in private hands. Their sale is necessary primarily so that they can then function effectively on a market basis.

Such centralized financing of the creation or modernization of enterprises for subsequent sale in private hands forms the second, upper level of the investment system, built on top of the first level. The sale of new or modernized enterprises links the upper and lower levels into a single investment system.

In such a system, the upper level provides centralized development, and the lower - the market functioning of the economy.

It should be noted that over-entrepreneurship includes not only the creation of new enterprises, but also the centralized modernization of enterprises for their subsequent resale. We can observe the embryos of super-entrepreneurship today in the so-called “business trade”, when an enterprise is bought, modernized, and then sold at a higher price.

World practice shows that such a "business trade" is a successfully developing segment of the modern market. This type of activity has developed a specific type of entrepreneur and has become a socially important sector of the modern market economy, the importance of which is determined by the speed with which it carries out technological renewal of production. In the future, speaking of new enterprises, we will also mean updated, modernized enterprises, and by the creation of new enterprises we will also mean the modernization of existing ones.

At the beginning of the eighteenth century, R. Cantillon noted the connection of entrepreneurship with risk and uncertainty. It was he who introduced the concept of an entrepreneur in the economic literature, thus designating a person who buys at a known price, and sells at an unknown price and, as a result, assumes risk. From this point of view, over-entrepreneurship, despite the centralization of investments, means an activity no less market-oriented in nature than ordinary business.

After all, enterprises are created as goods - for sale in the relevant market at an unknown price in advance. This price will depend on how new enterprises begin to work.

Therefore, the upper, over-entrepreneurial level of the system turns out to be no less market and “commodity” than the lower, entrepreneurial level. Thus, over-entrepreneurship means not just a two-tier economy, but a two-tier market economy.

Money received from the sale of enterprises is again invested in the creation of new enterprises. Therefore, there is no need to invest new funds each time. Once enough with create such a centralized development fund, and due to its constant circulation, it is able to ensure the technological development of the economy for a long time.

In fact, the point is that a specially created development institute should actively participate in financing the creation of new high-tech enterprises, and then, when they begin to work, sell their shares to private investors. The implementation of these blocks of shares just means the simultaneous transformation, on the one hand, of centralized investments into decentralized, and on the other, the transition of these decentralized investments into new centralized investments.

Money coming from secondary, decentralized investments is used to finance more and more primary, centralized investments. This ensures a closed circular cycle of the functioning of a two-level structure.

Of course, the possibility of reducing the cost of centralized capital cannot be completely excluded, just as a certain probability of choosing unsuccessful primary investment options cannot be excluded.

Such failures are natural in any system (as you know three out of five newly organized American enterprises in the first year of activity go bankrupt). But this decrease in the cost of capital may be blocked by its subsequent increase if the selected areas of technological modernization are timely adjusted. In this case, even a decrease in the cost of capital can play a positive role.

This value is capable of playing the role of a very sensitive and clear market indicator, which allows us to find those areas of high technology in which the country can gain competitive advantages using the “trial and error” method.

In a sense, over-entrepreneurship is reminiscent of a game of assumptions and rebuttals characteristic of modern science. If the selling price of the enterprise is lower than the costs, then the initial assumption is refuted. Thus, unprofitable and unprofitable investments serve as a kind of feedback signals refuting earlier assumptions. Of course, such signals are also received by private investors.

However, what is deadly for a private entrepreneur may be useful for over-entrepreneurship. This is a kind of “reconnaissance in battle,” which signals that the directions of technological development of the economy have been chosen incorrectly and they need to be promptly corrected.

Thus, a two-level system is capable of providing truly scientific, in the modern sense of the word, management of economic development, based not so much on a priori "feasibility studies" as on objective verifiability and fundamental refutability of the assumptions made.

Such a system, as it were, synthesizes the Soviet and post-Soviet periods of our history in itself when removed. In the process of its functioning, it constantly reproduces some essential features characteristic, on the one hand, for the Soviet economy when industrial enterprises were built and grew, and, on the other hand, for the post-Soviet period when these enterprises were hastily privatized.

However, it should be noted that such a historical association is somewhat superficial. The scheme of a two-level market system really synthesizes the Soviet and post-Soviet experience, but this is precisely the Hegelian synthesis of opposites, and not just the mechanical combination of dissimilar elements.

Although the sale of shares in private hands may be associated with ordinary privatization, such an analogy is too arbitrary. It is, first of all, about the most technical, technological and organizational level of enterprises created for the subsequent sale.

Most Soviet enterprises were built and equipped several decades ago. Already at that time, technology, technology and organization on many of them did not correspond to the world level, and by the 90s, when their privatization unfolded; they were completely out of date. It is therefore not surprising that it was very difficult to sell such hopelessly outdated manufacturing enterprises.

As for the new enterprises created in a two-tier market system, here the sale of shares at a rate favorable to the founders is not so problematic. Firstly, they are created from the very beginning as high-tech enterprises based on advanced, including imported machinery and technology.

For the most part, these can be small and medium-sized enterprises, not very similar to those clumsy giants that were created in Soviet times, and now are dying out like mammoths.

Super-entrepreneurship contributes primarily to the development of venture capital business, but on such a scale that in the aggregate is quite comparable to the “construction projects of the century”. And just as the industrialization of the 30s changed the face of the economy, making it what it actually remains today - the economy of giant factories and of many pipes, and reindustrialization, carried out through the mechanism of a two-level market system, can give the economy a completely different, more modern look, which can be associated not with the Soviet metallurgical giants, but with the “silicon valley”.

Secondly, these are precisely new, modern enterprises, and not factories built dozens of years ago. They are sold shortly after their creation and because of this; they simply do not have time to become obsolete. There is not the lag spanning several decades between creation and privatization that is characteristic of old Soviet enterprises.

The absence of a long time gap between creation and sale is very important not only technologically, but also economically. This creates an economic opportunity to directly compare the income from the sale of enterprises with the costs of their creation.

Thanks to this, a two-tier system limits the possibility of abuse.

There is a clear market criterion for checking the effectiveness of spending money, which Soviet centralized investments never had and could not have had. It does not have modern government spending.

This applies not only to the creation, but also to the sale of the enterprise. The official responsible for the project cannot afford to lower the sale price. If the price is lower than the amount of investments, the loss will be visible to the nearest penny.

This financial transparency makes selling more competitive than with ordinary privatization. For this reason alone, it becomes apparent that the analogy with the privatization of state-owned enterprises is much less meaningful than it might seem at first glance.

It should be emphasized that over-entrepreneurship not only does not crowd out private investment, but also contributes to it most actively. And it's not just words.

Firstly, the creation of enterprises for sale may involve financing not only from a centralized fund. Many co-investment schemes are possible here. For example, some of the funds invested by the entrepreneur himself - the initiator of the project and part comes from a centralized fund.

Then, when the enterprise is created and operates, this entrepreneur or other persons can redeem a block of shares from a centralized investor.

Secondly, enterprises are sold when they have already begun to work and demonstrate their effectiveness or inefficiency. Thus, the centralized fund assumes the “lion's share” of investment risk associated with the creation of enterprises, thereby freeing secondary investors from this risk. After all, it is one thing to buy already operating high-tech enterprises, and another thing is to create new ones ourselves.

It is clear that in the first case, the uncertainty and risk are much less, since it is already visible how the new enterprise works, it is clear whether the marketing forecasts are justified or not. And the effectiveness of his work depends on whether his shares will cost more or less than the amount of the initial investment.

In the first case, the founders will make a profit, in the second - a loss, but in any case, the risk of the initial investment lies with them.

In a two-tier market system, a significant part of this constituent risk is assumed by the central development institution. Acting as a co-founder, he reduces residual risk in this way.

Thus, it allows attracting both domestic and foreign private investors for secondary investments in new, but already functioning enterprises. Not only favorable conditions are being created, but also completely new completely modern facilities for attracting secondary investments, including foreign ones.

Therefore, over-entrepreneurship not only does not prevent the effective integration of the economy into the world economy, but, on the contrary, significantly contributes to attracting foreign investment, creating new high-tech facilities for this. In a situation where traditional industries that are most attractive for investment are already largely divided by large business, the massive creation of fundamentally new investment objects can be critical to attracting foreign capital to the country.

Thus, in a two-tier market economy, centralized investments act as a tool to stimulate decentralized investments, not only internal, but also external. Indeed, the creation of even a medium-sized enterprise, the more knowledge-intensive, a private investor in our conditions is rarely decided. And to buy a new, already operating enterprise is another matter.

Even if it works inefficiently, its inefficiency is already included in the selling price. Therefore, if an entrepreneur knows how to increase the efficiency of the enterprise, it may be beneficial for him to buy it.

So, the upper level of the system socializes and takes on the main share of innovative risk. Thus, two-tier market systems and provides redistribution of investment risk and uncertainty from the lower to the upper level of the system. This means that in relation to private business, over-entrepreneurship has a dual function.

On the one hand, it is intended to compensate for the insufficient activity of private business in high-tech, high-tech industries. On the other hand, taking on the main risk of creating new enterprises, over-entrepreneurship nevertheless, through their sale to private hands, contributes to drawing the business into such areas, without mastering which today, full-fledged technological modernization and structural adjustment of the economy are impossible.

It should also be emphasized that over-entrepreneurship not only does not lead to monopolism, but also can become a powerful factor in increasing competition. Indeed, centrally created new enterprises enter into competition with existing ones, and this strengthens the competitive nature of the economy.

Resources are constantly moving from old enterprises to new ones. Increased competition in resource markets. Improving their placement and use in production.

Their marginal productivity is growing. Accordingly, their payment rises. On the other hand, competition in product markets is intensifying.

This contributes to lowering or slowing down price increases, not to mention the higher technical level of production of new enterprises.

For example, a corporation may refuse to create an enterprise because of its competition with existing enterprises of the corporation. A private entrepreneur, already managing a functioning enterprise, can behave in the same way.

In this case, a contradiction arises between functioning and development. Functioning enterprises and their owners are not interested in creating new enterprises that can compete with them in the markets for resources and products. This is one of those contradictions, which is exactly what the over-entrepreneurship is called upon to resolve.

Over-entrepreneurship is possible not only at the national, but also at the regional or even city level. In the center of such a local two-tier system, there may be an appropriate development institution, for example, a city development bank created on a joint-stock basis.

He can finance the creation of high-tech enterprises, and then, when they begin to work, sell their shares to private investors. In principle, such an experiment is possible in any of the major cities that do not fully use their scientific and technological potential.

Thus, a two-tier market system removes many of the barriers that hinder economic development today. Moreover, its upper, super-entrepreneurial level is designed to guarantee technological development, and a decentralized level ensures the efficient use of accumulated scientific and production potential in the process of market functioning of the economy.

This combination of centralized technological development and decentralized functioning opens up new horizons for an economy with sufficiently developed human capital.

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5.2 Регулювання діяльності суб'єктів створення об'єднаних територіальних громад в контексті суспільних трансформацій: підходи до пошуку балансу інтересів

Серед різних напрямів суспільних трансформацій, які останні роки тривають в Україні, однією з найбільш показових реформ є децентралізація. Прогнозованими результатами процесу децентралізації є створення самодостатніх територіальних громад, які б володіли адміністративними, відповідними матеріальними, фінансовими, земельними, людськими ресурсами, об'єктами соціальної інфраструктури, необхідними для поліпшення забезпечення потреб громадян, оперативного та якісного надання їм базових соціальних та адміністративних послуг, створення умов для сталого розвитку відповідних територій, ефективнішого використання бюджетних коштів тощо. Не дивлячись на наявність певної нормативно-правової бази та адміністративного досвіду реформування, низку питань доводиться вирішувати у процесі реформи, реагуючи на виклики суспільних трансформацій, які відбуваються. Серед таких питань є регулювання діяльності суб'єктів створення об'єднаних територіальних громад, узгодження інтересів різних суб'єктів, подолання конфлікту інтересів та випрацювання підходів до вирішення балансу інтересів зацікавлених сторін.

Закон України «Про добровільне об'єднання територіальних громад» [7] (далі – Закон) заклав нову концептуальну основу територіальної організації