

unfair competition. Professional public bar associations, which develop and control conformity with rules of professional law ethics in the legal services market, direct their efforts towards fighting unfair competition. The most famous rules are international *IBA International Code of Ethics*, *ABA Model Rules of Professional Conduct*, *SRA Code of Conduct* and «The Rules of Attorney Ethics» affirmed by the Higher Qualification Bar Commission of the Cabinet of Ministry of Ukraine being more usual for a Ukrainian lawyer (ukrjurist.com, 2014; Venhryniak, 2015).

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## REFORMATION OF THE UKRAINIAN ECONOMY: WHAT'S WRONG?

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The issues of economic reformations in Ukraine are the everlasting ones. Independence gaining, Constitution adoption, «Orange» revolution, the conflict between president and prime-minister during the Yushchenko cadency, formation and breaking down of the Yanukovych regime, the Ukraine-European Union association agreement signature... The necessity to modernize domestic economy in the context of each of the above -mentioned political events has been considered as the axiom and has required public discussions of the reforms.

The developed market economy is always related with democracy. The only exception is so called «oil» countries, which leaders object the rule of a majority and manage the country by sharing rent payments on extracting and selling mineral resources. In case of Ukraine, orientation towards democracy also means orientation towards market economy rebuilding.

In the world rates of economic freedom, ease of doing business, economic growth, and other macroeconomic indexes, Ukrainian steps behind of the developed European, Asian and Latin American countries. So what's wrong with us? There are several reasons.

Firstly, the oligarchy structure of the domestic economy. Powerful business corporations tangled by offshore owners and presented by one or several beneficiaries (so-called oligarchs) are not interested in market competition. A phenomenon of oligarchy refers to combination of financial resources with political power or the influence for the purpose of the increase of their business profitability. As a result, economic struggle is focused not on competitiveness of produced goods, development of new markets and implementation of new technologies, production costs reduction, but on access to public funds. For instance, the electricity industry under market conditions seeks to reduce the costs of generation and transportation, as well as to new capacities development. Under the oligarchy regime, this business is built on preferences and advantages for producers, non-transparent mechanisms of tariffs calculation, restraining competition by restriction of free access to a market, unfair privatization of public enterprises, which generate and sell electricity.

Secondly, the absence of any strategy of market economy transformation. All economic reforms in Ukraine have always depended on its ideologists — politicians and scientists — the developers and promoters of those reforms. As a result, all the changes in economic principles of our country are considered as eclectic combination of different economic approaches: from libertarianity to socialism. Public property privatization was carried out on the principles of either liberal attempt to go out of an unusual area of social relations and enforce private owners to produce certain products or socialism, when the winner of privatization competition had to guarantee the set of onerous social liabilities. The same problem refers to the business law. One basic legal document for business — the Civil Code of Ukraine — is the liberal one, while the other — the Economic Code of Ukraine — is a «dream» for socialist and the supporter of command methods in economy.

Nevertheless, it's difficult to suspect governmental officials in socialist orientation. The manner of behavior, luxury lifestyle, combination of business and power show out that the political elite in Ukraine is far from ideas of asceticism and has no intentions to shift tax burden to the richest citizens — ideological concepts of each and every socialist and social democrat. Most of all, governmental

officials make attempts to create the image of patrons for average Ukrainians and keep economic resources, which generate corruption revenues, under control. It's rather illustrative that all the elections in Ukraine are held under left oriented slogans, while positions in public enterprises and the most «corrupted» ministers are strictly battled between winning fractions. The latest coalition negotiations demonstrate all the above-stated. Parties, which have so-called «golden share», try to convert their position not to the most important positions (for instance, the minister of economy, the vice-minister of European integration), but to the less public ones, invisible, but so delicious — positions of the minister of ecology or infrastructure.

And thirdly, the first two factors determine the absence of political will to do reforms. Political and economic elites (if this work can be used to characterize Ukrainian governmental officials) are interested to maintain the status quo. They feel their disability to compete under conditions of democracy and free market competition, being afraid to lose power and own business, which can function only in terms of «warm bath» — exclusive tax advantages, support from state budget funds, participation in uncompetitive public procurements (prospects for the ProZorro system and the similar ones are too undetermined), agreements to sell positions in election lists, ignoring public investigations and any enforcement activities, which injure the interests of influential political players.

Only solution of the above-mentioned problems can create a platform for efficient economic reforms. The author doubts that it's possible now, but stays confident that there is no other way.

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## **RENT-SEEKING AS AN OBSTACLE TO DEVELOPMENT OF THE LEGAL ECONOMY IN UKRAINE**

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During the past quarter century, a system of informal interaction between the business and the power has been gradually forming in our country. Obviously, it is considerably complicated to overcome this system. Nevertheless, the society should meet the challenge, because the future of Ukraine depends on a degree of effectiveness of fighting against corruption.