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Challenges of modern Ukrainian economy

Modern economy has a variety of fundamental economic issues to deal with. One of the central problems that Ukrainian economy faces every day is the discrepancy of needs and opportunities. And this problem affects both a poor student and an oligarch. But needs and opportunities are very different and needs usually prevail. What is more, the society often encounters the lack of resources such as money, time, skills, talents, etc. to meet the needs.

The main reason explaining why modern Ukrainian society cannot overcome the problem with the resource lack is oligarchic system of social and economic relations, which originated in the 90's and reached its peak at present. This system was created for strengthening the positions of the representatives of the highest echelon of the Ukrainian government and significantly enriched the narrow circle of businessmen. Subsequently, this system mutated from an oligarchic to an even more regressive oligarchic-bureaucratic model of governance where almost all the representatives of the administrative authorities are either direct protégés of oligarchic-financial groups or these groups control and manage them.

Another problem in the Ukrainian economy is the currency depreciation. Even the beginning of the year 2018 was not without regular financial surprises in Ukraine. In early January the hryvnia had dropped by 10% to 25 UAH/\$. By January 26 it reached 26.7 UAH. The US dollar disappeared in almost all currency exchange offices that was explained by the fact that the currency during the rate increase goes to the "black" bourse.

There are several reasons of the currency depreciation. Firstly, the pace of global economic development as a whole has slowed down. Therefore, the demand for the commodity groups typical for Ukraine such as grains, metals and chemicals has decreased. Secondly, all foreign banks working in Ukraine have started to convert their savings into hard currency and thus they provoked a strong demand for it. The third reason is uncertainty with the IMF cooperation. According to the agreement with the International Monetary Fund, 1.7 billion dollars were promised to be lent to Ukraine, and soon could be delivered to Ukraine's foreign exchange reserves. However, Ukraine already has an external debt of \$100 billion because of external loans of 2006-2008, as well as a debt to Russia that has reached the amount of \$ 3 billion. So, experts think that the situation in the Ukrainian exchange market will change as soon as the government solves all the problems with debts, resumes cooperation with the IMF and carries out radical reforms. In addition, solving the conflict with Donbass can be another positive moment for rehabilitation of the Ukrainian economy as well as political stability of the country. Because very few investors want to invest in a country where the war is going on.