

Міністерство освіти і науки України

Національний університет харчових технологій

**80 МІЖНАРОДНА НАУКОВА
КОНФЕРЕНЦІЯ
МОЛОДИХ УЧЕНИХ,
АСПІРАНТІВ І СТУДЕНТІВ**

*“Наукові здобутки молоді –
вирішенню проблем харчування людства
у ХХІ столітті”*

Частина 4

10–11 квітня 2014 р.

Київ НУХТ 2014

109. Importance of private ownership in the economy of Ukraine

Mariana Yarynovska, Nataliya Bozhok
National University of Food Technologies

Introduction: "The true foundation of republican government is the equal right of every citizen in his person and property and in their management." – Thomas Jefferson [1].

Dramatic transition to market economy and private property had the broad negative social consequences. The leading role in this process was played by rapid and outrageously unjust privatization of national property and by the ways it was distributed. As a result the phenomena of economic and/or property inequality, status inequality and inequality in access to various social benefits appeared in Ukrainian society. Political independence and transformational processes led to two phenomena. On the one hand, inequality relations have started development; on the other – scientists became aware that this phenomenon was part of scientific picture of the world [2].

Resources and methods: Many Ukrainian scientists also examined the issue of private property. Important representatives were: N. Bondarchuk, C. N. Azimov, M. Sybilov, V.I. Borisov, F. F. Butynetset. They made a great development in the study and improvement of private property in Ukraine. All their research and findings eventually boiled down to one idea: a system of well-defined, secure private property rights not only protects freedom, it also promotes economic performance and progress. The rule of law protecting life and property is necessary for the development of a free society [3]. When life and property are protected, social cooperation emerges and a nation of traders evolves into a capitalist economy. Private ownership makes men accountable for their actions. People are responsible for the costs they impose on others and can profit from the positive things they do for others. Private property rights provide the link between the rational use of resources and the rewards or penalties of the decision makers. Private ownership encourages owners to conserve for the future. The owner of property is an entrepreneur in the sense that he needs to predict future valuations that others will make and act accordingly. Whenever the estimated present value of using a resource in the future is greater than value of using the resource

currently, the resource will be preserved for the future. Since property is transferable in a market economy, it follows that the market value of the resource will increase in expectation of the projected increased future value of the resource [3].

Results: The institution of private property is based on the natural human desire and right to survive and pursue one's vision of happiness. The idea of "freedom under the law" is rooted in the property acquiring instinct and the need for safeguarding the possession of one's property. The body of law that has developed to protect ownership is based on the assumption that every rational man knows his interests best and should be permitted to pursue them. The implications of this argument are profound for our understanding of social organization. Private property rights are important to economic development because:

1. Recognized private property rights provide the legal certainty necessary for individuals to commit resources to ventures. The threat of confiscation, by either private individuals or public officials, undermines confidence in market activity and limits investment possibilities.

2. Clear property rights tend to make decision makers pay close attention to resource use and the discounted value of the future employment of scarce resources. Absent private property rights, economic actors will tend to be short-sighted in their decision making and not conserve resources over time.

3. Property rights are the basis of exchange and the extension of ownership to capital goods provides the basis for the development of financial markets that are essential for economic growth and development.

Conclusions: Private property is an integral part of the progressive development of Ukraine's economy, but it must be used efficiently. We observe in countries that encroach less on the private property rights of their citizens, people achieve higher per capita GDP's and longer life expectancies. The U.N. Human Development Index combines literacy and education with the above two measures and we again find that freer countries do better. Countries with more economic freedom also achieve higher GDP growth rates than those with less freedom. When a single country is looked at over time we can find that it grows fastest when it has the lowest levels of government interference. Despite measurement difficulties, all the evidence points in the same direction. People in countries that respect private property rights and allow a higher level of economic freedom are better able to satisfy human desires than those who live in countries that interfere more with citizens' private choices.

References:

1. Fukuda-Parr, S. (2001) Human Development Report 2001. New York N.Y.: United Nations Development Programme.
2. Y. Saenko, Y. Privalov, O. Trofymenko: Social inequality and why it matters for the economic and democratic development of Europe and its citizens: Ukraine. F. F. Butynets: Audit, 2002, p 31-35.
3. T. Zakharova: Private property in MODERN UKRAINIAN SOCIETY: Sociological Dimension, 2011, p 48-78.