

SPUR OF COMPETITION TO MEET ECONOMIC CRISIS

G. Tkachenko, *E-51*,
A.M.Dyadechko, *ELA*

It really happens so that only economic depression is able to make people think about the efficiency of their business. Gathering super-profits and setting unreal prices managers don't care about reserves of cost saving, becoming vulnerable to external factors and noncompetitive.

In case of external economic shock (growth of energy prices, exchange rates, sharp decrease in consumption) cost-side of economic activity plays a vital role.

Our empirical findings stress the role of competition in increasing efficiency of Ukrainian enterprises. Crisis can potentially make a positive impact on competition, imposing additional constraint to the process of market selection.

Our finding suggests that Ukrainian enterprises have a solid internal potential (in terms of capacity utilization and better employment management), therefore in the long run they will benefit from this economic crisis.

From the other side, based on our finding (relatively weak competition) we suggest to the government to provide support for "competition spur" in the direction of manufacturing enterprises, which play significant role in employment.

Also our computations stress the point that competition should be stimulated between domestic producers. Higher values of efficiency growth suggest that it is a right direction. Competition from imports is a bad direction in case of crisis, because productive laziness (which is perfectly substituted with efficient search for rent distribution) of our businessmen will strengthen the depression.

To support competition on the national level we suggest realizing of the following measures: providing of tax remissions to the most competitive producers, supporting innovations and subsidizing of the most efficient innovative projects through open competition, diffusion of the policy of attracting skilled workers with high educational level, realization of government projects through organizing competition credits at the interest rates.