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# ECONOMICS

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*Sociology*

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## Introduction

Transit success in post-socialist countries of Central Europe and Baltic countries are often explained by the long-term historical belonging to European culture. Their transit was reflected in mass consciousness as the return to habitual, established social order. Instead, East-European countries, and Ukraine in its post-soviet borders in particular, belonged only partially to this civilization area and had the experience of long-term stay in the Russian empire and Soviet Union. From the beginning of socio-economic transformation the institutional changes in Ukrainian economy were in correlation with its structure and branch prospect of its modernization, the direction of society development towards certain geo-

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## SOCIAL LEGITIMATION OF CAPITALISM IN UKRAINE: FROM SOCIO-CULTURAL PATH- DEPENDENCE TO RATIONALIZATION OF ECONOMIC SITUATION

**ABSTRACT** Differences in socio-cultural traditions of post-socialist societies leave their mark on the success in social legitimation of market transformations. The eight-year changes in preference factors of Ukraine population concerning ownership in economy are analyzed in the article. Objective characteristics of socio-economic situation, subjective characteristics of social status, locus of the control and democratic preferences, socio-cultural characteristics of macro-regional polarization and foreign-policy preferences were considered as determinants. The method of logistic regression based on the data of the survey of the Institute of Sociology, NAS of Ukraine, was used to ascertain the configuration of the influence of the factors. The analysis has certified a decrease of the influence of the foreign-policy factors of support of a certain economic system on the background of pronounced factors of economic situation. Social legitimation of capitalism in the post-soviet society passes through the process of substitution of traditionally set socio-cultural path-dependence by the value-rational comprehension of own interests of gaining socio-psychological subjectness.

economic formation and readiness of population to adapt to transformation consequences. In this context the attraction of path-dependence theory is expedient for understanding the problems of legitimation of new economic institutes (David, 1985; David, 2011). As a whole, this theory shows the dependence of introduction of new institutes on the influence of old ones, which restrain and block modernization initiatives. Modernization is often impossible because of socio-cultural traditions which hold development in the corresponding socio-cultural framework. Therewith, that is not always a direct indispensable dependence on equivalent institutes (influence of former economic institutes and new economic institutes) but exclusively occasional influence of the previous institutional system. This conception explains the mechanisms which reproduce the major features of the previous social system in the studies of transition economy (Nee, Cao, 1999).

The implementation of modernization reforms in such over-regulated economies as Ukrainian one needs liberalization of economic processes and destruction of system corruption which has resulted in formation of Ukrainian oligarchic-bureaucratic capitalism. Such reforms need some social foundation, citizens which would support actively and subsequently these transformations. Thus, there arises a question of social legitimation of the ownership system in economy and the factors which either block or favor this legitimation.

We tried to demonstrate in this paper how legitimacy of a certain economic system in the transit society is often connected with rather non-economic phenomena of consciousness. Economic preferences of people in such post-soviet society as the Ukrainian one closely interrelated with foreign-political identities, when legitimacy of a certain economic system is to be coordinated with corresponding historical and cultural examples of desirable path of the country development. In our case the question is that at the initial stage of transformation the attraction of the state or private capital to the economy control depends to a higher extent on socio-cultural restrictions of path-dependence, than on the objective state of an individual in economy. But in the course of time the economic consciousness of the individual is rationalized, and as a result the attitude to economic transformations begins to agree with his own social interests.

## **1. Theoretical Background**

An economic system is based on correlation of the attraction of government and private capital in economy regulation (Conklin, 1991). A socialist system is based on planned (command) economy, when means of production are state-owned property and government makes all decisions as to production and consumption of commodities and services. Capitalism foresees the use of market regulators and predominance of private capital, when the state influence in the economic sphere is reduced to minimum. The mixed system is characterized by availability of the market economy with considerable influence of the state on socio-economic development with the use of administrative levers with a considerable part of the state sector of economy.

A phenomenon of social legitimation may be treated as the process of appearance, formation and development of people's faith in legitimacy or lawfulness of a certain social system determined by various factors (Weber, 1964; Parsons, 1960). The development of theoretical interpretations of the nature of acceptance by people of the existence of private ownership was marked by the appearance of propositions concerning different forms of mediated legitimation of the latter. A direct object of legitimation is rather the production method, social order or institutional order of society, various forms of capital based on private ownership than the private ownership itself. The variants of private and state ownership in means of production as the alternative historical types of property appear as the basic socio-institutional foundations of antagonistic models of economic system and class structure.

There is a number of explanations as to formation peculiarities of social legitimation of the ownership system in economy, which may be formally reduced to three approaches: objectivist, subjectivist and culturological ones. Objectivist's approach is based on understanding of objective causation of socio-economic preferences. In particular, theorists of the historical materialism noticed the economic conditions of life, active drawing in private-ownership relations as the basis of people's reconciliation with private ownership, as well as ideology as a means of entertaining social acknowledgement and approval of private ownership (Marx, Engels, 1970, pp. 47-48). Beginning with the Marxist thesis "being determines consciousness" the vision of the economic conditions of an individual as a determining factor in forming his subjective world has gained a conceptual filling in the theory of value formation by R. Inglehart (Inglehart, 1971). The value shifts in population of Western countries in the 1960-70's – from materialist values of survival to post-materialist values of self-expression are explained by economic development that is satisfaction of material requirements. Further researches have proved that the dynamics of economy development takes influence on the spreading rate of post-materialist values (Inglehart, 1994).

The perception of state as the key economic agent and hence the existence of public interest to strengthening the state role in economy and extension of state ownership remains the major difference between post-socialist societies and developed countries of the world. As is known from the sixth wave (2010-2014) of the World Values Survey, people of most world countries prefer a balance of the private and state ownership (*Figure 1*). Orientation to the increase of the part of state ownership in economy (above 6 points) was mainly fixed in the developing countries. These are such post-socialist countries as Armenia, Poland, Russia, Ukraine and Kazakhstan. Orientation toward the increase of the part of private capital in economy (below 5 points) is observed only in some countries, mainly in developed ones. But there is no distinct difference in the question of the role of private capital and state in economy between developed and developing countries.

Preference of a certain economic system is derived from satisfaction of material requirements, income, education level, position in the labor market (Fidrmuc, 2000), age and gender factors (Brainerd, 1998). In market conditions an individual with high income will prefer a decrease of state interference in economy, since it will reduce taxation and will allow increasing his income. But it should be borne in mind that high income can be of the corruption origin or be connected with employment in the state sector, thus an individual with high income and corresponding social status will not invariably wish liberalization in the sphere of economic regulation. Hence the sector of individual's occupation is a significant criterion of differentiation of individual's attitude to the extent of state interference in economy. Besides, the level of education and age are the important objective conditions of adaptation to market conditions. In particular, well educated young people feel much more comfortable when staying in competitive surrounding of the market economy, while less educated and elderly people need more care on the part of the state.

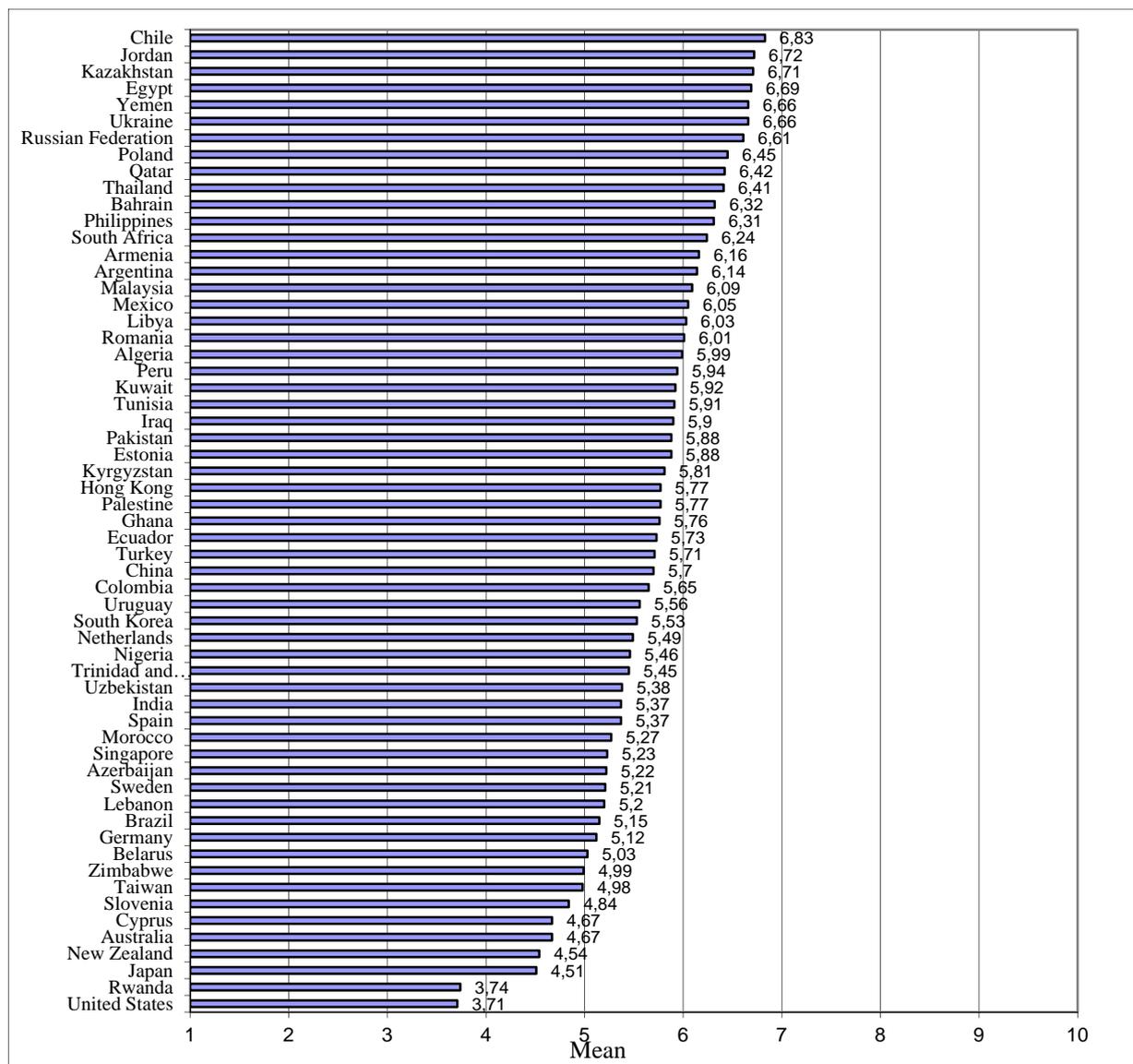


Figure 1. Private vs state ownership of business and industry should be increased, WVS 2010-2014: Indicated preference on a scale from 1 to 10. 1 is the strongest preference for private and 10 is the strongest preference for public ownership.

Source: Calculated by the author at: <http://www.worldvaluessurvey.org/WVSONline.jsp>.

A *subjectivist approach* reflects socio-psychological mechanisms of formation of legitimacy of economic system. The subjectivist approach is based on the interpretation of the leading role of a social actor in society. Legitimation of the economic capital proceeds by its conversion into symbolic capital and inverse reconversion, drawing to private-ownership practices, socialization of new generations (Bourdieu, 1990). In this case a system of individual's functional potentialities and demands becomes a central object of analysis. The acquisition of socio-psychological subjectness of population in conditions of transit is connected with individual's internality-externality in everyday life (Zlobina, 2004). Hence, the individual's treatment of a certain economic system is the result of his/her subjective evaluations of various aspects of the surrounding world. On the path of internalization of economic life the individual acquires cognitive knowledge concerning the features of economy functioning and norms of market interaction, irrespective of its socio-demographic characteristics (Duch, Palmer, 2004). Orientation to a certain model of the measure of

participation of the state and private capital in economy regulation is the result of individual's determination of his/her state in the system of economic relations and, first of all, property relations, established as a result of privatization processes (Panizza, Yanez, 2005; Graafland, Compen, 2012).

The question is not only in the direct individual drawing in these relations, but also in his attitude to the institute of private ownership, being a regulator of the economic behavior of an individual. In particular, the way of property acquisition in the post-communist society directs social stratification of an individual (Reznik, 2014). Property relations play an important part in individual's comprehension of his/her subjectness and control locus, since he/she determines his/her place in social hierarchy, ability to be socially independent or dependent. In particular, internality is a psychological dominant of individualist societies which are economically developed (Allen, Ng, Leiser, 2005). This problem takes on a particular tint in post-socialist countries, since it gets entangled not only with the economic life but also with everyday vital activity. Besides, the post-socialist transformations examine the individual's adaptivity to new socio-economic and political conditions. The successfulness or unsuccessfulness of such adaptation determines the sense of individual's orientation to economy model. As a consequence there arose the problem of legitimation of the results of privatization of industrial enterprises and land in public consciousness that was inevitably reflected on socio-economic orientations (Reznik, 2010, p. 452). The fully established picture is traced when private ownership of small enterprises is legitimate, while the private ownership of large enterprises and land – illegitimate (Golovakha, Panina, Parakhonska, 2011, p. 7).

In this instance the faith in democratic values is the important factor of market economy legitimation, since the support of market pluralism in post-socialist societies has gained an ideological tint. A series of investigations in the beginning of transformation in post-socialist countries has demonstrated that the support for democracy makes a very important contribution to the support for free-market reform (Duch, 1993; Miller, Hesli, Reisinger, 1994; Gibson, 1996). But in the further course of transit with a prevalence of traditional thinking of people the democracy became a symbol of total impoverishment and unsuccessful economic reforms. That was the ambivalence and sometimes anti-democratic character of political preferences of Ukrainian society which permitted forming the oligarchic-bureaucratic system of making political and economic decisions during the 1990-2010's. Paternalistic expectations of the majority of people were directed to socialist revenge, instead, the distinct democratic views connected the hope with potentialities of the market economy.

*Culturological approach* draws attention to interconnection of property relations and socio-cultural context of economic values of society. Socio-cultural context (with economic activity and economic institutions existing within its limits) is formed with certain structure of consciousness (values, ideas, system of beliefs). That may be the mediated mythological legitimation of the capitalist institutional system, inspired by religious images and symbols (Berger, 1986). This also concerns the situation of legitimation of private ownership of both economic and social institute. In particular, the attempts are made in the field of empirical localization of culture of a certain society by the criterion of treatment of private ownership within the limits of civilization binary dichotomy *West-East* (Hawrylyshyn 1980). A series of investigations has distinguished the existence of cultural influences and groups of countries which are different as to the favor for the system of ownership in economy (Huntington, 1996; Paldam, 2002; Bjørnskov, Paldam, 2012). The tradition of resistance to post-feudal privatization in certain territories of Russia in the early 20<sup>th</sup> century is recreated now in the form of the idea of revision of results of post-socialist privatization by population of these territories (Dower, Markevich, 2014).

Allowing for the above said, it remains unclear how these cultural influences are displayed in the countries with the existing influence of various civilization-value vectors. The existence of two historical identities in today's Ukraine is connected with the fact that the territory of the Western part and Centre (to a less extent) of the country remained under the control of European state formations and Catholic tradition since the Early Middle Ages. On these grounds the historical events were moving in such a way that the existence of the durable tradition of power monopoly was impossible, since different foreign subjects often changed the political belonging of the lands. Thus a negative treatment of state institutes by Ukrainians had been formed that became a problem in forming own statehood in the future. On the other hand, the long stay of the most part of Ukraine under the dominion of Russian monarchs and Soviet Union caused a considerable Russification both through the cultural influence and through migration processes, urbanization, when masses of ethnic Russians were moved to the East and South of Ukraine. Thus, there arose two incompatible identities – pro-European and pro-Russian (Eurasian) ones, which were the basis for formation of certainly united regional and ethno-lingual splits. The present resonance of these two identities has become visible not only in political preferences but also in economic orientations (Constant, Kahanec, Zimmermann, 2011). Here we are rather dealing with ethno-lingual preference of Ukraine population than with ethnic differences (Constant, Kahanec, Zimmermann, 2012). The pro-Russian identity, which includes the belonging to the south-eastern part of the country and orientation to rapprochement with Russia, is often connected with anti-market views. Instead, pro-Ukrainian orientation, distributed in the West and Center of Ukraine, is more loyal to the market model of economy and western vector of society development.

Thus, the review of literature has distinguished three approaches. But each of them either describes determinants of economic preferences in a broad sense, or is limited by the control of factors of its direction. Turning back to the problem of capitalism legitimation, we propose to consider this phenomenon in the context of rationalization of treatment of the economic system. Properly, M. Weber has initiated the scientific sociological use of such notions as legitimacy and legitimation in the process of reconstruction of his own theory of rationalization of society. He has distinguished four types of social action: goal oriented or instrumental rational action; value-oriented rational action; action based on affective or emotional motivations; and traditional action (Weber, 1978, pp. 22-26). Rationalization of the western capitalist societies is treated as the history of increase of the specific weight of goal-rational actions in different spheres of vital activity and exclusion of traditional and affective actions.

Our conception of legitimation of economic system in the transition society is based on the following scheme. The introduction of liberal market institutes faces the socio-cultural counteraction of traditional patterns of treatment of economic life. Legitimacy of socialist system was inseparable of the empire soviet identities. That is why the post-soviet renaissance of the Communist idea did not take a possibility of re-creation of planned economy in a separate democratic and independent republic of the former USSR. The leftist ideas correlated distinctly with positive attitude to integration with Russia. Hence, an individual correlated the taking of new institute with his own socio-cultural preferences and identities. In case of their agreement he perceived the market economy, in case of disagreement – did not perceive. But in the course of forced transit the involuntary understanding of new practices by the individual by subjectivation of new practices and values rationalized gradually his economic consciousness. In the course of time the individual began to correlate the understanding of market economy with his own interests, social status, and condition of the job market. However, the influence of the previous socio-cultural background is still an obstacle for rationalization of economic interests and formation of distinct economic values; that is why

capitalism legitimation is problematic in the post-soviet society even after more than 20 years of transformation.

That is why the following hypothesis has been formulated.

*Hypothesis I:* social legitimation of capitalism in the transition society passes through the process of substitution of traditionally set socio-cultural path-dependence by value-rational comprehension of its interests. In the post-soviet societies this process occurs in the form of the change of domination of foreign-political factors of support of a certain economic system over the factors of economic condition by acquiring socio-psychological subjectness.

## 2. Date and Method

A comparative analysis of the dynamics of attitude to the extent of the attraction of state or private capital to regulation of economy and its determinants was performed on the basis of the data of two national surveys. The first one is sociologic database of the national representative omnibus *Civil Thought in Ukraine – 2007*, performed by the Institute of Sociology of NAS of Ukraine in May 2007. The selective aggregate of the survey is 1800 persons and represents adult population of Ukraine (citizens from 18). Another one is the national survey of Ukraine population, conducted by the Institute of Sociology of NAS of Ukraine in collaboration with the Charity fund *Intellectual Prospect* June-July 2015 according to quota sampling representing adult population of Ukraine aged from 18. The survey was conducted in all regions of Ukraine (except for The Autonomous Republic of the Crimea annexed by Russia and occupied territories of the Donetsk and Luhans'k Regions) by the method of personal interview at places of residence of respondents. In total, 1802 persons were questioned. The sampling error does not exceed 2.3%.

In both cases, the sampling was three-tiered: stratified, random, and quota screening. In the first stage, places of residence (where surveys were conducted according to geographical region) were selected. In the second stage, specific postal addresses were chosen (at convenient highway routes and/or crossroads). In the third, respondents were chosen. The quota screening of respondents in the final stage allowed for proportions to be maintained with regard to every oblast (Region), size of settlement (city, town, village), sex, age, and education level typical of each region and of the type of settlement. Such an approach allows, during analysis, for the regrouping of Regions in relation to each Region's specific features and preferences when speaking about different problems without doing serious damage against misrepresenting a Region of any make-up.

The procedure of *World Values Survey* traces the population preferences concerning the system of ownership in economy according to 10-point scale. However such a procedure is problematic, since, in contrast to verbal scale, the limits of ranks in the digital scale are vague and almost merge with the neighboring sections; thus, such a correlation will have a certain error in determining the respondent's position as to the extent of the state or private capital drawing in the economy regulation. Besides, the respondents with undetermined position are left unattended. Instead, we proposed to study this problem following more distinct verbal procedure, when the question: "How, in your opinion, would we build the economy of Ukraine, acting in the interests of all the people?" had the following variants of answers: "1 – Only on the basis of state ownership; 2 – Mainly on the basis of state ownership; 3 – On the basis of state and private ownership; 4 – Mainly on the basis of private ownership; 5 – Only on the basis of private ownership; 6 – I find difficulty in replying, I don't know". Then, combining the rank variants (1-2; 4-5) of answers, four respondent's positions concerning the ownership system in economy were selected. Each position of a possible variant of functioning of the economic system was analyzed according to the dichotomy scale

(0-1). Accentuation on all peoples' interests supposes the restriction of egoistic motifs of individuals.

The following factors have been distinguished as independent variables: 1) objective characteristics of socio-economic position (age, education, economic status of the family, employment sector); 2) subjective characteristics (subjective social status, locus control over vital situations, expedience of multi-party system); 3) socio-cultural characteristics as representation of path-dependence (macroregional polarization; foreign-policy orientation).

*Age:* taken as the number of full years of life.

*Education:* with possible variants of reply "1 – primary, incomplete secondary; 2 – secondary general; 3 – secondary special (technical secondary school, specialized school, college); 4 – first step of higher education (bachelor); 5 – complete higher education (specialist, master, post-graduate study, scientific degree)".

*Financial position of a family.* In the array of 2007 financial position of the respondent's family was determined as based of the question "What category would you ascribe your family to as to its income level, welfare?" with possible variant of reply "1 – Impoverished; 2 – Poor; 3 – Somewhat below the average; 4 – With average income; 5 – Somewhat above the average; 6 – Well to do; 7 – Rich". In the database of 2015 the position of the respondent's family as based on the question "What was your family's financial position within the last 2-3 months?" with possible variants of reply "1 – Often have no money or food, beg sometimes; 2 – There is not enough food; 3 – Have money for food only; 4 – Enough for a meager living; 5 – Enough for all necessities but not for savings; 6 – Enough for all necessities, do manage to save; 7 – Live in full comfort".

*Employment sector:* fictitious dichotomic variable, acquiring the meaning 1 for those who have mentioned that they are working in the state sector; 0 – for those who are working in the private sector.

*Subjective social status.* In the array of 2007 the respondent's subjective social status was measured by the 10-point scale on the basis of the question "Imagine, that people with different social status are on the stairs of a certain staircase: the lowest stair (10) is occupied by those having the lowest position, the highest one (1) – by those having the highest position. On which stair would you place yourself? In the array of 2015 the respondent's subjective social status was measured by the 7-point scale on the basis of the question "Imagine a staircase with people on it; those in the lowest social position are at the bottom of the staircase, and those in the highest social position are at the top of the staircase. On which stair would you place yourself?"

*Control locus* was measured on the basis of the question "In your opinion what does your life depend on?" with possible variants of reply "1 – More on external conditions; 2 – Somewhat on me, but more on external conditions; 3 – The same on me and on external conditions; 4 – More on me than on external conditions; 5 – More on myself".

*Expediency of multi-party system* was measured on the basis of the question "In your opinion, does Ukraine need a multi-party system?" with possible variants of reply "1 – No; 2 – Difficult to answer; 3 – Yes".

*Macroregional polarization:* fictitious dichotomic variable which acquires meaning 1 for those who indicated their place of residence in the Western-Central region (Vinnytsia, Ternopil', Vinnytsia, Volyn', Zhytomyr, Zakarpattia, Ivano-Frankivs'k, Kyiv, Kirovohrad, Lviv, Poltava, Rivne, Sumy Khmelnyts'kyi, Cherkasy, Chernivtsi, Chernihiv Regions, and the city of Kyiv), and meaning 0 – for those who indicated their place of residence in the South-Eastern region (the Autonomous Republic of the Crimea, Dnipropetrovs'k, Donetsk, Zaporizhia, Luhans'k, Mykolaiv, Odesa, Kharkiv, Kherson Regions).

*Foreign-policy orientations:* measured on the basis of two questions "What is your attitude to the idea of Ukraine joining the union of Russia and Belarus?" and "What is your

attitude toward Ukraine joining the European Union?” with possible variants of reply “1 – More negative; 2 – Difficult to say; 3 – More positive”.

The method of binary logistic regression was used to clear up the suggested hypothesis concerning determination of orientation as regards participation of state and private capital in regulation of Ukraine’s economy. The method allows us to study the influence of the distinguished factors on the dependent dichotomic variable. To explain the influence of all factors we have analyzed the index Nagelkerke R Square which is a certain analogue of determination coefficient in the model of equation of linear regression which indicates part of influence of all model predictors on the dispersion of dependant variable.

The processing and statistical analysis of the data have been performed using the program package SPSS.

### 3. Results

Low support of the liberal model of economy and considerable support of mixed economy is absolutely clear. The desired parity of the state and private ownership in economy creates the illusion of the absence of a shift towards ideological extremes – socialism and capitalism. The same is with people, they mostly support the centrist ideologies and political parties, since the extreme positions dismay them. The case in point is not a comparison of the number of adherents of extremes, but a comparison of adherence to the function of only state ownership as the institutional system in the beginning of transformation on the one hand, and adherence to the pluralistic institutional system (functioning of the state and private ownership) or liberal economy based on the prevalence of private ownership, on the other hand. In this sense the eight-year dynamics (2007-2015) of responses to questions as to the desired form of ownership functioning in economy has undergone considerable changes (see *Table 1*). Thus, a comparison of views of Ukrainian people points to a decrease of legitimacy of the socialist system of economy (from 43.4% to 26.4%) and increase of legitimacy of mixed economy (from 37.6% to 45.8%). The support of prevalence of private ownership in economy has increased inconsiderably (from 8.6% to 11.4%).

Table 1. Distribution of answers to the question “How, in your opinion, would we build the economy of Ukraine, acting in the interests of all the people?”

| <i>Answer variants</i>                      | 2007 |      | 2015 |      |
|---|------|------|------|------|
|   | N    | %    | N    | %    |
| Only on the basis of state ownership        | 404  | 22.5 | 161  | 8.9  |
| Mainly on the basis of state ownership      | 374  | 20.8 | 314  | 17.5 |
| On the basis of state and private ownership | 674  | 37.6 | 825  | 45.8 |
| Mainly on the basis of private ownership    | 128  | 7.2  | 171  | 9.5  |
| Only on the basis of private ownership      | 25   | 1.4  | 32   | 1.8  |
| Difficult to answer, I don't know           | 189  | 10.5 | 298  | 16.5 |

*Source:* own research.

The derivation of equations of binary logistic regression of the factors effect on dependent dichotomic variables has revealed low meaning of Nagelkerke R Square indices (*Tables 2 and 3*). It is significant that in both cases the parts of dispersions are something larger concerning polar dependent variables than concerning the compromise and undetermined variables.

Table 2. Determinants of legitimation of economic system in Ukraine (2007)

| Independent variables   | Dependent variables             |   |                                   |                                   |
|---|---------------------------------|---|-----------------------------------|-----------------------------------|
|   | On the basis of state ownership | On the basis of state and private ownership | On the basis of private ownership | Difficult to answer, I don't know |
| <i>Objective factors</i>  |                                 |   |                                   |                                   |
| Age   | .008<br>(1.008)                 | -.002<br>(.998)                             | -.021*<br>(.979)                  | -.003<br>(.997)                   |
| Education   | .102<br>(1.107)                 | -.072<br>(.931)                             | .214*<br>(1.239)                  | -.269**<br>(.764)                 |
| Economic status of the family                                   | -.165<br>(.848)                 | .063<br>(1.065)                             | .199<br>(1.220)                   | .109<br>(1.115)                   |
| Employment in the sector of economy<br>(1= public; 0 = private) | .033<br>(1.034)                 | -.151<br>(.860)                             | .098<br>(1.102)                   | .248<br>(1.281)                   |
| <i>Subjective factors</i>                                       |                                 |   |                                   |                                   |
| Subjective social status  | .199***<br>(1.220)              | -.199***<br>(.820)                          | -.037<br>(.963)                   | .056<br>(1.058)                   |
| Locus of control  | -.025<br>(.976)                 | -.062<br>(.940)                             | .172<br>(1.188)                   | .071<br>(1.073)                   |
| Expedience of multi-party system                                | -.254**<br>(.776)               | .226**<br>(1.253)                           | .172<br>(1.188)                   | -.191<br>(.826)                   |
| <i>Socio-cultural factors</i>                                   |                                 |   |                                   |                                   |
| Macroregional division (1 = West/Center; 0 = South/East)        | .157<br>(1.170)                 | -.180<br>(.835)                             | .266<br>(1.305)                   | -.143<br>(.867)                   |
| The idea of joining the union of Russia and Belarus             | .483***<br>(1.622)              | -.072<br>(.930)                             | -.614***<br>(.541)                | -.293<br>(.746)                   |
| The idea of joining the European Union                          | -.207*<br>(.813)                | .236*<br>(1.266)                            | .184<br>(1.202)                   | -.240<br>(.786)                   |
| Constant  | -2.084<br>(.124)                | .589<br>(1.802)                             | -2.801<br>(.061)                  | -.871<br>(.419)                   |
| Nagelkerke R Square   | .130                            | .066  | .136                              | .041                              |

Note: Entries are B-coefficients with odds ratio (the exponentiation of the B-coefficients) in parentheses

\*p < .05. \*\* p < .01. \*\*\*p < .001

Source: own calculation.

Foreign-policy preferences, social status and treatment of the multi-party institution proved to be the key factors for lawfulness of economic system in the survey of 2007. At first sight, the fact that the understanding of the state as the key economic agent is recognized as the increase of social status, and the favor for mixed economy was determined by the decrease of the social status is a paradoxical one. The decrease of the social status is logically interrelated with paternalist expectations, while the increase of the social status of an individual should favor liberalization of his/her economic opinions. But an inverse tendency is observed there. Such phenomena are explained by the intensive influences of socio-cultural foundation of economic consciousness, when identity inhibits rational reflections. A distinct dependence of post-socialist views on the approval of Ukraine integration with Russia and on rejection of multi-party system evidences for the socio-cultural foundation of the economic system legitimation at this stage. Instead, the pro-capitalist views were determined by negative attitude to such foreign-policy prospect, young age and high education level, and support of the mixed economy was determined by adherence to multi-party system and orientation to Ukraine integration in the European Union. Undetermined position as to property domination in economy is first of all determined by low education level.

Table 3. Determinants of legitimation of economic system in Ukraine (2015)

| Independent variables  | Dependent variables             |   |                                   |                                   |
|--|---------------------------------|---|-----------------------------------|-----------------------------------|
|  | On the basis of state ownership | On the basis of state and private ownership | On the basis of private ownership | Difficult to answer, I don't know |
| <i>Objective factors</i>                                     |                                 |   |                                   |                                   |
| Age  | .016*<br>(1.016)                | -.004<br>(.996)                             | -.014<br>(.986)                   | -.002<br>(.998)                   |
| Education  | -.050<br>(.951)                 | .169**<br>(1.185)                           | .024<br>(1.024)                   | -.261**<br>(.770)                 |
| Economic status of the family                                | -.316**<br>(.729)               | .164*<br>(1.178)                            | -.047<br>(.954)                   | .171<br>(1.186)                   |
| Employment in the sector of economy (1= public; 0 = private) | .072<br>(1.075)                 | .140<br>(1.151)                             | -.765**<br>(.465)                 | .203<br>(1.225)                   |
| <i>Subjective factors</i>                                    |                                 |   |                                   |                                   |
| Subjective social status                                     | .216**<br>(1.241)               | -.218**<br>(.804)                           | .459***<br>(1.583)                | -.299**<br>(.742)                 |
| Locus of control   | -.220**<br>(.803)               | -.108<br>(.898)                             | .235*<br>(1.265)                  | .300**<br>(1.349)                 |
| Expedience of multi-party system                             | -.380***<br>(.684)              | .338***<br>(1.403)                          | .123<br>(1.131)                   | -.248*<br>(.780)                  |
| <i>Sociocultural factors</i>                                 |                                 |   |                                   |                                   |
| Macroregional division (1 = West/Center; 0 = South/East)     | -.458*<br>(.632)                | .041<br>(1.042)                             | .336<br>(1.399)                   | .320<br>(1.378)                   |
| The idea of joining the union of Russia and Belarus          | .275*<br>(1.316)                | -.123<br>(.884)                             | -.089<br>(.915)                   | -.158<br>(.854)                   |
| The idea of joining the European Union                       | .041<br>(1.042)                 | .007<br>(1.007)                             | .118<br>(1.126)                   | -.141<br>(.868)                   |
| Constant   | -.184<br>(.832)                 | -.676<br>(.509)                             | -4.131<br>(.016)                  | -.368<br>(.692)                   |
| Nagelkerke R Square  | .122                            | .068  | .119                              | .078                              |

Note: Entries are B-coefficients with odds ratio (the exponentiation of the B-coefficients) in parentheses

\*p < .05. \*\* p < .01. \*\*\*p < .001

Source: own calculation.

Eight-year dynamics has made certain corrections. In the regression equations of the survey of 2015 the factors of support of socialist system (besides the reproduced influences of high social status, pro-Russian and anti-democratic directions) were supplemented by the factors of external locus control, decrease of economic status of a family, increase of age and belonging to the south-eastern part of the country. The support of mixed economy was determined, besides the reproduced influence of pro-democratic directions and decrease of social status, by the increase of economic status of a family and level of education. And, at last, the support of of private capital domination in economy was determined by high social status, internal locus control and employment in the private sector of economy. It is of interest that in eight years the undetermined position is determined, besides the low education level, by low social status, internal locus control and rejection of multi-party system.

## Conclusions

Despite the fact that most East-European countries completed the post-communist transit in the 2000's, social transformation still continues in Ukrainian society. Such

backwardness is explained by socio-cultural limitations of legitimation of market institutes. The acceptance of these institutes depended not only on the sensation of efficiency of economic reforms, but also on the reflection of foreign-policy and democratic preferences. A decrease of the influence of these socio-cultural limitations in Ukrainian society is accompanied by dramatic results of the struggle against the empire expansion of Russia in the East of Ukraine, which is a certain continuation of the Revolution of Dignity of 2013-2014. War accelerates, as a rule, the rationalization of consciousness, ruins illusions and makes individual and group interests of people more distinct. The prospect of legitimation of liberal capitalism mostly depends now on the rational people's estimation of advantages or losses from economic reforms, and on economic education of the society in particular.

Our hypothesis concerning determinants of support of certain economic system is sustained in outline. The eight-year dynamics has testified a decrease of the influence of preset socio-cultural path dependence and significance of the influence of value-rational comprehension of own economic situation and potentialities for controlling own life. Meanwhile, socio-economic conditions often make influence on an individual who comprehends them ambiguously, differentially and selectively, since the individual's opinions as to a certain sphere are resistant to the influence of a series of socio-psychological phenomena connected with a course of economic transformations. Individualization of the influence of objective factors, prevalence of micro-social dependences on the direction of person's orientation takes place in the transition society. That is because under the conditions of destruction of the habitual value-normative system the formation of socio-economic preferences takes place not because of adaptation to social roles and statuses but on the basis individual preferences which allow for the person's own experience of interaction with key economic institutes.

The combination of high status and low economic position of a family in determination of support of socialist economy as well as combination of low status and high economic position of a family in determination of capitalism support is a paradoxical result of regressive analysis. It may be supposed that this is a phenomenon of transit economic consciousness, when even an aggravation of economic position of an individual makes no influence on his/her internal positioning in social hierarchy. Self-identification at high social steps under the aggravation of economic position is maintained by combination of pro-Russian and pro-socialist identities – the empire-soviet path-dependence. Instead, the increase of the economic position of adherents of mixed economy does not lead to corresponding increase of subjective social status. And only in case of the support of liberal capitalism the factor of social status has displayed itself in the direction of growth. This paradox evidently remains unclear and requires more extensive theoretical developments.

Besides, one should also dwell on other restrictions of this investigations. First of all, a comparative analysis based on the eight-year dynamics (2007 and 2015) demonstrates only changes at the completing stage of rationalization of economic consciousness. The comparison of factors in the early 1990's and the present would be more demonstrative. Besides, low values of Nagelkerke R Square indices points to the fact that the parts of influence are not sufficient to consider derived equations prognostic. The demand of comparative analysis and reproduction of analogous predictors in two databases has introduced certain restrictions in the attraction of additional factors. The absence in databases of the factors of attitude to privatization of industrial enterprises and land has not allowed controlling the influence of subjective factors of comprehension of the processes of property denationalization on formation of legitimacy of the economic system as a whole.

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