

ICPS newsletter[®]

Ukraine needs a new educational system

Not for the first year, Ukraine is face with the need to undertake educational reform. The country has long stumbled on a number of problems, including imbalances in the professional environment, an excess of prestigious specializations, lack of competence among certified specialists, and corruption in the admissions process at post-secondary institutions of learning. ICPS Director Volodymyr Nikitin writes in an article published in *Biznes*, a leading business weekly, that Ukraine needs a new educational system

It's important to understand the extent to which schools should prepare a person for contemporary life. For instance, do children need to now how to use an ATM? An educated person should be able to answer four questions with which knowledge has little to do: How to support myself and my family when the labor market is in flux? How to live with others in the midst of many cultures? How to live with myself when there is a multiplicity of self-identifications and self-definitions? How to live with God where worldviews clash? Based on this brief test, we can draw some conclusions about the state of the educational system in general.

A diploma-issuing machine

What we have in Ukraine today is a machine that keeps issuing diplomas full-strength. Most students attend a post-secondary institution for the sake of a piece of paper, and sometimes they can simply buy it. But do these post-secondary institutions actually train highly qualified specialists? It's not easy to find a competent manager for a good

salary in Ukraine. Meanwhile, thousands of young people have diplomas for those very specialties, but because of the lack of knowledge and skills, they can't work in their chosen professions. The biggest shortfalls today are not among lawyers or economists but, for instance, among welders and nurses.

A foolish illusion has developed in Ukraine that everyone needs to have a post-secondary degree and that this will push the country forward. People are brainwashed into thinking that what they need is a law degree or a management diploma. Moreover, despite the fact that everyone is equal before the law and opportunities, they are not equal according to their abilities. It's long been clear that only about 7% of the population is capable of being active learners. Moreover, only a few percentage points of the population are capable of taking an independent decision in their lives.

Business and education

At the current stage, no one seems to understand what proposed educational

reform means and why it is needed. Because switching to the Bologna system of education, which officials keep talking about, will not improve the situation. The Bologna process is a bureaucratic process, not a substantive one. It is focused on establishing a unified educational arena, mainly by unifying curricula and documents.

The educational system today cannot be reformed on principle, because neither parents nor teachers are interested in this. The only way to get out of this dead end is to establish a new educational system parallel to the old one. Like Russian business before it, Ukraine's private sector will eventually be forced to set up this new system. In Moscow, for instance, the Skolkovo School of Management was established on funding from prominent Russian companies and individuals.

Ukraine needs to change the essence of its education and to create new educational institutions. And this initiative must be picked up by business, in accordance with international practice. ■

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Consumers Rate Material Standing the Lowest in Five Years

Over May–June 2008, the consumer survey showed a slight improvement in the overall Consumer Confidence Index (CCI) and in the Index of Economic Expectations (IEE) despite a record-low assessment of personal material standing by Ukrainian consumers—the lowest in the last five years. The CCI rose 2.2pp, to 90.2, while the IEE rose 5.8pp, to 91.3. This indicates that the consumer mood among Ukrainians has stabilized after a considerable decline over the winter period and especially in Spring 2008, and is slowly approaching a neutral stance

Despite a relatively small shift of 3.1pp, the Index of the Current Situation continued to decline since the beginning of 2008,

reaching 88.7. This means that most Ukrainians thought poorly of their material standing at the beginning of summer. This decline in the assessment of their material standing by Ukrainian consumers is a reflection of their declining propensity to consume, as this index x5 fell 9.1pp over May–June 2008, to 97.4.

After nearly two years of being highly prepared to purchase big-ticket household items, Ukrainians are demonstrating a slightly negative propensity to consume. This is most likely an indicator of overheating on those consumer markets that had been growing especially fast in the last while. The second component

of the ICS, the index of personal material standing (x1), by contrast, improved at the start of the summer, rising 2.9pp to 79.9.

As a counterbalance to consumer evaluations of their current standing, all the components of the IEE improved. This was particularly noticeable with the index of expectations for economic growth over the next 12 months (x3), which jumped 10.8pp to 87.2. The index of expectations of changes to personal material standing (x2) and the index of expectations for economic growth over the next 60 months grew more slowly, rising 1.7pp to 91.5 and 5.0pp to 95.2.

At the beginning of Summer 2008, Ukraine saw traditionally high expectations regarding inflation and employment trends. The Index of Expectations of Changes in Unemployment (IECU) slipped 0.1pp to 112.7, while the Index of Inflationary Expectations (IIE) grew 4.2pp to 188.0.

After a mostly optimistic year, the consumer mood in Kyiv has once again grown pessimistic. Over May–June 2008, their CCI plunged 29.0pp, to 75.5. A decline in the consumer mood was also seen in Northern Ukraine, where the CCI fell 9.7pp to 73.8. In the rest of Ukraine, the CCI improved somewhat, although optimism was registered among consumers only in the Western and Central regions of the country, which stood at 105.1 and 103.6.

The consumer mood also improved in all types of settlements, although it remained relatively pessimistic. The highest indicator, 95.3, and the most significant change in the CCI, 9.9pp, were registered in mid-sized cities. The worst consumer mood was seen in major metropolises, where the CCI was only 86.4.

The consumer mood was also relatively pessimistic across all age and income groups over May–June 2008. Normally, the young and the better-off have been more optimistically inclined. Their CCI was 98.9 and 97.4, however. The greatest pessimism was seen among the elderly and those with average incomes. These two consumer groups saw their CCIs decline to 80.4 and 83.0. ■

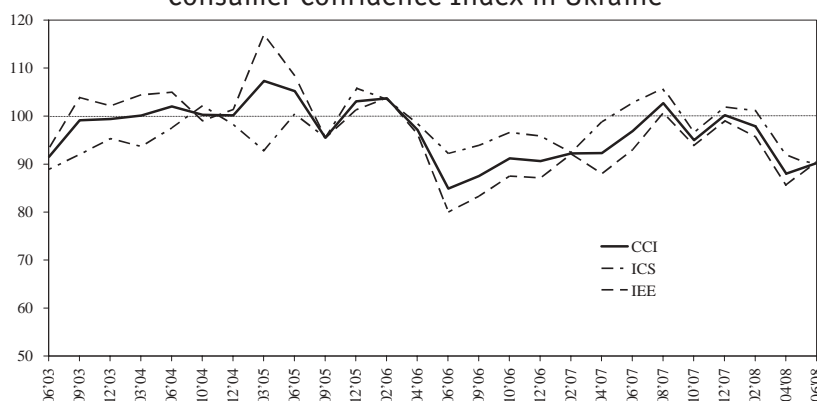
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CCI trends in Ukraine

Month, year	Consumer Confidence Index (CCI)	Index of Current Standing (ICS)	Index of Economic Expectations (IEE)	Index of Expected Changes in Unemployment (IECU)	Index of Inflationary Expectations (IIE)	Index of Propensity to Consume (x5)
06'08	90.2	88.7	91.3	112.7	188.0	97.4
04'08	88.0	91.8	85.5	112.8	183.8	106.5
02'08	97.9	101.2	95.7	115.6	190.1	113.5
12'07	100.2	101.9	99.0	110.4	182.7	113.7
10'07	95.0	96.6	93.9	117.1	185.6	105.2
08'07	102.7	105.8	100.7	112.8	185.3	113.9
06'07	96.9	102.8	93.0	113.4	188.9	112.3
04'07	92.3	98.8	88.8	109.7	181.8	110
02'07	92.2	92.4	92.1	109.5	183.7	103.7
12'06	90.6	95.9	87.1	115.6	186.4	107.3
10'06	91.2	96.6	87.5	116.9	187.5	106.3
09'06	87.5	93.9	83.3	113.6	181.2	99.7
06'06	84.9	92.2	80.0	120.8	189.2	101.6
04'06	97.1	98.4	96.2	116.3	186.9	107.5
02'06	103.7	103.5	103.8	111.6	185.4	113.5
12'05	103.1	105.8	101.3	111.7	184.3	113.1
09'05	95.5	95.5	95.5	117.7	187.2	107.9
06'05	105.2	100.5	108.4	111.0	182.2	106.3
03'05	107.3	92.9	117.0	98.9	182.0	92.4
12'04	100.1	98.3	101.4	107.3	180.0	93.6
10'04	100.3	102.2	99.0	116.2	182.5	105.8
06'04	102.0	97.6	105.0	112.6	169.5	96.4
03'04	100.1	93.7	104.4	114.6	178.3	93.8
12'03	99.4	95.3	102.1	115.4	186.1	94.9
09'03	99.1	92.0	103.9	119.8	185.5	89.6
06'03	91.6	88.9	93.3	120.0	184.7	87.5

Sources: GfK Ukraine, International Centre for Policy Studies

Consumer Confidence Index in Ukraine



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