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Social preconditions and methods for creating capital of big business owners in Ukraine¹

Abstract

The paper deals with the problem of social preconditions of the subject nature (or subjectness) of the big business owners in Ukraine. The presence of quite measurable share (26.2%) of “nomenklatura origin” of businesses obtained by Ukrainian big business owners is the empirically revealed fact. On the contrary, the “self-made” businessmen (43%) were concerned to a great extent in privatisation of enterprises. The political engagement of big business is evidenced by the fact that 41.8% of big business owners are (or were) deputies of Ukrainian parliament while two thirds have experience in political or administrative activities. Among big business owners 57% belong to the class producing the material wealth of nation. At the same time, 43% of Ukrainian capitalists may be referred to non-productive class whose representatives provide various non-material services.

Keywords: *big business owners, the “nomenklatura”, ways of creating capital*

Introduction

The emergence of the capitalist class (upper bourgeoisie) as owners of big private business is determined by the type of capitalism formed in a certain historical period and in a certain place (the author means civilizational-geographical belonging of the territory). One more important criterion of formation

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of the stratum² of big business owners is their significance as a subject (subjectness) in political and socio-economic life of the country. That depends on who are the social actors (agents, strata and alliances of agents) involved in the process of forming the capitalist classes. The question is that capitalism formation can proceed in a natural way, with the help of prosperous bourgeoisie which aims to turn the estate system into the class society. In the absence of developed bourgeoisie the implementation of capitalism may be initiated by political elite and intellectuals for accelerating the processes of modernisation and reaching competitiveness of their own country in the world. Various agents are distinguished by values and consciousness that results in differences in further development of the stratum of big business owners and in their position in the society.

There are several in a lot of theoretical approaches which explain the formation of capitalist class; they proved to be effective and practically significant. Among these approaches one can symbolically distinguish a number of capitalism theories which describe as a whole the classical West-European model of the formation of prosperous bourgeoisie before establishment of capitalism: theories postulating the voluntaristic models of the implementation of capitalism, when state and intellectuals become the major subjects of the formation of capitalism under weakness of bourgeoisie; managerial theories of a new class which describe the levelling of influence of big business owners, since the control over the corporations' assets passes into the hands of managers; at last, theories which describe post-socialist transformations when implementation of capitalism occurs "from the top", but differences in the methods of the withdrawal of property from state ownership and different nature of subjects performing market transformations

2 Big capital owners are the social stratum whose representatives have profitable types of business, commercial real estate and valuable papers (stocks and bonds). According to the popular in USA Gilbert-Kahl model of the class structure, people whose annual incomes of \$ 2 million and more are mainly formed from the profit on their property assets should be referred to the capitalist class [Gilbert, 2010: p. 13–14]. According to our estimates, stratum of the big private capital owners in Ukraine amounts to approximately 0.3–0.5% of the adult population, i.e. 0.5–0.7% of the total number of Ukrainians (for more details see [Rakhmanov, 2012a])

result in the differences of formation of big business. But the scientific problem is that the existing theories of capitalism formation, as applied to the problem of subjectness of the owners of big private business in Ukraine, display their limitations and shortage of knowledge concerning social origin and methods for creating the capital of big business owners in Ukraine. The main goal of the paper is the empirical research of social preconditions and methods for creating the capital of big business owners in Ukraine.

Theoretical Approaches

Economic and social studies of A. Smith, K. Marx, W. Sombart and M. Weber may be referred to the classical West-European theories of the formation of capitalism. The fact that the emergence of prosperous bourgeoisie was the first necessary step to capitalism [Smith, 1993; Marx, 1955; Sombart, 1994; Weber, 1994] was common for all these theories. That is why *primitive accumulation of capital* in the hands of private persons had to precede the market capitalism. K. Marx's theory of transition from feudalism to capitalism asserted that bourgeoisie is formed within feudalism, and bourgeoisie is the social force which could head the anti-feudal revolution. It is prosperous bourgeoisie that was the major historical actor interested in the overthrow of feudal system and able to realise it, owing to its resources. Investigations of W. Sombart and M. Weber deserve special consideration. Studying the nature of the origin of capitalism, they devoted attention to the cultural and intellectual aspects of capitalist relations.

Spreading of the capitalist system in the 19th century made industrially backward countries to take the path of forced modernisation. The task to improve their position in the world trade required the implementation of capitalist relations in economy and transfer of Western industrial technologies to their own ground. Allowing for the lack of development of the class of big private owners, all these innovations were introduced by non-bourgeois social agents, such as clerks, gentry and intellectuals which were mostly under the influence of obtained Western

education. The typology of the subjects of capitalist transformations in the countries with retarded modernisation is reflected in the conception proposed by Jürgen Kocka. He drew attention to social actors, interested in disappearance of the previous status hierarchies, which could head the project of formation of class society. When comparing Western, Central and Eastern Europe, Kocka had distinguished two types of bourgeoisie: the prosperous capitalist class, or economic bourgeoisie (*Wirtschaftsbürgertum*), on the one hand, and educated middle class, or cultural bourgeoisie (*Bildungsbürgertum*), on the other hand [Kocka, 1999: p. 192–207]. Both classes were dissatisfied by the existing status hierarchies and wanted to live in the rational system of class stratification. The building of capitalism in Russia of the 19th century could be possible only under domination of cultural bourgeoisie, since the layer of economic bourgeoisie was small in number and consisted mainly of foreigners. In the second half of the 19th century Russian intellectuals began to increase rapidly in number and became interested in modernisation and westernisation of their country. As for Central Europe, the alliance of educated middle class and that of owners became the motive force for implementation of capitalism. The former proved to be the leading partner, since they were more numerous, had long-term history and stronger positions in the state apparatus and universities. In particular, these two groups with members of their families amounted to about 5–8% of population in the second half of the 19th century in Germany [Kocka, 1999: p. 193]. However, the cultural bourgeoisie could not have achieved much success without the help of the class of owners, even though the latter was weak. Moreover, the greater was the progress of cultural bourgeoisie in realising the capitalist transformations, the more probable its exclusion by prosperous private owners became.

The development of capitalism in the second half of the 19th century had led to the spreading of such type of corporations, under which the diffusion of private capital occurred. The capital of individual private owners becomes less and less in amount, and gives way to managers in the control and administration of the productive capital and power in taking strategic decisions. Some scientists

regarded this process as the *managerial revolution* and the evidence of formation of post-industrial society (see: [Bell, 2000; Dahrendorf, 1972]). A. Berle and H. Means are considered as “fathers” of this conception; they studied a number of big companies. They have formulated the problems of property separation from the control and stated about radical transformation of capitalism: society where owners dominate gives way to the society where power is concentrated in the hands of managers. At a higher stage of industrial development and capital concentration, owing to the distribution of stocks among population, the control over great corporations passes into the hands of their managerial bodies. The position of stockholders resembles the position of holders of bank deposits. The more capital is united by the corporation, the larger part of the property from management is separated. The capital owners are rather interested in dividends for invested capital declared by directorate than in the company’s activities [Berle, Means, 1991]. Thus, the class of managers legitimises its control over production not owing to the institution of private property but by the approval of technocratic or managerial *know-how*.

Post-socialist transformations in the countries of the former Soviet bloc occurred under conditions, when implementation of market mechanisms was realised with the absence of the class of private owners. These transformations were usually initiated “from the top”. Various methods of the withdrawal of property from the state ownership and different society’s perception of the transition from socialism to capitalism have resulted in differences in the nature of subjectness of different strata in post-socialist transformations.

There is a phenomenon which has arisen in the countries of Central Europe and called as *making capitalism without capitalists*. The authors of this conception (Ivan Szelenyi, Gill Eyal, and Eleanor Townsley) proceeded from the fact that transition to post-communism is a shift from the socialist status hierarchy to capitalist class stratification. Thus, in the absence of considerable stratum of private owners in Central Europe (Poland, Hungary, and Czechia), the intelligentsia which had put the historical mission of building the bourgeois society

and market economy in their hands, became the motive force and social subject of such shifts. It is the alliance of dissident intellectuals and late-socialist technocrats, which proved to be a locomotive of market transformations based on the ideas of civil society and economic rationalism. This fact allowed executing comparatively transparent mass privatisation that directed the economy of these countries into the stream of efficient modernisation. At the same time, openness to foreign investors and possibility of foreign capital to participate in privatisation inhibited formation of the national big private business. Though at first sight the capitalism was built there “from the top”, the authors of the above conception are apt to define the Central-European case as “capitalism from outside”, since a share of property of the foreign investors prevails in the inner markets of these countries. However, the conception of “capitalism without capitalists” does not negate a possibility of formation of the national stratum of big business owners, since the fight for formation of the rights of private property and class relations has to correspond to the nature of the already formed capitalist actors [Szelenyi, Eyal, Townsley, 2008]. The source of this phenomenon is the fact that private and cooperative sectors in the spheres of trade, services, building, and small-sized manufacturing were considerably preserved in economies of Central-European countries even under socialism. That is why the market institutions developed there much more rapidly than the class of owners. Despite the absence of the class of owners in Central Europe, the transition to capitalism proceeded there under conditions of developed civil society. Anticommunist moods of population and policy of lustration prevented the communist nomenklatura from converting their political capital to economic one.

In accordance with the theory of *political capitalism* (J. Staniszkis, E. Hankiss), the former communist nomenklatura³ had known by 1988 about the subsequent break-up of the previous communist regime in the countries of the

3 The word “nomenklatura” is derived from the term “nomenclature” (which in turn means a system for giving names to things within a particular profession or field) and used to designate a population stratum in the states of former socialist camp, which occupied various key administrative positions in Communist Party, central and local authorities, as well as in the spheres of industry, agriculture, education and health care.

Soviet bloc. Thus, they had elaborated a pattern of conversion of political posts into personal enrichment and tried to become new upper bourgeoisie. The question is that the communist leaders profited by their political posts to turn the public wealth into their own riches, and have practically plundered the state property and formed “kleptocracy” [Staniszki, 1991; Hankiss, 1990]. The political capitalism is oriented to rational gaining of profit, but it is limited by guardianship or political interference of the state into economic system. It is illegitimate process of gaining economic assets that makes the “nomenklatura owners” to stay rather in the coordinates of clientelist relations with politocracy than under conditions of free competition. The institutional or oligarchic type of interaction between the state and capital also depends on specifics of the society. In the opinion of O. Kryshtanovskaia, in the societies with Western-type modernisation (*economic societies*) political changes have been stimulated by the class of owners as the most active part of the society. In *political* societies the economic actors were not a serious social force. The political capital, which not only brought in income but was also a guarantor of riches, was the major variety of capital. The income amount was connected with the place in political hierarchy. Economic development neither sufficed nor determined the political process, it was itself determined by politics. Not the owners of economic capital but the powers that be determined priorities of economic development. It was politics that stimulated economy, and not vice versa. In contrast to the process of Western modernisation, the process of *stimulation* of the economic by the political took place in such societies. The difference between political societies and the economic ones is that in the former the gaining of riches follows the obtaining of power, while in economic societies the accession to power is possible only after reaching a certain level of prosperity [Kryshtanovskaia, 2004: p. 5–6]. Thus, the political subjectness of the big business owners in “political” societies is inconstant and unstable.

Though the theory of political capitalism was an attempt to model the processes of stratification in the countries of Central Europe, its embodiment had more expressed features in Eastern Europe. The former Soviet nomenklatura

proved to be much more successful than its Central-European colleagues under conditions of mass privatisation in such countries as Romania, Bulgaria, Ukraine and especially in Russia. Analysis of the process of formation and reproduction of the social stratum of big private business owners in Russia has shown that this new class gained in the 1990^s considerable resources and relative independence from the state through non-transparent privatisation [Kryshtanovskaia, 2002b: p. 23]. A considerable part of the Soviet political nomenklatura, especially YCL (Young Communist League) leaders, appeared in the ranks of owners. To formulate distinctly the differences in post-socialist transformations between Central and Eastern Europe, I. Szelenyi, G. Eyal and E. Townsley, when considering the results of transition from the system of state socialism to capitalism in the countries of Central Europe as *capitalism without capitalists*, characterised the East-European post-communist regimes as the systems of *capitalists without capitalism* [Szelenyi, Eyal, Townsley, 2008: p. 208]. That is to say that emergence of the stratum of big business owners in most post-Soviet countries has not been completed by creation of the competitive market society; it has resulted in corruption, monopolisation of markets with low labour productivity and in the junction of big business and power. Common “nomenklatura origin” of the new upper bourgeoisie and political class that strived for the restoration of control over economy and political life in the state, has determined the victory of bureaucracy represented by pro-government force structures, since the big business (by virtue of its origin) could not resist the state offensive. As a result, in the 2000^s the Russian business passed under the control of Kremlin. Some of the most influential businessmen were expatriated or imprisoned. Political subjectness has been lost by big business; the latter became the hostage of the state which either supports or punishes big businessmen, following the principle of loyalty.

Swift formation of the class of big business owners in China also pursues the scenario of the theory of political capitalism. According to the report of research organisation *Hurun Research Institute*, in 2010 total number of the Chinese with income above 1,000000000 Yuan (150,000000 USD) was 1363, while ten years

ago there were only 24 such persons in the People's Republic of China. The authors of the research note strengthening relationships between Chinese rich men and government structures: 173 of Yuan billionaires (12% of the list) occupied the positions of counsellors at various government structures, that provided them with additional chances for making contacts among the officials; 83 Yuan billionaires are deputies of the National People's Congress; seven ones are delegates of the 17th Congress of the Communist Party of China; one third of Yuan multimillionaires are members of CPC [Hurun Rich List Series, 2010]. According to the data of S. Armstrong, 91% of Chinese multimillionaires are the children of acting CPC officials. About 70% of wealth of the Celestial Empire is concentrated in the hands of 0.4% of its residents [Tsiupyn, 2011; Armstrong, 2010]. Similar statistics is presented by the Academy of Social Sciences of PRC, which report shows that above 90% of dollar millionaires of China are the children of the Communist Party officials [Pidnebesnyi bum / Boom in the Lands Under Heaven, 2012].

Despite rather a considerable number of Chinese rich men, one cannot yet speak about subjectness of the Chinese big business. The influence of the state on the Chinese largest companies proves to be incontestable. In the opinion of their Western partners, Chinese "private" companies are under real control of the state [Na obid drakonu / For dragon's lunch, 2010]. As Armstrong notes, if you look at China and at a list of the richest people published annually by *Forbes* which makes separate lists, e. g., of Chinese billionaires, you will see that independent oligarchs, not princelings (children of party functionaries), disappear. It is called there a list of the condemned" [Tsiupyn, 2011: p. 42]. So, the big business owners in such countries as China and Russia are not so much the subjects of socio-economic transformations as the state instrument for spreading its influence on the world arena.

Thus, analysis of the main theories of capitalism formation allows revealing certain historical and civilizational regularity (see Table 1).

Theoretical approaches explaining the development of capitalism

Conceptions	Countries	Mechanisms	Subjects
“Capitalists before capitalism” (A. Smith, K. Marx, W. Sombart, M. Weber)	Western Europe, 18 th — the early 19 th century	Primitive accumulation of capital	Economic class (bourgeoisie)
“Voluntaristic implementation of capitalism” (J. Kocka)	Central Europe, Russia and Japan, the second half of the 19 th century	Retarded modernisation	Bureaucrats, military men, intellectuals
“Capitalism after capitalists” (A. Berle, H. Means, J. Schumpeter, D. Bell)	USA and Western Europe, the second half of the 20 th century	Managerial revolution	Managers
“Capitalism without capitalists” (I. Szelenyi, G. Eyal, E. Townsley)	Poland, Hungary, Czech Republic, the late 20 th century	Civil society	Intellectuals and technocrats
“State capitalism” (J. Staniszkis, E. Hankiss, O. Kryshantovskaia)	Russia, China, the late 20 th — the early 21 st century	“Nomenklatura privatisation”	Political class (nomenklatura and pro-government force structures)

Formation of bourgeoisie in Western countries preceded the origin of capitalist relations; that is why this layer became the major subject of political and economic transformations as early as the late 17th century. In the countries of Central and Eastern Europe the implementation of capitalism was favoured by intellectuals and state circles together with scanty bourgeoisie. Post-socialist transformations in Central and Eastern Europe were distinct. In Central Europe the all-round liberalisation and exclusion of communist nomenklatura resulted in forming the market society with a weak national stratum of big business owners. In Eastern Europe the preserved influence of communist nomenklatura was reflected in formation of the stratum of big business owners joined with state power as well as in formation of corrupted, low-productive capitalism.

Differences in development of the post-Soviet societies entailed differences in the nature of subjectness of big business owners in political and socio-economic life. Against a background of weak democratic institutions the big business owners

turned into the major subject of socio-economic transformations during the 1990^s. That occurred because the local intelligentsia of the post-Soviet countries could not become a subject of political and socio-economic transformations. Russian intellectuals gradually marginalised in the course of development of the market reforms while in Ukraine they were mainly concentrated on the process of forming the nation.

At the same time differences in the processes of development of Russian and Ukrainian societies left a mark on formation of the strata of big business owners. Big private owners in Russia which come from the midst of the old nomenklatura elite have not turned into a separate independent social class. Having lost initiative in political and social life, the big business owners have also levelled their own subjectness, and thus have become hostages of the will of political regime which appeared on the basis of paternalistic and post-imperial expectations of Russian society. Key social background of activities of the big assets owners under conditions of state capitalism is that the authorities have not removed from the agenda the questions concerning the consequences of privatisation, the society does not believe that the assets belong to these owners once and for all, and, at last, they do not believe in that themselves. All that has left a mark on the socio-psychological aspect of ownership, and big business owners in Russia have realised that possession of privatised assets is rather relative [Yavlinskii, 2012]. The opposite situation took place in Ukraine; during the 2000^s the fight of financial-industrial groups (FIGs) for power and resources correlated with politico-electoral split of Ukrainian society. This fact allowed big business owners to preserve relative subjectness in political and socio-economic processes. The latter is favoured by rent-orientation of the Ukrainian society, when the system “arbiter-client” is accepted as legitimate. As a result, political regime uses the rent-seekers as its agents, allowing them to take certain part of rent as the remuneration for political loyalty (Dubrovs'kyi et al., 2010). And the question here is not only in the oligarchic path of capitalism development. The point is that the overwhelming majority of population does not see the advantages in market coordination in

contrast to coordination performed by the arbiter. That is why people require and wait for redistribution of the part of rent for their benefit as the remuneration for their loyalty to the ruler. Rent-orientation and lack of consolidation of the Ukrainian society have led to the situation when big business owners became the social basis of the transitional society. Under such conditions the interests of corrupt officials and representatives of new big business which want to provide themselves with shadow rent coincide. The oligarchic system of interrelations between power and capital favoured such economic transformations in Ukraine which created the situation when only one stratum of population could pretend to the role of the social foundation of the society — the small stratum of population which had derived benefit from these transformations. The social demand in Russia brought to power the regime of representatives of the pro-government force structures (state security bodies and military men) with a charismatic and popular leader, and that levelled subjectness of Russian oligarchs. In contrast to Russia, socio-political delimitation and lack of sufficient economic resources for raising the level of people's well-being in Ukraine do not allow a single faction of political elite to subordinate big private owners. It is the factor of weak integration of Ukrainian society, its distrust of the political class and political institutions that makes it impossible to consolidate power and to reproduce the "Russian" scheme of substitution of big business owners in socio-political subjectness.

When V. Yanukovich was elected President of Ukraine in 2010, the pro-President's coalition was created in the Parliament (Verkhovna Rada), and the Constitutional Court of Ukraine took the decision to renew the validity of the Constitution of Ukraine of 1996 and in that way to restore the presidential-parliamentary system of government. At first sight that was a return to the model of strong president, equidistant of the main FIGs. But in fact that was a classical seizure of power by key FIGs. Key positions in M. Azarov's government were immediately occupied by the big business owners. Although the concentration of power resources around the President's institution and political weakness of the opposition forces made the rest of big business owners to demonstrate loyalty to

the party in power, the key figures of Ukrainian big business have raised capitalization of their own business even more; and this fact demonstrates the increase of their economic significance. In particular, privatisation of a number of regional power generation systems and coal mines in favour of R. Akhmetov, concentration of chemical industry in the hands of L. Firtash are only the most evident acquisitions of big business owners. Besides, in spite of the pro-Russian pre-electoral rhetoric of V. Yanukovich, interests of the big business owners who are the closest to the party in power prompt Ukraine to move towards Europe.

Investigations in the socio-professional past of Russian business elite fix in most cases the indisputable and incontestable relation to the ruling party and economic nomenklatura of the Soviet time in the 1990^s [Kryshtanovskaya, 2002b: p. 23] and affiliation with pro-government force structures in the 2000^s [Kryshtanovskaya, White, 2003; Kryshtanovskaya et al.], whereas there are only assumptions concerning the origin of Ukrainian big business owners. As A. Paskhaver notes: “Undoubtedly, there is nomenklatura which has grown rich among new capitalists, but it has not become the most important actor in new capitalism. If we take a look at our big business owners, they have not originated from nomenklatura. They are absolutely new people. What was Victor Pinchuk under Soviet regime? He was a senior research fellow. And what is about Rinat Akhmetov? He was a guard of the criminal authority” [Paskhaver, 2008: p. 18]. However, as A. Zotkin argues, the business segment of the ruling elite of Ukraine takes its origin mainly from nomenklatura and partially from criminals [Zotkin, 2008: p. 113]. M. Shul’ha also asserts that some part of criminal elite has transformed into the business elite, but “even having proofs of belonging of certain persons to criminal elite in the past years, the researcher takes a risk to pass from the category of scientists to the category of defendants” [Shul’ha, 2006: p. 27]. Even if one supposes that most Ukrainian big business owners have a criminal history, it will indicate in any case the “non-nomenklatura” character of capital accumulation. Thus, one may assume that the phenomenon of the absence of a considerable share of “nomenklatura” and “pro-government force structure” origin

of capitals is a peculiar feature of socio-political subjectness of the big business owners in Ukraine.

Description of the Data

The empirical basis has included biographies of big business owners in Ukraine presented in the reference book *Who is Who in Ukraine* [Khto ye khto v Ukraini, 2007] and other reference books. Additional biographical data were taken from other sources, from interviews and official publications in mass-media in particular. Only citizens of Ukraine, most of which were in the lists of different ratings of the richest people in Ukraine during 10 years, were selected at the first stage. These ratings were determined by the most competent journals, such as “Korrespondent” (*Correspondent*), “Fokus” (*Focus*), and *Forbes*. Besides, the rating of the richest people in each region of Ukraine, which had been published in a special issue “Regional Princelings and Kinglets” of the weekly journal “Komentari” (*Commentaries*) [Regional’ni kniaz’ky i korol’ky, 2008], was taken into account. The time of collecting information falls on June–July 2012. A list of 337 people was formed in the upshot.

Procedure and Methods of the Research

Special form with such variables as sex, age, place of birth, social origin of parents, education attainment, educational-qualificational specialization, branch of business, ways of creating capital and personal experience in administrative and political activities during the years of Ukraine’s independence has been drawn up for the analysis of the biographical data.

Social status of the selected person during structural transformations in the sphere of property in 1989–1993 was determined (first of all, from the person’s biography) to find out the ways of creating capital. Seven methods of capital creation have been distinguished. The first method supposed that in the period of

structural transformations the person held a position of a head or deputy head of the Soviet enterprise, the so-called “red director”. The second way presumed the person’s belonging to Soviet nomenklatura, in particular, occupying positions of chiefs of the sections / departments in government bodies or in various spheres of the society’s life, including force structures and state security bodies (army, State Security Committee known as KGB, civilian police known as militia, Office of Public Prosecutor) and party-komsomol machinery. The third way supposed that the person belonged to nomenklatura of the party in power, the fourth way presumed the person’s belonging to the pro-government force structures in the years of independence. All these four ways reflect the mechanism of “nomenklatura privatisation”, when a political class (nomenklatura and pro-government force structures) becomes a subject of obtaining big private property. The fifth method of the capital creation presumed its inheritance within the family circle. Though this method meant availability of the capital obtained in another way, it should be noted that family and kin relations considerably differ from the nomenklatura ones and suppose the narrow family responsibility. The sixth way is a business starting from scratch, that is primary accumulation of capital by creating cooperatives or small enterprises, by shuttle trading, etc. At last, the seventh method of creating capital which may be called “managerial”, since the question is in career advancement of the person from the position of head of a subdivision (line manager) to the top manager of a company in the period of independence. That enabled the person to assume control over some part of property and then over the property in whole. The conditional nature of denomination of this method is determined by the absence of complete information concerning the process of redistribution of a company’s property, when one or another person became a big owner.

Statement of Results

Before beginning the analysis of the basic problem, it would be advisable to adduce the results of our research concerning socio-demographic and educational-qualificational characteristics of the big capital owners in Ukraine. As can be clearly seen, the sex distribution evidenced in favour of men: the absolute majority (97.3%) of big business owners were men and only 2.7% — women. The average age of a Ukrainian capitalist is 51 year. When grouping them into age cohorts, one can see that a share of big business owners in the age of 31–40 is 11%, 41–50 — 39.8%, 51–60 — 32.9%, 60 years and above — 16.4%.

The most part of big business owners were born in big cities of Ukraine: 8.6% in Kyiv and 36.2% in the cities with population over 250,000. It was also found out that 15.7% of them were born in small towns and 21.7% — in villages. At the same time, 17.8% of big business owners were born in the territory of the former USSR outside of Ukraine (12.5% were born in towns, 5.3% in villages). Allowing for rather a uniform settlement structure in the Soviet Union, one can state that as a whole 73% big business owners of Ukraine were born in cities, while 27% — in villages.

If we take into account the regional distribution, the most part of the owners of big capital (25%) belong by birth to the Central Ukraine, 21.4% belong to the East, 17.2% — to the South, and 15.1% — to the Western Ukraine. The rest (17.8%), as previously mentioned, were born outside of Ukraine. Those 15.7% which were born in Ukraine are represented by Donetsk region, 10.1% — by Kyiv, 9.4% — by Dnipropetrovs'k, 6.9% — by Lviv region.

Almost all (96.4%) of big business owners in Ukraine have got a university degree. Only 1.4% have completed general secondary education and 1.2% — secondary vocational education. It is remarkable that the one fifth (19.6%) of big business owners in Ukraine have also a degree of candidate of sciences (the first post-graduate academic degree which is equivalent to PhD) and 5.1% — a degree of doctor of sciences (a higher doctoral degree). As to the place of the higher education institutions, 29.3% of big business owners graduated from institutes and universities in Kyiv and Kyiv region, 11.8% — in Donetsk and Donetsk region, 11.5% — in Kharkiv and Kharkiv region,

10% — in Dnipropetrovs'k and Dnipropetrovs'k region, 6.2% – in Lviv and Lviv region. Besides, 22.3% of Ukrainian capitalists obtained an additional higher education.

The majority of big business owners are specialized in engineering and technology (46.6%); almost one fifth (19.2%) have general economic education (the economics of enterprise, management, marketing); 13.4% of big business owners are specialized in finance and banking.

The question of the influence of social origin on further social position of an individual and his / her social mobility is still under discussion. We have to deal with a feature obtained at birth which characterises the individual's relationships with certain social environment at the initial stages of development, socialization and social self-identification of the individual. This social environment consists mainly of parents and other family members (or relatives). In traditional and modern societies the social origin played a great role in the social, educational and professional development of a person. However, in the epoch of post-industrial society traditional aspects of inherited cultural capital, social relationships, intellectual education and upbringing in a family, moral prescriptions and life habits lose their initial significance. At the same time, in societies with brightly expressed social inequality the starting potentialities given by primary social environment can essentially differentiate further life of the individual.

In the Soviet Union people often had to fill in the column “social origin” in different documents and forms. Social and class selection of people for assigning them to the party and administrative posts was carried out according to this record at certain stages of development of the Soviet state. Those who wrote in the column “social origin” that their parents were peasants or workers were preferred. On the contrary, further “climbing the social ladder” was rather problematic for people from other categories of social origin (intelligentsia, military men, clergy, nobility, etc.). Later the existence of two main social classes (workers and peasants) and intelligentsia as a social stratum levelled partially the strictness of such approach, though in many cases, entering the education institution in particular, the broad quota was preserved (the so-called positive discrimination) for applicants of worker or peasant origin.

Returning to the problem of social origin of big business owners in Ukraine, unfortunately, we are forced to accept the fact of the lack of information about social origin in biographies of more than a half of the selected figurants (see Table 2). Certain conclusions concerning proportions of social strata in the origin of big business owners can be drawn only on the basis of the rest of selected biographies. So, 23.3% indicated the stratum of office employees (or non-manual workers) when specifying the origin of their parents, 8.6% wrote that they were from workers, 6.5% — from peasants (collective farmers), and 3% — from nomenklatura. It is evident from this proportion that those whose parents were office employees had more chances to become big business owners. Nevertheless, the lack of information about social origin of most owners of big capital leaves open the question of intergenerational mobility.

Table 2

Social origin (parents) of the big business owners in Ukraine

<i>Social strata</i>	<i>N</i>	<i>%</i>
Blue-collar workers	29	8.6
Peasants (collective farmers)	22	6.5
White-collar workers (who had completed secondary school, vocational training or university)	78	23.2
The nomenklatura (who held top administrative positions or was a high-ranking Communist Party functionary)	10	3.0
Others	1	0.3
N/A	196	58.3

The branch of business of big business owners is also important for revealing the ways of creating capital. Numerous authoritative daily publications making annual ratings of the richest people often emphasize the prevalence of billionaires and millionaires which have grown rich on the basis of primary treatment of raw materials (metallurgy), agrarian business, resales of Russian gas and oil or extraction of raw materials (coal, oil, gas) within Ukraine; these branches of economy have become the major sources in making the largest

fortunes in Ukraine. However, the analysis of biographies of a great number of big business owners give reasons to speak about the broader picture of the enrichment sources (see Table 3). Moreover, we cannot trace the explicit prevalence of any sphere. It turns out that besides agrarian business, metallurgy and mining branches considerable private capitals were also formed in the sphere of finance and banking (11.9%), construction and building materials industry (10.4%), food industry (13.4%), and retail trade (12.2%).

Basing on generalised data of monitoring, V. Vorona has developed a conception of class structure of the Ukrainian society. Due to applying this conception it was found out that participation in creation of the national wealth is the main criterion of social stratification of the society. Therefore, the class structure of the Ukrainian actually includes two major classes: producers and consumers [Vorona, 2010]. The class producing the material wealth of the nation is the social basis of the society (class of producers of material wealth). It includes all participants of material production — total labour force of the society. Taking such branches as power engineering, metallurgy, coal mining, chemical industry, pharmaceuticals, fertilizer manufacturing, machine building, transportation, construction and building materials industry, agriculture, agrarian business, light industry (at present, oil-gas sphere of Ukraine consists mainly of traders) as a basis for production of material wealth, one can assert that 57% of the big business owners in Ukraine belong to the class which produces the material wealth of the nation. On the contrary, 43% of the big business owners in Ukraine may be referred to the class of consumers, i. e., non-productive class of big business owners whose companies provide various non-material services on a commercial basis in the financial and banking system, in juridical sphere, in trade (including traders as wholesale dealers), in the sphere of entertainment (sports, show-business), in mass media and telecommunications, etc.

Table 3

Ukrainian big business owners by branches

<i>Branches of economy</i>	<i>N</i>	<i>%</i>
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Oil and gas industry	26	7.7
Power engineering	9	2.7
Metallurgy, mining industry	38	11.3
Chemical industry, pharmaceuticals, fertilizer manufacturing	7	2.1
Machine-building industry	19	5.6
Transportation	7	2.1
Finance and banking	40	11.9
Development, real estate	14	4.2
Construction and building materials	35	10.4
Agriculture, agrarian business	25	7.4
Food industry	45	13.4
Retail trade	41	12.2
Restaurant business, catering	2	0.6
Sports, show-business	2	0.6
Media business, telecommunications, IT	12	3.6
Juridical sphere	8	2.4
Light industry	7	2.1

Detection of the ways of creating capital was more successful compared with the attempt to find out social origin of the big private capital owners. This information has not been found only for 8.9% of the selected biographies of Ukrainian capitalists (see Table 4). It turned out that the way of building business from scratch is the most typical of the Ukrainian big business owners: 43% of big business owners “have made them themselves”. The next in this category is the so-called “managerial” method: 14.5% of owners obtained their property when they had passed the way from a head of subdivision to the top manager. But if we sum up all the “nomenklatura” and “pro-government force structure” methods, their total amount will 26.2%. Thus, more than a quarter of fortunes of the Ukrainian big business owners may be referred to nomenklatura and “force structure” ones. Besides, there appeared a stratum of people in the structure of big business owners (7.4%) which begin to receive property by right of succession or through family relations.

Table 4

Ways of creating capital by big business owners in Ukraine

<i>Ways of creating capital</i>	<i>N</i>	<i>%</i>
Occupying position of director or deputy director of a Soviet enterprise	40	11.9
Belonging to the nomenklatura in the Soviet period	25	7.4
Belonging to the nomenklatura of party in power in the years of Ukraine's independence	13	3.9
Belonging to the force structures (army, SBU — Security Service of Ukraine, militia — Ukrainian civilian police, Public Prosecutor's office) in the years of independence	10	3.0
Due to family ties or getting inheritance	25	7.4
Building business from scratch (cooperatives, private entrepreneurship, shuttle trade)	145	43.0
Management (making career from line manager to top manager in the years of independence)	49	14.5
N/A	30	8.9

Taking into account the age structure of big business owners in Ukraine when proceeding from their methods of creating capital, the total array of persons, which were nomenklatura and “force structure” officials in the past, is mostly represented by people of the “older” age cohorts of 51–60 (42%) and 61 year old and over (45.4%). Those who built their business from scratch were aged from 41 to 50 (53.1%) and from 51 to 60 (31%). Those who obtained capital in “managerial” way belonged mostly to the age cohorts of 41–50 (42.8%) and 51–60 (36.7%). It is rather expectable that people, which have inherited big capital or received it through family relations, are mostly represented by relatively “younger” and “middle” age categories: from 31 to 40 (44%) and from 41 to 50 (40%).

Despite the fact that the “nomenklatura stratum” has not become the only and even the main subject of socio-economic transformations and further socio-economic development, the majority of big business owners disposed to be in the political space of Ukraine (see Table 5). Only 32.9% of big business owners have no experience in administrative or political activities during the years of Ukraine's independence, while two thirds of them were involved in these activities to a certain extent. 31.8% of Ukrainian capitalists are or were members of political

parties. It turned out that 41.8% of the big capital owners have an experience of working in the Parliament, 25.8% — an experience of being deputies of local authorities. Besides, 8.6% of big business owners have an experience as state officials in central authorities, and 9.5% — in regional authorities.

When analysing the experience in politico-administrative activities of two major groups in respect of the ways of creating capital one can notice that acting and former deputies of Ukrainian Parliament (56.8%), members of political parties (27.3%) and deputies of local authorities (25%) are presented most of all among people which were the nomenklatura and “force structure” officials in the past. Most “self-made” businessmen have no experience as state or political officials (42.8%); however, there are those who have an experience of being members of political parties (33.8%), of Ukrainian Parliament (29.6%) and local authorities (26.2%).

Table 5

Personal experience in political and administrative activity during the years of Ukraine’s independence among the big business owners in Ukraine

<i>Political or administrative experience</i>	<i>N</i>	<i>%</i>
Deputy of local council (oblast, city, town, district)	87	5.8
Deputy of Verkhovna Rada (Ukrainian Parliament)	141	41.8
State official in regional authority	32	9.5
State official in central authority	29	8.6
Member of a political party	107	31.8
No experience	111	32.9

Note: Sum of percentages exceeds 100 because big business owner could have experience in several kinds of politico-administrative activities.

Conclusions

It should be stated that assumption concerning the absence of a considerable share of capitals of “nomenklatura” and “force structure” origin in the possession of big business owners in Ukraine has been confirmed on the whole. It became possible since

the late, compared with Russia, privatisation of strategic enterprises and land allowed the Ukrainian financial-industrial groups, which united the most gifted businessmen and cooperators jointly with criminal elements, to accumulate financial resources. That is why, in contrast to mortgagee auctions in Russia in the early 1990^s, when large property was mostly transferred to komsomol (YCL) nomenklatura, the delay of privatisation rates in Ukraine enabled small Ukrainian companies to provide themselves with the corrupt patronage of regional authorities and to take the source of high-profit rent under their own control.

Another important factor was the march of big business to big politics of Ukraine what was impossible in Russia in the 2000^s, since when V. Putin came to power the influence of military men and state security officials (“force structures”) had considerably increased in the political and economic spheres. The share of “force structure” officials had increased from 11.2% in 1993 under B. Yel’tsin to 25.1% in 2002 under V. Putin [Kryshchanovskaya, White, 2003], while among big business owners in Ukraine it reaches only 3% at present. Allowing for rather a considerable age of big business owners in Ukraine which were the nomenklatura and “force structure” officials in the past, their influence is levelled with time, while the percentage of people of productive age (from 41 to 60) among the “self-made” owners is the largest for the present. The reanimation of political life in Ukraine during the 2000^s made most big business owners to plunge into it. It is evidenced by the fact that 41.8% of Ukrainian capitalists are (or were) the deputies of the highest legislative body of Ukraine and two thirds of them have some experience in political or administrative activities. At last, since 2010 owners of the biggest business have been seizing power in Ukraine in a classic oligarchic style, overriding the political class (for more details see [Rakhmanov, 2012b]).

The fact that the overwhelming majority of Ukrainian capitalists are people which have built their business from scratch or by career advancement from a head of subdivision to the top manager (and in such a way accumulated their initial capital) had a decisive effect on forming class consciousness of big business owners in Ukraine. In contrast to Russian colleagues, which are conscious of the conventional character of possessing the privatised assets by virtue of “nomenklatura mechanisms” of their

obtaining, complicated, thorny and often criminal path of initial accumulation of property by Ukrainian big business owners, a necessity of its protection from predatory instincts of their colleagues and officials, long-term participation in the violent political life which have taught them to battle for their interests by non-criminal means, closeness to European law system and the prospect of Ukraine's entering into it makes the Ukrainian owners to realise clearly that the property they have privatised belongs to them only.