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 Debt burden and investment disfunction in real sector of Ukraine
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 <div style="text-align: justify;">Abstract:
 The paper deals with factors of Ukrainian companies♦ investment activity before and after the global financial crisis of 2008-2009. Given the growth of non-financial corporations debt under the general monetary tightening accompanied by the stagnation of investment in fixed assets, the roles of financial constraints and debt burden are investigated.The paper also considers the influence of macrofinancial and institutional factors♦ influence on the "debt burden" formation in the real sector of the Ukrainian economy. The failure to ensure the modernization of enterprises in the real sector of the economy through the market mechanisms has been proved. The necessity of reanimation of the concept of economic nationalism and activation of state participation in financing of priority investment projects is substantiated.The results show differences in the investment behavior of enterprises before and after the crisis of 2008-2009: the weak influence of financial constraints before the crisis turned into statistically and economically significant thereafter. In the post-crisis environment of limited financial resources states♦ borrowing can crowd out borrowings of other companies, and thus crowd out private investment.The presence of debt burden may have implications on monetary policy: central bank has an additional argument in favor of softer policy. The government has to take into account the heterogeneity of industrial enterprises: the major "burden" of tight monetary policy and reforms in financial sector falls on the corporate investment.
 Keywords: debt burden; corporate investment; industry; financial constraints</div>
 | Full text (PDF)

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