

DOI: <https://doi.org/10.34069/AI/2022.55.07.25>

How to Cite:

Okhrimenko, O., Chynchyk, A., Dergach, A., Bannikova, K., & Nesterenko, O. (2022). Strategies for economic development: the Ukrainian case. *Amazonia Investiga*, 11(55), 234-248. <https://doi.org/10.34069/AI/2022.55.07.25>

Strategies for economic development: the Ukrainian case

Estrategias de desarrollo económico: El caso de Ucrania

Received: May 3, 2022

Accepted: July 7, 2022

Written by:

Okhrimenko Oksana¹⁰⁷<https://orcid.org/0000-0001-7361-3340>**Chynchyk Anatolii**¹⁰⁸<https://orcid.org/0000-0003-4017-4753>**Dergach Anna**¹⁰⁹<https://orcid.org/0000-0003-2713-0094>**Bannikova Kateryna**¹¹⁰<https://orcid.org/0000-0002-5696-1033>**Nesterenko Olena**¹¹¹<https://orcid.org/0000-0003-0886-8173>

Abstract

The article studies the peculiarities of economic strategies of developed countries of the world and carries out a comparative analysis of the strategic goals of Ukraine and Poland. Based on correlation and graphical analysis, it is proved that the basis of economic growth of Poland, which had actually the same starting conditions as Ukraine after the collapse of the USSR, is the economic ideology, which provides for the development, stimulation, and support of the processing industry. In particular, the study showed that it is the deindustrialization of the Ukrainian economy and the reduction of processing industry products in the structure of Ukrainian exports leads to a slowdown in the growth rate of absolute GDP and GDP per capita, in Poland, there are cardinal opposite trends. The formation of economic strategies within the framework of the ideology of stimulation of the processing industry adapts macroeconomic policy to meet such goals by increasing capital expenditures, implementation of state-targeted development programs, debt financing. Besides, an important strategic principle of Ukraine's economic strategies should be the principle of

Resumen

El artículo estudia las peculiaridades de las estrategias económicas de los países desarrollados del mundo y realiza un análisis comparativo de los objetivos estratégicos de Ucrania y Polonia. Sobre la base de la correlación y el análisis gráfico se demuestra que la base del crecimiento económico de Polonia, que en realidad tenía las mismas condiciones de partida que Ucrania después del colapso de la URSS, es la ideología económica, que prevé el desarrollo, el estímulo y el apoyo de la industria de transformación. En particular, el estudio mostró que es la desindustrialización de la economía ucraniana y la reducción de los productos de la industria de transformación en la estructura de las exportaciones de Ucrania conduce a una desaceleración en la tasa de crecimiento del PIB absoluto y el PIB per cápita, en Polonia, hay cardinalmente tendencias opuestas. La formación de estrategias económicas en el marco de la ideología de la estimulación de la industria de transformación adapta la política macroeconómica para cumplir con tales objetivos mediante el aumento de los gastos de capital, la aplicación de programas estatales de desarrollo dirigidos, la financiación de la deuda.

¹⁰⁷ Doctor of Economics, Professor International Economics Department National Technical University of Ukraine "Igor Sikorsky Kyiv Polytechnic Institute", Ukraine.

¹⁰⁸ Candidate of economic sciences, assistant professor, Department of Construction Economics Kyiv National University of Construction and Architecture Povitroflotsky, Ukraine.

¹⁰⁹ PhD in Public Administration, Associate professor Department of Production and Investment management Faculty of Agricultural Management National University of Life and Environmental Sciences of Ukraine, Ukraine.

¹¹⁰ PhD, Candidate Sociological sciences (22.00.04 - Special and sectoral sociology), Director of Talent Acquisition and Human Resources V. N. Karazin Kharkiv National University, Kharkiv, Ukraine.

¹¹¹ Doctor of Science (Economics), Associate Professor Department of economic theory, macro- and microeconomics Faculty of Economics Taras Shevchenko National University of Kyiv, Ukraine.



increasing capital expenditures of the state budget, at the expense of deficit and debt financing of target programs of the economic market.

Key words: economic strategy, economic ideology, strategic principle, processing industry, postwar economy, economic development.

Introduction

At the beginning of 2022, Ukraine entered a new, most large-scale crisis of civilizational, social, and economic nature, which arose as a result of unprovoked aggression on the part of the Russian Federation. The full-scale war against Ukraine became a challenge for the Ukrainian state, which led to the need to review not only the historical past, political miscalculations, economic policy of the pre-war period, but in general the economic and social structure of the country and strategic priorities of economic development.

After the end of the war, regardless of the territorial configuration formed as a result of its results, Ukraine, as an independent state in the new geo-economic and geopolitical reality will have to restore the infrastructure destroyed by war and develop a new form of economy, without a clear and balanced economic strategy at the macro-, micro- and meso-levels will not allow to quickly achieve the desired results. Moreover, given the readiness of the European Union, the United States of America, and other partner countries to participate in the reconstruction of postwar Ukraine, the economic strategy of the Ukrainian state should become a roadmap for the development of international cooperation and integration of Ukraine into economic and security alliances.

According to the Kyiv School of Economics, as of May 25, 2022, the amount of direct damage to Ukraine's economy from military action to infrastructure and residential and non-residential buildings exceeded \$105.5 billion or more than 3.1 trillion UAH (Kyiv School of Economics, 2022), equivalent to 56.4% of GDP as of 2021. In addition, given the destroyed vehicles, roads, factories, retail outlets, and loss of businesses, the total loss of Ukraine's economy from the war is estimated at between \$564-\$600 billion (Kyiv School of Economics, 2022) or 320% of GDP in 2021. This indicates that Ukraine suffered losses during the three months of the war (which is ongoing and, according to military analysts, will

Palabras clave: estrategia económica, ideología económica, principio estratégico, industria de transformación, economía de posguerra, desarrollo económico.

continue for at least another three to five months) that are three times higher than the GDP of 2021.

This situation indicates the need to form a strategy of economic development of Ukraine at the macro, meso, and micro levels, which will be based on the results of the war and take into account the relevant, so-called financial assistance packages from partner countries.

Analyzing the course of negotiations of the Government of Ukraine with partner-countries and the European Union, we may conclude that the mechanism of targeted external financing for infrastructure and economic rehabilitation will be discussed, which will contain specific requirements for the necessary reforms, which will form the basis for the economic development strategies of the Ukrainian state.

The analysis of effective strategies of macroeconomic development of countries of the world is important for building strategies of the economic development of Ukraine in conditions of war and post-war period. Taking into account the development of cooperation between Ukraine and Poland in the conditions of war and the announcement of a number of joint initiatives, including joint customs control, in our opinion, the Polish experience of forming economic strategies should be used in Ukraine, including, taking into account approximately the same starting conditions for the development of countries after the collapse of the Soviet Union.

Thus, the purpose of the article is to study the peculiarities of economic strategies of developed countries of the world and analysis of Ukrainian experience in implementing economic strategies and on this basis formulation of key strategic principles of economic strategies of Ukraine in the postwar period.

Theoretical Framework or Literature Review

The study of the theoretical postulates of strategic planning in business became

widespread back in the 1980s in the system of scientific schools of management, among which it should be noted the school of American scientist Michael Porter, who studied the features of strategic positioning of the company in the market, competitive analysis, scenario planning, etc. After the publications of Michael Porter on business strategies and economic strategies at the microeconomic level in general, the science in this context has developed significantly.

Today, one of the publications on economic strategies at the microeconomic level that deserves attention is the book "About strategy," which brings together the top 10 articles published in the world-famous Harvard Business Review (Porter et al., 2011). An analysis of the collected publications in the aforementioned book allows us to highlight the fundamental tenets of economic strategies at the micro level. One of these postulates should be considered one that understands economic strategy not only as a long-term plan for a company's economic development but as a unique combination of values and activities for companies to achieve certain strategic goals. The emphasis on the unique combination of values shows that there cannot be the same economic strategies because each of them should take into account the peculiarities of this or that company, which are unique in nature, and therefore blindly copying the strategies of other companies or organizations is doomed to failure. Another postulate of economic strategy at the micro level is the approach to the consideration of the company as a whole, whose activities are based on the coherence of the functions and activities of the structural units because it is coherence that allows to avoid differences in the planning of strategic objectives and the implementation of measures to achieve them. Successful strategy development and implementation requires strong leaders who are able to make a choice between concepts, approaches to strategy building, and strategic goals. An effective economic strategy must fuse on the imperative of an organization's core ideology, which defines the legitimate essence of a company that transcends product or market life cycles, its technological advances, its leadership, and its individual leaders. A core ideology is based on key strategic principles and the key purpose of a company, which are deeper motives for its existence than making money. Strategic principles are designed to help companies or organizations stay focused on strategy while encouraging flexibility among employees that opens the door to innovation and rapid response to opportunities. The essence of the strategic principle is that every member of the

organization, from top management to employees in operational units, can consciously move toward the same strategic goal without being constrained in their movement. The key ideology should only matter to and inspire people within the organization; it does not have to be appealing to outsiders.

An important postulate for building a micro-level economic strategy is the envisioned future, which should contain an ambitious goal for 10-30 years, as well as a vivid description of what the company will be in terms of achieving this goal. That is, the company must formulate a vision of its development in the long term. At the same time, thanks to the strategic principles and key ideology all employees of the company should be aware of the vision and purpose of the company, following it not only in working time but also in everyday life. All this allows innovation in the development of the firm, contributing to the achievement of key business goals (Kibik et al., 2022).

Not less important postulates of a micro-level strategy is the establishment and awareness of personal responsibility for the actions and decisions aimed at implementing the strategy. Control over the implementation of the strategy should be carried out through the analysis of the balanced scorecard, the implementation or non-implementation of which is a reason to determine the level of personal responsibility.

A collection of Harvard Business Review's top ten articles "About Strategy" allows you to understand the basics of strategic planning not only at the microeconomic level but also to integrate the outlined postulates at the meso and macro levels.

Macroeconomic level economic strategies are more complex economic development strategies because they involve a broad compromise between different political and socio-economic groups of the country, are based on consideration of the historical past and existing challenges to the economic system, and the effectiveness of such strategies depends on the ability of the authorities to invent a unique formula of economic development of their state. Each country in the world has its own strategy of economic development or several strategies depending on the specific period, which gives reason to study this or that experience and implement its best examples in the Ukrainian case of strategic planning for economic growth.

Analyzing the scientific literature on the problems of strategic planning for economic development, from our point of view we should pay attention to the developed countries of Asia, primarily Japan and China, which in a relatively short period of time became the leaders of economic growth in the world economy.

Thus, the study by Liu (2021) on the economic development strategies of Japan deserves attention, which clearly emphasizes the historical development of this country, which significantly influenced the formation of strategic plans. In particular, the author notes that after the defeat in World War II Japan used the strategy of developing international trade based on the export of raw materials (given the fact that Japan is an island country with many mineral deposits) and the production of military goods for the needs of the American army. In the mid-1970s, however, Japan switched to an economic strategy based on scientific and technological progress and high-tech production. This strategy became crucial for Japan's economic development, and even during the crisis in the 1990s and the transition to a quantitative easing strategy, i.e., the use of financial levers to stimulate economic development, high-tech production remained the basis for the development of the Japanese economy. Moreover, the so-called abenomics strategy was aimed (through credit easing and an increase in Japan's public debt) at the development of the real economy. Thus, financing the development of the real sector of the economy based on scientific and technological progress has become the basis of Japan's economic strategy.

A somewhat similar economic strategy after the global financial and economic crisis of 2008-2009 was the economic strategy of the United States based on debt financing of economic growth (Driessen, 2019). The essence of this strategy is that the growth rate of U.S. gross domestic income is higher than the growth rate of public debt, such trends are achieved because public debt is used to finance specific targeted government economic development programs, which are primarily aimed at the development of the real sector. economy and production with a high share of added value. At the same time, one of the most active participants of the U.S. economic strategy is the Federal Reserve System, which uses unconventional monetary policy instruments (Trifonova & Kolev, 2021; Feldkircher et al., 2020) to create cheap financial resources in the form of targeted loans and securities buyback mechanisms to finance economic development.

Along with Japan and the United States, a study of the economic strategies of China, as one of the leaders of the world economy, should be considered. Special attention should be paid to the comprehensive study "China's Economic Growth Path" (Yaomin, 2020), in which the author describes in detail the main steps of China's economic reforms and the peculiarities of the construction of economic strategies. In our opinion, one of the main features of the formation of China's economic strategy is to take the third session of the CPC Central Committee in each five-year period to discuss it. Thus, the results of the session are fixed by the decision of the Central Committee of the CPC, allowing to supervise its implementation in practice. In addition, China used the original approach to the formation of economic strategy, which says that it is not necessary to copy the models and experiences of other countries, it is necessary to explore their own way, based on the reality of China, and build socialism with Chinese characteristics. Chinese characteristics are as follows: active implementation of scientific and technological progress and innovation in the Chinese economy, active state support for the development of the real economy through direct budget financing channels and lending by specialized development banks, and active expansion of China's participation in global trade through the creation of bilateral free trade zones and the signing of interstate treaties (Song, 2018). A somewhat similar experience of economic strategy formation is demonstrated by Poland, where as well as in China, the economic strategy of the country is approved at the governmental level (Gadomski, 2017), the latter of which is built on the principle of analyzing the historical development of the country and taking into account its miscalculations and national peculiarities (Kołodko, 2019). Having abandoned the concept of the Washington Consensus, having reconsidered the radicality and mistakes of shock therapy, Poland emphasized the development of the processing industry and support for innovation, which became the main strategic principles of the country for the next ten years. An important contribution to the development of theoretical concepts of economic strategy formation has been made by works Zolkover et al. (2021), Kibik et al. (2022) and Buriak (2019) where considerable attention is paid to the introduction of innovation in economic development, use of human capital and human potential to stimulate economic development, as well as elements of social and economic consolidation as the basis for the implementation of mesolevel economic strategies.

Analyzing the scientific works of the aforementioned authors, it should also be noted that economic strategy at the micro and macro levels is based not only on economic indicators, but on the institutional basis of its development, implementation, and monitoring the achievement of objectives. Formal and informal institutions create conditions for employees and citizens to perceive and penetrate the vision of the development of the company, society, and the state respectively, which contributes to achieving a high level of consistency of actions, functions, and decisions at all stages of implementation of economic strategies.

Methodology

The following methods were used in the study:

- analysis and synthesis - in the study of scientific literature and the identification of features of economic strategies of developed countries of the world and Ukraine;
- economic-statistical analysis and comparison - in the study of the dynamics of some indicators of economic development of Ukraine;
- economic-mathematical method - in the study of correlation relationships between indicators of economic development and indicators of macroeconomic policy and Poland in order to identify the factors of rapid economic growth of Poland;
- generalization - for the formation of scientific-theoretical and practical recommendations on the construction of economic strategies in Ukraine in the postwar period, taking into account the effective experience of developed countries.

Results and Discussion

The formation of economic strategies at the micro, meso, and macro levels in Ukraine today is indeed an urgent task, because the large-scale destruction of infrastructure, major enterprises that provided a high share of GDP production, the growth of unemployment, and forced emigration, requires a radical revision of approaches not only to strategic planning but also in general to economic policy. In this context, in Ukraine, as in China and Poland, it is important to take into account the historical aspects of economic development since independence. Thus, the initial stage of national economic development after Ukraine's independence is characterized by an inefficient and weak institutional environment, which did not facilitate the rapid and balanced implementation

of economic reforms. The existence of well-established traditions of the command-administrative type of economy, the lack of a clear understanding of market economy mechanisms in the system of power institutions led, on the one hand, to a delay in the adoption of necessary legislative acts and strategic documents (formal institutions) and, on the other hand, to a slow recovery of national economic traditions, such as cooperative movement, farming (informal institutions), etc.

In addition, the rapid rupture of intereconomic ties with the countries of the former Soviet Union and Ukraine's exit from the ruble zone led to a large-scale economic crisis, which was overcome by the guidelines of Western economic advisors and, since 1994, by the International Monetary Fund. Western economic advisors and IMF experts successfully persuaded the Ukrainian authorities to integrate the quasi-liberal "Washington Consensus" concept, which implied a rapid introduction of free market mechanisms, in particular full price liberalization. However, the absence of proper legislative support of national economic development, mechanisms of national producer protection, and support of production with a high share of added value during price liberalization led to the gradual destruction of the scientific, technical, and production potential of the country, which resulted in deindustrialization and actual transformation of Ukraine into a raw materials appendage of developed countries of the world.

In our opinion, in the 1990s, the liberalization of prices in Ukraine, when the economy had not yet been restructured on an independent path of development, was a fatal mistake of the Ukrainian authorities, because imports of goods from Western countries (companies that had the ability to attract cheap loans, large amounts of state support and considerable experience in market competition) obviously had a higher competitiveness than products of Ukrainian enterprises, which have just begun to adapt to the open market.

The misunderstanding and ill-considered planting of liberalism concepts, propaganda of open market economy experience, and free self-regulating market both in the activities of authorities and in the training of economists through an emphasis on the advantages of liberal schools of economic theory led to the creation of a well-established idea that the highest public benefits could be achieved by abandoning state regulation of the economy. However, in copying

the foreign experience of economic regulation, domestic reformers did not take into account the aspect that the legal environment of Western countries was several orders of magnitude more efficient than that of the young post-Soviet state.

Yes, it is true that in developed countries there are fewer permits to open a business, fewer types of taxes, and other barriers to market activities, but the responsibility for corruption, violation of antimonopoly laws, financial fraud, and non-payment of taxes is much higher, and the judicial system is much more efficient, and these are all the true conditions for a free market. The inability of the legal system to enforce the economic law led to the formation of monopolies, uncontrolled redistribution of rents, excessive government support of the primary sector of the national economy, which ultimately affected the real objectives of the economic strategy of Ukraine - to increase exports of raw materials (including products of primary processing of agrarian industry) and fulfill the conditions of the International Monetary Fund.

Similar problems of building a market economy in the 1990s are recognized by modern economists in Poland, they are critical not only of attempts to implement the concept of the "Washington Consensus", but also to the policy of shock therapy, the period of which is

repeatedly called the lost period of development of the Polish economy (Kołodko, 2019).

As for economic strategies of macroeconomic level in Ukraine as state program documents, we should pay attention to three recent strategies: Strategy of economic and social development of Ukraine for 2004-2015 "Through European integration" (Verkhovna Rada of Ukraine, 2004); Sustainable development strategy "Ukraine – 2020" (Decree No. 5/2015, 2015); National strategy for the development of civil society in Ukraine for 2016-2020 (Cabinet of Ministers of Ukraine, 2016). It should be noted that none of the above-mentioned strategies were implemented, and the priority goals were not achieved.

Thus, each strategy assumed improvement of the investment climate, the attraction of investments, increase in GDP per capita, development of entrepreneurship, advanced economic development, etc. In practice, a paradoxical situation arose, clearly demonstrating the ineffectiveness of economic strategies: the volume of remittances of Ukrainian guest workers significantly exceeded the volume of foreign direct investment, despite the fact that each of the above-mentioned strategies contained goals to increase investment and improve the investment climate (Fig. 1).

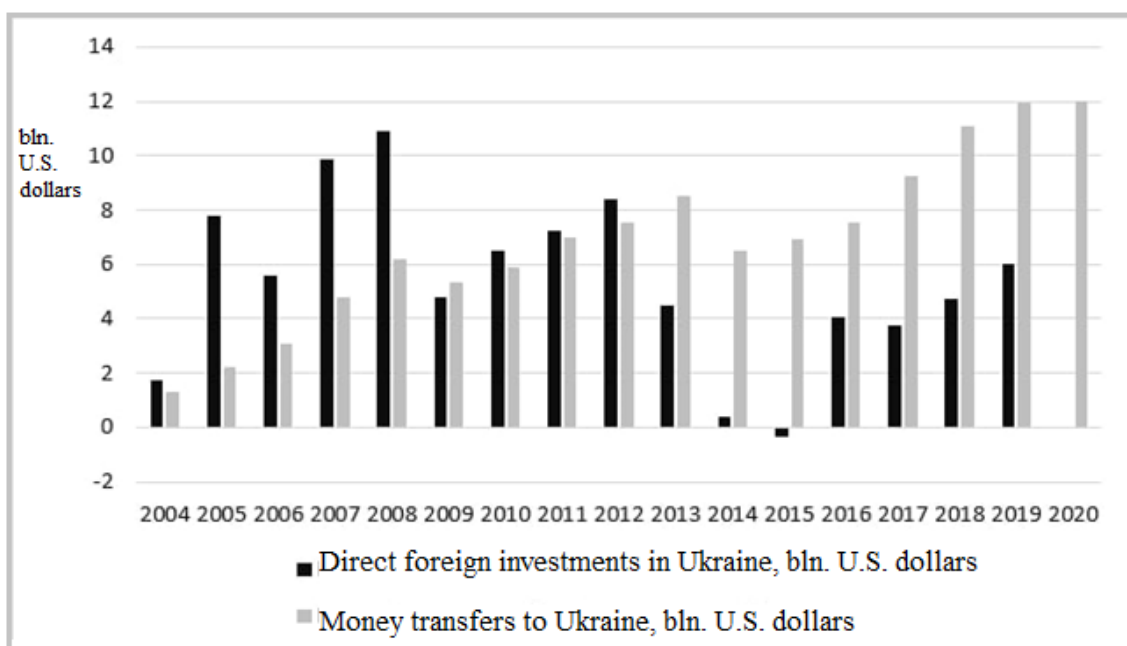


Fig. 1. Dynamics of Foreign Direct Investments and Remittances in Ukraine in 2004-2020
Source: External sector statistics (National Bank of Ukraine, 2022)

In addition, it should be noted that in every development strategy of Ukraine, including economic strategies, there are goals for the growth of the absolute volume of GDP and GDP per capita, but in terms of GDP per capita, Ukraine ranks last in Europe.

In our opinion, such problems in the achievement of strategic goals of economic strategies of Ukraine are connected with absence of economic ideology, key strategic principles, and qualitative targets of economic development.

In this context, it is advisable to compare the targets of economic development presented in the Ukrainian and Polish economic strategies (Table 1).

Analyzing the target macroeconomic indicators given in the economic strategies of Ukraine and Poland, we should note a more qualitative approach of Polish economists to the formation of such indicators, as the Polish strategies contain those indicators which determine the dynamics of such general macroeconomic indicators as the dynamics of GDP and the dynamics of GDP per capita.

Table 1.
List of strategic goals and economic strategies of Ukraine and Poland

Ukraine (Sustainable Development Strategy “Ukraine 2020”. Vectors of economic development 2030)	Poland (Strategy for Responsible Development 2017; National Development Strategy 2012)
In the World Bank's “Doing Business” ranking Ukraine will take a place among the first 30 positions;	Adjusted real gross household income per capita at PPP (purchasing power parity) relative to the EU average - an improvement from 68.5% in 2014 to 76.0-80.0% in 2020 and 100% in 2030.
Ukraine's credit rating - the rating on liabilities in the foreign currency according to the scale of the rating agency Standard and poors - will not be lower than the investment category “BBB”; According to the global competitiveness index, which is calculated by the World Economic Forum (WEF), Ukraine will be among the 40 best states of the world GDP (in purchasing power parity) per person, the World Bank calculates, would rise to \$16,000	Reduce the risk of poverty from 20% in 2015 to 17% in 2020. GDP per capita at PPP relative to the EU average of 75-78% in 2020, and 95% in 2030. Ginny coefficient - down from 30.6 in 2015 to 30 in 2020 and 27 in 2030; The share of industrial processing in gross value added - an increase from 19.7% in 2015 to 20% in 2020 and 21% in 2030
The maximum ratio of state budget deficit to GDP, according to IMF calculations, will not exceed 3%;	The number of apartments per 1,000 inhabitants - increasing from 367 in 2015 to 389 in 2020 and 435 in 2030.
The maximum ratio of total public debt and publicly guaranteed debt to GDP, according to IMF calculations, will not exceed 60 percent (according to the Maastricht convergence criteria);	The state budget deficit maintains a deficit below 3% of GDP.
The energy intensity of GDP will be 0.2 tons of oil equivalent per \$1,000 of gross domestic product, according to the International Energy Agency;	The national debt will remain below 60% in 2020 and 2030
Achieve a reduction in the unemployment rate to 5%	State tax revenues - will increase from 19.8% in 2015 to more than 20% in 2020 and 2030.
Achieve a net inflow of foreign direct investment of at least 5% of GDP per year	Investment rate from 20.1% of GDP in 2015 to 22.0-25% . in 2020 and 25% in 2030
Achieve labor productivity of at least \$20,000 per employee. Achieve a labor productivity rate of at least \$20,000 per employee and 30% of the EU rate for 2019	Household savings rate - increase from 1.7% of GDP in 2014 to 2.2% in 2020 and over 5% in 2030 Share of renewable energy in gross final energy consumption - from 11.45 percent in 2014 to 15 percent in 2020
Achieve a gross fixed capital formation ratio of 25% of GDP	The share of government spending aimed at development as a percentage of GDP - an increase from 16.4% in 2010 to 17.6% in 2020

Source: Sustainable Development Strategy “Ukraine – 2020”, (Decree No. 5/201, 2015); Vectors of economic development 2030, (Cabinet of Ministers of Ukraine, 2020); Gadomski, (2017)

Such indicators in Polish strategies are: the share of industrial processing in gross value added and the share of public spending aimed at the development in GDP. Development of a processing industry or industry with a high share of added value is a key strategic principle not only in Poland, but almost all developed countries of the world because the processing industry helps to create jobs (and therefore

contributes to reducing unemployment), attract highly qualified personnel (increasing the cost of labor, average income, and GDP per capita indicator), and most importantly - protects the economy from the influence of world commodity cycles. The emphasis on the development of the processing industry in Poland vividly reflects the gap in the development of the Ukrainian and Polish economies (Fig. 2).

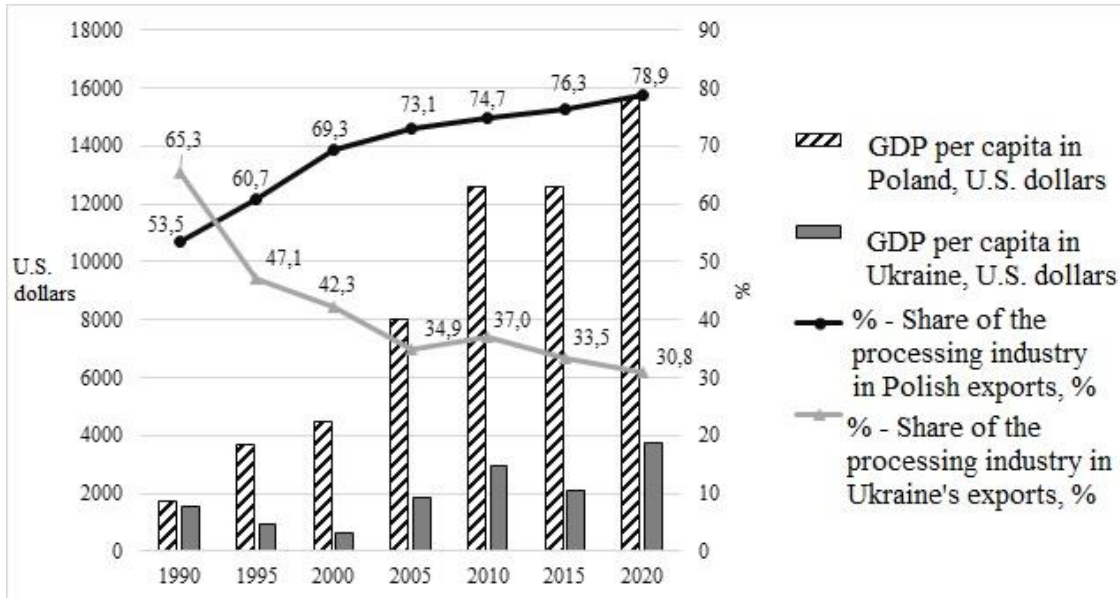


Fig. 2. Dynamics of GDP per capita and the share of processing industry in Polish and Ukrainian exports in 1990-2020

Source: Bank danych Makroekonomicznych, 2022; State Statistics Service of Ukraine, 2022.

The data in Figure 2 show that the decrease in the share of the processing industry in Poland's and Ukraine's exports affects the dynamics of GDP per capita. The decrease in the share of the processing industry in Ukraine's exports not only does not contribute to GDP per capita growth but indicates Ukraine's transformation into a raw materials appendage of the developed world. Moreover, under conditions of war with the Russian Federation, it is the excessive dependence on the export of agricultural raw materials through ports on the Black Sea that Ukraine has suffered significant export losses, especially affecting the volume of foreign

exchange earnings amid panic on the foreign exchange market.

Choice of such strategic principles of economic development of Poland as the development of the processing industry and increase of state expenditures for the development of the country mobilizes macroeconomic policy and consolidates actions and decisions of authorities on the implementation of economic strategies. This can be confirmed by the results of the correlation analysis of the main indicators of the development of the Polish economy. Let us reflect our calculations with the help of a correlation matrix (Table 2).

Table 2.
Correlation matrix of macroeconomic indicators of Poland's development in 2004-2020

	GDP, \$ billion U.S.	GDP per capita, U.S. dollars	State budget deficit, billion U.S. dollars	Capital expenditures, billion U.S. dollars	Capital expenditures + expenditures of EU funds, \$ billion	Current expenditures, billions of U.S. dollars	Public debt, billions of U.S. dollars	Foreign direct investment	Coefficient of economic complexity	Index of economic freedom	Freedom of Investment
GDP, \$ billion U.S.	1										
GDP per capita, U.S. dollars	0,9999	1									
State budget deficit, billion U.S. dollars	-	-	1								
Capital expenditures, billion U.S. dollars	0,0137	0,0159		1							
Capital expenditures + expenditures of EU funds, \$ billion	0,7435	0,7472	0,0625		1						
Current expenditures, billions of U.S. dollars	0,6283	0,6253	0,0109	0,7816		1					
Public debt, billions of U.S. dollars	0,9259	0,9237	0,0922	0,7987	0,8439		1				
Foreign direct investment	0,9513	0,9500	0,2357	0,6939	0,5658	0,8962		1			
Coefficient of economic complexity	0,3231	0,3330	-	0,3660	0,1487	0,2329	0,2651		1		
Index of economic freedom	-	-	0,0080	-	-	-	-	-		1	
GDP, \$ billion U.S.	0,5371	0,5358		0,7057	0,7458	0,6450	0,5026	0,3344			1
GDP per capita, U.S. dollars	0,7370	0,7411	0,1338	0,4824	0,0915	0,4922	0,7568	0,3141	-	0,1262	
	0,8392	0,8436	0,0559	0,5905	0,2810	0,6460	0,8174	0,3367	0,2608	0,9480	1

Source: The World Bank, 2022; Bank danych Makroekonomicznych, 2022; Index of economic freedom (The Heritage Foundation, 2022); Country & Product Complexity Rankins (Atlas of economic complexity, 2020)

The data in Table 2 testify to a high level of correlation between the indicators of fiscal policy and such macroeconomic indicators as dynamics of GDP and GDP per capita. Thus, the relation of capital expenditures from the state budget of Poland, as well as capital expenditures including expenditures from the EU Funds with the dynamics of GDP ($r=0,7435$) and the dynamics of GDP per capita ($r=0,7472$) is comparatively significant, and this indicates the effective direction of public expenditures to achieve the development goals, which corresponds to the targets declared in the economic strategies.

The dynamics of current spending actually has a direct relationship with the dynamics of GDP ($r=0,9259$), which is quite natural, because the financing of consumer purposes also has a positive effect on the dynamics of GDP, but it should be noted that the effect of consumer

spending is greater when the country has a large domestic market and developed industry, whose goods are the main object of purchase of public and private sector organizations and their employees. The main aspect in this context is the level of localization of public spending, characterized by the share of national production in public procurement.

Directing capital expenditures to development, in particular to the development of infrastructure, public procurement of goods from the national manufacturer, financing (subsidies, subsidies) of enterprises producing products with a high share of added value, allows to increase the coefficient of economic complexity, reflecting the level of diversification of the country's exports and its level of technological complexity. The lower the value of this indicator, the higher the economic

complexity of the country and, therefore, the impact on economic growth ($r=-0,5371$)

Public debt plays an important role in the economic development of Poland because with the help of debt financing the Polish government implements projects to develop economic infrastructure, which is the basis of economic growth.

Direct foreign investments, if we evaluate their dynamics, have an insignificant influence on GDP growth ($r=0.3231$), which is associated with frequent changes in the economic and political conjuncture in the European Union, which negatively affects the behavior of investors. However, in order to stimulate the

inflow of foreign investments and to create conditions for the realization of domestic investment potential, the Polish government is actively working to increase economic freedom and freedom of investment. The data in Table 2 confirm the fact that the increase in the index of economic freedom ($r=0.7370$) and the index of investment freedom ($r=0.8392$) contributes to the growth of GDP and GDP per capita.

In contrast to Poland, most of the indicators of macroeconomic policy in Ukraine have a lower level of correlation with GDP and GDP per capita, which indicates a lower level of effectiveness of the implementation of the economic strategy (Table 3).

Table 3.
Correlation matrix of macroeconomic indicators of Poland's development in 2004-2020

	GDP, \$ billion. U.S.	GDP per capita, U.S. dollars	State budget deficit, billion dollars. U.S.	Capital expenses	Ongoing expenses	Public debt, billion U.S. dollars.	Foreign direct investment	Coefficient of economic complexity	Index of economic freedom	Freedom of Investment
GDP, \$ billion. U.S.	1									
GDP per capita, U.S. dollars	0,9854	1								
State budget deficit, billion dollars. U.S.	0,5358	0,5482	1							
Capital expenses	0,5742	0,5233	-0,0610	1						
Ongoing expenses	0,9499	0,9741	0,6673	0,3648	1					
Public debt, billion U.S. dollars.	0,3908	0,5247	0,4706	-0,1900	0,6220	1				
Foreign direct investment	0,4287	0,3169	-0,1860	0,6264	0,2113	-0,4300	1			
Coefficient of economic complexity	0,4073	0,5120	0,2940	-0,0908	0,5845	0,8401	-0,1357	1		
Index of economic freedom	-0,2391	-0,2056	-0,3646	0,3333	-0,3008	-0,2890	-0,0386	-0,3783	1	
Freedom of Investment	-0,0129	0,0149	-0,3258	0,4907	-0,0995	-0,1735	0,1677	-0,1882	0,8526	1

Source: The Price of the State (2022); World Development Indicators (The Word Bank, 2022); International economic activity and balance of payments (State Statistics Service of Ukraine, 2022); Index of economic freedom (The Heritage Foundation, 2022); Country & Product Complexity Rankings (Atlas of economic complexity, 2020).

As the data in Table 3 show, in contrast to Poland, capital expenditures of the state budget of Ukraine have a much lower level of correlation with the dynamics of GDP ($r=0.5742$), which is associated with more frequent economic crises and the war with the Russian Federation. Due to increased spending on anti-crisis policy and war financing, Ukraine

does not have enough money to finance capital expenditures. For this reason, the highest relationship between the state budget deficit and the dynamics of GDP, which indicates the use of elements of deficit financing of economic growth ($r=0.5358$), but this growth is mainly based on the financing of current spending ($r=0.9499$).

In our opinion, the absence of clear strategic goals for the development of the processing industry and the direction of public expenditures to finance development goals is one of the main reasons for the ineffectiveness of the economic strategies of Ukraine at the macro level. Moreover, the absence of such goals directs public funding (subsidies, applications) to the development of raw material and the agrarian sector of the economy, which is also of raw material nature. In turn, the growing share of raw materials in the structure of Ukrainian exports leads to increased dependence of the Ukrainian economy on raw material cycles, and in accordance with the constant pressure on the currency and financial stability.

The reduction of economic complexity, its de-industrialization, and the reduction of the share of innovative products in the volume of industrial production leads to a decrease in the growth rate of GDP and GDP per capita, as the coefficient of economic complexity has an inverse relationship with the dynamics of GDP. It should be noted that the higher the value of this coefficient, the lower the level of economic complexity ($r=0.4073$).

Such declared goals of economic strategies in Ukraine as increasing the inflow of direct foreign investments are also not fulfilled, as in Ukraine there remains a rather large system of barriers and risks for foreign investors, which leads to the excess of migration capital over investment capital (Fig. 1). For these reasons, there is practically no correlation between the indicators of economic freedom ($r=-0.2391$), investment freedom ($r=-0.0129$) and the dynamics of GDP and GDP per capita.

Based on the conducted comparative analysis of the connection of macroeconomic indicators of Poland and Ukraine with the indicators of their economic development, as well as taking into account the list and content of strategic objectives and the effectiveness of their

achievement, we notice the necessity of revision of the economic strategy of Ukraine, especially in conditions of post-war restoration of the state.

Thus, the main aspect of building the economic strategy of Ukraine should be a change of economic ideology on financing and development of the raw materials sector of the economy for the development of the processing industry with a high share of added value and innovation, as well as the direction of state funding for the development and restoration of the destroyed infrastructure.

Given this economic ideology, it is advisable to formulate appropriate strategic goals, conditions of strategy implementation, and mechanisms of financing strategic measures (Fig. 2).

Given the significant destruction of Ukraine's economic infrastructure and the cessation of activities of many enterprises that played an important role in creating GDP, the main goals of Ukraine's new economic strategy should be to restore post-war GDP volumes, restore infrastructure, and increase foreign direct investment. However, it should be noted that without the development of the real sector of the economy and support for national processing enterprises it is impossible to achieve rapid GDP growth because the creation of new and modernization of existing processing enterprises will lead to the creation of new jobs, an increase in high-tech exports, import substitution, and expansion of the domestic market.

Given the post-war state of the economy, Ukraine will have every right to postpone the implementation of the World Trade Organization requirements and introduce certain protectionist measures, chief among which should be the measure to increase the share of domestically produced goods in public procurement to 50% by 2025. Such a measure would be a good incentive for domestic producers, and therefore a goal of the new economic strategy.

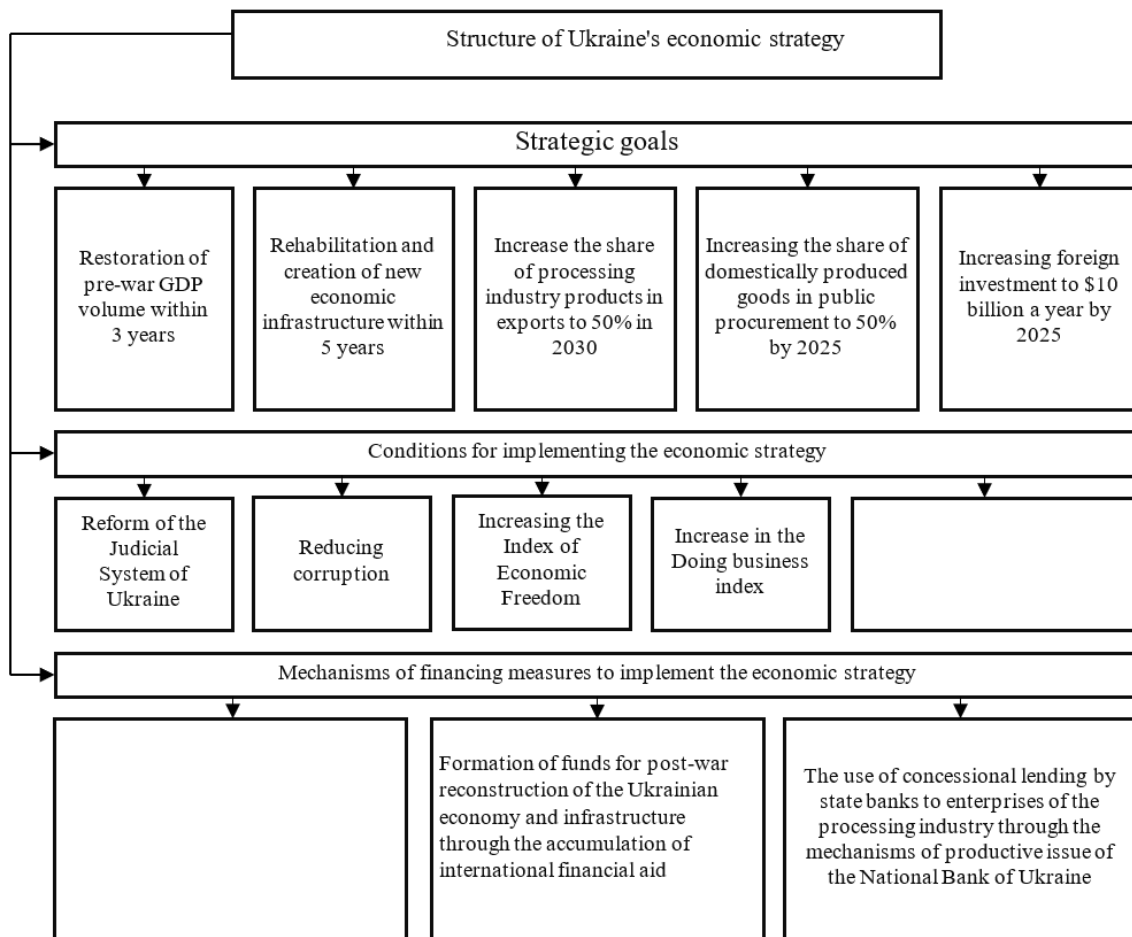


Fig. 2. The structural and logical scheme of Ukraine's economic strategy
Source: The author's own development

To really achieve the goals outlined in the strategy, it is important to create the conditions for the implementation of the strategy. In our opinion, one of the most important conditions for the implementation of the economic strategy is a judicial reform and the full launch of the Economic Security Bureau, which will ensure compliance with tax, customs, and antimonopoly legislation, reduce corruption in customs and other fiscal bodies. Such measures, in turn, will increase revenues to the state budget of Ukraine and will create conditions for increasing funding of state-targeted programs for economic development.

Raising the index of economic freedom and the index of Doing business is a necessary condition for increasing foreign investment because the components of these indices reflect the investment and business climate in the state and the protection of investor rights and property rights.

An equally important condition for the implementation of Ukraine's economic strategy is the legislative approval of the strategy itself and the personal and departmental responsibility for its implementation. This will avoid the declarative state program documents and increase the effectiveness of the macroeconomic policy of Ukraine as a whole.

The mentioned conditions for implementing Ukraine's economic strategy at the macro level are also necessary for the mesolevel, which includes oblasts and territorial communities because creating a positive investment and business climate and an effective legal framework will not only attract investors to the territorial communities but also increase the revenues to local budgets.

As for the mechanisms of financing measures to implement Ukraine's economic strategy, the mechanisms of fiscal and monetary policy should be used in the first place. Thus, on the fiscal plane, state budget expenditures for economic

development should be based exclusively on the program-targeted method of financing, i.e., it is necessary to develop state-targeted programs for the development of priority economic sectors (for example, processing industry, processing agriculture) and infrastructure (“Big building” and so on). To finance such programs, a Keynesian approach can be used, involving an increase in the state budget deficit. At the same time, one of the options might be to raise public debt exclusively to finance state target programs.

Receiving assistance for the reconstruction of Ukraine's economy and infrastructure from foreign partners is also a significant funding mechanism, but in this context, it is important to ensure maximum transparency of the use of such funds and the patronage of foreign governments, organizations, enterprises over programs for the reconstruction of certain objects is necessary.

The participation of the National Bank of Ukraine in the process of implementing the post-war development strategy should be reduced not only to the direct redemption of government bonds as an instrument of emission financing of the state budget but also to an increase in the volume of productive emission. This emission should provide an increase in the volume of targeted refinancing loans to state banks under loan programs at concessional interest rates, directed to the enterprises of the real economy to finance their modernization, expansion of production capacity, and re-location.

In the context of the indicated objectives, conditions and financial mechanisms of Ukraine's macroeconomic strategy, economic strategies of meso- and micro-level should be developed. Thus, at the meso level, which includes the level of regions and united territorial communities, post-war economic strategies should be based on attracting international financial assistance, financial resources of regional development fund, and self-financing mechanisms.

The main goals of economic strategies at the mesolevel in Ukraine should be the restoration of infrastructure (or its improvement in those territories where there was no combat operations), increasing the living standards of the population, increasing the volume of investments, increasing the number of industrial enterprises, developing tourism, etc.

As for the mechanisms of financing measures to implement the economic strategy at the mesolevel, the most attention should be paid to

the mechanisms of self-financing, which can be divided into two groups: 1) targeted programs and local budget benefits; 2) crowdfunding mechanisms.

Thus, we note that local budgets have different possibilities to finance local development projects because the financial capacity of communities is different; therefore, at the mesolevel, a special preferential tax regime for businesses can be implemented, which will provide for exemption from land tax in case of business registration in the united territorial community.

Given that both in 2014 at the beginning of the war with the Russian Federation and in 2022 during the full-scale invasion of Ukraine the volunteer movement was active, there is every reason to believe that organizing crowdfunding for community development projects is a promising idea. Crowdfunding as co-funding of development projects implies the possibility of involving not only residents of united territorial communities, but also residents of the entire country and the diaspora. At the same time, using crowdfunding platforms, such as the Community, it is possible to ensure not only advertising of the project, but also transparency of the use of funds.

As for the economic strategies of the microeconomic level in Ukraine, today they are actually aimed at the preservation of business and its relocation from the sites of hostilities and occupation. However, sooner or later the war will end, and already now firms should form goals to attract financial resources to modernize and expand business through participation in international grant programs, national financing projects, and concessional lending programs.

At the same time, Ukrainian firms should take advantage of the opportunities that will open up after the war is over, namely the projected increase in the flow of tourists to places of combat operations and military glory. Therefore, the development of services, logistics, and tourism is highly likely to be a priority for domestic businesses. In addition, economic strategies of the micro-level will depend on the international economic cooperation of Ukraine and the creation of certain regional politico-military and military-economic regional unions with Ukraine's participation, because in this case foreign trade barriers will be lifted, which will allow enterprises to increase exports of their products abroad, to attract innovation, etc. Consequently, the strategic goals of domestic

enterprises will be to increase their competitiveness on the national and European markets, which will require meeting the standardization requirements of the European Union, using a blue ocean strategy in the context of igniting certain niches on the European market. The main advantage in the context of achieving the goals of increasing the competitiveness of enterprises is and will be in the short term a cheap labor force, given the impoverishment of the population as a result of the war.

Conclusions

The study of the economic literature on economic strategies of developed countries and firms, as well as a comparative analysis of strategic planning and policies to achieve the strategic goals of Poland and Ukraine, gives grounds to conclude that the basis of economic growth is a developed sector of processing industry based on the elements of scientific and technological progress. From these positions, the new economic ideology of Ukraine, which should be adopted during the war and implemented after its end, should be based on stimulation and support of industrial production with a high share of added value. After all, it is in the processing industry that a large number of jobs are accumulated, innovations are used, and fixed capital is accumulated. Besides, it is equally important to revise the policy of public expenditures allocated for development purposes, namely, to increase capital expenditures of the state budget for the development of economic infrastructure. At the same time, it should be noted that without creating the institutional conditions associated with reforms of the judicial system, reducing corruption, improving the investment and business climate, and the introduction of personal responsibility for the implementation of economic strategies certain strategic goals will not be achieved.

The post-war economic strategies of macro-, meso- and micro-level should also take into account the sources and mechanisms of financing of the strategy implementation, which in addition to funding from the state budget should use the funds of the National Bank of Ukraine in the form of targeted refinancing loans, and on the ground - crowdfunding mechanisms.

Realistic strategic goals, effective conditions, and financing mechanisms will allow to implement of the economic strategies of the post-

war period and achieve economic development and prosperity in Ukraine.

Bibliographic references

- Atlas of economic complexity (2020). Country & Product Complexity Rankings. Retrieved from <https://atlas.cid.harvard.edu/rankings>
- Bank danych Makroekonomicznych (2022). National accounts ESA 2010. Retrieved from <https://bdm.stat.gov.pl/>
- Buriak, Ie. (2019). The regional development in the conditions of social and economic consolidation. The causality of the development of municipalities and regions from the point of view of integration processes, tax policy and tourism, 1. vol. (p. 67-77). https://vsers.cz/wp-content/uploads/2019/10/Sbornik_2019.pdf
- Cabinet of Ministers of Ukraine (2016) National Strategy for Promoting Civil Society Development in Ukraine for 2016-2020 Retrieved from <https://www.kmu.gov.ua/gromadskosti/gromadyanske-suspilstvo-i-vlada/spriyannya-rozvitku-gromadyanskogo-suspilstva/nacionalna-strategiya-spriyannya-rozvitku-gromadyanskogo-suspilstva-v-ukrayini-na-2016-2020-roki>
- Cabinet of Ministers of Ukraine (2020). Vectors of economic development 2030. Retrieved from <https://nes2030.org.ua/docs/doc-vector.pdf>
- Decree No. 5/2015. Sustainable Development Strategy «Ukraine - 2020» Verkhovna Rada of Ukraine, January 12, 2015. Retrieved from <https://zakon.rada.gov.ua/laws/show/5/2015#Text>
- Driessen, A. G. (2019). Deficits, debt, and the economy: An introduction. In Congressional Research Service, US Congress (Vol. 44383). Retrieved from https://www.everycrsreport.com/files/20190415_R44383_a49a437b644e3304d7b51d7b6d60008b0f1ed2f8.pdf
- Feldkircher, M., Huber, F., & Pfarrhofer, M. (2020). Measuring the effectiveness of US monetary policy during the COVID-19 recession. In arXiv [econ.EM]. <http://arxiv.org/abs/2007.15419>
- Gadomski, W. (2017). Polish strategies of economic development [Polskie strategie rozwoju gospodarczego]. Obserwator finansowy. Retrieved from <https://www.obserwatorfinansowy.pl/tematyka/makroekonomia/polskie-strategie-rozwoju-gospodarczego/>
- Kibik, O., Taran-Lala, O., Saienko, V., Metil, T., Umanets, T., & Maksymchuk, I. (2022).

- Strategic vectors for enterprise development in the context of the digitalization of the economy. *Postmodern Openings*, 13(2), 384–395. <https://doi.org/10.18662/po/13.2/460>
- Kołodko, G. W. (2019). Determinants and long-term implications of the strategy for Poland. *Gospodarka Narodowa*, 298(2), 65–93. <https://doi.org/10.33119/gn/108606>
- Kyiv School of Economics (2022, May 25). Direct damage caused to Ukraine's infrastructure during the war has reached over \$105.5 billion. Retrieved from <https://kse.ua/about-the-school/news/direct-damage-caused-to-ukraine-s-infrastructure-during-the-war-has-reached-over-105-5-billion/>
- Liu, J. (2021). Three Types of Economic Strategies in Japanese History. In *E3S Web of Conferences* (Vol. 233, p. 01157). EDP Sciences. <https://doi.org/10.1051/e3sconf/202123301157>
- National Bank of Ukraine (2022). External sector statistics. Retrieved from <https://bank.gov.ua/ua/statistic/sector-external>
- Popelo, O., Garafonova, O., Tulchynska, S., Derhaliuk, M., & Berezovskyi, D. (2021). Functions of public management of the regional development in the conditions of digital transformation of economy. *Amazonia Investiga*, 10(43), 49–58. <https://doi.org/10.34069/AI/2021.43.07.5>
- Porter, M.E. (2011) HBR's 10 Must Reads on Strategy. Harvard Business School Publishing. Retrieved from: <https://www.scribd.com/read/353493971/HBR-s-10-Must-Reads-on-Strategy-including-featured-article-What-Is-Strategy-by-Michael-E-Porter>
- Song, G. (2018). China's economic strategy in Asia. *Asian Education and Development Studies*, 8(1), 2–13. <https://www.emerald.com/insight/content/doi/10.1108/AEDS-08-2017-0083/full/html>
- State Statistics Service of Ukraine. (2022) International economic activity and balance of payments Retrieved from <http://www.ukrstat.gov.ua>
- The Heritage Foundation (2022). Index of economic freedom. Retrieved from <https://www.heritage.org/index/visualize>
- The Price of the State (2022). Budget of Ukraine. Retrieved from <http://old.cost.ua/en/budget/expenditure/>
- Trifonova, S., & Kolev, S. (2021). Impact of the Fed's unconventional monetary policy on the us financial market. *Eurasian Journal of Economics and Finance*, 9(3), 145–158. <https://doi.org/10.15604/ejef.2021.09.03.001>
- The World Bank. (2022) World Development Indicators Retrieved from <https://databank.worldbank.org/indicator/BN.KLT.DINV.CD/1ff4a498/Popular-Indicators/>
- Verkhovna Rada of Ukraine. (2004). Strategy of economic and social development of Ukraine for 2004-2015 «Through European integration». Retrieved from <https://zakon.rada.gov.ua/laws/show/493%D0%B0/2004>
- Yaomin, H. (2020). China's economic growth path. Odesa: Helvetica Publishing House. https://www.yakaboo.ua/ua/shljah-ekonomichnogo-zrostannja-kitaju.html#media_popup_fragment
- Zolkover, A., Kaplina, A., Loboda, O., Kyrychenko, N., & Chopko, N. (2021). Features of the influence of human capital on economic development: The case of Ukraine. *Journal of Eastern European and Central Asian Research*, 8(3), 425–437. Doi: 10.15549/jeecar.v8i3.763