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## FACTORS AND PECULIARITIES OF THE ECONOMIC DEVELOPMENT MODEL IN THE STRATEGY FOR OVERCOMING THE CRISIS

*The article highlights the key factors of Ukraine economy post-crisis stabilization from contemporary situation. Analyze the factors and peculiarities of the economic development model in the strategy for overcoming the crisis shows the economic prospects of Ukraine, in fact, have two main ways. The first is by delivering price stability and reducing the risk of inflation surprises, and the second area where contribute to the national economy growth is by strengthening prudential regulation and supervision to help create a more stable and efficient financial system. A well-functioning financial system helps an economy grow by pooling and mobilising savings, allocating funds to investment, providing liquidity, and redistributing risk. The financial system needs regulation because in a limited liability framework the interests of banks and bankers can differ widely from those of society at large. Macroeconomic stability is now widely considered to be a permanent goal of economic policy. It includes price stability and long-term fiscal prudence, and for the technological frontier, to attract new capital, entrepreneurship and investment in innovation need no simple generic formula for raising growth rates. The more prosperous countries and the economies that are growing rapidly all built strong linkages with the global economy, and created an environment that fostered strong productivity growth, and high rates of investment from domestic and foreign sources. Economic growth occurs as a result of increases in the quantity of labour and capital that is used in the production process and from increases in productivity. Productivity improvements are ultimately more important in generating sustainable economic growth and can arise as a result of improvements in the quality of the productive inputs. There are a number of important factors that can potentially influence productivity and sustainable economic growth: labour force, capital investment, productivity.*

**Keywords:** *economic development, economic development model, economic factors, economic security, economic strategy, national security, post-crisis recovery, stability.*

У статті висвітлено ключові чинники посткризової стабілізації економіки України з точки зору сучасної ситуації. Аналіз чинників та особливостей моделі економічного розвитку в стратегії виходу з кризи показує, що економічні перспективи України, по суті, мають два основні напрями. Перший — це забезпечення цінової стабільності та зменшення ризику інфляційних сюрпризів; другий напрям, який сприятиме зростанню національної економіки, — це посилення пруденційного регулювання та нагляду, що допоможе створити більш стабільну та ефективну фінансову систему. Добре функціонуюча фінансова система допомагає економіці зростати, об'єднуючи та мобілізуючи заощадження, спрямовуючи кошти на інвестиції, забезпечуючи ліквідність та перерозподіляючи ризики. Фінансова система потребує регулювання, оскільки в умовах обмеженої відповідальності інтереси банків і банкірів можуть суттєво відрізнятися від інтересів суспільства в цілому. Макроекономічна стабільність сьогодні широко розглядається як постійна мета економічної політики. Вона включає в себе цінову стабільність і довгострокову фіскальну виваженість, а для залучення нового капіталу, підприємництва та інвестицій в інновації не потрібна проста універсальна формула для підвищення темпів зростання. Найбільш процвітаючі країни та країни з економікою, що швидко зростають, побудували міцні зв'язки зі світовою економікою та створили середовище, яке сприяло значному зростанню продуктивності праці та високим темпам інвестицій з внутрішніх та зовнішніх джерел. Економічне зростання відбувається в результаті збільшення кількості праці та капіталу, які використовуються у виробничому процесі, а також завдяки підвищенню продуктивності. Підвищення продуктивності, зрештою, є більш важливим для забезпечення сталого економічного зростання і може відбуватися в результаті поліпшення якості виробничих ресурсів. Існує низка важливих факторів, які потенційно можуть впливати на продуктивність і стале економічне зростання: робоча сила, капітальні інвестиції, продуктивність праці.

**Ключові слова:** економічний розвиток, модель економічного розвитку, економічні чинники, економічна безпека, економічна стратегія, національна безпека, посткризове відновлення, стабільність.

**Statement of the problem.** The war in Ukraine radically changed the security situation in the country as a whole and its economic component in particular. Prolonged hostilities and occupation of a large part of the country resulted in catastrophic changes in the national economy. The effect of these factors is different for different types of economic systems and relations, which requires taking into account the specific situation and options for the development of events. Thus, unresolved elements of the general problem indicate the need for further research in the field determines the economic development model in the strategy for overcoming the crisis.

**Analysis of recent research and publications.** Certain aspects of the problem were the subject of scientific investigations by such researchers as A.Anufrijev [1], L.Badeaux [5], D.Besanko [2], G.Dašić [1], D.Dranove [2], V.Fiezegerald [14], F.Humphreys [10], S.Kooros [5], P.Martin [6], T.Nenovski [7], J.Pisani-Ferry [6], X.Ragot [6], M.Shanley [2], M.Starr [9], F.Stewart [10] and other. Howev-

er, the need to determine the model of economic development of Ukraine during the crisis and post-crisis recovery is associated with the adaptive context and potential of existing models and theories of economic development, taking into account various factors.

**Purpose.** In the strategic perspective of overcoming aggression and post-crisis recovery, an urgent issue is the development of a model of economic development of the state.

**The results of the research.** It is possible to point out certain factors that restrain the process of economic growth of the country, and which under any economic conditions and which, regardless of their objective or subjective nature, actively influence the formation of the state's economic policy. Such factors include: political instability, weak economic policy, high level of corruption and shadowing of the economy, low socio-economic standard of living of the population and limited domestic market, decline in production and production consumption, deconcentration of capital in the country, ineffective monetary and fiscal policy of the state, disintegration the nature of sustainable infrastructure, etc. [9; 13]. However, the possibility of building a model of economic growth within the framework of a multifactorial model, taking into account the above factors, faces the powerful influence of a subjective factor, which often negates their verification and assessment. Therefore, it is theoretically justified to turn in the theory to such more specific economic factors that form the corresponding model of economic growth.

As a rule, economic growth is associated with the anticipated growth of national income in comparison with the growth of the population, i.e., the growth of the level of social and economic support of the country's population, its level of well-being depends on the dynamics of the growth of national income [4; 12]. But regardless of the obviousness of such dependence, the very conditions of economic growth contain certain contradictions that have a negative impact on the socio-economic development of society and the state. These contradictions are revealed in the differences between two approaches – short-term and long-term growth of national income as the basis of the theoretical understanding of the problem of economic growth. When economists talk about economic growth, they tend to focus on developments in an aggregate measure of value added, usually Gross Domestic Product (GDP) [10; 13]. Although GDP captures only market-based activity and fails to account for factors such as environmental impact or natural resource use. Also, GDP does not adequately reflect improvements in the quality and choice of products and services that are available to consumers. Probably, this latter factor could significantly add to welfare in the state over some times.

At the same time, increasing the global demand for commodities can push changes the terms of trade. When arise oil supply restrictions, that impose by, for example, the OPEC etc., led to a lot-fold increase in the price of imported oil, and more than reversed all of the previous gains in terms of trade [8]. As it known, a consequence of the oil shock, the world economy going into recession, and demand for exports contracted. The combined effect of a heavy dependence on imported fuels and contracting exports led rapid increase in

the current account deficit, which reaches big means in the structure of GDP. In addition, many commodity producers in other countries (Europe in particular) increase their effective rates of protection for agricultural products, and thereby impeded the ability of Ukrainian primary producers to reap the benefits of their comparative advantage.

The theory of employment and policy of stabilization, based on a statistical approach, seek to resolve the issue of creating conditions for the full use of available production capacities on the basis of ensuring the required level of GDP under conditions of full employment in the presence of a fixed (mostly, limited) amount of resources. In this case, the rational distribution and use of available resources becomes the basis of stabilization policy, and the dynamics of GDP, which is taken in the interval to the point of long-term equilibrium of the economy at a given level of resource provision and technological development, forms the short-term growth of national income. Based on this approach, the theory of economic growth formulates its own problem, which consists in the possibility of increasing the potential level of GDP due to the increase in the volume of production capacity [2]. And if in the case of short-term economic growth, preference is given to problems of fluctuations in production under the influence of changes in aggregate demand, and then the process of economic growth reflects the long-term growth of aggregate supply.

Another factor is an unsustainable monetary and fiscal policies begin at the 2005-s contributed to a general worsening macroeconomic situation. The fiscal balance moved to a deficit, and current account deficits became persistent. Over the course begin at the 2014s, the inflation increased substantially, threatening become deflation after 2022. This phenomenon was experienced internationally also, but can be connected with inflationary expectation as a result of active battle acts in Ukraine. In this case the comprehensive economic reform must entrench macroeconomic stability, through prudent fiscal policy and monetary policy focused on reducing inflation [13]. The government must dismantle the complicated system of protectionist barriers that had ensured a large proportion of Ukrainian producers and interests of Ukrainian oligarchs. National economy must be ready to the rigours of disinflation and fiscal adjustment, as well as significant structural change and a poor rate of economic growth. But with macroeconomic stability, substantial fiscal deficits and inflation can be avoided.

A production is no less important factor too [10]. In comparison to other countries in region, production in Ukraine is relatively concentrated in primary-product processing, and remains exposed to swings in international commodity prices and mostly depending from import of energy. Because of a lack of domestic savings, the economy is highly dependent on foreign capital. But in whole, if adopting endogenous growth models sustainable economic growth occurs as the result of improvements in the level of productivity, that is, by making more efficient use of the available stock of capital and labour. The basic idea of endogenous growth models is that sustainable economic growth occurs as the result of prudent investment decisions that improve the quality of the economy's factors of production, whether they be physical capital or labour [5;

6; 7]. Factly, such approach leads to approval the neoclassical growth model result that growth in economic production depends on population growth, and the rate of increase in the workforce's labour productivity. At the same time, endogenous demand factors (the level of public spending, exports, etc.) affecting economic growth are almost not taken into account in theoretical models, as evidenced by, for example, the growth models of Harod-Domar and R. Solow [3], which traditionally focus on endogenous supply factors (labor force, capital, technological progress).

Proponents of the neoclassical synthesis consider the theory of general economic equilibrium as an ideal model of the economic system functioning. However, unlike the neoclassicists, who denied the need for state intervention in the economy, the neoclassical synthesis involves the use of various methods of state regulation in order to approach such a model. This justifies itself in a situation where the economy, having not gained stability in previous periods, is exposed to the threats and dangers of military conflicts and other systemic crises. The neoclassical growth mode suggests that two factors determine economic growth: the rate of population growth and the rate of labour productivity growth. Endogenous growth models demonstrate that the proportion of the workforce devoted to producing new knowledge is important for economic development. Within the general framework of the neoclassical and endogenous growth models, some specific systematic approaches have been already proposed for promoting economic development in practice. Krugman's theory of agglomeration economics, Heterogeneous regional development models, Evolutionary economics and path-dependency, Porter's theory of competitive advantage, Skilling's theory of small country strategies, Resource-based economic development, Florida's theory of the creative class. All of these models are relevant to forming the strategy for overcoming crises, including the crisis caused by the war.

Foreign trade factor, given the significant restrictions on import-export operations in the context of active military operations, acquires one of the main meanings of post-crisis recovery. The main exports, key trading partners for Ukraine have had a diversified export portfolio. But now, in perspective of post-crisis renovation, the government must pursue further opportunities in Europe and also in emerging regions including the Middle East and Latin America [7; 10]. Commodity-based products remain a main source of export receipts. This area is diversifying as exporters increasingly look to value-added product. If until war Ukraine exported a wide and growing range of products, now and in shot-time perspective commodity-based products remain a main source of export receipts. It's clear, because this area is diversifying as exporters increasingly look to value-added products.

In a whole from contemporary situation the key factors of Ukraine economy post-crisis stabilisation are: surplus of total trade balance; total imports above total exports of goods and services; determine the top export destination; determine the main sources of imports. This accenting, among other things, by that economic prospects of the state depend greatly on the growth in world trade and output. IMF data suggests that the global economy is expanding at

an annual rate of around three and a quarter percent [1]. With official interest rates close to zero in the major advanced economies, investors continue to search for higher yields in countries with stronger growth rates, favourable commodity price outlooks, sound macroeconomic policies, and higher interest rates. The ensuing exchange rate appreciation affects the growth of import substitution and export sectors.

There are two main ways in which prosperity can improve over the longer run. The first is if the world is willing to pay more for what can produce. The second is by raising labour productivity — that is by increasing the level of output per working hour. Now is strong international demand for commodity exports. That is why a despite periodical falling over, terms of trade, or the ratio of export prices to import prices can remain higher than the average for the defferent periods. This improvement partly reflects the expansion of the global middle income class over the past two decades, led by China. The high levels of consumption sometimes meet by borrowing the savings of foreigners. As a consequence, net foreign liability position is growing, and not much different from some countries that have been at the centre of the financial crisis in the euro area. The build-up in external debt increases vulnerability to economic shocks and the high determining by the borrow means that higher interest rates than elsewhere are required to achieve similar inflation outcomes.

However, the state needs more investment, including foreign investment that can bring benefits of job creation, technology transfer and market opening. Today, about 75 percent of global trade is undertaken by multinational corporations and about a third of trade is intra-firm trade [12]. For instead of welcoming foreign investment need re-examine the factors, including tax and regulation, that diminish and distort the incentives to both save and invest.

Another priority should be to return to fiscal surpluses and lower public sector indebtedness. This will strengthen the economy's resilience and create more fiscal room for responding to future economic shocks. The expansion in government spending has historically been one of main growth industries and budget deficit relative to GDP, after adjusting for the impact of the economic cycle on spending and revenue takes a positive dynamic of growth and, as a rule, becomes one of the largest. Important steps that are being taken to reduce government spending will be an on-going challenge as demographic change will greatly expand government outlays unless there's significant social policy change, which must decide problem refugees, internally displaced persons, persons under occupation, a significant number of the working population who left the country as a result of military operations.

We must also point out such a factor as the monetary policy, because increasing fiscal deficits mean that monetary policy has to be tighter and interest rates higher than otherwise and this adds to the exchange rate pressures on the export and import substitution industries. This constrains output and employment in sectors facing international competition — sectors where productivity growth potential is usually higher. Instead, resources often find more attractive returns in the non-traded or sheltered sectors where, although measured productivity is lower, producers face less international competition and can raise

prices more readily. From the perspective of monetary policy, a comprehensive understanding of the growth process is an important prerequisite for determining appropriate policy settings. As it strives to maintain low and stable inflation, monetary policy aims to ensure that the level of aggregate demand does not deviate substantially from the economy's supply capacity for sustained periods of time. The more the central bank knows about the growth process and the factors that influence an economy's productive capacity or level of potential output, the higher is the probability of maintaining price stability without inducing unnecessary volatility in output, interest rates or the exchange rate.

The economic prospects of Ukraine, in fact, have two main ways. The first is by delivering price stability and reducing the risk of inflation surprises, and the second area where contribute to the national economy growth is by strengthening prudential regulation and supervision to help create a more stable and efficient financial system. A well-functioning financial system helps an economy grow by pooling and mobilising savings, allocating funds to investment, providing liquidity, and redistributing risk. The financial system needs regulation because in a limited liability framework the interests of banks and bankers can differ widely from those of society at large. As the global financial crisis demonstrated, interconnections among financial institutions, and their sheer size, mean the failure of a financial institution can have massive destructive effects on the economy and the welfare of citizens. In this case potential use of macro-prudential instruments, which include the counter cyclical capital buffer, sectoral capital requirements, the core funding ratio, and quantitative restrictions on high loan-to-value ratio lending, are designed to increase the resilience of the financial system to shocks, and dampen the financial cycle when concerns increase about systemic risk.

**Conclusion.** Macroeconomic stability is now widely considered to be a permanent goal of economic policy. It includes price stability and long-term fiscal prudence, and for the technological frontier, to attract new capital, entrepreneurship and investment in innovation need no simple generic formula for raising growth rates. The more prosperous countries and the economies that are growing rapidly all built strong linkages with the global economy, and created an environment that fostered strong productivity growth, and high rates of investment from domestic and foreign sources.

Economic growth occurs as a result of increases in the quantity of labour and capital that is used in the production process and from increases in productivity. Productivity improvements are ultimately more important in generating sustainable economic growth and can arise as a result of improvements in the quality of the productive inputs. There are a number of important factors that can potentially influence productivity and sustainable economic growth: labour force, capital investment, productivity.

Ukraine had a very export-driven competitive economy. In fact, it's an outward-looking, internationally competitive economy. The monetary policy managed by the National bank of Ukraine that is charged with maintaining price stability. But if Ukraine economy made a solid recovery after the 2008/09 recession, and some economic growth was viewed, emphasising the economy's

resilience (growth was driven by construction and strong terms of trade), contemporary crisis, connected with war, factly crushed the system of the national economy security ensuring.

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