

INSTITUTES AND STRUCTURES OF PUBLIC ADMINISTRATION

DOI: 10.52363/passa-2024.1-12

UDC 342.5 ; 340.132.2

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PROBLEMS AND CONTRADICTIONS OF THE FORMATION AND IMPLEMENTATION OF STATE POLICY IN THE SPHERE OF ENSURING THE ECONOMIC SECURITY OF UKRAINE IN THE CONDITIONS OF EXISTING CHALLENGES AND THREATS

The article examines the results of expert-analytical monitoring of levels and threats to economic security and its components in the conditions of Russian military aggression. The peculiarities of the formation and implementation of state policy in the sphere of ensuring the economic security of Ukraine in modern conditions are determined. The problems and contradictions of the formation and implementation of state policy in the sphere of ensuring the economic security of Ukraine in the conditions of martial law are characterized. Directions for the formation and implementation of state policy in the sphere of ensuring the economic security of Ukraine in modern conditions are proposed.

Key words: *public management and administration, mechanisms of state administration, state policy, economic security, formation and implementation of state*

policy in the sphere of ensuring economic security.

Problem setting. One of the most important criteria for assessing the quality parameters of the national economy, as well as an important characteristic of the efficiency and effectiveness of the state economic policy, is economic security, as the ability of the economy to maintain stability and invulnerability to internal and external threats, to ensure the necessary level of competitiveness and sustainable economic growth.

Economic security is a state of the national economy that ensures the protection of national interests, resistance to internal and external threats, the ability to develop, and the protection of the vital interests of people, society, and the state [2; 7].

The level of economic security of Ukraine achieved in modern conditions is insufficient due to the insurmountability of such systemic threats as corruption and the darkening of the economy, new challenges and threats caused by Russian military aggression against Ukraine and the martial law introduced in connection with this in the country. This requires the appropriate improvement of mechanisms for the formation and implementation of state policy in the field of ensuring the country's economic security and increasing their efficiency and effectiveness.

Recent research and publications analysis. There are numerous publications on the study of the problems of the formation and implementation of state policy in the sphere of ensuring the economic security of the state, the study of its individual components. Danylyshyn B., Zhalilo Ya., Zharikova A., Maistro R., Polozova T. and others dealt with these issues [2; 4; 5; 7].

However, many questions regarding the definition of problems and contradictions in the formation and implementation of state policy in the sphere of ensuring the economic security of Ukraine in the conditions of existing challenges and threats remain insufficiently researched.

Paper objective. The goal is to determine the problems and contradictions of the formation and implementation of state policy in the sphere of ensuring the economic

security of Ukraine in the conditions of existing challenges and threats.

Paper main body. At the initial stage of the full-scale war, a certain level of economic security of Ukraine was largely ensured by the reserves and safety margin accumulated in the pre-war period, the provision of significant international support, the consolidation of the efforts of Ukrainian society, self-organization and solidarity of Ukrainian citizens in the face of Russian military aggression. Subsequently, the negative impact of the war on the national economy increased, the financial reserves of the state, business and population were depleted, and economic disparities increased. This actualized the need for the formation and implementation of a purposeful state policy to counter a complex of risks based on operational monitoring of challenges and threats to economic security in war conditions and analytical processing of its results [1].

That is why, in the period of 2022-2023, the National Institute of Strategic Studies (NISD) conducted a study of modern threats to the economic security of Ukraine and the relevance of their manifestation, which was based on cabinet studies and expert surveys, within which 50 threats were updated, identified and evaluated according to the following components: macroeconomic, financial, investment and innovation, production, foreign economic, social and food security, which allow to form a vision regarding the nature of the impact of the war on the economic security of Ukraine [1].

So, according to experts, macroeconomic security in 2023 was primarily sensitive to the following threats: the growth of the consumer price index; reduction of labor potential as a result of intensive processes of population migration abroad; a significant share of internally displaced persons; loss of civilian population as a result of hostilities; a sharp economic decline due to the curtailment of business activity in the conditions of the war; conducting business in certain regions of the country, which belong to the risky zone due to the proximity of hostilities.

The production sector of Ukraine's economy was also significantly affected by the war, which caused the destruction or suspension of production enterprises, including export-oriented enterprises in the metallurgical, machine-building, agricultural and chemical industries. In addition to the destruction, the logistics of both the domestic

market and export routes were disrupted, the cost of production increased significantly, there was a loss of part of the labor potential due to forced population migrations, etc.

However, it should be noted that the situation with the production component of the country's economic security in 2023 has improved somewhat compared to expert assessments in 2022 (although it remains extremely difficult). That is, the crisis of industrial production, according to the perception of the respondents, has somewhat decreased in intensity, which can be explained by the obvious progress of joint efforts of the state and enterprises regarding measures to support business, reducing the electricity deficit and supporting the relocation of enterprises. According to experts, special attention needs to be paid to the prevention of threats to the consolidation of the share of low-tech and raw materials in the production structure, as well as the strengthening of the domestic market's dependence on imports [1].

As for foreign economic security, it should be noted that the instability of logistics routes, associated with military danger and their blocking, significantly reduces the level of this component of the country's economic security. That is, according to expert assessments, the biggest impact on the level of foreign economic security is the loss of export potential due to the destruction of production facilities and the growth of a negative foreign trade balance.

By the way, the foreign trade deficit also indicates the low competitiveness of the export industries of the national economy and means the withdrawal of capital and currency, which is spent on the purchase of foreign goods, which leads to the devaluation of the national monetary unit. If a country imports more foreign goods, then domestic companies produce less competitive products, and as a result, there is a reduction in jobs, a decrease in income, a reduction in employees, etc. Therefore, it is necessary to actively use two methods of overcoming a negative foreign trade balance (when imports outweigh exports): first, compensation for the difference by attracting investments; secondly, an increase in the volume of exports compared to the volume of imports due to the search for new export markets.

Threats to Ukraine's food security are associated with significant material, technical

and financial losses of the agricultural sector in the conditions of Russian military aggression, as well as with negative expectations regarding these losses in the medium term.

Financial security was, is and will remain a key area of ensuring Ukraine's economic security. High risks in the field of public finances require the constant focus of public authorities on the issues of ensuring the fulfillment of the country's financial obligations (compensation of tax losses and customs revenues, optimization of budget expenditures, increasing the stability of the financial system as a whole), business stimulation, attraction and effective use of international aid funds [1].

It should be noted that in order to increase the level of economic security of Ukraine, it is necessary for the relevant state administration bodies to increase their attention to monitoring the targeted and effective use of the funds accumulated in the state budget in the conditions of martial law and the implementation of effective financial-economic and organizational-administrative reforms related to detinization national economy and the fight against corruption [6].

Experts note the importance of the investment and innovation component of economic security through the formation and implementation of a specialized action plan for its provision, taking into account the features of the state of war in the country. Unfortunately, the situation in the country's investment and innovation sphere has significantly worsened, because in modern conditions it largely depends on the amount of foreign aid. Therefore, significant risks are associated with the accumulation of the effect of wear and tear on production assets and the growth of technological lag due to a significant decrease in investment activity in the corporate sector. After all, even the available insignificant investment resources are largely aimed at the goals of operational response - overcoming the consequences of military actions, primarily the repair and restoration of damaged production facilities in order to ensure their functioning, which often does not involve the necessary modernization [1].

There is also a significant reduction in the amount of private and state funding of scientific research and innovation activities. Given the fact that the company's own funds

are the main source of investment, the deterioration of opportunities for profitable economic activity has led to rejection of investment projects and limited access to external investment resources. In addition, the volume of bank lending for investment activity in modern conditions has also significantly decreased. That is, the war has an extremely negative impact on the intentions and sentiments of investors, creates long-term threats to the further recovery of the country due to significant restrictions on investment and innovation activities, and negatively affects the level of economic security of Ukraine.

Therefore, taking into account the extremely limited financial capabilities of Ukraine in modern conditions in making investments and additional capital investments, as well as in providing financial support for scientific and technical activities and other innovative sectors, it is necessary to improve interdepartmental coordination at the state level and expand opportunities for attracting investments, including including foreign ones [1].

The priority areas of increasing the economic security of the state should be the creation of favorable conditions for the inflow of investments into the economy of Ukraine by improving credit, currency, banking, budgetary, tax, investment, and innovation policies, conducting a stimulating monetary policy by increasing the volume of lending (especially long-term) to the real sector of the economy, implementation of structural reforms aimed at building a competitive national economy [7].

In general, according to the results of 2023, the level of economic security of Ukraine (according to the current assessment of the NISD) remains insufficient, although the risks of threats to economic security have decreased somewhat compared to 2022. At the same time, in the most risky zone there remains an indicator of a high level of the state budget deficit, contraction industrial and export potential, as well as the presence of debt and investment problems directly related to this.

In general, according to the expert conclusions of the National Institute of Strategic Studies, the list of threats and risks that can have a high level of negative impact, and the prevention of which should be a priority of state policy in the sphere of ensuring the economic security of Ukraine, include [1]:

- a decrease in the level of trust in public administration bodies, especially in the

fiscal sphere, which threatens the deterioration of tax discipline and the growth of the segment of the unofficial shadow economy;

- an increase in the specific weight of those who flee the war and decide not to return to Ukraine, as well as possible additional departure - in the event of a worsening of the security situation and after the cancellation of restrictions on departure for conscripts, which will have a negative impact on the labor potential of the state;

- a decrease in the budget system's ability to ensure the implementation of planned expenditures due to difficulties in filling the revenue part and financing the budget deficit, which can worsen the effectiveness of the social protection system and the financial situation in the budget sphere (health care, education, science, culture, etc.);

- a decrease in the level of food security in the country as a result of negative processes in the agricultural sector, a decrease in the efficiency of the food infrastructure, which will have negative social consequences;

- a decrease in the level of competitiveness of national commodity producers as a result of long-term underinvestment, a halt in the process of introducing innovations, an increase in additional costs will inhibit post-war recovery and a multiplier effect for economic growth and income recovery;

- the growing negative impact of the consequences of the war on the environment, which worsens the conditions for economic activity and the quality of life of the population of Ukraine;

- excessive import of consumer and industrial goods due to the insufficient capacity of domestic production associated with the war will contribute to the formation of import dependence of the national economy, worsening the trade balance and creating obstacles to the full recovery of national production and conditions for the employment of the economically active population of Ukraine.

In addition, in modern conditions, such threats to the economic security of the country remain significant, such as: significant losses of tax and customs revenues of the state and local budgets, the increase of the state debt and expenses for its maintenance, underfunding of certain items of budget expenditures, as well as the deterioration of the stability of the country's financial system due to limited available financial resources [1].

At the same time, Ukraine still managed to maintain macroeconomic stability and even improve previous forecasts of economic dynamics in 2023.

So, if according to the results of 2022 the economic decline reached 28.8%, then in 2023 the volume of Ukrainian GDP increased by 5%, that is, there was a recovery growth. The largest growth occurred in the field of public administration and defense (primarily military salaries and financing of defense programs). Also, construction developed at a fairly high pace due to investment demand, which was formed thanks to significant budget financing and due to the active restoration of damaged critical infrastructure at both the central and regional levels. Favorable weather conditions had a positive effect on the production of gross agricultural products (farmers harvested 80 million tons of grain and oil crops). Growth occurred in domestic trade due to the recovery of consumer demand and the supply of goods, and in the processing industry - due to the growth in demand for investment products [3].

This was a consequence of the rapid adaptation of Ukrainian business to extremely difficult conditions, because more than 90% of enterprises that stopped at the beginning of the war resumed their work. At the same time, the rhythmic inflow of international financial aid played a key role in ensuring a certain stabilization of the Ukrainian economy. During the two years of the full-scale war, its volume reached 75 billion dollars, of which 67% of the funds came from the main partners of Ukraine - the EU and the USA [4].

This made it possible to cover the priority needs of the State Budget of Ukraine, ensure social expenditures, maintain financial stability, and even create prerequisites for macroeconomic stabilization in 2023.

Also, inflationary processes remain within controlled limits, and the exchange rate of the national currency remains stable. In addition, the collection and use of State Budget funds is carried out within the planned limits, which is facilitated by the coordination and effective interaction of state authorities (government, parliament, the National Bank of Ukraine, etc.), systematic support of international partners, and a high level of adaptability of business and the population to the conditions of martial law. This made it possible to ensure a certain level of economic security of Ukraine in the conditions of

russian military aggression.

Despite these positive macroeconomic trends, the international rating agency Fitch Ratings in December 2023 confirmed the long-term default rating of the issuer of Ukraine in foreign currency at the level of CC and RDE, and in the national currency at the level of CCS-. This confirmation reflects Fitch's expectation of further commercial debt restructuring before the end of the two-year break in Eurobond payments on September 1, 2024. That is, according to analysts, if a single comprehensive debt restructuring with commercial creditors is not achieved due to security-related uncertainty, then an intermediate step will be taken in the form of a further postponement of payments on Eurobonds, as was done in August 2022. Also, the agency confirmed the RDE in the national currency "CCC-", explaining the higher rating with expectations that the domestic debt will be excluded from the 2024 restructuring. , partly because only 3% of it is owned by non-residents compared to 45% owned by the NBU. Another 40% belongs to the Ukrainian banking sector, in particular 20% - to state banks, so the restructuring of such debt can undermine the domestic debt market and the stability of the financial sector [5].

That is, the specified rating of the International rating agency Fitch Ratings indicates that the state of Ukraine has a significant credit risk for debt in the national currency in the long term, including due to uncertainty regarding the sources of its financing for a potentially long period in conditions of a significant budget deficit. At the same time, the agency expects Ukraine's GDP to grow by 3.8% in 2024, and 4.5% in 2025 [8].

Conclusions of the research and perspective of further development in this direction. Thus, russian military aggression has a fundamental negative impact on the economic security of Ukraine, and the state policy in the field of ensuring the economic security of the country in modern conditions can be characterized as insufficiently efficient and effective, which needs improvement in the following main areas: ensuring the independence of the state (including including economic) and rule of law; preservation and development of the country's economic potential; increasing the level of state competitiveness and the well-being of the population through the comprehensive

development of scientific and technical, investment and innovation, and human potential; creation of favorable conditions for the development of small and medium-sized businesses; protection of the natural environment and solving environmental problems; creation of appropriate conditions for Ukraine's integration into the international (and especially European) economic space as a full-fledged and equal partner.

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Received: 01.04.2024
Accepted: 19.05.2024
Published: 27.06.2024