

# TRANSITIVITY OF THE STATE ECONOMIC POLICY OF UKRAINE

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**Abstract.** The study of the features of the formation and implementation of the state economic policy is aimed at the analysis of the current state of the organization, the stage and perspective of development, the normative support of the national economic policy, and the identification of the advantages and disadvantages of the specified policy. The relevance of the study of the state economic policy lies in the fact that in the conditions of globalization and European integration it is necessary to activate theoretical and practical research in order to solve the most important and priority problems of the country. *The subject* of the study is the state economic policy of Ukraine from the point of view of its transformation with the current challenges of economic interests of the society. This understanding of the problem has led to the formulation of the research objective: theoretical substantiation of the content, principles, model and regulation of economic policy, taking into account the transitivity of the national economic system. The theoretical and methodological basis of the study is the dialectical method of cognition and systematic approach to the study of the problems of state economic policy and its transitivity; scientific works of domestic and foreign scientists based on the application of the abstract-logical method, systematic approach, critical legal approach, etc. It is established that the state economic policy is a component of the general political process, an integral system of measures of the state influence on the economy, the effectiveness of which is manifested in the interconnection of its elements. The transitory nature of the state economic policy, based on the ability of the national economy to expand self-reproduction to meet the needs of the population and the state, and on the other hand, the ability to withstand the destabilizing factors caused by Russia's military aggression against Ukraine, allows to talk about the formation of a new vector of development of the state economic policy of Ukraine. The issues that should be taken into account by public authorities when developing and implementing the State economic policy under martial law are outlined. The need for further research on the institutional foundations of the theoretical approach to justifying the definition of the state economic policy and highlighting the main positions of its constructive formation is substantiated. *Results.* The essence and separate components of the state economic policy are revealed, in particular, the principles of policy formation and the model of the national economy. The priority areas, which should be considered in the development of the state economic policy, were determined. Certain problems of implementation of the economic policy in the conditions of martial law were identified. The peculiarities of the normative consolidation of the state economic policy of Ukraine are pointed out. Recommendations on improvement of the development of the state economic policy are given.

**Key words:** state policy, economic policy of the state, models of economic policy, forecasting of economic policy, transitivity of economic policy.

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## 1. Introduction

The state economic policy is one of the important components of the vital activities of the society, as its measures are aimed at improving the living standards of citizens and ensuring the social stability of the

country and its regions. All this leads the scientific community to pay more attention to the analysis of the implementation and efficiency, transformation aspects and effectiveness of the specified state policy. It should be noted that in modern

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conditions in scientific studies of the state economic policy it is necessary to give priority not only to the methods and levers of its influence on socio-economic processes, but also to emphasize the forecasting, organization and monitoring of the functions of each of its elements.

The analysis of the latest researches and publications shows that the scientific problems of economic policy as a subject of research has aroused and maintained the scientific interest of both foreign scientists (Tinbergen J., Prescott E., Nordihans W., Tufle E., Niskanen W.A., etc.) and domestic scientists (A. Galchynskiy, Yu. Zaitsev, V. Savchuk, L. Fedulova, O. Shnytko, etc.). However, many scientific and theoretical questions concerning the definition of the essence, principles, features, application of methods and tools, mechanisms of implementation of effective functions of the state economic policy are still insufficiently studied. This makes it necessary to deepen the theoretical and methodological analysis of the concept of state economic policy on the basis of the definition of constructive approaches to its understanding.

The purpose of the article is to study the scientific and methodological apparatus of the state economic policy of Ukraine, adapted to the modern and promising conditions of the national economy.

## **2. Economic policy as a component of the state policy of Ukraine**

The activity of the state as the most active subject of changing reality is aimed at achieving state goals in various spheres of public life that are of national interest.

National interests are the starting point for making state decisions, which determine the goal with which all state decisions must be coordinated, and national interests are embodied in the national development strategy, which is its core. The instrument of implementation of the national development strategy of the state is its national policy.

In modern socio-political thought, three main concepts of state policy prevail, namely:

- 1) pluralistic (emphasizes the process of formation and implementation of state policy in a modern democratic society as a multi-level competition between influential socio-political groups and associations);
- 2) social choice (considers the socio-politically oriented individual as the main carrier of social activity, and therefore the implementation of state policy is largely influenced by politicians and statesmen at the highest levels of management, acting on the basis of the choice of rational social interest);
- 3) deterministic (formation and functioning of state policy are determined by economic relations and the corresponding method of production).

It is these concepts, as a theoretical research tool, that make it possible to determine a certain logic of identifying the necessary conditions for the development of conceptual foundations for the formation and implementation of state policy in Ukraine (Kucherenko, 1997).

An important role in the study of state policy is played by a number of problems related to the development of society: the formation of the content of state policy, the study of the influence of political and socio-economic factors on its content and functionality, determining the effect of the influence of various institutional structures and political processes on the implementation of policy, implementation and evaluation by society of the consequences of state policy.

Therefore, the state policy is one of the important components of the vital activities of the society, as its measures are aimed at improving the standard of living of citizens and ensuring the social stability of the country and its regions.

At the same time, such a phenomenon as "state policy" in its content is a component of the system, which is formed as a set of interrelated sectoral types of state policy, integrated by relevant principles.

Therefore, a component of the state policy, whose measures have a certain influence on the development of social processes, is the state economic policy, which can be defined as the state activity in the socio-economic sphere aimed at the realization of national interests.

It should be noted that the main principle of coexistence of "state policy" and "state economic policy" is the principle of coherence. It is the principle of coherence that should be manifested in any decision of the state expressing the national economic policy, ensuring the effective functioning of the socio-economic mechanism and the activities of the subjects of the national state policy.

## **3. State economic policy concept and content**

The economic policy of the state can be defined as a form of exercise by the state of its own sovereign economic power and relevant functions, which is organizationally institutionalized as a special type and process of activity, and by its mechanism consists in the formation and implementation of an officially approved algorithm for the application of legal means of state influence on the content, structure and dynamics of internal and external economic relations, and on the macroeconomic properties of market equilibrium, through the appropriate correction of the content of the legal economic order, in view of achieving the programmed quantitative and qualitative properties of the functioning of the national economic system,

ensuring the economic power of the people and the sovereignty of Ukraine (Zadykhailo, 2013).

National economic policy is the most complex socio-economic mechanism of the state. The subjects of economic policy are state bodies at all levels of the three branches of government (executive, representative and judicial), which are called upon to satisfy the needs of economic interests – individuals and legal entities – for public goods within the limits of certain powers.

Four main tasks of the state economic policy can be identified:

- 1) ensuring the stability of the economic system;
- 2) providing favorable conditions for economic activity;
- 3) ensuring control over economic entities;
- 4) representing and protecting national interests in foreign economic activity.

While performing these tasks, the state simultaneously acts as (a) an organizer, establishing norms and rules; (b) a regulator, leveling the level of domestic markets; (c) a controller, exercising control and supervision; (d) a defender, defending national interests in the international arena. At the same time, it should not be forgotten that the state itself is an object of economic activity.

The goal of economic policy formation can't be free of conflicts, because any regulatory action inevitably affects someone's interests, changes the motivation of economic behavior of subjects.

It should be emphasized that the state economic policy must correspond to the problems, conditions, goals and opportunities of the country.

The defining feature of such a policy should be the implementation of an effective mechanism aimed at ensuring the economic security of the state.

The conceptual foundations of the state economic policy in this direction can be reduced to the following goals of the state economic policy, which form the basis of the state economic policy:

- 1) economic growth;
- 2) determination of the economic state of the state;
- 3) definition of the strategy;
- 4) formation of a policy appropriate to the interests of the economic system;
- 5) determination of the expediency of using state regulatory instruments (Chechel, 2009).

#### 4. Formation of the national economy model

The national economic policy is aimed at creating favorable economic conditions for the life of the state's population, and the correct formation of the economic development model becomes the mechanism for realizing the set goal.

The model of the national economy itself can be defined as a reflection of the tendencies of development of individual economic systems, taking

into account both the general economic features of the development of society and the specific ones that are peculiar only to this economic system at a certain stage of its development.

The national economic model should ensure:

- 1) national economic security;
- 2) innovative development of the economy, which increases the level of competitiveness of domestic products and also stimulates the development of all sectors of the economy;
- 3) structural diversification of the economy, which reduces the dependence of economic development on one sector of the economy and provides stability for the entire economic system of the country;
- 4) development of priority sectors of the economy, taking into account national interests, which should be based on the existing economic potential and on the implementation of strategic state tasks.

The modern model of development of Ukraine is characterized by significant deformations of the economy, which indicates structural imbalances in the economy of Ukraine. Domestic economy should focus on building a development model in its modern general scientific understanding, taking into account national characteristics, global trends in the development of international investment flows, the new global and multipolar financial architecture of the world (Usyk, 2019).

It is difficult to call Ukraine's development model effective, it is characterized by such transformational trends as: decrease in the living standard of the population, lack of GDP growth, low share of exports, use of outdated production technologies, high share of the shadow sector of the economy, etc.

The modern model of economic development of Ukraine is forced to take into account the crisis condition of the national economy caused by the state of war in the country and its duration. Therefore, in the light of the new stage of economic development of Ukraine, the importance of scientific substantiation of national economic priorities and formation of effective state economic policy based on them increases. It is important to form a new vision of the selection of priorities based on a clear understanding of the possibilities of anticipatory development.

Therefore, the model of economic development as a component of the state economic policy of Ukraine must take into account all positive and negative challenges of the time, on the basis of which the strategic priorities of the development of the Ukrainian economy are formed. As a rule, the strategic priorities include economic, financial and social ones, which will help to achieve a compromise of interests between the subjects of the national economy.

## 5. The principles on which the state economic policy is based

The economic policy of the state is a complex and extremely heterogeneous phenomenon, therefore it is necessary to clearly define the general requirements and principles on which it should be based.

As for the requirements for the formation of economic policy, the following can be attributed to them: the existence of a system of clearly formulated goals; scientifically based choice of an alternative line of action; availability of a system of economic policy criteria and indicators; consideration of the influence of external and internal factors, etc.

The above-mentioned requirements implement the principles of economic policy. Thus, the basic principles of economic policy are scientific, complexity (systematic) of the implementation of economic measures, realism in establishing the relationship between the goals and means of their implementation, i.e., a real assessment of the existing economic potential; the principle of a concrete-historical approach to the development of economic policy; the principle of alternative economic policy; clear determination of a long-term goal and definition of the main direction, forms and methods of its achievement.

Scientists offer various approaches to systematization of the principles of formation of the state economic policy. For example, the following system is expressed:

- 1) principles of system analysis (optimality, systematicity, hierarchy, integration);
- 2) principles of planning (operability, continuity of plans, information security);
- 3) methodological principles (consistency, development, efficiency, variability, compatibility of alternatives);
- 4) principles of strategic management (result orientation, future orientation, complexity) (Umantsiv, 2020).

At the same time, the separation of the following basic principles of modern economic policy received the greatest support in scientific literature:

- 1) the institutionalization of economic policy as a means of internal ordering of components (institutionalization) of the national economic system;
- 2) the dialectical interaction of economics and politics, according to which politics reflects the needs for the development of economic relations and becomes a means of realizing these needs;
- 3) the subjectivity of economic policy; this principle reflects the recognition of the active nature of economic policy, which involves the identification, comparison and coordination of the real interests of economic entities in socio-economic relations.

The need for more active state influence on economic processes in Ukraine today is obvious. At the same time, the content of economic policy cannot be determined by purely ideological principles, the principle of political expediency, the principle of political rent seeking – the desire to obtain rent through the political process, the principle of taking into account past experience. Therefore, the content of economic policy should be appropriate to the existing conditions of social and economic development of society. Under these conditions, social populism should not become the main motivation for the government's actions. It cannot, for example, openly resort to systematic statistical disinformation and manipulation of public opinion (Lahutin, 2006).

## 6. Normative regulation of state economic policy

The state economic policy is directly related to the national legislation, which consists of the following manifestations:

- 1) the mechanism of economic policy formation and implementation itself has a legal form, functioning on legal grounds and within the limits of defined powers;
- 2) the state economic policy is a source of legal and legislative policy, acting as a factor in the constant improvement of the content of the legal regulation of economic relations.

Taking into account the active influence of economic policy on the content of commercial legislation, back in 2003 the Economic Code of Ukraine (Commercial Code of Ukraine) included the "Main Directions of the State Economic Policy". Such a step of the legislator seems to us not very justified, since the sphere of regulation of commercial law is only a part of the sphere of economic policy of the state.

The Law of Ukraine "On the Principles of Domestic and Foreign Policy", adopted in 2010, established the principles, priorities and foundations of domestic and foreign policy in certain areas of public life, including the economic sphere. Unfortunately, according to its content, this law cannot be considered as the creation of a coherent, stable, functioning mechanism for the formation and implementation of state policy, especially economic policy. It is appropriate to perceive this legal act in the context of the complete fixing of the range of tactical and strategic tasks, which society and the state have put on the agenda as the goals of their own activity, primarily of state authorities. At the same time, the mechanism of formation of such policy, correction and revision of its provisions, taking into account changes in socio-economic and socio-

political life, and even more, the mechanism of its implementation, is not provided by the law itself.

An attempt to legislate the phenomenon of "state economic policy" was made in Art. 20 of the Law of Ukraine "On the Cabinet of Ministers of Ukraine". However, the approach used by the legislator reduced the high instrumental potential of the category of "state economic policy" and excluded some of its variants from its scope.

The National Economic Strategy for the period up to 2030, which was adopted by the Cabinet of Ministers of Ukraine in 2021, should be considered as the latest document of strategic importance, reflecting the direction of state economic policy (Resolution of the Cabinet of Ministers of Ukraine). This strategy defines a long-term economic vision, principles and values, "red lines" (inadmissible directions of movement), the main directions (vectors) of economic development, and for each of the 20 directions – strategic goals, ways to achieve them, taking into account existing and potential challenges and barriers years, as well as the main tasks of state economic policy and target indicators for the period until 2030.

Unfortunately, the armed aggression of the Russian Federation and the imposition of martial law in Ukraine have necessitated adjustments in determining the priorities of economic policy development. And if the long-term perspective remains relevant, then the short and medium term must be adjusted. It is time to develop a strategy of economic policy stabilization and its regulatory consolidation.

### **7. Forecasting in the process of formation of the state economic policy**

The objective necessity of state programming and forecasting of the economy is based on the need for structural changes in the national economy and insufficient efficiency of market mechanisms. The main task of programming and forecasting as a form of state regulation of the economy is to maintain economic balance, influence qualitative changes in the economy and stimulate its development.

Programming as a form of state regulation of the economy is a special way of state intervention in the economy of a producer of goods, directing it in the currently required direction: it acts as a modern non-administrative method of organizing the economy, since it does not manage market subjects, but only directs their behavior and ensures their independence; the basis of programming is structural regulation from the point of view of the programming object (Zadykhailo, 2012).

At one time, back in 2000, with the aim of determining the legal, economic and organizational

bases for the formation of a complete system of forecasting and program documents for the economic and social development of Ukraine, individual branches of the economy and individual administrative and territorial units as a component of the general system of state regulation of economic and social development of the state, the Law of Ukraine "On State Forecasting and Development of Programs for Economic and Social Development of Ukraine" was adopted, which, unfortunately, as practice shows, does not fulfill the functions of a legislative act regulating the procedure for state forecasting of socio-economic processes (The Law of Ukraine "On State Forecasting and Development of Programs for Economic and Social Development of Ukraine").

Forecasting in the field of economics is based on specific methods of scientific and prognostic research, which allow to create an appropriate theoretical construction of reality. According to the authors, the most relevant methods for forecasting the state economic policy are modeling, expert assessments, scenario building, extrapolation and interpolation.

For the implementation of the process of forecasting, formation of a dominant position (concept) of the development and functioning of public society as a whole and in relation to individual state institutions, the relevant instruments of a legal, economic, financial and organizational nature are of direct importance.

There is no doubt that in order to ensure the efficiency and effectiveness of the formation and implementation of the state economic policy for the rehabilitation and reintegration of the de-occupied and war-affected territories, the choice of the state economic policy instruments should be directly related to the socio-economic, political, informational conditions, and also depend on the rigidity of state management actions. The system of these instruments should be based on quality forecasting, reflect the priorities of territorial development and be consistent with national, regional and territorial interests.

Formation of the state economic policy with the help of the above mentioned forecasting should become a guarantee of its (policy's) scientific validity, efficiency of application and prospects for the future.

### **8. Transitional nature of the state's economic policy**

In the scientific studies of domestic and foreign scientists, the meaning of transitivity is interpreted in different ways. As a rule, the concept of transitivity is used for the purpose of generalization

and analysis of the features of management of economic processes in an unstable external environment. However, in a mathematical interpretation, the property of transitivity reflects, first of all, the "portability" of qualitative and quantitative characteristics of any objects to other, interdependent with them objects, taking into account equivalence and order.

In this regard, this paper assumes that transition as a social phenomenon is a step-by-step process of society's transition from the previous state of the main social institutions (economy, politics, ideology) to another, qualitatively different social state.

Without denying the general goal of the process of transitivity of the national economy, which includes the implementation of a certain modernization and integration into the European and world community in a short historical period, one should also pay attention to the facts related to the emergence of an extraordinary situation in this process, namely the establishment of martial law in the state.

The transitional period in the development of society is always a complex, contradictory state of the state, which is connected with the rethinking of the practice of its functioning, and in the modern crisis period there is also a need for operational correction of such a state.

Therefore, transition is not the same as social progress, it can also mean regressive transition, which generates both negative and positive trends of development. Therefore, the components of transitivity of the state economic policy of Ukraine in the conditions of martial law receive new accents and content.

## 9. Conclusions

The state economic policy of Ukraine has a complex character in terms of functional direction of solving interrelated political and socio-economic problems, is capable of timely response to the transformations taking place in the state and society, and is always effective and efficient.

The procedure of forming the economic policy of the state has its own legally secured mechanism, which, in accordance with its organizational structure, allows to respond promptly to all external and internal changes of an economic nature.

According to the authors, the current conditions in which Ukraine finds itself have intensified the processes of transitivity of the national economy, which is manifested in the acceleration of its integration into the world economic system, institutional transformations and globalization of national business.

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