FINANCE, INSURANCE AND STOCK EXCHANGE BUSINESS

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DOI: https://doi.org/10.30525/978-9934-26-244-9-33

DEVELOPMENT BANK LOANS FOR INDUSTRIAL ENTERPRISES AND THEIR ROLE IN RESTORING MACROECONOMIC STABILITY IN THE POST-WAR PERIOD: FOREIGN EXPERIENCE

Modern realities are characterized by the aggravation of multiple geopolitical conflicts and unprecedented in its scale for the XXI century war in Ukraine. Again, after the Second World War, questions are being raised about decisive ways to rebuild the economy and restore macroeconomic stability in the post-war period in Ukraine. The study of foreign experience of effective mechanisms that allowed some countries to quickly restore macroeconomic stability after the Second World War is of particular relevance. Bank development loans granted to industrial enterprises are of particular scientific interest in this context.

It is important to emphasize that the characteristic features of industrial entrepreneurship is that it is aimed at the production of goods and services not only for the end consumer, but also for other producers. Industrial sectors, trends in their development are inextricably linked with the dynamics of the economy of any country in the world as a whole, which forms a special attitude and priority of the government of countries to the development of their own industrial sector, with the attribution of its individual branches to strategically important [1]. Although the list of strategically important industries may vary from country to country, in general terms they include the following: defense; aviation; aerospace; mining and quarrying; communications; chemicals and petrochemicals;

electrical and electronics; high-tech equipment manufacturing; nuclear; energy; engineering; construction; agro-processing etc.

To clarify the mechanism of the impact of bank loans to industrial enterprises, including development loans, on the processes of economic recovery (post-war, post-crisis, under the influence of the pandemic, etc.) and macroeconomic stability, two key points should be disclosed. First, the macroeconomic environment has a significant impact on the formation of the development space for bank lending to industrial enterprises. Second, due to its characteristic features and importance for the development of the economy, bank lending to industrial enterprises also influences the formation of the macroeconomic environment. This is done by influencing a number of key indicators of economic growth such as real GDP, increase in investment, increase in the number of employed workers, improvement of workers' qualifications, acceleration of scientific and technological progress, introduction of new equipment, new technologies, improvement of production organization, improvement of the use of fixed and current assets, increase in the volume of resources used, etc. [2, p. 215–216].

Although 1945 saw the end of the worst military conflict in history, which led to unprecedented destruction and massive loss of life, the next quarter of a century is etched in the collective memory as the most remarkable period of economic growth and social progress in Europe.

International financial assistance (Marshall Plan, 1948), public finance and state banks, special credit institutions created with their participation, and international financial institutions played a major role in the post-war reconstruction.

Thus, on December 27, 1945, the International Bank for Reconstruction and Development (IBRD) was established to rebuild the countries affected by the Second World War, as well as to encourage the development of production capacities and means of production in less developed countries. The International Bank for Reconstruction and Development is also characterized as "... a bridge from war to peace, and from public to private financing in this area, and from public to private financing in this area" [3].

The answer to the question about the role of development bank loans in the post-war reconstruction of industrial enterprises is partially found in the work of William G. Shepard [4]. Thus, when studying the peculiarities of the distribution of development loans granted to countries for post-war economic reconstruction by leading financial institutions (EximBank, IBRD, Development Loan Fund (DLF), International Financial Cooperation (IFC)), the scientist found out that in the period 1945–1961, out of a total of 8,786 million dollars in loans, 6,294 million dollars were allocated to public sector entities, while private borrowers received 2,492 million dollars. If we analyze the situation by different sectors of the economy, there was a predominance of public loans in the fields of transport and communications, energy, agriculture, multi-purpose and other projects, while development loans to the private sector were aimed at the development of industrial enterprises [4].

In should be noted, that the number of development banks has increased rapidly since the 1950s. They have been encouraged by the International Bank for Reconstruction and Development and its affiliates. The large regional development banks include: the Inter-American Development Bank, established in 1959, he Asian Development Bank, which began operations in 1966, and the African Development Bank, established in 1964. They may make loans for specific national or regional projects to private or public bodies or may operate in conjunction with other financial institutions [5].

As mentioned above, an important role in the post-war reconstruction of Europe belonged to the Marshall Plan. In particular, the plan provided for the US assistance to Europe in the amount of 13.325 billion US dollars (today's equivalent – about 169.5 billion US dollars), with only 1.4 billion US dollars of this amount being loans, the rest – grants (about 90%) [6]. It should be noted that the purpose of the Marshall Plan was the same – reconstruction, overcoming the devastating consequences of the war in Western Europe, but the way the funds were used was different. France attracted assistance from the United States and distributed it through the state budget, and in West Germany a special bank was created for these purposes – the Credit Institution for Reconstruction (Kreditanstalt für Wiederaufbau – KfW).

Thus, at the beginning of its existence, KfW played a key role in the reconstruction of West Germany. In particular, the financial resources that were directed to the bank under the Marshall Plan were distributed by the bank to reconstruction programs in the form of loans, and when they returned to the bank, they were again directed to various reconstruction and development programs [6].

According to researchers, the countries that used financial resources from the Marshall Plan through the banks of reconstruction and development were rebuilt at a faster pace. Also, banking procedures ensured minimization and inefficient use of these financial resources. Moreover, the countries that received the most financial resources from the Marshall Plan (Great Britain, Sweden, Greece) developed slowly in the postwar period. But the highest rates of economic growth were demonstrated by those who received the least – Germany, Austria, Italy. Thus, the recovery took place only when the financial and monetary system was recovered [7].

Thus, it can be concluded that bank lending is a powerful tool for the development of the industrial sector of the economy, which is the engine of any industrialized country. Bank loans for reconstruction and development granted by development banks to industrial enterprises in the post-war period demonstrated a high level of efficiency in overcoming the macroeconomic consequences of the war and ensuring macroeconomic stability precisely due to the effective use of the bank lending mechanism: project selection, credit analysis and monitoring, reinvestment of funds received as loan repayment.

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