

Historical Experience of Post-War Economic Reconstruction as a Path to Forming Ukraine's Recovery Strategy

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Abstract. The historical experience of post-war reconstruction in West Germany is examined to identify key success factors. The main aspects of Ukraine's recovery are analyzed, including: development of an effective economic strategy, successful social programs, attracting investment, strengthening the financial system, and security guarantees.

Keywords. Post-war reconstruction, Russian-Ukrainian war, economic policy, national strategy, historical experience.

Анотація. Досліджено історичний досвід післявоєнної відбудови Західної Німеччини для визначення ключових чинників успіху та проаналізовано основні аспекти відновлення України, серед яких: розробка ефективної економічної стратегії, вдалі соціальні програми, залучення інвестицій, зміцнення фінансової системи, безпекові гарантії.

Ключові слова. Повоєнна відбудова, російсько-українська війна, економічна політика, національна стратегія, історичний досвід.

The war between Ukraine and Russia is still ongoing, but the country's economy has withstood the initial shock of 2022 and is gradually strengthening. It is clear that the phase of active hostilities will end, and it is already essential to consider the path of Ukraine's economic recovery. History knows of many conflicts and wars, as well as large-scale and far-sighted plans for rebuilding economies devastated by war. At the same time, it should be noted that all these wars occurred mainly in the 20th century. Today's world has undergone rapid development and significant changes, requiring new ideas and actions. Nevertheless, in our view, one should not disregard the vast historical experience. Properly learned lessons of history help generalize the positive practices of the past and find a new effective model of innovative-technological modernization and post-war recovery of Ukraine's economy. Therefore, the purpose of this article is to analyze the historical experience of post-war economies of European countries, to outline prospects for production recovery,

its stabilization and modernization, as well as strengthening the financial system and the market on Ukraine's path to European integration.

The issue of post-war reconstruction of Ukraine's economy is the subject of discussion among many scholars [1–3] and at numerous conferences [4–5]. V. Nebrat, O. Kolesnichenko, O. Verbova, N. Suprun and other researchers have thoroughly considered the opportunities, directions of modernization, and ways of rebooting domestic industry. Indeed, this topic is also actively discussed in periodicals and the media.

However, it should be emphasized that the most challenging task is the development of Ukraine's own institutional, legal, and organizational-management mechanisms for implementing its national interests, while taking into account historical experience, which requires further discussion.

Ukraine's economy suffers immense losses during Russia's countless attacks throughout the full-scale war that has continued since 2022. Damage and complete destruction of infrastructure, production capacities, logistics routes, devastation and pollution of agricultural land, loss of human life, and mass forced emigration of Ukrainians – these are far from all the challenges faced by the national economy due to the war. In this context, the government's top priority is a rapid assessment of humanitarian needs, identification of priority economic sectors, and the development of a strategy for their swift recovery. Historical experience of European post-war reconstruction after World War II and of Balkan countries after the breakup of Yugoslavia shows that infrastructure, energy, agriculture, housing, education, and healthcare require support first and foremost. In addition to these key areas, the financial sector and security guarantees deserve special attention, as they safeguard investments from potential risks.

After World War II, exhausted Europe needed everything but lacked funds for imports. Industry, agriculture, transportation networks, production infrastructure, and both domestic and foreign pre-war trade ties of European countries were destroyed. Meanwhile, the United States sought markets for its goods and was interested in exporting its products to Western Europe.

The practical implementation of the Marshall Plan began on April 4, 1948 [1, p. 24]. The plan envisioned the delivery of three groups of goods. The first group included essentials: fuel, food, and clothing. The second consisted of industrial equipment. Finally, the third part of aid included raw materials,

agricultural machinery and spare parts, as well as seeds and fertilizers. It is important to stress that for the United States, Marshall Plan aid was a successful investment project, which envisaged repayment of American funds with interest, creation of favorable conditions for further trade partnership, and an opportunity to balance domestic overproduction, thus saving the American economy from an inevitable crisis. Moreover, large-scale Marshall Plan aid facilitated powerful internal economic reforms in Western European countries. West Germany achieved the greatest success in rebuilding and modernizing its industrial capacities. The success of the Marshall Plan lay in the fact that it addressed the problems of both the donor country and the recipient countries. Profitable contracts between American and West European companies allowed the U.S. to recover about 80% of its financial investments [1, p. 29]. Post-war U.S. aid helped to rein in the so-called overheated wartime economy and redirect surplus production to the European market.

The implementation of the “social market economy” concept introduced by Minister of Economics Ludwig Erhard led to the so-called “German Economic Miracle.” The results of this reform were impressive. Despite inflation reaching 600% of the pre-war level, naturalization of the economy, and the enormous compensation payments to the anti-Hitler coalition, by the early 1950s Germany managed to rank third in the world in terms of industrial production – a position it still retains today [4, p. 184].

What explains the phenomenon of the “German Economic Miracle”? First of all, it was linked to economic de-monopolization, entrepreneurs’ right to personal initiative, free competition, and state regulatory policy. Alongside this, the German government carried out monetary, price, and tax stabilization reforms. These were key steps that may help design a targeted policy for restoring Ukraine’s war-torn industry.

The results of the reform became evident as early as 1951, when total production tripled compared to 1936, and doubled again by 1956. The average annual growth rate of industrial output from 1950 to 1960 was 9.6%. In addition, by the mid-1950s Germany held the world’s second-largest gold reserve, behind only the United States [3, p. 132]. It should be emphasized that only through careful allocation and efficient use of received funds did Germany achieve such results in a very short time.

However, for the successful implementation of any reforms, the first step is demining 23% of Ukraine's territory [2]. Furthermore, this process will last for about ten years.

To make reforms effective, labor resources are needed; therefore, the return of refugees to Ukraine is one of the priority issues of the country's social policy. Rapid reconstruction of war-affected regions and destroyed housing may facilitate the return of internally displaced persons.

The implementation of successful state social policy also requires support from businesses, public, and charitable organizations. One approach could be the creation of social enterprises, whose main task would be employment of socially vulnerable groups.

It should also be noted that reconstruction and modernization of industry are impossible without scientific development. In our view, support of national science is another priority area in Ukraine's recovery period, just as Germany did at the time.

Thus, war is always a Rubicon that fundamentally changes people's destinies and the future development of a country. Post-war economic recovery mainly depends on the economic, geopolitical, and even cultural characteristics of a nation. For example, the German people's meticulousness contributed to the rapid pace of Germany's post-war recovery.

General successful instruments of post-war reconstruction have been historically tested and proven by Western European countries after World War II and by the Balkan countries after the breakup of Yugoslavia. These include: an indicative plan followed by economic liberalization, active job creation, export orientation of the economy, dominance of high-tech industries, large-scale financial and industrial investments, and a system of tax incentives.

Despite the availability of these tools and experience in their application, it is important to analyze their use and the potential of comprehensive application within Ukraine's national economy. This discussion will determine the vector of the country's further development.

In addition, the foundation of positive changes in the post-war economy is security guarantees, strengthening of the financial system, investment programs, and well-designed structural socio-economic reforms. It should also be emphasized that the country needs institutional transformation with a strong rule of law system.

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