

Value-Based Approach in the Post-War Recovery of Ukraine

LEONID KISTERSKY¹

ANNOTATION. The article considers and substantiates the importance of the value-based approach in the process of post-war economic recovery of Ukraine. It is proved that at the present stage of development of the world economy, humanity has faced epochal challenges, among which one of the most important is the aggravation of moral and ethical problems, and these problems are increasing both in individual countries and in the international system as a whole. It is shown that in the context of the global economic crisis, the gap between the material sphere and moral principles can be very deep, and the crisis itself is global not only in the geographical, substantive and systemic sense, but also to the greatest extent in the economic and spiritual sense. To overcome the current crisis, not only new economic mechanisms have been proposed, but also new approaches that take into account spiritual, moral, ethical and other human values. To successfully confront these challenges, the author proposes a comprehensive approach that combines the main aspects of successful modern development, including the value approach. It is substantiated that the experience of successful economies shows that they have a close long-term connection with universal human values and the dominant religion in the country. The same experience shows that the connection between economics and religious values makes people wiser and the society – more humane and stable, since a purely pragmatic approach to economic development, although it provides acceptable growth, does not solve many fundamental problems of society. It is substantiated that social values are integral and largely determining structural elements of the social system, more stable and sustainable than economic or class factors, which makes the study of the value system strategically important for analyzing the driving forces of any society and its economy. It is shown that in the modern world there are two main macro-civilization systems – Western and East Asian, which developed under the influence of Confucian values, which form the core of the world system of the most competitive states. The author substantiates the importance of taking into account the value systems of Protestantism and Confucianism in the context of the strategic tasks facing Ukraine in terms of post-war reconstruction and socio-economic modernization, which led to phenomenal success and brought these countries to leading positions in the world in terms of economic and social situation. The author proposes tactical and strategic principles that, if followed in the process of post-war high-tech recovery and close cooperation with partners, will allow Ukraine to achieve compliance with the high standards of market democracies as soon as possible and become a full-fledged part of the Euro-Atlantic community.

KEYWORDS: value system, Christianity, Confucianism, Reformation, resource management, Marshall Plan, value-based approach, education, South Korea, European integration, Euro-Atlantic institutions, training, human capital

¹ **Leonid Kistersky** – Doctor of Economics, Professor, Honored Worker of Science and Technology of Ukraine, Professor of the Department of International Economic Relations of Vasyl' Stus Donetsk National University (Vinnytsia, Ukraine). Director of the Institute for International Business Cooperation (Kyiv, Ukraine). Scientific interests: international economic relations, international economic security, development of European integration, value-based approaches to economic reforms. E-mail: l.kistersky@iprgroup.info ORCID: <https://orcid.org/0000-0001-5993-763X>

Introduction

A quarter of a century ago, the National Security and Defense Council's (NSDC) journal *Nauka i oborona* (Science and Defense) published an article on the impact of economic issues on Ukraine's security and development. The article, among other things, discussed ways to overcome the systemic crisis in Ukraine through the consolidated application of tactical and strategic reform measures. The priority tactical measures proposed were reforming the governance system and combating corruption, and the strategic measures were restoring the rule of law and moral and ethical norms in the economy.²

In order to overcome the crisis and develop economically, it is imperative in Ukraine to study and research the principles and values that have led to the formation of successful democracies in Europe and other continents. Ukraine needs new reforms that would change the internal basis of the country's development, create conditions for the economy to work for the benefit of the whole society and ensure equality of all before the law. However, one of the main challenges in implementing these reforms is to maintain high moral and ethical standards at all levels of social relations.

At the present stage, humanity is facing epochal challenges that lead to changes in lifestyles and the need to define new goals and objectives in the economy. According to the Polish economist and statesman Grzegorz Kolodko, these challenges arise from the convergence of such megatrends as demographic and environmental changes, the scientific and technological revolution, and income inequality. That is, based on GDP dynamics alone, the economy is unable to answer many important questions for people, if we ignore such categories as the availability of free time, the cost of fresh air, social cohesion, comfort of life, etc.³

A key element of the necessary change in the economic paradigm is to move away from the dictates of profit maximization and quantitative growth of production as an economic goal, and to redefine it in terms of the imperative to subordinate the short-term interests of private capital to the long-term social interests. It happens that even when real incomes grow, protest moods prevail, which leads to a deterioration in the economy. That is why the idea of a social solidarity economy is increasingly becoming part of the economic paradigm of publications in many countries and is gaining popularity among developed market democracies. Although there is still no generally accepted theory or model of the solidarity economy, everyone agrees that in achieving social justice, *moral and ethical principles, the system of values of specific people* – subjects of interaction in political, economic and other spheres at all levels – *come first*.

² Kistersky L. L. 1999. "Economic Security of Ukraine." *Science and Defense*, 2 : 1–36.

³ Kolodko Gzh. 2020. "Economics of the New Pragmatism: Identity, Purpose, Methods." *Ekonomika Ukrainy* 2: 3–23.

Thus, *the purpose of this article* is to study the possibilities and role of the value system – an axiological approach⁴ in economic development. Based on the positive international experience, the article aims to substantiate the possibilities of rebuilding and reforming individual countries and entire regions on the basis of advanced technologies and high moral and ethical principles. Thus, in the process of post-war reconstruction of Ukraine, the main attention should be paid to the introduction of a value-based approach to the formation of a new human resource potential of the country. At the level of the public administration system, the process of transition to the dominant consideration of moral and ethical principles has already begun, without which it will be impossible to achieve a victorious peace and membership in Euro-Atlantic structures.

The global experience shows that a purely pragmatic approach to economic development, while ensuring acceptable growth rates, does not solve many fundamental problems of society, which entail the growth of extremism and upheavals, crises and social difficulties. In today's world, these problems are becoming more acute both in individual countries and in the international system as a whole.

The current global economic crisis has shown that the gap between the material sphere and moral principles can be very deep. However, this crisis is global not only in the geographical, substantive, and systemic sense, and not so much economic as economic and spiritual. Thus, to overcome the current crisis, we need not only new economic mechanisms, but also new approaches that take into account spiritual, moral, ethical, and other human values. Today in Ukraine, not only is there an excessive number of officials and their functions are bloated, but even more disturbing is the low quality of middle-level employees, and especially the lack of morality among many high-ranking officials. Successfully confronting these challenges requires a comprehensive approach that combines the main aspects of successful modern development, including an axiological approach, i.e., taking into account the full range of human values.⁵

The values of the Reformation

A little more than half a millennium ago, the Reformation and Protestantism gave an extraordinary impetus to the strategic development of

⁴ Axiology – from the Greek – the theory of values, a branch of philosophy that was formed and established in the mid-twentieth century. Axiology is considered to be one of the most important modern philosophical discoveries that combines the nature and types of values, as well as the relationship between them. Axiology has had a decisive impact on modern humanitarian thinking and the humanities, and has shaped the understanding of the crucial role of the value system in the life of the individual and society (*hereinafter – author's remarks. – Ed.*).

⁵ Kistersky L. L. 2015. "Economic ethics for overcoming the crisis." *Ekonomika Ukrainy* 6: 98–100. [In Ukrainian]

the European continent. Changes occurred in all spheres of individual countries and on the continent as a whole. Particularly positive developments occurred in the process of strengthening Christian values in the development of entrepreneurship, when business success was perceived as a reward for honest and conscientious work

In education and science, the Reformation gave a powerful impetus to schooling, as it laid the foundations for modern mass public schools, without which social and technological progress would not have been possible. The Reformation also influenced universities by rejecting scholasticism and speculative theories; instead, much attention was paid to the study of languages, experiments, and natural sciences. For example, in linguistics and state-building, Martin Luther's translation of the Bible into German created a literary norm that united all of Germany. This translation was used in all churches and schools, which began the formation of the modern German nation and the unified German state. The same processes had a decisive impact on the progress of other European states, where the most successful countries were those that based their development on Protestant ideology.

The civilizing role of axiology

Christian values became the core of the Reformation, which caused numerous historical and social shifts and consequences. Their success depended largely on the high individual qualities of people inspired by the moral and organizational leadership of Martin Luther, who changed the course of history forever; many ideas existed before Luther, but only he formulated them together and communicated them to the general public. The message was focused on fidelity to the Bible as the source of Christian faith, refusal to compromise with conscience, and reliance on reason and logic-these values became the basis for the success of European civilization.

Europe was undergoing a process of active state-building that stimulated new economic relations between countries. As is known, the ideological foundations of the Reformation were formed on the basis of the teachings of Martin Luther, who proclaimed that the Greek word "vocation" refers not only to the priest, but also to the entrepreneur, worker and peasant who go about their daily business and whose work is also important to God. Martin Luther declared untenable the Catholic dogma that the church and clergy are important mediators between God and man. He called for the Bible to be considered the main source of Christian truth, not the institutional church, meaning that believers can communicate with God without intermediaries. Thus, Martin Luther formulated the anthropological component of the doctrine as "Christian freedom," since the freedom of the soul does not depend on external circumstances but solely on the will of God.

Another decisive event occurred almost a quarter of a millennium ago in 1776, when Adam Smith published his famous book, *An Inquiry into the Nature and Causes of the Wealth of Nations*.⁶ The author argues on that society has a moral obligation to provide all people with a decent standard of living. According to Adam Smith, this can only be achieved through a free market system, where people can buy and sell goods and services in a system created by the state. This conclusion was based on two fundamental assumptions: first, that competition is the most efficient way to create wealth, and second, that the effectiveness of competition depends on its regulation at the state level.

These assumptions have been widely commented on by economists and global moral leaders. His Holiness the Dalai Lama has pointed out that in Adam Smith's time, governments did not work to ensure that competition was effective. On the contrary, governments of various countries protected their industries from foreign competition by imposing import duties as well as other barriers such as import quotas.⁷

These restrictions are in place today and will remain in place for a very long time. Adam Smith believed that under such conditions, companies may try to circumvent competition. They convince the government that by protecting them from foreign competition, it will act in the interests of the state. This led to negative consequences, as the purchasing power of wages decreases, and companies are no longer motivated to innovate, as in a period of dominant competition they can make sufficient profits without additional efforts to improve labor efficiency or introduce innovations.

In addition, companies operating in a particular sector in many cases form associations that put pressure on governments to obtain undeserved benefits paid for by society. Such companies and even governments also often collude to simultaneously raise prices or reduce production below demand to drive up prices. The oil price collapse in 2020 and subsequent actions by governments of major oil exporters are strong evidence of this collusion. However, the pressure on governments to distort competition is not limited to companies, but is also exerted by professional organizations and guilds.

Adam Smith argued that when people or companies have the opportunity to do something in their own favor at the expense of society, they will do it to influence the market, and he called this phenomenon the "invisible hand." He believed that the ability of a person to stand in the shoes of other people is one of the ways to develop morality. Adam Smith (like the Dalai Lama) was concerned that people tend to think that a constant increase in wealth

⁶ Smith Adam. "An Inquiry into the Nature and Causes of the Wealth of Nations." Oxford University Press. 1976: 688.

⁷ Dalai Lama. "Leader's Way: The Art of Making the Right Decisions in Our Careers, Our Companies, and the World at Large." Crown Business: 2009. 224.

will make them happy.⁸ He was also convinced that competition and its regulation by the government could lead to general prosperity. But regulation and competition alone cannot provide a decent standard of living for everyone.

Nobel Prize winner Milton Friedman noted that there are only two ways to coordinate the economic activities of millions. One is a centrally coercive one with the use of coercion – the technique of the army and the modern totalitarian state. The other is the voluntary cooperation of individuals – the technique of the market.⁹

Thus, in a "free market system" (FMS), economic production and consumption are determined by the free choice of producers and consumers, rather than by the government, which is responsible for maintaining a balance to ensure the prosperity of society as a whole. Thus, these features of the FMS sharply distinguish it from other variants of capitalism, such as oligarchic capitalism, which still dominates in Ukraine.

A value-based approach for Ukraine

Polish economist, and statesman, Grzegorz Kolodko believes that the current economic crisis has shown that we are already living in a new world, which in the broad sense of the economic perspective can be defined as a post-GDP reality. He also believes that modern humanity is facing epochal challenges that lead to a change in lifestyle, which leads to the need to define a new purpose and new goals in the economy. According to Kolodko, these challenges arise from the convergence of the following megatrends: demographic and environmental changes, the scientific and technological revolution, and income inequality. That is, based on GDP dynamics alone, the economy is unable to answer many important human questions, if we do not take into account such categories as the availability of free time, the cost of fresh air, social cohesion, comfort of life, etc.

The key element of the necessary change in the economic paradigm is to move away from the dictates of profit maximization and quantitative increase in production as an economic goal, and to redefine it in terms of the imperative to subordinate short-term private capital interests to long-term social interests. High-quality education and instilling biblical values will help shape consumer preferences, Grzegorz Kolodko notes.¹⁰

In fact, one of the central problems of economics as a science is the contradiction between the unlimited needs of people and the limited

⁸ Smith Adam. "An Inquiry into the Nature and Causes of the Wealth of Nations." Oxford University Press. 1976: 185–186.

⁹ Friedman Milton. "Capitalism and Freedom: A Leading Economist's View on the Proper Role of Competitive Capitalism." University of Chicago Press. 1968: 202.

¹⁰ Kolodko Gzh. 2020. "Economics of the New Pragmatism: Identity, Purpose, Methods." *Economy of Ukraine* 2:11.

resources to meet them, which cannot be resolved by business.¹¹ In this regard, every economic system, regardless of the stage or phase of its development, faces the need to make certain types of choices. The necessity of each of these choices is dictated by limited resources. For example, what goods to produce and how to produce them, who should do what kind of work, who should benefit from the results of this work, etc.

Modern examples show that even when real incomes are growing, pessimism can prevail in society, leading to a deterioration of the socioeconomic situation. This was mainly due to the fact that governments did not take into account the social consequences of some purely economic or politically driven decisions. Such situations are typical for any country, both developing and developed, as evidenced by the well-organized yellow vest protests in France, massive spontaneous demonstrations in a number of Latin American countries, and two dramatic revolutions in Ukraine over the past two decades.

In fact, systemic problems have been accumulating in Ukraine since the restoration of sovereignty in 1991. After the 2019 presidential election, there is a real opportunity to carry out radical reforms in all areas of the country's life. To overcome the current systemic crisis in Ukraine, a consolidated application of tactical and strategic reform measures is needed. Immediate tactical measures include reforming the governance system and combating corruption, while strategic measures include restoring the rule of law and moral and ethical standards in the economy.

Since independence, there have been endless attempts to reform the governance system with the proclaimed goal of reforming it. Numerous high-level commissions have called on the government as a whole, including ministries and agencies, to reform, but little has actually changed.

Another problem is that in Ukraine, reforms are entrusted to those who are supposed to be "reforming" themselves. This applies to the areas that need reform: economic programs are mostly composed of people who are supposed to implement these programs, while public administration reform is entrusted to representatives of this system. However, as the country's experience has shown, "self-reforms" could not produce positive results. For this purpose, independent experts should play a leading role in drawing up reform plans, since "the devil cannot change hell". In Ukraine, the number of officials is still too high and their functions are overstated, but even more worrying is the low quality of the middle management and, in particular, the lack of morale among many senior officials.

History has shown that democracy first emerged, took root, and took root in countries with Anglo-Protestant traditions, where the value of fair play by the rules is central. Former British Prime Minister Margaret Thatcher in

¹¹ The Economist. "I'm from a company and I'm here to help." August 24, 2019.

her book "The Art of Governance"¹² notes that in a democracy, it is almost impossible to govern a country without moral principles.

Another prominent former British Prime Minister, Tony Blair, emphasized in his political memoirs that Europe has both many flaws and progressive values, professes the traditions of Christianity, and, due to its turbulent history, stands at a high level of modern human civilization.

Adam Smith concludes his Theory of Moral Sentiments by identifying the main characteristics of a truly virtuous person as prudence, justice, charity, and self-control. Without such a sacred respect for general rules, one could not expect anyone to behave appropriately. This possibility makes the essential difference between a moral and honest person and an immoral and dishonorable one¹³.

According to Professor Krzysztof Pawlowski, a prominent Polish scholar, politician (twice a senator of the Polish Sejm) and organizer of higher education, the problem of corruption is relevant for almost all countries and at all times. For example, not only for Poland, but also for other EU candidate countries, corruption has been one of the most important topics of discussion between the EU authorities and the countries. Even after gaining EU membership, Poland continued to fight corruption vigorously at the institutional level. For example, in 2006, the Polish authorities established the Central Anti-Corruption Bureau (CAB), a special service to fight corruption in public and economic life, including in state and local government, as well as to combat activities that harm the economic interests of the state. It is difficult to determine what the results of the CAB's activities are, as special services usually do not openly present the results of their activities, but the very fact of the CAB's existence and control activities certainly reduces the propensity for corruption¹⁴.

Valeriy Heyets, a member of the National Academy of Sciences of Ukraine, suggests that economic growth is beginning to do more harm than good, as it causes accelerated destruction of the natural environment. The key to this contradiction is that the rise of the economy, which has ensured the modern standard of living, is the result of the use of technological achievements, which are primarily focused on making profits. Along the way, humanity mastered the forces and resources of nature in the course of economic activity, which ensured economic growth but caused climate change. "Such extremely high threats carry with them a catastrophic price

¹² Thatcher Margaret. *Statecraft: Strategies for a Changing World*. Harper Perennial. 2003: 512.

¹³ Smith Adam. *The Theory of Moral Sentiments*. São Paulo. 2006: 144.

¹⁴ Krzysztof Pawlowski. The experience of Poland in the 1990s and 2000s: Poland's roadmap for economic development and its path to NATO and the EU. In Kistersky L., Zadoia A., Editors: *Transformation and Post-War Economic Recovery of Ukraine*. Cambridge Scholars Publishing. 2024: 425.

that humanity is forced to pay for economic growth that did not take into account its social consequences.¹⁵

In the process of centuries of transformation, society has achieved significant results in education, science and technology. People have become more educated, more rational, but not wiser. This explains the presence in society of the same problems as many centuries ago, only at a higher technological level. The practice of successful democracies shows that progress in the development of economic, social and other spheres of a country depends on the existence of a development strategy that largely takes into account biblical principles and postulates.

Adam Smith identified the main characteristics of a truly virtuous person as prudence, justice, charity, and self-control. Without such a sacred respect for the general rules, one could not expect anyone to behave appropriately. This possibility makes the essential difference between a moral and honest person and an immoral and dishonorable one.¹⁶

Currently, one of the key problems in Ukraine is widespread corruption, reinforced by excessive regulation, which hinders the functioning of both individual firms and businesses. In fact, a paradoxical situation has emerged in the Ukrainian economy, as corruption has become a link between the development of market relations in the economy and people who want to access markets. Former British Prime Minister Margaret Thatcher noted that in a democratic era, it is almost impossible to govern a country without moral principles.¹⁷

Christian morality

The global experience of successful economies shows that they have a close, long-standing relationship with universal human values and the dominant religion in the country. The same experience shows that the link between economics and religious values makes people wiser and society more humane and stable, as a purely pragmatic approach to economic development, while providing acceptable growth, does not solve many of society's fundamental problems.

Christian morality strongly condemns bribery and notes its destructive impact on the individual and society as a whole. Those who bribe judges to deliver an unjust verdict are especially severely condemned: 'Woe to those... who make the unjust to be just in court for a bribe, and the righteousness of the just is removed from him'¹⁸.

¹⁵ Heyets V. M. 2024. "Contradictions and Prospects for Economic Growth on an Innovative Basis in Ukraine." *Ekonomika Ukrainy* 11: 4–28. [In Ukrainian]

¹⁶ Smith Adam. *The Theory of Moral Sentiments*. São Paulo. 2006: VII.

¹⁷ Thatcher Margaret. *Statecraft: Strategies for a Changing World*. Harper Perennial. 2003: 5.

¹⁸ The Bible or books of the Old and New Testaments. The Eastern European Humanitarian Mission. Translation by Professor Ivan Ogienko. 2017: Isaiah 5:23.

Today, it is more important than ever for Ukraine to study and explore Christian principles and values that have led to the formation of successful democratic European states. Ukraine needs new reforms that would change the internal basis for the development of the state, create conditions for the economy to work for the benefit of the whole society and equality of all before the law. However, one of the main challenges in implementing these reforms is to maintain high moral and ethical standards at all levels of social relations.

The Bible contains quite detailed instructions on a number of the most important components of economic development, such as science, education, and the field of knowledge in general, which are the most important components of human activity. The implementation of biblical postulates in the process of state building in European countries has proven to be productive.

Human capital plays an increasingly important role in economic and social development. In this process, education and training have become key elements in determining the qualitative aspects of the workforce. Unsurprisingly, the economic success of Japan and the Four Tigers – resource-poor Asian regions – is closely linked to their emphasis on human capital development through education, which is one of the main pillars of Confucian philosophy in the region. Singapore's longtime Prime Minister Lee Kuan Yew has repeatedly emphasized the importance of education for the development of democracy and the economy of any country.¹⁹

In South Korea, which, unlike China's rigidly authoritarian regime, has developed into a structural democracy, the influence of Confucian values and motivations plays a leading role in society.²⁰

Confucianism

A characteristic feature of Confucian society is that the family, for all its value as the structuring center of the fractal²¹ development of the system of relations in the community, economy and state, acts as a center for cultivating those values that encourage its members to interact effectively with people outside their family, creating an atmosphere of trust. As Francis

¹⁹ Lee Kuan Yew. Speech by the Prime Minister at the opening of the seminar "The Role of Universities in Economic and Social Development" at the University of Singapore, February 7, 1966: *National Archives of Singapore* 1-14. <https://www.nas.gov.sg/archivesonline/data/pdfdoc/lky19660207.pdf>.

²⁰ Kistersky L., Piliaiev I. Axiological Imperative in the Post-War Reconstruction of Ukraine. In Kistersky L., Zadoia A., Editors: *Transformation and Post-War Economic Recovery of Ukraine*. "Cambridge Scholars Publishing 2024: 35–53.

²¹ Fractal is Greek for fractional, in the modern sense of the word, a structure consisting of parts that are in some sense similar to the whole; in this system, both microeconomic and macroeconomic success is determined by the success of embedding the system of values and value motivations of actors in the institutional environment of the economy and politics.

Fukuyama notes, "Trust arises when a community shares a set of moral values in a way that creates expectations of regular and honest behavior." And trust ensures the creation of successful networks of voluntary association of people in large groups for economic activity, which, in turn, "is crucial for organizational innovation and, therefore, for wealth creation."²²

Cultural and value identity in any sphere of society, including the economic sphere, is manifested through the stable incentives and expectations of the relevant actors. A recent study by a group of American and Canadian scientists has shown that most of the research cases in Western experimental psychology that have been used to draw conclusions about the behavior of market participants belong to a relatively narrow group in terms of mentality and values. Almost 70% of them were Americans, most of whom were students hoping to earn pocket money or course credits by donating their time to participate in the relevant experiments. In fact, the entire Western and post-Soviet economic science is based on the economic motivation of a person with individualistic expectations of pragmatic rational choice, which is not characteristic of most people on the planet.²³

Modern researchers point to the existence of emotions inherent only in certain ethnic groups and/or nations. These emotions have terms that are not translatable into other languages. A recent careful study of the hierarchy of needs in Asia, especially in East Asian countries of the Confucian tradition, has revealed significant differences in the prioritization and hierarchical order of needs. For example, a sense of community, which is considered a mid-level need in Maslow's widely recognized hierarchical model of needs in the West, who believed that human needs are divided into levels, from the simplest to the most complex, and a person cannot focus on higher-level needs until the lower-level needs are at least partially satisfied, turned out to be the highest, metamotivational²⁴ need in Asia. And this is not surprising, since self-expression and self-esteem in the Confucian East are seen only in the context of improving the relationship between the individual and society.²⁵

The fundamental difference in cultural values has a powerful impact on the basic archetypes of behavior²⁶, social and work ethics in everyday life. For example, unlike in Europe or North America, in Japan, due to the prevalence of group orientation and family relationships, sleeping in a team,

²² Fukuyama F. "Trust: The Social Virtues and the Creation of Prosperity." New York: Free Press. 1995: 37.

²³ Kistersky L., Piliaiev I. Axiological Imperative in the Post-War Reconstruction of Ukraine. In Kistersky L., Zadoia A., Editors: Transformation and Post-War Economic Recovery of Ukraine. Cambridge Scholars Publishing 2024: 29–30.

²⁴ The concept of metamotivation refers to behavior that is influenced by the growth of needs and values. According to Maslow, this type of motivation is most often found in people who have already satisfied their lower-level needs.

²⁵ Maslow A. "A Theory of Human Motivation". *Psychological Review*, Volume 50, Number 4, 1943: 370–396.

²⁶ Behavioral patterns and images that are deeply rooted in the human psyche.

including at work, is perceived positively, being in the eyes of the Japanese a sign of full commitment of physical and mental strength to one's work, company, and team.

Value priorities of Ukrainian citizens

The successful choice of a strategy for post-war reconstruction and modernization of Ukraine's economy involves identifying problem areas in the value hierarchy of citizens that determine the motivation of their work, including professional-production, entrepreneurial, managerial, public administration and other socially significant activities, in comparison with the value hierarchy of the most successfully modernized economies of the modern world, representing the region of the Confucian tradition. This will make it possible, through the use of the relevant experience of East Asia, to point out a single, but extremely important problem in the hierarchy of values of Ukrainian citizens, on the solution of which the success of the post-war reconstruction and modernization of Ukraine's economy depends.

According to a sociological survey conducted by the Institute of Sociology of the National Academy of Sciences of Ukraine in July 2022, in the gradation of social values that the state may temporarily (during the war) neglect, out of 11 supra-individual or social values that are fundamental to the success of societies that support the values of liberal democracy, the following are strength (in terms of the state's position in international politics), order, normativity (adherence to legal laws and normatively established procedures), equality, freedom, stability, independence, diversity, development, and selectivity – the least valuable for Ukrainians was selectivity, which is the distribution of positions in government agencies according to the qualifications, experience, and reputation of applicants.

The share of respondents who recognize that the state under certain circumstances may temporarily (during war) ignore the value of selectivity in the distribution of positions in state structures amounted to 63.3 per cent, and 82.3 per cent to 70.6 per cent of respondents respectively believe that the state cannot under any circumstances neglect such values as security, order, and legality.²⁷ This indicates the absolute supremacy of values in society that rely on a forceful approach to solving social problems and on formal legal norms and institutional procedures established by the state, giving them absolute priority over moral and value-based mechanisms for solving social problems.

²⁷ Dembitsky S. 2022. "Attitudes towards societal values during the war: the liberal-democratic vector of Ukraine's development". In the monograph Golovakha E., Makeev S. *Editors. Ukrainian society in the conditions of war*. pp. 275, 278.

Meanwhile, societies of the Confucian tradition are inherently meritocratic²⁸ oriented. They are based on a massive belief at all levels of social and individual consciousness that the best people should run state structures – in terms of education, experience, reputation, etc. This is even more true in times of acute crisis – wars, natural disasters, etc. – when the demand for meritocratic leaders and employees in general is extremely high.

The above suggests the need to purposefully adjust the value priorities of Ukrainian citizens, including labor market actors, towards a much higher priority of the value of selectivity as a key prerequisite for successful post-war reconstruction, modernization, and international competitiveness of Ukraine's economy. In his greeting to the 9th National Prayer Breakfast, President of Ukraine Volodymyr Zelenskyy said: "Today, we have no right to forget or neglect Christian values, they must prevail in our words and actions. Without them, movement towards prosperity and the desired peace are impossible." The practice of Ukraine and other countries is fully consistent with the dependence of the success of reforming or rebuilding the economy on the presence of high ethical values in those who not only manage the process but also implement it.²⁹

Principles of economic recovery in Ukraine

An important component of the implementation of Ukraine's economic recovery must be a government that is properly educated and trained and adequately remunerated. The reconstruction process must also be accompanied by clear, stable legislation and a transparent regulatory system, effective legal and judicial systems, a social security system that is universally accessible, and a ruthless fight against corruption.

Thus, at the present stage, a new architecture of international development is needed, which would be a coalition based on the cooperation of many parties, which, in addition to restoring Ukraine, would stimulate its integration into the EU and NATO, as it would create conditions for removing the main obstacles to Ukraine's development. Given the Euro-Atlantic goals, rebuilding Ukraine will be the largest project in the world, as essentially all areas of the country need to be restored and rebuilt. And given the number of future donors and the diversity of reconstruction projects in Ukraine, it will be necessary to establish effective cooperation between all stakeholders.

²⁸ Meritocracy is a combination of Latin and Greek, meaning "the rule of the worthy"; a principle of governance according to which the most capable people should occupy top management positions, regardless of their social background and financial wealth.

²⁹ Greetings of President of Ukraine Volodymyr Zelenskyy to the 9th National Prayer Breakfast of Ukraine on September 8, 2021: 4.

There is one important circumstance that is widely believed to have contributed decisively to the success of the Marshall Plan in the postwar reconstruction of Western Europe: the involvement of extremely talented professionals in its implementation. The head of the Organization for Economic Cooperation (OEC), Paul Hoffman, who was later called "the father of foreign aid" by *Fortune* magazine, understood that the success of a project depends on the quality of the people who implement it.

Coordination of donor activities and interaction with the recipient is one of the most important and complex elements in the post-war reconstruction of Ukraine. The choice of "coordination" options boils down to two main ones: joining an existing coordinating institution or creating a special one.

For example, there is a widespread view that the G7 countries should lead donor coordination in partnership with the Ukrainian government, while allowing for flexible participation by all interested non-G7 countries and other partners. The European Union could serve as the secretariat and organize a Task Force on "Reconstruction and Recovery of Ukraine." Each G7 member could appoint a senior special representative to the task force, as could other countries willing to participate in Ukraine's recovery efforts. Any international institutions and CEOs of large private sector companies can also apply for membership in the task force.

Subsequently, donors could form high-level sectoral working groups, initially prioritizing the revival of the agricultural sector, infrastructure development, housing, energy, water and sewerage, and industrial capacity. Each sectoral working group could be co-chaired by senior officials from the G7 and Ukrainian representatives, including representation from Ukrainian officials at the municipal and local levels, as well as participation from senior representatives of the private sector and multilateral development banks, and representatives of Ukrainian non-governmental organizations. The donor coordination mechanism will have clear and time-bound goals for restoring Ukraine's economic growth.³⁰

But in any version of the coordination mechanism, Ukraine should lead its own reform and recovery process, agreeing with donors on the details of the plan and jointly monitoring it. The entire recovery process should be highly transparent, from humanitarian aid and macroeconomic support to reconstruction and long-term modernization.

Building a system of effective management of reform and post-war reconstruction resources in Ukraine should be based on a high-level legislative framework – the Law of the Verkhovna Rada of Ukraine. To effectively manage the resources attracted, it is advisable to create a special state institution (SSI) with high status and powers, with properly qualified

³⁰ Heather A., Conley. A. Modern Marshall Plan for Ukraine. Seven Lessons from History to Deliver. October 03, 2022: 2,3,7. <https://www.gmfus.org/news/modern-marshall-plan-ukraine>.

staff, real capacity to program and coordinate resources, and, in addition to highly qualified government officials, to involve leading international economists, academics and business representatives in its work. This institution, headed by at least a Deputy Prime Minister, would operate on the basic principles of the Marshall Plan, taking into account Ukraine's specifics and the current context of the global environment.

Control mechanisms play an important role in the project management process, allowing to track the use of resources and make timely adjustments if necessary. To this end, Ukraine needs to significantly improve the quality of budgeting in the work of the Ministry of Finance on the economic and financial management of recovery resources and prepare the budget system of Ukraine for the effective use of new forms and methods of cooperation with donors.³¹

Ensuring stable macroeconomic development and effective reform of Ukraine's public finances will allow the country to gain broad access to new financial levers to support democratic transformation, accelerate reforms and post-war economic recovery, and speed up the process of gaining EU membership.

Conclusions

Thus, Ukraine is currently facing an even more difficult and ambitious task than Europe did after World War II. In addition, Ukraine, like the recipients of the Marshall Plan in its time, must make efforts not only for its own reconstruction, but also to continue reforms to bring the country closer to European Union membership. Post-war economic recovery should be based not only on rebuilding destroyed industrial enterprises, but also on modern high technologies, as the "Asian tigers" have successfully done in their time.

Reform and recovery processes can only succeed if they are supported by an effective system of significant resource transfers from multilateral and individual international and foreign donors to a special government agency in Ukraine that will coordinate an unprecedented global project. The effectiveness of this approach has been proven not only by postwar Europe, but also by South Korea, which not only rebuilt its postwar economy in a short historical time, but also managed to overcome agrarian monoculture and take a leading position among the most developed market democracies in all major indicators.

Subordination of tactical goals of private capital to strategic social interests of the country should become a modern economic paradigm in Ukraine. To overcome the current crisis, Ukraine should simultaneously and systematically apply both tactical and strategic methods of reform and

³¹ Kistersky L. 2023. "Strategic principles of post-war recovery of Ukraine." *Ekonomika Ukrainy* 2, p. 9. [In Ukrainian]

recovery, i.e., reforming the public administration system and fighting corruption, on the one hand, and ensuring the rule of law and Christian values, on the other.

In today's global economy, it is generally recognized that human capital plays a leading role in a country's high-tech development. Inclusive learning and practical orientation of education have become crucial factors in shaping the economic success of many countries. The recovery of Europe after the Second World War and post-war South Korea was made possible not only by the optimal architecture of the project management system, but also by the involvement of extremely talented people at all stages of their implementation. The economic success of South Korea has proven that the formation of human capital through education, which is one of the main pillars of Confucian philosophy in the region, based on a value-based approach, is one of the decisive factors in unprecedentedly successful economic and social development.

It is more important than ever for Ukraine to study and explore Christian principles and values that have led to the formation of successful democratic European states. Ukraine needs new reforms that would change the internal basis of the country's development, create conditions for the economy to work for the benefit of the whole society and ensure equality of all before the law. However, one of the main challenges in implementing these reforms is to maintain high moral and ethical standards at all levels of social relations, which will also facilitate Ukraine's integration into Euro-Atlantic institutions.

** This article was translated from its original in Ukrainian*

References

1. Conley, H. A. 2022. "A Modern Marshall Plan for Ukraine: Seven Lessons from History to Deliver." October 3, 2022. <https://www.gmfus.org/news/modern-marshall-plan-ukraine>.
2. Dalai Lama. *The Leader's Way: The Art of Making the Right Decisions in Our Careers, Our Companies, and the World at Large*. New York: Crown Business, 2009.
3. Dembitsky, S. 2022. "Attitudes towards Societal Values during the War: The Liberal-Democratic Vector of Ukraine's Development." In *Ukrainian Society in the Conditions of War*, edited by E. Golovakha and S. Makeev, 275, 278. [In Ukrainian]
4. Friedman, M. *Capitalism and Freedom: A Leading Economist's View on the Proper Role of Competitive Capitalism*. Chicago: University of Chicago Press, 1968.
5. Fukuyama, F. *Trust: The Social Virtues and the Creation of Prosperity*. New York: Free Press, 1995.
6. Heyets, V. 2024. "Contradictions and Prospects for Economic Growth on an Innovative Basis in Ukraine." *Ekonomika Ukrainy* 11: 4–28. [In Ukrainian]
7. Kistersky, L. 2023. "Strategic Principles of Postwar Reconstruction of Ukraine." *Ekonomika Ukrainy* 2: 9. [In Ukrainian]

8. Kistersky, L., and I. Piliaiev. "Axiological Imperative in the Post-War Reconstruction of Ukraine." In *Transformation and Post-War Economic Recovery of Ukraine*, edited by L. Kistersky and A. Zadoia. Newcastle upon Tyne: Cambridge Scholars Publishing, 2024.
9. Kistersky, L. L. 1999. "Economic Security of Ukraine." *Science and Defense* 2: 0–36. [In Ukrainian]
10. Kistersky, L. L. 2015. "Economic Ethics for Overcoming the Crisis." *Ekonomika Ukrainy* 6: 98–100. [In Ukrainian]
11. Kolodko, G. 2020. "Economics of the New Pragmatism: Identity, Purpose, Methods." *Ekonomika Ukrainy* 2: 3–23. [In Ukrainian]
12. Lee, K. Y. "Speech by the Prime Minister at the Opening of the Seminar 'The Role of Universities in Economic and Social Development' at the University of Singapore, February 7, 1966." *National Archives of Singapore*, 1–14. <https://www.nas.gov.sg/archivesonline/data/pdffdoc/lky19660207.pdf>.
13. Maslow, A. 1943. "A Theory of Human Motivation." *Psychological Review* 50, no. 4: 370–396.
14. Pawlowski, K. "The Experience of Poland in the 1990s and 2000s: Poland's Roadmap for Economic Development and Its Path to NATO and the EU." In *Transformation and Post-War Economic Recovery of Ukraine*, edited by L. Kistersky and A. Zadoia, 425. Newcastle upon Tyne: Cambridge Scholars Publishing, 2024.
15. Smith, A. *An Inquiry into the Nature and Causes of the Wealth of Nations*. Oxford: Oxford University Press, 1976.
16. Smith, A. *The Theory of Moral Sentiments*. Sro Paulo, 2006, VII.
17. Thatcher, M. *Statecraft: Strategies for a Changing World*. New York: Harper Perennial, 2003.
18. The Bible or Books of the Old and New Testaments. The Eastern European Humanitarian Mission. Translated by Professor Ivan Ogienko. 2017, Isaiah 5:23. [In Ukrainian]
19. The Economist. "I'm from a Company and I'm Here to Help." August 24, 2019.
20. Zelenskyy, V. *Greetings of President of Ukraine Volodymyr Zelenskyy to the 9th National Prayer Breakfast of Ukraine on September 8, 2021*: 4. [In Ukrainian]

Received: October 30, 2024

Accepted: November 19, 2024

Released: December 31, 2024