



Razumkov
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Ukraine

**POLITICAL, ECONOMIC, AND
STRUCTURAL CONSEQUENCES
OF RUSSIAN AGGRESSION FOR UKRAINE
AND THE INTERNATIONAL COMMUNITY.
CHALLENGES OF UKRAINE'S ECONOMIC
RECOVERY IN THE POST-WAR PERIOD IN VIEW
OF EUROPEAN INTEGRATION PRIORITIES**

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POLITICAL, ECONOMIC, AND STRUCTURAL CONSEQUENCES OF RUSSIAN AGGRESSION FOR UKRAINE AND THE INTERNATIONAL COMMUNITY. CHALLENGES OF UKRAINE'S ECONOMIC RECOVERY IN THE POST-WAR PERIOD IN VIEW OF EUROPEAN INTEGRATION PRIORITIES

This extended summary of the publication presents generalised conclusions and recommendations, that is, economic policy objectives for Ukraine's post-war recovery. If duly considered, these conclusions and recommendations will strengthen the capacity of the Ukrainian government and society to formulate updated conceptual frameworks for ensuring sustainable economic growth, creating proper institutions to promote business development, improving the wellbeing of people, and achieving a civilised level of social standards. Moreover, taking them into account in international politics will help strengthen Ukraine's position among other democracies.

Ukraine's EU candidate status requires the country to multiply its institutional efforts, introduce measures and tools for maintaining economic resilience, and strengthen human and humanitarian capital amidst military operations and post-crisis recovery. The relevance of increased attention to Ukraine's recovery is growing as the country is already one of the leading players in the agricultural and food markets, affecting the economic security – and thus the socio-economic stability – of many countries around the world.

1. The experience of successful countries over the past decade shows that strengthening human capital and building its potential is the primary condition for successful development. Although the basis of systemic socio-economic transformations lies in the economic sphere, reforms should cover all spheres of people's life.

Therefore, focus on strengthening domestic human capital, and thus ensuring sustainable long-term growth even in the face of external challenges should be one of key areas of Ukraine's policy. At the same time, human capital is increasingly reinforcing its positive impact on socio-economic dynamics by bolstering protection against internal and external crisis shocks. And in the settings where the struggle for technology and its introduction are becoming direct drivers in economic development, preserving and increasing human capital is perhaps the top priority of public policy.

Key conditions for accelerated development include the availability of skilled workers, because the best technologies can function if the best professionals work with them. Therefore, the priority should be to train skilled workers who will understand and implement new technologies, thus ensuring competitive technological advantages.

2. In shaping its new socio-economic policy on the way to EU membership, Ukraine should be guided by the fundamental principles of EU functioning, namely the inseparability of social and economic progress. This means the impossibility and unacceptability of achieving one while harming the other.

Therefore, the state's social policy will lay down principles and a culture of mutual respect between people and between people and institutions, both public and private, which is fully in line with the European Commission's

vision of supporting Member States' policies in the fields of social inclusion and social protection. This means that the social policy's task to support the population should not interfere with economic recovery and development, and economic development should not become an end in itself. Such a non-contradiction of «economic» and «social» can serve as a criterion for the correctness of the country's direction.

3. The economic environment, both global and national, has sustained significant systemic negative impacts as a result of Russian aggression, as it has revealed the contradictions of the modern world caused by political, economic, and humanitarian competition between the democratic and autocratic worlds, and has increased attention to interaction and confrontation between the three most influential decision-making centres – the US, the EU and China.

At the same time, Russia's aggression has changed the nature of the development of Europe and the world, renewed the US, UK and EU alliance on new grounds and strengthened the perception of civilisational values. Also, the war in Ukraine warned states that aggression by an autocratic regime against a democratic country (and possibly the democratic system as a whole) cannot be ruled out even in the modern world. Therefore, both the means of deterring aggressive actions should be strengthened, including through prompt decisions on providing partner assistance, and the coordination of partners and the international community as a whole in countering aggression should be expanded and improved.

4. It is crucial for Ukraine if the global democratic community realises that military and civilian assistance to Ukraine will have a greater impact when seen by the governments and civil institutions in partner countries not only as a matter of international humanitarian solidarity, but also as a matter of national security. At the same time, supporting Ukraine now means enhancing the security of partners, primarily in Europe, both today and afterwards, with Ukraine's victory and renewal as a European democracy being an important component.

The war has accelerated Ukraine's European integration processes, contributed to the pro-European unification of the nation, removed any prospects for the country's eastward integration from the agenda and made this vector impossible, led to the adoption and consolidation of European values by the lion's share of Ukrainian society, and entrenched the idea of the unalterable and irreversible movement towards the EU.

5. Despite the economic contradictions that have been widening recently, including as a reflection of confrontation between the democratic and autocratic worlds, the awareness of significance and value of economic freedoms for human development remains highly relevant. More perfect awareness of this kind and more thorough building of national policies on this basis increases the likelihood of using all the benefits of international cooperation and economic liberalisation. The imperfection of its conditions and procedures cannot serve as a true reason for refusing to participate in it, nor for incurring unexpected losses.

6. The aggression that brought enormous human, financial and economic losses for Ukraine, has also affected the country's movement towards a united Europe, determined the peculiarities of its «military» European integration and:

- ✓ slowed down the pace of socio-economic transformations within the framework of the EU-Ukraine Association Agreement and complicated the process of implementing the European Commission's recommendations;
- ✓ turned Ukraine into a long-term recipient of international donor assistance; and
- ✓ prompted the country to concentrate huge political, diplomatic, financial, economic, and human resources on countering the Kremlin's aggression in various areas.

Today, the United States and the EU are Ukraine's main strategic allies in countering Russian intervention. The UK, Canada, Japan, Australia and several other countries have

demonstrated support for Ukraine in its fight against the aggressor. In view of this, the issue of solidarity and unity of the civilised democratic world is becoming vital.

Meanwhile, even in the face of Russian aggression, Ukraine continues pro-European reforms, adopts important European integration laws, and deepens cooperation with Brussels in various areas. The country has been defending the EU's eastern flank for quite a while now, taking the brunt of the aggressor's military might. Today, the future of Europe depends on Ukraine's resilience. And this is the geopolitical significance and exclusivity of Ukraine's European integration.

7. Apart from Ukraine itself, the war has the greatest impact on Europe. In recent years, the European Union has been exposed to political (Euroscepticism), economic (financial and debt crises), and social (immigration shocks) challenges. Similarly, the risks of energy and raw material dependence on the autocratic Russian regime were underestimated.

So, the war «reminded» European society and European politicians of the values on which the EU was formed and grew stronger, and which need to be defended rather than exchanged for temporary economic benefits or advantages. It was the Ukraine events that prompted a decisive step to defining the fundamental components of a modern and forward-looking European vision. In particular, the war in Ukraine:

- ✓ fortified Euro-Atlantic solidarity, including the importance of the US military presence on the European continent, and cemented the US leadership in ensuring the security of a democratic Europe;
- ✓ weakened the positions of forces that insisted on Europe's own path and its development with regard to Russia's interests;
- ✓ raised the relevance of practical implementation of the principles of European security, which materialised in the increasing security and defence spending and the allocation of part of these funds to unprecedented assistance to Ukraine.

Given the new global and European realities, it is clear that the launch of EU accession negotiations is one of the main tactical priorities of the Ukrainian government's European integration policy, which will also boost European security.

8. In the meantime, the West's effective demonstration of unity in countering the aggressor forced China to abandon – for now – the paradigm of the East's growth as opposed to the West's weakening, and Chinese leaders to adopt a framework for civilised relations. As a result, it became possible not only to extinguish the Taiwan conflict, but to initiate a series of contacts in the US-EU-China triangle to find solutions in international relations.

There are reasons to believe that the «democracy-autocracy» confrontation will determine the features and dynamics of global trends in the near future. Although the confrontational processes and trends have a significant global scale, it is clear that the development of mankind will be largely determined by cooperation or opposition between the two most powerful states – the United States and China.

Ukraine has a vested interest in improved relations between these two powers as soon as possible. As already mentioned, the United States is the main strategic partner, on whose support Ukraine's struggle for independence and freedom largely rests upon. If confrontation with the US eases, China will be able to toughen its own negative attitude to Russian aggression, which, given China's authority among the emerging economies, will help to improve Ukraine's positioning not only among democratic nations, but on the global arena in general.

9. Events around the world indicate that true democratic peace is still out of reach. Under these circumstances, it seems appropriate for both the US and Europe, as well as for Ukraine, to:

- ✓ use in practice and multiply the experience of jointly acquired skills in confronting a powerful aggressor;
- ✓ erect a reliable barrier separating democratic Europe from autocratic Russia.

In this context, it would be quite natural for Ukraine to be granted NATO membership, be included in NATO's integrated air and missile defence, and build a strong and sustainable collective defence system using its territory.

10. Security needs are gaining broader dimensions. More specifically, the requirements for a rational and effective economic policy are increasing, as its inseparability from national (economic) security grows. On the one hand, economic success demands confidence that production capabilities, investments and technological cooperation are not undermining national security or put it at risk. On the other hand, proper attention to security cannot limit economic activity and interaction with partner countries.

In the meantime, technological competition represents another circle of intensifying rivalry and confrontation, which will become increasingly influential. The race for technological leadership can equally lead to the successful coexistence of competing alliances and confrontation over new production opportunities. Therefore, not only economic, political and security, but also technological competition for global leadership will become mutual components of the development of the world's leading countries and their allies.

11. The current foreign trade disputes suggest that no accelerated recovery in trade and investment flows can be expected in the coming years. The threats associated with the trade war in the late 2010s transformed into challenges to national security, which in turn grew into political risks, largely caused by Russia's war in Ukraine. The latter produced additional crisis losses, including inflationary, in many global markets, primarily energy and agricultural.

Today, the practices of *onshoring*, that is, the transfer of production from foreign markets to domestic ones, and *friend-shoring*, or building chains of production and trade in key goods with countries that share similar political and ideological values and bear the minimal risk of conflict, are becoming increasingly widespread. The priority of efficiency has given way to the priority of national security, and the principle of friend-shoring is becoming systemic in international relations.

Such centrifugal processes actually accelerate the so-called *fragmentegration* of the geopolitical world, which will probably end up as an updated version of «pure» globalisation. However, this is equivalent to creating new demarcation lines and a «non-economic» model of global economic development.

12. To accelerate its recovery, Ukraine desperately needs international investment. Given the risks of another full-scale Russian aggression, investment intentions of both domestic and international businesses are generally weak. There is a clear need for meaningful signals to businesses that, despite the external military threat and internal Ukrainian turmoil, their investments in the country can be preserved and protected.

Despite the high risks that negatively affect investment decisions, significant progress in improving the economic and investment situation in Ukraine is still possible even in the face of ongoing war by:

- ✓ Ukraine concluding agreements on investment insurance (provision of investment guarantees) in the largest donor countries, such as the US, EU, or Japan, which can be implemented at the expense of part of the partner assistance;
- ✓ establishing a fund based on financial institutions in the US or UK to insure political and military risks for foreign investors, as well as to support domestic exporters and investors in international markets.

13. At the same time, transparency rules should be introduced to facilitate the entry of new quality investments. First, all special privileges, both fiscal and administrative, for (foreign) investment are cancelled and equal access to all investment projects and resources is guaranteed for domestic and foreign companies, both state-owned and privately owned. No discrimination is allowed. Second, relevant criteria are set for determining friendly investments. Therefore, investments are allowed for entry originating only from those countries that:

- ✓ (either) always supported Ukraine's position when voting in the UN. Thus, investments from two countries that claim to be world leaders – China and

India – but do not support the relevant resolutions will not be allowed to be implemented in Ukraine;

✓ (or) do not have the «tax haven» status.

Third, all existing «hybrid» instruments of «assistance», such as «investment nannies», are eliminated, along with a ban on the introduction of new ones. All investors equally need clear, understandable rules of the game, rather than mechanisms for seeking questionable benefits.

14. The priority of national security in shaping the country's economic policy can be an effective incentive for economic acceleration. Until recently, the industry was the sector whose development dynamics determined the entire economic dynamics. Delays in structural changes and periodic collapses in this sector slowed down economic development in general. However, proper consideration of external threats can be an effective factor in economic acceleration, including through the production of military products and their sale on foreign arms markets.

In general, actions aimed at Ukraine's recovery should pursue two «macro goals» – establishing the security structure of the national economy and ensuring its full integration into the European economic environment.

There is no doubt that Russia will remain a threat to Ukraine for many years to come, so the permanent proximity of the enemy necessitates the militarisation of the economy and prompts the substantial strengthening of the security sector. These goals lie in the defence and military industry focused on the production – either independently or in cooperation with foreign companies – of the widest possible range of weapons, which can be used to defend the country and strengthen the EU's eastern outpost, on the one hand, and win decent export niches in one of the most economically profitable areas, on the other hand.

It is important for this work to be carried out not only in collaboration with NATO, but also according to NATO standards. In the future, this will strengthen Ukraine's export capacity in the global arms market, while best

practices can be organically incorporated into civilian spheres.

15. Global economic processes are increasingly manifested through the politicisation of financial and currency relations. High inflation in the leading economies, including the US and the EU, in the first half of 2022 forced central banks to abandon their low (zero) interest rate policy that they had been pursuing during the coronavirus pandemic and introduce instruments aimed at tightening monetary policy. This has resulted in a new wave of attempts to de-dollarise the global economy, replace the US dollar in the international financial system, and so on.

Being one of key supporters of de-dollarisation, China is increasingly trying to expand its presence in international economic and financial markets. As a result, de-dollarisation will inevitably be accompanied by renminbisation, which could introduce significant imbalances and risks into financial markets, thus hindering global sustainable growth and development.

It is crucial for Ukraine to prevent rash experiments in the financial sphere. Therefore, the country should not succumb to the ghost of de-dollarisation, no matter what benefits it may be justified by.

Exceptional for Ukraine at this time is the significant long-term support from international partners that ensures a steady replenishment of the country's FX reserves. However, this must be accompanied and supplemented by the creation of an environment that is both favourable for domestic entrepreneurship in an open economic space and capable of withstanding competitive pressures in domestic and foreign markets.

16. In the post-war period, Ukraine should avoid repeating previous mistakes of increased fiscal and administrative pressure, allegedly to fill the state treasury and further allocate resources according to government priorities. The war has significantly weakened administrative and fiscal control over the businesses that remained in the country. And thanks to this weakening some businesses were able to continue their operations. The approaching victorious end of the war is already triggering the search for a new round of tax extractions and cancellation of benefits

and allowances, while offering no incentives for the accelerated recovery of affected and new businesses. In other words, the risks of stronger post-war fiscalisation of the country's economic environment are clearly increasing.

Experts believe that the country's recovery can be accelerated through further strengthening of free economic choice, on the one hand, and better international coordination and cooperation, especially institutional one, on the other hand. Despite the devastating war, Ukraine still has a chance to step up its integration into the European economic area and find a decent niche in the global division of labour by further opening up its domestic market to investment and consolidating protection of investors' rights.

17. The key macro-financial imbalances, namely the increased crowding out effect and debt dependence that arose as a result of the war, led to a downgrade of Ukraine's sovereign credit ratings. This made it virtually impossible for Ukrainian companies to access financing on foreign markets and halted foreign direct investment in industry indefinitely amid worsening access to debt capital on the domestic market due to rising interest rates.

The amount of capital raised by companies in the domestic and foreign financial markets before the full-scale war made a relatively small share of their total financing, so the restricted access to capital during the war did not cause a collapse in industrial finance. At the same time, the continued relative stability of the banking system helped prevent the outbreak of a non-payment crisis and industrial bankruptcies in 2022. However, the country still needs a new quality of institutional support for the domestic economy in general and industry in particular to ensure recovery and reconstruction.

18. Dealing with the consequences of military aggression for industry necessitates the creation of an institutional mechanism, with the special state-run financial institution, Industry Recovery Facility (IRF) being its main link at the national level. It will accumulate funds from all potential sources of funding and distribute them in line with the defined plan for post-war industrial reconstruction.

Making the IRF responsible for maintaining a national register of losses and ensuring openness and transparency of its activities through regular disclosure of financial information will be a prerequisite for its effective operation.

The main task of the IRF at the first stage of the post-war economic reconstruction will be to recapitalise the industrial enterprises affected by the war by:

- ✓ paying compensation for direct losses to companies on a non-refundable basis in cash or in specially issued government bonds (for large enterprises) with reimbursement in the future through reparations from the aggressor based on court decisions that will enter into force;
- ✓ ensuring partial coverage of indirect losses of industrial enterprises from reduction or curtailment of business activity in the temporarily occupied territories and territories affected by hostilities, in the form of investments in the companies' authorised capital with their reflection as investments held for sale after the end of the post-war recovery period;
- ✓ providing guarantees for bank loans for the implementation of investment projects, such as purchase of equipment, technologies, management know-how and the like that would ensure integration of Ukrainian businesses into value chains in European markets in the post-war period.

19. In the past, the threats of Russian aggression were underestimated, so the country ignored the need to expand defence orders, which otherwise would have been a significant factor in the industry's growth. Meanwhile, due consideration of external threats can do good for economic acceleration, including through the production of military products and their sale on foreign arms markets.

It should be acknowledged that Ukraine has recently lost its potential to produce defence products. This has manifested not so much in the decline in arms sales on

foreign markets as in the huge shortage of domestic weapons in the first weeks of Russian aggression. It was only thanks to partner assistance that the situation was gradually improving. However, from a strategic standpoint, it will be extremely difficult for Ukraine to reach an adequate security level without domestically produced competitive products.

This necessitates a «synchronous» substantial acceleration of the economy and strengthening of the security sector. These goals lie in the defence and military industry focused on the production – either independently or in cooperation with foreign companies – of the widest possible range of weapons, which can be used to defend the country and strengthen the EU’s eastern outpost, on the one hand, and win decent export niches in one of the most economically profitable areas, on the other hand.

20. Ideologically, Ukraine has already become an integral part of Europe, and it is clear that the country’s successful recovery largely depends on how quickly and fully it will be able to integrate into European structures, on how effective international assistance will be and how efficiently Ukraine can use it. It is primarily about critical infrastructure, industrial production, transport, energy and other areas where transformations will be a prerequisite for the competitiveness, growth and development of the country’s economy as a whole.

The task of economic policy is to encourage structural changes in the technological base of society and in the respective sectoral proportions, which is influenced by the ongoing development of innovative technologies that shape a new technological order. This has a radical impact on all important aspects of society’s functioning. The creation of basic innovations forms new technological systems, thereby constituting a key factor in the new technological paradigm and contributing to the development of innovative, previously non-existent smart specialisations. Ukraine is only at the initial stages of involvement in these global processes and lags behind the best European and global practices.

Important areas of the economic policy being developed and implemented are associated with technological and innovative «breakthroughs», including, and perhaps

primarily in the defence and arms sectors, especially in the face of continuing Russian aggression. Of course, intensification of activities in the use of achievements of international intellectual property, as well as Ukraine’s offer of relevant samples should be important components of these efforts.

21. Speaking of the Ukrainian economy, its recovery is believed to build on the energy sector, which must be resilient and attractive to investors. It is about accelerating energy transformations, including the green transition and energy security, decarbonisation, and tackling climate and demographic challenges.

While making efforts to rebuild the energy sector, the environmental consequences of the war should be carefully considered as well. In the post-war period, Ukraine should avoid exacerbating them through the additional environmental and health impacts of energy and industry. Harnessing the potential of renewable energy will minimise environmental damage and promote the efficient use of waste for energy production. The invasion of Ukraine calls for addressing the climate consequences of war, as military emissions can reach hundreds of tonnes of CO₂. The carbon footprint of war poses a threat to global climate goals and can cause long-term damage to human health.

22. The war and the energy crisis call for an increase in renewable energy production – more cost-effective, climate-neutral and requiring a combination of new technologies that include flexible capacities, nuclear power units, renewable energy sources, energy storage systems and demand-side management systems. Likewise, it should be borne in mind that such a transition will require significant funds if the phase-out of coal is accelerated, meaning that the transition should be balanced and take into account the «cleanliness» of existing energy capacities. In any case, increasing the share of renewables in the electricity, transport and heat sectors is part of Ukraine’s European integration commitments.

In order to create favourable conditions for the balanced renewables development and to facilitate investment, it is crucial to develop the so-called distributed generation, bioenergy, and hydrogen energy. Hydrogen is an important fuel and a key ingredient in the

production of other environmentally friendly fuels. It should be noted that Ukraine has been identified as a key partner of the European Clean Hydrogen Alliance in the production and supply (exports) of hydrogen, given its natural resources, interconnected infrastructure and technological development. This is another evidence of Ukraine's European perspective.

23. After the war is over, the plan is to elaborate a new energy model that should meet the security and sustainable development criteria and focus on the efficient use of energy resources and green technologies. The energy sector's recovery should be based on innovation and the development of smart grids.

Electricity and natural gas market models should be liberalised to make them compatible with markets for future increased trade in electricity and natural gas with the EU.

Therefore, it is necessary to maximise the potential of renewables and ensure efficient use of energy resources. Energy efficiency should cover all components and stages, from extraction and production to generation, transportation, distribution and use. Clustering is one of the steps to realise Ukrainians' aspiration for energy independence, including within communities. The creation of local and regional clusters using local energy resources for their economies will contribute to the formation of energy-independent communities.

24. The war has disrupted the Ukrainian labour market, causing its overall reduction and a huge mismatch – both geographical and sectoral – between labour supply and demand. The war changed the terms and principles of how the labour market operated, making it more uncertain and unbalanced. The loss and damage to production assets and infrastructure, as well as the interruption of supply chains of retailers have weakened the labour market's potential, leading to «disruptions» and loss of employment opportunities for most Ukrainians.

In such circumstances, the task is to change the labour market by shifting to a more mobile market structure capable of responding to changes in demand. This will stimulate the generally accelerated development of housing and transport infrastructure to meet the needs

of rapid relocation of labour resources, attract foreign factors of production to the economy, primarily human and investment capital, and create attractive conditions for their activities and returning to Ukraine.

25. One of the most serious challenges facing the country that needs to be addressed now is emigration from Ukraine, as the war has forced almost one-third of Ukraine's population to move from their homes, both within the country and abroad. It is highly likely that a significant share of Ukrainian refugees will stay in their host countries, thus significantly affecting the structure of the labour force and having a negative impact on Ukraine's economic growth and development.

The demographic impact of the war is also significant both during the war and in decades to come. The decline in the domestic market and demand due to demographic factors will certainly affect the level of future investment, as investors take into account population size and demographic prospects when making investment decisions. In such circumstances, the return of Ukrainian citizens, of whom one-third are women and another one-third are children, is vital for the prospects of the country's economy.

The irreversible migration losses of children and young people threaten the Ukrainian economy not only with a reduction in labour supply in the near future, but also with extremely serious problems with birth rates and the further formation of human potential.

26. It is important to strengthen public policy to preserve the country's human potential by:

- ✓ *investing in human capital.* Retraining of workers will be crucial, as it facilitates their redistribution to sectors that are likely to be most active in the post-war period, namely construction, engineering, healthcare, information technology. In addition, the pandemic and the war have created huge gaps in education, as schools have often been closed and distance learning has been used. Addressing the gaps in education that have accumulated over the past three years should be a priority in Ukraine's recovery;

- ✓ *ensuring more efficient use of existing human capital.* The spread of youth unemployment can be tackled through specialised vocational training, as well as by facilitating the integration of internally displaced persons into local labour markets, including through specialised benefits, such as multiple transfers to avoid the risk of poverty, and one-off transfers to stimulate business start-ups and renewals;
- ✓ *reducing regional imbalances.* Currently, livelihoods in the country are largely provided by the self-organisation of local communities. Communities have taken on most of the humanitarian and socio-economic tasks, welcoming refugees since the first days of the war and ensuring the country's defence through the territorial defence system. Local governments mobilise and use all community resources – human, land and property.

27. The post-war period will require an integrated (comprehensive) social protection strategy, taking into account the specifics of the special legal status of certain beneficiaries, such as war veterans, internally displaced persons, the poor, and the like. Its implementation will be ensured through inter-agency and interdisciplinary coordination. Therefore, it is necessary to review the components of the current social system to allow people live full and independent lives. This will require clear, transparent and objective eligibility criteria for social services and social benefits.

However, in the peculiar conditions of Ukraine's post-war recovery, it will be difficult or impossible to effectively apply all the approaches, principles, tools and indicators of European social policy developed for peacetime Europe. Therefore, there is an urgent need to transform and adapt the accepted international approaches of European social policy to the conditions of post-war Ukraine, which should also be adjusted to achieve results in such social transformation areas as socio-economic security, social cohesion, social integration and inclusion, as well as the empowerment of citizens in Ukrainian society.

28. The socio-psychological climate in society is one of the factors shaping public consciousness and the system of values, influencing the assessment of social processes, social and economic expectations, and socio-economic behaviour.

While critical assessments of the country's development prevailed before the full-scale war in Ukraine, then Russia's military aggression consolidated Ukrainian society, driven by the need to fight an external enemy. A clear goal of social development and social action was formed, where victory is the key concept; Ukrainian society has a clear understanding of the «friend or foe» coordinate system, giving people an idea of how to act and what to do. The consolidation of society and the clear definition of social goals have contributed to the growth of social optimism and faith in the future. In particular, after the onset of a full-scale war, assessment of Ukraine's ability to overcome existing problems became noticeably more optimistic.