

Why Did Ukraine's Economy Fail after the Collapse of the Soviet Union?

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Abstract

Ukraine, a nation in Eastern Europe, has recently become world-famous. Being the second largest Soviet-bloc country, Ukraine has inherited huge amounts of Soviet legacy, including industries and militaries. Adding to its natural geographical advantages, most scholars at that time projected that Ukraine's economic take-off would be inevitable. However, the truth unexpectedly disobeyed the predictions: Ukraine became the slowest developing state among not only the former Soviet members but the global nations. To unfold the confusion, the paper is going to research Ukraine's economy after 1991 to find the basic reasons. It aims to parse the main causes of Ukraine's economic failure from three perspectives: its industrial structure, governmental reforms, and remaining domestic ethnic problems, and gradually spread out to construct the whole knowledge framework. The interplay between factors is also proposed to build the frame. The combination of quantized data and quantitative reasoning will provide better persuasions, helping readers intuitively understand the logic behind the phenomenon. The possible solutions are plus interspersed with the text, providing a wake-up call for else governments to avoid repeating the same mistakes.

Keywords

Ukraine's Economy, Institutional Economics, The Soviet Union, International Relationship, Macroeconomic

1. Introduction

The economy is crucial for any national development. Its success is not only a foundation, but a premise for countries' prosperity. Thus, countries around the world are all contriving to develop their economies for better growth and international status. Nonetheless, their advancements are greatly blocked by a few unchangea-

ble factors.

First, natural resources are hugely required for economic advances. Big countries, by contrast, seem to have better chances of growing because of their large territories, meaning more resource reserves and potentially huge economic volume. For example, when the U.S. was founded, its economy was far less than that of the European Powers. But when it began to expand westward, everything changed. Secondly, the expansion of territory has led to an increase in population size. The additional land attracted more population, and newly discovered resources in the west not only ensured the development of its newly established industries, but were exported to earn foreign exchange. In 1894, the U.S. overtook the U.K. as the new world economic hegemony. This process took only 100 years, which is not long.

On the contrary, the economic development achieved in Ukraine in reality does not match its abundant natural resources. Ukraine is likely to meet all criteria of being a potential “big country”. Being the second largest European nation, Ukraine has bountiful natural resources. It has the world’s largest area of arable Blackland (the most fertile soil type on Earth) and abundant mineral resources. For instance, Ukraine’s coal reserves are amazingly comparable to those of China, bearing in mind that Ukraine is only the size of the Sichuan Province (486,000 square meters) or Qinghai Province (722,300 square meters) in China. Paired with the strong industrial base inherited from the Union of Soviet Socialist Republics (USSR), Ukraine deserved to be one of the most developed countries after the dissolution. It was expected that Ukraine would become an affluent democratic country through the manufacturing industry (Sutela, 2018). However, it was in negative growth and has become the poorest country in Europe. By the end of 2014, the GDP of Ukraine decreased by 35% compared to 1990 (Xu et al., 2016). In this way, its economic failure seems to be perplexing, and this is exactly the research problem of this thesis: “Why did Ukraine’s economy fail after the collapse of the Soviet Union?”.

Obviously, this way of looking above is too superficial to comprehend Ukraine’s economic situation. There were only a few factors considered, and plenty of other crucial ones were omitted. It’s one thing whether a country has the potential for development or not, and it is another thing whether the potential can be transformed into real economic growth. Most of the previous research just analyzes the causes statically. Differently, the essay intends to focus on the interrelationship between underlying factors and illustrate how they further amplify the crisis dynamically.

The article will be built from previous research results about three original points and gradually approach the topic using rational reasoning and data support. It tries to disclose the economic logic behind Ukraine’s economic performance, which is applicable universally in macroeconomics. For readers who care about current affairs, this investigation would help them think deeply and come up with their ideas about Ukraine. For domestic readers in China, this investigation can benefit the understanding of the relationship between China and Ukraine. Furthermore,

the lessons drawn from Ukraine's mistakes offer directive suggestions to other policymakers.

The remaining chapters are organized as follows: The second part is facts about the failure of Ukraine's economy and the related investigations, and the next one is the results of the research. The last section is about conclusion and discussion of the research process and results.

Facts for the Failure of Ukraine's Economy and the Related Investigations

Ukraine's economic failure has attracted lots of scholars' attention. Their viewpoints to explain the phenomenon are vastly different, providing a multi-faced research basis for the paper. The scholar deemed intrusions brought by Ukraine's awkward geographical position as the reason leading to its economic malfunction (*The Economist*, 2022). It is true that since 2014, Ukraine has suffered from the conflict, and its economy has been hugely affected. In 2022, the Ukrainian economy shrank by about 45.1 percent (*The World Bank*, 2022a). Thus, it is concluded that the failure is the result of turbulence.

However, these researchers overlooked a series of important factors. Before the clash, the global financial crisis had already hit Ukraine hard. In 2009, Ukraine's economy already fell by 14.8%, seven times the average global decline. Between 2000 and 2013, before the war in the east, Ukraine's total GDP grew by only 69.8% compared to the last decade, which is the slowest-growing independent economy among the Commonwealth of Independence States (CIS) countries. By contrast, Estonia, once the most backward economy from 2000 to 2013, also grew by 75.7% over the previous decade (*Xu et al.*, 2016). It means that there are other reasons for Ukraine's economic failure. Moreover, its wrong governmental operation is another crucial factor. Ukraine was seeking an opportunity to join the North Atlantic Treaty Organization (NATO) in the past few years. But Russia would never tolerate the presence of rivals' troops in its neighbor's territory, threatening its national security. Such provocative action by Kyiv is undoubtedly a challenge to Russia's bottom line.

Others state it is Ukraine's internal problem. It is considered that corruption caused by its institution has resulted in collusion between oligarchs and dignitaries, further blocking the proper functioning of the economy (*De Waal*, 2016). The corruption dramatically reduced Ukraine's governmental revenue, thus hindering effective governance. To raise the revenue, the administration had to increase the tax, further damaging economic well-being. "In 2014, Ukraine's shadow economy was estimated to comprise a whopping 50% of the total. That in turn encourages a pervasive culture of bribe-taking and extralegal means of property protection and contract enforcement" (*Smith*, 2022).

However, this is not the root cause. Theoretically, there is less corruption in countries that have adopted democratic institutions. Ukraine similarly applied democracy, but the corruption problem was still serious. Therefore, it is concluded that there is another factor leading to the failure of its democracy, then influen-

cing the whole economy.

According to **Figure 1**, the Corruption Perceptions Index of Ukraine (33) is significantly lower than the world average (43), ranking 116th in global corruption statistics. The data signifies the failure of the democratic system

<https://fanyi.baidu.com/>.

Current research on the Ukrainian economy mainly focuses on explaining the reasons for failure, such as market economy failures caused by geographical location. However, few studies comprehensively analyze the reasons behind Ukraine's economic recession from the perspective of the global financial crisis and corruption. Despite certain shortcomings in current research, existing studies have provided a wealth of evidence and unique perspectives on the economic failure of Ukraine. The literature is crucial for researching the topic because it not only broadened the horizons, but also provided precious qualitative resources that are highly relevant to Ukraine's economy in the near decades. Some precise and strict reasoning in previous work was also inspired, contributing to this essay's academic rigor. Based on this, this article attempts to study the Ukrainian economy after 1991, aiming to analyze the main reasons for the failure of the Ukrainian economy from three perspectives: industrial structure, government reform, and domestic ethnic issues, and gradually construct the entire knowledge framework.

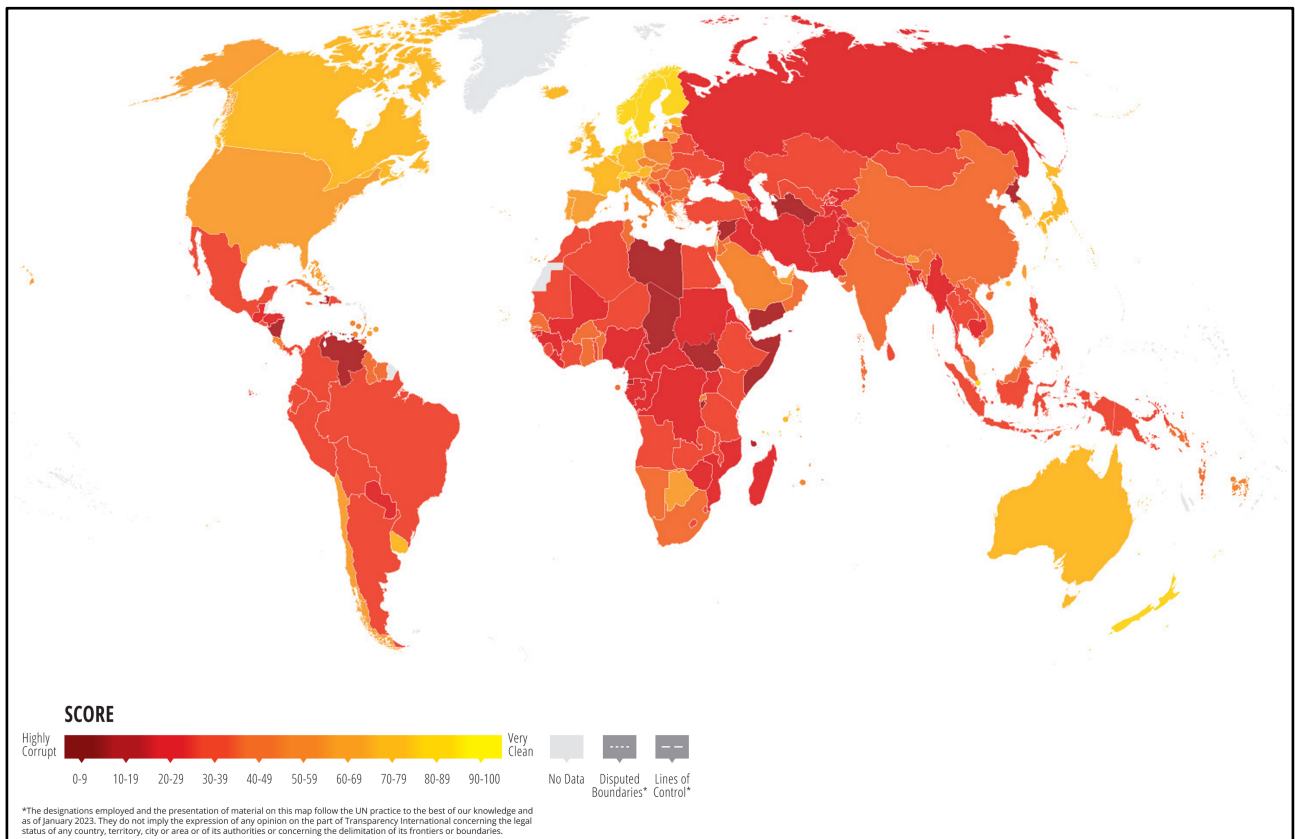


Figure 1. Corruption perceptions index 2022. Source: Transparency International.

2. Research Design

2.1. Theoretical Framework

The research would begin with three original root causes and extends to form the whole knowledge framework. As shown in **Figure 2**, the three main factors are the Ukrainian unbalanced industrial structure, the government's blind reforms, and the remaining domestic ethnic problems.

The first cause, the unbalanced industrial structure, is crucial for analyzing Ukraine's economy. It has not only influenced Ukraine's economy by itself but also led to other economically harmful factors for the country. Though with a powerful heavy industrial base, Ukraine was quite behindhand in other industrial fields compared to other countries. This phenomenon is due to the omnipotent nature of the Soviet Union: The central government of the USSR rigidly set the direction of local development, strongly limiting the advances of other industries. The shortage of other industries made Ukraine to be extremely dependent on other countries, meaning that economic sanctions with purposes may come at any time. In addition, the Soviet-era state enterprises were still powerful within the nation. They controlled the lifeblood of the country, natural resources, and heavy industries, and further tried to manipulate Ukraine's politics. To gain their benefits, the oligarchs blocked the function of the normal market and monopolized most industries, hugely limiting Ukraine's economic growth.

The governmental reforms occurred followingly but failed to solve the problems above, even amplifying the negative impacts on the economy. For example, to solve the hyperinflation, Ukraine chose to apply "shock therapy" like other former Soviet-bloc nations. However, it offered another opportunity for oligarchs to merge assets. It was estimated that they controlled 50% of Ukraine's GDP and tried to stifle the competition without any interventions from the government. After two years of shock therapy, in 1993, the inflation rate in Ukraine even soared by over 10,000%, instead of decreasing (Smith, 2022).

Not only economically, but politically wrong decisions of the Ukrainian government have also plunged the country into turmoil and instability. Because of the absence of an upstream industrial structure, Ukraine strived to join the Western industrial system. Nevertheless, Ukraine's government decided to go full Westernization and stay away from Russia. It gave up its deterrent weapons

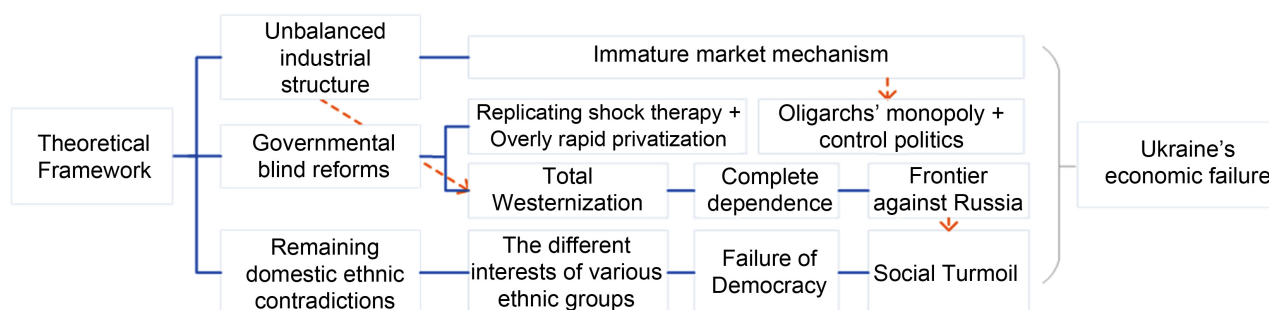


Figure 2. The theoretical framework of the research. Source: Figure created by the author.

but kept “offending” its neighbor in exchange for economic support and protection from Europe and the U.S. In such a sensitive geopolitical location, the Ukrainian government’s misguided strategy gradually led to its current precarious position.

Another crucial factor is the severe ethnic conflict between nations inside the country, which led to the dysfunction of the democratic system. In history, west Ukraine has been ruled by the Kingdom of Poland and heavily influenced by Western European culture in religion and other aspects. In contrast, people living in east Ukraine were much closer to Russia. Thus, choosing a pro-European or pro-Russian government becomes a dilemma for Ukraine. When every selection comes around, the nation is in political instability and economic turmoil. To satisfy their political demands, fanatical nationalists and extremists have emerged in Ukraine, further undermining the infrastructure and social stability necessary for economic development.

2.2. Data Resource and Preliminary Analysis

This essay includes various data, such as GDP, GDP per capita, the proportion of industries in Ukraine, imports or exports statistics, Foreign Direct Investment (FDI), etc. The data used in the essay about Ukraine’s economy in different fields offer evidence for its economic failure after the collapse of the Soviet Union. The authoritative data were collected from the official World Bank website (<https://www.worldbank.org/en/home>) and other credible sources, *i.e.* World Economic Forum and Economist.com, and the data about Ukrainian privation was from an article devoted to the privatization of Ukraine called “The Political Economy of Privatization in Ukraine”. The schematic included in the essay was mainly from professional statistics sites on Google. All the data are interspersed in the exposition, presenting a direct demonstration of the plight of the Ukrainian economy, especially when compared to other countries’ data.

The failure of the Ukrainian economy is a fact, but the reasons are worth thinking about. Based on the mentioned theoretical framework above, the analysis will focus on the three underlying causes and simultaneously pay attention to the dynamic relationship between them and the consequences they cause.

After the disintegration of the Soviet Union, Ukraine’s extreme dependence on manufacturing led to the drastic collapse of its economy. The whole nation fell into extreme poverty, demanding lots of money for reconstruction and economic recovery. According to statistics, Ukraine’s official GDP decreased by half from 1990 to 1994 and continued to decline within the decade (Sutela, 2018). The people of Ukraine were also living in dire straits: About 50 percent of households lived on less than \$5.50 a day, and life expectancy dropped by five years (Gorodnichenko, 2022). However, in the context of globalization of the world, many problems of Ukraine, including the deformed industrial structure, were covered up and gradually recovered from the economic downturn in the early twenty-first century. Prior to the global financial crisis, between 1998 and 2008,

Ukraine's GDP per capita grew at an average rate of 7% per year (The World Bank, 2022a). According to Figure 3, its GDP per capita (an important indicator of national wealth) started to rebound, though it is still not comparable to other Soviet Republics and Eastern Europe countries.

Comparing the five curves, it is easy to spot the economic failure of Ukraine after gaining independence. What exactly is the reason for the economic failure of Ukraine?

3. Results

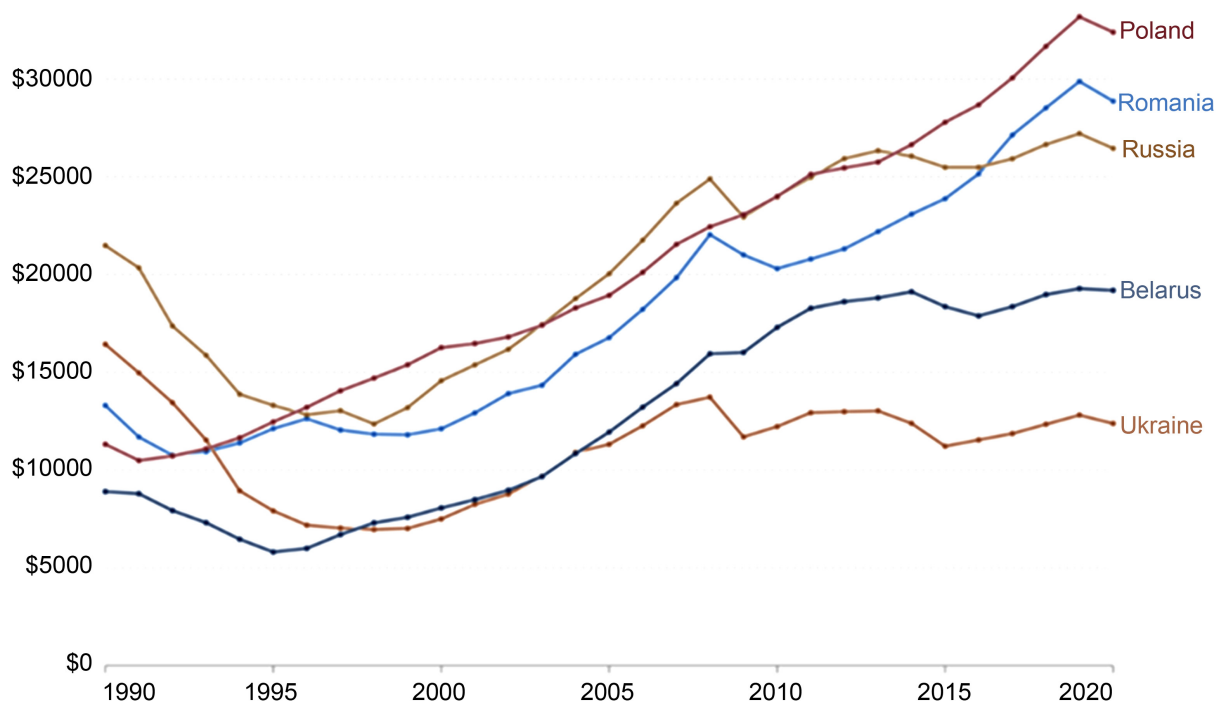
3.1. Ukraine's Unbalanced Industrial Structure

The first cause contributing to the economic failure is Ukraine's domestic unbalanced industrial structure. Because of the oligarchic monopoly in manufacturing, foreign capital was mostly invested in the financial and real estate sectors in Ukraine, planting a "time bomb" for the nation. The arrival of the global economic crisis has blown Ukraine on the head. Finance and real estate happened to be the hardest damaged areas by the financial crisis, and the problem of uneven economic development in Ukraine re-emerges. According to Xu et al. (2016), in 2009, the lagged effects of the crisis caused the Ukrainian economy to decline by 14.8% in the year, seven times the average global decline at that time (the global

GDP per capita

This data is adjusted for inflation and for differences in the cost of living between countries.

Our World
in Data



Source: Data compiled from multiple sources by World Bank

Note: This data is expressed in international-S at 2017 prices.

OurWorldInData.org/economic-growth • CC BY

Figure 3. Change in GDP per capita of the former socialist countries. Source: The World Bank (2022b).

average, 2.1%). After the financial crisis, the world entered a phase of reverse globalization. And because of the immature domestic market mechanism, Ukraine's single and untested commodities could not be competitive in the global market, significantly reducing the number of exports. Ukraine seemed to lose the last chance to balance the industrial structure.

In 2021, it was shown that raw materials and agricultural products were still the most exported goods from Ukraine, such as cereals, wheat, and iron ore, etc. The manufacturing sector, considered by economists to be the backbone of the country's economy, accounts for less than 10 percent of Ukraine's total exports.

So why did not Ukraine, which has an industrial base left over from the Soviet period, vigorously advance its manufacturing industry in a time of globalization but keep its structure unchanged, the following reasons may explain the phenomenon. The main reason is the existence of oligarchs, which deeply affected the country's economy. In the planned-economy era, state-owned enterprises in Ukraine's heavy industry were dramatically powerful to monopolize the industry. According to Snelbecker (1995), the purpose of privatization is to separate enterprises from the state, depoliticizing them so that managers pursue profit-maximizing strategies under hard budget constraints rather than seeking subsidies and special privileges (*i.e.* rents) from the government. But it also gives a chance for the rich to acquire industries. After the privatization, the heads of these companies became oligarchs with strong capital, controlling the domestic market. It was estimated that the oligarchs controlled 50% of Ukraine's GDP and gradually took control of politics through collusion with corrupt officials. For example, the former President of Ukraine Tymoshenko had monopolized the gas supply of Ukraine and used her capital to enter the political circle, becoming the first and only female prime minister. Under the protection of political power, the oligarchs pursued their own benefits rather than contributing to the establishment of a normally operating market mechanism. They suppressed other competitors and prevented foreign investment from entering their "domains", including Ukraine's manufacturing industry. Because of having a vested interest, the oligarchs did not consider making a difference and just let the sector freely recess. In the research done by Gylfason, Hochreiter and Kowalski (2022), the share of Polish manufacturing in exports grew from about 60% to 80% from 1992 to 2021. However, according to Figure 4, in the period 1996 to 2021, the share of manufacturing exports of Ukraine decreases from 66% to 43%, symbolizing the huge regression of Ukraine's manufacturing industry. It is proven that oligarchs' controls have taken a heavy toll on Ukraine's manufacturing sector.

The unbalanced industry structure generated these oligarchs who perform local protectionism, costing Ukraine the chance to become one of the world's factories. And a new question occurs: Why did not the Ukrainian authorities try to control or remove the oligarchs?

3.2. The Blind Reforms of the Ukrainian Governments

The government's blind reforms aggravate the problems caused by the structure

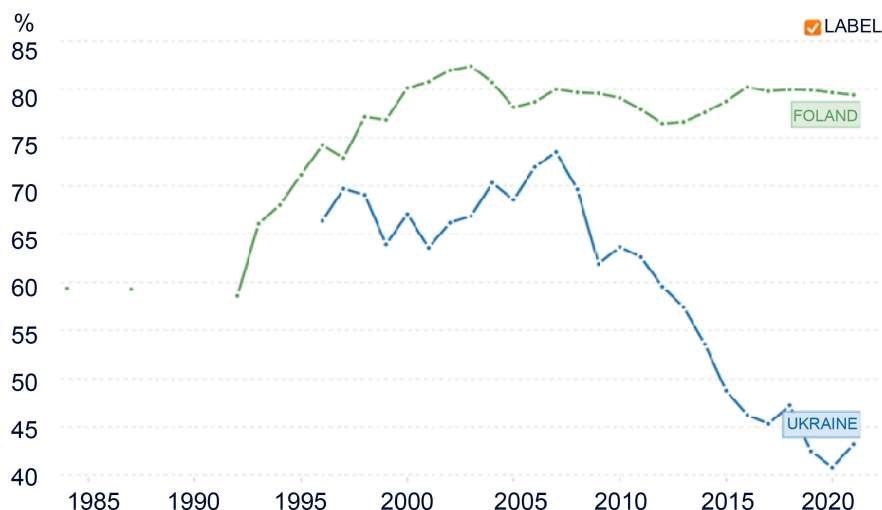


Figure 4. Comparison of the share of manufacturing exports of Poland and Ukraine. Source: *The World Bank (2022c)*.

of the economy. After the failure of communism, the Ukraine government tried to turn to a Western capitalist economy. After contacting Russia and Poland, it declared to apply shock therapy to curb inflation and rapid privatization to complete market economy reforms. Through 1991 and early 1992, privatization discussions solidified into legal acts. The concept of De-statization and Privatization of State Enterprises, Land, and Housing was published in December 1991, and other three laws on privatization followed in early 1992: The Law on Privatization of the property of State Enterprise, the Law on Privatization of Small State Enterprises (Small Privatization Law), and the Law on Privatization Certificates (Snelbecker, 1995). But the results of the privatization reform were not satisfactory. The low motivation of the target group (workers and small investors who cannot be profitable because of various rule barriers) and the obstructions from oligarchs (privatization means that their assets would be reorganized) led to a temporary halt in privatization in July 1994. The idea of privatization for the sake of itself rather than economic liberalization made politicians fail to consider the threat of oligarchs. A few months later, the privatization restarted and proceeded more aggressively. According to Hare, Batt and Estrin (1999), Ukraine President Kuchma signed a decree “On Measures for Ensuring the Rights of Citizens to Use Their Privatization Certificates” to accelerate the process of privatization in October 1994, just three months later. The kind of privatization that only pursues speed without quality and fairness is doomed to fail. The relevant anti-monopoly law was also only a superficial project. In the process, resource extraction rights and manufacturing were divided up among the oligarchs. Additionally, to get help from foreign capital such as the EU, Ukraine sold off a large number of businesses cheaply and attempted to exchange them for further FDI, such as the Odesa Portside plant (Fertilisers), the Kherson CHP (Energy Generation), and Mykolayivoblenergo (Energy Distribution). Ukraine’s economy has been devastated and the government no longer could control and regu-

late the economy. On the contrary, the oligarchs and foreign capital forces that control the lifeblood of the country greatly influence the government. Elected politicians become nothing more than a cover for their interests.

Not only economically, but also politically inappropriate reforms have caused Ukraine's economic development to stagnate, even regress. After the collapse of the USSR, the formerly unified industrial system was separated into multiple parts. Due to the lack of upstream and downstream industries, Ukrainian heavy industry was crippled. To rerun the domestic industry, Ukraine had to seek to join other industrial systems, and there were two options: the Western industrial system and the CIS (a cooperative organization of former Soviet Union countries) system. As a result, Ukraine joined the former. This is understandable because the capitalist world was on the rise, meaning more opportunities for the developing country. However, Ukraine's next move sets itself up for trouble: It opted for full Westernization and gave up nuclear weapons and most of its military in exchange for the West's trust. The Ukraine government neglected reality and did not consider the possible long-term effects. In later times, its actions were seen as myopic, selling out national interests for short-term gains. Once Westernization began, there was no turning back. And politically motivated funding from Europe and America further pushed Ukraine to come to the West side. Ukraine's following radical moves, such as the Revolution of Dignity in 2014, have caused hostility from its neighbors, finally leading to the outbreak of the Crimean crisis. Owing to the previous demilitarization, the Ukraine government had to allocate additional military funds from its already tight finances, further weakening its grip on the economy. Simultaneously, Ukraine lost its largest trading partner in the world. After the independence, Russia was Ukraine's top trading partner, buying 56% of all its exports (Gorodnichenko, 2022). After 2013, Russia ended cheap gas and oil exports to Ukraine, greatly affecting Ukraine's normal production of industry.

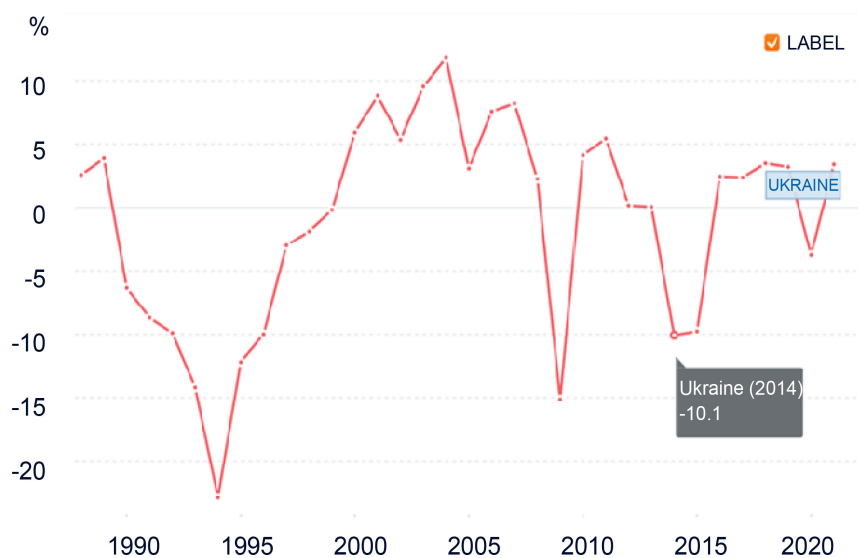


Figure 5. GDP of Ukraine from 1987 to 2021. Source: The World Bank (2022b).

As shown in **Figure 5**, in 2014, Ukraine's GDP fell by 10.1 percent, rendering it one of the few countries in the world where GDP was still falling. The fact shows that the relationship with its neighbor is crucial for Ukraine's economic development because of the high dependence on natural resources exported by Russia and other nearby countries.

As a border between the West and East, Ukraine is supposed to remain neutral and act as a buffer zone to benefit from both sides. But Ukraine, in such a special geographic position, did not recognize it. Its lopsided behavior has not only made it a pawn of the West against its "threatful" neighbor, Russia, destroying the geopolitical balance but also deprived it of better opportunities for economic development, making the nation struggle with social unrest. The root cause of all this is the short-sighted reform actions of the Ukrainian government.

3.3. The Fierce Ethnic Contradictions in Ukraine

Lastly, domestic severe ethnic problems dramatically affect the functioning of democracy and social stability, which are crucial for the economic growth of a nation. In history, west Ukraine has been ruled by the Kingdom of Poland for a long period of time and heavily influenced by Western European culture in religion, ideology, and other aspects. These people are all Ukrainians and closer to Western concepts in politics and economy. In contrast, people living in eastern Ukraine's heavy industry region were much closer to Russia. They are commonly Russians who have stayed in Ukraine and miss their original country. Some of them even look forward to the re-emergence of the Soviet Union. The contradictions between Catholicism and Orthodoxy, capitalism and communism hence emerged and gradually intensified, becoming a conflict between political claims. **Figure 6** shows the distribution of two races in Ukraine.

It is shown in **Figure 6** that Ukrainian ethnic lives mainly in the west, and Russian ethnic lives in the east of Ukraine.

Most Ukrainians resented being ruled by the Russians, thus supporting the pro-western politicians and the government. But due to their national identity, Russians prefer to vote for a pro-Russia government. Therefore, the leading members of Ukraine are no longer selected for their competencies but for ethnic and political standpoints, causing the failure of democracy in Ukraine. The Ukrainian government has not been aware of this problem from the beginning and has directly copied the Western democratic system without considering its national conditions.

Due to the different interest pursuits, corruption is inevitable to reach the goals, and a single government cannot satisfy all people's needs. Therefore, they looked to the West for the satisfaction of their political demands. They no longer trusted their government and instead believe in Western democratic aid. From then on, Ukraine's political operation of the county begins to be influenced and controlled by other countries. For instance, the Euromaidan Revolution was invested by the West to oppose the pro-Russia administration in 2013. Furthermore, Ukraine's nationalism created more fanatics hostile to Russians. In eastern



Figure 6. Distributions of Ukrainian/Russian speakers in Ukraine. Source: Economist.com.

Ukraine like Donbas, their Nazi-like behavior angered the local Russian population who seized the protection of Russia, giving Russia an excuse to have a righteous invasion of Ukraine. It is well known that the impact of war on the economy is huge.

According to [The World Bank \(2022a\)](#) (see [Figure 7](#)), the military contradiction in Ukraine is likely to shrink Ukraine's economy by 30.4 percent in 2022. Lots of infrastructure and homes have been destroyed by missiles, causing huge economic losses.

These three reasons, *i.e.* an unbalanced industrial structure, imprudent government reforms, and remaining domestic ethnic problems, have all played an important role in Ukraine's economy. They plus dynamically interact with each other and amplify the positive feedback that harmful to its economy. The example of Ukraine is considered a directive lesson for other policymakers to prevent troubles. For instance, if a nation is double-teamed by two powerful countries, the best way to develop is to be neutral to gain benefits from the two sides.

Additionally, it is wrong to copy the political system of another country without understanding the national condition. If there are irreconcilable conflicts in the state, it is decided to either divert the contradictions or ensure social stability through tough policies. Ukraine's economic failure is a warning to other countries

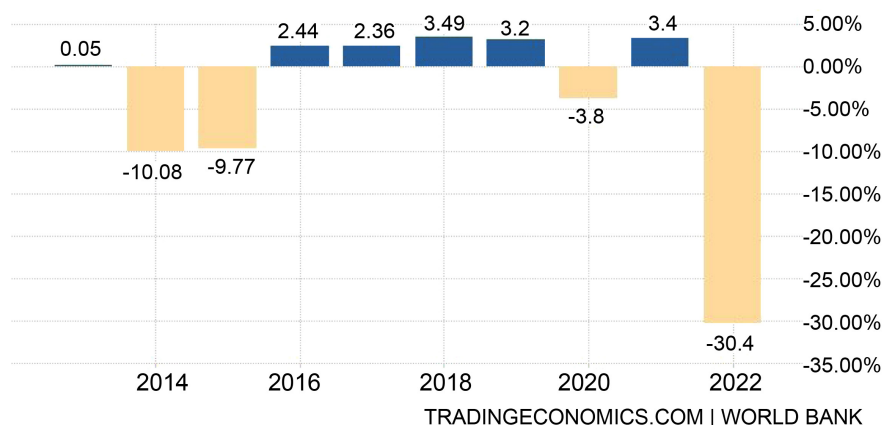


Figure 7. Annual GDP change in Ukraine since 2014. Source: World Economic Forum.

in the world. Facing the conflict with Russia, it looks like the future of the Ukrainian economy is bleak.

4. Conclusion and Discussion

This investigation starts from three standing points, *i.e.* industrial structure, governmental reforms, and domestic ethnic problems, and successfully provides a comprehensive analysis of the logic behind the economic failure of Ukraine. The research based on previous literature and personal understanding offers a new perspective on Ukraine's economic problems. The causes of the failure are not only economic, but also political, historical, and geographical. And all these factors strongly connect with other, amplifying each other's effects to reach the result. For example, the ethnic disputes in history led to the dysfunction of the democratic system in Ukraine. The chaotic political system provided opportunities for opposition and extremists to take advantage of its weakness, destabilizing society and the country. Conversely, a stable domestic environment is necessary for economic development, so the turmoil would have a huge negative impact on the national economy. When the economy is down and unemployment is soaring, people would march for their livings, which creates a huge gap between the government and citizens. When society is in instability, this vicious cycle will continue. The dynamic analysis of these interactive factors is an innovative way to explain a country's economy. It not only offers a model for economists to understand the continued macroeconomic downturn, but also gives solutions for states in trouble to deal with their issues. Understanding economic principles helps to better understand politics and state relations, such as the conflict inside Russia.

However, there is still room for improvement. First of all, the article is based on a relatively small number of sources. There are many other persuasive data that are not included in the article. The time for collecting data and information is also limited because of multitasks. The flaw can be improved by a more scientific reading method, like first reading one essay's introduction and choosing whether to

read or not and then trying to add the new-collected information to the original essay. Moreover, the connection between each part of the essay is not perfectly smooth. And when analyzing the characteristics of the Ukrainian economy, the methodology is rather confining. However, the factors analyzed in this article are limited to three, and due to the limited availability of resources, the analysis of influencing factors may be incomplete. It is also related to the lack of time for reading the previous literature and hence there are only a few perspectives that can be used to look through the economic failure. In the future, it would be better to first brainstorm the ideas and then search on their basis. This approach will make literature reading more purposeful and efficient, additionally saving time for organizing the essay. Last but not least, based on the current limited resources, this paper uses only simple data analysis in the research methodology and does not construct an econometric model to quantify the influencing factors, which can be methodologically improved and extended in the future of the study.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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