

The Impact of Political Institutions on Economic Growth in Ukraine's Unstable Macroeconomic Environment

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Abstract

The article examines the impact of political institutions on economic growth in an unstable macroeconomic environment, with a focus on a comparative analysis of Ukraine and Switzerland. The theoretical basis of the study is institutional economics, endogenous growth models, and political-economic concepts that allow us to identify the mechanisms of transformation of institutional characteristics into macroeconomic results. Based on the Worldwide Governance Indicators and macroeconomic series, estimates of the dynamics of institutional quality, investment activity and their impact on growth rates are constructed. The study reveals significant structural differences between countries characterised by high institutional stability and states with increased political and economic volatility. A comparison of Ukraine and Switzerland reveals a deep institutional gap, which manifests itself in the level of corruption control, the predictability of regulatory policy, and the state's ability to ensure the sustainability of economic incentives. The empirical part of the study is supplemented by the testing of a simplified endogenous growth model, which makes it possible to demonstrate the quantitative impact of institutional quality and the investment channel on Ukraine's economic dynamics. The calculations show that improving institutional parameters can significantly strengthen investment processes and mitigate the negative effects of macroeconomic instability. As a result, the key assumption that effective political institutions are a critical factor in ensuring long-term economic growth is substantiated. Based on the results, recommendations are formulated for improving Ukraine's institutional capacity using elements of successful practices of developed democracies.

Keywords

Political institutions, economic growth, institutional quality, endogenous model, investment channel, macroeconomic instability, comparative analysis.

