

MISMANAGEMENT IN UKRAINE

Vitalii Nitsenko

SCIRE Foundation, Poland

E-mail: vitaliinitsenko@onu.edu.ua

Ukraine has a huge potential for the development of various sectors of the economy, but the efficiency of its use still remains low. This problem is primarily related to management problems at all levels of government: from the President to the state enterprise.

Unfortunately, the change in the political preferences of citizens of each regular election of deputies to regional, local authorities, the Verkhovna Rada of Ukraine, the President of Ukraine remains unchanged.

It does not make sense to draw attention to all 30 years of Ukraine's independence, as this problem is not solved...

For clarity, we will demonstrate the year of the rule of President Zelensky VO, who promised to change the situation in the country for the better. His arrival was not an accident. The people were prepared not only by the humorous shows Kvartal-95 on political topics, but also by the TV series "Servant of the People" (3 seasons), where Volodymyr Zelensky was elected President and was an ardent opponent of the current situation. Thus, the preparatory stage was in favor of his team.

Having a high rating among voters, he dissolved the Verkhovna Rada of the 8th convocation (May 21, 2019) (Decree of the President of Ukraine, 2019). A staggering advantage over all opponents gave a parliamentary majority in the election of the party "Servant of the People", 254 seats (out of 450) in the Verkhovna Rada for the first time in the history of Ukraine (Rzheutska, 2019). However, the quality of the party's composition is very heterogeneous, which was a big disadvantage. Thus, persons who supported the previous President (O. Poroshenko) and were negative against Zelensky V. ran for the party.

The President appointed the Prime Minister (Oleksiy Honcharuk) whose attitude to the President was negative and who didn't have necessary competencies to run the country. Later, O. Honcharuk personally stated that he is "an ignoramus" in economy, and the President is even more ignorant (Wenck, 2020). The quality of the Ministries was reminiscent of the Prime Minister himself. A similar situation has developed with the power block of ministers. Most of the ministers and their deputies used to work in various programs sponsored from abroad, so they were given the name "Sorosyata" (i.e., related to the programs of J. Soros). This may be a direct indication of the gradual destruction of Ukraine's economy, as J. Soros is a "destroyer of economies".

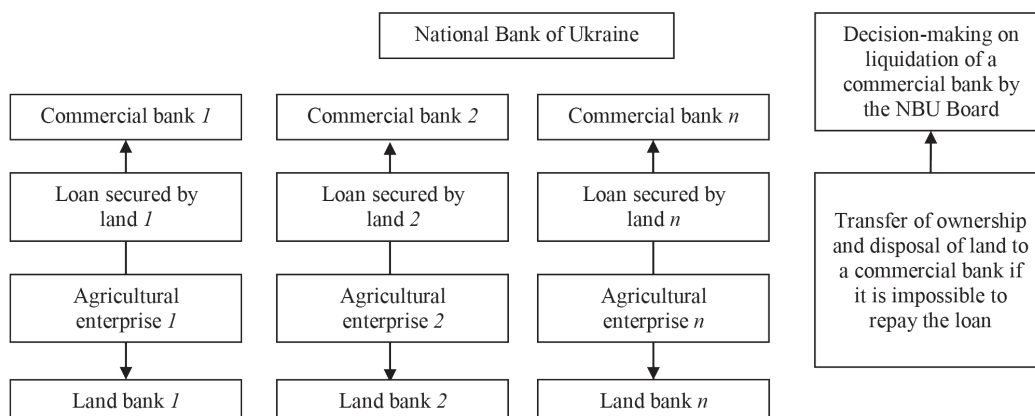
The President's promises to improve the situation in the country's economy (increase wages, pensions, create new jobs, etc.), to agree upon all changes to the Constitution with the people and important laws by popular vote, to return to Ukraine the citizens who work abroad, to fight corruption were of no effect.

After the beginning of the coronavirus pandemic in the world and the closure of national borders, there was made a decision (March 25, 2020) to introduce quarantine in Ukraine. Immediately after restricting the freedom of citizens to move in the streets, gather for rallies, etc., the President sent a request to the Verkhovna Rada on the need to adopt two draft laws of Ukraine: 1) on the land market (2020) and 2) to improve some mechanisms for regulating banking (Draft Law on Amendments to Certain Legislative Acts of Ukraine, 2020) The President arrived in person at the vote on these laws and stated that they must be adopted urgently, otherwise the IMF will not provide the funds needed to cover the budget deficit (Saakov, 2020)! Moreover, 73% of Ukrainians surveyed by the sociological group "Rating" were against the adoption of

the land market (Rzheutskaya, 2019). The so-called “anti-Kolomoisky” law (has nothing to do with the privatization of Privatbank and its previous owner I. Kolomoisky) stipulates that the National Bank of Ukraine (NBU) is outside the sphere of influence of the Cabinet of Ministers of Ukraine and whose decisions cannot be challenged in court. Under such conditions, the agricultural enterprise (farm) taking a loan against land and not repaying it, is disappropriated of its right of ownership and disposal of land, which are transferred to a commercial bank (Fig. 1). Since the NBU has no obligations to bank owners (for non-transparent or illegal actions or decisions), its shareholders, whose decision cannot be appealed to court, can become the rightholder of all bank assets, including agricultural land!

Figure 1

The functioning of the land market and the banking system under the new rules



The adoption of strategically destructive laws, ostensibly to secure IMF loans in an extended version (up to \$ 10 billion) did not reach its goal as IMF only agreed to provide loans to repay the previously given loans and interest on the principle of the loan.

At the same time, after the appointment of D. Shmygal as the new Prime Minister (he used to work for the oligarch R. Akhmetov), significant changes were made in favor of the mentioned oligarch. At the end of April, three power units of Energoatom NPP were forcibly shut down (with a capacity of 3,000 MW and production was reduced by another 5 units) by order of Acting Minister O. Buslavets (also affiliated with R. Akhmetov), to ensure the purchase of electricity at a green tariff from DTEK. Currently, the electricity is being purchased from RES for \$ 0.185 per kWh against the possibility of buying 2.1 cents per kWh from NPP or \$ 0.067 per kWh from CHP (Kosharnaya, 2020). These actions can lower the level of energy security and lead to an energy crisis in the country (The Security Service of Ukraine, 2020). If in February the level of debt for consumed electricity was only 2%, then in March it was 89%, and in April 93% (Ukraine’s green tariff debt exceeded \$ 0.26 billion, 2020)! Debt increased up to \$ 0.45 billion.

A brother of the head of the president's office sells government positions (People's Deputy, 2020). In the conditions of quarantine, the President's entourage organized the delivery of humanitarian (medical) goods from China at a zero VAT rate for commercial purposes. It was about this unique business aid to medical institutions that the President personally spoke while meeting the first shipments from China. Product prices were overcharged 2-3 times compared to the market value (Kulinich, 2020).

The state budget of Ukraine for 2020 was adopted with a significant deficit of \$ 11.11 billion. Moreover, the maximum amount of public debt as of December 31, 2020 will be \$ 88.4 billion, which exceeds the revenue side of the budget by 88.5% (On the State Budget of Ukraine for 2020, 2020)!

Prime Minister D. Shmygal (Gubenko, 2020) stated that negotiations are underway with European countries and the United States on the “supply” of Ukrainians for unskilled seasonal work! It seems that we have returned to the “feudal system” in a covert form.

Many economists, political scientists and political bloggers agree that Zelensky's rule completely follows the model of the previous President (Poroshenko P.), i.e., the situation has not only not changed, but also deteriorated.

The greatest damage during Zelensky's rule was inflicted to:

Economic system, as the introduction of quarantine without any form of support for the population and enterprises, has led to an increase in insolvency (lack of real income (wages, pensions), increased debt for utilities, etc.) and closure, bankruptcy or even liquidation of legal entities and private entrepreneurs. The largest increase in the country's budget deficit (25% of revenue) took place. At the end of May 2020, the Government must pay \$ 1,170 billion in foreign borrowings (1,100 billion in Eurobonds and 70 million to IMF). Since the beginning of the year, the Goncharuk-Shmygal government has borrowed \$ 3.7 billion more. The annual decline in GDP will reach more than 30-35%.

The customs system. The appointment of M. Nefedov as the new head of Customs in Ukraine caused a sharp drop in budget revenues (in January-February 2020 alone, the shortfall amounted to \$0.48 billion (Customs responded to Zelensky's accusations, 2020)) and an increase in smuggling. Thus, Yevhen Plinsky proved in his investigations that smuggling from Turkey alone is estimated at about \$ 1 billion, and the President and the Government are looking for where to find these funds (Mafia of Turkish smuggling, 2020). There is a sale of management positions in the system with the rates starting from 200 thousand dollars to 1 million dollars. (\$ 200,000 per post, 2020).

Political system. At present, the “Servant of the People” party does not have a one-party majority in the parliament. There is a merger with former opponents from the parties “European Solidarity (Yevropeiska Solidarnist)” and “Motherland (Batkivshchyna)”. Such an imbalance in the system has never arisen in the years of independence. Confidence in the political elite among the population and the rating of the ruling party have declined significantly. Problems in personnel policy caused by the largest number of unskilled personnel focused only on obtaining shadow income are quite evident. The president relies on oligarchic clans: the group of Kuchma-Pinchuk, Akhmetov-Novinsky, Firtash. There was also a union with the political circles of Poroshenko and Tymoshenko (Zelensky is a threat to Ukraine, 2020). Demonstrative can also be the fact that a prepared documentary about the one-year term of office of President Zelensky received 6.1 thousand of dislikes which twice exceeded the number of likes (3 thousand) (Premiere, 2020). We state that the President's rating is not 73%, but does not exceed 30-35%. In general, the political model of governing the country was destroyed.

Agricultural sector. Practical complete exclusion from the state support of agricultural enterprises, except for large agricultural holdings that lobby for their economic interests. Currently, most farmers are forced to reduce production or destroy produce because of the absence of sales markets. Potatoes (Israel, Egypt, Holland, and even Greece!), garlic (China, India, Egypt), tomatoes (Turkey), etc. are sold in large retail chains and supermarkets. The lowest quality products are imported from Poland, Turkey, China and Egypt (How to choose the right vegetables and fruits, 2020). Neglecting internal potential is in favor of external leads to the destruction of farmers, small and medium enterprises in this field.

Health care system. The reforms initiated by former Minister V. Suprun regarding the optimization and closure of medical facilities continue to this day. Nothing has been done to solve this problem with the transition of power to a new political power. On the contrary, the course continues. This is observed not only in districts, but also in regional centers. Currently, doctors receive an average salary of \$ 150-\$ 200. At the beginning of the pandemic, the President and the Government assured that salaries would be doubled and tripled for different categories of physicians, and that they would receive allowances for working with coronavirus patients. Strikes began in various major cities of the country (Physicians' protests, 2020). Unfortunately, nothing has changed again.

The above facts only partially reveal the emergence of a systemic crisis in Ukraine. However, with the extension of the quarantine phase, there will be not only complete destabilization of the economy, but also complete destruction of the state system.

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Vitalii Nitsenko

Doctor of Economics, Professor, SCIRE Foundation, Warsaw, 00867 Poland.
E-mail: vitaliinitenko@onu.edu.ua
Website: https://www.researchgate.net/profile/Vitalii_Nitsenko
ORCID: <https://orcid.org/0000-0002-2185-0341>