

The Concept of Overcoming Corruption in the Management of the Space Industry in Ukraine

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The sixth State Space Program in Ukraine for 2018-2022. provides for the restructuring of the space industry. Its main goal is to improve the efficiency of the space industry as a whole, as well as the central office of the State Space Agency of Ukraine and individual enterprises. The article describes the history of the origin of corruption in Ukraine at the level of ministries and departments, as well as promoted the concept of the fight against corruption as a means of increasing the efficiency of the space industry management.

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Formulation of the problem

On 29 February 1992, the National Space Agency of Ukraine was created. Space activities of the National Space Agency of Ukraine have been pursued within a span of 26 years. On the one hand, it is a short historical period for something grand to be realized. On the other hand, since this passage of time almost coincides with the independence of our country, so the assessment results will be of momentous importance.

In the first months of Ukraine's independence, the main vectors of development of the State, the country's strategic partners and the power structure were identified. The discussion of issues relating to outer space activities included the search for ways to preserve and develop the aerospace rocket complex, the set up of the structure of enterprise management and establishment of effective cooperative links. The importance of such issue as formulation of the state's space policy was particularly stressed. NSAU, central executive body with a special status was created to meet these challenges.

On 9 December 2010, the National Space Agency of Ukraine (NSAU) was renamed the State Space Agency of Ukraine (SSAU) — central executive body, which maintains a state registry of space objects, including the unique ones, realizes the state supervision and control under their state and usage, undertakes the measures for their support.

Space activities in Ukraine are pursued in strict accordance with National Space Programs which cover a specific period of 5 years and are approved by the Verkhovna Rada of Ukraine and submitted by the Cabinet of Ministers. In accordance with the objective and basic principles of space activities, the State Space Agency of Ukraine along with the central executive authorities and the National Academy of Sciences of Ukraine is responsible for the development of the National Space Program.

This article looks into the problem associated with the implementation of the Fifth State Space Program (Main Events of 2013-2017). Practically speaking, the program took place within the context of the loss of the traditional markets, unstable budget financing, as well as frequent changes in the agency's management and individual enterprises. Clearly, this resulted in regrettable delays in the implementation of individual projects and works carried out by an extensive enterprise network. The sixth State Space Program in Ukraine for 2018-2022, provides for the restructuring of the space industry. Its main goal is to improve the efficiency of the space industry as a whole, as well as the central office of the State Space Agency of Ukraine and individual enterprises. In this regard, it is useful to present the author's vision of the fight against corruption at the highest levels of power. The aim is to use it as a means of enhancing efficiency of the space industry management.

Among its neighbors, Ukraine has one of the highest rates of oligarchic capitalism and the level of corruption. Indeed, there is a clear correlation between these two phenomena — oligarchy and corruption. Recent studies show that it is the interests of oligarchic capital, trying to maintain the status quo and protect their assets, that gave rise to corrupt officials, “democrats” and businessmen. Moreover, Ukraine has gained a reputation of being one of the most corrupt countries in the world. For a whole range of reasons, elite political corruption is particularly dangerous [Bazaluk, 2017].

It must be clarified that the discussion in this article concerns the examination of corruption among ministries and authorities, its inception and functioning, as well as development of management organization structure of the economy that meets the requirements of project-oriented development administration.

Statement of basic materials

Transparency International identifies political corruption as a “manipulation of policies, institutions and rules of procedure in the allocation of resources and financing by political decision makers, who abuse their position to sustain their power, status and wealth” [Transparency, 2018]. The Corruption Perception Index Report of 2018 published by Transparency International showed that Ukraine received 32 points, ranking 120th among 180 countries [Transparency, 2018]. In Ukraine, forms of political corruption, apart from selling party-list seats, include the “free” inclusion of activists and inconvenient journalists in the electoral roll, as an advance for future loyalty to government.

Forms of corruption

Corruption is the abuse of entrusted power for private gain. The Law of Ukraine “On the Prevention of Corruption” states that corruption is an intentional act committed by a person described in paragraph 1 of Article 3 of this Law. The Act imposes criminal, administrative, civil and disciplinary liability. Under the Act, actors responsible for corruption offences include persons authorized to perform State or local self-government functions. Among these are the following: the President of Ukraine, The Chairman of the Verkhovna Rada of Ukraine, his Principal Deputy and the Deputy, the Prime Minister, the Deputy Prime Minister of Ukraine, Ministers, the heads of other central executive bodies who are not the members of the Cabinet of Ministers, their deputies, the Chairman of the Ukrainian Security Service, the Procurator-General of Ukraine, the Chairman of the National Bank of Ukraine, the President of the Court of Auditors, The Human Rights Commissioner of the Verkhovna Rada, the Chairman of the Verkhovna Rada of the Autonomous Republic of Crimea, the Chairman of the Council of Ministers of the Autonomous Republic of Crimea; the people’s deputies of Ukraine, the deputies of the Verkhovna Rada of the Autonomous Republic of Crimea, local council deputies, public officials, local government officials and others [Law, 2016].

In fact, corruption can be divided functionally into following types: bribery, embezzlement, fraud, extortion, abuse, etc.

This article refers to 3 main forms of corruption :

1. Petty corruption tends to take place among low-level, bureaucratic workers who regularly interact with the public. Practically speaking, petty corruption is most commonplace in health institutions, schools, nursery schools, police departments and other agencies (i.e., extortion by a care worker, the director or other staff members.);
2. Corruption within the judiciary and corruption among the law enforcement agencies;
3. Elite corruption (in other words political corruption, undertaken by the heads of ministries and departments, senior officials and deputies of the local level). In essence, elite political corruption is the most dangerous one for society, since the person who undertakes it, first of all, steals from the state. Secondly, this form of corruption is becoming increasingly rampant and is global in nature. Consequently, tens of billions are being embezzled.

There are all factors to be considered in defining the concept of corruption. What exactly is the greatest danger of elite corruption? Firstly, it is not privately owned sums of money. Evidence suggests that corrupt officials steal public and taxpayer money, namely the world’s most restrictively protected money. Secondly, funds intended for public projects are intentionally misdirected with a view to maximize the benefits to illegally private interests of the corrupted individuals. Thirdly, measures to overcome elite corruption will make it possible to neutralize corruption at all levels, for example, judicial corruption, since the same public budget can be directed to a policy of salary increases, the introduction of social packages accorded to judges. In this regard, all the above mentioned is a viable way of overcoming judicial corruption. Finally, the elimination of elite corruption will make investment of money in power of the state unprofitable, and, therefore, meaningless. What is more important is that the state will lose its oligarchic essence. As soon as the highest authorities of the country maximise capabilities to combat corruption, Ukraine will be able to survive, become a developed, strong and prosperous country. Alternatively, the persistence of corruption would

entail the death of our state, its dissolution and segregation. As a final note, the implementation of the economic reforms will combat the practices of corruption.

The history of elite corruption in Ukraine

The origin and growth of corruption in Ukraine is historically associated with Ancient Rus and its state apparatus [Dziuba, 2004]. As early as in the beginning of 9 century, Kyiv Prince Yaroslav the Wise in Old Russian Law obliged his people to maintain officials at their own expense, imposing severe punishment for failure to do so [Tikhonov, 2013]. In Ancient Rus, later in imperial Russia, corruption was divided into two types — “bribery”, interpreted as an official receiving a reward for committing legal actions and “extortion” — a reward for committing illegal acts. In 1726, by virtue of Catherine’s I Order, only ministers (chairmen of the collegiums) were paid salaries from the state budget, and other officials were ordered to be content with a bribe. Furthermore, junior employees were officially paying for appointment to the post.

As human civilization began to advance, the traditional ways of deriving non-labour revenues became insufficient for high-class people. Similarly, the larger-scale “theft” became known as “predation,” and those who committed it were called “predators,” or in other words thieves. In this light, predation had increased substantially (during the Crimean War, Russian Emperor Nicholas I, stunned by the level of corruption in the country and among the troops, once said to his son: “It seems that only two people do not steal in Russia — you and I !” [Schilder, 1903]). In this respect, it was necessary to legitimize the so called embezzlement, to consider it as “not only a reprehensible act, but also fairly decent, and in some cases even useful,” as Saltykov-Shchedrin writes. It was the “predators” who had taken seemingly impossible task. However, Shchedrin stipulates that nothing but newspapers call them “predators” (usually indicated as nation’s sons). Meanwhile, in everyday life they call themselves “businessmen,” and comically “heavy-hitters” (“Motley letters”). Of course, this was an external manifestation of deep social and economic processes in post-reform Russia. Saltykov-Shchedrin notes: “Recently, Russian society singled out some kind of bourgeoisie, that is, a new cultural stratum consisting of publicans, moneylenders, railway workers (those who received state contracts for railway construction), bankers, other embezzlers and extortioners. In the short term, this “aphid” managed to entangle a very large area. It is inferred that it devastates everything on its way, proliferating at great speed. These are the bastards who compel another person’s labor, exerting themselves to the utmost extent to take advantage by less predatory, but undoubtedly more thievish means.” According to Shchedrin, predatism is subdivided into simple and complex. Simple predatism is larger than theft and entails the settlement of a remote region, Russification, etc. It is worth mentioning that a simple predator is inclined to artlessly emphasize his patriotism. Complex predatism vis-a-vis does not consist of stakeholders at all. It comes as a surprise how a man, who recently was not successful, currently possesses millions. That is, complex predatism is “the order of things — nothing more.” The citizens, who fall a little behind, have nothing to do but be surprised and envious: “I knew him without the basic life necessities!... and now he has a suit of sables! He occupies a whole palace, organizes receptions and banquets; all rooms are filled with paintings of naked women! Well, he has a wife and maintains two Frenchwomen! Why, pray tell, did he need the two? And how did all that happen?” [Dziuba, 2004].

More to the point, corruption was part of a deliberate government policy, had a concrete impact on all citizens and was taken for granted by the population. The problem of corruption took place not only in Russia. In Afghanistan, for example, bribes were seen as an official tax on Government services. Furthermore, corruption in Afghanistan was no longer a serious disease of the social system, but the social system itself [Rahmani & Tytarenko, 2018]. In this connection, it has been argued that corruption is an ancient tradition encoded in genetic memory of some peoples, absorbed into flesh and blood, strongly rooted in the public consciousness. [Rahmani & Tytarenko, 2018].

The corruption of Tsarist Russia moved into the USSR, settled down and firmly entrenched in almost all the Union republics. More fundamentally, after the collapse of the Soviet Union, corrupt officials came out in true colours and began to rule like feudal lords in their “counties” — the newly formed states, and within the country — in the provinces and regions. The development of corruption was promoted by the functioning of the ministries and departments inherited from the former USSR, the creation of which once was caused by the needs of the militarization of the country [Bazaluk, 2016]. In due time, as a result of a militarized system, these departments completely monopolized the management of all processes in the country, including the economy. At the internal level, a hierarchically arranged administrative and territorial structure, comprised of state-owned enterprises, was formed. It has been observed that all activities of enterprises were strongly centralized and regulated by the state apparatus.

The state administrative apparatus changed under the influence of market conditions, what therefore led to contradiction between such a subject and object of management. At the same time, whereas previously there were dozens and hundreds of state-owned enterprises within the ministry, now they are considered to be of private or collective ownership. Practically speaking, almost all of them have long been converted to civilian production. Consequently, they are now being privately or communally owned, without thereby submitting to ministries. With respect to these enterprises, such management functions as planning, accounting, procurement, and production distribution are not carried out. Since apparently that is the case, then what kind of ministries are these? Indeed, instead of being important management tools, they have become involved in the looting of funds.

Conclusion

Primarily, it is clear that the requirements for the performance of any objectively necessary works should be based on a “bottom-up” rather than a “top-down” approach. Secondly, it goes without saying that there will always be professionals capable of performing these tasks on a private basis, though complying strictly with the provisions of the relevant agreements, of course, is more effective. If any issues of concern arise, temporary structures are created to solve them. Seeking to address the challenge, there is no need to keep in readiness thousands of groups of people, recruited according to the proposed “staffing table”, which have long ago turned into a “soft berth” with guaranteed wages, special pensions and other benefits. It will not be necessary to support those who are not able to realize themselves in socially useful areas — entrepreneurship, educational activity (teachers, tutors, trainers), health care (medical workers), etc. The people, who work in the areas named above, may be sustained by the local budget. In addition, most importantly, with the abolition of ministries and departments, the financial allocation system will turn into the looting of funds.

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As a final note, this article concludes that it is worth taking into account the author's concept of the fight against corruption as a means of increasing the efficiency of the space industry management.

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