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ECONOMIC CRISIS IN UKRAINE CAUSED BY THE COVID-19 PANDEMIC

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No matter how long analysts look for the root cause of the economic and financial crisis, one thing is clear - the collapse of the world economy is the result of its imperfections. Economic crisis - a phase of the economic cycle, during which there is a sharp restoration of the disturbed reproductive proportions through a decline in production, underutilization of production capacity, rising unemployment and others. This phenomenon is periodically repeated and manifested in the overproduction of capital and goods.

Crises are divided into certain types that reflect different aspects of the same crisis process: the industrial crisis (manifested in the mismatch between the mass of invested in the industry and the possibility of their profitable use), intermediate crisis (differs from cyclical in that it does not start a new cycle, and interrupts for some time the phase of rise or recovery), partial crisis (covers not the entire economy, but a certain area of economic activity), sectoral crisis (crisis in one of the sectors of the economy that may occur in any phase of the cycle) .

The causes of socio-economic catastrophe in Ukraine can be called, first, almost complete or total nationalization of the economy, property, in which 92% of all means of production were in the hands of the state, they were managed by all-Union ministries and departments. Second, the concentration of 95% of all property located in Ukraine is in the hands of all-Union ministries and departments. Therefore, "rotten" seas were created on its territory, nuclear power plants were built near large cities, an excessive number of harmful industries were concentrated, and so on. Third, the significant militarization of the economy. Also, the suppression of national production, almost complete loss of the domestic market, as evidenced by the dominance of imported goods. And of course, the lack of a proper investment climate (Buriak & Artemenko, 2018; Bezzub, 2020; Bublyk et al., 2017; Constantoglou, 2020).

Characterizing the current economic crisis in Ukraine, it should highlight such important points. Rapid reduction of production. During for the period 1991-1996 the decline in industrial production was 65%, production in agriculture decreased by almost 50%, the volume of investment decreased by 5 times (Demkiv, 2018; Dudchenko, 2020; Escaith et al., 2020; Glants, 2018). Catastrophic depth and duration of the crisis phase. Reducing the production of national income by only 20% by world standards is considered critical for the economy. In Ukraine, the production of national income during the crisis decreased by almost 70%. All records on the duration of the crisis have been broken (Grebeniuk & Jinan, 2017; Guley & Gusev, 2017; He, 2018; Kaya &Lumpkin-Sowers, 2020; Kendiukhov & Tvaronaviciene, 2017). It is also possible to reliably predict the long duration and phases of depression that will occur after the crisis. After all, the country's fixed capital is physically worn out by more than 60%, not to mention moral wear (Khmelevsky & Bagrova, 2020). So, even if there are funds, it will take more than one five-year plan to update almost all the fixed capital, to carry out the reconstruction of production. The depth and duration of the economic crisis in Ukraine is also due to the fact that, firstly, it is part of the crisis of the socio-economic system, secondly, unfolded against the background of monopoly in all areas, and thirdly, intertwined with crises: financial, structural, energy and environmental. All this creates inconsistency, contradiction and ineffectiveness of most measures taken by the authorities to stabilize the economy. Measures to reform the economy are not dictated by domestic conditions, which have been formed in Ukraine for many years, and not the interests of the vast majority of the population organizations and primarily the International Monetary Fund. Therefore, they do not have enough support from the population, which deepens the economic crisis and complicates the process of overcoming it.

In the updated macroeconomic forecast, the Cabinet of Ministers of Ukraine raised the inflation forecast for 2020 from the previously approved 5.5% to 11.6%. According to the updated macro-forecast, the government expects the unemployment rate to be 9.4% against the projected 8.1%, and the nominal wage adjusted for inflation will decrease by 4.5% compared to last year. The Ministry of Economy has also revised Ukraine's GDP forecast for 2020. It is currently expected to fall by 3.9% compared to the growth of 3.7%, which was forecast earlier, before the global crisis (Prishchepa, 2021).

According to IMF report, in the first half of this year, the COVID-19 pandemic had a more negative impact on economic activity, and recovery will be slower than previously expected.

According to the updated IMF forecast, in 2020 world GDP will decline by 4.9%. Two months ago, in April this year, the fund's experts estimated this year's decline at 3%. Developed economies are hit even harder - their GDP will fall by 8%. This is almost 2% more than in the previous forecast. For developing economies, the new forecast is minus 3% (Levchenko et al., 2018; Logan & Esmanov, 2017; Lopez & Alcaide, 2020; Lyulyov & Pimonenko, 2017). To this was added a "catastrophic blow" to the labor market.The IMF cites data from the International Labor Organization, according to which the reduction in working hours in the first quarter of 2020 compared to the fourth quarter of 2019 can be compared with the loss of 130 million full-time jobs in the world. But the second quarter more than doubled this figure - the equivalent of 300 million jobs was lost. World trade was also hit hard, falling by 3.5% in the first quarter alone. In general, the year-on-year decline may be almost 12% (Prishchepa, 2021). This figure is very important for Ukraine given that its economy is considered export-oriented. This means that it is world trade that largely determines what revenues Ukrainian producers receive and how much taxes they can pay to the budget.

Questions arise for investors. First, with the spread of the coronavirus crisis and uncertainty, investors have lost interest in new market economies and are investing in safe assets. Second, emerging economies themselves are actively competing for the resources of MFIs, including the IMF and the World Bank, to fund coronavirus control costs. In addition, the National Bank expects that this year the fall in world prices for Ukrainian exports may deepen due to a significant drop in external demand. At the same time, energy prices, which Ukraine mainly imports, may fall even more (Vasylieva, 2018).

The new crisis has already resulted in problems with loan servicing and declining demand for new loans. According to the NBU, this crisis could lead to the loss of banks more than 10% of the loan portfolio.

However, the IMF is still optimistic about next year and believes that economic growth will resume at 5.4%. However, two months ago, the IMF was more optimistic, expecting 6% growth in 2021 (Vinokurov, 2020).

The IMF names the following parameters that will affect the speed of economic recovery (Yoshimori, 2019; Zainea et al., 2020; Zarutska, 2018):

• duration of the pandemic and strictness of quarantine restrictions,

• social distancing that affects consumption,

• opportunity to find jobs for laid-off / displaced workers in other sectors,

• changes in the distribution of working time due to the need for social distancing and enhanced hygiene measures, increased spending on it,

• speed of recovery of supply chains in the world,

• the impact of restrictions on border crossings in the general fall in demand.

Of course, all these predictions can be crossed by the second wave of coronavirus spread. And this scenario is already being calculated by the IMF. However, as well as faster than expected recovery, if there is drastic progress in the fight against coronavirus.

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