

# The Ukrainian Week

International edition

#9 (91) September 2015

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The upcoming new wave of privatization

The chronicles of Ukraine's separation from the Soviet Union



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## BRIEFING

- 5 **The DNR Game: Opportunists 2, Idealists 0**  
How self-declared republics are preparing to return to Ukraine
- 7 **Grenade Out of Nowhere?**  
Yuriy Makarov on what caused the August 31 violence

## POLITICS

- 8 **Send in the Clones:**  
In the run-up to nationwide local elections this fall, the President's team is working to counter competing parties with political clones

## ECONOMICS

- 10 **Ambiguous Debt Restructuring:**  
How good the deal with Ukraine's private creditors is
- 12 **Big Sale Coming Up:**  
Reform of public property management and plans of massive privatization

## FOCUS

- 17 **East and West Together:**  
The specifics of smuggling in Ukraine's borderline regions
- 20 **Life in the Borderlands:**  
What challenges Ukraine's border oblasts will face with decentralization
- 24 **Trade Under Fire:**  
Smuggling to and from occupied parts of the Donbas



## SOCIETY

- 28 **Archetypes of the Donbas War:**  
How the locals see themselves after more than a year of the conflict
- 29 **Aliens Versus Predator:**  
Kateryna Barabash on the verdict to Oleh Sentsov as evidence of atrophied social intelligence

## NEIGHBOURS

- 30 **Sprechen Sie Power?**  
What makes German hip again
- 33 **Leonidas Donskis on political leadership of our time**
- 34 **Philippe de Lara on the nature of Soviet and Russian colonialism**

## HISTORY

- 36 **The Independence Imperative:**  
The chronicles of Ukraine's separation from the Soviet Union
- 42 **Tymur Bobrovsky:**  
"We had a chance to present what has been preserved in Chersonese as unique heritage of the world scale"  
Ukraine's top archeologist on mechanisms to protect cultural and historical heritage in the annexed Crimea and frontline areas
- 46 **Leopold of Arabia:**  
A Lviv-born thinker and politician of the Islamic world



## CULTURE &amp; ARTS

- 50 **GogolFest, Jazz Under Stars and Art of War:**  
*The Ukrainian Week* offers a selection of events to attend in September

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## BRIEFING

# The DNR Game: Opportunists 2, Idealists 0

Denys Kazanskyi

**W**hen one of the nominal leaders of DNR, Andriy Purgin, was removed from power and arrested, some media called this a “state coup,” despite the patent absurdity of such a phrasing. Not only is DNR not a state, but even within the context of this entity, there was no overthrow, coup or putsch. Purgin, who was immediately shipped from the “people’s council” building to the infamous detention and torture basement, did not determine the policies of the Donetsk Republic,” he was never its leader or its military commander, and he never made any decisions.

In contrast to Denys Pushylin, who is now speaker of the “DNR people’s council,” Purgin was a fairly well known individual in Donetsk—at least among Donetsk residents who were pro-Russian in orientation. Together with like-minded supporters, he set up a community organization called »

PHOTO BY AP

“Donetsk Republic” back in 2005, an organization that promoted the idea of separating Donbas from Ukraine. Its membership was extremely small but nonetheless colorful. Journalists loved to go to any street event that included this group. Ill-dressed and seedy-looking, Purgin would typically make some extravagant announcements and hand out all kinds of cheap fliers with titles like “The Russian World Order” or cards with “DFR-Donetsk Federated Republic,” in which, in addition to Donetsk and Luhansk, he included Dnipropetrovsk, Kharkiv and Kherson, for some reason.

At some point, Purgin and his supporters came up with the concept of today’s DNR, including a flag and coat of arms. Of all of the separatist leaders in Donetsk today, Purgin was undoubtedly the idea man. He believed in DNR when talk about the independence of Donbas still sounded like the ranting of a schizophrenic. Who would have imagined that his dream would eventually come true and turn into a monster that would eventually devour him?

The man who took Purgin’s place after his scandalous removal, Denys Pushylin, is a different animal altogether. Even a year before the anti-Ukrainian insurrection in Donbas, he had no thought of separatism. In 2013, he was actively working to make money through the MMM pyramidal scheme, which about sums up where he comes from. Obviously, Pushylin joined the separatists when he saw that something pretty serious was developing in Donbas and that he could make decent money on it. Until the spring of 2014, he had never been seen at a pro-Russian rally.

It turns out that for the Russian scenario in Donbas, an unprincipled con artist was more useful than an old, weirdo idealist. Initially, while Russian operators got the fires of war going and threatened to trample Ukraine, Purgin and Pushylin worked just fine on the same team, the former believing in what he was doing, the later obviously looking for the main chance. When the time came to wrap up the incursion and come to terms with Ukraine, Purgin turned out to be unnecessary and even problematic, while Pushylin, the cynical underling with no ideology to get in the way also had no moral qualms to keep him from following orders, no matter how openly heinous, coming from the Kremlin.

Moreover, the removal of Purgin was quite underhanded. At first they tried not to let him back to separatist-controlled territory and to force him to stay in Russia, as had been done with many other “disgraced” DNR and LNR activists. Only Purgin refused to submit to his fate and managed to get to Donetsk. Of course, he was unable to get all the way to the capital because his car was blocked in Makiyivka by DNR police car and the dismissed speaker was arrested. That same evening, meeting in the Donetsk ODA building under the muzzles of machine-gun toting fighters, the “people’s council” dismissed Purgin without much ado and appointed Pushylin to replace him.

According to insiders, the reason why Andriy Purgin was toppled was his unwillingness to see the occupied territories reintegrated into Ukraine. To this hardcore, genuine ukrainophobe, the idea of closer ties with Ukraine after all that has happened in the last year was simply sacrilegious. At the end of August, the press began to say that after the “local elections” of October 18 as announced by the separatists, DNR planned to hold a referendum about joining Russia.

Word was that they had even managed to have ballots printed for the purpose.

The idea of a referendum was most strongly promoted by Purgin. According to some information, his last trip to St. Petersburg, after which he found himself ousted from the speaker’s seat, was related to negotiations about this vote. It’s well known that in Russia there is a so-called “party of war” whose members are calling for the “Ukrainian question” to be settled by military forces: to invade all the way to Kyiv, to conquer all of the southeast of Ukraine and annex it to Russia, and to recognize the pseudo-republics. Purgin apparently was also counting on the support of these hawks, but the Kremlin was not kindly disposed towards such independent actions.

In fact, the former leader of the DNR militants, Russian Aleksandr Borodai told the BBC that Purgin never did anything like this and pretty much toed the line, while the reason for his dismissal was an old squabble with Pushylin. Other Russian fans of DNR reject this interpretation. “Without Moscow’s say-so, of course Purgin wouldn’t have been replaced by Pushylin,” one Russian blogger, Boris Rozhyn, commented events in Donetsk. “It was pretty obvious from the synchronized reports on federal media that press support for the changeover is being provided at the necessary level, including some light but persistent PR for Pushylin. The handlers obviously see him as the most malleable and convenient person because of his lack of strong principles and a murky past that is easy to hold over him.”



**THE CURRENT LEADERSHIP OF THE TWO REPUBLICS, WHO HAVE ALL COMPROMISED THEMSELVES, WILL LIKELY BE REPLACED BY MORE NEUTRAL INDIVIDUALS BETTER SUITED TO DIALOG WITH KYIV, SO THE REPUBLICS CAN BE MORE EASILY INTEGRATED BACK INTO UKRAINE**

It’s likely that basic agreement between Ukraine and Russia about how to regulate the conflict in Donbas has already been reached and the Kremlin is now arranging the most appropriate reorganization of the puppet leadership of DNR for this situation. The latest statements from the occupation administration and the relative quiet on the front confirm this. It’s entirely possible that the current leadership of the two republics, who have all compromised themselves, will be replaced in the future by more neutral individuals better suited to dialog with Kyiv, so that the republics can be more easily integrated back into Ukraine. Most likely, these will be people from what’s left of the Kluyev, Akhmetov, Yefremov and Yanukovych clans in Donetsk.

Russia will thus continue its efforts to implant the artificial republics onto a Ukrainian body politic that is already sickly even without them. What’s not clear at this time is what this will do to Ukraine. Two outcomes are possible: the “people’s republics” will become Ukraine’s Transdnistria—de facto not under Ukraine’s control, but economically closely tied to it; or a Ukrainian Chechnya—a half-independent region with its own army and warlords, living at the expense of Ukrainian taxpayers. Which of these scenarios comes to pass will depend on Ukraine itself and its leadership. ■

# Grenade Out of Nowhere?

Yuriy Makarov

**N**ot this... not then... not this way. Even those Ukrainians who are most loyal to the current government, the ones who are sick and tired of the hashtags #traitors and #allislost swarming on social media, can't help but feel bitterly disappointed. Because they also believe in #responsibility and #accountability. Especially the responsibility of the President, the Cabinet of Ministers and the Rada for everything that is happening in this country. Not marginal outsiders, not Putin, not world leaders, not Martians, but those who hold legitimate power in this country right now. Here's why.

Let's start with the fact that I, for one, cannot believe undeniably in the guilt of the rank-and-file fighter from the Sich Battalion, Ihor Humeniuk, given the bad reputations of the old-school enforcement officials who are now hanging this incident on him. We've seen too much of that in action previously. But I find it equally hard to believe that absolutely all the defenseless activists who came to the rally under the Verkhovna Rada in the ranks of Svoboda who threw smoke bombs at the National Guard and at least one Molotov cocktail, who in the heat of things waved truncheons and sticks around, were hirelings of the Kremlin and provocateurs. It would be wiser to call the leadership of Svoboda provocateurs, as they organized a protest that effectively began after the vote in the Rada for the changes to the Constitution.

So, I'm sorry to say that it didn't matter who actually threw the live grenade. The country is in a state of war and tons of weapons are floating around.

What's more, there are many men who have returned from the front traumatized, who come to the bustling, lively capital and don't see what exactly it is they have been risking their lives for. Or people who failed to take part in the fighting but want to somehow experience something intense and the generally heated climate allows them to give vent to their emotions without consequence. Or just plain morons. In this kind of explosive situation, political losers trying to raise their profile at any cost bear direct responsibility for the three fatalities and the nearly 150 injured. They themselves drew the line between themselves and the hundreds of possibly naive but certainly sincere and dedicated followers of Svoboda who died on the Maidan or, later, at the front. They spilled the gasoline. Who threw the match was a minor detail.

Yet, voters really are unhappy, so let someone dare to simply dismiss this as artificial or lacking in any real basis! Let's assume for a moment that reforms are moving along, albeit slowly—who knows about this and can report on the positive changes? Let's assume that the substantial haircut international creditors gave Ukraine on its external debt will actually save the economy—where's the whiz-bang campaign highlighting this success, with arguments, explanations and infographics detailing just what this will mean for every Ukrainian? Let's assume that the reorganization of the coalition was due to force of



circumstances—dammit, which ones?! Let's assume that the amendments to the Constitution that just passed first reading will change little in the political structure of this country in reality (how many of us bother to read primary sources?) and were intended exclusively to ensure international support—ok, I believe you, but kindly tell us this in words of less than four syllables!

Criticisms addressed to the “Ministry of Propaganda” are much deserved, but the reality behind the scenes partly absolves Yuriy Stets's team: they themselves are in the dark, as they aren't even invited to the top-level sessions where key decisions are made and often only find out about them from the press themselves...

Many pundits describe the evolution of Poroshenko as a sharp turn towards the “late Kuchma” model. This is ridiculous: Leonid Kuchma was quite obsessed with monitoring information and controlling it, whereas Petro Poroshenko appears oblivious to it. As a way of preventing authoritar-



**THE PRESIDENT SUPPOSEDLY KNOWS THE MEDIA BUSINESS, BUT THOSE AT THE TOP SEEM TO BE SUFFERING FROM A STRANGE AUTISM, IGNORING PUBLIC OPINION AND AVOIDING A GROWN-UP DIALOG WITH THE NATION**

ian tendencies, this is actually fine. But as an effective strategy when there is a war going on, it's questionable. Strangely enough, the president knows the media business rather well, and the Administration has plenty of individuals who built their careers in the press, and yet—the people at the top seem to be suffering from a strange form of autism, ignoring public opinion and avoiding a grown-up dialog with the nation...

In fact, this is part of a much larger problem: the lack of communication throughout Ukrainian society, whether top-down or horizontal. This is a long and winding road that needs to include popular social technologies, upbringing and evolution. Yet it's really quite elementary: talk to me! I'm not asking, I'm demanding! Ilovaisk, Debaltseve, Minsk I, Minsk II, judiciary reform, taxes, residential services... what's more, the president is a pretty decent speaker when it comes to appealing to a foreign Congress. He does brilliantly. But what about his own electorate?

When I go to the White House site, I see that, once a week, on Saturday mornings, President Obama addresses the American people on a regular basis. Note that America's not at war and the country is not in deadly danger—it's just an everyday kind of thing. Anything else, American voters would see as lack of respect for his fellow citizens. The key here is “lack of respect.” And what about me? What about us? ■

# Send in the Clones

Bohdan Butkevych

In the run-up to nationwide local elections this fall, the President's team is working to counter competing parties with political clones

In contrast to the previous tenant on Bankova, the current president and his team are dealing with their political rivals in a subtler, more technical fashion. It's less a matter of using the whip and rarely the monetary carrot, but an attempt to dilute the electorate of their competitors as much as possible by setting up mirror-image anti-parties intended to compete with the actual parties and leaders running in local elections this fall by focusing on the same voter base, slogans and recipes for success. And it has to be admitted that Bankova is certainly moving decisively along this path: three similar "projects" have already been launched and a fourth is about to start.

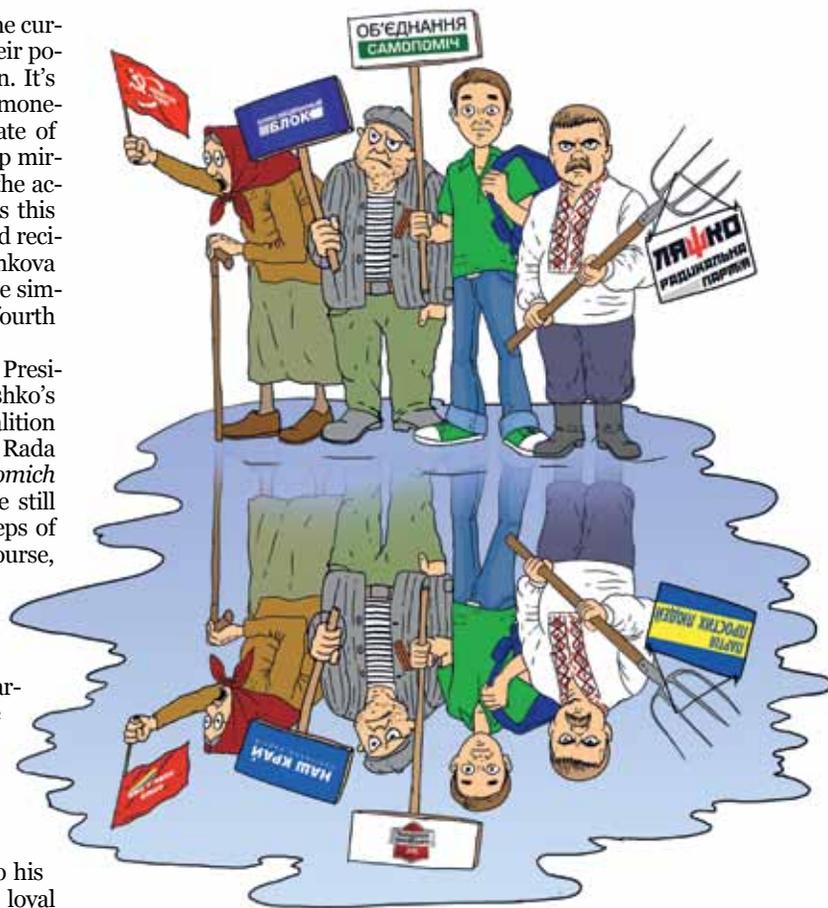
Currently the actual or nominal opposition to President Poroshenko and his party include Oleh Liashko's Radical Party, which officially left the ruling coalition after the grenade attack outside the Verkhovna Rada on August 31, as well as Andriy Sadoviy's *Samopomich* and Yulia Tymoshenko's *Batkivshchyna*, who are still mulling whether they should follow in the footsteps of Ukraine's pitchfork-bearer-in-chief or not. Of course, there is the rump Party of the Regions in the shape of the Opposition Bloc, which has occasionally behaved as an ally more recently, but that's neither here nor there. So far, the Presidential Administration has launched alternative "parties" to counter all of these political forces in time for the upcoming local elections, but clearly also for the longer term, funding them and providing them with media and other support.

## THE PITCHFORK-BEARER

Let's start with Oleh Liashko and the anti-party to his political force. For a time, Serhiy Kaplin was a loyal UDAR member, then moved to the Poroshenko Bloc. He was quite hyperactive in his native Poltava Oblast, always at the center of some extravagant action, such as taking an axe to the doors of his greatest local rival, the "eternal" Mayor of Poltava, Oleksandr Mamai. But even this gave no hint of the explosive launch of his own party.

Since about spring 2015, Kaplin began to ramp up his political game. And although he is still officially a member of the Poroshenko Bloc faction, he has been actively criticizing the ruling coalition, speaking fast and loose, yet suffering no serious reprisals from the pro-Poroshenko Speaker or parties. Clearly, he's polishing his image as a completely "off the wall" politician who likes to use foul language and fisticuffs even on air, a homeboy defending the rights of ordinary folks. Does this remind us of anybody?

As the local elections approach, it seems like the entire country is plastered with billboards advertising his newly-formed party with the highly original name, *Partiya Prostykh Liudey* — "Party of Straight Folks."



The question where someone who is not a tycoon or the owner of ships and factories found the money to do this is something Kaplin carefully avoids.

According to sources at *The Ukrainian Week*, the strategy of diluting the voter base of all of Bankova's rival parties was launched in the spring at the Presidential Administration under the guidance of Vitaliy Kovalchuk. The decision was made to start with Liashko in the shape of the "Kaplin project," turning the attention-seeking Kaplin into a Liashko *doppelganger*, a completely controlled radical who is supposed to grab the spotlight from the excessively active "folk radical. Liashko himself is rumored to have begun to cooperate actively with tycoon Ihor Kolomoyskiy, Poroshenko's main foe over the last half-year. And so this "simple guy" is getting serious funding directly from the presidential team and is constantly being televised in order to dilute the image of the "country's radical-in-chief."

## THE SELF-HELP SOCIETY

The next opponent the Presidential Administration took on was *Samopomich*, which is far too determined—in the eyes of those on Bankova—in moving towards its strategic goal electing Andriy Sadoviy president in 2020. What's more, it is always quick to boldly horse-trade for every positive vote as part of the ruling coalition. Understanding that the Lviv mayor, with his image as an honest western-style administrator, has been slowly taking over all of Poroshenko's intellectual and creative voters, the president's political handlers have decided that they need to launch a party that might take away some of those votes and annoy Sadoviy on his own turf.

For this purpose, they chose a person whom no one would suspect of cooperating with the powers-that-be: another Lviv native, a well-known and well-respected journalist, researcher and media manager, the one-time editor-in-chief of the ZIK channel, Dmytro Dobrodomov. Dobrodomov won his seat in the Rada as an independent in an FPTP riding in Lviv. Once in the legislature, he became secretary of the Committee for Preventing and Combating Corruption while remaining independent of the various factions. According to *The Ukrainian Week* sources in the Presidential Administration, Dobrodomov was offered financial and other support at the beginning of this summer to launch his own party, *Narodniy Kontrol*, meaning oversight by the people, oriented on voters in Western Ukraine and Kyiv. Instead of coordinated actions against *Samopomich*, this party is about anti-corruption rhetoric and the right to criticize those in power.

Dobrodomov agreed, some say because he has his own political ambitions, and his project was flash-launched as though with the wave of a magic wand, with cross-country billboards, widespread advertisements, and some familiar faces that drifted over from *Samopomich*. One of these is MP Oleh Musiy, the one-time head physician of the Maidan, who admittedly comes with a strong whiff of corruption and had just left the Poroshenko Bloc faction a few days earlier, right after the vote to pass first reading of the controversial constitutional amendments.

## THE REGIONAL NECK OF THE WOODS

The next target of Bankova manipulations was the Opposition Bloc, which has as much as 20% of the vote in the eastern oblasts. To dilute its electorate, the Presidential Administration has decided to work with many former second-line Regionals—especially those who are local leaders in the South and East, are too discredited to join any other parties and “really, really” want to hang on to their posts.

A classic example is the mayor of Mariupol, Yuriy Khotlubei, who openly played around with the DNR terrorists in the spring of 2014 but, when he realized that the city would remain in Ukraine, made an about-face and decked himself out in blue and yellow. Or take the mayors of Zaporizhzhia, Serhiy Kaltsev, and Mykolayiv, Yuriy Granaturov. There are also former regionals like Anton Kisse of Odesa and Oleksandr Feldman of Kharkiv, who decided not to join Liovochkin and Akhmetov's Opposition Bloc. Under Kovalchuk's careful hands, who sources say is actively involved in building up this party, all of these and similar individuals have formed a new party called *Nash Krai*, meaning, “our neck of the woods.” Like the other counter-parties, it swiftly populated all the relevant cities and towns with its billboards.

The strategy, as those on Bankova plan it, is for *Nash-krai* candidates to pick up the moderate *vatnik* vote in the East and those who favor “strong stewards” plus the administrative leverage. They are supposed to help the Poroshenko Bloc rebuild a clear, hand-managed government chain-of-command under Poroshenko within the context of a parliamentary-presidential model of government and decentralization.

## LEAVING THE LEFT ALONE... FOR NOW

Interestingly, Poroshenko's political strategists are trying to even take into account future trends by launching their own leftist party. And there are plenty of grounds for this: Ukrainians are rapidly becoming poorer, and more many more of them will begin to worry about issues that are part of purely leftist discourse, such as wages, utility rates, social benefits and so on. In fact, all these political forces are trying to make hay on these issues, although polls are showing that, so far, Ukraine's most experienced populist, Yulia Tymoshenko, is doing the best at this.

With the CPU banned, the SPU little more than a living corpse, and too many politicians at this end of the spectrum having betrayed their voters, the left flank of Ukraine's political arena is completely depopulated—at least nominally. Although based on their slogans and model of communication Liashko and Tymoshenko have long shown themselves to be essentially leftist parties, Ukraine realistically has not got a single political entity that openly calls itself leftist.



## THE STRATEGY OF DILUTING THE VOTER BASE OF ALL OF BANKOVA'S RIVALS WAS LAUNCHED IN SPRING UNDER THE GUIDANCE OF VITALIY KOVALCHUK

And so, the idea of launching a leftist party is in the air. As *The Ukrainian Week* sources attest, a project to establish or revive a political party based on the so-called “Bloc of Leftist Forces” is already working its way through the back rooms of the Presidential Administration, a force run by none other than that renowned “political prisoner,” Vasyl Volga. That same Volga who was jailed under Viktor Yanukovich on somewhat shaky charges of corruption in 2011. The main person pushing for this was none other than the former CPU leader, Petro Symonenko, who was afraid of competition on the left flank. Volga never forgot this and still wants to become the leader of a unified leftist front. Bankova is more than ready to help him achieve his ambitions, provided that he maintains constructive relations and complete support in strategic matters. In effect, this train has left and Volga anticipates having his jail record overturned shortly, based on an appeal.

In Petro Poroshenko, Ukraine has a man who knows how to fight for power, who has put together a very strong team—at least at the level of experts—and who will fight in every way possible to hold on to this power. Even if they are starting to resemble nothing so much as the “managed democracy” launched in neighboring Russia by Vladislav Surkov in the mid-2000s against that country's opposition, similar counter-parties are being manufactured by the dozen. It's painful to watch. ■

# Ambiguous Debt Restructuring

Lyubomyr Shavalyuk

How successful were talks with private creditors?

The private debt restructuring saga has reached its apex. On August 27, Premier Arseniy Yatsenyuk summoned an emergency meeting of the Cabinet and personally reported the results of agreements reached. It is no wonder that after the talks ended the media buzzed with a diversity of comments regarding the agreement. The majority of assessments were either overtly optimistic or harshly negative. The truth lies somewhere in between. *The Ukrainian Week* looks at the agreement to understand its consequences.

The positions of the Ukrainian side during the talks with the committee of private creditors were based on provisions included in the agreement with the IMF. There are three of them that we will examine separately.

The main objective of restructuring is saving USD 15.3bn through haircuts and delayed interest payments on debts to private foreign creditors over the period 2015-2018. This sum is a weighty part of the USD 40bn package of financial aid, which Ukraine receives from a group of financial donors. The formation of the financial pool where private creditors were included played into the hands of Ukraine. The position of Ukraine in the talks on debt restructuring was reinforced by the support of the IMF, the U.S., the EU and other partners that at the time made their contributions.

But there is another side of the coin. The principals of all debts included in the pool for restructuring total USD 22.6bn (Eurobonds — USD 16.2bn and government-backed debt — USD 6.4bn). Of this, USD 6.5bn is due after 2018. This leaves us with USD 16.1bn. If this debt were extended beyond 2015-2018, this would basically suffice to achieving the first goal — the saving of USD 15.3bn.

Precisely for this reason, the committee of private investors insisted that no haircuts are needed and, in essence, it was right. Moreover, it did not make a mistake when it stated that the demand of a 40% haircut does not correspond to this objective. In other words, by publishing the parameters of restructuring that the Ukrainian government wanted to achieve it strengthened the position of creditors and provoked their intransigence (however, could the government actually avoid publishing them when they were a part of the widely-announced USD 40bn package?)

If Ukraine kept its goals in secret, it could have achieved more by playing on its difficult economic, security and political situation. Instead, the government was forced in the process of talks to artificially strengthen its position, in particular through a moratorium on the repayment of foreign

debts, getting the IMF involved in the talks and more. As a result, the talks were dragged out and Ukraine was forced to accept the write-off of 20% of its debt, albeit not on very favorable terms.

Of the USD 18bn in Eurobonds and bonds issued by the Financing of Infrastructure Projects, FinInPro, a state-owned enterprise, that were included in the haircut deal, USD 3.6bn will be written off, while the rest will be spread out evenly for repayment over the period of 2019-2027. USD 11.5bn of this sum had to be paid in 2015-2018 (and the rest — later). Now, Ukraine will save this USD 11.5bn throughout this period. Add to this the debt of USD 2.8bn of OshchadBank and UkrEximBank, both state-owned, that had been extended several months earlier, and the total will be USD 14.3bn. Even if another write-off of USD 1.8bn in debts of Kyiv and a number of state-owned enterprises is accomplished (this will save USD 400mn), the government will end up USD 0.5bn short of the amount it hoped to save.

The second objective of restructuring fixed in the memorandum with the IMF is to reduce government and government-backed debt below 71% of the GDP by the year 2020. It turns out that no talks were necessary to achieve this goal. The IMF program projects the debt to GDP ratio at over 94% towards the end of 2015, even though the late-May



**EVEN USD 13.8BN IS HUGE, ALBEIT TEMPORARY, SAVINGS FOR A COUNTRY THAT IS UNDERGOING THE THIRD DEEP ECONOMIC CRISIS OVER THE PAST 20 YEARS**

figure was 83% (or below 79% when the written-off USD 3.6bn is taken into account). With proper spending cuts, as seen in the first six months of 2015, and no escalation in Eastern Ukraine, the 71% debt to GDP ratio will be accomplished through moderate inflation alone, even in the absence of economic growth. If real GDP grows 3-4% as projected by the IMF, Ukraine will meet this target in 2017-2018.

The third objective is to keep annual spending on principal repayments within 10% of the GDP over the period of 2019-2025. With 71% spread out evenly over 7 years, the annual payment will approximately equal 10%.

In truth the payouts will be extended, so Ukraine will be able to afford an extra 2-3% of annual budget deficit. Therefore, this objective depends on accurate debt restructuring with extend-

ed payout deadlines. This is no stumbling block that could lead to difficult negotiations.

Some aspects of the restructuring agreement raise other questions.

First all, coupon payments on new bonds will be raised from today's 7.22% (on average) to 7.75%. In other words, Ukraine will spend an additional USD 1bn, or 25% of the haircut, to cover higher coupon payments over the period to maturity.

Secondly, increased cost of debt servicing will keep government debt burden on the budget on the very high level. In Q2'2015, interest payments on government debt were around 5.6% of the GDP. This is way above the critical 3%, making the budget hardly manageable and extremely sensitive to risks. This problem remains unsolved.

Thirdly, the government promised creditors a value recovery instrument (VRI), which carries certain risks for Ukraine. VRI payments should begin if Ukraine's GDP hits USD 125.4bn after 2021, and stop in 2040 (the payments will be calculated based on the GDP of two years ago). The annual payment will be zero if real GDP grows by less than 3% per annum, and 15% of growth above 3% (but below 4%) in nominal terms on the occasion of a 3-4% annual GDP growth. If Ukraine's economy develops faster than at 3-4% annually, 40% of growth over 4% will be added to the sum mentioned in the previous sentence.

There is little doubt that Ukraine's GDP will reach USD 125.4bn by 2019. What then? If the economy grows at 3%, Ukraine will not pay anything. With 4%, Ukraine will pay nearly USD 8.6bn for 20 years. With 5% — USD 31.6bn. Is a USD 3.6bn haircut really worth this? And if economic growth remains at 3.5%, what good are the reformers that provide such growth? If it exceeds this pace, what good are the negotiators?

The President's Ukraine-2020 strategy for sustainable development says that PPP GDP per capita should hit USD 16,000 in 2020, which means USD 300bn of nominal GDP. A government that bets on this scenario either admits its fiasco, or demonstrates ignorance.

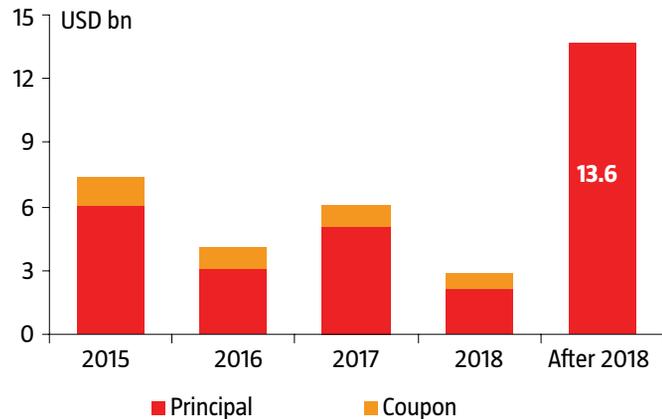
Moreover, the issue of debt owed to Russia has not been resolved. If Ukraine refuses to pay it back, it will make itself an easy target in courts. If Russia, as it has stated, refuses to accept the terms agreed with the creditors' committee, the bonds it holds will be of secondary priority and any payments on them may well be prohibited, according to the documents posted on the Finance Ministry's website. Yet, this will also result in litigation which may end in the Argentinean scenario of future insolvency (in 2014, Argentina declared default because 7% of holders of the bonds defaulted in 2001 were granted by court the right to receive payments at 93% from the holders of new bonds that had agreed to restructuring).

In conclusion, the burden of foreign payouts over the period 2015-2018 was successfully reduced. Even USD 13.8bn is huge, albeit temporary, savings for a country undergoing its third deep economic crisis over the past 20 years, as well as a war. Ukraine could use this money to stock up on gas sufficiently and end dependence on the Krem-

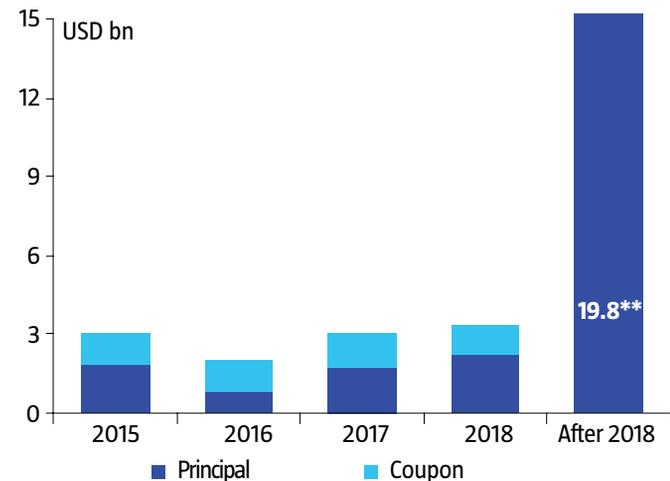
## A win/lose swap?

The restructuring deal with the creditors postpones repayment of most of Ukraine's external private debt beyond 2015-2018. At the same time, it increases the cost of debt servicing throughout this period

### Schedule of external government debt payments before restructuring\*



### Schedule of external government debt payments after restructuring\*



\*The schedules are approximate, based on publicly available data. They do not include government-backed debt

\*\* Government debt repayments after 2018 do not include VRI servicing, i.e. payments on GDP growth-linked warrants

Sources: Finance Ministry, IMF, own calculations

lin once and for good. Or it can once again eat it up by raising minimum wages and pensions in the run-up to elections, as the best rules of populism dictate. Savings are not a boon in itself. The main thing is how the saved cash is spent.

As the Ukrainian side entered the restructuring negotiations with objectives that were clearly weak and overt, it had to make huge efforts to achieve that which more pragmatic countries could achieve without applying particular efforts in a similar situation. ■

# Big Sale Coming Up

Lyubomyr Shavalyuk

The government plans to reform the system of public property management and launch a wide scale sell-off. Are Ukraine's economy and society ready?



PHOTO BY UNIAN

**Odesa Port Plant. The family silver of public property.**

The plant was more than once prepared for sale but never privatized

**F**or more than a year, Ukraine has been debating about what, how and when should be privatized. It has not yet gotten as far as organizing actual tenders to sell large state-owned enterprises, but preparations for privatization are underway. This generates various rumors and myths that distort public opinion on privatization.

## THE PROCESS IS MORE IMPORTANT THAN THE RESULT

More than a year ago, Prime Minister Arseniy Yatsenyuk announced "the largest privatization in 23 years." Nothing much happened over this year: privatization proceeds amounted to mere USD 467

million. Still, the process has been launched, and even advanced from empty talks to practical steps. In the recent months, the government went as far as organizing privatization tenders.

The government has done a lot in this time. The Ministry of Economic Development and Trade (MEDT) prepared Ukraine's Top-100 State-Owned Enterprises, a review report compiled jointly with PriceWaterhouseCoopers, Dragon Capital, the Soros Foundation and the Government of the United Kingdom, that is likely to catch investors' attention. This is the first report of the kind providing comprehensive analysis of the position and growth prospects for a hundred largest state-owned companies (accounting

for over 90% of total income of all state-owned enterprises in Ukraine). The Ministry plans to publish such reports quarterly and annually, following the practices of more advanced countries. The report also looks at the best practices in public property management in member-states of the Organisation for Economic Co-operation and Development (OECD). Guided by international experience, the report announces the reform of state-owned enterprises. The ultimate goal is to increase their efficiency and make them more competitive on the market.

Public property reform suggests a number of interesting initiatives. One is to increase transparency in the operation of state-owned enterprises through a mandatory requirement to prepare their financial statements in accordance with international standards and to do audits by independent international agencies. In addition to that, the focus of state-owned enterprises is expected to shift to generating profit. This will be done through segregation of business operation and other functions—social or political—state-owned enterprises often carried out earlier. An example is Ukrzalisnytsia, Ukrainian state railway carrier that provides discounts for some social categories. The same goes for the separation of powers in ministries: they are currently both regulators and owners of the enterprises. This leads to a conflict of interests and distorts incentives that could otherwise come from the markets.

Finally, the crucial component of the reform is mandatory establishment of independent supervisory boards. They will appoint members of management boards and decide on business development strategies.

Previously, state-owned enterprises operated in two ways. One was for oligarchs, being minority shareholder *de jure*, to control managers. Thanks to good contacts in the government they preserved that status quo for years, while channeling company cash flows to their accounts (Ukrnafta, Ukraine's biggest state-owned oil extraction company operating on local oil fields, is the most recent example, but there are dozens more). The other scenario was for the managers to deliver suitcases full of cash to those at the helm, and in case of a power shift, to those "newly-elected". This would grant them a *carte blanche* to leave some cash for themselves (Ukrspyt, the monopolist producer of alcohol further used in the production of alcoholic beverages, is probably the most well-known case). Under any of these "business models" state enterprises brought to the budget—and to Ukrainian taxpayers—mere pennies or, worse, losses, while the parasites rushed to grab as much as possible before a new change in government. This is bound to change after the current reform. Every state-owned enterprise will have its own supervisory board comprised of government representatives as well as independent experts (who may even outnumber the officials). This will stop excessive government meddling and the practice of being run by oligarchs *de facto*. Coupled with decent financial reward for the supervisory and management board members (the Ministry of Economy proposes a wage hike), this should make the operations of state-owned companies more efficient in the near future. They will then show improved cash flows which will guarantee real market price in privatization. For natu-

ral monopolies or strategic enterprises, privatization should not be an option.

Besides the report, the government has completed a lot of organizational work. Most importantly, Ihor Bilous was appointed head of the State Property Fund of Ukraine (SPF), filling the post that remained vacant for almost a year. The Cabinet decided to put up for privatization in 2015 a list of over 300 state-owned enterprises (majority and smaller stakes), including many large ones. The 2015 budget expects USD 17bn in privatization proceeds. All these principles of transformations and mechanisms to implement them have become part of the public property reform strategy and the relevant legislation amendments.

A list of a dozen companies that are top priorities for privatization is being compiled; the action plan on five of them is already in place and waits to be approved by the end of September. An inter-agency work group is to be set up to monitor and eliminate embezzlement at state enterprises. It is also expected to conduct independent audits of at least 100 largest enterprises, propose amendments to the legislation in order to increase wages for the managers, and develop a plan to restructure companies that pose the biggest risks of losses to be covered from the national budget.



**PUBLIC PROPERTY REFORM SUGGESTS  
REQUIRING STATE-OWNED ENTERPRISES  
TO PREPARE THEIR FINANCIAL STATEMENTS  
IN LINE WITH INTERNATIONAL STANDARDS  
AND TO DO INDEPENDENT INTERNATIONAL AUDITS**

Obviously, the preparations for large-scale privatization are well under way in compliance with the best international standards. There is political will for privatization, and it seems to be supported from the overseas. Actually, this will be so overwhelming that some believe the only significant function of Yatsenyuk as Premier to be "selling everything that has not been sold." According to Mr. Bilous, the first facility, Odessa Port Plant (OPP), will be set for an auction in November or December. Rumor has it that Norwegian, American, Arab and Ukrainian investors have already expressed their interest. It is yet to be seen whether no efforts are taken to restrict access to the auctions for bidders, and whether this interests translates into a decent price for the OPP.

Today, the barriers significantly hampering the privatization process are plenty. Most importantly, the oligarchs are doing everything in their power to prevent privatization, since they stand no chance of winning transparent privatization tenders (the value of the companies for them is clearly lower than for foreign investors, because they will never manage to make them as efficient). This resistance is cited among the reasons for the dragged-out preparation of Tsentrenergo, a major supplier that generates 8% of electricity in Ukraine, for privatization. And just days before this article went to press, Premier Yatsenyuk postponed privatization of the Odesa Port Plant. The official reason—a need to change evaluation methods ▶▶

for state-owned facilities—caused rumors of his playing into the hands of oligarchs.

The judiciary poses another barrier. Recently, the infamous Kyiv Commercial Court deemed illegal the privatization of 25% of Dniproenergo, another major electricity supplier with Rinat Akhmetov's DTEK as a major shareholder. This actually means re-privatization. More similar lawsuits may delay the privatization process for months.

### STATE CAPITALISM IN THE WORLD

In theory, privatization is undoubtedly necessary, since the state cannot be an efficient business owner. In practice, the concept has its pros and cons.

On the one hand, massive waves of privatization held in most countries in 1970–1990's are evidence in its favor. Privatized companies became more efficient and more capable of growth. Still, state-owned enterprises play a major role in many economies throughout the world today. These are the countries of state capitalism.

China, and less so other Asian countries, is a model of economy with successful and effective state companies. This is due to a number of specific features. One is mentality that puts national interests before private ones and prevents state company executives from filling their own pockets. Another one is severe punishment for corruption, ranging from huge fines to death penalty. Each year, about 100,000 corruptionists are caught in China (and their criminal cases do not get stuck at the Prosecutor's Office or the courts, as is the case in Ukraine), and thousands of them are sentenced to death. The third feature is the polished legislative environment with high standards of corporate governance, preventing officials from interfering with companies' work or pocketing parts of their cash flows. Of course, China, like any other country with state capitalism, uses state-owned enterprises for more purposes than profit making alone, but even these alternative purposes focus mainly on economic growth priorities that feed the economy.

In other countries of state capitalism, the performance of state corporations is far less impressive. Firstly, most state-owned companies there generate a much lower profit margin than their private-owned competitors. The market price of their shares always includes a discount for the low quality of their corporate governance, something that is unavoidable in a company with the state as the owner. Secondly, state-owned enterprises are reluctant to develop. Therefore they are virtually absent from most innovative industries. Thirdly, they appear in frequent corruption scandals. Facts of massive corruption related to the state gas giant Petrobras have recently surfaced in Brazil: private construction companies (and not only them) bribed government officials to get contracts from this state monopolist. The scandal involved the ruling party members, including President Dilma Rousseff. The losses of this state corporation today are estimated at USD 16bn. As long as state capitalism exists, such incidents will take place regularly.

In Russia, state capitalism has degraded further. State banks have monopolized the financial sector (which, by the way, made them a convenient target for Western sanctions), accumulating the bulk of financial resources and lending them to state com-

panies. This environment hampers the development of either private banks or producers with limited access to financial resources. State oil and gas players squeeze private companies out of the market thanks to monopoly access to the best fields and transportation infrastructure. Add to that opportunities to seize the assets of private businesses—the swallowing of Yukos by Rosneft is one example. Heads of state corporations and corrupt officials have formed an intricate net where one hand washes another. Operating in the environment of impunity and complete lack of self-criticism, this has brought Russia to the blind alley of civilization. Its state-owned companies are focused not on doing business, but on financing Russia's geopolitical interests, as seen by the Kremlin. Such form of state capitalism is the most vicious, and is completely at odds with business efficiency. Worst of all, state corporations in Ukraine were until recently following the Russian model. This requires drastic and radical change. If Ukraine is to embark on the path of development, it cannot afford to have state capitalism of the Russian kind.

### PUBLIC PROPERTY, UKRAINIAN STYLE

According to the Ministry of Economy, Ukraine has 3,374 state-owned enterprises as of today. This is almost double the figures in 28 out of 34 OECD countries (except for the United States, Turkey and several small countries). Only 1,920 out of them are operating. The question is: what happened to the rest, and what were the management methods used by the state and its officials that led to this? Total assets of all state-owned enterprises were worth USD 813bn, or almost 52% of Ukraine's GDP, as of mid-2014. Cumulatively, they generated losses even before the Maidan. In 2014, their financial performance deteriorated further.



### THE LONGER COMPANIES REMAIN STATE-OWNED WITHOUT REFORM AND RESTRUCTURING, THE MORE THEY WILL BE PILFERED, INCREASING THE BURDEN ON THE BUDGET

Total mismanagement of state corporations surfaces not only in journalist investigations that reveal corruption and abuse by state company executives, but also in mere facts and figures. Statistics give solid proof that public assets should be restructured to make them work effectively as a minimum, and privatized as a maximum. As seen by an average Ukrainian, the money the state collects (in the form of increased taxes or utility tariffs) is much more important than the money the state fails to receive because it was stolen by officials with a little help from state company managers. Yet, these losses amount to tens of billions of hryvnia. If they ended up in the budget (or were used to develop the companies and create jobs), the actual level of social benefits could be much higher than it is now.

Statistics dispel the myth about preserving the status quo as the best strategy for public property management. Firstly, what good are the assets that generate no cash flow? Secondly, what happened to

the companies that went out of operation? The answer is simple: their equipment was used as scrap metal, stolen or taken away, and the buildings were rented out for kickbacks. All of this happens with the consent of the officials who transfer part of their income from this "up the chain." The longer the companies remain state-owned without reform and restructuring, the more they will be pilfered, increasing the burden on the budget. It is obvious that civil society should in no way tolerate this status quo.

### ENCHAINED BY PRECONCEPTIONS

There are many other widespread myths related to privatization. The government should take seriously the issue of dispelling them by commenting on the process and on its outcomes.

The main myth is that after the privatization, companies will work worse. The best case to the contrary is ArcelorMittal Kryviy Rih (former Kryvori-zhstal). In 2005, when the company was privatized following an open tender that remains unique to this day, it had 55,400 employees earning an average of 1,522 hryvnia per month, which was 89% higher than the average salary in Ukraine. Its net income was UAH11 bn, or USD 2.15bn. 10 years after the privatization, in 2014, the company had 28,800 employees (the ones that were laid off received huge compensations) with the average monthly salary of UAH 6,661, which is 91% more than the national average. Its net income increased by half to UAH 36.7bn, or USD 3.09bn. At the same time, over the 10 years from 2005 to 2014, the company invested USD 12bn, increasing almost six times its average annual investment from less than UAH 200mn before the privatization to UAH 1.2bn thereafter.

ArcelorMittal Kryviy Rih is a typical example of a successfully and transparently privatized company that improves its efficiency and increases production,

The Cabinet decided to put up for privatization in 2015 a list of over **300 state-owned enterprises** (majority and smaller stakes), including many large ones. The 2015 budget expects **USD 17bn** in privatization proceeds

while reducing staff and paying higher wages. The salaries of the company's employees could well have been higher, but that would hardly be a feasible option for the owners in a situation where there are armies of the unemployed willing to work for less.

Companies privatized non-transparently have fewer reasons to be proud. Ukrtelecom, the nationwide fixed line operator, faced a "grabitization" in early 2011. In 2011–2014, it reduced its staff by 31%, and payroll by 12%. In this way, the average salary increased by 29% compared to a 55% increase nationwide. Its net income fell 4% even in UAH terms. Annual investment dropped by several times, from UAH 0.7–1.7bn before privatization to UAH 0.15–0.65bn thereafter.

DTEK Zakhidenergo PJSC, grabitized by Rinat Akhmetov in the late 2011, is in a slightly better situation. In 2012–2014, its staff was reduced by 23% and payroll by 2%; however, its net revenue in hryvnia terms increased by 58%, and annual invest-

ment grew by several times, from UAH 100–150mn to UAH 400mn.

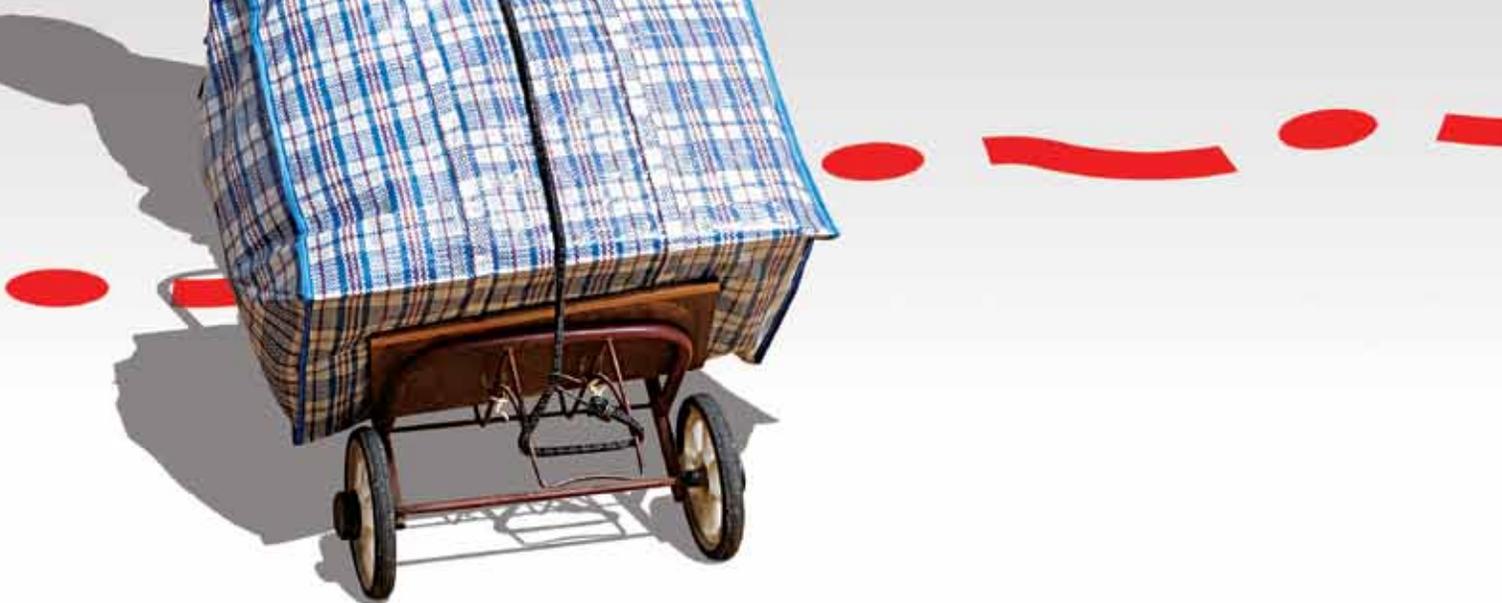
Quite often, state-owned enterprises begin to perform more poorly after falling into the hands of oligarchs through privatization. The workforce is hit the hardest: the only thing that the oligarchs manage to do under any circumstances is to lay off staff, and reduce salaries to get more benefit for themselves. Development and justified profitable investment are above their head. Therefore, those who believe that state-owned enterprises should not be privatized because they will work worse are right to a certain extent. However, the cause of possible deterioration is not privatization as such, but privatization that is obscure and noncompetitive, inaccessible to efficient private bidders. With a competitive and transparent tender, the result will be quite the opposite. The lone example of ArcelorMittal Kryviy Rih is the proof.

Another common misconception is that when a company is state-owned, it "feeds" many employees, who now and then sell stolen goods, spare parts etc. After the privatization, however, the new owner will quickly stop this petty trade by its personnel, thus impoverishing the population. There are several aspects to this. First of all, Ukrainians got used to stealing state property (at collective farms, state farms, and factories) back in the Soviet days. But back then, we fleeced a foreign country, while now it is our own. Therefore, this habit should be thoroughly eradicated. If privatization can remedy this, then it should be done as quickly and fully as possible. A state where theft and corruption are a social convention cannot develop. This has been taught by the greatest minds of the mankind since ancient times, and has been confirmed by practice.

Secondly, privatization does deprive many people of opportunities to make money, and therefore – to survive, even if illegally, in the Ukrainian economy (in addition to hordes of petty traders of stolen goods, privatization will generate another horde of laid-off workers, as well as officials who lose their shadow income). Therefore, comprehensive economic reform should be carried out in parallel with privatization in order to improve business climate and foster new businesses that could absorb vacant workforce and give people the opportunity to make money. Only in this case will privatization be socially effective and contribute to the country's development. Otherwise, its only noticeable implication for society will be increased unemployment, social tensions, and emigration. Ukrainians have had enough of all these problems.

A careful analysis of the advantages and disadvantages of privatization on the basis of theory, international practices and local specifics shows that Ukraine really needs one. The phase of restructuring state-owned enterprises and preparing them for tenders is especially important. Coupled with the fact that, in times of war, the sale of state corporations is one of the few available sources of budget replenishment and foreign exchange earnings through FDI, it shows the dire need for privatization. Whether the current government manages to get the message across to the public and avoid social tensions caused by privatization by improving the business climate remains to be seen. ■

**SMUGGLING Ltd**



# East and West Together

Denys Kazanskyi

Smuggling has always been a popular craft in Ukraine. A chance to make money relatively easily with little or no risk of ending up in prison captured the imagination of many citizens residing along the borders. Unlike thuggery or fraud, cross-border smuggling of goods was never perceived as anything morally untoward. The only victim of this activity was the state. The people, on the contrary, only profited. Locally smugglers used to be seen as avengers of sorts, for managing to trick the crooked officials, bring in cheaper goods and let others save money. Moreover, the crisis of the 1990s left no other job opportunities for those in small towns and villages. Whereas for some contraband became a prosperous enterprise, others had to engage in smuggling just to make ends meet.

One would be hard-pressed to name a border area devoid of this illegal business. Contraband is equally prominent along Ukraine's eastern and the western borders. The key factor here is profitability. When profits are high, no boundaries and no border guards can stop the traffic, especially when it evolves into a spontaneous movement that follows no orders from above.

Smuggling practices differ from region to region. Having said that, a pensioner from Stryi, a small town in Western Ukraine, who smuggles cigarettes to Poland, and a former miner from Krasnodon, a town of around 70,000 in Luhansk Oblast, where people sell Russian petrol off the side of the highway, have much in common, it seems. They smuggle whatever is in demand and can bring cash, be it clothes, fuel, produce, tobacco, or alcohol. When it comes to the technicalities of smuggling, each region has its own tricks of the trade. Ingenuity will take you a long way as a smuggler.

## THE FUEL ROUTE

There are several widely known centers of contraband in Ukraine. At times whole towns are involved in it. In the prewar years one of such centers was Luhansk Oblast, which shares a longer stretch of border with Russia than with other oblasts within Ukraine. Now part of the oblast turned into a black hole, where pretty much all cargo crossing its territory can be considered contraband. Vast numbers of people, who lost their livelihood due to the collapse of the local industry, all but complete lack of control over the state border and considerable disparity between lower prices in Ukraine and higher ones in Russia—all of this created a fertile ground where contraband business flourishes. It grew through the 1990s, strengthened in the 2000s and soon may become the main trade for the population of the self-proclaimed "Luhansk People's Republic".

Back in the day it was mainly the fuel that used to be smuggled over the border in Luhansk Oblast.

### 10 commandments of trafficking

1. Be resourceful always and everywhere
2. Have the arrogance not to fear the authorities
3. Remember, the objective is profit, not banditry
4. Keep clear from the big crime
5. Know the situation on both sides of the border
6. Know the way to minimize the risk of penalty
7. Have stable and safe buyers
8. Use dedicated and reliable transport if possible
9. Keep reasonable pricing
10. Be "friends" with the authorities always and everywhere

Now, considering the recent destruction of sanctioned imported food in Russia, European delicacies may become the next trend. In the prewar times Krasnodon was considered the contraband capital of the oblast. That's where the illegal Russian fuel road ran. The key is in the town's location: Krasnodon is practically staring across the border at a small Russian town of Donetsk (not to be confused with the Ukrainian city by the same name — **Ed.**). It takes just a 2-kilometer trip via county roads in order to get from one town to another.

In 2005 the Luhansk paper "XXI vek" (21st Century) came out with the following description of events occurring in Krasnodon: "In 44km of border we have 50 passage 'holes', that allow a cargo vehicle with contraband to sneak through onto the territory of a sovereign state. After crossing the border these rusty tank trucks sans number plates head towards a transshipment base (any perfectly legal petrol station can be that base), from where

**THE KEY FACTOR IN CONTRABAND IS PROFITABILITY. AS LONG AS IT'S HIGH, NO BOUNDARIES AND NO BORDER GUARDS CAN STOP THE TRAFFIC**

they come out with number plates and all the necessary papers. After this one would struggle to do anything about them legally."

In the late 1990s, DIY pipelines began to appear. Smugglers would buy houses on the outskirts and connect them with underground plastic pipeline. Inside the houses tanks were installed, into which fuel would be pumped from Russia. The most convenient locations for this purpose were the villages Nyzhnia Herasymivka (Ukraine) and Sheviriovka (Russia). These are separated by a river Velyka Kamyanka, which is only a few meters wide. Pipelines would pass right on its silty bottom. Profit margins made a few hryvnias per liter of petrol or diesel fuel. Eventually local tricksters grew into a real mafia, which held considerable sway in Krasnodon. ▶



**A DIY tanker.** This is the standard amount of fuel trafficked by residents of regions adjacent to the Russian border

But the majority of the locals of course used more traditional methods of smuggling fuel into Ukraine—in jerrycans placed in passenger cars or on bikes. Sometimes an additional fuel tank would be installed in the boot of a car. Although profits were minimal, this method ensured that the risk of running into trouble with the law was practically zero.

Small shipments of fuel are for the most part bought by equally small dealers. More often than not contraband petrol is sold on the roadside in jerrycans or even plastic bottles. Stable fuel retail spots operate in almost all garage cooperatives in border towns.

This phenomenon became widespread not only in the Donbas, but also in Kharkiv, which is also fairly close to the state border. Retailers of contraband fuel can be found there even today. For the most part they sell in Saltivka, a district infamous for high levels of street crime. There's also a well-known illegal fuel retail spot operating near the Barabashovo market. Since dealers trade openly at the side of the road, it would be fair to presume that there has to be some kind of a deal made with the local law-enforcement authorities to turn a blind eye to this.

Perhaps the most infamous contemporary contraband stronghold on the Russian-Ukrainian border is the county center town of Milove. It has already featured in numerous publications and television reports. Here the temptation to engage in smuggling is unlike anywhere else, as the state border passes right through its streets and vegetable gardens. Milove and the Russian village of Chertkovo has long become conjoined twins, which resulted in a ludicrous situation, where a house may have its kitchen in Ukraine and its bathroom in Russia. The locals are long used to crossing the border several times a day by simply navigating their own backyard.

Local landmarks include a hairdresser's shop, two thirds of which are in Russia with one third in

Ukraine, as well as the street ironically named Druzhby Narodiv - friendship of nations - one side of which is Russian, the other one being sovereign territory of Ukraine. Here one becomes a smuggler by merely crossing the street.

In spring 2014 Milove became the gateway for the "Russian tourists", who poured in to take part in the riots in Luhansk and Donetsk. Most of the time, however, this route is used for peaceful ends. Almost the entire local population is engaged in smuggling. The market at Milove has become something of a Mecca for the Chertkovo residents, who "travel" to Ukraine in order to enjoy lower food prices. Many come for clothes they buy in Kharkiv's wholesale market. The recent extreme fluctuations of hryvnia and ruble exchange rates made things even livelier. After the Ukrainian currency plummeted to 1:2 against the ruble, Milove witnessed whole caravans moving east with all kinds of goods imaginable, from cell phones to socks. Shortly afterwards the ruble crumbled too and the extra-strong flow of contraband quickly dried out.

Interestingly, ever since Ukraine gained independence none of the administrations in Kyiv ever tried to address the problem of Milove. The gaping hole in the boarder remains open to this day.

## WITH EUROPEAN RESTRAINT

On the western border with the European Union one will not find the kind of chaos observed in Luhansk Oblast. Here the border has been meticulously constructed back in the days of the Iron Curtain. This, however, does not stop the population making money from smuggling. Favourite products are tobacco and alcohol, as well as other high quality and relatively inexpensive Ukrainian goods. Foodstuffs are also smuggled back into Ukraine to be sold at street markets. Those include Italian coffee, German chocolate, Greek olive oil, Scottish whiskey. Their price tends to be 1.5-2.0 times lower than the one of the legal counterparts in supermarkets. Inexpensive high quality goods from Europe are in demand in Ukraine. Stores selling such contraband are especially abundant in little tourist towns like Skhidnytsia in Lviv Oblast.

Most commonly such contraband is trafficked in a relatively legit manner—in small batches in backpacks, bags or hidden under the jacket. The quantities of goods tend to not exceed what is allowed to be carried into the country by the law. Residents of border areas are not required to have visas to cross the border into Poland. They have special cards for small border traffic. Those making their living in such a way cite monthly income in the range of USD 400-500, which isn't bad at all considering that the average salary in the western regions of Ukraine is under USD 150, and jobs are scarce.

Due to the sheer number of those willing to cross into the EU, border crossing points often struggle to cope with the flow. Things get rather crowded at the border during the weekends and holidays, when the number of those eager to smuggle a few blocks of cigarettes into Poland is on the rise. For the EU residents this presents quite a baffling sight, so much so that Polish border guards post videos of this on the internet.

Selling goods in the European Union does not present much challenge. Smugglers usually have dedicated places on the other side waiting to purchase Ukrainian cigarettes and alcohol, or resellers in cars ready to pick up the goods and pay in euros. The same scheme functions in Zakarpattia, where getting into the EU is even easier, since the Slovakian border lies close to the region's capital, Uzhhorod. Buses going from there to Slovakia are the most common means for the locals to smuggle goods.

Zakarpattia's contraband specialty is tobacco. Cigarettes are so cheap in Ukraine that selling them in the EU yields up to 300-400% in profits. Here contraband is something that both regular citizens and local mafia are heavily involved in. Uzhhorod residents say that the border river Tysa has long been divided into areas of control. Under the cover of night goods cross the river in the most peculiar ways: via DYI cableways, underwater with divers, simply by sending boxes containing 50-70 blocks of cigarettes downstream. The price of one pack in Ukraine makes roughly EUR 0.5, in Europe it starts at EUR 2.

Interestingly, the income share of small traffickers in the West and the East of Ukraine differs considerably. While in the prewar Donbas the bulk of contraband profits went to the mafia, and small illegal traders had to make do with the crumbs from the table, in Zakarpattia and Halychyna it's the regular residents of rural areas, who manage to make a good living from contraband. Some villages engaged in this trade look every bit as good as Kyiv's elite suburb Koncha-Zaspa. In places like the village Nyzhnia Apsha, photos of which made quite a stir on the web a while ago, trafficking profits materialize into luxury mansions. The kind of money the Romani people of Nyzhnia Apsha make out of contraband is something a roadside petrol dealer on the outskirts of Kharkiv can only dream of.

## OVER THE FRONTLINE

Contraband into what is officially called the zone of the Anti-Terrorist Operation deserves a separate mention. This new kind of wrongdoing emerged over the past year and it remains unclear whether smuggling goods onto the occupied territory can even be considered contraband. This, for one, is not about crossing the Ukrainian border recognized by international law. The situation in the area of hostilities remains tense, but the reality on the ground is that the new boundary running across the map of the Donbas is already feeding many. Local businessmen are eager to make hay while the sun shines, given that the confrontation line may one day disappear.

Enterprising merchants smuggle medicines, household goods and foodstuffs onto the occupied territory. In places like Horlivka, Luhansk and Alchevsk these items sell for well above their price in the Ukrainian-held Artemivsk, Lysychansk and Severodonetsk located mere 10-20 kilometers outside the occupied territory. While the profits are no match to those of cigarette contraband into the EU, they are substantial nonetheless. While in Artemivsk 1 kilo of sugar costs UAH 11, in Debaltseve it will set you back UAH 27. With contacts at the checkpoints and sufficient local knowledge to navi-



**Ask for whatever you wish.** Contraband goods on display in Skhidnytsia, a tourist town in Lviv Oblast

gate the rural roads, putting together a profitable business is not rocket science.

Meanwhile in the opposite direction comes coal and scrap metal. In this case, however, private enterprise is not an option: militia leaders keep all the traffic under their control.

Occupied territories have the prospect of becoming a contraband transit point between Russia and Ukraine. Especially since their border can someday become the border between the EU and the Customs Union. This scenario would see the self-proclaimed "Donetsk and Luhansk People's Republics" becoming a huge transit base for contraband with the remaining population employed by the local mafia or working in the manufacture of all kinds of counterfeit goods to be shipped into Russia and Ukraine. Quasi-republics don't have anything resembling adequate law; officially the "DNR" and "LNR" are nothing but black holes on the map, where absolutely anything can transpire.

Generally, Ukraine currently presents something of a contraband heaven due to the large disparity in prices with its neighbors. And while this remains the case, combatting contraband inside the country will be an uphill struggle. ■

# Life in the Borderlands

Oleksandr Kramar

What challenges Ukraine's border regions will face with decentralization

**T**wo-thirds of Ukrainian oblasts lie along borders. In most of them, economic development and formal employment rates are much below the national average. However, they have the wealthy regions of the neighboring states just around the corner, and the residents of the border areas enjoy simplified procedures for crossing the border. As a result, the population of territories that go 30 to 50 kilometers into the Ukrainian territory makes its living from cross-border activities. These include selling goods that are cheaper in Ukraine (thanks to lower labor costs) to their wealthier neighbors who travel across the border to buy them, as well as smuggling of goods and people through the border.

In some oblasts, where a relatively small portion of the population resides close to the border, cross-border commerce is limited to a handful of districts. In others, it has become the main source of income.

The largest border oblasts of Ukraine are Zakarpattia, Chernivtsi, Luhansk, Odesa, Sumy and Volyn oblasts. In these, half or more districts (the smaller administrative units in an oblast — **Ed.**) are located in the 50-kilometer border area. In Zakarpattia and Chernivtsi oblasts these borderline districts are also the most densely populated. As a result of the Russian aggression, only 3 out of 12 districts of Luhansk Oblast are currently not located along the Russian border or the demarcation line with the “Luhansk People's Republic”. The occupation of Crimea turned Kherson Oblast into another border area.

Only 8 out of 24 Ukrainian oblasts are not border areas. These include Mykolayiv, Dnipropetrovsk, Zaporizhya, Kirovohrad, Cherkasy, Poltava, Ternopil, and Khmelnytskyi oblasts. Ivano-Frankivsk and Kyiv oblasts are nominally borderlands, having a border with neighboring countries in areas that are hard to access for various reasons (under-populated mountain range and Chornobyl Exclusion Zone).

## CATALYSTS

The special procedure for border crossing makes cross-border activities more profitable for the locals. The oblasts bordering with Belarus, Moldova and Russia enjoy the visa-free regime which is still in force between the countries. This allows people to carry lots of different goods across the border. The fact that many locals in Transnistria have Ukrainian passports facilitates cross-border movement between the quasi-republic and Ukraine. The residents of the 30–50 km strip along the borders with the EU countries enjoy what is known as the regime of local border traffic (the terms vary by the country). In Zakarpattia and Bukovyna, many residents

have Hungarian or Romanian passports. Many residents of borderline oblasts speak the languages of their neighboring state. In Zakarpattia, Bukovyna, and Odesa oblast, large Hungarian and Romanian/Moldovan minorities contribute to this.

The recent increase in smuggling from Ukraine to the neighboring countries was caused by steep hryvnia devaluation, which made a number of domestic products, especially food stuffs, much cheaper than their equivalents across the border. However, the most profitable smuggling, as before, is in goods whose final price depends primarily on the excise tax or in goods that are restricted or prohibited from legal sale. For example, Ukraine is one of the leading suppliers of contraband tobacco products to the EU. These products arrive to the Ukrainian territory from Belarus and Transnistria. Significant amounts of alcohol are smuggled from Ukraine to Belarus, Russia and other countries, while Ukraine gets smuggled alcohol from the neighboring Moldova, often via Transnistria. The trafficking of petroleum products, weapons, ammunition and drugs is also profitable, and so is, of course, the smuggling of people and human trafficking.

However, while illegal trades such as smuggling drugs, arms or people are the traditional domain of organized crime groups, other less criminal activities are used as primary or additional sources of in-



**THE MAIN PROBLEM OF THE BORDER OBLASTS IS NOT ONLY LOW OFFICIAL INCOME, BUT EXTREMELY LOW OFFICIAL EMPLOYMENT RATES**

come by most residents of the near-border villages, making them a folk craft perfectly tolerated by the community.

Another factor making cross-border trade profitable is the sharp contrast between nominal incomes and prices for many goods and services on different sides of the border. For example, prices are much higher in the regions of other countries bordering Ukraine (Poland, Slovakia, Hungary, Belarus, and Russia) than in the respective borderline regions of Ukraine.

For instance, in Podkarpackie and Lubelskie Voivodeships of Poland, average monthly salary is the equivalent of UAH 20,500–22,000, which is 8–10 times more than in the neighboring districts of Lviv and Volyn oblasts. In Prešov and Kosice regions of Slovakia that border on Zakarpattia, it is the equivalent of UAH 16,000–19,000, that is, at least 6–7 times higher than in Ukraine.



of the oblast residents rely on the state financially. The share of private sector employees turns out to be even lower than in Zakarpattia, at 6%. At the same time, only 9,000 (out of 900,000 oblast residents) received a gross salary of UAH 5,000 (ar. USD 220 at the current exchange rate, down from ar. USD 600 before the hryvnia plunged threefold) or more in June 2015, which is three times less than in Zakarpattia. These people mostly live in the oblast capital, Chernivtsi.

The situation in Volyn and Lviv oblasts located on the border with Poland is not much better.

Volyn Oblast with 1.04 million residents has only 174,000 regular employees. 68,000 live in the oblast capital, Lutsk. 94,000 regular employees of the private sector have to feed 360,000 residents that rely on the state (1:4). Most oblast districts have 2,500–5,000 regular employees, which is less than 10% of the population. Most of these people are employed in education, medicine, public administration and law enforcement. Only 28,000 employees in the oblast have average gross salary exceeding UAH 5,000.

Lviv Oblast has six border districts and one border city with almost 600,000 residents. However, they have only 78,000 regular employees. This figure is especially low (4,000–7,000) in Turka, Stryi, Sambir and Mostyska districts. The situation is slightly better in Sokal and Yavoriv districts. The average salary there in 2014 ranged from UAH 2,200 (Mostyska district) to UAH 2,700 (Turka district). Only in Sokal district it amounted to UAH 3,500. In Chervonohrad, the largest city of the border area, only 15,800 out of 82,000 residents were officially employed, which is less than a third of the workforce. Here, unlike in the rural areas, employment in private farms is not an option.

### THE PROBLEMS OF POLISSYA

The northern districts of Volyn, Rivne, Zhytomyr and Chernihiv oblasts on the border with Belarus and Russia have a much lower population density compared to those bordering the EU. The overall population of the border areas of Rivne, Zhytomyr and Chernihiv oblasts is less than 400,000. They all have high youth unemployment, low official employment, and significant dependence of local budgets on financial support from the central budget. For example, in Olevsk district of Zhytomyr Oblast, the local budget covered only 10.3% of its needs with locally collected taxes in 2014.

In Chernihiv Oblast, the share of industrial output in the economy and the average salaries of regular employees are somewhat higher. The problem of unemployment is less acute, and the budgets are generally less deficit-ridden. However, it has one of the worst demographic trends in Ukraine, with a marked surplus of deaths over births, especially in rural areas. For instance, in the first half of 2015, 194 people died in Novhorod-Siversky district, with only 41 newborns. In 2014, 225 babies were born in Ripkynsky district, and 728 people died. This trend is explained by the share of youth lower than in other districts and the larger share of old residents, with the higher rate of pensioners per taxpayer than anywhere else.

### A FALSE BOTTOM

In some of the border oblasts, the discrepancies are evened out by large economic and administrative regional centers that are formally part of them.

For example, Kharkiv Oblast with 2.7 million residents has 570,000 regular employees, including 375,000 people employed in the private sector. The ratio of people dependent on the public sector to the number of taxpayers is less than 3:1, that is, 1.5–2 times less than in the oblasts bordering the EU. More than 105,000 regular employees get the official gross salary exceeding UAH 5,000, which is 1.5 times more than in Zakarpattia, Chernivtsi and Volyn oblasts taken together.

However, a more careful analysis reveals that over 420,000 out of 570,000 regularly employed people live in Kharkiv and two suburban areas (Kharkiv and Derhachi districts). In the rest of the oblast that is home to almost 1 million residents, there are only 150,000 regular employees, which is virtually identical to the situation in Zakarpattia or Bukovyna.



### MOST BORDERLINE RESIDENTS OF THE WORKING AGE ARE EMPLOYED ON PAPER, YET HAVE NO STABLE SOURCE OF INCOME IN REALITY

The oblast has 7 border districts (Bohoduivsky, Zolochivsky, Derhachivsky, Kharkivsky, Volchansky, Velykoburlutsky, and Dvorechansky), with the population of 441,000. With the exception of the suburban Derhachi and Kharkiv districts, they have from 2,500 to 6,000 regular employees, or just about 10–15% of the population, with the average gross salary of about UAH 2,400–2,600.

The situation in Odesa Oblast is similar. Out the total of 2.4 million residents, about 440,000 are regularly employed, including nearly 270,000 of those employed in the private sector. 79,000 of them receive a gross salary exceeding UAH 5,000. However, same as in Kharkiv Oblast, most of them (280,000–440,000) live in Odesa and its two satellite cities of Illichivsk and Yuzhne. In the rest of the oblast with nearly 1.3 million residents, only 160,000 have regular jobs (which is comparable to Zakarpattia). The border districts in Odesa Oblast, as well as in other parts of Ukraine, have about 3,000–6,000 regularly employed residents, that is, generally less than 1 in 10 people. The relatively high average salary figure of UAH 3,600 in the first half of 2015 was also generated by the same three cities (UAH 3,750 in Odesa, UAH 5,030 in Illichivsk and UAH 8,440 in Yuzhne). At the same time, average salary in the border districts is UAH 2,000–2,400 (with the exception of Izmail where it is UAH 3,600).

### MIXED PROSPECTS

There are few scenarios of diminishing the role of cross-border smuggling in the lives of border area residents: one is to make it unprofitable; another one is to halt it through increased border control, anti-corruption campaigns and the like. Another scenario is to create attractive jobs to encourage the population to give up smuggling and start working.

One of the important components of "retail" cross-border trade is that it requires no special professional skills and education. These are replaced with practical skills and good connections.

A reduction in the scale of this trade may be expected in the areas bordering the EU in the course of European integration and after the elimination of custom and tariff barriers. On the border with Russia, the situation may improve if the "European Wall" project is implemented and control over the border consolidated, this being the grounds for a visa-free regime and for the more profound integration of Ukraine with the EU. It will be more difficult to fight trafficking on the borders with Belarus and the self-proclaimed Transnistria. The latter is formally a part of the country integrating along with Ukraine into the EU, and the state border with Belarus goes through sparsely populated areas and woods that are difficult to control.

However, it is important to understand that the dependence of several oblasts on cross-border traffic makes them more attached to the country that serves as their source of income. Losing such opportunity may cause serious socio-economic discontent and increase separatist sentiments. Without smuggling and other illegal cross-border trades, the residents of the border areas will find themselves in a difficult situation given the current economic crisis.

Decentralization and the expected shift of community focus on using own resources, accompanied

by the gradual decrease of support from the central budget carry a threat of reduced state subsidies to the border area communities. There is also the risk of smugglers consolidating their positions in local governments, making smuggling prevention even more difficult after the broadening of local government powers. However, the gradual reduction of generous subsidies from the state budget may provide the impetus for such communities to find alternatives to the current socio-economic models.

Obviously, the development of small and medium businesses benefiting from the borderline location – not simply in terms of transportation, but in terms of producing goods and services – would be



**WITHOUT SMUGGLING AND OTHER ILLEGAL CROSS-BORDER TRADES, THE RESIDENTS OF THE BORDER AREAS WILL FIND THEMSELVES IN A DIFFICULT SITUATION GIVEN THE CURRENT ECONOMIC CRISIS**

useful. However, shifting the focus on small and medium enterprises and self-employed citizens should be accompanied by increasing taxes to finance social and transport infrastructure of the border areas. Otherwise, some people will be getting richer while others will live in misery, and more successful residents (whose success is not based on smuggling) will be willing to leave for good. ■

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# Trade Under Fire

Valeria Burlakova

What's being trafficked across the front, who's covering the traffic, what it's costing Ukraine, and how those who are working to counter this smuggling are being threatened



**Military surplus.** The humanitarian logistics center to function as a specialized market for wholesale and retail sales to the residents coming from occupied territories is about to open in the village of Novotoshkovske, in Luhansk Oblast. Two more are expected to open soon elsewhere

**D**e facto, there is no smuggling in the ATO zone, given that there is no official border—only the frontline or the demarcation line between Ukraine and the territory under Russian proxy control today. And illegal trafficking. From Ukraine to Ukraine...but these are the times we live in.

## A TWO-WAY STREET

From the Ukrainian side, people are mostly keen to bring food and medication across the frontline. “Goods that you can buy in Ukraine are on average four times more expensive in the terrorist territories,” explains Dmytro “Umka” Toporenko, a volunteer who represents the Lysychansk mobile group countering contraband. “So they are bought relatively cheaply in Ukraine, brought in and sold for three times more. The difference goes to fund terrorism, among others.”

Those living in the occupied territories have the right to buy certain goods on free Ukrainian territory but these are supposed to be strictly for personal use. Right now, up to 50 kilos of produce can be brought in per person. But it's not uncommon to see large parties of goods cross the demarcation line in the ATO zone. The “interaction,” as they say, is two-way. However, whereas mostly food and medication travel from Ukraine to the occupied territories, weapons, cars illegally confiscated from residents in the occupied territories, drugs and more come across the other way. Enterprising types who have cut deals with the military at checkpoints can even bring across enemy reconnaissance and sabotage groups

Needless to say, such deals are worth a fair chunk of cash. For a single kilogram of freight, you pay UAH 1-6, so a semi with 20-40 t of goods is worth plenty. Nor is

this smoothly-running lucrative “business” something recent. Members of mobile groups often find out about instances of this kind of “cooperation” from patriotically inclined individuals or from fighters who are against the activities of their superiors.

Still, to actually punish someone for corrupt activities is extremely difficult because the facts that mobile groups are provided with are very hard to prove. For instance, someone says that a soldier came around to buy a chocolate and pulled out a wallet filled with dollar bills, as much as USD 10,000, and a similar package of hryvnia. Where did this soldier get this kind of money, standing at a checkpoint?

## PRAETORIAN GUARD

“Sometimes the contraband goes by back roads,” says Andriy “Andrew” Halushchenko, who mostly worked out of Shchastia\*. “But we all know that in Sector A, where the demarcation line goes along the river, the only place where you can cross is where there are checkpoints controlled by Ukraine. This means that people are crossing with the connivance of the commanders.”

Andrew points out that smuggling is not tied to rank-and-file fighters at all. Which means that rotating men at the checkpoints that have “slipped up” more than once will not solve the problem. “If the commander of the battalion or brigade wants to make sure that nothing like this happens, then that works. But if not, the only thing you can do is possibly rotate the entire unit,” he says. “You also have to look at who's in charge of the police in the area. Remember the scandal with the Tornado battalion? At first these guys were a praetorian guard... then they got too big for their britches and decided to play God, so they were gotten rid of. That same role is now being played by the Luhansk-1 battalion.”

There are two army brigades standing in this area: the 128<sup>th</sup> at Stanytsia Luhanska and the 92<sup>nd</sup>, which is holding Shchastia. As everywhere else, the volunteer battalions in Sector A were withdrawn from the front, despite the fact that Aidar played a key role in the defense of Luhansk Oblast and are officially storm troopers. Its withdrawal is “somewhat” difficult to understand, as they say. The volunteers were no panacea, but “As long as Aidar was there, there was some kind of mutual control,” says Andrew. “‘Bezprediel,’ lawlessness, was out of the question. Anyone who is keen to establish a hegemony over a particular crossing immediately arouses my suspicions.”

How corrupt higher-ups in the Armed Forces of Ukraine counter those running anti-smuggling operations varies.

“Against a mobile group that consists of 25 even fiercely determined officers from different enforcement agencies you have a number of brigades of between 1,500 and

2,000 men in the zone of operations,” explains Andrew. “Any step that the mobile group takes can be tracked by reconnaissance or even by rank-and-file at the checkpoints. The man standing at the checkpoint might not even know why, but he has orders to stop it and not let it go on without specific instructions from higher up. Or else he simply has orders to report on the movement of our vehicles, and so he reports. Have they moved out of the danger zone? Good! The mobile group is essentially working against a huge system.”

It can get a lot worse. “On August 28, our car was shot up outside Shchastia... by a sniper. There were three bullet holes 7.61mm in size right where the driver and passenger should have been sitting—but they had just gotten out to take a leak. The car was parked on the shoulder. I don’t know whether the sniper saw that the passengers had left the car, but the armor didn’t hold out. Most likely this was just intended to scare them, meaning, ‘Boys, you’re starting to get on our nerves.’”

### 100 KILOS OF SUGAR PER PERSON

There is another trick for delivering goods to the occupied territories that is not connected to the AFU but simply the result of human ingenuity. Entrepreneurs who travel close to the demarcation line have to go through a number of procedures and to register with the tax office. Mostly they say they are planning to sell goods in the smaller villages. But instead, once the numbers are examined, it turns out that 58 t of sugar are delivered to a shop in a certain village with supposedly only 500 population, after which it manages to drift away somewhere. In other words, the store is simply being used as a transshipment base. People from this side cross the checkpoints and take goods over to territory not under Ukraine’s control. They are called “ants,” smuggling in cars, on mopeds and even by foot. The stream crossing the demarcation line is a stream of boats.

“There’s a ferry in Lobachiv and next to it is a bunch of little stores where huge amounts of goods are regularly delivered,” says Andrew, bringing up a concrete example. “Is this illegal? No. There aren’t any limits as to how much of anything can be delivered to a settlement of a given size. The stores are about 50 m from the river, near the shore. Right next to the ferry. About 30 m from the shore, on the other side of the river, is the stronghold of a platoon of separatists. In order to catch a smuggler crossing on the ferry, you would have to get him when he places this all into a boat under the sights of the enemy... If there’s no agreement with the other side not to shoot at us, we might just pass by 30 m. But that’s it...”

Issues like establishing clear caps on how much can go through stores that are at the front to expanding the currently very restricted ways in which the guilt of smugglers can be established, along with those aiding and abetting them and to punish all of them for their activities could possibly be established in a legal manner.

“We got quite a few lumps in our first month and we’re now drafting a number of bills to get the legislative aspect of this problem in order,” says Halushchenko. “Otherwise,

Consolidated mobile groups whose main objective is to stop the illegal flow of goods across the frontline have been working in the ATO zone since mid-July. They included men from the Security Bureau of Ukraine, the State Fiscal Service, the Interior Ministry, the State Border Service, the Army Enforcement Service, and people from various volunteer organizations. The Military Prosecutors of the General Prosecutor’s Office support the groups procedurally while fire cover is provided by highly mobile paratrooper units of the Armed Forces. The groups are located in Mariupol, Volnovakha, Kurakhiv, Druzhkivtsi, Sloviansk, Lysychansk, and Shchastia.

we can only wave our AK-47s around, yell ‘Mwaahaha, I’m gonna shoot everybody and a lost tank will show up any minute and incinerate your car!’ Lost tank... that’s a good one, but as someone who values property and work, I personally find it very hard to just shoot something up and destroy the fruits of someone’s labor. I will try my utmost to return it to my country.”

Halushchenko says that in the five weeks their mobile groups have been operating, the flow of smuggled goods has slowed down. “As of now, the level of smuggling has gone down considerably,” he says. “Not to brag, but we’re getting blamed, we’re such bad asses that they’re afraid of us... and they’ve even begun shooting at us.” Andrew laughs.

### HUMANISM OR STATEHOOD?

One more way to solve this problem is to open humanitarian logistics centers—warehouses. One should be set up in the village of Novotoshkovske, in Luhansk Oblast. Word is that two more are planned for Donetsk Oblast, outside Artemivsk and near Volnovakha.

“Logistics centers function as specialized markets for wholesale and retail sales,” explains Umka. “Residents from the occupied territories will be able to go through a crossing point to such a market, buy goods for normal prices, and return to their homes. After all, our goal is not to lose the people who live in the areas that are not in Ukraine’s control now... but to let people understand what’s going on with them, to understand that their current ‘overlords’ can’t take care of them today. What’s more, these goods will be made in Ukraine and people will see that it’s not as good in Russia as they think. This will also help fill the local budgets in those counties. People will come there and leave their money, and that will go to help develop the oblast economically. And of course we’ll be generating new jobs for locals.”

It sounds good. But there are some problems with this plan as well. “Logistics centers would be a great PR move on our part and they would emphasize that things are good over here and bad over there,” says Andrew. “That things are cheap here and they have nothing there... But this had to have been done two months ago. Right now, the markets in the occupied territories are offering a lot of Belarusian goods for relatively normal prices.

What’s more, he points out, “Trading with an unrecognized terrorist state is evil.”

“Yes, those are our people living there and yes, we can forgive them...,” Andrew continues. “But the fact is that they are collaborators. They’ve accepted those ‘passports.’ Those who had jobs are continuing to work at companies who now pay their taxes to the ‘republic’ budgets. This is sleeping with the enemy... As a humanist, I can accept that we need to support them. But as a citizen of my country, they all deserve to be taken to court. They don’t even want to admit that they are collaborating.”

\*On September 2, Andriy “Andrew” Halushchenko was killed in the area around Shchastia, together with a soldier. Four others were injured. It’s highly likely that this was related to their anti-smuggling operations. Off the record, Andrew had told UW that he had received more than one threat. In particular, he mentioned threats from the senior officers of the 92<sup>nd</sup> Mechanized Brigade. “Andriy was asked to move to another sector but I convinced him to keep working around Shchastia,” Luhansk Governor Heorhiy Tuka wrote on his Facebook page. “We had this conversation just yesterday [September 1]. And this morning they killed Andriy... I have a pretty good idea whose hands were involved in this. You should know that, as of today, you’re not just a scuzzy huckster, you’re my personal enemy.”

“What’s more, such logistics centers would make it possible to feed the hungry on that side...,” Halushchenko continues, “but if the logistics centers are located really close to the demarcation line, a strong guy can take 10 sacks at 50 kg a pop, which means 500 kg of products every day to the other side. We’ve suddenly legalized his activities and made it even easier for him!”

There’s also the simple issue of security. If the movement of people is not properly controlled, diversionary groups could easily cross over, or even just people who want to ‘check out’ Ukrainian positions. “From a security angle, it would be better to set up the logistics centers somewhere on a dead-end railway branch where the rails haven’t been damaged,” says Halushchenko. “People would only be able to get there by rail, for instance, getting on at Stakhaniv. Then the human traffic can be controlled. On Ukrainian territory, the trains would be covered by border patrols and SBU officers who will check all the passengers. By rail—with no way for reconnaissance or sabotage groups to get there by road and so on—people will arrive at a logistics center that is in a closed-in territory containing all the necessary infrastructure.

“We set up these logistics centers 7-10 km beyond the demarcation line and not near any population center,” Andrew continues. “It should not be connected to any settlement and there should be no interaction with the local population. That way, our ‘guests’ won’t be walking through the positions of our military, they won’t be able to see what’s where, they won’t be able to observe movement and traffic deliberately and regularly... The idea of these logistics centers is excellent, but it hasn’t been worked through properly.”

### THE SCALE OF GENERALS

The lieutenant of the Harpoon unit, Yevhen Karas, worked with smuggling both in Stanytsia Luhanska and outside Horlivka. He did not notice any “regional” differences.

“Two sides are mixed up in this: local residents and the military,” explains Karas. “The locals are entrepreneurs who have access to vehicles, who then turn their earnings into yet more vehicles and that’s how they live. As to the military, this is connected to the commanders and their deputies, and it doesn’t matter whether these are volunteer battalions of Interior Ministry or the Armed Forces. In any case, it’s not the sergeant in charge of the checkpoint who makes these decisions, it’s the upper echelons.”

The turnover is astronomical, notes the lieutenant. “For a large shipment, you’re looking at as much as half a million hryvnia,” he says. “The numbers are unbelievable! With this kind of money, they can recruit even volunteers and we’ve already heard stories of the volunteer battalions who yielded to temptation... Not to mention those who were mobilized. Let me give you a real example. There’s a battle raging between two checkpoints. Field guns and cannons are exploding, everything is thundering and shooting! But in fact, this is all really being done so that in the dip between the checkpoints semis can cross and bring cargo to the separatist side. The two sides simply agreed to imitate a battle. Covering contraband with fire—can you imagine what it has come to? Everything for the sake of money!”

The members of the mobile groups have also reported incidents when shooting took place simply to cover smuggling activity.

Karas also says that many rank-and-file have no idea of the real purpose of the fight. And some honestly think there’s nothing wrong with what’s going on. “Plenty of guys justify what they are doing because, they claim, ‘the deputies in the Verkhovna Rada are profiting from the war, so why shouldn’t we get a little something out of it, too? We’re still killing the enemy but we also let them get some grub... may they choke on it!’,” Karas explains. “This is the wrong approach. Yes, some of the deputies are a-holes. And yes, they profit considerably more. But getting food over to the separatists while thinking ‘may they choke on it’—you’re cooperating in a commercial deal with them, cutting deals, and breaking the law. If you’re a bit short on the IQ side, then you’re likely to be recruited as well, eventually. They’ll record your negotiations and that’s it: they have a new agent who can’t get away from them any more.”

In Karas’s opinion, the real battle with illegal trading started when one-time volunteer Heorhiy Tuka became governor of Luhansk Oblast. “There was complete mobilization all along the line of contact,” he recalls.



### TRAFFIC FROM UKRAINE TO THE OCCUPIED TERRITORIES IS MOSTLY FOOD AND MEDICATION, WHEREAS FROM THE OCCUPIED TERRITORIES TO UKRAINE IT’S WEAPONS, ILLEGALLY CONFISCATED CARS AND DRUGS

It affected both sides of this ‘business.’ “Many of these wheelers and dealers are afraid that their vehicles will be seized,” says the lieutenant. “One man gave an example: he gets UAH 5,000 in profit for every legitimate cargo he transports, but UAH 20,000 if he handles contraband. But if someone takes away his Volkswagen Transporter, he won’t get anything! Of course, there are those who are ready to risk, who have several vehicles, not just one little van.”

Karas is pretty clear about what must be done. “If we want to stop this business on the army side, putting the screws on the ordinary checkpoints won’t do it,” he says firmly. “I think right now the smuggling will keep going on, not because of someone has a van or a pickup truck. It will quiet down but it will continue on a huge scale. Single enormous freight trucks, at the level of colonels and generals, not majors.

“Still, to get the smuggling mechanism set up, they have to negotiate with someone right now,” he continues. “For instance, the deputy commander of one of the MIA battalions was caught smuggling, an officer with no reputation within his own unit. He was caught red-handed—and the case has gone dead. The evidence was there but he’s still not in jail! ... Mobile groups won’t achieve anything if the upper echelons aren’t touched. But thanks to pressure from the press, maybe something will happen. If one of the groups gets a general in its sights, the case has to get the spotlight so that this swine doesn’t get whitewashed... If a couple of these criminal groups can be destroyed at the level of generals, then the rest of the generals will start to think: ‘They have our asses. I’ve got enough out of it, so maybe it’s time to stop this business, because it’s getting dangerous. They caught a general and jailed him, and no one tried to cover for him.’ They’d all stop to think a little...” ■

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# Archetypes of the Donbas War: Heroes, Martyrs and Victims

Stanislav Vasin

In the more than year since the conflict started in the Donbas, a whole series of archetypes has developed among the people in the ATO zone, individuals who have not only begun to perceive war strictly in pragmatic terms, as something inevitable and unavoidable, but who associate the infrequently peaceful moments in their lives with that conflict, finding themselves frequently before the camera's lens as a news topic in that same war. Altogether, we can see three such social types.

The main one is **the Hero**, but actually a “hero,” as these people who see themselves in this light only bring up their heroics in a peaceful environment with the phrase, “I fought for you.” Without connecting it to any ideological issues, such people are actually present in the ranks of the Armed Forces of Ukraine as well as among the militants, the only difference being that, given its constant position within cities, the “insurrection” ever more frequently uses the war as a way to pressure those who still haven't joined the ranks of the “Armed Forces of Novorossiia.” Overall, the behavior of such people is grounded in the notion of the sacred nature of war, where any one of its participants can feel the moral debt of those who remain outside it.

An incident in Donetsk was widely broadcast, where three DNR militants began to harass two young men on a bus that they “hadn't see them at base camp” and that here they were, safely traveling around town while the “heroes of the republican guard” were shedding blood for them. Psychologically, the phrase “I fought for you” leaves behind a trace of resentment for the rest of the person's life. Even when they return from the war, these fighters feel like anything but heroes—unlike the way they saw themselves in real battles—being mere mortals facing the same low-grade apartment, rudeness in public transit and indifference in the offices of bureaucrats.

Another actor on the social stage of war is **the Martyr**, those who were left behind in the occupied territories with pro-Ukrainian views and who remind themselves and everyone within earshot of this at every opportunity. Of course, to demonstrate that there are Ukrainian patriots in the ATO zone is very much needed, but when you actually talk to them, you notice a growing hint of masochism, when stories about their harsh life under occupation are interwoven with a smug satisfaction at the thought of how unique and meaningful their situation is.

These individuals see remaining in the region as an end in itself and often are sincerely prepared to suffer the dangers to which they are exposed through the lens of the television camera, expressing their convictions in social networks or in conversations with those who left the occupied city.

You can often hear various versions of the phrases, “Well, we're not chumps to run away” or “We've already suffered through the worst! What do all those IDPs know about, sitting safely in Kyiv?” Indeed, this is already turn-

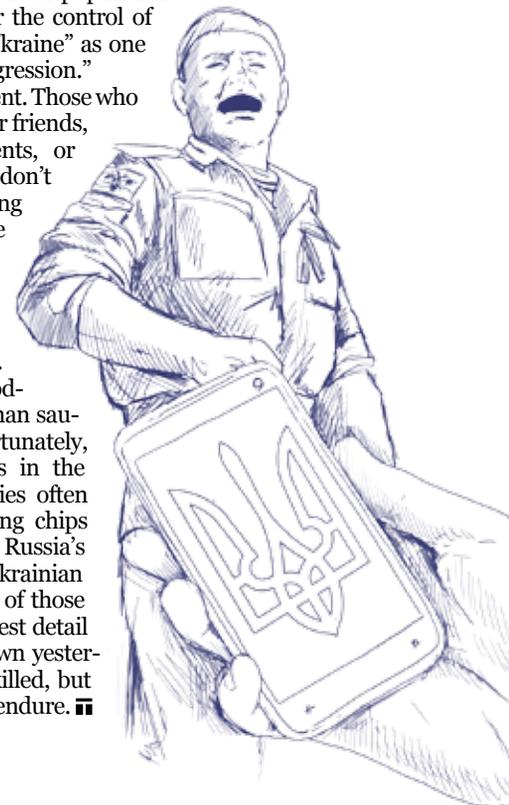
ing into a variation on the “I fought for you” theme, only with a civilian bass line. Most of the silent patriots have either adapted themselves to the DNR reality and found themselves a job or continue to cooperate with the Armed Forces of Ukraine as volunteers or in other, “closer” ways.

Finally, we come to the third archetype of the Donbas war, possibly the most widespread one: **the Victim**. This role is played exclusively by fans of Russkiy Mir and of the “folk” ideas constantly broadcast on Russian channels. We aren't talking about the residents of the region who have genuinely suffered from shelling, regardless of their views, only about that layer of society that considers itself “victims of war” even as they stand behind a market table selling anchovies and stockfish. Their psychological slogan, “We the victims,” is based on only one central idea: “The punishers are keeping the people of Donbas down.”

Whereas the archetype of the Martyr arose from the voluntary decision to remain in the ATO zone, the “victimhood” of the ideological supporters of DNR comes from its opposite: the thought that they should not be running away from this region. These individuals, most of whom have lost neither property nor family, are quite simply annoyed by the presence of Ukraine near their homes, and the closer this line, the greater the “trials and tribulations” they suffer. Needless to say, the Russian version of the news promotes this social image throughout Donbas, portraying the local population of the cities, whether under the control of the DNR or “occupied by Ukraine” as one swath of victims of “Nazi aggression.”

In the end, real war is silent. Those who lost their arms and legs, their friends, their homes and apartments, or their nearest and dearest don't waste their breath reminding themselves or anyone else about this. Instead, they turn this profound personal tragedy into just one element of social and news requests about the disaster.

In the news, the war is a product to buy and sell no less than saucages on the market. Unfortunately, those who find themselves in the epicenter of combat activities often become unwitting bargaining chips in such horse-trading, when Russia's LifeNews and a slew of Ukrainian channels film entire queues of those eager to describe in the goriest detail how their house burned down yesterday or their neighbor was killed, but they, as always, continue to endure. ■



# Aliens Versus Predators

Kateryna Barabash

Last week Russia went beyond the point of no return: Ukrainian film director Oleh Sentsov was sentenced to 20 years of imprisonment for allegedly attempting to organize a terrorist attack in Crimea — a plot to knock down the statue of Lenin, something that was never actually proven. His colleague, anarchist Oleksandr Kolchenko was sentenced to 10 years. An hour earlier, Yevgenia Vasilieva had been released. Ex-chief of the Property Department at the Russian Defense Ministry, she had been sentenced to five years for fraud and abuse of office, but ended up with an early release and a compensation of RUR 300mn.

Hardly anyone in his or her sound mind believes that Sentsov is guilty. Don't plunge into intricate details of jurisprudence. Just recall how the court decided to not take into consideration the statements of the witnesses whose previous testimony against Sentsov given under torture it considered perfectly legitimate.

From here, let's move to something a bit different. The awareness of law is at the embryonic stage in this post-soviet society. The parents of the embryo — civil society and a constitutional state — are not even born yet. So far it has not even reached the judges. Thus, the dilemma of the Sentsov trial was all about him being a homeboy or a stranger. His supporters and opponents express their opinions on the process based exclusively on their attitudes towards the annexation of Crimea. Those who see it as restoration of historical truth automatically believe that Sentsov should be in jail. Those who see it as it is — a bandit grabbing of foreign territory — believe that Sentsov is innocent. Hardly any of these people have read the case files. Anyone except for Andrey Zviagintsev, who first read the volumes, and then stood up to protect Sentsov. Only a handful of those who say anything about the case use one crucial argument: his guilt has not been proven.

The schism in Russia and the concise division between “homeboys” and “aliens” happened quite some time ago. Barricades have been built. Aliens are against predators. Now, an abyss is being dug between the barricades. With every day, every idiotic law and every anti-humane initiative, the abyss is becoming deeper. Apparently, this is all that the Russian leadership is capable of — digging holes into which it itself is falling on a regular basis, and dragging millions of people, their faith, culture and honesty with it. But even hard-line liberals and democrats are reluctant to admit that the government does not come from planet Mars — it is comprised of people raised amongst us. Even if we never elected them.

I no longer mention that Russians are incapable of protesting. The last diffident wave of protest took place in December 2011 in Russia, but died down



into the now forgotten “Bolotnaya prisoners” after the May 2012 climax.

This is not because of cowardice, nor because of atrophied social consciousness. This comes from complete, massive, disastrous illiteracy of all: liberals, putinists, communists, and columnists.

Because Russia breeds one lost generation after another — first and foremost, lost in terms of education and critical thinking. Without this there cannot be a civil society, or awareness of the law. We were always taught that no law is good enough to live up to Russian morality.

This reminds me of *Equipage*, a popular soviet film by Alexandr Mitta. I was always baffled by the episode where an old and wise commander wouldn't let the pilot do a heroic act because the pilot was a womanizer. Only someone with a crystal pure heart was en-



**RUSSIA BREEDS ONE LOST GENERATION AFTER ANOTHER — LOST IN TERMS OF EDUCATION AND CRITICAL THINKING. WITHOUT THIS THERE CANNOT BE A CIVIL SOCIETY, OR AWARENESS OF THE LAW**

titled to a heroic feat. The audience applauded, enjoying being better than sound logic, even when it's on a plane that's on fire.

“We are lazy and not inquisitive,” Pushkin wrote back in the early 19<sup>th</sup> century. Yet, he could hardly assume that in many years this diagnosis would become decisive in Russia's destiny. Lazy and not inquisitive. Crimea is ours — even if just because the fans are incapable of learning from the past. Ignorance multiplied by emotions mucked by patriotism builds a solid wall between an individual and law. Why bother reading history, sweating over laws and trying to find out whether Crimea is really ours? A book can shake your firm belief after all. Better not.

In all fairness, the opponents of “Crimea is ours” are for the most part also guided by emotions. They are rarely capable of backing up their viewpoints in a discussion with opponents with historic facts and legal arguments. Meanwhile, those who believe in “Crimea is ours” simply lament about devaluation of the ruble and even the harsh sentence for Sentsov, but still don't bother to stock up on some knowledge of history, law, or philosophy. Knowledge is burdensome and energy-consuming; it takes time. Why don't we just accept the only textbook in history authorized by our government as a given. And the government already knows how to use our illiteracy.

Atrophy of thought is more dangerous than atrophy of soul. It is the slumbering mind that breeds monsters. ■

**Kateryna Barabash** is a Russian journalist and film critic

# Sprechen Sie power?

Once the language of Schiller and Goethe, then of Hitler, German is hip again



Such was the status of German in the 19<sup>th</sup> century—for Europeans generally and for Jews in particular—that Theodor Herzl, the founder of Zionism, once proposed making it the official language of a future state of Israel. In the event, devotees of Hebrew won out. After the Holocaust, German was particularly despised. But times change. Israeli 14- to 15-year-olds going back to school after the summer holidays now have the option of German as a foreign language for the first time at five public schools, to be followed by more.

German is also becoming popular among adult Israelis, and not only the more than 20,000 who have moved to Berlin in recent years. This reflects a broader shift in perceptions. Fifty years after Germany and Israel established diplomatic relations, 70% of Israelis have a positive view of the country, according to a poll by the Konrad Adenauer Foundation, a German think-tank. Many find Germans honest and trustworthy. With the possible exception (at least lately) of Greece, people elsewhere agree, polls show.

This suggests a big gain for Germany in “soft power”. Joseph Nye of Harvard University, who coined the term in 1990, defines it as the ability of a country to hold international sway not by brandishing hard (military) power but by getting others to want what it wants. It is the value of being attractive culturally, commercially, gastronomically, ideologically, or indeed linguistically.

Germans, who are forever coping with their dark past, are thrilled by any suggestion that they are popular. They have come to distrust hard power since 1945 (to a fault, if you ask Germany’s partners in NATO). The country’s political dominance in Europe during the euro-zone crisis discomfits many Germans. Economic prowess and soft power is (almost) all they will allow themselves. And now they have it. *Monocle*, a British magazine, ranks countries by soft power and had Germany as the surprise winner in 2013 and runner-up in 2014, wedged between anglophone America in first place and Britain in third.

In a chicken-and-egg way, language both reflects and generates soft power, says Ulrich Ammon, author of “The Status of the German Language in the World”, published this year. German ranks tenth in the number of native speakers. But it is fourth in the economic output produced by them (including Austrians, Belgians, Liechtensteiners, Luxembourgers, Swiss and others). German is also fourth by number of learners, trailing English, Chinese and French and roughly tied with Spanish, according to Mr. Ammon. Some 15.5m people now study German, 4% more than five years ago.

In the slow-moving world of language that is a steep rise, says Mr. Ammon. The overall increase is especially impressive since teaching of German is collapsing in Russia, where privileges given to

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German over English during the cold war have been phased out. Interest is growing fastest in Africa, Asia and eastern Europe, with the Balkans a hotspot. Many learn it mostly to boost their careers. Some hope to get a job in Germany, where certain industries are short of labour because the population is shrinking. Others want to engage Germany's prodigious exporters. An interest in German culture develops along the way.

Germany's government tries to promote the trend. But compared with, say, China, which is aggressively pushing its Confucius Institutes, Germany seems shy about it. It does not share France's prickly obsession with defending the national tongue. And when France talked of a school reform that would have the (unintended) consequence of reducing German teaching, officials in Berlin merely muttered. German is hardly ever taught as a first foreign language in schools anywhere. Officials simply hope to make German the second or third on offer in more places.

Moreover, ordinary Germans seem blasé about pushing their language on others. Linguistically ambitious expats in Germany complain that many locals prefer to reply in English. And even when Germans speak *Deutsch*, it is so littered with Anglicisms that purists fret about a spreading patois called Denglish. (Beware false friends, foreigners: *Handy* is not an adjective but a mobile phone.)

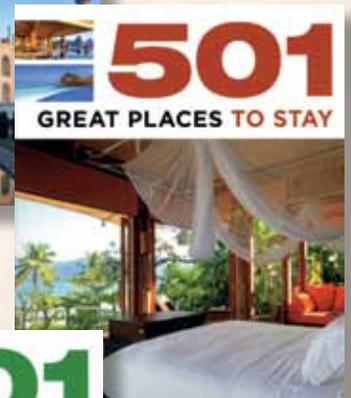
An even older gripe is that German is too hard to bother with. In 1880 Mark Twain complained in "The Awful German Language" that the treatment of gender—so that "a young lady has no sex, while a turnip has"—borders on perverse. And nouns "are not words, they are alphabetical processions". Twain sensibly suggested the language should be "trimmed down and repaired".

Foolishly, the Germans have not heeded his advice (changes to spelling in the 1990s, many think, made matters worse). Fortunately, however, the task is not as futile as Twain suggested. With its predictable spelling and pronunciation, German can be mastered, whereas English, with its protean spelling and word order, may seem easy but prove treacherous.

### CUNNING LINGUISTS?

It is obviously beneficial to a country if more people speak its language. At best, that language becomes a *lingua franca*, as English is. German never will be. But its growing use still helps. It equips more people around the world to work in Germany, which the country needs as it ages.

Proficiency lets more foreigners understand how Germans think. It may convey, for example, the moralistic approach Germans have towards debt (*Schulden*), which is etymologically close to guilt (*Schuld*). The word for nipple (*Brustwarze*, or "breast wart") may point to export limitations in the romantic genre. But no other language matches German's capacity to describe *Fahrvergnügen* (driving pleasure). And though many languages have polite forms of address, the awkwardness over when to switch from the formal *Sie* to the informal *du* says much about German social norms. Even as German power grows, more may see in each German the whole human, or rather the *Mensch*. ■



# Where is Leadership to be Found?

Leonidas Donskis

A great many commentators are inclined to sigh now with sadness when mentioning the Leaders of Europe with capital L. The same applies to the Politicians and Statespersons seemingly extinct in today's world. Where are they now? All we can do is exclaim the recurrent punch line after François Villon's immortal "Ballad of Old-Time Ladies": "But what is become of last year's snow?"

In fact, it is difficult to oppose the widespread opinion that a figure like Winston Churchill or Franklin D. Roosevelt would be hard to imagine in today's politics. Nearly the same could be said about Margaret Thatcher or Ronald Reagan. Therefore, with sound reason we could ask as to whether this is all due to a certain deterioration of the political classes of the entire Western world. To cut a convoluted story short: Where is a Churchill or a Roosevelt now? Or where is at least a Ronny Reagan or a Maggie Thatcher now?

What is behind it? Mass democracy with its inevitable moves trying to make it up to the masses? Mass culture and consumerist society incapable of defending liberal democracy and values of freedom? Weaklings and petty souls in politics with no guts and willpower to pursue the ambitious goals and programs for the future of humanity?

I would argue that yes and no. Yes, because collective mediocrity with its lack of *raison d'être*, courage and magnanimity, a phenomenon, which Andrei Piontkovsky has wittily termed a collective Chamberlain, is not a fantasy (by Chamberlain we mean here Neville Chamberlain, Great Britain's prime minister from 1937 to 1940 famous for his policy of appeasement towards Adolf Hitler's Germany). No, because even a statistical figure may turn into a hero when the time comes.

What do I mean by the time? Yes, a real challenge. When we start praising Churchill up to the skies — and rightly so, as the man was a giant in politics despite some dangerous traits of his thought and work — we tend to forget the fact that Churchill became the unquestionable leader of Great Britain only after the bombing of London. It was then that his address to the nation sent a powerful message about his moral and political leadership.

Even George Orwell who was quite far from the Tories in terms of his political views, to say the least, perceived Churchill as the leader of Britain. Most telling was the fact that the main character's forename in 1984 was Winston — a conscious move acknowledged by Orwell himself, after his comments on the great dystopia initially intended to bear the title *The Last European*. The



same applies to Roosevelt — soft in talking and hard in acting. They tackled and responded to the major challenges of their time. To be a leader always means to respond to the challenge properly.

The Cold War heroes Ronald Reagan and Margaret Thatcher had their high moments in 20<sup>th</sup> century history. Both showed the backbone, courage, and moral character strongly opposing Soviet policies of intimidation and political terror. We can argue about their domestic policies and controversies with Neocons or Tories, respectively, but very few would question their authority and achievements in foreign policies, especially dealing the final blow to the bleeding evil empire, the USSR.

John F. Kennedy was to become a hero after the Caribbean Crisis, although the beginning of his presidency was quite problematic in terms of his fight with his major rival and foe Nikita Khrushchev who surpassed him more than once in his rhetorical onslaughts on the USA and aggressive stance. When his



**PUTIN'S FASCISM AND AGGRESSION IN EUROPE WAS STOPPED, FIRST AND FOREMOST, BY THE COURAGE AND HEROISM OF UKRAINE. YET THE LEADERS OF THE WORLD HAD THEIR ROLE HERE AS WELL**

time had come, JFK did right. He did not mess up the right cause and he did not blink first.

Much the same happened to President Barack Obama over the past years. A peacenik and leftist devoid of commitment and strength, as his critics like to portray him, Obama has emulated and repeated the heroic courage of JFK stopping what was on the way to the Third World War. His speeches in Poland and Estonia were the red line that he drew for Vladimir Putin's Russia. The plan to intimidate the West and NATO by pressing hard the Achilles' heel of the West, that is, the Baltics, Poland, Finland, and Sweden, has failed.

Needless to say, I could offer many bitter words myself about present European policy makers with all their greed, cynicism, cowardice, and moral misery, which was best summed up in Edward Lucas' term "schroderization" of the EU political class. Yet the fact remains that after Gerhard Schröder we do have Angela Merkel whose leadership in Germany and Europe was and continues to be nothing short of a miracle.

We can conclude safely that Putin's fascism and aggression in Europe was stopped, first and foremost, by the courage and heroism of Ukraine. Yet the leaders of the world, namely, Barack Obama and Angela Merkel, had their role here as well. They have responded to the challenge. ■

**Leonidas Donskis** is a philosopher, political theorist and social analyst. European Parliament MP in 2009-2014, he is now Professor at Vytautas Magnus University in Kaunas, Lithuania, and Honorary Consul of Finland in Kaunas



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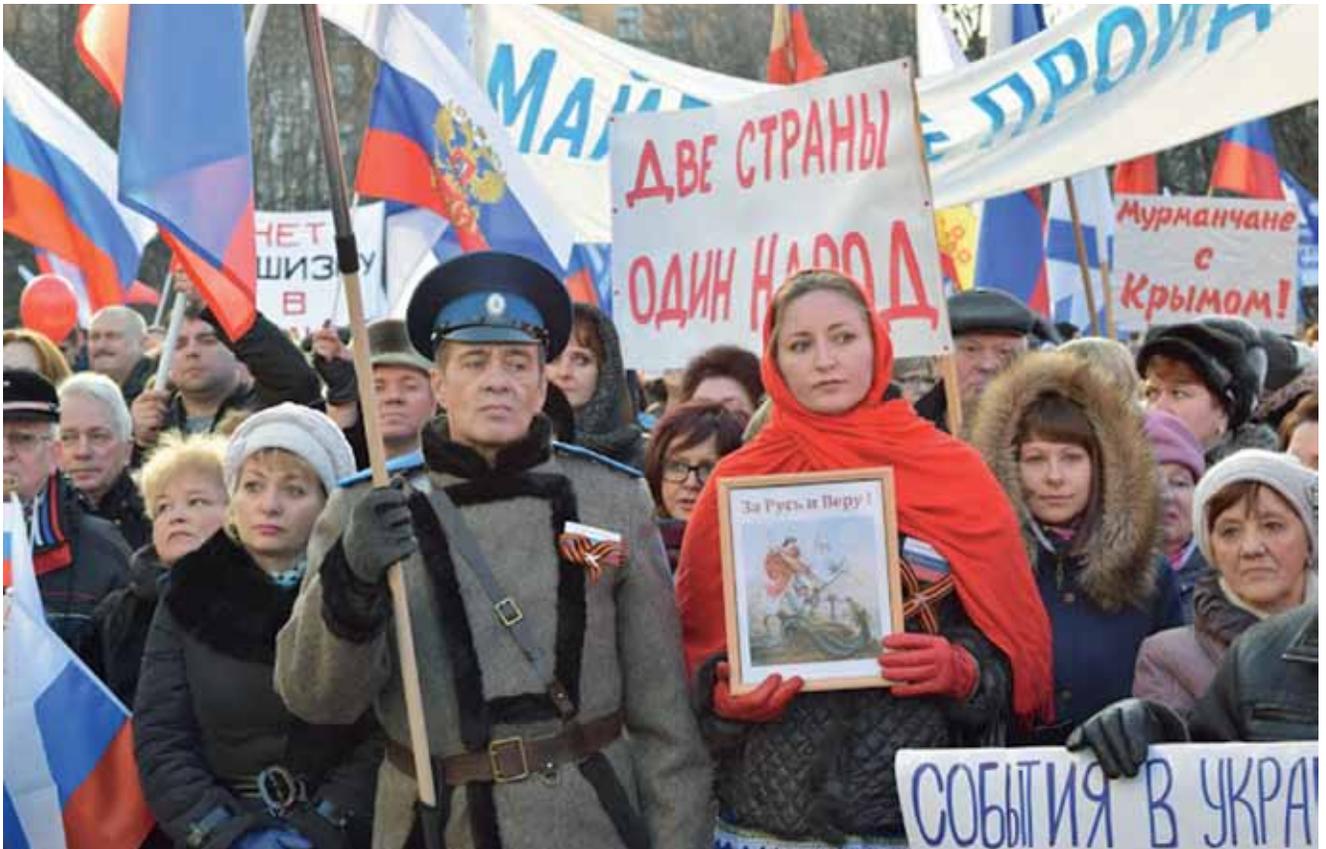
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# “Beloved Ukraine” or Russian Deniability

Philippe de Lara

In a democratic world where colonialism has no legitimacy and is becoming something like evil, communism and its Putinian sequel managed to hide their own colonial practices completely



“Two countries — one people”. Russia does not understand itself and Ukraine as relation of domination, and in fact not as a relation at all. To it, Ukraine was and is Russia

Stalin’s collectivization of agriculture was actually an internal colonial war. In his “Bloodlands: Europe Between Hitler and Stalin”, Timothy Snyder gives an illuminating account of the Soviet empire as “self colonization”. Although it proved its readiness for expansion after 1945, it was primarily an “internal empire”: it treated its lands and people as colonies, mobilizing all the peoples of the empire in the building of a new order, through an affirmative action strategy favouring (non-Russian) “nationalities” from 1917 to 1929, then through a more open and imperial domination, but always denying its colonial nature: the Soviet “fortress” was the “fatherland of the workers of the world” and other fake claims to universal benevo-

lence. Which oppression is more unbearable than the one that firmly denies itself? Hence the ruthless violence of bolshevism, its “war against its own people” as Hannah Arendt coined it. This is a unique political pattern: domination by assimilation, assimilation by love and denial. Internal colonialism was a general feature of the Soviet world, but it has a major intensity and persistence in the case of Ukraine (and to a lesser extent of Belarus). It is a very paradoxical condition, easy to misunderstand or to forget, difficult to spell out. Personally, I almost instantly shared the craving for “desovietization” of Ukraine when I met it, but I needed much more time and experiences to understand the colonial dimension of the Soviet rule and of its Putinian sequel,

because internal colonialism is both deeper and less visible than standard colonialism.

Ukraine was the jewel of the empire: rich soils, frost free coastline, with almost no period of independence for centuries and with an intricate history easy to distort and to drown in a Russian tale of *malorossy* — “little Russians”. But it is also a dangerous country to watch like a hawk, because of its strategic location, next to Poland and to the West, and because of its rebel mind, its stubborn claim to political autonomy, shared by poets and peasants, despite an age-old lack of statehood. “I love Ukrainians but not what they think they are, nor what they say”, could one read recently in a reader’s post in *Le Monde*. Although blatantly inconsistent, sadomasochistic so to speak, self imperialism is the core of the Soviet and Putinian temper towards Ukraine, made of propensity to violence, love-hate, sincere bad faith (being deceived by its own big lies).

What is unique to internal colonialism among colonial and totalitarian empires? Compared to Bolsheviks, the Nazis displayed an equal if not worse cruelty, but not against the Germans. Their violence was against alien enemies. The Jews, including German Jews, were considered the most alien of aliens, the “counter race” (*Gegenrasse*). French colonial empire had a special relationship with Algeria. It was not only the jewel of the empire, but a part of France itself. Legally since Algeria was the only colony to be a “department” (oblast), but most of all in the political imaginary: “L’Algérie, c’est la France”, used to say many politicians, including François Mitterrand in his youth. Algeria’s independence was unthinkable even for people who agreed with decolonization for other French dominions. Yet, this imaginary integration matches by no means the imperial Russian and Soviet relationship with Ukraine. Especially in the Soviet era, the stifling “brotherly love” did not understand itself as relation of domination, and in fact not as a relation at all. Ukraine was Russia. And it is still the same today since the Putin regime endorsed the imperial Soviet legacy. Ukraine should not exist. Rather, Ukraine does not exist and we love it! The puzzling fact with this extremely violent standpoint is its plausible deniability force: how can there be any colonialism if there is no genuine colonized people?

Again, many empires were convinced of their own legitimacy to such a point that they were blind to the oppression and injustice they inflicted to natives, but none to the point of denying their very imperial status (including the phrase “empire”), to the point of considering any claim or expression of a dominated identity as a mistake. Claiming that Ukraine does not exist is even more brutal than claiming that the Maidan revolution brought a “fascist junta” to power. Rather, the first claim is the “proof” of the second. The trouble with Russian denial is that it is sneakily contagious. It backs without saying all kinds of “reasonable” attitudes: from under-

standing for Russian policy (“it is their Lebensraum”) to wait-and-see scepticism towards Maidan (“are they able to govern themselves?”). Of course it is unfair, of course it is based on big lies about the “Rus” — pretending that Rus and Russia are one and the same thing —, about Saint Volodymyr being Russian, about the inseparability of Ukrainian and Russian culture and economy, etc. But it works. When Depardieu repeats after many “Ukraine is part of Russia”, even those who don’t take him seriously wonder whether he has a point, even a limited one. There is a vicious circle which turns Soviet and Russian



## MAYBE THE NARRATIVE ON EUROPEAN VALUES AND EUROPEAN ROOTS OF UKRAINE IS NOT ENOUGH IF IT IS NOT CLEARLY CONNECTED TO A DECOLONIZATION NARRATIVE

denial into a self-fulfilling prophecy: the non-existence of Ukraine proves that there is no Soviet and Russian colonial domination, the denial of colonial domination proves that there is no such thing as Ukraine. As lunatic and outrageous as it is, this pattern of thought has some currency. It is like a layer cake: if you don’t buy one layer, you will accept another.

In a democratic world where colonialism has no legitimacy at all and is becoming something like the evil as such, communism and its Putinian sequel managed to hide completely their own colonial practices. Many people agreeing to condemn Russia’s violation of human rights, political violence, aggression of neighbours will hesitate in *naming* these practices “colonial”, be it in Chechnya, in Georgia, in Ukraine (Crimea, Donbas). Putin’s Russia may be guilty of a lot of crimes, but not of this one, which happens to be the crime as such for the liberal mind.

Ukrainians and friends of Ukraine should be aware of the issue: internal colonialism is so deeply hidden it needs special efforts and special concepts to be dug up. Maybe the narrative on European values and European roots of Ukraine is not enough if it is not clearly connected to a decolonization narrative. This is the ultimate meaning of decommunization laws and the reason why they should be supported without restriction. But there is a long way to go. Separating from an inner colonizer and managing to live with him is much more challenging than mere decolonization.

To break with the colonizer, with the cultural alienation is more demanding in the case of internal colonialism and, at the same time, the bounds created by common history are deeper, and probably more fruitful. Is not the Russian speaking culture a living part of Ukrainian life? Many Russian speaking writers, academics are as Ukrainian and patriots as their Ukrainian speaking colleagues (for instance Andrei Kourkov or Olena Stiazhkina). And they are also — that’s the tricky but positive thing — members, and perhaps among savers of Russian culture, which is today, so to speak, a political refugee in Ukraine. To put briefly a complex issue, the presence of Russian culture and language in Ukraine is a many-faceted reality, connected both to the deepest alienation and the richest genuine sources of Ukrainian culture. This is the burden of internal colonialism. ■

**Philippe de Lara** is Assistant Professor at the Panthéon Assas University (Paris), runs the Modernity and Totalitarianism research programme. His most recent book is *Naissances du totalitarisme* (Births of Totalitarianism) published in 2011. His current focus is on totalitarianism and the meaning of Ukraine’s history for European identity

# The Independence Imperative

Volodymyr Vasylenko

When Ukraine declared independence on August 24, 1991, it not only meant the revival of the Ukrainian state—it was the decisive event in the collapse of the totalitarian soviet empire



**Predecessor of the president.** Once the process of legitimizing Ukrainian SSR's sovereignty was launched, Volodymyr Ivashko was promoted in Moscow and transferred his duties to Leonid Kravchuk

Ukraine did not gain independence like a bolt from heaven because of Moscow's failed putsch in August 1991, a hypothesis that is not only based on a narrow-minded ignorance of history, but one that is also the ideological meme used to impose Russian imperial stereotypes on Ukrainians. In 1991, the USSR gave the appearance of a mighty monolith. The myth of its monolithic might was supported by deliberate propaganda and cultivated in the soviet educational system from kindergarten to graduate school.

In reality, the system built by the bolsheviks in the early 20<sup>th</sup> century had already exhausted its resources. The way the totalitarian communist empire had been built, with a monopoly of power resting in the Communist Party, flew in the face of the laws of the universe and of social organization, whose underlying principle is diversity. The strategic goals of the communist government were utopian and unnatural, while the ways in which it tried to reach them, illegitimate and inhumane. By 1985, soviet leadership headed by Mikhail Gorbachev began an attempt to overcome their systemic crisis through perestroika or rebuilding, but these efforts were doomed because they were based on the idea of preserving a system that was neither viable nor sustainable.

## A PARADE OF SOVEREIGNTIES

From November 1988 through December 1990, most of the soviet republics passed declarations of sovereignty, which included making republican laws supersede soviet ones. The first to do so was the Estonian SSR, whose legislature passed a Declaration of Sovereignty on November 16, 1988. It was soon followed by the Lithuanian SSR on April 18, 1989 and the Latvian SSR on July 28, 1989. These documents stated, among others, that the future status of the republic within the USSR would be established on a contractual basis. On September 23, 1989, the legislature of the Azerbaijani SSR passed a Constitutional Bill "On the sovereignty of the Azerbaijani SSR," which declared the republic a "sovereign socialist state within the USSR" whose territory was governed by its own and soviet laws, provided that the latter did not violate the sovereign rights of the Azerbaijani SSR.

At the beginning of 1990, all three Baltic countries announced that they were leaving the USSR altogether. On February 2, the Estonian legislature passed the Declaration of State Independence of Estonia, while on February 23, the Estonian SSR issued a Resolution "On preparing for the independence of Estonia," which proposed "starting official negotiations between the USSR and the Estonian SSR regarding the renewal of the independence of the Estonian Republic based on acknowledging the validity of the Treaty of Tartu signed between Estonia and the Russian Socialist Federated Soviet Republic on February 2, 1920.

Meanwhile, on February 15, 1990, the legislature of the Latvian SSR issued its Declaration of State Independence of Latvia, which included "the need to take steps to transform the Latvian SSR into a free and independent Latvian state." On May 4, it issued the Declaration of the renewal of the independence of the Latvian Republic. The country's highest law-making body declared the July 21, 1940 Declaration "On the entry of Latvia into the Union of Soviet Socialist Republics" invalid and restored the Constitution of the Latvian Republic, which had been set by a

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Constituent Assembly on February 15, 1922, across the entire territory of Latvia.

On March 11, the Lithuanian legislature followed suit and issued an Act on the renewal of the independence of the Lithuanian state and declared the Constitution of the USSR null and void across the entire territory of Lithuania.

The Baltic republics also supported Georgia, which issued a Resolution “On the guarantee of Georgia’s state sovereignty” on March 9, 1990. This stated its intentions of eliminating violations of the May 7, 1920 treaty between Georgia and Soviet Russia and restoring Georgia’s rights as a nation. It also proposed starting negotiations to restore Georgia as an independent state.

The situation in the Ukrainian SSR evolved somewhat more slowly. Because of its significance within the soviet empire, the nationally self-aware elite was systematically destroyed over the course of decades while the local segment of the communist system was built up especially strongly. The Communist Party of Ukraine (CPU) leadership led by Volodymyr Shcherbytskiy tried to counter any political initiatives among the citizenry and prevented the formation of any civic organizations that were not under the control of the CPU. Moreover, it resisted democratization and continued to promote the preservation of the USSR.

Nevertheless, national democratic forces began to emerge in Ukraine, the most active of whom concentrated themselves around various cultural associations. The earliest of these were societies established in the capital: the Ukrainian Culture Club (1987), the Heritage Ukrainian Discovery Club (1987), the Shevchenko Ukrainian Language Society (1988), and the National Union to Foster Perestroika (1988). The Lion’s Society was established in Lviv. Similar societies, communities and associations began to emerge widely and encompassed all of the country’s major cities. Their activities were largely aimed against the russification policies of the communist regime, which had reached dangerous proportions in the 1970s and 1980s, threatening the very existence of the Ukrainian nation.

As the number and activity of these civil organizations grew in Ukraine, the question arose of how to coordinate their activities and establish a single mass-scale civil organization at the national level. This became Narodniy Rukh Ukrainy, the National Movement of Ukraine for perestroika, which was organized formally in September 1989 at a constituent convention in Kyiv. Initially, the Rukh platform did not directly and unequivocally include demands that Ukraine leave the USSR, but stressed that “national state development in the republic needs to be carried out with the purpose of confirming the state sovereignty of the Ukrainian SSR,” and that constitutional reform “should lead to the USSR becoming a Federated Union of truly sovereign states based on the full and equal status of each of its members.”

Broad public support for Rukh was the decisive factor in the success of national democratic forces during the election to the Verkhovna Rada on March 4, 1990. In the run-up to the election, Rukh and those organizations whose spirit matched it formed a Democratic Bloc. It saw 111 of the candi-



**On Moscow Time.** Ukraine was the Great White Hope of the new Commonwealth Agreement

dates on its electoral lists seated in the 442-seat 12<sup>th</sup> convocation of the Verkhovna Rada of the Ukrainian SSR. This was a remarkable success in what was effectively a one-party system—the provision in the USSR Constitution that confirmed the leading role of the Communist Party was only dropped after this election—and the CPU’s monopoly on the news and information industry. On July 16, 1990, the newly-elected Rada issued a Declaration of the State Sovereignty of Ukraine.

Needless to say, Moscow did not just stand idly as the center of the USSR while this parade of sovereignties marched by.

#### **THE CIS AGREEMENT: NEW MARRIAGE OR OVERDUE DIVORCE?**

Over the course of April and May 1990, USSR President Mikhail Gorbachev signed a slew of laws passed by the Supreme Council of the USSR that were intended to preserve the Union: “On the procedure for deciding matters related to the departure of

#### **THE PUTSCH WAS NOT THE CAUSE OF UKRAINE’S DECLARATION OF INDEPENDENCE, BUT A REACTION TO UKRAINE’S REFUSAL TO RENEW THE USSR AND TO STOP ON THE THE PATH TOWARDS A UKRAINIAN STATE**

republics from the USSR” of April 3; “On the basis of economic relations between the Soviet Union, and union and autonomous republics” of April 10; “On establishing powers between the Soviet Union and federated subjects” of April 26; “On the free national development of citizens of the USSR who reside outside their national states or do not have such states on the territory of the USSR” of April 26; and “On USSR citizenship” of May 23. In addition, the Kremlin was busy promoting a draft of a new Union Agreement as an instrument for preserving the

USSR and preventing its disintegration by reforming the soviet system. When Ukraine adopted its Declaration of Sovereignty, work on this Agreement went into high gear. On July 20, it became the main item on the agenda at a joint session of the Presidential Council and the Council of the Federated USSR chaired by Gorbachev.

The idea of a Union Treaty as an instrument for regulating the status of the republics was first raised in the declarations and resolutions issued by the legislatures of Estonia, Lithuania, Latvia and Georgia, whose March 9 declaration was expanded on June 20, 1990. It was clear that all these documents saw a contractual definition of the status of the republics within the USSR as a temporary measure in order to leave the Union in a civilized, peaceful manner, not as a model for rejuvenating it.

A conceptually different model was applied in the Russian SFSR's Declaration of State Sovereignty, which announced the "decisive establishment of a lawful state as part of the renewed USSR" and the association of Russia with the other republics "based on an agreement."

It was this Russian model that the soviet leadership also adopted as an instrument for resolving the problems of the USSR's national polity. On June 12, 1990, the Kremlin held a meeting of the Council of the USSR Federation chaired by Gorbachev and joined by the heads of parliament of all of the soviet republics. The decision was made to set up a working group consisting of representatives of each of the republics to draft and sign a new Union treaty. Ukraine's representative was Volodymyr Ivashko, the then-head of the republic's legislature.

That same day, 35 minutes before the working group was scheduled to meet, Russia passed its Declaration of State Sovereignty. Most likely this step was agreed with Mikhail Gorbachev in order to influence the stances of those republics that had not yet passed their declarations, especially Ukraine. In any case, it was no mere coincidence that the basic approach to the Union Treaty of Russia's leadership and that of the Soviet Union were the same—rather, it reflected their imperial mentality.

According to Ivashko, Borys Yeltsin declared immediately that they had to start with an inter-republic agreement involving "no preliminary economic or political conditions whatsoever," not with the new Union Treaty. However, official reports from TASS stated that at the Federation Council meeting, the discussion was about "the need to immediately draft and sign a Union Treaty." This reflected less a difference of principles between Gorbachev and Yeltsin in their views of the function of the Union Treaty, than a difference in their views of how and by what means to preserve the USSR.

When he reported back to the Verkhovna Rada about the working group's meeting, Ivashko recommended passing the Declaration of State Sovereignty of the Ukrainian SSR as quickly as possible,

as it would give Ukraine's representatives at the negotiations a mandate to draft a new Union Treaty and establish a new federation.

To prepare proposals regarding the Union Treaty, working groups were drawn up in each of the individual republics and in the Supreme Council of the USSR. The working group of the Ukrainian SSR included Volodymyr Hryniiov, the deputy head of the Rada, Vitold Fokin, deputy chair of the Council of Ministers, and several experts: Volodymyr Vasylenko, the main academic consultant of the advisory group of the legal department of the VR secretariat; Serhiy Dorohuntsov, chair of the Ukrainian SSR Industrial Forces Study Council under the Academy of Sciences; and MP Mykola Shulha, chair of the VR State Commission for State Sovereignty and Inter-republic and International Relations.

The first version of the Union treaty was sent out to the union republics by President Gorbachev in November 1990. Published November 24, however, it had been drafted by the Union's central bodies without involving the republics. Moreover, the model of Union that it proposed cardinally conflicted with the Declaration of Ukraine's state sovereignty: the Union was unambiguously defined as a "sovereign federated state" and was bestowed with very broad powers, making the sovereignty of the republics a legal fiction.

In order to get this draft approved and effectively preserve the USSR, the Union's leadership decided to hold a nationwide referendum to approve the new Union Treaty. Scheduled for March 17, 1991, the question regarding the future of the USSR was formulated thus: "Do you think it's necessary to preserve the Union of Soviet Socialist Republics as a renewed federation of equal, sovereign republics in which human rights and freedoms are fully guaranteed to any nationality?" The question was clearly improperly formulated from a sociological point of view, including its PR-ish wording and the fact that it actually addressed at least three different issues, as well as from a legal one, as its subject did not correspond to what was permissible for referenda in the legislation of the time, including Art. 4 of the USSR Law "On nationwide voting" dated December 27, 1990. This testified to the Kremlin's determination to get its way politically and preserve the USSR, even if it used questionable methods.

But a few days prior to the referendum, on March 12 and 13, all the union and republic papers published, not the first version of the Union Treaty issued back on November 24, 1990, but a second version. Although it was differently named—Treaty on the Union of Sovereign Republics—, it was essentially the same conceptual modal as the first, in which the Soviet Union was defined as a "sovereign, federal democratic state" and its member republics were deprived of the most essential sovereign powers. The text of this second treaty had also been drafted by the Kremlin without the participation of the republics. The soviet leadership was counting on an af-

<sup>1</sup>The heads of the republican parliaments, today called speakers, were effectively the highest office in their respective lands in soviet times.

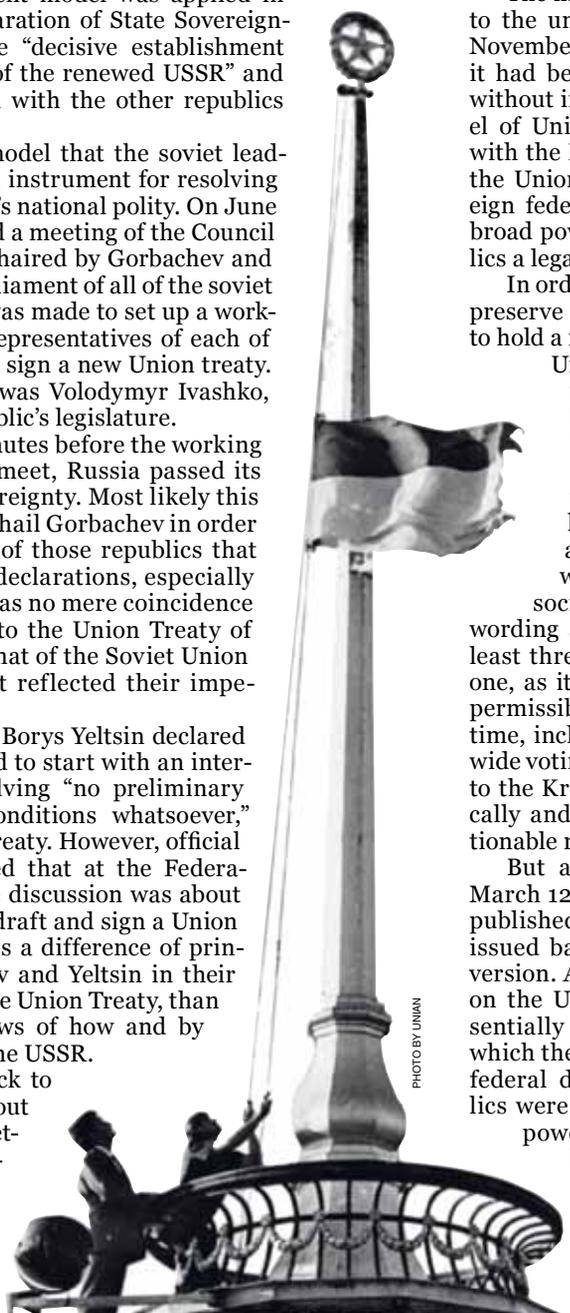


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firmative response to the referendum question to legitimize it as the voice of the people in support of the published draft Union Treaty.

Over January, February and March 1991, all the Communist Party's affiliates and its entire propaganda machine worked overtime to promote Gorbachev's version of the Union Treaty, slandering nationalist separatists and scaremongering among ordinary citizens about the catastrophic consequences of a possible collapse of the USSR. In January, there was even a show of police force being used against civilians when special forces units of the soviet Interior Ministry were thrown at participants in the national liberation movement in Lithuania.

## UKRAINE AND THE PRESERVATION OF THE USSR

In this situation, the Verkhovna Rada of the Ukrainian SSR, having overcome resistance from imperialist communist elements, passed a Resolution "On confirming a referendum in the Ukrainian SSR for March 17, 1991" on February 27. Along with the all-union referendum, the document called for surveying the population of the Ukrainian SSR as to their thoughts about the nature of a future Union. For this purpose, a second question was added to the ballot: "Do you agree that Ukraine should be part of a Union of Soviet Sovereign States based on the Declaration of State Sovereignty of Ukraine?"

A total of 37,732,178 citizens of the Ukrainian SSR were on the voting lists in Ukraine. Of these 31,514,244 voted on the first question, 83.52%, with 22,110,889 or 70.16% approving and 8,810,089 or 27.99% disapproving. On the second, republic-related question, 31,465,091 or 83.48% voted, with 24,224,687 or 80.17% voting yes and 5,656,701 or 17.97% voting no.

With this kind of result in hand, the Ukrainian leadership agreed to participate in drafting a new Union Treaty. The formal drafting process began on April 23, 1991, at Novo-Ogarovo, the suburban Moscow residence of the soviet President, Mikhail Gorbachev. The Verkhovna Rada of the Ukrainian SSR never approved the members of the Ukrainian delegation nor established the formal authority of the Ukrainian representatives who participated in the Novo-Ogarovo process. Responsibility for negotiations in the Preparatory Committee was taken on by Leonid Kravchuk, who was the then-head of the Verkhovna Rada. He also designated Mykola Shulha to represent Ukraine in the working group.

On June 18, Leonid Kravchuk addressed the morning session of the Verkhovna Rada of the Ukrainian SSR with an announcement that he did not have the final document in hand and that agreement had not been reached on a large number of key positions and the formulation of the draft. That same day, in an interview with the All-Union Broadcasting Company, he announced that, of the 23 articles in the treaty, the representatives of the republics had agreed about 19, but that the four remaining points were the most fundamental. Despite this, the text of the Novo-Ogarovo draft Union Treaty was distributed to the Ukrainian MPs under the name "Treaty on a Union of Sovereign States" with a covering letter from Gorbachev and pub-

lished in the Union press on June 28 and in the republican press on June 29. There was no mention of the provisions that had not been agreed yet. Moreover, the published draft contained, not 23 provisions, as Kravchuk had stated, but 26.

The more the Kremlin tried to force events its way, the greater the tension during the negotiations, which finally went into a dead end.

## THE STATE COMMITTEE FOR EMERGENCIES

With negotiations going nowhere, a group of the most conservative officials from soviet special forces, the Communist Party, and soviet and military bureaucracies, hoped to save the USSR from collapse by staging a putsch on August 19, 1991, declaring a state of emergency and bringing the army into Moscow.

When the State Committee for Emergencies, as it called itself, declared a state of emergency, different political forces in Ukraine reacted variously. The CPU leadership, headed by Stanislav Hurenko, demanded that Party organizations support the SCE, follow its orders and ensure that they were followed locally. On August 19, First Secretary of the Central Committee of the CPU Hurenko called a meeting with Kravchuk and Army General Valentin Varennikov, who arrived in Kyiv on orders from the putschists to ensure the loyalty of the Verkhovna Rada and the Cabinet of Ministers.



## BECAUSE OF THE PARTICULAR SIGNIFICANCE OF UKRAINE IN THE SOVIET EMPIRE, THE LOCAL SEGMENT OF THE COMMUNIST SYSTEM WAS BUILT UP ESPECIALLY STRONGLY

At this point, the CPU leadership completely discredited itself as an anti-democratic and anti-Ukrainian force. By contrast, popular support for national democratic forces grew enormously. At an extraordinary session on August 24, 1991, the Verkhovna Rada passed an Act declaring the independence of Ukraine, with 346 votes in favor among the 442 deputies.

Nevertheless, the declaration of independence was anything but an accidental event driven by the putsch in Moscow. In fact, the putsch did not lead to independence; rather it was a response to Ukraine's refusal to participate in the renewal of the USSR or to reject its path to rebuilding a Ukrainian state. The defeat of the putschists only speeded up the formal announcement—in fact, the renewal of, in strictly historical terms—of Ukraine as an independent state.

In 1991, the renewal of an independent Ukrainian state took place in a completely peaceful manner. Still, this in no way diminishes the legality and legitimacy of this historic event. As it moved towards independence, Ukraine played a decisive role in the disintegration of the USSR and the ultimate dismantling of the totalitarian communist system.

## THE RUSSO-UKRAINIAN WAR

However we might feel about the elements of Ukraine's soviet period—especially formal attri- ▶



**The State Committee for Emergencies.** A group of the most conservative officials from soviet special forces, the Communist Party, and soviet and military bureaucracies, hoped to save the USSR from collapse by staging

butes such as its government structure and administration, its right to directly participate in international relations, especially in the UN, its right to freely leave the USSR—, it is important to keep in mind that this was not the result of mutual good will but of concessions forced by the totalitarian communist system on the Ukrainian liberation movement, whose most prominent proponents in recent history were the Armed Forces of the Ukrainian National Republic (UNR) and the Organization of Ukrainian Nationalist's military arm, the UPA.

The soviet system of government contained elements that were devised to neutralize any liberationist potential in the Ukrainian nation. However, during this new phase of the struggle and the decline of the totalitarian communist system, they worked to establish an independent Ukrainian state and they were used as an instrument for restoring the Ukrainian state and getting the country recognized at the international level as a fully legitimate subject of international law.

However, Russian policy towards Ukraine did not undergo any fundamental changes after Ukraine restored independence. The ruling Russian elite has ignored international law, a major Ukrainian-Russian political agreement, and any number of other treaties and memoranda, and has continued to treat Ukraine as a part of Russia and to dream of an imperial comeback and the restoration of “One Great Russia” through the absorption of Ukraine.

The liberation struggles of 1917–1920, the rural resistance of the 1920s and 1930s, the armed struggle of OUN-UPA in the 1940s and 1950s, the restoration of independence in 1991, the European and Euro-Atlantic orientation of Ukraine, and—most importantly—the explosion of Ukrainian national spirit have convinced Russia's political leadership, its pundits and analysts of the impossibility of dreams of an imperial comeback—as long as there is a Ukrainian Ukraine, a Ukrainian nation and a Ukrainian idea. For this reason, the Russian establishment has formulated its current strategy towards Ukraine as: “What we need is not a pro-Russian Ukraine but a

Russian Ukraine.” Under the current circumstances, the main instrument for creating a “Ukraine without Ukrainians” is not war or genocide to destroy the nation as in the past, just in the past—but primarily humanitarian aggression.

Unfortunately for Ukraine, the restoration of an independent state may have been had the basic ideological political and legal conditions for a Ukrainian national rebirth, but it was not accompanied by a consistent Ukrainian-centric state social policies in general, especially as relates to language and culture.

By contrast, Russia has been paying great attention precisely to this dimension in both its domestic and its foreign policies. And under cover of these policies, it has been carrying out its aggression against Ukraine in three main areas: (1) inspiring and supporting a mass scale information and propaganda war; (2) engaging in a linguistic and cultural war; and (3) carrying out a historiosophical war, that is, speculating on historical events. The Kremlin's strategic goal is to destroy the identity of the Ukrainian nation, which is the backbone of the Ukrainian national state. This means destroying the independent Ukrainian state once and for all, which is supposed to provide a “final solution to the Ukrainian question” to satisfy Russian imperial ambitions.

However, Russia's humanitarian aggression poses a treat to all citizens of Ukraine, regardless of their ethnicity, social rank or material status. The illegal annexation of Crimea has proved that if a crime is carried out against the Ukrainian nation and the independent Ukrainian state is eliminated, Ukrainians will be forced to become citizens of another nation and forget about democracy, dignity, human rights and basic freedoms.

**THE KREMLIN'S ULTIMATE GOAL IS TO DESTROY THE IDENTITY OF THE UKRAINIAN NATION AS THE BACKBONE OF THE UKRAINIAN STAT**

Today, the world is witness to a paradoxical and shameful situation, where under cover of a covert military operation, Russia's leadership is using officials in the Ukrainian government to carry out its humanitarian invasion. Personal responsibility for maintaining a Ukrainian-centric path in state policy lies with the President of Ukraine as the guarantor of state sovereignty and territorial integrity, the upholding of the Constitution of Ukraine, human rights and freedoms. The Premier and Speaker of the Verkhovna Rada, as the heads of the executive and legislative branches of power in the country also bear personal responsibility.

Most of all, ordinary Ukrainians need to become aware of the essence and the specific consequences of Russia's current humanitarian aggression in order to join forces to counter the threats to Ukraine as a sovereign state. Their level of awareness and initiative will determine what political course the country's government maintains, how well it defends the statehood Ukraine regained in 1991, and, most of all, the prospect that it offers to ordinary Ukrainians. ■



# Tymur Bobrovsky:

"We had a chance to present what has been preserved in Chersonese as unique heritage of the world scale"

**O**ne of Ukraine's top archeologists spoke to *The Ukrainian Week* about mechanisms to protect Ukrainian cultural and historical heritage in the annexed Crimea and frontline areas.

**The Tauric Chersonese had been home for ancient Greeks, Romans and Byzantines who left their traces there. Obviously, similar archaeological sites can be found elsewhere. What is the unique meaning of this historic city on the Black Sea coast?**

One of the unique features of Chersonese is that the city developed continuously from the 5<sup>th</sup> century BC to the 14<sup>th</sup> century AD. People never left it, it had times of heyday and decline, but it was never abandoned. Its uninterrupted architectural history stretched for almost two millennia. Another unique feature is that the layout of the streets laid down in the 4<sup>th</sup>–3<sup>rd</sup> centuries BC following the system known as Hippodamus of Miletus did not change for thousands of years. The width of the streets changed a little over the time, but the overall direction and planning of the residential quarters remained the same.

Interviewed by  
**Hanna  
Trehub**

There are only few sites where the original urban planning was preserved this well in the world. In Miletus, where Hippodamus, the architect and inventor of the system of rectangular blocks, lived, such planning has not been preserved, because the city was radically rebuilt in Byzantine times. But the main value of Chersonese is its preserved chora, which put it on the UNESCO World Heritage List.

Chora is the agricultural area adjacent to the city that developed simultaneously with it. Some kinds of choras we use in modern times: examples include garden plots of the townsfolk. In ancient times, the residents of Chersonese grew mostly grapes, so 80–90% of this territory was occupied by vineyards. Choras accompany almost any ancient polis, and have been discovered in many places in Greece, Italy, and Asia Minor. However, in many cases they were used as farmland or were used in urban or rural constructions. In other words, they were destroyed.

In the case of Sevastopol, the city since developed as a military base since it was founded in the 18<sup>th</sup> century. Therefore, large fragments of the ancient chora were used for firing grounds or garrisons, but were closed to the public. Thanks to this, the chora was perfectly preserved, as well as its archaeological landscape that cannot be found at any other archaeological site in the world. According to some reports, the choras of ancient cities in North Africa have been equally well preserved, but they have not been properly researched, and information about them has not been introduced into scientific use. So, we had a chance to present what has been preserved in Chersonese as unique heritage of the world scale.

**With the annexation of Crimea, Ukraine lost all of its cultural heritage items in the peninsula, including the Chersonese National Reserve included in UNESCO's List of World Heritage Sites. Is there any way for Ukraine to protect it while having neither direct access to the site nor de facto jurisdiction over Crimea?**

To my mind, solving the issues with reserves, including the Tauric Chersonese in the annexed Crimea, is much easier for Ukraine than taking care of museums and museum collections in the area of the anti-terrorist operation (ATO). The Tauric Chersonese reserve is a World Heritage Site and is protected by the international community, not just by our country. To protect this site, Ukraine would have to apply to UNESCO and the World Heritage Committee with this problem: the reserve in question is located in the territory annexed by Russia, and Kyiv that earlier took the commitments to preserve this site is no longer able to meet them.

The Tauric Chersonese should be added to the List of World Heritage in Danger. This list included, for



instance, the complex of Buddhist monasteries in the Bamiyan Valley of Afghanistan built in the early centuries AD, with huge statues of Buddha. After the Taliban destroyed the statues, the site was added to the List of World Heritage in Danger. After that, the international community joined efforts under the auspices of UNESCO. Permanent monitoring missions and constant political pressure on the Taliban helped resolve the issue. Moreover, ambitious restoration work has been going on there in the recent years. Of course, the statues of Buddha could not be fully restored, but the Buddhist monastery complex was preserved, and today the situation is stable. I think, Ukraine should do the same to create a precedent. There have been no instances of a country nominating its own objects for the list of endangered sites. This could be the first time. Actually, all other situations did not deal with the annexation of part of a country by another one, as is the case in Crimea. For Ukraine today, this would have been the best option, because if the Tauric Chersonese were put on the List of World Heritage Sites in Danger, Ukrainian experts would be able to take part in international UNESCO monitoring missions. After all, this is an intergovernmental organization, not your average NGO. Russia just could not ignore it. I think that such a move would be correct both politically and diplomatically, as well as from the standpoint of securing additional protection for Chersonese.

#### **Would it be easier for UNESCO observers to get to Crimea than to Bamiyan in Afghanistan controlled by the Taliban?**

We should distinguish human rights monitoring missions and UNESCO monitoring missions. These are completely different political aspects. Russia ignores the jurisdiction of the Court of Human Rights, but it has not given up on international cooperation in the field of World Heritage. 26 sites in the Russian territory have been included in the UNESCO list, 12 more are candidates. Russia should think about how they will get there. So, ignoring UNESCO is not an option for Moscow.

Crimea is not a closed territory. French senators have visited it recently. This is not a problem. Another matter is what they will show in Chersonese and the credibility of the information they will provide. However, this is something the monitoring mission will have to deal with. It could request Russian representatives in UNESCO to check the condition of a site included on the List of World Heritage in Danger. Today, it has no grounds to do so. The nearest monitoring of endangered World Heritage Sites is planned for 2017. Ukraine does not bring up the issue of recognizing the site as an object in danger. When it does so and receives a positive response, it will get a monitoring mission to the Chersonese reserve.

#### **How do you explain Russia's negligence concerning this very important item of historical heritage? It was obvious even in the appointment of the reserve's director...\***

\*In late July 2015, Serhiy Khaliuta, a Sevastopol archpriest from the Ukrainian Orthodox Church of the Moscow Patriarchate, was appointed director of the reserve. This caused protests of the reserve employees who complained about a priest, especially one with no academic background, overseeing the historical site. This conflict is believed to be one of the reasons why, on September 1, news of Vladimir Putin's order to include the reserve into the list of valuable cultural sites and put it under the federal jurisdiction, appeared on the Russian president's official website



**Ancient Podil.** A complex of archeological monuments, including parts of the town's log buildings from the 10<sup>th</sup> and 11<sup>th</sup> centuries

I think that Russia does not need the Tauric Chersonese as a World Heritage Site. This is too much trouble, because if Ukraine applies to UNESCO with a request to include this Crimean reserve on the List of World Heritage in Danger, monitoring missions will be sent to Sevastopol on a regular basis. Crimea today has no tourists from the US and Europe, the countries that are, so to speak, in opposition to Russia. There are no international tourists on the peninsula, and they will not go there any time soon. This is an annexed territory with an undefined legal status, and it has few visitors, so why bother having a World Heritage Site there?

The Chersonese reserve while in Ukraine had a whole number of land allotments, but it is difficult to determine whether these deals are still valid. »

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**Bakhchysarai Palace.** A palace complex of the Crimean Khanate and the residence of the Girayan Dynasty (16<sup>th</sup>-18<sup>th</sup> centuries)



**Ancient Lviv.** A complex of historic buildings in the center of Lviv from the Ancient Rus and Medieval eras

There are various unverified rumors in this respect. A UNESCO monitoring mission could find out what is going on there. We are talking about 450 hectares of land within Sevastopol city limits. The area is surrounded by garden plots. This land is interesting to both civilians and the Russian military. The so-called 10th allotment in Yukharyna ravine has 160 hectares of land of a former tank training ground and is a part of the land in question. In Ukraine, it was not used, and the territory was transferred for archaeological research. The ruins of several ancient mansions were discovered there. This is the best preserved, undeveloped part of the chora of the Tauric Chersonese, owing to which the object was nominated to the UNESCO World Heritage List. This land plot was preserved specifically for tank training, and there is no guarantee that Russia will decide to leave this piece of land to the reserve instead of driving tanks on it.

**Following this logic, we may soon see the reserve reduced to the church reconstructed in the Byzantine style and the church shop, while the ancient city could be paved over?**

I don't think it can go so far. However, Chersonese will be presented in a completely different way. Its world value as the ancient, pre-Christian heritage will be gone. The only things that matter will be the baptism of Prince Volodymyr, Christian antiquities, and Russian military glory. The thing is that the artillery batteries from the times of the Crimean War, World War I and the Siege of Sevastopol have been preserved in the Chersonese territory. This could turn the reserve into a historical and patriotic site, where the antiquity will play a minor role.

**What do you think of the current situation with Ukraine's historical, archaeological, and cultural reserves in general? What major challenges are they facing?**

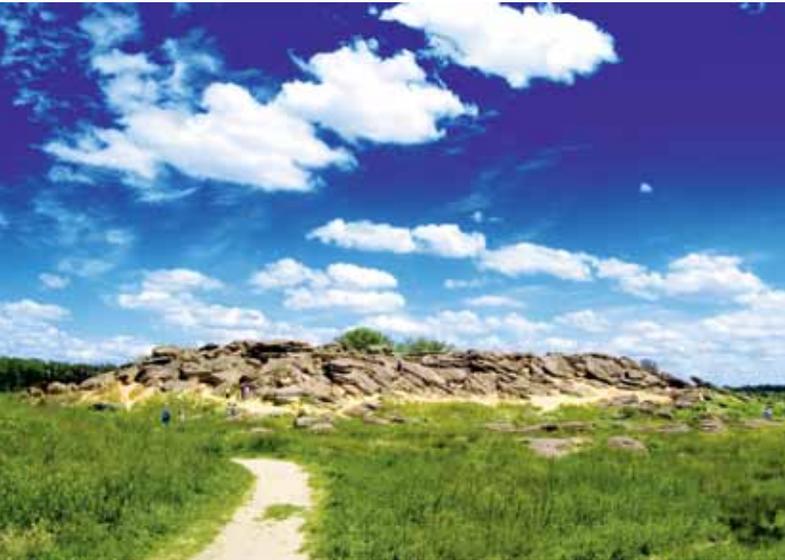
Ukraine has very few purely archaeological reserves. I am aware of only three: Kamyana Mohyla in Zapor-

izhya Oblast, Tustan in Lviv Oblast and Olvia in Mykolayiv Oblast. The rest are historical and cultural or historical and architectural reserves. Many of them have archaeological components, like St. Sofia of Kyiv or Kyiv Cave Monastery. Other reserves include Ancient Podil or Ancient Lviv, which virtually have no land allotments. They have directors, but no sites that they are supposed to preserve. Historical reserves in Ukraine are subordinated to either the Ministry of Culture or local authorities. In both cases, they have various problems. The first ones are better off in terms of land allotments and documentation, but worse off in terms of staffing issues. The Ministry of Culture issues numerous decisions, without consulting with the expert community or the personnel. In this respect, it is very much like the Sevastopol "governor" and the appointment of the priest. The reserves that are subordinated to local authorities have much greater problems with land allotments and protected areas. Interestingly, they have fewer scandalous appointments and dismissals.

There are no national historical preserves in Donetsk and Luhansk oblasts and the area of the anti-terrorist operation, but there is a large number of archaeological sites in the areas of active hostilities and occupation. In fact, their fate is unknown, because the Ukrainian Ministry of Culture does not deal with the issue.

**At the beginning of the interview you mentioned that it is easier for Ukraine today to protect the Chersonese reserve in the annexed Crimea than the museums located in the occupied territories of Eastern Ukraine. Is it, again up to the civil society rather than the state to take care of this heritage?**

It's no secret that the exhibit space of the Donetsk Local Ethnographic Museum has been destroyed by shelling. The exhibits have been collected and taken to a safer place, but the museum continues to work. However, we have to take into account that its direc-



**Kamyana Mohyla.** A sanctuary of the Stone and Bronze Age with several thousands of carved petroglyph inscriptions in caves



**Olvia.** An ancient Greek polis on the shores of the Black Sea

tor, for what I know, is on the side of the separatists. So finding out what is going on there is not easy. As for other Donetsk and Luhansk museums, no cases of robbery or looting of their collections have been recorded, according to the colleagues working there. We have to maintain contacts with them very carefully. Museum workers in Crimea and Donbas would share the news more readily if they knew that leaking the information which local (occupational or separatist — **Ed.**) authorities want to hide would not bring them trouble. So far, we can only obtain information that we cannot verify.

More than a year ago, a working group was established at the Ministry of Culture to provide assistance to endangered museums in the ATO area and the surrounding territories. It is clear that nothing can be done in the occupied territories. I can say so because I was part of this group. It has developed a number of very specific documents: which collections should be taken care of, and how to organize an emergency evacuation of the artifacts to temporary storage in Central and Western Ukraine until the end of hostilities. Top people at the Ministry of Culture have been completely indifferent to this work. The decision to secure the funds of Mariupol museums and to take them to Mykolayiv or Dnipropetrovsk has not been approved. What exactly museums and collections were concerned is sensitive information, but their directors and staff agreed that at least the articles from the so-called Red List, i.e., the most valuable exhibits of the first category, had to be taken to a safer place. The Ministry of Culture of Ukraine has not yet given its approval.

**How does the Ministry explain its inertia about evacuating at least the most valuable museum pieces from the frontline areas?**

They argue that it's not urgent. On the contrary, Culture Minister Kyrylenko talked at length that it was necessary to take from the National Art Museum of Ukraine a 10th century Byzantine icon originally

found in Mariupol to return the holy picture to some local church to help protect the city against the Russian aggression. This icon comes from Crimea, it was brought to Mariupol by the resettled Greeks, found in the 1960s in a very bad condition in a church storage and restored at the National Art Museum. Today it is one of the most valuable items in the museum collection. It was preserved in fragments, and even



**IF UKRAINE APPLIES TO UNESCO WITH A REQUEST TO INCLUDE THIS CRIMEAN RESERVE ON THE LIST OF WORLD HERITAGE IN DANGER, MONITORING MISSIONS WILL BE SENT TO SEVASTOPOL ON A REGULAR BASIS**

after the restoration it could not be used for church purposes. For that end, it has to be painted anew. This transfer has not taken place so far, but I think that the National Art Museum is still in correspondence with the Ministry of Culture to make them understand that it is impossible to take a museum item to the war zone or to the front line.

The attitude of the current Ministry of Culture to museum collections and various historical and archaeological sites is exactly the same as the attitude of the Sevastopol "governor" Myenyaylo to the Tauric Chersonese. For them, these are items of propaganda, historical, patriotic, and educational work. They are not interested in the fact that this is national heritage and the treasure of the Ukrainian people and of the world. Minister Kyrylenko heads the council for patriotic education, where he feels quite at home. Hopefully, we will soon have a new head of the Ministry of Culture, because if nothing changes, Ukraine will suffer further material, moral, and diplomatic losses. ■

# Leopold of Arabia

Hanna Trehub

Muhammad Asad is an important figure of the Islamic world but is little known at home. Only recently, a cultural center named after him was opened in Lviv



**M**uhammad Asad is known to the world, and especially to its Muslim part, as a journalist, social critic, reformer, translator, political theorist, traveler, and polyglot. He was a prominent Islamic scholar and theologian, whose opus magnum is a commented English translation of the Quran. He also directly contributed to the establishment of the Saudi Arabia and the independent Pakistan, where he sought to implement the ideas of a modern Muslim state governed by the rule of law. Today, the memory of him is being revived in Ukraine.

## A GALICIAN SECESSION

Leopold Weiss, known to the world as Muhammad Asad, was born in Lviv in 1900 to a wealthy Jewish family. The house where the family lived stood near the modern streets of Pekarska and Kostya Levytskoho stretching from the medieval Lviv city walls to the Lychakiv cemetery. His father was Karl Weiss, a renowned lawyer and a son of a Chernivtsi Rabbi Akiva Weiss, and his mother Malka came from a Jewish banking family of Menachem Mendel Feigenbaum. During his childhood spent in Lviv, Leopold Weiss obtained comprehensive secular and religious education and studied with his home teachers Hebrew and Aramaic languages, as well as the Talmud and Tanach, and also knew Mishnah and Gemara. "Although not stupid, I was a very indifferent

student. Mathematics and natural sciences were particularly boring to me; I found infinitely more pleasure in reading the stirring historical romances of Sienkiewicz, the fantasies of Jules Verne, Native American stories by James Fenimore Cooper and Karl May and, later, the verses of Rilke and the sonorous cadences of *Also sprach Zarathustra*," Muhammad Asad wrote about his education in his semi-autobiographical book *Islam at the Crossroads*. Besides German, Polish, and Yiddish, Leopold also spoke Ukrainian. In 1914, after forging his documents (in which he added two years to his actual age) and taking on a fake name, he joined the Austrian army to fight on the fronts of the WWI. The forgery was discovered, and the boy was returned home. However, he was mobilized to the Austro-Hungarian army four years later, when his fervor and interest in the battles had diminished. The future Muhammad Asad did not take part in any battles, as on October 31, 1918, Austria-Hungary ceased to exist, breaking into a number of national independent states.

After the war, the Weiss family moved to Vienna, where Leopold entered university and studied philosophy and art history for two years, but left it for journalism. The moods of the Austrian capital in those days were later described as the years of hard intellectual timelessness. "Down with ideology, glory to entertainment!" was the slogan of the

"golden youth" and bohemians of the interwar period. Leopold Weiss found himself in the Vienna of the Secession era dominated by the ideas of Freud, Wittgenstein, Herzl, Mahler and Klimt, and the dodecaphony developed by Schonberg, Berg and Webern. The future translator of the Quran, a simple student at that time, he spent less time in university classrooms than in local cafes, arguing fiercely about psychoanalysis and analytic philosophy that were top fashion in those days.

From 1920 to 1922, he lived in Prague and Berlin. He came to Berlin with a gold wedding ring left by his mother, who died in 1919, and his father's farewell note containing a sort of a "prophecy" that "every person writing for newspapers will end up as a beggar in a ditch." For a while, he worked as an assistant to the world-famous German silent film director Friedrich Murnau, who, incidentally, directed *Nosferatu. A Symphony of Horror* that marked the beginning of the era of vampire sagas in the European and American cinema. Muhammad Asad might have become a film director like Federico Fellini or Oleksandr Dovzhenko. However, he did not hesitate to leave a potential career in the film industry for journalism. In 1921, he began working for the German news agency *Vereinigte Telegraph*, growing from a telephone operator to a journalist. A turning point in his journalistic career was the meeting with Yekaterina Peshkov, Maxim Gorky's wife, who came to Berlin incognito to collect funds for the famine-ridden Volga region. She told Leopold Weiss about the real extent of the disaster, thus opening for him the gateway to fame. The article that he published had an explosive effect. He received job offers from several major German newspapers. The first offer he took was that of the *Frankfurter Zeitung*, one of the few liberal media outlets of the time. Its authors, along with Leopold Weiss, included philosophers Theodor Adorno and Walter Benjamin, sociologist Max Weber, writers Lion Feuchtwanger, Heinrich and Thomas Mann, Joseph Roth, Stefan Zweig, and Sandor Marai.

### AT THE CROSSROADS BETWEEN ZIONISM, PSYCHOANALYSIS AND ISLAM

Leopold Weiss probably would not have become Muhammad Asad, if not for one important coincidence. The *Frankfurter Zeitung* was interested in the political developments in the Middle East, and Weiss had relatives who had moved to Palestine. In 1908-1918, the newspaper's journalists Paul Weitz, Friedrich Schroder and Max Rudolf Kaufmann wrote about the rise to power and the activities of the Young Turks and the Armenian genocide in Turkish Anatolia, which was quite a bold step, as in World War I the Ottoman Empire was an ally of Germany and Austria-Hungary.

In 1922, Leopold Weiss went to Jerusalem at the invitation of his maternal uncle Dorian Feigenbaum, who was one of the first students of Sigmund Freud, the founder of psychoanalysis. He moved there from Vienna in 1920 to head the local psychiatric hospital *Ezrat Nashim*, was a consultant on psychiatry to the then British Palestinian administration and one of the founders of the local psychoanalytic society, and worked closely with a Zionist

activist and psychoanalyst David Eider. Obviously, thanks to these connections, the young journalist had the opportunity to meet the leaders of the Zionist movement in Palestine, Chaim Weizmann, who was to become the first president of the State of Israel in 1948, and Abraham Ussishkin. However, Leopold Weiss was interested in neither psychoanalysis nor Zionism. He was fascinated by the Bedouin Arabs, whom he first met in the Holy Land, and Islam, with which he became acquainted during his first trip to the Middle East. In his book *The Road to Mecca* he wrote that when paying a visit to his uncle, who lived in the Christian quarter of the Old City of Jerusalem, he met with a Hajji from a local mosque (which could have been either the Mosque of Omar or Al-Khanqah al-Salahiyya built by Salah al-Din). Leopold argued at length with the pilgrim about the nature and the spirit of the teachings of the Prophet Muhammad. After Jerusalem, Weiss went to Cairo for a few months. The result of the trip was the first book he wrote for the Frankfurter Zeitung Publishing House, *The Unromantic Orient*. This is a small diary of only 159 pages with 59 black and white photographs, a monument of a kind to the passing era.

In 1923 Leopold Weiss, with the support of a fellow journalist Jacob Israel de Haan, who was also a secretary to Rabbi Yosef Chaim Sonnenfeld, the leader of the Jewish anti-Zionists in Palestine, went to Transjordan, where he met the future founder of the Hashemite Kingdom of Jordan, Emir Abdullah

### LEOPOLD WEISS, UNLIKE LAWRENCE OF ARABIA, WAS NOT A MILITARY FIGURE, BUT AN ISLAMIC RELIGIOUS THINKER AND POLITICIAN

Bin Hussein, who came to power in 1921 thanks to the British — a turn of events in which the legendary Lawrence of Arabia (Colonel Thomas Edward Lawrence), an active figure of the Arab anti-Turkish revolt of 1916-1918, was directly involved. Unlike Colonel Lawrence, Leopold Weiss was not a military person. He was to become an Islamic religious thinker and a politician who contributed to the development of the states that emerged in Arabia and the Middle East thanks to Lawrence of Arabia, and of the countries that were established after the collapse of the British Empire following the World War II. The second trip to the East of the future Muhammad Asad lasted three years. He visited Jordan, Syria, Afghanistan, and Iran. The traveler undertook an intensive study of the Arabic language, discovered Islam and wrote articles on various aspects of Islam, offering, inter alia, an original concept of the relationships between different nations and religions based on the principles of psychoanalysis. In 1926, Leopold Weiss returned to Berlin, where he lectured at the Academy of Geopolitics. In the same year, he converted to Islam in the Muslim community of Berlin, adopting the name of Muhammad Asad. His first wife, artist Elsa Schiemann, converted at the same time. It was more usual for Sephardi Jews, who were closer to their Muslim neighbors in terms of lan- ▶

guage and culture, to convert to Islam, but not for Ashkenazi Jews like Leopold Weiss.

In 1927, Muhammad Asad went on his first hajj to Mecca and Medina, wishing to get a taste of not only the theory but also of the practice of Islam. During the trip, his first wife died of poisoning, and he settled for six years in Medina, where he actively worked in the library of the local Great Mosque Al-Masjid Al-Nabawi, the second largest Islamic shrine in the world. He earned a living writing for three leading German newspapers of the time. On one occasion, he met Prince Faisal, son of Abdulaziz ibn Saud, the founder of the Kingdom of Saudi Arabia, and later performed, at the behest of King Ibn Saud, a number of missions, including diplomatic ones. In 1929, he was sent to Kuwait to find out the sources of weapons and funds supplied to Faisal al-Duwaish, one of the leaders of the Ikhwan, former allies of Ibn Saud in Kuwait, who wanted the country created by Ibn Saud to remain closed off, and opposed its modernization. After finding out that Britain was behind those supplies, Muhammad Asad published this fact in a number of leading European publications. At the court of the Saudi king, he met one of the leaders of the Syrian independence movement, a Druze prince Amir Shakib Arslan. In 1930, he went to Northern Libya, where he met Omar al-Mukhtar, a leader of the resistance movement against Italians who colonized Libya in 1911, and fought on the side of the Libyans next to Sidi Muhammad, the future King Idris I of Libya.

Between 1927 and 1932, Asad made five hajjes to Mecca and was one of the first Europeans, converted though, who visited almost everywhere in the Arabian Peninsula, including Najd that was closed to foreigners. While living in Mecca, he married again, this time to Munira, the daughter of the Sheikh of Shammar tribe, who bore him a son Talal. By the way, he became a student of the classic of social anthropology Sir Edward Evans-Pritchard, a prominent modern scholar of the cohort of scholars such as Charles Taylor and Gayatri Chakravorty Spivak. While in the service of King Ibn Saud, Muhammad Asad went shortly to Cairo, where he met the rector of the Al-Azhar University Mustafa al-Maraghi, one of the leaders of Ijtihad, a school of Islamic theology aimed at researching and resolving the issues of Islamic law and seeking compromise between its requirements and the reality. This requires a thorough knowledge of the Arabic language, the Quran, Suna and Hadith, a deep understanding of Fiqh (Islamic law) and the methods of interpreting legal materials. This meeting was to change the further life of Asad, who decided to resign from the Saudi service and leave Saudi Arabia, which was rapidly transforming from the country of the Bedouin into one of the largest oil exporters in the world. The articles written by Muhammad Asad at this time were more scientific than journalistic. His experiences during this stage of his life provided the basis for his most famous book, *The Road to Mecca*, printed in 1954 and dedicated to the spiritual transformation or, in the words of the author, "a conscious, wholehearted transference of allegiance from one cultural environment to another, entirely different one."



**Encounters with the East.** Jerusalem's Old City Gates were the place to spot not only local Jews or Christians, but Arab Bedouins who brought their cattle for sale

### A MUSLIM THINKER AND DIPLOMAT

Muhammad Asad was a friend of the Saudi royal family, but he did not completely agree with Ibn Saud. Realizing that he is therefore challenging the king, he did not wait for the situation to turn against him, and continued on his journey to the East. He was one of the first Europeans to visit Iran during the reforms of Reza Shah Pehlevi and to elucidate Europe on the specifics of Shiism. At

### ASAD SHAPED THE BASICS OF A MODERN RULE-OF-LAW BASED MUSLIM STATE

this time, Asad learned about a new concept — that of a Muslim state governed by the rule of law. The fact is that the state in the Islamic tradition is not separate from the community, or the Ummah. From Iran he went to Soviet Turkmenistan, and from there to British India. In the Punjabi city of Lahore he met the spiritual father of the future independent Pakistan, Muhammad Iqbal, shortly before his death. Iqbal persuaded Asad to stay in British India to help develop the intellectual and ideological basis for the establishment of a new Muslim state in the Indian subcontinent, defining his ideas in clear political terms. He asked him to keep writing to the leading European newspapers about why Pakistan should be independent. Asad spent some years after the death of Muhammad Iqbal in the company of the founder of the Pakistani Jamaat-i-Islami political party, Sheikh-ul-Islam Syed Maududi, who was a prominent Pakistani religious theorist of the state of law, and learned the Urdu language. In 1935, Asad visited Kashmir, where he met the local Muslim community and its

religious leader, Mirwaiz Moulvi Mohammad Yusuf Shah. The latter not only translated the Quran and wrote commentaries (tafsir) in the Kashmiri language spoken in Jammu and Kashmir, but also became one of the leaders of the movement to liberate Indian Muslims from the British administration. In 1956, he was elected leader of Pakistan-administered Azad Kashmir. For a while, Asad read lectured at the Islamic high school in Srinagar, as well as in Delhi and Lahore, and in 1936 he became editor of the Islamic culture magazine in Hyderabad. In 1939, he returned to Vienna, trying to find his family and rescue it from the Nazis, but was not successful. His father, stepmother and sister were killed in 1942 in a concentration camp near Vienna. Upon his return to British India, Asad was interned in the camp for Austrian, German and Italian citizens, where he remained until 1945.

Even before Pakistan gained its independence in 1947 under the leadership of Muhammad Ali Jinnah, a follower of Muhammad Iqbal, Asad moved to its territory, where he founded a monthly periodical *Arafat: A Monthly Critique of Muslim Thought*. On its pages, a few months before the declaration of the new Muslim state, he published his essay *What do we mean by Pakistan*, stating that the self-realization of the young country depended not so much on the economy as on the ability of its citizens to effectively live as Muslims and abide by the spirit of Islam in political, social and institutional forms. In his article *The Islamic constitution* and his essay *Towards an Islamic Constitution* published in 1947-1948, Asad enumerated in contemporary language the basic principles of an Islamic state. Later his ideas provided the basis for the current Constitution of Pakistan. He made a provision allowing women to hold political office, which made it possible for Benazir Bhutto to become a Pakistani prime minister.

The work of Muhammad Asad did not go unnoticed by the Pakistani authorities of the time. Just two months after the declaration of independence, he was contacted by the Chief Minister of West Punjab Nawab Mamdot, who asked him to establish a special national ideological department to develop the basic principles of Pakistan's development. This is how the Department of Islamic Reconstruction emerged — the first Pakistani government department with the term "Islamic" in its name. In 1949, under the pressure from Prime Minister Liaquat Ali Khan, Asad left the department that he headed to join the Pakistani Foreign Ministry as a head its Middle East office. This department took care of the young state's relations with all Arab governments and Iran. Asad proposed establishing something like a Muslim League of Nations. It is symbolic that he was the first Pakistani passport holder to visit Saudi Arabia, Egypt, and Syria. But his plans to establish a pan-Muslim organization did not come true. In 1951, he became the second most important person of the Pakistani mission in the US with the title of Pakistan's minister plenipotentiary to the United Nations. The independence of Tunisia, Morocco, Algeria, the countries of Italian Africa, the status of Palestine, Kashmir and Punjab, the revolu-



**Riyadh.** The Saudi Arabian capital as seen by Muhammad Asad in the late 1920s

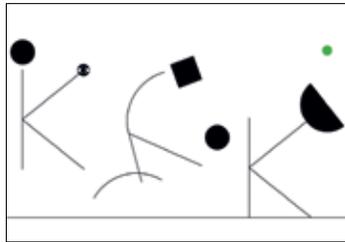
tion in Egypt — this is just a short list of issues which Muhammad Asad helped resolve as a diplomat. His career came to an end after the military coup in Pakistan led by General Ayub Khan, though the dictator tried to persuade him to remain in the civil and diplomatic service. In 1955, the former diplomat with his third wife Pola Hamida moved to Geneva, where he planned to make a new English translation of the Quran with commentaries, in order to give to the English-speaking world the translation of the Muslim holy book that could replace the one made by Marmaduke Pickthall who did not know Arabic well enough. Such serious project required support, which Asad found in the person of Faisal, the third King of Saudi Arabia, whom he knew in person since 1927. The translation was published in 1980 as *The Message of The Quran* and immediately made many people dissatisfied. The problem is that Muhammad Asad was seen not only as an Islamic scholar, but also as a traditionalist, who in the eyes of the Muslim community could quickly become a latent European liberal. He was accused of interpreting Quran in an excessively modern way and making it, in fact, not a translation, but his own commentary.

Asad spent the rest of his life alternately in Geneva, Tangier and the town of Mijas in Spanish Granada. He strongly condemned the Iranian Revolution of 1979, calling it a disaster having nothing to do with Islam, and did not recognize Ayatollah Khomeini as Imam. He was shocked by the news of the war between Iran and Iraq. He maintained close ties with both the Saudi royal family and the government of Pakistan, and they kept inviting him to come back. Muhammad Asad died in 1992 in Spain, before finishing his last autobiographical book. He made much more than his contemporaries and predecessors not only for Islam, but also for the mutual understanding between the Christian and the Muslim worlds. ■

09.8 — 11.1

**The School of Kyiv:  
Kyiv Biennial 2015**  
The House of Clothes  
(8a, Lvivska Square, Kyiv)

This year's International Biennial aims to unite artists, intellectuals, and civic initiatives from Ukraine and the world in a single art project, The School of Kyiv, in an attempt to create optimal environment for sharing experiences and generating new creative ideas. The event will include numerous performances, multimedia experiments and broadcasts, film screenings, presentations of research projects in the area of arts, and many more. One of the main emphases of the program will be the reflection of the modern world and encouragement to take efforts in order to understand it on a deeper level.



September 8, 5 p.m.

**Yves Netzhammer  
exhibition opening**  
Lavra Gallery  
(1, vul. Lavrska, Kyiv)

An exhibition of Yves Netzhammer that opened recently as part of The School of Kyiv will last through early November. The artist's works are called a universe of images and forms that impress with their versatility and poetry. His special perspective of the world at the time of globalization and through the prism of modern information space is expressed through paintings, murals, installations and computer generated video. Especially for The School of Kyiv, he created an installation of digital movies, combining them in a sculptural and spatial context.



September 17 – 27

**GogolFest 2015  
National Exhibition**  
Center of Ukraine  
(1, Hlushkova Avenue, Kyiv)

11 days, 14 locations and about a thousand artistic events: the 8<sup>th</sup> international festival of contemporary art promises to be no less spectacular than its previous installations. The event, to be held this year under the slogan Taste Tomorrow Today, will represent all art forms, from theater and music to literature and eco-art. The festival will open with a musical video composition combining electronic music and video mapping with equilibristics. This will be followed by a piece from a new Israeli production of the Batsheva Dance Company, Goddess Plays Dice, featuring dancer Erez Zohar. Street Food Fest



September 18, 7.30 p.m.

**Jazz Under the Stars**  
Atmosfera 360 (57/3, vul. Velyka  
Vasylkivska, Kyiv)

A jazz evening with pianist Pavel Ignatyev and singer Katiko Purtseladze will be remembered by music fans not just by the art of performance, but also by the atmosphere of the music. Pavel Ignatyev's own compositions are at the crossroads of classical and jazz traditions, with powerful and saturated sound. His music is complimented by the extraordinary vocal of Georgian-Ukrainian Katiko Purtseladze, who is the face and voice of JT Fresh jazz band and one of the brightest vocalists on the local jazz scene. Not surprisingly, real jazz fans try not to miss any of the duo's performances. Rock Symphony



September 18, 8 p.m.

**The Art of War**  
National Exhibition  
Center of Ukraine  
(1, Hlushkova Avenue, Kyiv)

A music and drama project The Art of War created by Vlad Troitsky and pianist Oleksiy Botvinov will be presented to the public as part of the GogolFest. It includes performances by DAKH theater actors, dancers of Totem Dance Studio, and Tenpoint VJs accompanies by ArteHatta chamber ensemble conducted by Myroslava Kotorovych. Music by Bach, Handel, Glass, Pärt and Schnittke will sound during the performance. According to the authors of the project, the art of war is the art to prevent war and to preserve peace. Days of Inspired Film: Sports



September 19, 12 a.m.

**International Jewish  
Music and Dance Festival**  
Ukraina National Palace of Arts  
(103, vul. Velyka Vasylkivska, Kyiv)

The festival will give a unique opportunity to experience Jewish life in a variety of manifestations. The festival program includes a Jewish Art Fest, a project comprising six art areas: creativity, development, charity, hobbies and entertainment, family, and lifestyle. This will give visitors a chance not only to learn more about the Jewish Kyiv, but also to make a memorable selfie in the creative photo area, which the organizers call the Festival's bonus. The program also features master classes in dance and crafts, a raffle and a groovy concert by musicians coming from Ukraine, the USA, and Israel.





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