

The Ukrainian Week

International edition

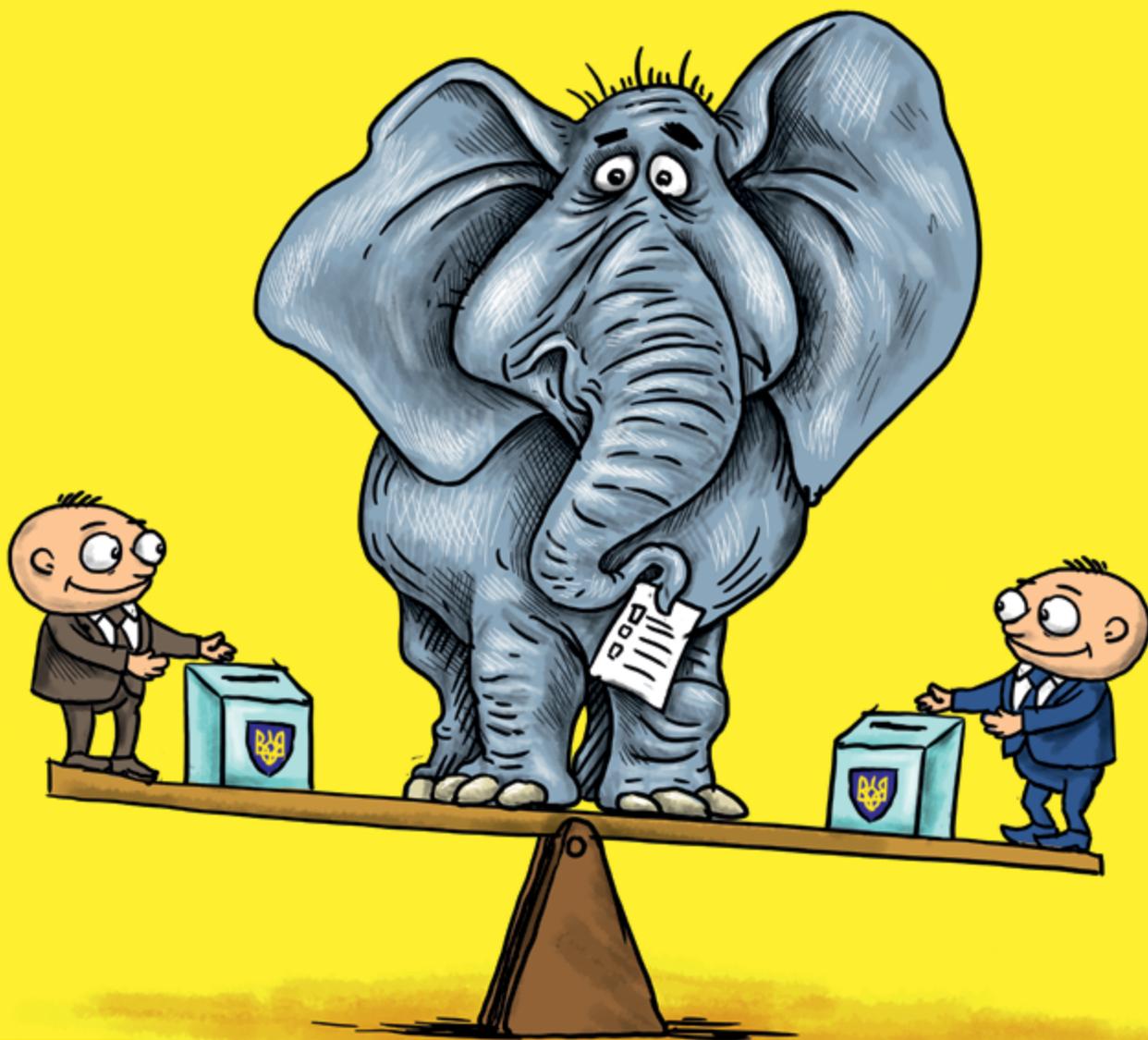
#3 (121) March 2018

Why Ukraine did not fend off Russia's annexation of Crimea in 2014

Finance Minister Oleksandr Danyliuk on privatization and Fiscal Service reform

Poland's campaign to colonize Volyn after WWI

THE ELEPHANT IN THE BALLOT BOX ELECTIONS LOOM IN UKRAINE IN 2019



The
Economist

Featuring selected content
from The Economist

WWW.UKRAINIANWEEK.COM

FOR FREE DISTRIBUTION

BRIEFING

- 4 **A process of no progress:** An update from the occupied part of the Donbas: monuments to Russian volunteers, shutdown of mobile connection, new arrests of “ministers”



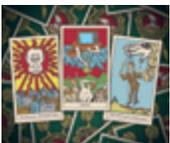
POLITICS

- 7 **National security overhauled:** What’s new for Ukraine’s defense and security institutions in the President’s national security draft law?
- 8 **Vadym Prystaiko:** “Member-states that feel direct threat clash with those believing that things will get settled somehow”
Head of Ukraine Mission to NATO on Alliance expansion and Ukraine’s plans on defense reform
- 11 **The General vs the Admiral:** Could Ukraine’s armed forces have prevailed in Crimea in 2014?
- 14 **A historic law of geopolitical scale:** International lawyer Volodymyr Vasilenko on why the newly passed Deoccupation Law matters. Part II



FOCUS

- 18 **Deliberately undecided:** Who will shape the outcome of the next elections in Ukraine
- 20 **Vote busters:** What those in power and opposition are likely to do to improve their rates and mobilize the electorate
- 24 **The spin-doctor headache:** The chances of the parties from beyond the parliament
- 26 **Three cards up the sleeve:** Potential cyber threats in 2019 elections and efforts to counter them



- 29 **Shades of the Fourth Republic:** What threats face Ukraine if a fragmented Verkhovna Rada is elected?

ECONOMICS

- 32 **Oleksandr Danyliuk:** “Ukraine’s economy can’t grow as long as we don’t change the role of the enforcement agencies”
Finance Minister on reforming the State Fiscal Service and other challenges facing domestic economy
- 36 **Reshaping the labor market:** Employment in Ukraine compared to pre-Maidan years

NEIGHBOURS

- 38 **Russia’s dirty tricks:** How Putin meddles in Western democracies and why the West’s response is inadequate
- 40 **The difficult question of the royal family:** How a new monarch may change the British tradition
- 42 **Tomasz Piątek:** “Poles want to know the truth”
The author of *Macierewicz and His Secrets* on how the Russian mafia and secret service may be influencing policy in Poland

HISTORY

- 46 **The grand chessboard:** How Poland’s campaign to colonize Volyn began

CULTURE & ARTS

- 50 **Meditation with guitars, jazz and hand-made fair in Lviv:** *The Ukrainian Week* offers a selection of events to see in March

The Ukrainian Week

The Ukrainian Week #3 (121) March 2018
Founder ECEM Media GmbH. **Publisher** ECEM Media GmbH
Address Austria, Am Gestade,1, 1010 Vienna
 State registration certificate KB № 19823-9623ПП 19.03.2013
Chief Editor Dmytro Krapyvenko
Editors Anna Korbut, Lidia Wolanskyj

E-mail office@tyzhden.ua
www.ukrainianweek.com
Tel. (044) 351-13-00
Office address Kyiv, Ukraine, 36A, vul. Bohdana Khmelnytskoho, apt. 3
Print run 15 000. **Free distribution**
Our partner





A process of no progress

Denys Kazanskiy

The frontline has been fairly calm since the beginning of 2018. The shooting has grown less intense, although Ukrainian army keeps reporting losses. Talks are underway to have peacekeepers in the war zone. For now, all parties accept the idea, but there is no agreement on the format. Russia insists on a mission to protect the OSCE mission and peacekeepers that will stick to the contact line. Backed by the US, Ukraine wants control over its border back.

»



There is no agreement on who can join the mission. Moscow would be pleased to see peacekeepers from Belarus in the Donbas. Ukraine finds this option unacceptable. Belarus is a *de facto* satellite of Russia and has no independence in its foreign policy decisions. Belarusian peacekeepers would obviously act in the interests of the Kremlin.

Therefore, there is little hope that the Blue Helmets will show up in the steppe of the Donbas anytime soon. Kurt Volker, U.S. Special Representative for Ukraine, speaks along these lines too. He said on February 28 that Russia would not take any decisions on solutions for the Donbas until the presidential election. No positive results in talks with it so far, he added.

Meanwhile, the occupied regions of Donetsk and Luhansk oblasts (ORDiLO) are preparing to mark the fourth anniversary of the Russian Spring. They are setting up monuments to the separatists killed in the fights with the Ukrainian army, force people to get personal documents of the unrecognized republics, and local car number plates which are good for nothing anywhere beyond them.

WHILE “LPR/DPR” SUPPORTERS ARE SOMEWHAT CONCERNED ABOUT THE RUSSIAN ELECTIONS AND A PROSPECT OF PUTIN GIVING UP ON THEM, THAT SCENARIO IS HIGHLY UNLIKELY. PUTIN WILL HARDLY CHANGE ONCE REAPPOINTED AS RUSSIAN PRESIDENT YET AGAIN

The residents of Luhansk must have been happy to see a new monument recently. The statue for the “Russian volunteers” that popped up in the city center turned out to be an exact replica of the monument for the militants of the infamous Wagner private military company that had earlier appeared in Syria. Another bad signal is the shutdown of Vodafone in the occupied territory. According to Oleksandr Zakharchenko, the self-proclaimed leader of the “Donetsk People’s Republic”, it will not be restored there anytime soon.

The locals are forced to use the services of Phoenix, a local operator working on the equipment stolen from Ukrainian companies. The quality of its services is extremely poor as it has no capacity to handle the inflow of clients after the shutdown of Ukrainian operators. People are cursing Phoenix in social media and complain that it takes several dozen attempts to make a call. Public moods do not bother the leaders of the “DPR” and “LPR” who live their lives and pay no attention to the rightless residents. The militants keep fighting over money and power. The latest scandal came from the “DPR” in late February. Zakharchenko ordered an arrest of Eduard Holenko, “DPR Coal Minister”, and a number of people from his close circle, including directors of coal unions. They are now accused of siphoning off assets.

According to the “DPR Interior Ministry” reports, the members of this alleged organized crime group have stolen over RUR 100mn since January 2017. “DPR Interior Ministry has opened a series of criminal cases on massive theft by the members of the organized crime group. As a result of a special operation, 22 officials of different levels have been detained,” the report goes.

The actual reason for Holenko’s arrest and purges at the “Coal Ministry” is hardly corruption. Any theft

of this scale could not have taken place without supervision of Zakharchenko and Oleksandr Tymofeyev, “DPR’s” second man responsible for the quasi-republic’s finance. The “DPR”-controlled territory is a parcel of land where everyone knows and sees each other. Therefore, the most likely reason for the latest developments is another redistribution of money.

According to Kostiantyn Dolgov, Zakharchenko’s one-time spin doctor who fell out of favor and fled to Moscow, Tymofeyev and Zakharchenko replaced Holenko because he could remove their middleman entity from the corruption scheme.

“Holenko was inconvenient because he proposed setting up a state enterprise to sell coal without intermediaries. This did not suit Zakharchenko and Tymofeyev. The latter had set up The Donbas Coal, a special intermediary, to make sure that the mark-up on the coal sold ends up in the pockets of the tandem in power. They want to replace Holenko with their man, Aleksey Sosnovski. That one is facing criminal charges in Russia,” Dolgov wrote in social media.

A similar scenario had unfolded in Luhansk before. In 2015, the people of Leonid Pasichnik, the current leader of “LPR”, arrested Dmytro Liamin, the “Energy Minister” and a close ally of the then “LPR” leader Igor Plotnitsky. Plotnitsky helped get Liamin released. Eduard Holenko has no influential protectorate or curators.

By contrast to Donetsk, Luhansk is now all calm. With Plotnitsky out, the group of Pasichnik and Kornet has taken over. It now enjoys undivided control of the region. Not everyone is happy about it. The new “government” is criticized from Russia by Vladlen Zaruba, former deputy for Valeriy Bolotov, the first self-proclaimed leader of the “LPR”. Zaruba fled Luhansk a long time ago.

In a recent interview he stated that Pasichnik and Kornet are in fact no better than Plotnitsky; that they had been involved in all of his criminal and corruption activities, and in assassinations of the militant leaders. According to Zaruba, Plotnitsky himself is under arrest and testifying in Russia.

Interestingly, Zaruba also mentioned a recent arrest in Russia of Oleg Mkrтчan, a founder of the Industrial Union of Donbas (Serhiy Taruta is a co-founder). This arrest is linked to the funding of the “LPR” militants as instructed by the Russians.

“After Plotnitsky’s testimony in Russia, his curator was arrested. He co-owns Alchevsk Metallurgical Plant,” Zaruba shared. According to a statement from Mkrтчan back in December 2018, the Industrial Union of Donbas lost control over it around that time. Mkrтчan was indeed arrested in Moscow on February 7, 2018. Officially, he is accused of siphoning off the assets lent to the Industrial Union of Donbas by a Russian bank.

So far, no way out is in sight from the swamp in which the Donbas has found itself after pro-Russian military formations took over ORDiLO. Quite on the contrary, the quasi-republics are rooting deeper into it as time flows.

While “LPR/DPR” supporters are somewhat concerned about the Russian elections and a prospect of Putin giving up on them, that scenario is highly unlikely. Putin will hardly change once reappointed as Russian president yet again. ■

National security overhauled

What's new for Ukraine's defense and security institutions in the President's national security draft law?

Yuriy Lapayev

At his latest press conference on February 28, Petro Poroshenko mentioned the draft law on the national security of Ukraine among important initiatives. Authored by him, this document had been submitted to the Verkhovna Rada at No8028 shortly before for immediate review.

This draft law shifts the accents in Ukraine's approach to national security. It replaces the wider and more encompassing notions used before with the outline of key areas that largely focus on military threats, state security, law and order. Other issues, such as economic, environmental and energy security, are to be tackled in other documents.

This approach can help Ukraine set more specific tasks and control their fulfillment better. This is one of the reasons why this draft law, even if important, may have a hard time passing through parliament. Those tasked with enforcing these changes in the future are probably not ready to do so. Therefore, they are likely to resist the passing of it.

The draft law shifts the security priorities from the more liberal ones focused primarily on security of individuals followed by ensuring the country's existence, to the more classic ones — the preservation of the country as an entity of state authorities. This looks timely given the situation around Ukraine. If the draft law is passed, most laws and bylaws on the work of defense and security authorities will have to be amended accordingly.

Apart from that, the draft law establishes the current state of Ukraine's security as the starting point from which to move forward. Prior draft laws focused more on what should come as a result of their enforcement, thus formulating the future. The new approach comes closer to the situation on the ground but offers no answers on the general vector of development.

The major changes refer to the Armed Forces of Ukraine. One is the introduction of commander-in-chief position in addition to the Chief of the General Staff. This is a logical continuity of the power division tradition in Ukraine's army where every military unit has a commander who takes decisions and is accountable for them, and chiefs of staff who prepare these decisions for the commander. It will also legally streamline the current situation where the Chief of the General Staff of Ukraine's Armed Forces *de facto* acts as Commander-in-Chief as well. Chief of the General Staff will report to Commander-in-Chief. President remains in the position of Supreme Commander.

Another change is in the description of portfolio for a new Armed Forces position, the Joint Forces Commander. This official will report to the Commander-in-Chief of the Armed Forces of Ukraine and be in charge of operational control, planning of use and management of all joint forces. This creates a vertical military hierarchy where the military will gain maximum competencies for the enforcement of the new De-Occupation Law. This authority also brings full responsibility for anything happening in the war area, which is not always a plus for the military.

This will most likely lead to covert competition for spheres of control between defense and security entities, which hardly improves their overall efficiency.



PHOTO: UNIAN

This draft law shifts the accents in Ukraine's approach to security. It replaces the wider notions with the outline of key areas that focus on military threats, state security, law and order

The appointment of a civilian defense minister is one of the most debated aspects of the draft law. The nature of this office requires the minister to be a political figure, a proactive advocate of his or her domain's interests, including in confrontations with MPs or other ministers. By contrast to civilians, the military should be beyond politics and have no right to conflicts or disputes. They should fulfill orders, not discuss them.

A civilian minister of defense would bring forth more accountability, transparency and civilian control as recommended by NATO. Therefore, the drafting of the bill discussed here involved international experts from the European Union Advisory Mission (EUAM) and NATO Liaison Office in Ukraine. According to Ukraine's Ministry of Defense, its officials and representatives of the Armed Forces General Staff were not involved in the process. The military are expected to offer their proposals on the draft law after its submission to the Verkhovna Rada.

Democratic civilian control is an important aspect of the draft law. Obviously, no defense or security entity wants extra publicity or openness given the specifics of its work. However, excessive secrecy is a good cover for corrupt abuse or failure to fulfill their tasks. The draft law contains a number of provisions that are largely based on the Constitution of Ukraine. The goal is to prevent changes in favor of one or another defense or security entity in violation of Ukraine's basic law. As it often happens in Ukraine's legislation, the devil is in the detail. This fragment of the draft law is hardly perfect. It is now up to MPs to look for flaws in it and fix them. ■



Vadym Prystaiko:

“Member-states that feel direct threat clash with those believing that things will get settled somehow”

Interviewed
by **Yuriy Lapayev**

The Ukrainian Week spoke to the Head of Ukraine’s Mission to NATO about the prospects of NATO expansion, Ukraine’s plans on defense reform, and the impact of politics on security considerations within the Alliance.

How do you assess the implementation of the 2017 Annual National Program for NATO-Ukraine cooperation? What are our international partners saying about it?

— We have recently received recommendations from NATO member-states on how they assess Ukraine’s implementation of ANP in 2017. I can hardly sum it up in two words: the program itself has 60 pages divided into

five sections, from political to military and defense sections. Assessment of the program by our partners is a 24-page long text. ANP is a document that allows us to focus on the efforts Ukraine has to take in order to reform. It is not a proof of NATO expecting something from us. Therefore, the first section of ANP has nothing to do with defense or security. It refers to political issues. It records changes of our course that took place in 2017. This section also lists all reforms which we have set as our goal, which have to take us to the future as we see it. I’m talking about decentralization, healthcare reform, pension reform and others.

Vadym Prystaiko was born on February 20, 1970, in Odesa Oblast. He graduated from the Kyiv Polytechnic Institute in 1994 and Ukrainian Academy of International Trade in 1998. Amb. Prystaiko was Chief Economist and Deputy Head of Department for Trade and Economic Relations with African, Asian and Trans-Pacific Countries at the Ministry of International Economic Affairs and Trade. From 1997 to 2000, he was Deputy Head of the Asian-Trans-Pacific Department at the Ministry of Foreign Affairs. From 2000 to 2001, he was consul at the General Consulate of Ukraine in Sydney. In 2002, he was appointed to the Foreign Policy Department at the Presidential Administration. From 2004, Amb. Prystaiko served as Policy Advisor at the Embassy of Ukraine to Canada and chargé d'affaires for Ukraine in Canada. From 2007 to 2009, Amb. Prystaiko was Deputy Director of NATO Department at the MFA. He served as Deputy Head of Mission of Ukraine's Embassy to the USA. From 2012 to 2014, he served as Ambassador of Ukraine to Canada and Ukraine's representative at ICAO. From 2014 to 2017, Amb. Prystaiko was Deputy Minister of Foreign Affairs. In 2017, he was appointed Head of Ukraine Mission to NATO.

Sections two and three refer to defense, military and security issues. Here, the situation is somewhat simpler. We have the Comprehensive Assistance Package, as well as the Strategic Defense Bulletin which Ukraine has developed and presented at the NATO Summit in Warsaw in 2016. Reforms are conducted in Ukraine in line with these documents. Funds and resources from NATO as an organization and its individual member-states have been allocated for this. Trust funds have been set up, including some very specific ones — for rehabilitation and treatment of injured soldiers, for instance. We have wider working groups focusing on reforms in defense industry, preparation for a transfer to NATO standards, changes in logistics, improvement of armaments, anti-mining activities — all those things Ukraine needs for survival. By the way, Ukraine is the largest recipient of money and resources and has the biggest number of R&D programs with NATO under the Science for Peace and Security program. All of this constitutes the ANP.

I would like to remind you that 2018 will mark the 10th anniversary of the NATO Summit in Bucharest where we were denied a Membership Action Plan (MAP). Still, despite this denial, a decision was made that Ukraine would use the ANP mechanism as MAP. Despite everything, Ukraine is making the necessary changes without a formal MAP.

Can you share how the ANP is developed and what the details of the 2018 ANP are? What is NATO's current focus in cooperation with Ukraine?

— 10 years ago we said that Russia was dangerous, so we needed to join NATO. We were not taken very seriously, to put it mildly. The fact that we are not a NATO member today is our problem. It is a result of us having doubts for too long, jumping from one side to another based on our domestic politics. Whether we like it or not, we are now an eastern outpost or flank of NATO. Beyond us there is only Russia which has set a goal to not be a friend or a partner for NATO, and is obviously constructing its policy against the Alliance.

This is a danger. In response, NATO is forced to adapt and reinforce its presence in Eastern European member-states. This activation is the most intense since the end of the Cold War. Back then, everyone thought that peace had

come to Europe. American and Canadian units left European territory while other groups were reduced significantly: NATO had more than 30 different command structures in the early 1990s and only seven by 2014. Today, a realization has set in that Russia's militarization continues, including in the occupied Crimea where it can place nuclear forces. Therefore, Ukraine is surely under NATO's radar even if it's not a member-state, only a friendly partner. Ukraine has the largest territory in Europe and an army that grows out of necessity to resist Russia's aggression. This army should be controlled by civilian and democratic processes, among others, so that it does not turn into some kind of a "junta" of which the Russians have been talking for so long.

Meanwhile, a concept of compatibility exists. It means a capacity to fulfill tasks in cooperation. Ukraine is still participating in all NATO operations. Of course, our contributions are correlated with our needs in the East. Still, 40 Ukrainian troops are in Kosovo today. Also, we are engaged in NATO's rapid response force that should be ready to deploy in any part of the Alliance within 24 hours. Our plane is ready to be engaged in its operations. We additionally train paratroopers and specialists in chemical, biological, radiological and nuclear defense. Our military should be prepared for joint operations, provide NATO-standard logistics, and follow military standards and rules of combat accepted in NATO. In fact, that's what we're working on now. This routine work is not always interesting. However, it is the crucial element and the most time-consuming one.

What about non-military spheres?

— Our researchers are working in R&D projects with NATO specialists. A special fund is studying different aspects of hybrid warfare and capacities to resist it. We are accumulating knowledge, even if, unfortunately, we are experiencing it all firsthand. Now we can gain knowledge and share it with NATO. We have recently finished an important project on nuclear decontamination of an area where nuclear ammunition used to be stored with the Germans. This was in Vaku- lenchuk, a village in Zhytomyr Oblast. Nearly EUR 1mn was spent on the project. We have presented the results in NATO.

Now, we are starting a new stage of the project as the German side is prepared to fund and manage it. These projects are not directly linked to security or defense, they are purely environmental.

Real-time exchange of information on air traffic is another important element. It helps the military better understand where a target is and boosts the security of civil aviation. More such projects are underway.

What about exchange of information? Are all parties to the dialogue happy with how it's going?

— We start every day by informing our NATO partners on developments in Ukraine. Unfortunately, sometimes this information contains the number of our military killed on the frontline. Also, we share updates on major operations and on what is happening in the country in general. NATO has a pretty clear understanding of the threats Ukraine is facing, and of modern warfare used against our army. We have data on this warfare and share it with NATO.

According to surveys from early last year, not all member-states were willing to interfere if Russia attacked a NATO country. Has that trend changed?

— I can't claim that this trend was not known of before. In surveys, however, an answer depends on the way the ques- ▶

tion is asked. Indeed, there must be some nominal German bürgers who are reluctant to defend a nominal Estonia. Fortunately, however, the elites that are in power in those countries have long established that nobody would question the principle of collective defense. Otherwise the bloc would cease to exist. I'm certain that any government in any member-state understands this. And no country has left the Alliance so far.

Given the fact that American troops are the core of NATO, member-states were certainly concerned when the newly elected US President Donald Trump forgot to mention his country's commitment to Article 5 of the North-Atlantic Treaty at a summit at NATO's headquarters.

That changed over time. He must have realized that it is the core principle. The US is the one to remember about this article: NATO's history has one case of its enactment after the US was attacked on September 11, 2001. This underlines the importance of the article which nobody has tried to test so far. Commitments like these help keep up peace in Europe.

Are the forces deployed in Europe actually capable of countering a sudden Russian attack?

— Concerns are understandable. That's why NATO was so sensitive about the Zapad 2017 drills conducted by Russia and Belarus. It is possible to mobilize a significant force under the guise of drills. The rapid pace of this mobilization is the indicator that is taken into account in assessments of real intents of a given country during military planning. This is a concern for NATO. And, of course, they need to know what force to accumulate, although here member-states that feel direct threat always clash with those believing that things will get settled somehow. NATO is a dynamic organization, it always has these lively debates.

CIVILIAN CONTROL OVER THE ARMED FORCES AND SECURITY SECTOR IS ONE OF THE KEY ISSUES OF INTEREST FOR NATO. EVERY NATION DECIDES ON WAYS TO ACCOMPLISH THIS. THERE IS NO UNIVERSAL RECIPE, BUT THERE IS AN UNDERSTANDING THAT THE ARMED FORCES SHOULD BE ACCOUNTABLE TO THE PEOPLE, INCLUDING THROUGH PARLIAMENT

I can add that one rapid operation could probably take place. But let's remember that the US Armed Forces and their military budget are larger than the top ten military powers, including Russia. So [Russia] could plan a suicidal mission and conduct it, but it should realize what would come next. I assume that such actions are planned in the Alliance — it's not pleasant, but it's necessary. Nobody wants to scare or provoke Russia. But NATO strategists should obviously take Russia's growing appetite into account.

How does politics affect decision-making in NATO? Look at the growing tensions between NATO and Turkey.

— NATO is a military political organization, first and foremost. Therefore, its members try to avoid any political clashes. Especially that the Alliance runs on the principle of consensus. Of course, it is extremely difficult to come to a consensus between 29 member-states — far more difficult than in the early days of the bloc.

The changes in Turkey are drawing the attention of Germany and the Netherlands. But NATO has so far managed to avoid confrontation between Greece and Turkey, old and new member-states, and it has to seek compromise. When it comes to the heavy defense part, the military of the mem-

ber-states have a complete consensus, I believe. They don't just manage to co-exist at the NATO or military headquarters. They plan operations together and support each other. Overall, they stay away from delving into politics too deeply.

Bosnia and Macedonia have MAPs. When do we expect them to join NATO? Where could it expand next?

— Macedonia is candidate No1 to join NATO. It has had its MAP for a while now, some of the longest times. It is indeed close to membership. The only stumbling block is its name which it is forced to solve with Greece. The consensus principle is holding it back. Our Georgian partners have made significant progress. By contrast to Ukraine, they have not been wasting time but preparing thoroughly and conducting reforms. I will not be surprised if they get some kind of promotion in status or a MAP despite the unresolved conflict and occupied part of their territory. The latter is a legend, a set of myths whose origin nobody can really explain.

We were often criticized before for Ukraine's neutral status recorded in the Constitution. That didn't exist. Still, many politicians were seriously talking about it. It's the same thing with the [occupied] territory. There are various approaches debated by scholars on whether Art. 5 can apply to the territory which the state does not control. This should be left up to the experts. It has nothing to do with MAP. I like this phrase I hear when I ask whether things really are so difficult and whether we really need to fulfill MAP? In the past, these things were done through political decisions, with no complicated plans or programs (Turkey and Greece were accepted despite the unresolved conflict). What I hear in response is that it's a "moving target" in NATO's terminology.

This means that we plan to join the bloc today, while it will be a different organization ten years later with different demands and expectations. By the time we get closer to it, the organization will change more. Therefore, we must change permanently and reform ourselves so that we at least keep up with the moving target. But we are not doing it for NATO. If our soldiers looked like NATO troops from day one, had the same discipline and could fight like NATO troops do, the war would be different, I'm sure. Nobody would have decided to let their forces out in the streets just like that, with Russian insignia or not. If the [Ukrainian] army had fulfilled orders and shot when necessary, the result would have been different.

There is an active debate on civilian control over the army, especially in the context of the De-Occupation Law which expands the powers of the military. One of the changes is a civilian minister of defense. This is often referred to as NATO's requirement. Does the Alliance really insist on Ukraine having a civilian as defense minister? What are NATO's recommendations on this?

— Civilian control over the armed forces and security sector is one of the key issues of interest for NATO. Every nation decides on ways to accomplish this. There is no universal recipe, but there is an understanding that the Armed Forces should be accountable to the people, including through parliament.

Therefore, it is reasonable to expect that Ukraine's Defense Ministry will be headed by a representative of the ruling political force. This is about openness and accountability, including financial accountability. In a nutshell, all recipes for a more open and accountable government can be fully applied to the Armed Forces and the Defense Ministry. ■

The General vs the Admiral

Could Ukraine's armed forces have prevailed in Crimea?

Yaroslav Tynchenko, Deputy Director of the National Museum of Military History, Research Department

The Obolon District Court in Kyiv is hearing a case in which former President of Ukraine Viktor Yanukovych is being accused of treason and of aiding and abetting the start of war. Most recently, Admiral Ihor Teniukh, who was Minister of Defense in February and March 2014, and Verkhovna Rada Representative to Control the Activities of the Defense Ministry Gen. Volodymyr Zamana, who was Chief of General Staff of the Ukrainian Armed Forces prior to February 19, 2014, testified before the court.

Adm. Teniukh stated that on February 28, 2014, during a meeting of the National Security Council chaired by acting President Oleksandr Turchynov he had announced: "Today we can bring together a military force of over 5,000 servicemen from across the country who are capable of carrying out military duties. We can toss them at Crimea but this won't resolve the problem in the peninsula. We will simply station them there... And what

about the thousands of kilometers of borders and Russia's preparations for an invasion? If they enter Chernihiv Oblast in the morning, they'll be in Kyiv by evening!"

Later, during his speech in the Verkhovna Rada, in his comments to the press, and during the recent court hearing, Adm. Teniukh consistently maintained this position.

Meanwhile, Gen. Zamana categorically objected to Teniukh's position both during service meetings, and in comments and interviews that he gave to the press. At the Feb. 8, 2018, court hearing, the court transcript shows that he testified in Russian: "We had serious problems with providing, equipping and training the Armed Forces. Basically, they were combat-ready. We had about 165,000 servicemen, of whom 90-100,000 were combat-ready, armed and equipped. These were our rapid-reaction forces. Another 30-35,000 were forces on alert and they needed to be properly equipped. Then there were our expanded forces: formations and military units that



PHOTO: UNIAN



PHOTO: UNIAN

needed to be mobilized and prepared for combat. All this needed about 30-45 days. At that point, we would have had 220,000 men.”

When the court asked Adm. Tenukh what he thought of the information that Gen. Zamana had provided to Turchynov and others, the Admiral said that it often did not reflect reality.

In short, Tenukh thought that Ukraine had only 5,000 combat-ready forces in February 2014, while Zamana thought the country had 100,000. The combat-readiness of any armed forces is assessed based on complicated factors but the overall number is one of the most basic indicators. Which of the two military commanders is telling the truth is fundamental to the question whether or not Ukraine was capable of holding on to Crimea in 2014.

AT THE BEGINNING OF 2013, WHEN IT BECAME KNOWN THAT THE DRAFT WOULD SOON BE DROPPED, MANY YOUNG MEN OF DRAFT AGE WHO HAD NOTHING BETTER TO DO SIGNED UP FOR SERVICE.

THE COMBAT READINESS OF THESE CONTRACTUAL SOLDIERS, GIVEN THEIR AGE, EXPERIENCE AND KNOWLEDGE LEVELS, WAS NEARLY ZERO

This issue can be looked at in-depth, based exclusively on reliable official sources.

First of all, the Defense Minister and the Chief of General Staff are those authorized individuals who answer directly to the Commander-in-Chief, that is, to the President.

According to current legislation and legislated provisions, the Ministry of Defense carries out defense-related policy, directs the Armed Forces politically and administratively, and establishes the basis for their construction and how they should develop. General Staff engages in strategic planning for the use of the Armed Forces and other military units, plans and executes defensive measures, and handles the day-to-day operation of the Armed Forces. Given this, as Commander of the General Staff of the Ukrainian Armed Forces, Gen. Zamana should have been more authoritative in the matter of how large the forces were in February-March 2014 than Adm. Tenukh, who had just been called out of retirement.

But Gen. Zamana was repeating official numbers from the period that he was in charge of the General Staff. According to a Bill “On the numbers of the Armed Forces of Ukraine for 2013” signed into law by Viktor Yanukovich, as of Dec. 31, 2013, there were 168,201 individuals serving in the forces:

The Ukrainian Armed Forces at the end of 2013

Officers:	
31,000	men
1,600	women
Sergeants and contractual soldiers:	
13,560	men
14,440	women
Draftees:	
12,500	men
Civilian employees:	
15,000	men
30,000	women

Source: Ministry of Defense

125,482 military and the remainder civilian staff. At first glance, these numbers are impressive and are supported by a solid source like the 2013 White Paper on the Armed Forces of Ukraine, an official publication of the Defense Ministry. At the end of the document, there are pretty tables with the organization and military personnel of the Infantry, Air Force and Marines of the Armed Forces of Ukraine, complete with numbers of personnel and military equipment.

For instance, the tables show that the Air Force had 160 combat aircraft. But the real numbers have long ago been calculated and made public: at the start of Russia’s incursions into Ukraine, there were only about 20 operational fighters. The remaining aircraft no longer flew and simply existed only on paper. Maybe tens of thousands of the service personnel in Gen. Zamana’s comments, Yanukovich’s bills and the nice tables in the 2013 White Paper were also only on paper, the “dead souls” of Gogol’s famous novel? A partial answer to this issue can be found in that same 2013 White Paper, but in the body of the paper.

2013 was the last year that young Ukrainians were drafted into the military for fixed terms. Moreover, after the fall draft, President Yanukovich announced that mandatory military service in the Armed Forces of Ukraine was being dropped altogether. According to the 2013 White Paper, at the end of that year Ukraine’s Armed Forces had:

- 7,500 young men who had been drafted in the spring of 2013,
- 5,000 young men who had been drafted in the fall of 2013.

The next page compares the numbers of sergeants and contractual soldiers to the numbers of drafted soldiers: 69.6% to 30.4%. It’s pretty easy to calculate, based on these figures, that Ukraine’s Armed Forces had at most 28,600 contractual soldiers at the end of 2013. But this number is also not that straightforward. Many officers have said that, in 2013, entire “female” divisions were deployed, in communications and logistics. On March 7, just before Women’s Day, the Defense Ministry decided to sentimentally greet all the women who were serving and working in the Armed Forces of Ukraine. At that point, females constituted:

- 1,600 contractual officers
 - 4,700 contractual sergeants
 - 9,770 contracted soldiers
 - 370 cadets,
 - over 30,000 civilians
- for a total of 47,000.

Among female service personnel, there have been very few like the legendary pilot Nadia Savchenko, that is, combat troops. Traditionally, most of them are the daughters or wives of officers. So, half of the sergeants and contractual rank-and-file at the end of 2013 were women involved in relatively peaceful specializations.

The other half of the contractual soldiers was also problematic. Age-wise, a large portion of them was young men aged 18-20. At the beginning of 2013, when it became known that the draft would soon be dropped altogether, many young men of draft age who had nothing better to do immediately showed up at their local draft board and signed up for service. It was especially popular in one-time army towns where unemployment was high but there were army units of one kind or another where they could find work and make some money. The combat readiness of these contractual soldiers, given their age, experience and knowledge levels, was nearly zero.

All told, then we have 72,500 service personnel and 45,000 civilian workers, the majority of which are women. To distinguish the combat component in these numbers, we need to remove the civilians, the women, the draftees who cannot by law be used in combat, the military who betrayed their country in Crimea, officers from various commands, military academies, auxiliary units, most of the Air Force units, and so on. The net result is 5-6,000 officers and contractual soldiers—exactly the number Admiral Tenukh was talking about at the council meeting February 28, 2014.

As a result of actions taken by the leadership of the country and the Ukrainian Armed Forces, by 2012-2013 the situation looked like this:

- There were 50,000 fewer service personnel than was being officially declared and the budget funds allocated for this number of “dead souls” were successfully transferred into the pockets of higher-ups in the defense ministry.

- Most combat positions were occupied by absolutely non-combat individuals: bureaucrats in epaulettes, raw youths and women.

- The real number of combat-ready military equipment was around 8-10 times less than declared in the 2013 White Paper and other official documents.

On one hand, it's easy enough to place all the blame on Viktor Yanukovich and ex-Defense Minister Pavlo Lebedev, who is also under the protection of the RF today. On the other hand, the real fault lies with Gen. Zamana and other generals who were then in top positions in the Defense Ministry, commanded various parts of the Armed



In conclusion, we have the testimony of Ihor Pidopryhora, an officer of the 36th Separate Coast Guard Brigade of the Marine Forces, which was stationed in the village of Perevalniy in Crimea. At that point, there were indisputably only around 800 servicemen in the brigade and its artillery group, of whom only one third moved to mainland Ukraine. The rest turned out to be traitors.

During the Russian Federation's

military aggression in Crimea, the 36th Brigade had around 40 tanks, 60 combat infantry vehicles and powerful artillery—all of which also figured in the pretty tables of the 2013 White Paper. In reality, according to the documented testimony of Ihor Pidopryhora, the equipment for which ammunition had been received and which had batteries and crews included: 3 tanks, 10 BMP-2s, 6 120 mm mortars.

That was all that could have been used against directly the aggressor by those units of the UAF that were stationed on the Crimean peninsula.

Forces, and so on. It's hard to believe that Gen. Zamana had no idea about the real numbers and condition of the UAF. If this really were the case, however, then that says plenty about the pathetic level of professionalism among Ukrainian generals at that time. ■

The biggest hotel loyalty program in the world



IDEAL HOTEL FOR BUSINESS AND LEISURE!

+38 044 363 30 20, e-mail: reservations.hikiev@ihg.com
100, Velyka Vasylykivska Str., Kyiv, Ukraine
www.holidayinn.com/kyiv

Holiday Inn

AN IHG® HOTEL

KYIV

A historic law of geopolitical scale

Why the newly passed Deoccupation Law matters. Part II

Volodymyr Vasylenko, Judge of the International Criminal Tribunal for the former Yugoslavia in 2002-2005, former Ambassador to Benelux countries, EU and NATO

See part I in Is. #2(120) of February 2018 or at ukrainianweek.com



A solid factor. The law reinforces Ukraine's position in the search for a solution to the ongoing conflict based on the UN Charter, not on the whims of the aggressor

WHEN RUSSIA'S AGGRESSION AND TEMPORARY OCCUPATION OF UKRAINE'S TERRITORY BEGAN

The text of the law does not indicate a date of when the aggression began or the date of when the temporary occupation of parts of Ukraine started. However, these dates are mentioned in the acts mentioned in the preamble, including the Law on Ensuring the Rights and Freedoms of Citizens and the Legal Regime on the Temporarily Occupied Territory of Ukraine and the Verkhovna Rada Statement on Resisting the Armed Aggression of the Russian Federation and Overcoming its Consequences approved by the VR Resolution No337-VIII on April 21, 2015.

Both listed documents specify the date as February 20, 2014. It is used in MFA notes and lawsuits to international courts, including the European Court of Human Rights (ECHR), International Criminal Court (ICC) and International Court of Justice. Therefore, the officially established starting date of Russia's aggression against Ukraine is February 20, 2014. It matches the date when the occupation of Crimea and the city of Sevastopol began: the annexation of these parts of Ukraine's territory qualifies as an act of aggression *per se*. That annexation began on February 20, 2014.

International practices offer multiple scenarios for connecting the starting dates of armed aggressions and occupations – whether identical, close or distant, direct or indirect – since occupation is always a consequence and manifestation of aggression, a process and a fact simultaneously. The fighting that has been taking place in parts of Ukraine faced with the aggression is inevitably accompanied by military occupation. In such cases, occupation is a military operation while the occupied territory is controlled by the military exclusively. As the size of the occupied territory expands beyond the area of the fighting, it gains the status of the temporarily occupied territory under control of the predominantly civilian occupation administrations. Legislative determination of the starting date of the armed aggression has the key and decisive meaning. From this date, the armed offensive qualifies as an international crime committed by a state; all cases of war crimes and crimes against humanity, and the causing of material and non-material losses in the area of fighting or within the temporarily occupied territory are recorded.

The starting dates of temporary occupation have no impact on the assessment of the damage caused by the act of aggression. They tend to fluctuate and be linked to different territories in different timeframes. However, they are important for the establishment of the date when the occupying state should start fulfilling its positive obligations towards civilians in the occupied territory. Therefore, it is reasonable to establish the starting date of temporary occupation with the acts of the executive branch, not with laws.

THE LEGAL FOUNDATION FOR COUNTERING THE ARMED AGGRESSION

Russia's armed aggression began with undeclared and concealed invasions into the territory of Ukraine with units of Russia's Armed Forces and other security entities. This was done parallel to the organization and support of terrorist activities, and with no President elected on the nationwide scale, legitimately convened Verkhovna Rada or local authorities in Ukraine.

In this context, it was vital for Ukraine to solve two major tasks: to ensure counteraction to the aggression, and to form new power structures without violating the Constitution of Ukraine. Therefore, Ukraine's leadership that came to power after Yanukovich's regime collapsed organized resistance to the Russian aggression by launching the anti-terrorist operation in April 2014 with a wide-scale engagement of the Armed Forces. Early presidential election held in May 2014, followed by early parliamentary and local elections, eliminated any doubts about the legitimacy of the new authorities in Ukraine and ensured international support in its struggle.

From day one of Russia's armed aggression, the anti-terrorist operation has been "an element of Ukraine's integral right to individual self-defense from aggression as interpreted under Art. 51 of the UN Charter". This approach was recorded in a number of Verkhovna Rada resolutions that have defined the key parameters of Ukraine's legal stance in countering the armed aggression and dealing with its consequences, as the fighting unfolded.

It is known that the Armed Forces of Ukraine play the key role in the wide-scale fighting against the Russian aggression *de facto*, even if the Security Bureau of Ukraine (SBU) is in charge of the ATO *de jure*.

RUSSIA'S ARMED AGGRESSION BEGAN WITH UNDECLARED AND CONCEALED INVASIONS INTO THE TERRITORY OF UKRAINE WITH UNITS OF RUSSIA'S ARMED FORCES AND OTHER SECURITY ENTITIES. THIS WAS DONE PARALLEL TO THE ORGANIZATION AND SUPPORT OF TERRORIST ACTIVITIES

In confirmation of the Verkhovna Rada resolutions mentioned in its preamble, the newly passed law provides the legal statement of the fact that Ukraine counters Russia's armed aggression in the format of defending itself from aggression under the Constitution of Ukraine, the laws of Ukraine and Art. 51 of the UN Charter, not in the ATO regime. This is also confirmed in the text of the law, including Art. 11.

This approach overturns speculative doubts about the legitimacy of engaging volunteer battalions and Armed Forces of Ukraine in all stages of countering Russia's armed aggression. Art. 51 of the UN Charter is an international treaty provision whose binding force the Verkhovna Rada of Ukraine has committed to. Under the Constitution, this makes it part of the national legislation.

At the same time, the law ends the uncertainty about legal grounds for demands of the compensation of the damage incurred by individuals and/or legal entities as a result of Russia's aggression. Based on the norms of the law and generally accepted principles of international law, Ukrainian courts should pass verdicts on the compensation of such damage by Russia as aggressor state.

RUSSIA'S RESPONSIBILITY FOR ITS ARMED AGGRESSION AGAINST UKRAINE

Art. 2 of the law says that Russia is responsible for material and non-material damage incurred by Ukraine as a result of Russia's armed aggression under international principles and law. Art. 6 says that the Cabi-

net of Ministers will take “necessary measures to establish an intergovernmental coordination body tasked with consolidating Ukraine’s legal position in countering and restraining Russia’s armed aggression and preparing Ukraine’s consolidated claim against Russia for the implementation of its responsibility under international law for the armed aggression against Ukraine”.

In practice, the implementation of this provision requires a number of laws and bylaws to be passed. These should define the financial, material, staff, organizational, procedural and other aspects to make the work of the intergovernmental body efficient.

Consolidated and detailed legal position of the state in countering Russia’s armed aggression and overcoming its consequences will serve as the legal foundation as Ukraine prepares a consolidated claim against Russia.

Its key elements should include proof of the fact of aggression, the assessment of damage caused by it to the Ukrainian State, society, legal entities and individuals, and claims on the amount and forms of reimbursement of the losses faced by Ukraine as a result of Russia’s aggression.

THE MECHANISM FOR COUNTERING RUSSIA’S ARMED AGGRESSION

Art. 8 of the Law entails the creation of a powerful intergovernmental platform to unite forces and tools involved in countering and restraining Russia’s armed aggression in Donetsk and Luhansk oblasts. Art. 9 describes the competencies and *modus operandi* for the bodies of strategic and operational management for such forces and tools.

UKRAINE AND GLOBAL DEMOCRACIES SHOULD COOPERATE FOR THE PURPOSE OF RESTORING INTERNATIONAL PEACE IN EUROPE BASED ON LAW, EUROPEAN VALUES AND FAIRNESS, NOT FOR THE PURPOSE OF SEEKING WAYS TO MEET RUSSIA’S ILLEGAL DEMANDS

Another important provision is Art. 10. It states that “Should Russia’s armed aggression expand beyond the Autonomous Republic of Crimea, Sevastopol, Donetsk and Luhansk oblasts, the forces and tools listed in Art. 8 hereof shall be engaged and used in countering it, in compliance with the procedure established in Art.9 hereof.”

THE FRAMEWORK FOR DE-OCCUPATION POLICIES

Art. 4 states that the priority goal of Ukraine’s state policy is the liberation of the temporarily occupied parts of Donetsk and Luhansk oblasts, and the restoration of constitutional order in that territory.

Art. 5 says that government bodies and their officials shall:

- take relevant diplomatic, sanction and other measures (their range is not limited or specified in the Law),
- engage international assistance, and
- use mechanisms of bilateral international cooperation, international organizations and international courts to keep and increase the sanctions imposed on Russia by the international community.

These and other provisions of the Law, including Art.7.1, establish a legal ground on which Ukraine’s executive authorities can develop a comprehensive and specific action plan to move forward with the de-occupation and re-integration of the occupied parts of Donetsk and Luhansk oblasts. The Law confirms that peaceful, political and diplomatic regulation is a priority. At the same time, it does not exclude the application of coercive measures in line with Art. 51 of the UN Charter.

PROTECTING THE RIGHTS OF CIVILIANS AND SANCTIONS

The Law defines the framework for the protection of the rights of civilians on the temporarily occupied territory based on the fact that the Ukrainian authorities are temporarily unable to function on that territory. Unfortunately, Art. 7 speaks only generally of Russia’s obligations as the occupying state. Under the international humanitarian law, it rather speaks of Russia’s negative obligations for the violations of human rights of civilians, while Russia is also responsible for most of the positive liabilities. The implementation thereof should aim at supporting the life of civilians and protecting human rights.

Human rights advocates and some MPs have been largely concerned about certain restrictions of human rights imposed by the Law on civilians in the areas that neighbor on the conflict zone. This is understandable in peaceful time, but not in wartime.

In a situation where the state has faced an armed aggression and its public order, security interests, territorial integrity and mere existence are threatened, it has the right and obligation to restrict some rights of citizens, particularly in the areas adjacent to the conflict zone. These restrictions are set to ensure effective resistance to the aggressor, as well as to protect the life of the citizens who find themselves within the area of battle.

Under Art.3.2, 9, 12, 14 and 17 of the International Covenant on Civil and Political Rights, and Art. 5, 6, 8 and 13 of the European Convention on Human Rights, the states with a state of emergency or an armed conflict on their territory are entitled to departing from some obligations under the treaties mentioned above. Ukraine made a Statement on such departure approved by the Verkhovna Rada under No462 dated May 21, 2015, upon the demand of the Council of Europe. Under these documents, Ukraine has introduced certain restrictions on human rights for the period until full termination of Russia’s armed aggression. This entails complete withdrawal of all illegal armed formations that are managed, controlled and funded by Russia, as well as of its occupying armed forces from the territory of Ukraine.

The restrictions of civil rights listed in Article 12 of the Law for the areas adjacent to the zone of conflict are in line with the norms of international law, justified and reasonable.

At different stages of drafting and consideration, some Ukrainian MPs proposed that the Law includes clauses on the termination of diplomatic relations with Russia, the termination of the Treaty on Russia-Ukraine Friendship, the introduction of a visa regime with Russia, the ban of trade with the occupied territory, and more.

This important and special problem should be regulated by other laws. Specific proposals on consistent development of a consolidated state sanction policy (as discussed in *War or imitation of war: A legal view* available at ukrainianweek.com) remain important. It would take political will of the country's leadership to implement them.

THE GEOPOLITICAL ASPECT OF THE LAW

This Law plays a historic role and is extremely important in protecting Ukraine's vital interests and reinforcing its geopolitical position.

It demonstrates to the world that Ukraine does not accept the consequences of illegal use of force against it, and gives a principled answer to Russia's lasting armed aggression against Ukraine.

It shows Ukraine's determination to defend its independent statehood, territorial integrity and constitutional order based on internationally accepted norms and principles, international cooperation and interaction with global democracies.

The Law unequivocally defines Russia as aggressor state. It thus debunks the absurdity of a propagandist myth about Russia's peaceful mediation in solving an international armed conflict in which it is involved as aggressor state.

In the context of the Law, Russia is what it is in reality: an underminer of international order, not a peacemaker; it brazenly violates fundamental principles of international law and bilateral commitments. The Law is aimed against Russia's attempts to replace the international order based on the UN Charter with an archaic system with no civilized, universally accepted or understood rules, and with force as the dominant factor.

The Law is an instrument allowing Ukraine to reject the model of conflict regulation that enables the aggressor to accomplish its illegal goals and enjoy impunity. It also reinforces Ukraine's positions in solution-seeking negotiations based on the UN Charter rather than whims and aspirations of the aggressor.

The Law does not reject the possibility and feasibility of using the positive potential of the Minsk Agreements, therefore it underlines Ukraine's commitment to the priority of political and diplomatic regulation of the conflict in line with the rule of law. The Minsk Agreements, given their status as a political accord imposed by force and not ratified by the Verkhovna Rada of Ukraine, and in view of some illegitimate provisions therein, do not create legal grounds for a revision of this Law that has been duly ratified by Ukraine's Parliament while its provisions are fully in compliance with international law.

In view of modern international law and European civilizational values, it. 10.4 of PACE Resolution titled *Humanitarian consequences of the war in Ukraine* dated January 23, 2018, raises serious concerns and resolute rejection. It recommends the Ukrainian authorities to "revise the Law ... to be based on the Minsk agreements". This provision was integrated into the PACE Resolution as a result of efforts by Vadym Novynsky and Yulia Liovochkina, members of the Ukrainian delegation and the Opposition Bloc party. Their conduct as agents of Russia's influence is self-explanatory. By contrast, it is difficult to describe the position of EP members who have supported this anti-Ukrainian

initiative as anything but shameful, immoral and irresponsible.

As noted before, the Minsk Agreements are the result of Russia's illegal use of force against Ukraine. They contain a number of provisions that are starkly in violation of modern international law and European values. Therefore, it makes sense to review the Minsk Agreements, not the Law which does not violate international law in any of its clauses.

The approach to establishing legal grounds and ways to regulate the international armed conflict that has unfolded in the center of Europe as a result of Russia's armed aggression is a test both for Ukraine's leadership, and for the leaders of global democracies.

Ukrainian authorities should prove capable of delivering a quick and consistent implementation of the Law. They should reject any attempts to revise it and not agree to concessions that undermine Ukraine's constitutional order and contradict international law.

Western leaders should prove their commitment to the rule of international law, and drop attempts to force Ukraine to blindly fulfill illegal provisions of the Minsk Agreements. They should also expand sanctions against Russia as the state that refuses to stop its aggression against Ukraine and restore international legal order.

THIS LAW DEMONSTRATES TO THE WORLD
THAT UKRAINE DOES NOT ACCEPT THE CONSEQUENCES
OF ILLEGAL USE OF FORCE AGAINST IT, AND GIVES A PRINCIPLED ANSWER
TO RUSSIA'S LASTING ARMED AGGRESSION

Concessions to the aggressor by Ukrainian authorities based on illegitimate clauses of the Minsk Agreements will stand for a betrayal of Ukraine's national interests. Other democracies will become partners in the crime of aggression by forcing Ukraine to make concessions in favor of the aggressor.

Ukraine and global democracies should cooperate for the purpose of restoring international peace in Europe based on law, European values and fairness, not for the purpose of seeking ways to meet Russia's illegal demands.

If Ukraine and its western partners fail to effectively counter Russia's aggression and agree to meet its illegitimate demands and whims they will signal a capitulation and encourage the aggressor to launch new ventures.

History shows that appeasing an aggressor reinforces the culture of impunity, leads to a triumph of force, chaos, arbitrariness and diktat in international relations. The only way to prevent this scenario is by expanding international sanctions against Russia if the aggression against Ukraine continues. There should also be a prospect of creating a wide anti-Putin coalition that would aim at delivering a criminal punishment for the aggressor-state's leadership for the damage it has caused to Ukraine and its allies that have faced losses as a result of sanctions imposed on the aggressor; at full restoration of international legal order, and at the introduction of restrictive measures against Russia to prevent its aggression in the future. ■

Deliberately undecided

Who wins the next election won't be decided by the voters who are now supporting various parties and candidates but by those who will vacillate until the very last minute

Andriy Holub

In December 2017, the Ilko Kucheriv Democratic Initiatives Fund (DIF) ran its traditional annual survey of the mood among Ukrainians. A big part of this survey consisted of questions about voter preferences. According to the results, an imaginary different politician picked up nearly 16% of the vote, putting this ghost politician well ahead of the nearest rivals—Yulia Tymoshenko with 12% and Petro Poroshenko with 10%.

It's no real news that many Ukrainian voters are waiting for new faces and new leaders. Nearly two thirds of them are insisting that this needs to happen. At the same time 82% say that so far, no such individuals are visible on the horizon. What's more, pollsters were suggesting such options as show business personalities Sviatoslav Vakarchuk and Volodymyr Zelenskiy, who haven't even confirmed that they intend to go into politics, and familiar faces like Vadym Rabinovych, Yevhen Murayev, Anatoliy Hrytsenko, Mikheil Saakashvili, and Nadia Savchenko, who are already actively campaigning. Regardless of their name, none of these have more than a margin-of-error chance of striking Ukrainians as a "new" face.

IT'S NO REAL NEWS THAT MANY UKRAINIAN VOTERS ARE WAITING FOR NEW FACES AND NEW LEADERS. NEARLY TWO THIRDS OF THEM ARE INSISTING THAT THIS NEEDS TO HAPPEN.

AT THE SAME TIME 82% SAY THAT SO FAR, NO SUCH INDIVIDUALS ARE VISIBLE ON THE HORIZON

Given that all potential nominees have a negative balance of trust, it's very difficult to come up with the arguments that persuade a voter to get behind any one of them. Some will end up choosing among those available. Others are in waiting mode and in no rush. These last range from 20-45%, depending on the poll. The number of undecided voters is equal to or even higher than the cumulative number of votes that the top candidates today could garner if the election were held tomorrow. So, it looks like this group of voters will determine the outcome in the future presidential and Verkhovna Rada races.

"The question is how to determine the choice of these voters: which direction are they likely to lean towards?" says DIF Director Iryna Bekeshkina. "Will they bother to vote at all? If, as the polls seem to show, the winner will have slightly over 10% of support among all Ukrainians, this is no sign of leadership." With a year to go to Election Day, however, she admits that it's too soon to draw any firm conclusions from these results.

All the elections in the last few years have seen a substantial proportion of voters making their minds up at the very last minute, so this is not a new phenomenon. Hence the gap between polls taken just before Election Day and the results of the actual vote. For instance, a few weeks prior to the run-off in the 2010 presidential election, nearly 20% of voters planned to vote "Against everybody." Another 10% had not decided whether to vote for Viktor Yanukovich or Yulia Tymoshenko. In fact, only about 4% of Ukrainians voted "Against everybody." The rest either didn't show up to vote or ended up choosing between the two candidates after all.

After that election, Ukrainian pundits and politicians began to use the term "golden share" much more often, meaning the relatively small group of voters whose support will determine the victory of one candidate or another.

"In 2010, the thought was that this golden share belonged to those who felt negative about both candidates and had to decide whether to go ahead and vote for the lesser of two evils, or not to vote at all," says Mykhailo Mishchenko, deputy director of the Razumkov Center, a Kyiv think-tank. "Yanukovich won by a very small margin and a relatively large number of voters voted 'Against everybody' or didn't vote at all. If some of them had decided to favor Tymoshenko, then she would have won."

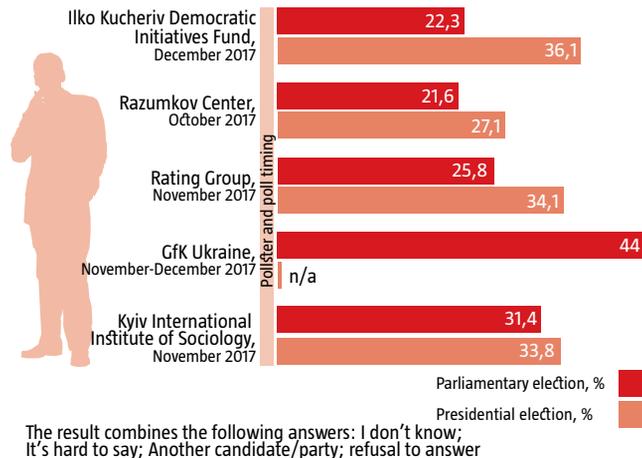
Unfortunately, there are no detailed studies that might provide a fuller picture of this group of voters. Mishchenko says that the golden share actually was held by those who supported other candidates from the Orange camp, including Viktor Yushchenko. At the time of the 2010 election, the former president refused to endorse either candidate in the second round. Another factor was that the intelligentsia had taken on a similar position taken and this was actively being promoted in the press.

It's just as hard to come up with any serious conclusions about the overall picture of those who haven't made a choice yet in 2018. According to various polls, the undecideds form a substantial share in every macro region, although the latest poll from DIF shows that there is more of this contingent in eastern Ukraine, especially in Donbas, and in the southern part of the country. According to Oleksiy Haran, professor at Kyiv Mohyla Academy and DIF's director of research, this category of voter also cuts across the entire social spectrum. Most likely this is all due to the fact that it's not clear who exactly will be running in the election.

"Proportionally, it differs somewhat," says Haran. "For instance, younger people are less interested in

Still thinking...

The share of undecided voters by different pollsters



political issues, while older people appear to live inside their TV sets. Yet undecideds cross all age groups and even all groups based on level of education. Right now, we don't know who will be the actual candidates. There's only a list of names, but it's clearly not the final one."

Others with whom The Ukrainian Week spoke were of a similar opinion. Mishchenko explains that the behavior of voters in this kind of situation is reasonable, as even experts have no idea exactly who will be in the running. "It makes more sense to start analyzing the undecideds closer to the election, and not now, when the situation is unclear and these voters could be waiting to see what happens with the candidates before making any decisions," says Mishchenko. "Take, for example, Vakarchuk. Will he run or not? A lot can change in the next year, including the list of candidates. What's the point, then, of choosing when we don't know what might happen with that candidate?"

Much will depend on what happens during the consolidation process. Since the 2014 election, Ukrainian voters can be divided more-or-less into four groups: those who favor the party in power, the so-called democratic opposition, the nationalists, and the former Party of the Regions camp. Moreover, all of these groups are fragmented. The once-monolithic PR electorate has been divided up between the OppoBloc and Rabinovych's Za Zhyttia [For Life] party.

The situation in the democratic opposition is no less straightforward: in addition to the current marginal favorite, Yulia Tymoshenko [Batkivshchyna], we have Anatoliy Hrytsenko [Civic Position], Andriy Sadoviy [Samopomich], Mikheil Saakashvili and his Movement of New Forces, and a slew of other political parties and personalities, including the parliamentary eurooptimists. The picture could get even more confusing if Sviatoslav Vakarchuk decides to run: the latest surveys by four pollsters commissioned by the Committee of Ukrainian Voters (CUV) show that he would immediately join the top three. The nationalist camp is just as messy, where, in addition to old-timers from Svoboda, voters have the National Corps, Praviy Sektor, and Dmytro Yarosh's movement.

"The undecideds are always the reserve in any election," says Haran. "But that doesn't really make them some kind of 'golden share.' We can only say that this is

a standard situation and these voters will later choose among the main candidates, and those who eventually emerge. As usual."

How they will go is anybody's guess right now. A good share of them simply won't go to the polls. According to Bekeshkina, the undecideds are more of a reserve for the current administration. "Part of them won't vote at all, but the rest will likely vote for the lesser of two evils," she says. "Typically, the lesser evil is whoever is currently in office. Those who are definitely against the current president will have picked another candidate much earlier."

In short, it's too early to say that the "golden share" will have much of a role, repeating the 2010 election. For one thing, this notion makes no sense at all in the VR elections. "There are many parties who gain enough votes to be seated in the legislature," says Mishchenko. "Whatever posts are to be had are determined in the Rada itself and voted on by the deputies. So only individual deputies and parties can take advantage of the golden share. You might even say that this golden share will go to those who vote for these MPs or parties."

It's also too early to say much about the kinds of campaign strategies will be used by those competing for office. One very visible strategy that seems to have worked well in 2010 was to encourage the "Against everybody" vote to get potential Tymoshenko supporters not to vote in the second round of the election, complete with an actual candidate called "Vasyl Againsteverybody." Vasyl Humeniuk, a former mayor of Yaremche, actually changed his family name to Againsteverybody for the election. Billboards promoting Againsteverybody, sprang up all across the country with the slogan was "Life without Ya and Yu"—the letter "Ya" meaning Yanukovych and "Yu" conveniently covering both Yulia

A few weeks prior to the run-off in the 2010 presidential election, nearly **20%** of voters planned to vote "Against everybody." Another **10%** had not decided whether to vote for Viktor Yanukovych or Yulia Tymoshenko. In fact, only about **4%** of Ukrainians voted "Against everybody." The rest either didn't show up to vote or ended up choosing between the two candidates after all

Tymoshenko and Yushchenko. According to Haran, the same kind of trick could be used again this time, doo. However, the very fragmentation of the electorate makes it difficult to predict whom such an approach might favor.

Yet another risk in the upcoming election, says Haran, is that active voters could end up the biggest losers. They are disenchanting with the current government, which has failed to come through on many of its promises. Then, there are the populists, whom a large chunk of Ukrainian voters is also not prepared to take seriously. The end result could be that the active part of the population that has emerged in the more than four years since the Euromaidan could be left both without its own candidate and without a clear answer to a key question: who's worth supporting?

In a situation like this, the very people who have been putting in the most effort into change the face of Ukraine could find themselves without not just the golden share, but any share whatsoever, in deciding the future government of their country. ■

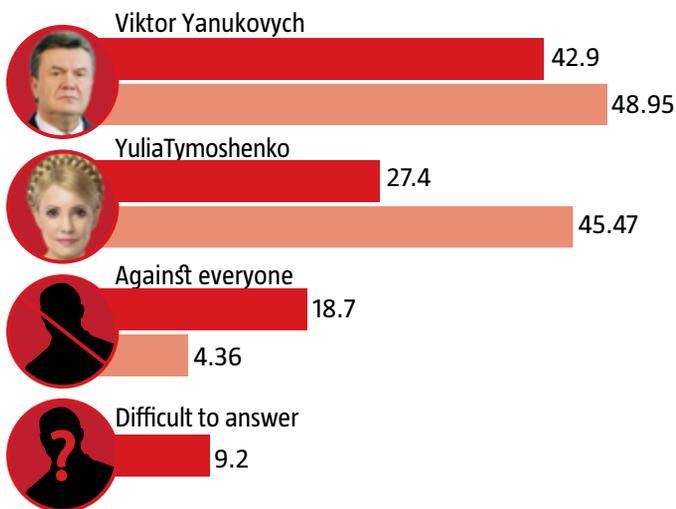
Vote busters

What those in power and opposition are likely to do to improve their rates and mobilize the electorate

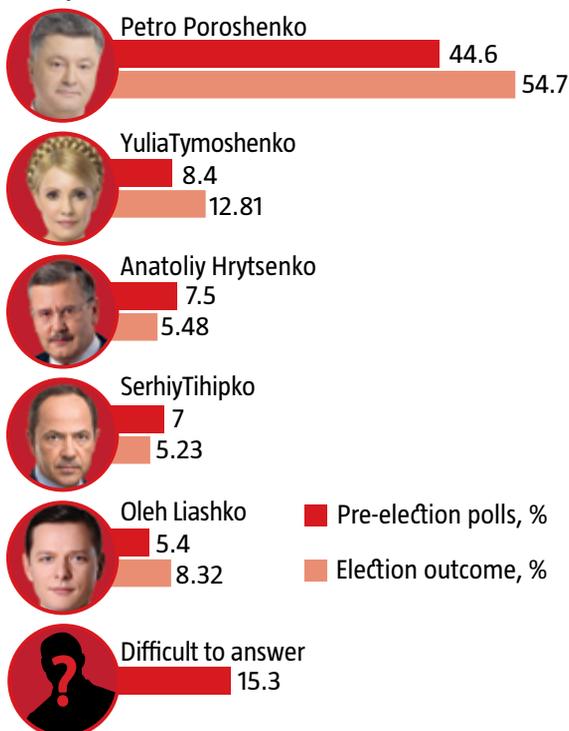
Maksym Vikhrov

When the “undecided” weigh in

2010 presidential election, round two



2014 presidential election



Sources: CEC, DIF and KIIS surveys

Candidates in the 2019 parliamentary and presidential elections will enter that year with poor support rates. According to pollsters, the most popular parties in Ukraine stay below 20% and all fairly visible political actors are mistrusted. This looks like a harbinger of a cut-throat political battle for every voter from the pool of those who have not decided on their choice yet. They are many of these.

According to a survey by the Kyiv International Institute of Sociology (KIIS), nearly 40% of Ukrainian voters were undecided about the upcoming elections as of December 2017. This share of the electorate may well bring an entirely new formation to power in Ukraine. The question is whether the 2019 candidates manage to get their act together and attract the support of this segment by the time the campaigns start. Given the current election moods, they will have to be enormously creative, and still have no guarantee of a positive outcome.

Those currently in power are probably in the most difficult position. Ukraine's voters blame on them all developments in Ukraine, as well as their own failed expectations accumulated during the Maidan and further fueled by the populism in 2014 elections. The extent to which those in power are actually at fault is open to discussion. However, it is public opinion that matters in elections. And that one is quite unanimous in Ukraine. According to the Ilko Kucheriv Democratic Initiatives Fund (DIF), 74% of Ukrainians believe that developments in Ukraine are going in the wrong direction. Trust for the President is at -62%, -65% for the Government and -56% for the Prime Minister. Less than 8% of Ukrainians are ready to vote for the parties in the nominal governing coalition – Petro Poroshenko Bloc and Narodnyi Front (People's Front).

Those in power still have a strategic advantage – they have the real tools to influence life in the country and deliver positive results, of which there is only a handful. The few fulfilled promises include the Association Agreement and visa free travel with the EU. Those in power can also count the decommunization campaign as a success. However, these historic accomplishments will hardly have a decisive effect on the electorate: according to a survey by DIF, Ukrainians are actually most concerned about the war in the Donbas (75%), growing prices (50%), widespread corruption (47%) and poor social standards (42%).

Will those in power manage to meet the key demands of society before the elections? An economic miracle is not coming in the next year or two. The only thing the government can do over this time is to once again increase social benefits which will fuel inflation. And it will most likely bet on this social element. Having raised wages in 2017, the Government has again announced an increase of minimum wages to UAH 4,100. Presi-

dent Poroshenko and Vice Premier Pavlo Rozenko have made such statements. The Ministry of Social Policy has promised a 20% increase in pensions in 2019. This will likely win the sympathy of vulnerable social groups. The question is who they will thank for this bonus. The media have long been talking about tensions between the President and the Premier. One of the alleged reasons is Hroisman's political ambitions and closer links to the People's Front. If the conflict does erupt, Volodymyr Hroisman may be forced to resign in order to shed the negative legacy created by the previous economic hardships.

On other points, those in power will hardly manage to score. The top five priorities for the public include anti-corruption, pension, healthcare and law enforcement reforms, and lustration of officials. The reforms that had been widely announced in 2014 are stalling. According to the DIF, a mere 5% of Ukrainians believe that they have been successful. 41% believe that nothing has been done to conduct reforms, while 35% put the progress at less than 10%. The President, the Government and the parliamentary coalition are named among the top five obstacles alongside oligarchs and law enforcement authorities.

It will be impossible to turn this public opinion upside down even if those in power fire a number of people, arrest officials involved in corruption and send them to court. Too many cases of impunity have accumulated over the past years, and a pre-election performance will hardly override them. The same goes for the rest of reforms — even if actually sped up in the run-up to the elections, they will not have a dramatic effect on the government's negative image. The situation in the Donbas will also remain a sore spot as the war is unlikely to stop in 2019. The build-up of the Ukrainian army is the only argument that can partly override negativity in this aspect.

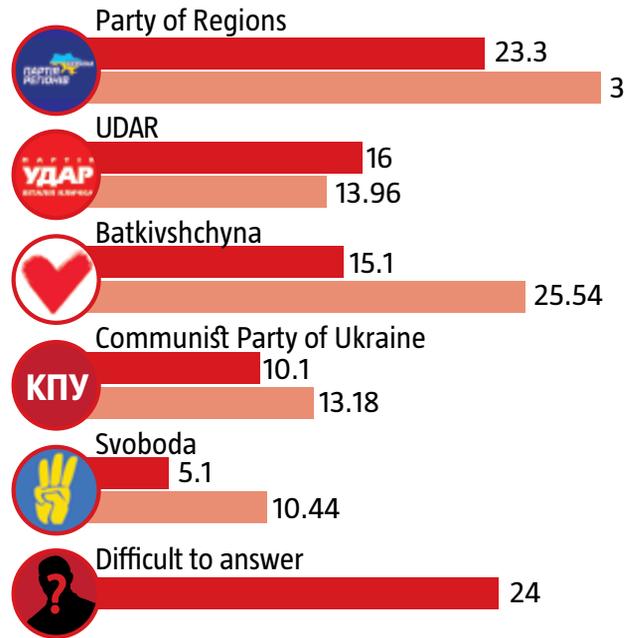
As a result, those currently in power are walking into the presidential and parliamentary elections with something in their hands but no tools that could change the electoral disposition to their benefit dramatically. Therefore, in addition to playing the social card, the President and coalition partners — provided that they don't become total opponents by the time the elections arrive — will attempt to override negative information triggers by demonstrations of accomplishments and success. They will also try to mobilize the passive part of the electorate against their opponents. Obviously, Yulia Tymoshenko will be the main target of criticism. President Poroshenko has already slipped a mention of her one-time "friendship" with Vladimir Putin in his New Year address. This will not have much effect given how similar the rivals are in their ideology — or, more specifically, in the lack thereof. History tells us that Ukrainians best mobilize when opposite political paradigms clash, as in the rise against Viktor Yanukovich and the Party of Regions.

The current opposition in Ukraine is divided into three wings. The wing of the nominal national democrats includes Yulia Tymoshenko's Batkivshchyna (Fatherland), Samopomich (Self-Reliance) led by Lviv Mayor Andriy Sadovyi, and a number of parties that are not in parliament.

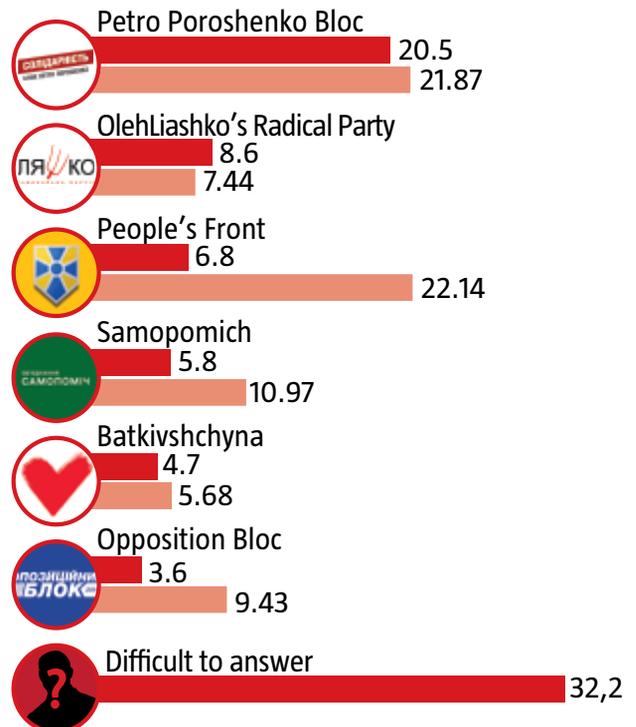
The pro-Russian revanchists are represented by the Opposition Bloc led by Yuriy Boyko and Za Zhyttia (For Life) with Vadym Rabinovych. The nationalistic Svobo-

When the "undecided" weigh in

2012 parliamentary election



2014 parliamentary election



■ Pre-election polls, %
■ Election outcome, %

» Sources: CEC, DIF and KIIS surveys

da (Freedom) led by Oleh Tiahnybok will have to share the electorate with the national-populist Oleh Liashko's Radical Party.

Given the current level of public frustration with those in power, the opposition should feel confident. However, its rates are fairly low with little space for growth. The opposition's main problem lies in the fact that its permanent leaders are mostly from the cohort of the players of the past. None of them is actually capable of intriguing the voters as each has a trace of failures, controversial actions and scandals behind. All of them are more or less incorporated into the power system, therefore they are also to blame for the state of affairs in Ukraine.

The opposition — or the nominally patriotic part of it — will thus try its best to find new faces as decor for their parties. New faces will pop up in the entourage of candidates for presidency who will thus try to cover up their own toxic reputations. Who exactly these new faces will be is still to be seen.

In 2014, party bigwigs were running for parliament behind a shield of military and volunteer commanders. Today, voters get far less carried away with people in fatigues. So the party players may now bet on socially active celebrities and anti-corruption activists.

As to the content of their politics, the only hope of the national democrats lies in getting more active in the media and criticizing those in power in the hope that the voters will choose “worse but different” in the end.

THERE WILL BE QUITE A FEW COMPETITORS FOR THE UNDECIDED ELECTORATE. THE CURRENT SITUATION LEAVES NO FORCE IN UKRAINE'S POLITICS CONFIDENT OF VICTORY. BOTH THOSE IN POWER AND IN OPPOSITION HAVE FEW CHANCES OF ENDING UP WITH AN ELECTORAL JACKPOT

Nationalists will have a much harder time as they already risk returning to the status of an opposition that is beyond the margins of the system (or parliament). Representatives of this circle have no chance to win presidency. Yet, they will definitely try to increase their presence in the Verkhovna Rada. The first candidate is Svoboda with 3% of support today. Its unexpected success in the 2010 parliamentary election signals that it is still too early to write it off as an outsider.

When the rates are within the standard error margins, splitting up the electorate is unacceptable. Therefore, Svoboda, the National Corps and the Right Sector declared their unity by signing the National Manifesto in March 2017. Whether this agreement lasts through 2019 is unclear. So far, this strategy looks perfectly rational. Still, Oleh Liashko's party can ruin Svoboda's chance as it exploits a similar rhetoric and can steal a critical share of votes.

Given the experience of all previous elections, the share of ideologically engaged electorate in Ukraine is very low. Moreover, the nationalistic discourse has turned into political mainstream in the past years. De-communization, revival of historic memory and anti-Russian resistance — all the things that had once been a trick of the radical right — are now conducted on the nationwide scale under control of those in power. Nationalists will thus have to look for a different format of interacting with the voters and make sure that they stand out among their rivals. The liberation of Donbas

is likely to be their key theme in 2019; on that, they will present themselves as feisty patriots, critics of the Minsk Agreements and of the “deals” made by those currently in power.

The core electorate of the radical right is concentrated in western regions. Therefore, this may work as the population of these areas that are more distant from the actual frontline is more reluctant to seek compromises. In addition to that, the radicals may take the niche of the street opposition and attract public attention with showy rallies which they tend to like and are good at. Overall, however, their political future is unclear.

By contrast to the nominally patriotic political forces that will compete for the voters in Central and Western Ukraine mostly, their ideological opponents will flirt with South-Eastern Ukraine. On one hand, this field has shrunk after the annexation of Crimea and the occupation of part of the Donbas. This rules out the prospect of a full revanche and restricts their space for growth. On the other hand, national democrats and nationalists traditionally ignore the “hopeless” regions, so they will not deal with the core electorate of the politicians with revanchist ambitions. The idyllic disposition of the revanchist camp is spoiled by the internal rivalry between the Opposition Bloc and Vadym Rabinovych, the leader of Za Zhyttia [For Life] party and the winner in this competition so far. According to DIF, Opposition Bloc's Yuriy Boyko gains 7.7% and 12.7% in Southern and Eastern Ukraine respectively, and 3.6% in the Donbas. Vadym Rabinovych has 12% and 16.8% of support, and 17.9% in the Donbas. In terms of party support, Rabinovych is the winner, too. Za Zhyttia enjoys 10.9% in Southern Ukraine, 22% in Eastern Ukraine and 18.1% in the Donbas, while the Opposition Bloc has 7%, 13.4% and 9.6% respectively. Rabinovych's success comes entirely from his feverish media presence, while the ex-Party of Regions players rely on local “authoritative” people in politics and business, and the political capital accumulated over the years.

Since South-Eastern Ukraine has the highest percentage of voters reluctant to participate in any elections or still undecided about their preference, the pro-Russian forces may try to consolidate and mobilize their electorate by offering a more radical rhetoric. They are likely to bring back the “threats” of NATO and Ukrainian nationalism, the status of Russian etc. as the mobilizing themes in their campaign. Also, the pro-Russian forces will probably act as the mouthpieces of the people who are weary of the war threat and support the fastest possible solution in the Donbas through a “dialogue” and “normalization of relations” with Russia.

Thus, there will be quite a few competitors for the undecided electorate. The current situation leaves no force in Ukraine's politics confident of victory. Both those in power and in opposition have few chances of ending up with an electoral jackpot.

This is not because of a deficit of resources or creativity. This pre-election situation comes from failures by some players, and is a symptom of the biggest disease in Ukraine's politics: the lack of rotation in its elite. According to a DIF poll, almost 67% of Ukrainians are looking forward to seeing new faces in politics. Ukraine's political establishment is incapable of delivering this. Therefore, winning the trust and attention of the public is turning into an ever more daunting task. Unless the renewal of elite begins in the next few years, the consequences of this may prove surprisingly painful. ■



Sam's Steak House



Ukrainian special beef

beef aged by our own technology

37, Zhylyanskaya str. Kiev, Ukraine
Reservation: +380 (44) 287 2000
www.karta.ua

Sam's
steak house



Sams.Steak.House



sams_steak_house

The spin-doctor headache

Undecided voters are a tasty morsel for parties that are not in the Verkhovna Rada, yet none of these parties has much of a chance of winning them over in significant numbers

Denys Kazanskiy

The low ratings of political parties in Ukraine suggest one thing: Ukrainians are tired of the current lot of politicians. The old-timers have long bored them while the fresh lot who were elected after the Euromaidan have not justified voters' trust in them. The top ratings, as before, continue to go to the veterans, people who have led political events in the country for 15-20 years at this point. But they passed the top of their game long ago.

Batkivshchyna's Yulia Tymoshenko is unlikely, for instance, to get 30% of the vote in the next election. Nor has the Opposition Bloc's Yuriy Boyko managed to gain the popularity of Viktor Yanukovich at

his peak. And it doesn't look like the current president, Petro Poroshenko, will win outright in the first round. The heroes of the past have lost the trust of Ukrainian voters and the result is that many of them have not decided for whom they will vote. The latest polls show that, among those voters who plan to go to the polls, 20-30% are undecided. Another 30% say they won't even bother going to the polls, as they don't see anyone worth voting for. It's clear that the much-promised "New way of life" never took place and ordinary Ukrainians are in the grips of apathy.

Understanding just how difficult the situation is, political spin doctors are scratching their heads, trying to figure out how to pick up this "no man's" electorate. How to win over the votes of those who are disillusioned with politicians and have no intentions of casting a ballot? The window of opportunity has never been so wide open. Given the low level of support for the old guard, it should be relatively easy to bring new faces to the game, as 5-6% is already an indication of possible victory today.

Distrust in professional politicians has led to a new trend: political campaigns led by stars from show business. And with their help, the spin doctors hope to increase interest in the elections and get through to those who don't see any worthy candidates. These days, rumors have it that there are two such "celebrity" projects: "Servant of the People" led by Volodymyr Zelenskiy, well-known comedian and TV host, and the party of Okean Elzy frontman Sviatoslav Vakarchuk—which so far has not been registered and has no name. Although neither of them has officially announced that he is entering politics, both are already making an appearance in opinion polls. Strange as it might seem, both these phantom can-

A TV nominee. "Servant of the People", a series of political satire, has boosted Volodymyr Zelenskiy's rates in polls on preferred candidates for the 2019 elections



didates already have substantial support among potential voters, which sociologists say demonstrates the extent to which ordinary Ukrainians are experiencing fatigue with “politics as usual.”

Of course, it may be extremely infantile to hope that musicians and comedians will improve life and run the country better than experienced politicians, but Ukraine appears to have a substantial electorate that is engaged in magical thinking. Knowing that Ukrainians like to believe in a messiah, spin doctors are already predicting that Zelenskiy and Vakarchuk will succeed. Millions of Ukrainians are willing to vote on the principle “maybe it’s worse, but it’s different.” The other side of this coin is “against everyone.”

Backroom talk is that both stars have oligarchs backing them financially. Ihor Kolomoyskiy is supposedly sponsoring Zelenskiy, who works on his channel, while Viktor Pinchuk is said to be preparing to finance Vakarchuk. In any case, the musician says privately that he has not decided whether to run yet. “I don’t plan to enter politics unless I can put together a team of like-minded people,” he says. So far, he doesn’t have such a team.

But it’s not just the spin doctors who are looking at “no man’s” voters. Younger politicians are also seeing this huge reserve as open game, as they search for various ways to bring together and establish new political parties. Needless to say, there is no shortage of new parties and movements since the Euromaidan victory—and across the entire political spectrum.

The number of new forces in the national democratic camp continues to grow: the Movement of New Forces associated with Mikheil Saakashvili, Democratic Alliance co-chaired by a number of activists and new MPs, People Power co-led by Oleksandr Solontai, Wav, a party created by people from Saakashvili’s team, Yehor Firsov’s Alternative, the Liberation movement led by Yehor Sobolev, and the yet-again revived Narodniy Rukh. Most of them remain obscure to voters, however, and their ratings are scraping the bottom in the 1.0-1.5% range. Even the best-known and most popular among them, Mikheil Saakashvili’s Movement of New Forces, cannot seem to muster more than 2-3%, despite having a scandalous and charismatic leader who can claim 100% name recognition across Ukraine. The remaining parties and movements are fighting an uphill battle as their leaders are largely recognized only by those who are carefully monitoring domestic politics.

The now-infamous Nadia Savchenko is also preparing a party for elections, although her ratings collapsed more than a year ago. The entire pro-Russian flank also appears to be active, although some 5-6 parties are now vying for the electorate that once belonged to Party of the Regions. The newest spin-off, the Party of Socialist Christians, was just announced in mid-February by former Kharkiv mayor and Kharkiv Oblast governor Mykhailo Dobkin. Like other leaders of freshly-minted parties, Dobkin is hoping that his party will become the center of gravity for disenchanting Party of Regions voters who also don’t want to vote for the Opposition Bloc.

That the OppoBloc is splintering has been evident for some time. For one thing, there are serious differences between Akhmetov’s people, who are cooperating with the Poroshenko Administration, and people belonging to Liovochkin and Firtash, who have a more

hostile position. Right now, it looks like OB members will scatter to various other parties by the time the Rada elections come up and will attempt to storm the legislature in smaller groups, rather than as a united front, the way it was until now.

The weakness of this kind of approach is obvious: the electorate is likely to be so dissipated that, in the end, everyone will lose. The answer seems to be that, even as new parties are formed, negotiations will take place about how to unite them. Even so, there doesn’t seem to be any indication that this might lead to specific success for anyone, either. Rumors of backroom deals come to the press on a regular basis, but so far there is no evident result. Too many mutual grievances have accumulated among the various participants for this process to go smoothly.

THE MAIN PROBLEM RECOGNIZED BY ALL POLITICAL PLAYERS IS THE LACK OF NEW IDEAS. EVERYONE CONTINUES TO RELY ON THE SAME HACKNEYED SLOGANS, MANY HAVE LITTLE BY WAY OF A CLEAR ELECTION PLATFORM, AND TOO MANY CONTINUE TO REPEAT TIRED POPULIST MESSAGES THAT UKRAINIAN VOTERS HAVE HEARD ALL TOO OFTEN

What might make joint efforts go more smoothly would be a common candidate for the presidency. This seems like an easier goal to reach agreement on than trying to come up with a joint list for the VR election. So far, however, there hasn’t been any consensus. Even the anti-corruption camp is preparing to nominate several candidates at this point, something that is completely understandable in the absence of a clear leader who will have the advantage from the very start, even in these circles. Since they all enjoy similarly low ratings, no one is prepared to step aside at this time. One compromise candidate being considered is National Anti-corruption Bureau of Ukraine (NABU) director Artem Sytnyk. It’s not clear, though, whether he will agree to run for office. Moreover, not everyone is persuaded of his prospects in the upcoming race. Clearly lacking in charisma, Sytnyk is more likely a choice based on desperation.

The main problem recognized by all political players is the lack of new ideas and purposes that might interest voters and bring fresh impetus to the country’s politics. The only element that seems to distinguish new political parties from the old ones is the names of their leaders. Everyone continues to rely on the same hackneyed slogans, many have little by way of a clear election platform, and too many continue to repeat tired populist messages that Ukrainian voters have heard all too often.

So far, it’s very hard for the ordinary voter to understand who’s who in this “attack of the clones,” and many are avoiding politics altogether as so much annoying white noise. The old tricks no longer work to capture voter imaginations. Only someone who is able to offer a non-standard approach and new concepts is likely to win the jackpot this time around. ■

Three cards up the sleeve

What cyberthreats Ukraine is likely to face in 2019 elections, and what it is doing to prevent them

Yuriy Lapayev

Russia's likely interference in elections in Ukraine can develop in three vectors. One is the traditional technology with handouts and bribes for voters, carousel voting and other ways to affect the results. They are not purely Russian methods. All elections in Ukraine have shown plenty of domestic experts in this illegal cause. The sorry state of Ukraine's economy pushes people to accept this manipulation in pursuit of extra income.

The second vector includes attempts to influence people through information. It is normal to look for candidates' skeletons in the closet in every election. There is hardly a vote without scandals and sensational revelations anywhere in the world. However, the latest campaign in the U.S. showed how important it is to differentiate between hunts for compromising information and determined interference to damage one political force or candidate and benefit another. The channels for this communication are selected based on the features of the target groups: for some, a free newspaper distributed at a metro station is enough; others prefer Facebook posts, while some have to be bombard-

run-up to elections, this will be interpreted as the use of administrative leverage.

It will be equally difficult to restrict disinformation on social media, even if some have announced campaigns to counter fake news and bot accounts. Instagram and Facebook are momentarily removing videos showing Russian oligarchs entertain themselves, yet they are in no rush to close numerous separatist communities.

The third likely card will be cyber influence. This is a fairly affordable tool as one attack can cost up to several thousand dollars, yet it takes experienced experts to carry out. Still, this will be a popular tool as proven by hacker interference with the 2014 presidential election in Ukraine. That incident pushed information security specialists to disconnect Central Electoral Commission servers from the internet after some Russian TV channels had used the fake image of the Right Sector's Dmytro Yarosh that appeared on CEC computers to talk of his victory in the election. The skills of Russian cyber criminals were not the only element of that attack. One of the planned stages in spreading the malware to affect CEC computers was the involvement of a CEC employee who had to copy the virus and insert it into the system through a memory card.

UKRAINE IS LIKELY TO FACE AN ENTIRE RANGE OF NEW TOOLS USED TO LEAD PRO-KREMLIN POLITICAL FORCES TO POWER OR TO DECREASE THE SHARE OF PRO-EUROPEAN ONES IN POWER. AGENTS OF INFLUENCE, KOMPROMAT AND FAKE INFORMATION, AS WELL AS DDOS ATTACKS AGAINST CEC MAKE AN ADDITIONAL FRONT IN THE HYBRID WAR AGAINST UKRAINE

ed with endless political talk shows on TV. Information varies, too, from simple slogans "for all things good and against all things bad" or cheap manipulations comparing life in the past to that in the present, to more exquisite ones with hand-picked experts that look like they provide objective and unbiased statistics, which then proves to have little in common with reliable sources or reality.

Artificial ideological polarization into homeboys and strangers is another popular approach. It is used by everyone, from populists to more reasonable politicians. It always leads to a similar result: delivered through the right channels and in the right words, this information helps change the voters' preferences – sometimes to a complete opposite. Manipulators will especially focus on those Ukrainians that have not yet made their choice (see p. 18). This is easier than trying to persuade people with a shaped mindset. The authorities will do little to stop such activities on the part of mass media. Previous moves against covertly pro-Kremlin media have sparked outrage and accusations of attacks on the freedom of speech. If applied in the

WHO IS IN CHARGE?

According to Valentyn Petrov, Head of the Information Security Department at the National Security and Defense Council, says that technical protection of information, including cyber protection, is the responsibility of the owner. In the case of Ukraine's election, the owner is the Head of the Central Electoral Commission. Therefore, CEC Head is in charge of the Elections Unified Information & Analytical System, its elements and channels of communication. "This is an axiom. The law states so, and the owner is always responsible for attacks on any objects of critical infrastructure," he notes.

Poor protection leads to penalties under Art. 363 of the Criminal Code. This provision lists penalties for violations in the use of computers, networks or systems. A hacker attack thus puts responsibility on two parties – the hackers involved and the head of the organization or institution who failed to set up proper protection of his or her information resources.

Despite a number of powerful cyberattacks with serious consequences that have taken place in Ukraine, there have been no reports on penalties for the leaders of these institutions who failed to keep up with the standards of protection. The norms and standards are developed by the Special Communication and Information Service (SCIS). It is also in charge of inspecting

Time	Tools	Targets hit	Consequences
May 2014	DDoS attacks, malware	CEC servers	Attacks were stopped, system disconnected from the internet. Russian media spread fake news about victory of Dmytro Yarosh
December 2015	BlackEnergy malware	PrykarpattiaOblEnergo, ChernivtsiOblEnergo and KyivOblEnergo (oblast electricity providers)	Temporary blackout for 200,000 clients
December 2016	BlackEnergy malware	Northern substation at UkrEnergo power operator	Temporary blackout for some clients in Kyiv and Kyiv Oblast
December 2016	Allegedly BlackEnergy malware	Finance Ministry, State Treasury, National Bank	Delayed salaries and pensions
April 2017	Petya and NotPetya malware	A number of public and private banks, UkrZalisnytsia – the railway operator, Boryspil and Kyiv airports, Chernobyl nuclear power plant, Kyiv Metro, TV channels and radio stations, nationwide retailers, stores, private companies. Similar targets were hit in France, Germany, US, Italy, UK, Australia and India	The consequences varied by the object attacked. Some had short-time stops, others shut down for several days. Estimated financial loss in the world: USD 1bn
October 2017	Bad Rabbit malware	Up to 10% of all computers across Ukraine infected	Temporary shutdown of information systems at Kyiv Metro and Odesa Airport

the compliance with these standards at various institutions.

According to Petrov, the results of the voting will be protected by other security entities apart from CEC and SCIS. Past practices have proven the efficiency of setting up working groups with technical experts from CEC, SCIS, Security Bureau of Ukraine and National Police. This mechanism has been tested in previous elections, and Ukraine has managed to hold two elections even in the difficult circumstances as the war unfolded.

Also, Petrov believes that hackers would not be able to actually affect the results of the voting if their attack on CEC succeeded. In Ukraine, all votes are counted by hand, on paper ballots and protocols, while electronic systems largely serve for informative and consulting purposes. The winner would thus be determined even if the CEC were to shut down or show distorted results.

Its security is further reinforced by the fact that most of CEC's information resources, including the Elections or Presidential Elections systems, are in a suspended mode and launched a few weeks before the voting begins. As they go into operation, a complex of information protection is created and trainings are conducted to model potential threats. This takes place at central units and district election commissions. The timeframe of security inspection normally matches the official start and end of the election process.

The State Register of Voters can be another target of the cyber criminals. Unlike most of CEC's resources, it operates on a permanent basis. It contains identification data on the voters, their personal data with places and terms of the voting, and service data. Whoever has access to this resource can hypothetically affect the voting at separate territorial units. This will hardly affect the elections overall. But this type of activity has at least one dangerous element – interference with this resource can undermine the accuracy of the elections. Therefore, they can be recognized illegitimate.

Then any candidate or political party can claim that they have lost elections because of cyberattacks, not poor public support. This is a convenient excuse as average voters will hardly have tools to check how accurate such claims are. News under such headlines can ruin trust in any of the potential winners.

The Law on the State Register of Voters defines the register manager as the one responsible for protecting it – the integrity and accuracy of its databases, as well as correct operation of equipment and software – alongside SCIS. They are responsible for preventing attempts of illegal intrusion, copying or elimination of information. Also, the law establishes legal responsibility for violations of the register protection procedure through unauthorized access, violation of integrity, copying and deletion. According to Andriy Mahera, CEC Deputy Head, CEC is now managing the State Register of Voters, as prescribed by law. Therefore, it is qualified CEC departments that provide the protection of the register's information resources in cooperation with the SBU and SCIS. When it comes to potential threats, Mahera says that no system in the world is 100% hackerproof. Still, he believes that interference with CEC systems unlikely.

It is widely distributed and operates across the territory of Ukraine. It is impossible to hide at one protected premises. So every section of it is individually vulnerable to external intrusions. However, interference with lower sections provides very limited access to the main servers. This makes these attacks less significant.

As a result, hackers are most likely to focus on the CEC's central servers based in Kyiv. "We are much better prepared for such situations," Petrov notes. He believes that Ukraine's authorities realize how serious the threats are and prepare to counter them.

Sean Townsend, spokesman for the Ukrainian Cyber Alliance, an activist cyber-security group, agrees. He says that state entities should be better prepared for the elections after the 2014 attacks, so CEC servers will not be as vulnerable as other government resources. He says that ▶



there are currently no visible vulnerabilities or hacks in the CEC's information resources that could be examined by activists without violating the law. Still, he believes that other government entities involved in the election process can end up being attacked by the criminals. So can the

THE STATE REGISTER OF VOTERS CAN BE A TARGET OF CYBER CRIMINALS. IT CONTAINS IDENTIFICATION DATA ON THE VOTERS, THEIR PERSONAL DATA WITH PLACES AND TERMS OF THE VOTING, AND SERVICE DATA.

WHOEVER HAS ACCESS TO THIS RESOURCE CAN HYPOTHETICALLY AFFECT THE VOTING AT SEPARATE TERRITORIAL UNITS

media for the purpose of spreading misleading information. "We have to prepare for information and combined attacks in advance," Townsend comments. In his view, cyber security of government resources – CEC systems included – can be improved through personal responsibility of employees for the data and systems they are in charge of. Equally important is exchange of information between experts in government and the private sector. "This should not work as instructions given from above or as statements from press services, but as initiatives on the lower levels," Townsend says. Government entities need to have system operators interested in preserving data, while cyber security entities should help them and make their work easier rather than threaten them with punishment and control.

Petrov claims that there are some issues with the legislative base hampering cooperation between government and private entities. Most laws have been drafted for the public sector. The Law on the Foundations of Cyber Security was the only breakthrough, but it has not yet come into effect. It outlines the obligations of the owners of critical infrastructure objects, public or private, for information protection.

Yet, the culture of employees and their perception of threats, especially in government entities, remain the key element of cyber security. Petrov mentions a recent campaign by Ukrainian Cyber Alliance where the activists looked for critical vulnerabilities in information systems at public entities and crucial national enterprises, and reported on them. "We can draft any law and build any system of protection, open centers and set up protected networks. But none of this will work if the human factor remains weak," he comments.

THE CLOCK IS TICKING

As to technical details, Petrov talks about a national telecommunications network that has been created in Ukraine and is being developed now to deliver secure connection and transfer of data for public entities. This network provides sufficient protection of information, including cryptography. Ukraine is one of the few countries that have a full cycle of cryptography production of their own. Over the time left until the elections, it has to construct the system of protection. The National Cyber Security Coordination Center is working to that end under the National Security and Defense Council. As this article was going to press, the upcoming meeting of the Center planned to discuss the protection of CEC information resources.

"We know our weak spots. We have identified those who will build the system, the infrastructure they will use and the software solutions they will apply. We are working in advance to avoid any rush," Petrov comments on the preparations. According to the SBU, its representatives have implemented a new model to counter the threats to seamless work of CEC resources in cooperation with SCIS and CEC, and with support of some top IT companies in Ukraine. One of the elements is a tenfold backup of communication channels for CEC systems. SBU representatives have noted that all automated e-systems of the CEC operate with a comprehensive information protection system authorized by the SCIS.

To speed up information exchange on cyber attacks, a national computer emergency response team (CERT) is being built. International practices show that some specific systems benefit from own centers. Ukraine already has a CERT-UA headquarters. Specialized teams have been created at the SBU, the National Bank and the Ministry of Energy. A separate center is underway for the General Staff of the Armed Forces. A number of initiatives are developing in the private sector. "If we have 10-15 centers operating and exchanging data in real time, it will make our cyber security system far more resilient," Petrov claims. According to Townsend, cyber centers are a necessary element of the national security system. Still, the problem he sees is in a lack of proper communication among them and insufficient understanding of the challenges in this sector. He believes that public entities and enterprises must learn to interact between themselves, with society and cyber centers.

The latest election trends in the world prove that politics and the IT tools involved in it grow more sophisticated and damaging. Ukraine is likely to face an entire range of new tools used to lead pro-Kremlin political forces to power or to decrease the share of pro-European ones in power. Agents of influence, kompromat and fake information, as well as DDoS attacks against CEC make an additional front in the hybrid war against Ukraine. 2019 will show how resilient it is. ■

Shades of the Fourth Republic

Oleksandr Kramar

What threats face Ukraine if a fragmented Verkhovna Rada is elected that does not represent the interests of the majority of Ukrainians?



How much longer? A new political model with a strong president put an end to the chaos of the Fourth Republic in France. Mentions of de Gaulle have been popular in Ukraine since the 1990s

The latest polls of Ukrainians are showing an unusually large fragmentation of voter preferences while also maintaining enormous pent-up demand for new political parties. All this is signaling more and more distinctly that the country could find itself facing a major crisis that will threaten Ukraine's political system after

the next round of elections. If the current trend towards political fragmentation continues, and the electoral system and the parliamentary-presidential model of government remain unchanged, the incoming legislature could face a period of destabilization the likes of which would be hard to find in the history of the new Ukraine. »

MULTIPLIED AND DIVIDED

A number of polls run just before the New Year's and Christmas holidays showed that the more new political projects appear on the horizon, the more diffuse and scattered voter preferences are becoming. Clearly, Ukrainian voters want to see new faces and new ideas in politics. These new politicians are busy trying to get those in the undecided camp to their side and to nibble away those who have supported the greybeards of Ukrainian politics as well.

The Ilko Kucheriv Democratic Initiatives Fund (DIF) and the Razumkov Center both published the results of surveys from December 15-19, 2017, showing that in the proportional part of the candidate lists as many as seven parties have a chance of gaining seats in the next Verkhovna Rada—but each of them with only 6-12% of the vote: Tymoshenko's Batkivshchyna, Poroshenko's Solidarnist, Murayev-Rabinovych's Za Zhyttia, Hrytsenko's Civic Position, Sadoviy's Samopomich, Boyko's Opposition Bloc, and Liashko's Radical Party. Altogether, only 55% of those who intend to vote actually support them, and that's far less than half of Ukrainian voters.

Many of the current parties that have already signaled their intention to campaign in that election are not even close to gaining enough votes to pass the threshold, but so far none of them have indicated any real willingness to coalesce into a political bloc with others. This is especially true of the nationalist camp: right now, only 3.2% of Ukrainians are prepared to vote for Svoboda, while the remaining parties aiming for that same group of voters—Yarosh's DIA [Action], Biletskiy's National Front, and Praviy Sektor [Right Sector]—together barely get another 1.8% of voters.

MANY OF THE CURRENT PARTIES THAT HAVE ALREADY SIGNALLED THEIR INTENTION TO CAMPAIGN IN THAT ELECTION ARE NOT EVEN CLOSE TO GAINING ENOUGH VOTES TO PASS THE THRESHOLD, BUT SO FAR NONE OF THEM HAVE INDICATED ANY REAL WILLINGNESS TO COALESCE INTO A POLITICAL BLOC WITH OTHERS

New opposition parties such as Saakashvili's Movement of New Forces, Dmytro Dobrodomov's Narodniy Kontrol [Control by the People], Viktor Chumak's Khvyli [Waves] and the Democratic Alliance altogether muster only 3.9% of voters. Last but not least, the dog-eared Agrarian Party of Ukraine has 1.5% support, while Serhiy Kaplin's populist Party of Ordinary Folks has another 1.2%.

Opinion polls typically report not only a large contingent of undecided voters, but, what's more important, enormous pent-up demand for new leaders: 67% of Ukrainians think their country needs new political leaders, and only 19% believe that it already has them. This creates a huge field for new faces and new parties to maneuver in.

In fact, just about any new party has a good chance right now. The question is, where will the potential new leaders come from? Right now, polls show that voters are most inclined to trust or trust completely the military 63.4%, volunteer organizations 61.3%, community organizations 44.0%, and anti-corruption agencies, es-

pecially NABU, 35.1%. What's more, complete trust in the volunteers and the military is over 10.0%.

The most support for individuals has gone to stars of show business whose names have been bandied around more actively in the press recently: musician Sviatoslav Vakarchuk, who enjoys 8.9% complete trust while another 37.8% are inclined to trust him, and comedian Volodymyr Zelenskiy, who enjoys 6.4% and 34.7% of voter trust. Amazingly, Zelenskiy's party, Servant of the People, has managed to pick up 4.0% support among those who intend to vote—in less than a month since being founded. Vitaliy Klitschko's UDAR party benefited from the same enormous demand for new faces in the 2012 election. Similarly today, a properly-organized campaign around a high-profile individual will be enough to bring just about any new team to the Rada.

In addition to political parties already included in opinion polls, it's likely that as the elections loom, new and revived parties will appear in the camp of those currently in power. Familiar brands like the Petro Poroshenko Bloc and Narodniy Front are slowly running out of maneuvers. The mutual tolerance that makes sense in the current set-up of the coalition government and Rada, but it will lose its purpose when it comes to re-election. This will become more and more the case the poorer Poroshenko's chances of being re-elected—even if he manages to do so in the end.

For starters, it's clear at this point that he wants to establish his own election campaign with PM Volodymyr Hroisman. At this time, only 17.8% of voters are inclined to or completely trust the premier, while he himself is inclined to populist rhetoric in an attempt to grab the "effective manager" niche, that is, the one who is only concerned with the living standard of fellow citizens. The latest polls have given Hroisman decent start-up ratings, with 5.6% in the Center, where he's already got nearly half of Poroshenko's ratings of 13.5%, and 3.5% in the South, where he's almost at a level with him. If he were to decide to campaign independently, it could lead to a serious redistribution of BPP supporters. Indeed, a competition between Hroisman and Poroshenko or between their separate parties in the next election could end up just like the story of the Yushchenko-Yatseniuk split in the run-up to the 2010 election.

Interestingly, it's probably a bit early to write off the leaders of Narodniy Front. Their embarrassingly low rating, 1.6% of those who plan to vote, could grow substantially if they successfully rebrand the party and organize a solid election campaign. Indeed, these same polls indicate that Arseniy Yatseniuk already has 6.3% trust, Oleksandr Turchynov has 7.3%, Arsen Avakov has 7.7% and Andriy Parubiy is tops with 8.5%. This suggests that, if their party—or even parties—put together an active campaign, they not only have the potential to make it into the next Rada, but are also likely to take away votes from other parties that looked like they would make it in recent polls.

Finally, we have the possibility of a relaunch of Vitaliy Klitschko's party, UDAR, given that more than 20.0% of Ukrainians continue to trust him. Relations between UDAR MPs in the Poroshenko Bloc and their colleagues in the ruling coalition have been growing more difficult lately. Moreover, the level of trust, 8.0%, in what is probably the most politically active Prosecutor General in the country's history, Yuriy Lutsenko, is more than enough for him to also try to set up his own political

project for the Rada elections. Especially if the ruling coalition is restructured or his relations with other members of the group turn worse.

FORWARD TO 1998?

In short, it looks like there will very likely be even more diffusion of voter preferences towards those who are most closely connected to the Rada. The traditional expectation that the majority of those who are undecided today will be forced to vote for those in the current 6-8% league could well prove wrong this time around. Instead, these votes are likely to be split up among aggressive new candidates in the campaign. A high level of competitiveness and the perception of a danger that the enemy camp might win have played a key role since the beginning of the 2000s, which was especially strong in the campaigns between 2006 and 2012. This could also generate such a war of everyone for himself and all against all that a significant share of the ambitious parties will find themselves below the threshold, with only 2%, 3% and even 4% of the vote.

At the same time, even more parties could make it into the Rada, than the seven that have been listed in recent surveys. In addition to this, the charging up of campaigns and not only a heightened battle for the undecided vote but a redistribution of the votes of the current favorites could lead to a situation where none of those parties that seem to have a good chance today will actually make it. After all, their future opponents haven't even announced themselves, let alone started actively campaigning.

Given the fragmentation of the current Rada, the next election could even turn out like the long-forgotten campaign of 1998, when half the deputies were also elected proportionally based on party lists and half in FPTP districts. The threshold for parties at the time was 4%—it's 5% today—, while in the FPTP districts, like today, whoever got the most voted won, even if it wasn't a majority of the total votes. The result was that eight parties got into the Rada and another four missed the threshold by very little, having picked up 2.7-3.7%. The result was that nearly 13.0% of all the ballots cast were effectively wasted. Altogether, all 225 proportional seats were split among parties that, between them, managed to get only 65.8% of the ballots cast—and only 46.8% of all eligible voters.

Given that the distortion of the people's will was even greater in the FPTP districts thanks to the principle of relative majority: in some cases, the winners had only 15-25% support in their district, but that was more than anyone else. And so the 1998 Rada was a reflection of the political preferences of what was clearly a minority of Ukrainian voters. Once intramural groups were formed by these MPs, the Rada ended up with as many as 14 separate factions and groups at any one time, whose compositions were relatively unstable. This provided fertile ground for manipulating the legislature, both on the part of the executive and on the part of the oligarchic groups that were just emerging in Ukraine then.

TO BE—OR NOT TO BE

However, repeating the negative consequences of the 1998 election in a hypertrophic form today would constitute a far greater threat to the country than it did 20 years ago. At that time, the government model was a

presidential-parliamentary republic, when the power and the opportunities for the president and the executive branch to work autonomously were immeasurably larger than they are today. The current president and his predecessor, Viktor Yanukovich, mostly influenced things through their own powerful factions in the Rada, which had a substantial relative majority if not an absolute one. Without this, the current version of the Constitution will make the president's position very weak in a patchwork Rada and any Cabinet will be forced to find support in at least 5-7 or even more small factions and groups, a situation that is likely to be exceptionally fragile and short-lived.

This threatens to bury Ukraine in a state of permanent instability, similar to the Fourth French Republic over 1946-1958 or the presidency of Leonid Kravchuk in Ukraine over 1992-1994. Even France, with its unchanging democratic traditions and well-established national identity, was brought to the brink of catastrophe and civil war. In Ukraine, it led to the worst economic collapse in the country's history over 1992-1994.

HYPER-FRAGMENTATION OF THE RADA AND THE COUNTRY'S POLITICAL ENVIRONMENT IS LIKELY TO PUSH UKRAINE INTO CHAOS THAT WILL BE BEYOND THE CONTROL OF FORMAL INSTITUTIONS. AT THE SAME TIME, IT WILL OFFER BROAD OPPORTUNITIES FOR GREY EMINENCES TO DIRECT POLITICAL PROCESSES AND MANIPULATE BOTH THE ELECTED RADA AND THE EXECUTIVE AGENCIES THAT DEPEND ON IT

In Ukraine today, however, which is living with an unresolved armed conflict and in the sights of the Kremlin's hybrid weaponry dedicated to destroy the country, fragmentation in the form of federalization, and its possible further subordination, the danger of events going this way is far worse. Hyper-fragmentation of the Rada and the country's political environment is likely to push Ukraine into chaos that will be beyond the control of formal institutions.

At the same time, it will offer broad opportunities for grey eminences to direct political processes and manipulate both the elected Rada and the executive agencies that depend on it, in Kyiv and at the local level. Together with these backroom players, there will be both internal and external centers of power. The armed forces and the special forces, not to mention law enforcement or the judiciary, will become hard to control. The former are likely to feel abandoned and to re-orient themselves on external centers of power, while the latter are likely to focus on local interest groups and centers of power.

What can be done to overcome this state of managed chaos is hard to say. It could be the unconstitutional coming to power of a strongman from one circle or another—of course, this cannot happen constitutionally—, or it could lead to the complete collapse and feudalization of the country. In any case, this kind of environment could become very susceptible to the lobbying of federalization for Ukraine—whether *de facto* or *de jure*—, or to the insistence that the country is a failed state and its survival, at least in its current state, will hang in the air. ■



PHOTO: ANDRIY LOMAKIN

Oleksandr Danyliuk:

«Ukraine’s economy can’t grow as long as we don’t change the role of the enforcement agencies»

Interviewed
by **Lyubomyr
Shvalyuk**

The Ukrainian Week talked to Finance Minister Oleksandr Danyliuk about reforming the State Fiscal Service and other challenges facing Ukraine’s domestic economy.

So far, there’ve been more talk and scandals around reforming the State Fiscal Service (SFS) than actual results. What are your thoughts on that?

— Back in 2016, right after I was appointed, I evaluated the reform of the SFS, which had been going on for more than a year, and gave it negative marks. There were plenty of nice-looking reports, lots of numbers and many lauded ‘victories,’ but in reality the situation on the ground had not changed at all. Corruption reigned and pressure on business continued. When you look at reports like that, you get the false impression that things are so great that nothing needs to be done.

But the key point is what taxpayers think of the way the SFS has changed. According to a poll of the business community published recently by the American Chamber of Commerce, the SFS was #2 for corruption after the courts. In other words, we can talk all we want about reforms, but this is what those who directly work with the Service on a daily basis had to say about it.

This means we have to look beyond statistics that are being massaged, beyond the standard clichés about how good everything is. For instance, let’s take a look at those aspects that

can’t possibly be successful without reforms. Have new people come in? No. Has the level of influence of lobbying groups gone down? No. I would even say that it has increased. Do you want to know why? Because one year ago, when we managed to introduce a transparent register for VAT refunds against enormous resistance, someone lost a few billion. We completely removed certain people from the VAT refund process, which now takes place completely transparently and automatically. Any attempt to abuse this system is now immediately apparent. And those folks who lost out are trying to compensate their losses in other areas, where they still have some leverage.

What is your game plan for this reform?

— We’re going to continue changing the way the SFS operates but the key here is to change the people. That means starting with a transparent competition to select the management of this agency. Now that [ex-SFS director accused of corruption and arrested in March 2017 Roman] Nasirov has finally been fired, we have both the opportunity and the duty to run a proper competition. In this respect, I have already organized a few meetings, both internal ones and ones with members of the SFS reform project’s supervisory board. This board includes five ambassadors—of the US, Canada, Germany, Sweden and the EU—, representatives of the IMF, the EBRD and the Business Ombudsman Council. Repre-

representatives of partner countries and IFIs have also been engaged in different processes. For instance, they played an active role in coming up with approaches to selecting managers at major state corporations.

As you know, when the Naftogaz Ukraine board members quit, this led to a lot of concern, including at Naftogaz itself. The situation had to be resolved very quickly. Worries about the fate of this company were justified, as it's very large.

But let's look at the SFS. If we look at it like an enterprise, its indicators are several times larger than those of the state. For instance, the SFS collected taxes and duties worth over UAH 840 billion in 2017 alone. Yet its activities influence the level of corruption and the business climate in the country and, in the end, competition. Obviously if one company in a sector pays taxes and its neighbor does not, this damages the competitiveness of the sector. That's why we can't take a purely formal approach to selecting the SFS management. This competition should restore some trust in the organization. But to achieve this, we have to engage the community as much as possible. Without this kind of approach, there will never be any confidence not only in the chosen managers but in the very reform of the Service.

There's another important point. If we just do things *pro forma*, in the best case we will hire people who are properly qualified, have managerial skills and so on. So what do you think? Can a person who worked 10-15 years in the SFS or even in the private sector, like Nasirov, might meet these requirements? I think that they certainly won't be the worst candidate on the list. But what they will be missing is honesty. Because the worst option for us will be to hire a smart manager with really strong contacts and great communication skills but inclined to corruption. That kind of *pro forma* selection will be correct, but nothing will have changed.

Transforming the SFS into a transparent service agency is the #1 reform for Ukraine. This one aspect affects the business climate, and that means the country's investment appeal and economic growth. So everyone who's interested in this should take part in the transparent selection of the State Fiscal Service management and keep a close eye on the process.

The SFS reform plan goes like this. After a number of Cabinet resolutions were canceled [by the Government on January 11; the resolutions referred to the reorganization of the SFS structure, the appointment of new people and final abolition of the tax police] we will once again submit them to the Cabinet and they should get a new lease on life. I'm confident my colleagues will support them. Changes in the structure of the Service and the selection of new staff will help diminish the likelihood of corruption and will cut off the interest groups that currently control some aspects of the Fiscal Service's work.

There have been precedents where competitive hiring has turned into a farce, such as in the case of UkrSpirt, the alcohol monopoly. How possible is it that this could happen again?

— It's quite possible. Look at how the process works. There's a [competition] commission, we're supposedly taking all the right steps, we're including external experts to ensure trust in the process, and afterwards we feel insulted when they see a scam going on and turn their backs, saying that they don't want anything to do with it.

Right now, the premier is setting up a new group for selecting managers in line with recommendations from our partners and based on government proposals. In other words, we are re-launching the process of selecting managers for state enterprises and are applying a new approach to it.

At the same time, we have to get going with privatization. The 2018 Budget anticipates UAH 22.5bn in revenues from pri-

Oleksandr Danyliuk was born in Moldova in 1975. He graduated from Kyiv Polytechnic Institute with a degree in electrical engineering. He also graduated from the Kyiv Institute of Investment Management with degree in investment management, and an MBA from the Indiana University Business School in the US. Mr. Danyliuk worked in the investment business and consulting in Kyiv, Moscow and London. He was appointed Minister of Finance of Ukraine in April 2016.

vatization, so I hope that Ukraine will be able to get this process going. I've already met with people from the EBRD and a number of investment banks to think about how to launch privatization, given that next year is a double election year.

I remember an example from my own investment days: when you look at the prospects for investing in different countries, you always consider the political situation. This is normal global practice. And when elections are looming, they often say: "Let's wait and see what happens after the election." I'm sure this will be happening in a lot of financial centers this time as well, and it will be very difficult to persuade investors to put their capital into something before these elections. This factor needs to be taken into account, but that's not a reason for us to stop the process. Otherwise those who are sitting at state enterprises will continue to manage them poorly, to siphon off assets and to work against the national interest. It's Ukrainians who will feel the loss of tens of billions of hryvnia every year because of this.

Let's assume that the SFS hires new people who are reform-minded. How far will this go to restore confidence in the Service?

— This is a necessary but insufficient condition. A good deal will also depend on tax policy as well. It has to be aimed at eliminating potential sources of corruption, like the launch of the automatic register of VAT refunds or the "one-stop shop" at Customs. Both the Tax and Customs Codes need to be understandable and not allow for a variety of interpretations. This means changing laws, which is a task for the Finance Ministry, which establishes policy, and the Government and Rada.

Yet another important element in restoring trust is streamlining procedures at the SFS, because the simpler they are, the less they demand of taxpayers and the fewer opportunities officials have at various stages to interfere in commercial activities. And that reduces corruption risks enormously.

One very important change that MinFin initiated last year was the "one-stop shop." This is a revolutionary step for us as it forces all state agencies, such as the State Consumer Product Service, the State Environmental Inspection, the State Border Service, and the SFS, which control goods on the customs territory of Ukraine, to work as a single unit. So, for goods to enter Ukraine, a business needs to only deal with the government in electronic form. Right now, businesses are being sold a story that there's no state but there is Customs that exists as a separate entity, with border guards, ecologists, phytosanitary services and so on. They say, "We at Customs have done our job and you'll just have to go look elsewhere to find the other oversight agencies. That's not our problem."

That's why economic growth is at such a slow pace here. If we behave this way towards those who help our economy develop, we get the result we deserve. I'm certain that people in all agencies who are officially—and occasionally unofficially—engaged in oversight all get their cut and they will definitely insist on maintaining the existing system. We're against this, ▶

and launching a “one-stop shop” will go a long way to resolving this problem.

Last year, we launched a pilot project on a voluntary basis. As of February 1, 2018, our “one-stop shop” became mandatory for all agencies across the country, with some provisions for a transition period. This has required major changes in the way all these agencies operate. When things got stuck, we were forced to call these agencies together at the ministry, to work out a common vision and resolve issues that they were unable for some reason to resolve between them on their own.

What do we see today? Built-in interdependence. Now it's a lot harder to hide something because the documents have to be delivered on time—this applies to all documents for goods going through Customs are submitted in advance—, and by the time goods arrive at Customs, they are already registered with the various services. This has made it very difficult for a vehicle to jump through unnoticed or to skip one of the mandatory inspections. People who have been abusing the situation can already see that they will be caught, as everything is visible in the system now. Businesses are slowly starting to understand clearly who's responsible for the process, what documents need to be submitted and how long the oversight will take, who's responsible for any delays and whether there are grounds for them. We are monitoring this process and working to improve

OUR GOAL IS TO TRANSFORM THE SFS INTO A SERVICE AGENCY. THAT MEANS THAT IT CANNOT INCLUDE A LAW ENFORCEMENT UNIT, LET ALONE ONE WITH THE REPUTATION THAT THE CURRENT GROUP HAS WITH BUSINESS. THIS KIND OF “WHIP” HAS NO PLACE IN THE SFS AND IT SHOULD NEVER EVEN BE AN OPTION TO USE IT TO PUT PRESSURE ON BUSINESSES

procedures all the time. Today, about 80% of all documents are being handled through the one-stop shop.

We have a few other initiatives as well, which we hope will be introduced at the legislative level so that Ukrainian business can continue to cooperate unimpeded with foreign partners and so that Ukraine doesn't find itself on any black lists in Europe. For instance, by the end of this year, we hope to finish implementing the minimal requirements, that is the first four steps of the OECD plan to prevent tax base erosion and profit shifting (BEPS). This includes joining the MLI or multilateral instrument, which makes it possible to amend all bilateral agreements about dual taxation. I think that in the next while we will also implement this. In short, we're tackling reforms from three angles: changing people at the SFS, streamlining SFS operations and procedures, and improving tax policies.

What impact will eliminating the tax police have on the reform of the SFS?

— This is another key issue, without which real reform will be impossible. The tax police have effectively been outside the law for over a year, but we've been unable to completely close them down. That's because one of the MinFin resolutions canceled by the Government provided precisely for this. In other words, the tax police are now part of the SFS, but its activities are not recognized in law. Yet it continues to operate and to be funded out of the budget. Meanwhile, its staff has no incentive to work because they know that their department will soon be closed down. We really need to finish this process.

Why is eliminating the tax police so important to the reform of the SFS? Our goal is to transform the SFS into a service agency. That means that it cannot include a law enforcement unit, let

alone one with the reputation that the current group has with business. This kind of “whip” has no place in the SFS and it should never even be an option to use it to put pressure on businesses. Once that is done, using the right approaches, people, processes and key performance indicators (KPI), we can look forward to the successful reform of the State Fiscal Service.

The tax police and its attacks on business should become a thing of the past. On the other hand, we do need a Financial Investigations Service (FIS) and this episode also reads like a detective story. In March 2017, the Government vetted a bill on setting up the FIS that had been drafted by the Finance Ministry together with other ministries and agencies, experts and business. Unfortunately, that's as far as it got. Once this bill is passed, it will mean very serious changes, including the loss of influence of a number of enforcement agencies. Despite the fact that we have been an independent nation for so many years, our enforcers still play a very large role, not just in the economy, but in every aspect of the lives of our citizens. A far too large one. This is completely unacceptable for a democratic country.

Once there is an FIS, the function of investigating white-collar crimes against the state will be shifted from the SBU, the National Police and the Prosecutor General's Office and the tax police will be eliminated altogether. The 15,000 people who work in these agencies today will be reduced to a maximum of 3,500. Most of them will be new individuals whose hiring will be based on very different principles and who will undergo special training. The experience of the current lot in this sphere is not needed at the FIS. We need people who can fight in a broad-based way with complicated financial crimes such as tax evasion, money-laundering, deliberately bankrupting banks and state enterprises, and so on.

Ukraine's economy can't grow as long as we don't change the role of the enforcement agencies. Do we need the SBU? Yes, very much, but as an oversight agency. Counterintelligence officers should have very high salaries, be professionally trained, and protect the country from foreign agents working against us—right now there are many of those. These people should be an elite force, but when they see next to them a huge department engaged in activities that are not its remit, interfering in all kinds of commercial processes on absolutely fictive grounds, and motivated by reasons that are all too obvious to everyone, this harms morale in the counterintelligence units and establishes a completely inappropriate image of the agency as a whole.

The same is true for other agencies, especially the Prosecutor General's Office. Does it need to be powerful? Absolutely—in order for the country's interests to be professionally defended in the courts, and for operational and investigative activities to be properly overseen. Absolutely not in order to put pressure on business and on civil society, to prevent the return of money that has been siphoned out of the banking system, and so on.

Currently, this division of spheres of influence is hampering the process of setting up a new, independent agency. So, yes, progress will not be easy, but all those who are trying to slow down this process need to start thinking about their country and not just their own narrow interests.

Right now there's a lot of debate about how Ukraine should grow its economy. One side talks about a completely free market. The other side talks about the Asian tigers, where the state supports the establishment of its own transnational corporations and then lets the float freely on external markets. What do you think about this?

— I prefer the first model—an open market and competition. That’s my general position, especially with regard to Ukraine. First of all, historically, any kind of state interference led to corruption or was so incompetent that it hurt growth. Secondly, our state institutions are too weak. They need to be reformed long before we can even consider letting such institutions manage the country’s economy. So the only proper choice for Ukraine is a liberal one, maximum competition, and limited government influence over the economy.

One of the most significant impulses to Ukraine’s economy right now should become transparent privatization. For instance, for many years now, we’ve been debating land reform, but nothing’s been done. Today, those who say that Ukrainians are against land reform are simply manipulating the facts. Indeed, those who are gaining economic and political advantages from the moratorium are against reforms. These people spent years scare-mongering Ukrainians and those phobias have helped entire parties gain seats in the Verkhovna Rada, earn money and live a lot better than the farmers that they are supposedly trying to protect. Playing on such irrational thinking has turned out to be a pretty good business for them.

After all, reforms are not intended to satisfy those who have been living off ordinary Ukrainians who own land. A free land market is our chance to give the economy a real shot in the arm. For changes to be felt across the country, the economy has to be growing at 7-8%, and that’s quite impossible without land reform.

Agriculture is now one of the main drivers of the domestic economy. Ukraine has definite competitive advantages on world agricultural markets and it has been showing good results: #1 in the world for exports of oil, in the top 5 for creamery butter, among the top 10 exporters of food products to the EU, and among the top 10 exporters of flour in the world, and more. And this is despite the obstacles we have generated all by ourselves! The farm sector has lots of potential because of the situation on world markets. The question is, how should it be developed? Land reform is a big part of the answer to that. If the farm sector begins to develop, we can look forward to new jobs and more budget revenues. But right now there’s a moratorium and someone is paying for that: people get smaller salaries or pensions, while others can’t afford to pay for higher quality healthcare. The ban on the sale of farmland limits the growth of agribusinesses, it has a negative impact on the economy as a whole, and it reduces opportunities to cover public spending, especially for social services.

Our opponents say, “How much can you talk about agriculture. We need to develop high technology.” My take on that is that we should first figure out what’s happening with the most obvious things. How are these ‘market experts’ planning to generate something new? Through another moratorium? “OK, so, to develop high technologies, let’s institute a ban: you do whatever it is you do, but we won’t let you commercialize or sell it, because that will cheapen it. That’s how we plan to protect you.” If ‘specialists’ with this kind of approach try to develop other sectors of the economy, lots of folks will pack their bags and leave.

It’s been 10 months since we’ve had a tranche from the IMF. Does the Government have a Plan B for generating the necessary reserve of hard currency, given how much we will have to pay out over 2018-2019?

— I think it’s too soon to talk about a Plan B. Our position is to continue cooperation with the IMF. Why is it that we could leave the program because we didn’t set up an Anti-Corruption Court? How will we explain how this happened? Because

we don’t want to work with the IMF or we don’t want to fight corruption? Let’s not confuse causes and effects.

This is not going to be an easy year for us. Even if we survive it and make it to 2019, the country faces major payments on external debts that have accumulated in the last few years. Of course, the Ministry has the necessary instruments to regulate individual problems. And we are expanding our set, we’re increasing domestic bonds, and we’re generating opportunities for foreign investors to borrow in hryvnia. We’re doing a lot, but it’s not in order to say that we don’t need reforms of we can do just fine without the IMF. We’re doing it because such instruments should be available in any proper financial system.

The IMF program is also linked to the trust of foreign investors, a signal to them that we are taking on reforms. One thing that also needs to be understood: for the economy to grow much faster than now, serious investments are needed. Who generates new jobs, whether it’s an investor from Munich or from Mykolayiv, doesn’t matter. Unfortunately, it’s turned out that a lot of our local investors, who often acquired their businesses through dubious privatization deals, moved their profits offshore. That’s what we call a national investor? And then they come along and say, “Why do we need foreigners?” For Ukraine’s economy to grow, we need investments and investors who believe in the country, who want to honestly grow their business and pay their proper taxes. So we need to show them that Ukraine is moving forward with reforms.

WE INTEND TO DO EVERYTHING THAT’S NEEDED SO THAT UKRAINE CAN SUCCESSFULLY COMPLETE A COOPERATION PROGRAM WITH THE IMF FOR THE FIRST TIME IN HISTORY. I THINK WE WILL MANAGE TO LAUNCH THE ANTI-CORRUPTION COURT

And so we intend to do everything that’s needed so that Ukraine can successfully complete a cooperation program with the IMF for the first time in history. I think we will manage to launch the Anti-Corruption Court. This is one of the points in the memorandum, but this is not because the IMF needs it but because Ukrainians want it and it’s a key step in the transformation of our country.

As to the natural gas sector and rates, we’re looking for a solution there. More than 50% of Ukrainians are receiving subsidies from the government today and are socially protected. Raising rates will only increase the number of subsidized households and public spending on them. Yet given the way the system currently works, this won’t be compensated by profits from Naftogaz Ukrainy. More importantly: reforming the gas sector isn’t just about raising rates but about setting the necessary conditions for competition to grow in this market. We’re talking to the IMF about all these things in a comprehensive way and looking for the mechanism that will reduce the impact on ordinary folks as much as possible. We understand very well just how painful this issue is.

It’s also worth noting that quite a few of our hard currency payments are taking place using internal instruments and some of the payouts scheduled for 2018-2019 we plan to refinance on the domestic market, as the IMF program anticipates as well.

In addition to this, we have begun active operations with our external bonds. During the placement of eurobonds in September 2017, we replaced most of those that mature in 2019 with new 15-year bonds. ■

Reshaping the labor market

What industries generate new jobs as overall employment is on the decline

Oleksandr Kramar

From early 2016, Ukraine's economy has returned to growth that is slowly gaining pace. At the same time, the media buzz about intense labor migration to Ukraine's EU neighbors. What is behind this trend? Is it caused by a sharp decline of employment after the Maidan, as the critics of "broken economic ties with traditional markets" lament, or other factors? Did employment in key industries start plummeting in 2014? How has the restoration of the economy in the past years affected employment in Ukraine's economy overall and its individual sectors?

The first problem in attempts to figure out the employment situation in Ukraine is the relativity of statistics. Some of it is drawn by the State Statistics Bureau on the basis of assessments, not specific numbers. Probably the most accurate indicator of trends in Ukraine's labor market is the data on changes of staff employed in the economy and by individual industries.

The overall number of staff employees in Ukraine went from **7.845mn** in December 2015 to **7.630mn** in December 2017. This was a **2.7% decline** over two years. In Q1'2016, an economic revival began that still lasts today after the near collapse of 2014-2015

The overall number of staff employees in Ukraine went from 7.845mn in December 2015 to 7.630mn in December 2017. This was a 2.7% decline over two years. In Q1'2016, an economic revival began that still lasts today after the near collapse of 2014-2015.

This decline of employment statistics has come mostly from Donetsk and Luhansk oblasts which had 613,000 staff in December 2015 and 505,000 in December 2017. This loss came up after the official statistics dropped enterprises in the occupied territory that had been accounted for in it up until March 2017, as these businesses had formal registration in Ukraine.

Without Luhansk and Donetsk oblasts, the decline of staff over the two years of renewed economic growth was 107,000 people or 1.5%. This, too, is a general number as some industries lost jobs while others created new ones at a different pace.

A number of industries have generated new jobs over the past two years. In trade, the number of staff went 5.5% up, from 668,000 to 705,000 people, over 2015-2017. The staff of ground and pipeline transportation industries has increased by 7.7%, from 246,600 to 265,700 employees, even as several thousand jobs were lost in these industries in Luhansk and Donetsk oblasts after March 2017. Air transportation shows the best dynamics, even though the number of staff there

is not too high, going up 23.5%, from 6,800 to 8,400 employees, over 2015-2017.

The industrial sector is not as gloomy as pro-Russian lobbyists complain as they lament about mass layoffs as a result of Ukraine's association with the EU and broken economic ties with "traditional" markets. The processing industry did see a significant decline of jobs over the past two years, going down 3.6%, from 1.3 to 1.25mn people. But this came entirely from Donetsk and Luhansk oblasts where staff in this industry shrunk from 156,800 to 107,400 people. In the rest of Ukraine, employment in the processing industry has somewhat increased, even if only slightly.

Some sectors of the processing industry demonstrated better growth, from 12.3% in the pharmaceutical industry (from 21,100 to 23,700) and 7.3% in the light industry (from 72,200 to 77,500) to 3.6% in wood processing and printing (from 66,200 to 68,600). Employment in furniture manufacturing has gone up, although the State Statistics Bureau mixes it in with other sectors. As more foreign companies opened up in Ukraine by 2017, the increase of jobs in electric ware manufacturing exceeded the loss in the occupied territory, growing by 4.4% from 47,700 to 49,800 from December 2016 through December 2017. Transport engineering is slightly reviving employment with a growth of 1.6% from 136,200 to 138,400 jobs.

On the nationwide scale, employment plummeted by 34.8% (from 121,000 to 78,900) in coal mining, 16.8% (from 234,200 to 194,900) in steel manufacturing and processing, and 10.6% (from 61,200 to 54,700) in the chemical industry. In each of these cases, the decline occurred after the business located on the occupied territories was removed from official statistics. In Donetsk and Luhansk oblasts, for instance, the staff employed in the mining industry went from 95,000 to 58,700 over this period.

As a result of significant changes in the structure of employment, Ukrainians have lately shifted jobs between industries. The food industry is now employing far more people (280,000 staff) than steelworks or coal mining added together, or all engineering sectors other than electronics and electric ware manufacturing (252,200 jobs). Given the growing presence of foreign transnational corporations, electric ware industry has 49,800 jobs. It will thus soon catch up with the chemical industry with its 54,700 jobs.

Coal mining (78,900) is already behind employment in IT (127,000 based on assessments of industry-focused media) and is about to lag behind the light industry with 77,500 employees in December 2017. Wood processing may soon take over as it offers 68,600 jobs

Top commercial sectors by employment growth

Air transport	 8.4	 +23.5
Pharmaceutical industry	 23.7	 +12.3
Ground transport and pipelines	 265.7	 +7.7
Light industry	 77.5	 +7.3
Trade and repair of vehicles	 704.8	 +5.5
Manufacturing of electric ware*	 49.8	 +4.4
Wood and paper processing, printing	 68.6	 +3.6
Furniture and other goods, repair and installation of machinery and equipment	 96.8	 +3.6
Transport engineering	 138.4	 +1.6

Total staff, '000, December 2017

Change of staff between December 2015 and December 2017, %

*December 2017 compared to December 2016

Estimates by the author based on data from the State Statistics Bureau

now. Given the current dynamics, the IT sector may outpace metallurgy and steel processing put together in several years from now.

WAS IT BETTER OR WORSE BEFORE THE REVOLUTION?

One often hears a statement blaming the collapse of employment on the Maidan and the break-up of economic contacts with Russia as a “traditional market”. Crowds of jobless Ukrainians have moved to work in EU member-states, critics say. In fact, the staff in most industries had been shrinking faster in 2010-2013 than it has after the Maidan. And there was no sign of positive dynamics similar to that seen in most industries over the past two years.

The overall number of employees in 2010-2013, the years of economic growth, even if slow, went down by 5.6%, from 10.76mn to 10.6mn. Note that this statistics included Crimea and all of Donetsk and Luhansk oblasts. In 2016-2017, by contrast, the decline was 1.5% (Crimea, Donetsk and Luhansk oblasts were not included as the data from there is distorted by the unstable basis for comparison in the occupied territory). Employment in trade in agriculture produce went down by 15.5% from 2010-2013, followed by a 24.4% decline in construction and 8.1% in the processing industry.

The only sectors where employment was growing during that period were the pharmaceutical industry (23.5%) and transport engineering (13%). Other processing industries saw a more or less rapid decline of staff, sometimes measured in double digits. The number of employees fell by 5.7% in food processing, 4.7% in wood and paper processing, 7.8% in electric ware and electronics manufacturing, 5.9% in other engineering sectors, 11.6% in metallurgy and metal processing, 12.8% in the chemical industry, 13.5% in the light industry, and 30.6% in coking and oil refining.

THE GROWTH OF UKRAINIAN LABOR MIGRATION TO THE EU IN THE PAST COUPLE OF YEARS CAN BE BLAMED ON EASIER ACCESS TO THE EUROPEAN LABOR MARKET AND HIGHER SALARIES, NOT THE DECLINE IN THE NUMBER OF JOBS IN UKRAINE. ANOTHER FACTOR IS THE SHIFT OF MANY LABOR MIGRANTS FROM THE RUSSIAN MARKET TO THE EUROPEAN ONES

The non-manufacturing sector wasn't faring much better. Telecoms saw employment fall from 208,000 to 184,000 under the Party of Regions government, followed by the transport sector (276,000 to 272,000) and the hotel and restaurant business (109,000 to 108,000). The only exceptions were trade that grew 1% from 902,000 to 911,000 jobs and financial insurance with a 1.5% growth from 271,000 to 275,000.

IT'S ABOUT BETTER WAGES

The slowdown in the decline of employment over the past two years compared to the pre-war 2010-2013 period shows that Ukraine's labor market was not exactly the key factor in the spike of labor migration of Ukrainians to the EU. The likelier motivations included the visa free travel regime and the higher loyalty of foreign governments to Ukrainian migrants. The latter is manifested, among others, in a sharp increase of quotas and licenses given to Ukrainians coming to work in EU member-states, especially Poland, Lithuania and Czechia.

Therefore, the growth of Ukrainian labor migration to the EU in the past couple of years can be blamed on easier access to the European labor market and higher salaries, not the decline in the number of jobs in Ukraine. Another factor is the shift of many labor migrants from the Russian market to the European ones. Still, there has been no sharp increase of labor migration to the more distant countries that used to be attractive destination for Ukrainian labor migrants, such as Italy, Spain and Portugal.

All this does not cancel out high unemployment in Ukraine, especially for young people and the countryside. However, the number of such jobless people has hardly increased over the past two-three years. Quite on the contrary, it stays unchanged or falls as the generations change and those born during the demographic gap of the late 1990s and early 2000s enter the labor market, while the outnumbering generation of the 1950s baby boomers leaves it. Meanwhile, the demand for employees from Ukrainian employers grows, even if the pace varies by industry, and many companies face more problems in finding the staff they need for the money they are willing to pay. ■

Russia's dirty tricks

How Putin meddles in Western democracies. And why the West's response is inadequate

© 2018 The Economist Newspaper Limited. All rights reserved

In the late 1980s, as Mikhail Gorbachev launched perestroika, Russia made peace with the West. It was possible to believe that each would give up trying to subvert the other with lies and cold-war conspiracy theories. With the indictment of 13 Russians on February 16th by the American special counsel, Robert Mueller, it is clear just how fragile that belief was.

Mr. Mueller alleges that in 2014 Russia launched a conspiracy against America's democracy, and he believes he has the evidence to withstand Russian denials and a court's scrutiny. Perhaps because Vladimir Putin, Russia's president, thought the CIA was fomenting an uprising in Ukraine, the Internet Research Agency, backed by

THE RUSSIA CAMPAIGN DID NOT CREATE DIVISIONS IN AMERICA SO MUCH AS HOLD UP A WARPED MIRROR TO THEM. IT PLAYED UP RACE, URGING BLACK VOTERS TO SEE MRS. CLINTON AS AN ENEMY AND STAY AT HOME ON POLLING DAY

an oligarch with links to the Kremlin, set up a trolling team, payments systems and false identities. Its aim was to widen divisions in America and, latterly, to tilt the vote in 2016 from Hillary Clinton to Donald Trump.

Europe has been targeted, too. Although the details are sketchier, and this is not the focus of the Mueller probe, Russia is thought to have financed extremist politicians, hacked computer systems, organised marches and spread lies. Again, its aim seems to have been to deepen divides.

It is futile to speculate how much Russia's efforts succeeded in altering the outcomes of votes and poisoning politics. The answer is unknowable. But the conspiracies are wrong in themselves and their extent raises worries about the vulnerabilities of Western democracies. If the West is going to protect itself against Russia and other attackers, it needs to treat Mr. Mueller's indictments as a rallying cry.

TROLLEOLOGY

They hold three uncomfortable lessons. One is that social media are a more potent tool than the 1960s techniques of planting stories and bribing journalists. It does not cost much to use Facebook to spot sympathisers, ferret out potential converts and perfect the catchiest taglines (see article). With ingenuity, you can fool the system into favouring your tweets and posts. If you hack the computers of Democratic bigwigs, as the Russians did, you have a network of bots ready to dish the dirt.

With a modest budget, of a little over \$1m a month, and working mostly from the safety of St Petersburg, the Russians managed botnets and false profiles, earning millions of retweets and likes. Other, better-funded, groups exploit similar techniques. Nobody yet knows how the outrage they generate changes politics, but it is a fair guess that it deepens partisanship and limits the scope for compromise.

Hence the second lesson, that the Russia campaign did not create divisions in America so much as hold up a warped mirror to them. It played up race, urging black voters to see Mrs. Clinton as an enemy and stay at home on polling day.



It sought to inflame white resentment, even as it called on progressives to vote for Jill Stein, of the Green Party. After Mr. Trump's victory, which it had worked to bring about, it organised an anti-Trump rally in Manhattan. Right after the Parkland school shooting, Russian bots began to pile into the debate about gun control. Europeans are to a lesser degree divided, too, especially in Brexit Britain. The divisions that run so deep within Western democracies leave them open to intruders.

The most important lesson is that the Western response has been woefully weak. In the cold war, America fought Russian misinformation with diplomats and spies. By contrast, Mr. Mueller acted because two presidents fell short. Barack Obama agonised over evidence of Russian interference but held back before eventually imposing sanctions, perhaps because he assumed Mr. Trump would lose and that for him to speak out would only feed suspicions that, as a Democrat, he was manipulating the contest. That was a grave misjudgment.

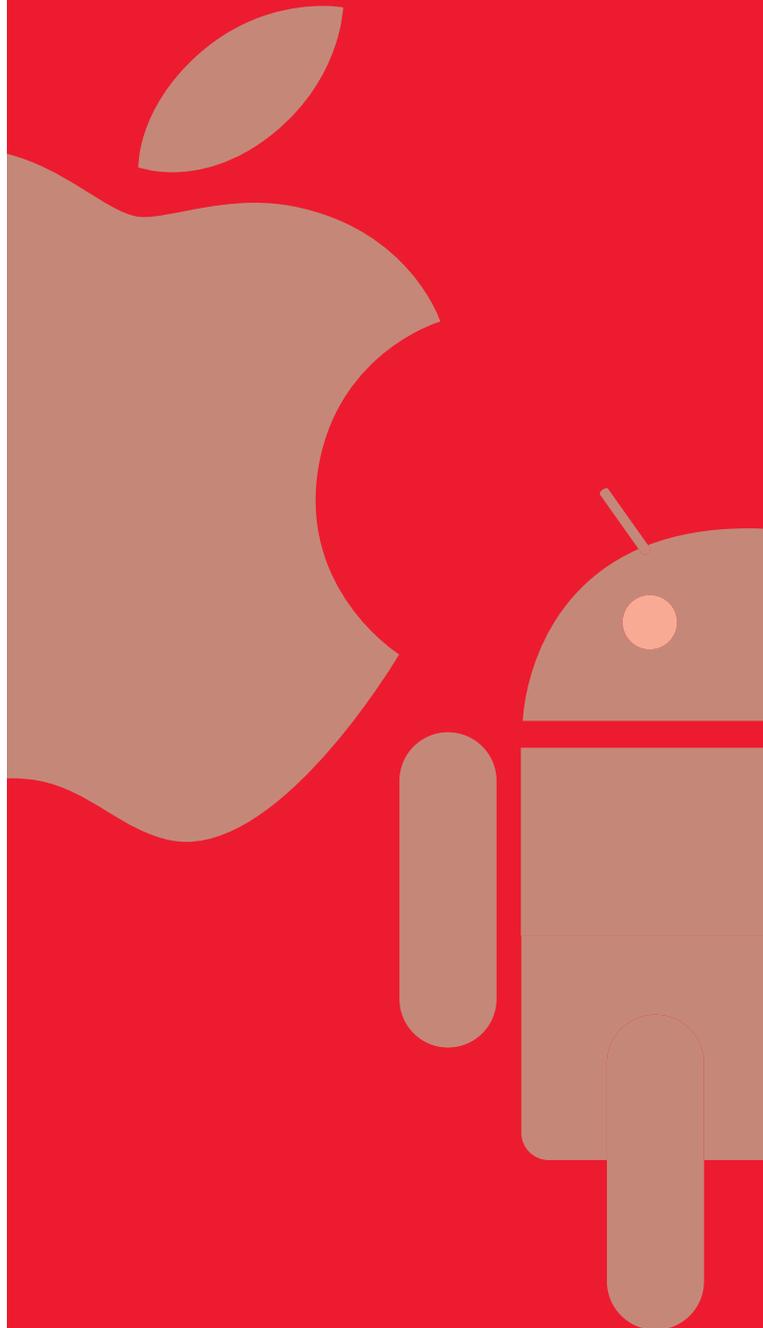
Mr. Trump's failing is of a different order. Despite having access to intelligence from the day he was elected, he has treated the Russian scandal purely in terms of his own legitimacy. He should have spoken out against Mr. Putin and protected America against Russian hostility. Instead, abetted by a number of congressional Republicans, he has devoted himself to discrediting the agencies investigating the conspiracy and hinted at firing Mr. Mueller or his minders in the Justice Department, just as he fired James Comey as head of the FBI. Mr. Mueller is not done. Among other things, he still has to say whether the conspiracy extended to the Trump campaign. Were Mr. Trump to sack him now, it would amount to a confession.

HOW TO WIN THE WOKE CITIZENS VOTE

For democracy to thrive, Western leaders need to find a way to regain the confidence of voters. This starts with transparency. Europe needs more formal investigations with the authority of Mr. Mueller's. Although they risk revealing intelligence sources and methods and may even please Russia—because proof of its success sows mistrust—they also lay the ground for action. Party-funding laws need to identify who has given money to whom. And social media should be open to scrutiny, so that anyone can identify who is paying for ads and so that researchers can more easily root out subterfuge.

Then comes resilience, which starts at the top. Angela Merkel successfully warned Mr. Putin that there would be consequences if he interfered in German elections. In France Emmanuel Macron frustrated Russian hackers by planting fake e-mails among real ones, which discredited later leaks when they were shown to contain false information. Finland teaches media literacy and the national press works together to purge fake news and correct misinformation.

Resilience comes more easily to Germany, France and Finland, where trust is higher than in America. That is why retaliation and deterrence also matter—not, as in the cold war, through dirty tricks, but by linking American co-operation over, say, diplomatic missions, to Russia's conduct and, if need be, by sanctions. Republican leaders in Congress are failing their country: at the least they should hold emergency hearings to protect America from subversion in the mid-term elections. Just now, with Mr. Trump obsessively blaming the FBI and Democrats, it looks as if America does not believe democracy is worth fighting for. ■



The difficult question of the royal family

What changes a new monarch may bring to the British tradition

Michael Binyon



Long live the Queen. Elizabeth II made a vow in 1947 during a state visit to South Africa, famously saying: "I declare before you all that my whole life, whether it be long or short, shall be devoted to your service". In changing and challenging times for Britain, most people are happy she is still there

On a cold dull day in February 1952, a 25-year old princess came to the British throne on the death of her father King George VI. Queen Elizabeth II, as she became, has now been 66 years on the throne – longer than any British king or queen for the past 1,000 years and among the longest-reigning monarchs in the world.

The Queen is now aged 91, and has rarely been so popular. At a time when Britain's government is floundering and many people have lost faith in politicians, the Queen is seen as an emblem of stability and conti-

nunity. She is still visibly performing royal duties, still paying regular visits all around the country, receiving foreign ambassadors and statesmen and holding a weekly audience with the Prime Minister. People born after she came to the throne are already pensioners. Most Britons do not remember any other head of state.

Yet, discreetly, preparations are already being made for her death. Plans for the state funeral have been revised and rehearsed. Newspapers are getting the lengthy obituaries ready for publication. Television is

drawing up schedules for morning-to-night coverage of her life and her times. And the Commonwealth, an organisation where the Queen has always played a pivotal role and which is close to her heart, is wrestling with the difficult question of who should succeed her.

It will not be an easy question to answer. The Commonwealth is not like the monarchy, where the eldest child succeeds automatically. Prince Charles, who will become king when his mother dies, may not be a popular choice to head a body that has gradually drifted away from the British crown, once the official head of state of most of its members. Today's Commonwealth is a group of 52 different independent nations, mostly English-speaking, that are spread across the globe. They range from large and populous nations such as India, Canada, Australia, Pakistan, Nigeria and South Africa to small islands in the Caribbean and states scattered across Asia and Africa.

The Commonwealth, largely but not entirely made up of former colonies in the British Empire, has no political power, few common structures, no unified organisation and no single political agenda. But it has a dense network of educational, legal, trade and cultural exchanges that bind this grouping together in a common set of democratic values. These links are refreshed every four years, when the Commonwealth heads of government meet for a summit with formal discussions on the agenda and informal talks during a brief "retreat". They meet in a different Commonwealth country each time, and until now the Queen has always travelled to that country to open the meeting. This year it is the turn of Britain to play host, and in two weeks' time the Queen will greet all the visitors to London. It is likely to be the last time that she opens a Commonwealth conference.

Inevitably, discreet soundings will be taken during the coming summit on who should succeed the Queen. When she came to the throne, only a few big nations such as Canada, Australia, New Zealand and South Africa were independent, and most still owed some allegiance to the British crown. Two others, India and Pakistan, had achieved independence only in 1947, and became republics rather than keep formal links to Britain. The Queen, seen as a non-political figure, was the obvious symbolic head of the organisation. And she in turn has always made the Commonwealth one of her priorities, travelling repeatedly to most of the bigger nations and keeping in close personal touch with many of its leaders. It was said that Nelson Mandela was the only leader who could call her simply "Elizabeth" and who could telephone her whenever he wanted.

Much will change when she dies. For a start, several countries that still acknowledge her as their formal head of state – Canada, Australia and several Caribbean nations – are likely to see a new push to drop the connection to the monarchy and declare themselves republics. But there may also be a wish to change the symbolic head of the Commonwealth, instead of asking King Charles III to succeed his mother. Could it perhaps be an eminent Indian, Canadian or Australian? Could it be a rotating head? Or should the Commonwealth function without any symbolic head?

Most people in Britain expect the Queen to continue in office for some years to come. She is remarkably fit for her age. Her mother was 101 on her death. The Queen is still assiduous in reading her dispatches, en-

tertaining overseas visitors and prominent Britons at Buckingham Palace and travelling – especially to race courses, where she indulges her passion for horse racing. For many Britons, she has been in office so long that she has already become a part of history: films, documentaries and descriptions of life in 1952 seem almost unimaginable to today's younger generation. And a number of high profile plays, films and television series have portrayed the Queen in earlier years, when the historical facts seem so remote that fictional incidents are now freely mixed into the narrative.

The Queen sometimes sees herself as a figure from history. She gave an interview to television a month ago – the first interview she has ever given to any broadcaster or journalist in all her reign – when she looked back on her coronation and described her feelings and the atmosphere at the time. Few Britons were surprised that she gave an interview; most were impressed at the sharpness of both her mind and some of her answers.

Britain itself has become a very different country – with the immigration of ethnic minorities making it a multi-cultural and multi-faith society. And the monarchy has been skilled in adapting to the changed circumstances. Change is continuous, but also gradual so that there is no visible break from tradition. Almost imperceptibly the monarchy reflects the contemporary values, ideas and make-up of Britain today. Perhaps a symbol of this is the forthcoming marriage in May of Prince Harry, the Queen's grandson, to Meghan Mar-

BRITAIN HAS BECOME A VERY DIFFERENT COUNTRY – WITH THE IMMIGRATION OF ETHNIC MINORITIES MAKING IT A MULTI-CULTURAL AND MULTI-FAITH SOCIETY. AND THE MONARCHY HAS BEEN SKILLED IN ADAPTING TO THE CHANGED CIRCUMSTANCES. ALMOST IMPERCEPTIBLY IT REFLECTS THE CONTEMPORARY VALUES, IDEAS AND MAKE-UP OF BRITAIN TODAY

kle. Fifty years ago she would have been thought highly unsuitable: she is a divorcee, she is American, she is an actress and she is of mixed race. Today all those qualities would seem to make her a perfect mirror of Britain today. And in a subtle reminder that the Victorian morality that once so sternly governed British society is changing, the Queen invited Meghan to stay at Windsor Castle over the Christmas period with the rest of the royal family. It is fair to assume that she was discreetly allowed to sleep with Harry.

Inevitably, given her age, the Queen has now restricted her duties and timetable. She no longer wears the crown and full regalia when opening a new session of Parliament each year. She no longer makes lengthy trips abroad on state visits. She asks Prince Charles or her grandson to hand out medals at the regular investiture ceremonies. And she has turned over a number of routine duties to the younger members of her family.

But, unlike the royal families in Spain or the Netherlands, there is no question of her abdicating or retiring. As a young princess she made a vow in 1947 during a state visit to South Africa when she was 21, famously saying: "I declare before you all that my whole life, whether it be long or short, shall be devoted to your service". It has certainly been a long one. And in changing and challenging times for Britain, most people are happy she is still there. ■

Tomasz Piątek: “Poles want to know the truth”

Olha Vorozhbyt



PHOTO: TOMASZ ATCOWSKI

The Ukrainian Week talked to Polish journalist Tomasz Piątek about his 2017 bestseller, *Macierewicz and His Secrets*, and about how the Russian mafia and secret service may be influencing policy in Poland.

Already 250,000 copies of your book have been sold in Poland. What do you think has made it such a success?

— Poles want the truth and they want to know who has common political or business interests with whom. They're pretty fed up with what they're seeing on TV, which is usually the official position. It doesn't show important financial ties among various organizations and forces that are operating in politics and business. But most of all, this book has been a success because of who it's about—Antoni Macierewicz. He's an extremely important figure in both Polish politics and in history and he has influenced both for more than half a century at this point. Yet few people have heard of him outside of Poland. For many years, he's been playing the role of Russia's biggest enemy in Poland, but he's been doing this in such a way that even others who are against the Kremlin find his various conspiracy theories laughable.

Macierewicz has been the main proponent of the theory that the Russians were behind the 2010 tragedy in which the Polish president's plane crashed outside Smolensk.

I remember a few years ago when I was trying to warn people about Russia's influence in Poland, some folks also tried to mock me, suggesting that I'm saying things that are just as crazy as Macierewicz. Yet some 20% of Poles believe that he is a 100% Polish patriot and enemy of Russia. It's possible that they believe in him even more than in Jaroslaw Kaczynski.

With such a group of fanatical supporters, this politician is in a position to destabilize Polish politics in a number of different ways. When I exposed the fact that Antoni Macierewicz has at least 10 indirect but close and significant political and commercial ties with Russia, its infamous Solntsevskaya Bratva mafia and Russian-Ukrainian 'capo di tutti capi' Semion Mogilevich, as well as to Russia's military investigative arm known as GRU and politicians who work in the Kremlin, it became pretty clear to me that Poles had good reasons for wanting to know who this man is.

Interestingly, despite his core support group, Macierewicz is one of the least trusted politicians in Poland. Depending on the survey, distrust in him ranges from 50% to 70%.

Macierewicz is clearly important in Polish politics, but what made you decide to make precisely him the main focus of your book? Did you know something other Poles didn't know?

— No, I didn't. My reason for writing the book was simple. During the last election campaign, the Law & Justice Party (PiS) promised that Macierewicz would not be given the defense portfolio. At the time, he had been the vice-president of the party for several years. It was known that intelligence and defense had always been a keen interest of his, and there had been talk of making him defense minister, but Beata Szydło, who was in charge of the campaign, reassured everyone that this would not happen.

But when PiS won, Macierewicz was immediately appointed to this post. That was when I had to ask myself, how can it be that this man, whom everyone hates—including right-wing voters—, someone who has caused a series of painful failures and catastrophes in Polish politics—including for the right to which he has been linked for decades—for the last quarter-century, is being trusted with the national security of Poland? At that point, I simply assumed that someone had his back. Possibly some Polish businesses are funding him, which allows him to shore up support and allies. So I began to look into who Macierewicz the businessman is and that's how I came across a mysterious millionaire from Lublin—well, actually from Warsaw, but his company operates out of Lublin—called Robert Lusnia.

It turns out that this person was Macierewicz's closest political and business ally for 30 years. At the same time, of course, he was paid by the communist secret police as an informer. Now Lusnia is one of the people Macierewicz claims he is fighting against, against the influence of one-time secret service agents in politics and business. After I began looking into Lusnia a bit more, it turned out that the communist officers who handled him as an agent in the 1980s also worked for Russia's GRU. Later, it turned out that Lusnia introduced Macierewicz to anti-Ukrainian, anti-western, pro-Russian activist Konrad Rękas [Rękas refers to the current Ukrainian government as a 'junta' in many internet portals.—Ed.]. Today, Rękas runs the Polish pro-Russian party Zmiana [Change]. Zmiana's founder Mateusz Piskorski is currently under investigation, as he is suspected of spying on Russia's behalf.

In fact, Antoni Macierewicz has plenty of ties of this kind. In the Defense Ministry, he hired such pro-Russian experts as Col. (ret.) Krzysztof Gaj, who said back in 2014 that he supported Vladimir Putin's aggression against Ukraine and insisted that Ukrainians were just a fascist conflagration. In Polish, *pozoga* has very negative connotations, meaning both conflagration and plague at the same time—in short, it's the language of hatred. Macierewicz also hired one Grzegorz Kwasniak, who has publicly undermined Poland's trust in its western allies.

When these individuals began to work at the Polish Defense Ministry, he entrusted them with setting up private defense units, in other words, a private amateur army. I call it private because it is not subordinated to the General Staff of the Polish Armed Forces, the way

other military units do, but was under the command of a civilian politician, the boss of the Ministry of Defense—meaning Antoni Macierewicz. He also invited other fans of Putin from the Zmiana Party and from the X-Falanga to this army. Members of X-Falanga have flown to Donbas to support Russia's proxies.

It turns out that the three who put together this odd army—Kwasniak, Gaj and Deputy Minister Tomasz Szatkowski—were all either members of or experts from the National Center for Strategic Studies (NCSS). It's called a "national" center but in fact it's a private organization founded by Jacek Kotas. He's called Macierewicz's Russian connection and for 14 years he worked for companies linked to the Russian mafia in Poland. Yet Macierewicz consistently gave work to Kotas's experts in the MoD. In 2007 when Macierewicz was in charge of military counterintelligence, this department gave Kotas right of access to Polish military secrets, although by then he had been working for more than five years with companies linked to the Russian mafia and this was well known.

I'VE HAD UNOFFICIAL SIGNALS THAT SOME POLITICIANS IN THE RULING PARTY, BUT LIKELY MORE THOSE WHO ARE CONNECTED TO THE PRESIDENTIAL ADMINISTRATION, NOT THE GOVERNMENT, SUPPORT WHAT I'M DOING. OFFICIALLY, MEMBERS OF THE GOVERNMENT AND PiS POLITICIANS HAVE VERY AGGRESSIVELY ATTACKED ME IN PUBLIC

We're talking about the Solntsevskaya Bratva, the mafia connected to the GRU, Russia's military intelligence arm. These kinds of links are many. They have all been documented in detail and raise difficult questions about those in power and money. We aren't talking about casual meetings or individual conversations.

In January, you were invited to NATO headquarters to talk about your investigation. How did they react to this information?

— I was invited to talk about Macierewicz's Russian links with members of the European Parliament at a special conference. Shortly before I was supposed to leave, I was also called to NATO headquarters. This was a conversation with experts. It lasted about an hour and a half and afterwards I was asked to send as much information as possible. They listened to the information that I presented with great interest.

You have said that Polish officials have not shown interest in the information that you presented in your book. Is it still true that none of them are showing interest?

— I've had unofficial signals that some politicians in the ruling party, but likely more those who are connected to the Presidential Administration, not the Government, support what I'm doing. Officially, members of the Government and PiS politicians have very aggressively attacked me in public. Now that the minister has been dismissed, this has stopped. The fact that he was shunted aside confirms that what I've been writing is the truth. I hope that Jarosław Kaczyński read my book and drew the necessary conclusions—although he'll never admit it.

Prior to this there were a lot of public attacks of a very personal nature against me, related to my illness: I was accused of being an alcoholic and a drug addict. In ▶▶

Tomasz Piątek is a Polish writer and journalist. Born on March 16, 1974, in the town of Pruszków, he studied Linguistics at the University of Milan. He worked as a journalist for *Polityka*, a Polish weekly, and Italian newspaper *La Stampa*, and contributed to the *Krytyka Polityczna* magazine and *Gazeta Wyborcza*, a top newspaper in Poland. He debuted in the book world with *Heroina* (Heroine). It was published in Ukrainian in 2004. Apart from that, Piątek has authored over 20 publications. His book *Macierewicz i jego tajemnice* (Macierewicz and His Secrets) was out in 2017 to become a bestseller in Poland.

fact, I haven't used either substance for many years now. I was also attacked for my religious beliefs, as I'm a protestant. People kept saying that I was going after Minister Macierewicz because he was Catholic and I'm Protestant so I obviously despise all Catholics.

These days, no one's attacking me any more, but there haven't been any apologies for the insults of the past, either. Meanwhile, the court case against me hasn't been dropped. When I published my book, the minister turned to the military prosecutor and accused me, not of libel or slander, because clearly that would have gone nowhere, but of terrorism. My book is very thoroughly documented, with several hundred footnotes, and 90% of the information is from open sources. And so Macierewicz couldn't sue me for libel, but accused me of terrorism under Art. 224 of the Polish Criminal Code. I'm also accused of violence or illegal threats against a civil servant. This is considered a crime of a terrorist nature. The case is still being investigated, although it's been handed over to the civilian courts by the military prosecutor.

The very fact that the case against me, a civilian, was being handled by the military prosecutor was another level of absurdity. The accusations understandably scared off a lot of journalists who were also beginning to investigate these kinds of stories. For the first time since Poland became independent, a journalist was accused of terrorism due to the material he was publishing. You might say that, in order to protect his Russian ties, the minister chose to use Russian methods.

At this point, Macierewicz has been dismissed. Do you feel you played a role in his firing?

— I would say, yes. A quarter of a million people bought my book. The western press has had major articles on this topic and I've been interviewed as well. In France at least 8 articles have appeared, The Guardian has slowly begun to write about it, and one of the top Danish weeklies, *Politiken*, wrote a huge article about this. These were all directly before the dismissal. Most likely Kaczynski understood that it would not be possible to prevent that nothing had happened. And so the minister resigned, because he figured it would be easiest to sweep away the story in this way. I, on the other hand, think that it's time to resolve this to the very end.

This is also a huge problem for Jaroslaw Kaczynski. It's possibly the biggest mistake he's ever made. Kaczynski was always insisting that he was a major enemy of Russia. He kept presenting himself as a great leader and meanwhile he allowed Russian agents to run the Defense Ministry. For, along with Macierewicz came his colleagues with even more visible Russian ties. This compromises Kaczynski, both as a leader and as a strate-

gist. His main goal right now is to wash his hands of this affair, while I intend to try to expose it to the very end. I'm already writing my next book.

Will it be a continuation of the current investigation?

— It's also about Macierewicz and his ties. It's simply broader because I know a lot more now.

Your book also brings up a cassette scandal in Poland prior to the last elections to the Sejm. What role does Macierewicz play in this?

— He's tangential to the scandal. I mentioned Jacek Kotas earlier, who worked for companies linked to the Russian mafia. At the same time, Macierewicz gave Kotas access to Polish military secrets. Later on, when he became DM, he hired Kotas's pro-Russian colleagues as well. In addition to the companies Kotas managed, there were individuals who owned one of the restaurants where the Civic Platform Party was being eavesdropped on. This eavesdropping led to the CPP losing in the elections [after the conversations were published in the Polish press.—Ed.]. PiS won thanks to this scandal.

There was another restaurant where politicians were also being recorded and that owner is involved in business with Andriy Persona, a Ukrainian who is closely associated with Mogilevich. It turned out that the companies Kotas worked for are connected to this first restaurant, *Sowa i Przyjaciele* [Owl & Friends] and are also linked to Mogilevich through the *Solntsevskaya* mafia. These companies all belong to the *Radius* Group, which is controlled by the *Szuskowski* family. Robert *Szuskowski*, the head of the family, has been running businesses with the *Solntsevskaya* *Bratva* for decades. You might even say that he's the business partner and possibly even gofer for *Lev Kvetnoy* and *Andrei Skoch*, two oligarchs in the *Bratva* mafia. *Skoch* is also famous for being the richest deputy in the Russian Duma, as he controls mine and steel interests in Russia together with *Alisher Usmanov*, an oligarch linked to the GRU.

Skoch himself also works with the GRU, forming paramilitary organizations that have been used to provide local security for Macierewicz. *Mogilevich* used to be the financial godfather of the *Solntsevskaya* mafia and has also worked with the GRU for decades.

In relation to the cassette scandal, the *Solntsevskaya* mafia and *Mogilevich* were not directly involved, but their fingerprints are visible in a variety of ways. So that this is perfectly clear, I should add that the eavesdropping in those restaurants was not done by freelancers. The first time this was done was at *Lemongrass*, where the manager himself was doing the eavesdropping. When word got out that members of the Civic Platform were being recorded and they stopped going to that restaurant, the manager switched to the other place, where he agreed to be hired as a simple waiter, oddly enough. He did everything he could to encourage guests from the previous restaurant where he worked to come to the new one. Of course, they knew him as a manager, so they accepted the invitation and began to come to *Sowa i Przyjaciele* and the same individual, now as a waiter, continued to eavesdrop on them. We can see that this was an operation. Given that both restaurants were linked to the Russian mafia and the GRU, you can draw your own conclusions as to who was behind this scandal. ■



BOOKSTORES

LUTSK
vul. Lesi Ukrayinky 30

RIVNE
vul. Korolenka 2

VOLODYMYR-VOLYNSKIY
vul. Kovelska 6

KHMELNYTSKYI
vul. Proskurivska 2

KYIV
vul. Lysenka 3A
vul. Khreshchatyk 46
vul. Spaska 5
Povitroflotskiy prospekt 33/2
vul. Lva Tolstoho 1
vul. Velyka Vasylkivska 63-A
Boulevard Lesi Ukrayinky 24
Prospekt Mykoly Bazhana 16D
vul. Vadyma Hetmana 1
vul. Vasylkivska 34
vul. Malyshka 2
vul. Yevhena Sverstiuka 2A

SUMY
vul. Soborna 44

KHARKIV
vul. Sumska 3
vul. Pushkinska 50/52

TERNOPII
vul. Valova 7-9

VINNYTSIA
vul. Soborna 89

LVIV
prospekt Svobody 7
vul. Halytska 9
vul. Koshtiushka 5 (entrance
from Sichovykh Striltsiv 17)
vul. Kopernyka 11

IVANO-FRANKIVSK
vul. Nezalezhnosti 31

DNIPRO
vul. Hlinky 15

Sloviansk
vul. Vasylivska 27

ZAPORIZHZHIA
Prospekt Sobornyi 137



We are open all week from 9am-9pm

WWW.BOOK-YE.COM.UA

The grand chessboard: Ukrainian-Polish clashes

On March 2, 1919, the Polish government decided to polonize and colonialize Volynhia, as the Volyn region of Ukraine was then known

Sviatoslav
Lypovetskiy



US President Wilson giving the Dove of Peace an olive branch labeled “League of Nations”. The Dove says “Of course I want to”. The 1919 caricature suggests that the Versailles system constructed by Wilson would not ensure a just order and long-term peace in the world

The World War I dramatically changed the map of Europe, including the emergence of a Polish state, which had been carved among three empires at the end of the 18th century and now would be talked about by all sides in the conflict. The Austrian and German emperors issued separate proclamations in November 1916 with prom-

ises to restore Poland, the Russian tsar began his Christmas greeting for 1917 with the same promise, while even Woodrow Wilson mentioned the Poles from the other side of the Atlantic. As the war drew to a close, there was no doubt that Rzeczpospolita II would appear. The main issue was simply where the borders of this new

country should be, given that it had been one of the largest states in Europe prior to being dismembered.

THE POLISH QUESTION AND UKRAINIAN DETAILS

The outline of the post-war world would be drawn up by the American president, Woodrow Wilson, who mentioned the establishment of “an independent Polish state...on the territories inhabited by indisputably Polish populations” in his famous 14 Points. The last was largely thanks to the Polish statesman and composer, Ignacy Jan Paderewski, who had effectively switched from piano to diplomacy in the United States.

Polish leaders found Wilson’s wording both encouraging and disheartening. In August 1918, Roman Dmowski, the leader of the right-wing National Democracy camp referred to as NDs in Polish, traveled to the US. There, he met with the president and afterwards sent a memorandum on the issue of the borders. Recognizing that only 25% of the population of Halychyna, then known as Galicia, was ethnic Polish, Dmowski declared that the Ukrainian people were not capable of self-organization and running a state as they lacked a sufficient intellectual class of their own.

“Thus in the near future, at least, a Polish administration is the only conceivable one for a normal development and progress,” he wrote to Wilson. “As long as the level of Ruthenian intellectual life is too low to produce a progressive modern government to be conducted by Ruthenians, Eastern Galicia should form an integral part of the Polish State.”

Ironically, Halychyna’s Ukrainians or Ruthenians as they were called in the Austro-Hungarian Empire, had been struggling with the Poles for half a century to establish their own national institutions. Ever since Halychyna had been granted autonomous status within the Habsburg Empire

by Paderewski, while the PNC, now including Pilsudski's people, became the official representative of the Polish Government at the Paris Peace Conference. And that was where the borders of postwar Europe were decided.

WHAT SHAPE POLAND? PILSUDSKI VS DMOWSKI

The Polish National Committee was slated to discuss the eastern borders on March 2, 1919. Two different concepts were presented: Pilsudski's and

POLAND WAS THE FIRST COUNTRY TO SIGN THE LITTLE TREATY OF VERSAILLES, IN WHICH IT COMMITTED ITSELF TO RESPECT THE RIGHTS OF ETHNIC MINORITIES. BY 1934, THE SECOND POLISH REPUBLIC UNILATERALLY RENOUNCED THE AGREEMENT ON ETHNIC MINORITIES

Dmowski's and the winning concept became the basis for state policy and the Polish position during international talks.

Pilsudski floated the concept of a federation of Poland, Lithuania and Ukraine, an idealized notion that had echoed down the centuries from the early years of the Rzeczpostpolita, but it was not outlined seriously, looking more like a utopian idea. It was opposed by the NDs, whose own position was more difficult: the Polish state could be strong if its population consisted of more than 75% ethnic Poles. Dmowski's argument was simple: "We cannot get caught up in the idea that

the Sejm will have at least 75% Polish MPs, because, even if there are only 25% non-Poles, it seems obvious that it will always be possible to find 25% Poles who will have the ambition to cooperate with them..."

Dmowski supported his proposition with the example of Russia: "One feature of the Russian state was that its eyes were always bigger than its stomach. It swallowed a lot but it couldn't digest it all. I know that we have appetites of our own, but we are clearly a western nation and should be able to control them."

It was foolish to think that the NDs would limit themselves to only ethnic Polish lands. What's more, the memorandum to Wilson openly talked about annexing Halychyna. Dmowski thought that this Ukrainian region, and part of Lithuania, needed to become those bits that Poland could and wanted to "digest" to the east.

"Kresy Wschodnie [meaning eastern territories] are our colonies," Count Zoltowski told the Committee. "They have always pretty much been so and they should remain so." Not willing to go as far as annexing the territories, which could then become a problem, the Polish National Committee looked for those territories to the east that could be colonized with the least effort and polonized. They decided on Volynhia where, according to the 1897

census, 70% of the residents were ethnic Ukrainian and 6% were ethnic Polish. Even in the towns, the Poles were a smaller minority than Ukrainians, Jews or Russians.

"When it comes to Belarus, it's hard to even talk about it as a nation," said Pilsudski socialist Medard Downarowicz. "It hasn't even crystallized. During the war, this territory was terribly depopulated, and Volynhia even more so. We could move our eastern borders in this direction. I think our expansion, our emigration, could very quickly penetrate to the east and these territories will very easily become Polish."

"Pan [Downarowicz] himself said that we can move towards Volynhia," concluded the meeting's chair, Roman Dmowski.

Thus was the meeting of the Polish National Committee, where a vote of 10 to 4 against confirmed the territorial proposals and established the basis for Poland's eastern policy. "Let's remember that we cannot present to Congress the kinds of arguments that we have stated here," the minutes of the PNC meeting read. "This territory is needed for us to expand, but we cannot say this at the Congress."

So the issue was transferred to the walls of the Versailles, where the leaders of the victorious countries would decide.

THE VERSAILLES DEBATES

In his memoirs, British Prime Minister David Lloyd George was to write years later: "Drunk with the new wine of liberty supplied to her by the Allies, she [Poland] fancied itself once more as the restless mistress of Central Europe. Self-determination did not suit her ambitions. She coveted Galicia, the Ukraine, Lithuania, and parts of White Russia [Belarus]. A vote of the inhabitants would have emphatically repudiated her dominion."

But not everyone agreed with him. Among those who favored the Poles was US President Woodrow Wilson. Although the Poles largely ignored the principle of self-determination of peoples, the Americans had their own interests in this case: there was a large and active Polish community in the US that represented substantial numbers of voters. The French were also keen, as they wanted to weaken Germany at all costs and this led to the formula that was then applied: "Several millions of Ukrainians, Lithuanians and Belarusians included in Poland means a corresponding strengthening of France's eastern borders."



Memorial coin issued by the National Bank of Poland on the 100th anniversary of the Polish National Committee. Both sides include images of historical photos: members of the PNC in Paris and the oath of allegiance of the Haller Army. Both entities—the PNC on the international stage and the Blue Army with its weapons in Halychyna—are directly tied to the annexation of western Ukrainian lands by Poland



Members of the PNC officially transfer the command of General Haller's Blue Army. Paris, 1917

Poland was represented at Versailles by Dmowski and Paderewski, and they were very successful in this. Their final argument for annexing the "Kresy Wschodnie" was the joint 600-year history of Poles cohabiting with such "primitive peoples as Lithuanians, Ruthenians and even Ukrainians [sic]" who supposedly not only did not lose their self-identity but, with Polish help, had developed it.

But Poland resolved the issue of its borders not only on the diplomatic front but also in fact. "The Galician problem gave us no end of trouble. The trouble however did not come from Bolsheviks but from Polish aggression," wrote Lloyd George. The struggle for the young Western Ukrainian National Republic (ZUNR) took place on many levels and one of them was getting the well-armed 100,000-strong Haller Army involved on the eastern front. This was against all the agreements and even France was forced to condemn the move harshly. But Pilsudski was a risky and overly experienced player who preferred a policy of *fait accompli*.

At this point, Paderewski would tell Versailles that they were unable

to stop the whirlwind of 20-year-olds who were covering 35-40 kilometers a day without meeting any resistance. The local population was greeting them positively and all this campaign would cost the Poles less than 100 casualties.

"They [the Poles] are claiming three million and a half of Galicians," said Lloyd George. "The only claim put forward is that in a readjustment you should not absorb into Poland populations which are not Polish and which do not wish to become Polish... The Poles had not the slightest hope of getting freedom, and they have only got their freedom because there are million and a half of Frenchmen dead, very nearly a million British, half a million Italians, and I forgot how many Americans." He went on to call Poland a bigger imperialist than England, France or the US.

Paderewski then brought out the final argument to stop the debate: "On the day I left Warsaw a boy came to see me, a boy about 13 or 14 years old, with four fingers missing on this hand. He was in uniform, shot twice through the leg, once through the lungs, and with a deep wound in his skull. He was

one of the defenders of Lemberg [Lviv]. Do you think that children of thirteen are fighting for annexation, for imperialists?"

As someone once wrote about the heroic myth created by Henryk Sienkiewicz that had captivated Poles: "Heads and hands are being chopped off, mountains of corpses grow, but the blood is not real blood. It's just beet juice." This was understood in Versailles, so Lloyd George responded, "this charming artist beguiled the Council of Four."

But the occupation of Halychyna proved to be a *fait accompli* and in June 1919 it was officially recognized in Paris. Poland was the first country to sign the Little Treaty of Versailles, in which it committed itself to respect the rights of ethnic minorities. The signatures were Dmowski and Paderewski.

By 1934, the second Polish republic unilaterally renounced the agreement on ethnic minorities. Nor was the promised autonomy of Halychyna established. When Lloyd George later listed the commitments unfulfilled by various signatories, this point took first place. ■

March 8, 19:00

Pianoboy
Olha Kobylianska Theatre
(Tatralna Ploshcha 1, Chernivtsi)

Dmytro Shurov, a virtuoso pianist and the leader of the Pianoboy project, is about to do one of his inspiring performances in Chernivtsi as part of his *On the Peak* tour across Ukraine. The audience will get to hear new songs and meet new members of the band with a chamber orchestra, as well as an exclusive light show. The name of the tour comes from Pianoboy's song by the same title presented last summer. Shurov will also play songs from his latest *Take Off* album.

**March 15, 19:00**

KYIV ACCORDION FEST
National Philharmonia of Ukraine
(Volodymyrskiy uzviz 2, Kyiv)

Organized with the support of Istituto Italiano di Culture in Ukraine and Dante Alighieri Society, the cycle of Kyiv Accordion Fest concerts aims at promoting world classics performed with accordions. The seventh concert of the series will feature Pietro Adragna and Yevhenia Cherkazova on accordion, Kateryna Polianska on cello, and Dzhereho quartet, as well as the Grand Accordion orchestra and students of the Tchaikovsky Music Academy. The program will include music by Bach, Strauss, Offenbach, Zubytsky, Haidenko and more composers.

**March 16-17, 18:00**

Unity Jazz Festival
Kyiv National Operetta Theater
(vul. Velyka Vasylkivska 53/3, Kyiv)

The 17th annual Unity Jazz Festival will help the audience yet again plunge into the ocean of improvisation and genuine jazz music, featuring some of Ukraine's jazz celebrities, such as Enver Izmailov, Volodymyr Solianyk and Kyiv Art Ensemble, Masha Vydenko and Eclectic Sound Orchestra directed by Serhiy Lykhomanenko. Infiltrators, a Lithuanian trio famous for the sound of Jan Maksimovicz on saxophone, Dmitriy Golovanov on piano and Arkadij Gotesman on drums, will join the crowd.

**March 20, 20:00**

Green Room feat Dato Lomidze
Caribbean Club
(vul. S. Petliury 4, Kyiv)

Performed by the talented Georgian musicians, this dance music has a special rhythm to it. They combine indie pop, rock and electro. The band is a favorite of Tbilisi Open Air and Kazantip festivals. They are the voice of the Redbull soundtrack as performers of the Wings for Life. Green Room feat Dato Lomidze will perform in Kyiv on March 20 and Dnipro on March 24.

**March 31, 19:00**

Eštas Tonne
Kyiv Polytechnic Institute
Palace of Culture
(Prospekt Peremohy 37, Kyiv)

The authentic guitarist will perform in Ukraine as part of his Breath of Sound tour. His fans admire his unique style mixed of flamenco rhythms and gypsy tunes. Eštas Tonne will perform with Netanel Goldberg, an Israeli vocalist with his unique contralto, and Joseph "Pepe" Danza, an Uruguayan multi-instrumentalist. By the way, Eštas Tonne was born in Zaporizhzhia and moved to Israel with his parents when he was 11.

**Mar. 31 – Apr. 1**

Dream Handmade Festival
Palace of Arts
(vul. Copernica 17, Lviv)

The largest festival of handmade goods in Western Ukraine will offer a huge choice of arts and crafts, goods made by children and art. The visitors will have a chance to talk to the artist at workshops and consultations, try different techniques, experiment with crafts and buy ready-made goods. The ticket is UAH 30. Online registration in advance allows free entrance.

