

The Ukrainian Week

International edition

#7 (125) July 2018

Can the bourgeoisie drive Ukraine's
independence and development

Ukraine as a non-nuclear weapon
state: past, present and future

Pavlo Matsapura's gang: a horror
story from the Cossack time

STALKING THE MIDDLE CLASS



The
Economist

Featuring selected content
from The Economist

WWW.UKRAINIANWEEK.COM

FOR FREE DISTRIBUTION



FIRST DENDRA HOTEL IN UKRAINE

WELLCOMES YOU!

BORYSPIL HIGHWAY, 400 METERS FROM
KHARKIVSKA PLOSHCHA, KYIV, UKRAINE
+38 044 585 11 65 WWW.ONOVO.UA

FROM THE LISBON PROTOCOL TO THE BUDAPEST MEMORANDUM

Ukraine's status as a non-nuclear weapon state: past, present and future P. 10

BRIEFING

4 Multiple variables

What will drive the choice of voters in the upcoming elections in Ukraine

POLITICS

7 How to explain Ukraine's bashing?

Philippe de Lara's afterthoughts on Babchenko's case

8 Ksenia Yermoshina: "Disinformation is becoming an important part of international politics"

The University of Toronto researcher on details of information warfare in the Crimea, the prospects of civic journalism and the danger of information control over the peninsula

FOCUS

16 In search of the national bourgeoisie

Can the middle class drive Ukraine's independence and development?

18 Georg Milbradt: "Decentralization changes how people think"

Germany's special envoy to Ukraine on reform in governance and decentralization on German government assistance in the implementation of reforms, successes and difficulties faced in this process

22 Democracy's retreat

After decades of triumph, democracy is losing ground. What is behind the reversal?

ECONOMICS

26 The energy two-step: first forward, now backward

How corrupt oligarchic lobbying by a Russian monopoly on Ukraine's electricity market is destroying the country's energy security and making Ukrainians pay more for energy

29 Scenes from a monetary marriage

What will happen with Ukraine if the International Monetary Fund walks away?

SOCIETY

32 Freedom, not free-for-all

The myth that Ukrainians are inclined towards lawlessness is often used against them. How is it misleading?

34 Stanislav Chernohor: "I dream that one day there will be a regional museum in Kramatorsk similar to the one in Katowice"

A conversation with Stanislav Chernohor, an experienced traveller and head of the Community Development Foundation in Kramatorsk

NEIGHBORS

36 A "smuggler hub" or honest work?

How have Russian counter-sanctions impacted Belarusian exports and imports?

HISTORY

38 A horror story from the Cossack Hetmanate

The crimes and execution of Pavlo Matsapura's gang that inspired an 18th-century word for villain

CULTURE & ARTS

42 Ukrainian life in Antarctica

Exploration and discoveries of Ukrainian researchers at the Faraday Station

44 The democracy of theatre

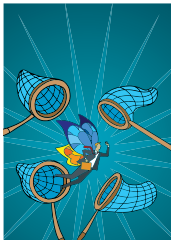
Is there a place for pluralism and tolerance on Ukrainian stages?

47 Marion Döring: "Filmmakers have an unspoken duty to tell honest stories"

Director of the European Film Academy on the promotion of European film directors and awareness about cinema among viewers, especially teenagers and young adults

50 A month of music and festivals

The Ukrainian Week offers a selection of events to visit in July



The Ukrainian Week

The Ukrainian Week #7 (125) July 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 Max Nestelieiev, 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

ТИЖДЕНЬ

Multiple variables

Andriy Holub

UAH 6,659, 11,951 and 7,451, an equivalent of \$256, 450 and 280 – this is how an average Ukrainian sees desired subsistence, average wage and pension across Ukraine, according to SOCIS, a sociology center. According to the State Statistics Bureau, the real numbers are UAH 1,777, 8,725 and 2,479 respectively, or around \$68, 335 and 95.

Political experts tend to believe that socio-economic issues cannot deliver victory in Ukraine's elections. They claim that the voters prefer to be offered an idea that will reach out to them emotionally. The truth is that no government yet has managed to decrease the gap between real and desired socio-economic numbers.

Presidential election, %



Yulia Tymoshenko



Anatoliy Hrytsenko



Yuriy Boyko

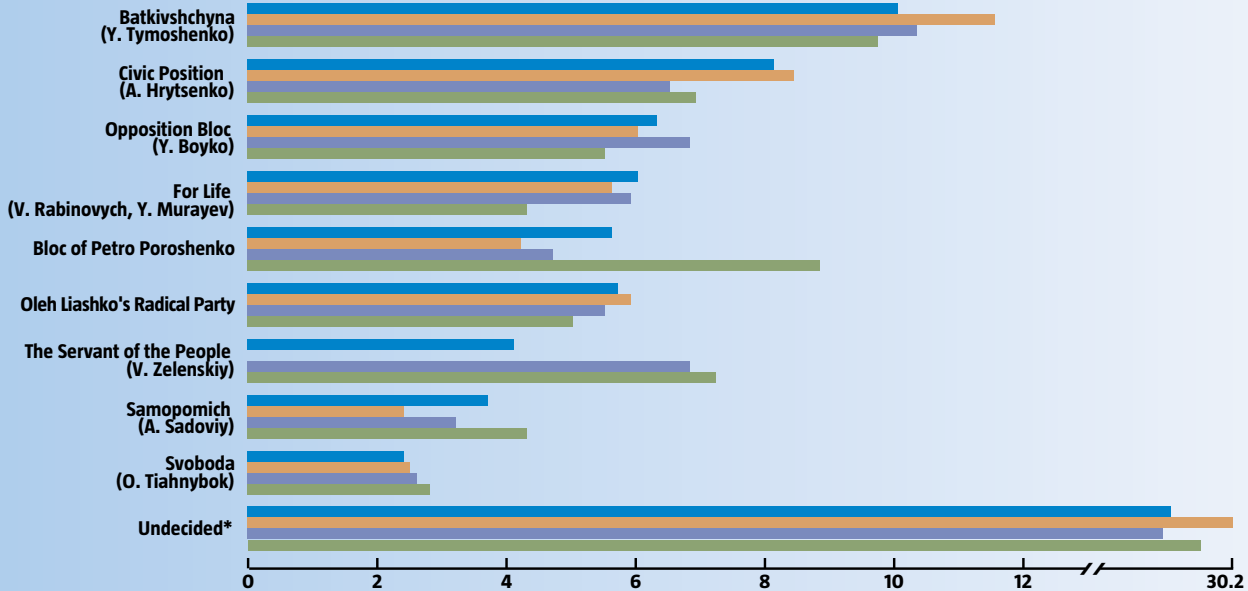


Oleh Liashko



Petro Poroshenko

Verkhovna Rada election, %



Ilko Kucheriv Democratic Initiatives Foundation 26.7

Kyiv International Institute of Sociology 26.9

Rating Group 22.3

SOCIS center 25.8

Undecided*



*Undecided covers the voters who are going to vote but have chosen "other candidate or party" or "I don't know" options



Sviatoslav Vakarchuk



Vadym Rabinovych



Volodymyr Zelenskiy



Andriy Sadoviy



Oleh Tiahnybok

These indicators draw far less attention than politicians' rates. What they do show is that, in the eyes of Ukrainians, the country's problems and their own are not identical. According to Rating's June survey about what problems Ukrainians believe to be key for the country, 78% of the polled listed military conflict in Eastern Ukraine, while 55% chose bribery and corruption in government. 29% mentioned unemployment.

When asked about the most important personal problems, the respondents deliver a different result. 54% choose growing prices, 54% list growing utility rates and 51% choose low wages or pensions, followed by only 29% indicating the war in the Donbas. Bribery and corruption are barely visible in the list of personal problems indicated by Ukrainians (15%). What matters at the end of the day is whether the country's problems or personal issues will define the choice in the voting booths.

The same survey by Rating asked the respondents about where they expect the next president to deliver change in first and foremost. In this one, the civil aspect seems to be winning over the personal one as 63% respondents said that they expected the next president to stop the war in the Donbas, followed by 49% choosing intensified fight against corruption. 40% chose the revival of industry while 30% opted for higher social standards. As a result, one might think that Ukrainians are not voting with their wallets.

THE KEY QUESTION OF THE UPCOMING ELECTIONS IS WHETHER THOSE CURRENTLY IN POWER HAVE A RESOURCE TO DECREASE THE GAP BETWEEN WHAT UKRAINIANS HAVE AND WHAT THEY WANT TO HAVE IN THEIR WALLETS. **HARDLY ANYONE CAN OFFER MORE IN THE TIME LEFT UNTIL THE ELECTIONS**

In fact, these figures point to a different conclusion. A candidate offering a realistic plan for stopping the war in the East tomorrow would be most likely to win the upcoming elections. A candidate offering an effective action plan for immediate elimination of corruption would win, too. However, such plans do not exist, nor will they appear anytime soon. The only actor that can stop the war is the one that started it – that actor is not running in Ukrainian elections. The fight against corruption is an ever-lasting problem – it cannot be eradicated once and for all. In other words, new unprecedented recipes are impossible to invent even if the candidates wanted to do so. That leaves us with reality comprised of all those personal problems reflected at the beginning of this article.

Therefore, the key question of the upcoming elections is whether those currently in power have a resource to decrease the gap between what Ukrainians have and what they want to have in their wallets. Hardly anyone can offer more in the time left until the elections.

"To me, it's obvious that in the next round of elections, presidential and Rada, Ukrainians will be voting for the lesser evil," sociologist Iryna Bekeshkina told in a recent interview for *The Ukrainian Week*. "We can see that every candidate has a stable core of supporters who are impossible to influence either way. No scandals, no dirt, or anything of that nature. However, this core is not very substantial. The rest will largely decide based on the situation closer to the election." The rates of all realistic candidates for presidency have hit the bottom and cannot go lower. This opens an opportunity to take

unusual steps. So far, however, none has managed to improve their rates.

Yulia Tymoshenko as a leading candidate among all others with generally low rates has recently offered a "new deal" with many components that sound alien to most Ukrainians. She spoke about "blockchain", "Linux" and "constituante" at the recent presentation of the "new deal". The result was quite predictable: the speech triggered a surge of memes in social media and barely anything else that can qualify as an asset in Tymoshenko's campaign. The "new deal" will hardly survive until winter as a strategy while Tymoshenko is more likely to further focus on her usual role of guardian for the miserable.

Those in power represented by Petro Poroshenko are waiting it out while experimenting from time to time. On June 28, the Constitution Day, the President proposed to amend the Constitution, including in it the norms about Ukraine's integration with the EU and accession to NATO. This triggered a fairly weak response and the news came largely unnoticed. One other asset in his portfolio is getting autocephaly for the Ukrainian Church. Here, too, his expectations may be overplayed. In late May, the Ilko Kucheriv Democratic Initiatives Foundation held a survey about how Ukrainians saw the establishment of their independent Church. 31% supported the idea while 34% were indifferent. 14% didn't know how they wanted to respond to this. Out of the supporters, only 33% said that this was a priority issue. Another 50% described it as "important but not a priority."

The second line of the opposition is more confusing. Firstly, how many candidates will run as opposition to those currently in power? Anatoliy Hrytsenko, a candidate that could become the representative of the entire group, has the highest rates for now. He has two serious stumbling blocks ahead. One is the pathological inability of the "democratic" or "reform-minded" camp to reach agreements. For now, at least two other possible candidates are on the forefront, including Lviv Mayor Andriy Sadoviy and MP Viktor Chumak. Dmytro Hnup, an investigative journalist who has recently announced his march into politics, does not rule out his own bid for presidency. All those involved declare that they are prepared to make compromises, but at a later stage. Hrytsenko's other stumbling block is that sooner or later he will have to answer the questions he is currently avoiding, such as who makes Hrytsenko's team other than himself, and what exactly he offers apart from criticizing the current administration.

Wannabe "new leaders" are making their plans public, too. While singer Sviatoslav Vakarchuk has somewhat folded down his public activities and placed "Nothing but music" as a slogan on the posters for his band's upcoming gig in Kyiv, comedian Volodymyr Zelenskiy has posted a video on social media that went viral. It's hard to understand what he is trying to say in that video, but he was certainly addressing Vakarchuk, completing the video with the phrase: "If it's me and you, that means us, do you get it? And if it's us, it's everybody."

Various candidates from the ex-Party of Regions are the only ones in a relatively safe place. They can't improve their current position or make it worse. All they need to do is appear in shows at TV channels owned by friendly oligarchs, talking about their inspections of summer camps for children, social security departments and factories. All this to make sure their loyal electorate remembers that they still exist. ■

How to explain Ukraine's bashing?

Philippe de Lara, Paris

Why is Ukraine's bashing so widespread these days in Western media and public opinion? I claim that this is the main question raised by the reactions to the Babchenko case. Whatever the remaining dark zones, the case is under scrutiny and freely investigated. It has raised mixed reactions among Ukrainians and friends of Ukraine. On one side, relief and joy: Babchenko's assassination has been foiled, perpetrators caught, and even pride: SBU showed (at last, some would add) great skills and efficiency in managing this operation. But there are also concerns on the other side: was this staging necessary to protect Babchenko and to trace the sponsors of the attempted murder? Could not official communication be more convincing and better organized? M. Lutsenko's ability to behave publicly as a General Prosecutor is proverbial and we are used to clumsiness from presidency's and government's PR — which by the way is not a trivial concern: communicating with citizens in appropriate ways is integral to a democratic regime —, but such an operation, in the current context of Russian information warfare, called for better standards. Damages on Ukraine's image in Western countries are devastating. So be it. But, even in the worst scenarios, and with the highest severity towards Ukraine's official communication, there is a massive disproportion and injustice in Western media's reactions. Confusion, bad faith, and prejudice are Ukraine's lot. Even people sympathetic to the Ukrainian cause are impressed by this collective misjudgment, as if it were Ukraine's exclusive responsibility that any information coming from Kyiv has now become suspicious. Why?

One cause has nothing personal (as mafia killers say): it is the deterioration of the public sphere and media ethics due to the unbearable immediacy of information, to the mixture of credulity and defiance which replaces critical mind, and to the spreading of conspiracist views, trivialized by Russian ideology and loved by social networks. The craving for transparency is turning democracy into an Orwellian nightmare. Thoughtless emotions and conformist imitation are replacing enlightened judgment. One dog barks and the hounds follow blindly: "one cannot lie about a journalist's death" (why journalists only?!), the fake news of Babchenko's murder is a "damage to the truth", as The Guardian said.

Then explanations become personal: nearly nobody in the West cared about Arkadi Babchenko's personality and records, as if "Russian opponent" was a fuzzy, insignificant if not suspicious label. Babchenko is not only a journalist but a hero who took unbelievable risks in publicly confronting the Kremlin. He was not intimidated by the assassination of dozens of Russian journalists since Putin took power. His courage and integrity should have been considered, and would probably have, if he were, say, a Turkish intellectual persecuted by Erdogan. Even experienced columnists yielded blindly to a huge confusion between a forgery staged for police purpose and revealed by the authorities within 24 hours, and the permanent and high scale lies of Russia, including Putin's unashamed denial on MH17, right

on the eve of the Babchenko episode. Rather, this conjunction lead to equate Ukraine and Russia as big liars, and to raise suspicion on subsequent news about the war and the hostages situation in Ukraine: "are you sure that Sentsov is really dying, that these hunger strikes are not faked?"



This is of course a consequence of Russian bullshit propaganda, that is a propaganda not meant to convince, but to disorient public opinion, to bury facts under piles of fake news and false narratives. This is not transient: Ukraine is at the wrong place in the narrative. Reasons are many, but I think the ultimate ones are: 1) Europeans are reluctant to admit the Russian threat because life is already too painful with Islamist terrorism, migration crisis and Trump's defection. Even M. Macron seems to have succumbed to the temptation of complacency with Russia, not to mention Germany's capitulation on Nord Stream 2. 2) Ukraine appears in this context as nothing but a thorn in the side of "appeased relations" with Russia. So, let us forget the annexation of Crimea, the hostages, the war, but let us watch out for the least mistake or negligence of Ukraine, just to kill our guilt. Ultimately, this attitude is grounded in the assumption that Ukraine's very existence is neither ascertained nor legitimate. This could be compared with Israel's predicament: gross distortions in reports on Hamas cam-

UKRAINE MUST CERTAINLY AMEND ITSELF AND EVEN APOLOGIZE FOR ITS FLAWS IN REFORMS, FOR INSTANCE THE INDEPENDENCE OF ANTI-CORRUPTION COURTS, BUT DEFINITELY NOT FOR WHAT IT DOES TO DEFEND ITSELF AND TO REVEAL RUSSIA'S WAR ON EUROPEAN CIVILIZATION

paign to invade "peacefully" Israel and to burn its villages put once more Israel in the bad guy role, not because of the level of its retaliation, but as a logical consequence of the background belief, explicit or not, that Israel's existence is a mistake, that the world fare better without Israel. Likewise, whatever Ukraine does, right or wrong, will be turned against it. Friends of Ukraine must keep their heads not to fall in the trap. Ukraine must certainly amend itself and even apologize for its flaws in reforms, for instance the independence of Anti-corruption courts, but definitely not for what it does to defend itself and to reveal Russia's war on European civilization. ■



Ksenia Yermoshina:

"Disinformation is becoming an important part of international politics"

Interviewed by Alla Lazareva, Paris

The Ukrainian Week discussed the characteristics of information warfare in the Crimea, the prospects of civil journalism and the danger of information control over the peninsula with the researcher from Citizen Lab, University of Toronto.

You study information processes through the example of the Crimea. Which information warfare trends most clearly manifest themselves in this region?

— When we talk about disinformation, we focus primarily on the dissemination of false information on social media. But this is just one way of waging information warfare using technologies such as bots. They can simulate the behaviour of a normal user, expressing certain tastes and talking about sports and art, despite the fact they are not a real person. These fake profiles promote certain hashtags. For example, this was the case with #CrimeaIsOurs on Twitter. It was launched from Russia in order to make the world accept the annexation and treat it as if it were a military trophy. If we look at how this hashtag began to spread, we can see that its original sources are highly questionable, often fake profiles.

So the use of social networks is one way of conducting information warfare, but there are others too. For example, interference in presidential election campaigns, as happened in the US and France. Russia, being a conservative and anti-European state, has promoted conservative candidates such as Marine Le Pen and Donald Trump. Going back to the Crimea, it is worth noting that Russia launched two major projects: a bridge that everyone knows about and a cable that is not talked about as much. The latter is laid under the waters of the Black Sea, in the Kerch Canal. The beginning of works was announced in March 2014 and the first connection was made in July 2014. The speed with which this project was implemented is due to its strategic importance in the war against Ukraine. It was about attaching the region to Russia not only on paper and in peoples' heads, but also physically, using an optical cable. In this way, Internet traffic from and to the Crimea has been fully monitored by Russia since then. This makes it possible to control information on the peninsula.

What does this control mean?

— The very concept of "information control" is extremely important in order to understand the annexation of Crimea as a hybrid operation. It is not limited to the creation and distribution of fake news and misinformation. It also involves restructuring the media market and changing the legislation regulating the work of independent journalists who come to work in the annexed Crimea, as

well as bringing internet infrastructure under Russian influence. Very often, when speaking about misinformation, people mean the production of news items that contain distorted facts or are completely fictional. But one should not forget about the purely physical aspect of the matter: who owns the internet and mobile communications infrastructure. It is important to see the full depth of the misinformation problem. The content, text, images, and videos for fake news items are just the visible part of a much wider operation that in the case of the Crimea starts in the corridors of the Kremlin, runs under the waters of the Black Sea and ends its journey on the TV and phone screens of the peninsula's inhabitants.

It has been reported that Ukraine itself has stopped providing internet services to the Crimea. Can you confirm this?

— I would like to know more about it. It is well known that Ukrainian traffic stopped going to the Crimea in July 2017, but it is not clear why this happened. I was in Kyiv in March 2018 and tried to figure it out. I spoke to representatives of the Internet Association of Ukraine and they explained to me that the Ukrainian state decided to stop selling traffic to Crimea, because sanctions do not allow the provision of such a service. This is one of the hypotheses. The second is that Russia cut the cable from Ukraine for censorship purposes. Finally, there is a third theory about a more or less peaceful agreement between providers. There is no clarity. But whatever the case, it is important to understand that controlling internet traffic is another way of conducting information warfare. Ukrainians who stayed in the Crimea and are dissatisfied with the occupation have to look for ways to get around the censorship, because Russia blocks access to numerous sites from the Crimea. Like Ukrainian civil society organisations, I investigated the application of censorship in Crimea during the Russian presidential election. It was discovered that more than 30 Ukrainian sites were blocked on the peninsula, although they could be seen from Russian territory. My colleague Ihor from Toronto and I tracked a list of 100 websites to understand how censorship in Crimea works compared to other regions. The list was predominantly made up of Ukrainian, Tatar, Western and Russian opposition media outlets. We found that publications in our list were blocked 25% more often in Crimea than in Russian territory. In addition, it is not consistent. Depending on the ISP, certain media outlets could or could not be seen. From conversations with Crimean providers, I realised that certain decisions were actually taken at the level of local administrations without proper legal procedure. Crimean human rights groups and the Human Rights

Ksenia Yermoshina was born in 1988 in St. Petersburg. In 2010, she received a degree in sociology from Paris Descartes University. Yermoshina left Russia for political and academic reasons (having participated in protests against mass falsifications during the 2011 parliamentary elections). In 2016, she defended her doctoral dissertation at the School of Engineering in Paris on the topic of the political use of mobile technologies in the civilian hacker movement. Since 2017, Ksenia has been a researcher at the University of Toronto's Citizen Lab, which specialises in disinformation, cyberattacks, information security and censorship on the internet. She is researching the situation in the Crimea following the annexation of the peninsula by the Russian Federation.

Information Centre also discovered discrepancies depending on the specific city. In general, it can be stated that a lot of media outlets in the Crimea have been blocked in an extra-judicial way.

Speaking at a colloquium devoted to the use of misinformation in international politics held at the French National Assembly, you noted that following the occupation of the Crimea, the work of journalists on the peninsula has become considerably more complicated and censorship has intensified.

— Yes, in 2014 and 2015 entire editorial offices had to leave the Crimea. Nowadays they work in mainland Ukraine, but the problem is that their sites are blocked on the peninsula. The situation is the worst for Crimean Tatar media. Ukrainian journalists have to overcome many obstacles in order to cover Crimean events. Their documents do not give access to courts, administrations or other authorities. Since it became very difficult to travel to the Crimea, so-called civil journalism started to develop there. In particular, the Crimean Tatars, who are subject to the harshest repression from the new authorities, have created the group Solidarity of Crimea to cover cases involving Tatar political prisoners with smartphones and tablets. In our laboratory, we have already studied a similar phenomenon in Tibet: due to a lack of institutional journalism, Tibetan monks have introduced a system of "connectors". Information exchange is provided through links that were previously created due to culture and religion. Unlike fake news that is not based on social realities or trustworthy networks, news from civic journalists belongs to the community and has a place in it.

In your opinion, how is it necessary to combat the spread of false information? Are there any effective countermeasures today?

— We must act on different levels. The first is to install programs that make it possible to circumvent censorship and blocking. The second is to learn to recognise fake profiles and not repost their messages. Finally, the third thing is to educate conscious users who can check information in alternative sources and confirm it on other channels, including publications from serious media outlets that are reputable. Today, not everyone is able to recognise trolls. The next stage is the intervention of governments or international organisations when necessary. I also think it is worth getting the platforms themselves, such as Facebook, to block false information. There is no universal solution. It should also be remembered that any censorship on the internet might have a negative effect on freedom of expression. Numerous international organisations, such as the Electronic Frontier

Foundation and Access Now, among others, are categorically opposed to any censorship at all, even during wartime. At the same time, artificial users are becoming more and more like humans — some are even able to make grammatical errors. Consequently, we need professional work from researchers and scientists to identify and professionally neutralise all these artificial profiles.

Do you think big social networks such as Twitter or Facebook are doing enough to stop the production and distribution of false information?

— Social networks have begun to do better work in this direction. For example, there are now tools that allow you to complain about a user. Special groups have been set up to monitor incitement to hatred, calls for violence, and so on. The platforms themselves can count the number of shares to detect bots. After all, a human is unable to exceed a certain speed. If a profile is suspiciously active, it may receive a warning from the social network and a request for a scan of a passport or other document to confirm their identity. Unfortunately, this mechanism is also used by opponents of free speech. They write complaints about activists — for example, pro-Kremlin circles complain about Ukrainians, accusing them of spamming. The problem is that it is often not clear who is writing the complaints. It is a pity that Facebook is not transparent in this matter, so it is impossible to understand whether a discrediting campaign played a role. High numbers of complaints get a reaction from Facebook and sometimes activists who did not post anything forbidden are blocked.

THE CONTENT, TEXT, IMAGES, AND VIDEOS FOR FAKE NEWS ITEMS ARE JUST THE VISIBLE PART OF A MUCH WIDER OPERATION THAT IN THE CASE OF THE CRIMEA STARTS IN THE CORRIDORS OF THE KREMLIN, RUNS UNDER THE WATERS OF THE BLACK SEA AND ENDS ITS JOURNEY ON THE TV AND PHONE SCREENS OF THE PENINSULA'S INHABITANTS

You said in your speech at the National Assembly that disinformation encourages political repression and contributes to the stagnation of the conflict between Ukraine and Russia. Could you describe the mechanisms of this influence?

— Crimean residents who do not use satellite communication or programs to circumvent the censorship consume the information provided by official Russian media. The media on the peninsula is known for its hate speech. According to Crimean Human Rights Group research, in 2014, Ukrainians were the category of the population against whom hate speech was used the most often (70%). At least 30 Ukrainian media outlets are now blocked in Crimea. Disinformation is also distributed through search engines: if you enter the word "Crimea" on Google, Sputnik and Russia Today publications appear in the first results. Disinformation affects repression by contributing to their acceptance in society. For example, Crimean Tatars are regularly called "terrorists" and this group demonstrates the most systematic opposition against the new authorities. Oleh Sentsov, Oleksandr Kolchenko and Volodymyr Balukh are also presented as "terrorists" by official Russian media outlets. The censorship and influence of the Russian government on Crimean internet infrastructure complicate the struggle against oppression and weaken the resistance of those who disagree with the occupation of the peninsula. Disinformation is becoming an important part of international politics. ■

From the Lisbon Protocol to the Budapest Memorandum

Ukraine's status as a non-nuclear weapon state: past, present and future

Volodymyr Vasylenko

From the Lisbon Protocol to the Budapest Memorandum	11
Declaration of Ukraine's status as a non-nuclear weapon state and strengthening of its independent statehood	11
Negotiations on the outline of Ukraine's non-nuclear weapon state status under international law: process and outcome	12
The time of wasted opportunities	14



Go to ukrainianweek.com to read the full version of the article



PHOTO: REUTERS

FROM THE LISBON PROTOCOL TO THE BUDAPEST MEMORANDUM

In May 1992, the Protocol was signed in Lisbon to recognize Ukraine, Russian Federation, Kazakhstan and Belarus as equal successors of the former Soviet Union for the Strategic Arms Reduction Treaty (START-1) signed by the USA and USSR on July 31, 1991. In practical terms, this signaled the recognition of Ukraine's right to own the share of the soviet nuclear arsenal that ended up on its territory after the restoration of its independence in 1991. Under Art. 5 of the Lisbon Protocol, Ukraine committed to join the Treaty on the Non-Proliferation of Nuclear Weapons signed on July 1, 1968, as a non-nuclear-weapon state.

According to the Lisbon Protocol, Ukraine was becoming a member of START-1 on a par with all other signatories, including the US, and had to ratify it.

START-1 obliged the US and the Soviet Union to reduce the number of strategic nuclear delivery vehicles by 36% and nuclear warheads by 42%. This meant that the Soviet Union had to dismantle 900 delivery vehicles (from 2,500 down to 1,600) and 6,000 warheads (from 10,271 down to 4,271). When the Soviet Union disappeared from the political map of the world, Ukraine ended up with 17% of the soviet nuclear weapon capacity on its territory.

Ukraine could use the Lisbon Protocol framework to interact with the US without Russia in between. It could develop its own position in negotiations and determine the conditions under which it would agree to join the Non-Proliferation Treaty as a non-nuclear-weapon state. The Protocol did not set out any specific deadline for ratification, although Art. 5 said that Ukraine should join it as soon as possible.

According to the Protocol, Ukraine was free to determine when it would ratify it. Therefore, it could also determine the timeframe it deemed necessary for negotiations. The Lisbon Protocol thus marked the irreversible recognition of Ukraine's status as a non-nuclear weapon state under international law. Eventually, this resulted in the signing of the Budapest Memorandum on December 5, 1994, to guarantee Ukraine's security upon its joining of the Non-Proliferation Treaty.

Ever since, Ukrainian politicians, experts and average citizens, as well as mass media have seen heated debates on the consequences of Ukraine's quitting of the nuclear arsenal inherited from the Soviet Union in 1991. The armed aggression by Russia, a signatory of the Budapest Memorandum, against Ukraine has triggered another surge of this debate.

Some in Ukraine's civil society, political establishment and expert community harshly criticize its non-nuclear weapon status. They believe that Ukraine thus stripped itself of a reliable security guarantee. A closer analysis of their thinking shows that they view the recording of Ukraine's status as a non-nuclear weapon state and international guarantees for its security as a one-moment act, not as a complex geopolitical process linked to the restoration and establishment of Ukraine's independent statehood and the historical context of the late 1980s and early 1990s in which this process took place.

Today, there is general agreement in Ukraine that the Budapest Memorandum has serious flaws. These flaws are widely believed to have caused the many security challenges faced by Ukraine that climaxed with Russia's armed aggression. What's lacking is a clear consolidated nationwide stance on how to guarantee Ukraine's security in the foreseeable future in the modern context.

DECLARATION OF UKRAINE'S STATUS AS A NON-NUCLEAR WEAPON STATE AND STRENGTHENING OF ITS INDEPENDENT STATEHOOD

After the Verkhovna Rada voted for the Act of Declaration of Independence of Ukraine on August 24, 1991, Ukrainian leaders confirmed more than once and at many levels, officially and unofficially, the readiness to stick to the intention to become a non-nuclear-weapon state and to reject soviet nuclear weapons located on Ukraine's territory.

During his first visit to the US, VR Speaker Leonid Kravchuk met with George H. W. Bush and assured him that the intention announced in the Declaration remained irreversible even after the restoration of Ukraine's independence. On October 1, 1992, Kravchuk once again declared this at the 46th session of the UN General Assembly.

Resolution No1697-XII On Non-Nuclear-Weapon State Status of Ukraine passed by the Verkhovna Rada on October 24, 1991, was very important. It outlined practical steps to dismantling nuclear weapons of the former Soviet Union on Ukraine's territory. On October 25, Hennadiy Udovenko, Ukraine's Ambassador to the UN, transferred the Resolution to the UN Secretary General. Its full text was distributed as an official document at the 46th session of the UN General Assembly. On November 2, 1991, Leonid Kravchuk sent a letter to the US President with the Resolution attached. Among other things, it stated the following: "The establishment of independent Ukrainian armed forces does not change Ukraine's intention to be a non-nuclear-weapon state as announced in the Declaration on State Sovereignty."

In December 1991, Kravchuk as President of the independent Ukraine, signed documents and agreements within the CIS on behalf of Ukraine that, too, envisaged its status as a non-nuclear-weapon state.

This consistent commitment to nuclear disarmament backed by the convincing results of the All-Ukrainian Referendum to Approve the Act of Declaration of Independence of Ukraine brought wide international recognition of Ukraine by the leading western countries and the overall international community. During 1992, 132 countries recognized Ukraine. 106 signed agreements establishing diplomatic relations with it. This created solid political and legal ground for the beginning of Ukraine's relations with the world in a favorable international environment.

Therefore, it was thanks to the provisions of the Declaration focused on gaining the status of a non-nuclear-weapon state that Ukraine avoided non-recognition, something that had been the final factor in the defeat of the Ukrainian People's Republic in its struggle against the bolshevik Russia in the early 20th century. Carpatho-Ukraine, too, had no chance to preserve its independence after declaring it on March 14, 1939, in Khust, Zakarpattia. Unrecognized and unsupported by the international community, Carpatho-Ukraine offered armed resistance but was eventually illegally occupied by Hungary with German and Polish support.

When no country in the world recognized the Ukrainian State declared on June 30, 1941 in Lviv, or the Ukrainian Chief Liberation Council established in Lviv Region on July 13, 1944, the armed struggle of the Ukrainian Insurgent Army for the creation of the sovereign and united Ukrainian State turned out to be doomed even though it lasted from the early 1940s until the mid-1950s.

Ukraine relied on the Declaration in its successful attempts to counter Russia's attempts to use the CIS to reintegrate former union republics and implement its neo-imperial comeback. Ukraine ratified the CIS foundation treaty on December 10, 1991, with an important condition that was later



Volodymyr Vasylenko is an expert in international law, a statesman and academic. Born in 1937 in Kyiv, he graduated from the Law Department of the Kyiv Shevchenko University in 1959, and earned his L.D. in International Law in 1964. In 1972-1992, he worked as legal advisor to the Ministry of Foreign Affairs. He was delegate to the founding meeting of the People's Movement of Ukraine (Narodnyi Rukh Ukrayiny), and member of the assembly committee and the First Convention of the Great PMU Council. In spring 1990, he drafted the first version of the Declaration on State Sovereignty of Ukraine, then participated in the drafting of the final act as consultant to the Verkhovna Rada. In 1992-1995, he served as Ukraine's Ambassador to Benelux and representative to the EU and envoy to NATO. In 1998-2002, he was Ambassador to Great Britain and Ireland. Mr. Vasylenko represented Ukraine at the UN General Assembly many times. In 2001, the UN General Assembly elected him member of the International Criminal Tribunal for Yugoslavia where he worked as a judge until January 2005. In 2006-2010, Vasylenko represented Ukraine at the UN Human Rights Council. In 2010, he was Ukraine's envoy to the International Court of Justice in the Romania versus Ukraine case. He is currently member of the People's Committee to Protect Ukraine, a merited lawyer of Ukraine, Ambassador Extraordinary and Plenipotentiary of Ukraine, Doctor of Law, and professor.

reinforced by the special Verkhovna Rada Statement dated December 20, 1991. In that Statement, Ukraine rejected the transformation of the CIS into a statelike body with the status of a subject of international law. Also, Ukraine confirmed its intention to stay away from military blocs. It was not involved in the drafting of the CIS Charter, nor did it join it later. Therefore, it remained just a member of the CIS Foundation Treaty while never being a full-fledged participant and remaining in the status of an observer. Ukraine did not sign many Russia-initiated agreements within the CIS designed to turn it into a new Union.

Ukrainian diplomats effectively used the Declaration provisions on Ukraine's intention to become a neutral and non-aligned state as a ground for refusing to join the Tashkent Agreement signed on May 15, 1992. It established a military bloc known as the Collective Security Treaty Organization

today, as a tool to restore and reinforce Russia's influence in the geopolitical space of the former Soviet Union, and as an alternative to NATO. Ukraine also refused to join the CIS Economic Union Treaty signed in Moscow on September 24, 1993, with the purpose of gradually building a "universal economic space".

The Declaration thus helped Ukraine distance itself from Russia and bloc its attempts to drag Ukraine into its neo-imperial projects that threatened Ukraine's independence and were aimed against Western democracies.

The initial stage of Ukraine's establishment on the international arena as an independent state was thus a geopolitical success. The key contributing factor were the Declaration provisions of quitting nuclear weapons and gaining the neutral non-aligned status. The positive outcome of the Declaration implementation confirmed that Ukraine was right to expect international recognition as a result of the intention it stated in the document.

NEGOTIATIONS ON THE OUTLINE OF UKRAINE'S NON-NUCLEAR WEAPON STATE STATUS UNDER INTERNATIONAL LAW: PROCESS AND OUTCOME

Shortly after, the geopolitical success Ukraine had accomplished thus far was overshadowed by the outcome of the talks on the documentation of its non-nuclear-weapon state status within international legal framework. The talks ended on December 5, 1994, in Budapest with the signing of the Memorandum that guaranteed Ukraine's security for joining the Non-Proliferation Treaty.

Neither the outcome of the talks, nor the text of the Budapest Memorandum were in any manner shaped by the Declaration on State Sovereignty of Ukraine. The talks took place and the Budapest Memorandum was signed after the Declaration had served its purpose.

It only declared Ukraine's intention to follow three non-nuclear principles and to become a non-nuclear state in the future. The Declaration did not define the timeframe for implementing this intention or what kind of cooperation it entailed. Most importantly, it did not mention any commitments that could have hurt Ukraine's national interests, sovereignty and security. Thus, there was no connection between the Declaration, the process of negotiating how Ukraine's non-nuclear-weapon state status would be recorded, or the outcome of these negotiations.

Long before the Declaration was approved, the key element on which the US and the Soviet Union agreed in the nuclear domain was their shared desire to preserve monopoly in owning nuclear weapons. Russia automatically embraced that approach as the successor state of the Soviet Union. Therefore, regardless of whether Ukraine's Declaration stated its intention to become a state without nuclear weapons or not, both Russia and the US would inevitably demand the withdrawal of soviet nuclear missiles from Ukraine's territory. Similarly inevitable were negotiations to determine the timeframe and the conditions under which Ukraine would gain the status of a non-nuclear-weapon state.

It is important to note that the subject of negotiations was not nuclear disarmament of Ukraine -- it did not own nuclear weapons that it manufactured or controlled before or after the collapse of the Soviet Union. The idea of Ukraine having been a state with the third largest nuclear arsenal in the world is a myth. In reality, a separate fragment of soviet nuclear arsenal stayed on Ukraine's territory after the collapse of the Soviet Union, its strategic component being smaller than that of nuclear arsenals in the US and Russia. According to data provided in numerous sources, the 19th

and 46th missile divisions of the Missile Troops located in several regions across Ukraine had 176 strategic intercontinental ballistic missiles that could hit targets at 10,000 kilometers at the end of 1991.

The components of the Ukrainian part of this missile unit included 130 liquid-fuel RS-18 missiles (SS-19 under NATO classification and Stilet under the US classification) with six independently-targetable warheads each, and 46 solid-fuel RS-22 missiles (SS-24 under NATO classification and Scalpel under the US classification) with ten independently-targetable warheads each. The total number of nuclear warheads at the 176 soviet missiles inherited by Ukraine was 1,240. They all targeted the US.

When the Soviet Union disintegrated, different estimates pointed to dozens (anywhere from 30 to 46) TU-160 and TU-95 MC16 strategic bombers located at the military air bases in Pryluky and Uzyn in Ukraine. Their total payload counted several hundred nuclear missiles (anywhere between 274 and 670).

Therefore, Ukraine's territory hosted a significant share of soviet nuclear missile arsenal developed with Ukrainian resources, among others. However, Ukraine did not have any enterprises producing nuclear warheads, or equipment and specialists to maintain them. It did not have the technologies for safe storage and dismantling after expiration. It did not have launch codes for strategic missiles or control systems for battle situations. Moscow made sure it preserved its monopoly in the manufacturing and use of nuclear charge as the key component of nuclear weapons.

What is important to note is that Ukraine hosted tactical and operational tactical nuclear weapons equipped with sever-

al thousand warheads (estimates range from 2,800 to 4,200). Ukraine could have refused to give it to the Russian Federation if it had had the political will to do so, placed it under control of the Armed Forces of Ukraine and used it as deterrence for at least some time.

Apart from that, Ukraine could have postponed the dismantlement of 46 strategic solid-fuel RS-24 missiles -- these were developed and manufactured at Pivdenne KB in Dnipro and PivdenMash bureau -- in order to launch the construction of its own nuclear deterrence force. In other words, Ukraine could later turn into a powerful nuclear-armed state using its soviet legacy and relying on its own potential -- the established production of modern missile equipment and the systems of intercontinental ballistic missile battle control, the production base of numerous defense enterprises, the deposits of uranium ore, uranium processing chemical plants, and the professional teams of Ukrainian design bureaus and R&D centers.

Given the specific historical context in which Ukraine found itself in the early 1990s, it faced a paradox where the status of a non-nuclear-weapon state was the best realistic option for preserving and strengthening its newly restored independence, while keeping and using the nuclear missile arsenal inherited from the Soviet Union didn't help. The establishment of independent Ukrainian nuclear deterrence force required significant financial resources and time. The newly independent Ukraine had none of those. It faced an inevitable confrontation with Russia and the US, as well as their allies, and risked losing its independence if it did decided in favor of that deterrence force.

Therefore, Ukraine made a choice to dismantle the soviet nuclear missiles it inherited. Yet, it insisted on the right to



manage its components as it saw fit as a successor state of the Soviet Union and demanded international security guarantees for its refusal to create its own nuclear deterrence force.

In the process of negotiating its non-nuclear-weapon state status, Ukraine had to solve many complex legal, financial, security, technical, organizational and other issues.

The actual talks were preceded by numerous contacts within the Ukraine-Russia-US triangle in the late 1991 and early 1992. During these contacts, Ukraine's confirmation of its intention to get rid of soviet nuclear missiles was met with requirements to speed up the process at its own expense. No proposals were made on security guarantees. Speculations started spreading in Russian and western media questioning the sincerity of Ukraine's intentions. Eventually, a massive campaign unfolded accusing Ukraine of attempts to establish control over soviet nuclear weapons, to get hold of it and to become a nuclear-armed state. Rare sober and objective publications did not have a very visible effect. This did not help create a good atmosphere for the subsequent talks.

The following factors put Ukraine in a very difficult position from the very beginning of these talks:

Firstly, the government of the newly-independent Ukraine had no clearly defined and consistent nuclear policy, or a carefully designed national position for negotiations on dismantling soviet nuclear weapons.

Secondly, Russia and the US were negotiating from the position of force, pressing Ukrainian leaders to quit the soviet nuclear arsenal in a rush and under the conditions that played against Ukraine's national interests.

THE SIGNING OF THE BUDAPEST MEMORANDUM ELIMINATED THE RISK OF INTERNATIONAL ISOLATION FOR UKRAINE AND REINFORCED ITS INTERNATIONAL POSITION. BUT IT DID NOT LEAD TO AN EFFECTIVE INTERNATIONAL MECHANISM TO GUARANTEE ITS SECURITY

Thirdly, the emerging Ukrainian government entities had to deal with the far more powerful and experienced foreign affairs ministries, special services and propaganda mechanisms from both nuclear powers and their allies that often acted in a situational tandem.

Fourthly, dangerous crisis developments in Ukraine's economy seriously undermined its capacity to resist the Russian-American pressure and accomplish better results in negotiations.

Ukraine's position was shaped in the process of those negotiations, with different branches of government having different positions and a lack of a common vision of the goal and the final result of negotiations by their representatives that would best serve Ukraine's national interests. Both Russia and the US used the lack of coordination in the actions of Ukrainian authorities.

They demanded a transfer of virtually all inherited soviet nuclear weapons from Ukraine's territory to Russia while not responding adequately to its proposals on a fair compensation for the nuclear components of the warheads to be withdrawn, or on the funding for the dismantling of the warhead delivery vessels, shaft missile launch systems, missile fuel etc. These demands were accompanied by hidden and open threats of international isolation through sanctions. The question of international security guarantees for Ukraine remained unanswered for a long time.

The situation changed for the better after a majority formed in the Verkhovna Rada that on November 18, 1993 passed the

Resolution on the Ratification of the Strategic Arms Reduction Treaty between the Soviet Union and the United States of America signed on July 31, 1991 in Moscow and the Protocol supplementing it signed in Lisbon on May 23, 1992.

The Resolution clearly stated the conditions under which Ukraine could join the 1968 Non-Proliferation Treaty as a non-nuclear-weapon state and outlined specific question to be discussed in negotiations between Ukraine and the leading powers and international organizations.

As a result, the US became the third party to these negotiations. Its political establishment began to realize that Ukraine was not part of Russia but a self-standing and self-sufficient subject of international law with its own interests that deserved support.

The US Administration reconsidered its "Russia and nobody else" and "Russia first" approach and refused to view the geopolitical space of the former Soviet Union as a sphere of Russia's special interests.

The trilateral talks between Ukraine, Russia and the US ended with the Trilateral Statement of the Ukrainian, Russian and American Presidents signed on January 14, 1994 in Moscow. It took into account some requirements of the Verkhovna Rada's Resolution mentioned above but left most of others unanswered.

This was a forced but necessary compromise Ukraine accepted. It took into account more of Ukraine's interests and pave a path towards the Budapest Memorandum.

Based on the Agreement between Ukraine and Russia on the dismantling of nuclear warheads dated September 3, 1993, and the Agreement on Measures to Implement the Trilateral Statement dated May 16, 1994, Russia supplied fuel elements for Ukrainian nuclear reactors in exchange for the withdrawal of nuclear materials from the dismantled warheads from Ukraine's territory and provided US \$1bn in other assistance. It also agreed to compensate for a large portion of Ukraine's debt on gas and oil.

The US allocated nearly US \$900mn for Ukraine to cover the losses incurred by the country as it dismantled soviet nuclear missiles on its territory.

Obviously, Russia and the US compensated for just part of the losses faced by Ukraine from the destruction of soviet nuclear weapons. According to different expert estimates, the nuclear materials from missile warheads were worth anywhere between US \$70 and 100bn while all measures involved in the liquidation of soviet nuclear arsenal cost anywhere between US \$3 and 5bn.

The signing of the Budapest Memorandum eliminated the risk of international isolation for Ukraine and reinforced its international position. But it did not lead to an effective international mechanism to guarantee its security.

Still, despite the serious flaws of the Budapest Memorandum and the concessions Ukraine was forced to make in demanding a fair compensation for its economic losses, the nation completed the difficult and tense negotiations, winning international authority and gaining important political capital.

THE TIME OF WASTED OPPORTUNITIES

The US, their NATO allies and other Western democracies were open to constructive cooperation with Ukraine, treating it not as a defeated enemy but a partner that deserves confidence and support. The West was ready to provide Ukraine with wide-scale support in line with the "helping Ukraine means helping ourselves" approach. Ukraine should have used this cooperation, support and assistance to consistently reform the country, including by strengthening its democratic institutions, making its governance



PHOTO: UNIAN

The limit of responsibility. As Ukraine's leaders were unable or unwilling to give a timely and accurate definition of the state's position on countering Russia's armed aggression and its consequences, the international community received a powerful misleading signal reinforced by the fifth column and pro-Russian political forces in western democracies

more effective, building a corruption-free political and economic system, creating a proper environment to draw foreign investment, implementing projects to get energy independence from Russia, solving social issues and more.

This did not happen as then-President Leonid Kuchma did not want to or was not able to act in the interests of the state rather than his family and corrupt oligarchic clans and implement a Ukrainocentric domestic and foreign policy rather than a multivector one with the main focus on Russia, a historically existential enemy of Ukraine.

The window of opportunities to build a successful Ukrainian Ukraine closed not because the West lost interest in Ukraine after its soviet nuclear weapons were dismantled, but because Leonid Kuchma's regime failed to make a determined geopolitical choice. The end of his presidency was marked by an attack against democratic processes in Ukraine, the halt to its modernization based on European and Euro-Atlantic values, the rejection of the course towards NATO under Russia's pressure, and shrinking cooperation with the EU.

Weak and unsuccessful attempts to change the situation, make a determined civilizational and geopolitical choice by Kuchma's successor Viktor Yushchenko were quickly folded under the subsequent presidency of Viktor Yanukovich. With his openly pro-Russian domestic and foreign policy while imitating openness to cooperation with the EU, Yanukovich initiated legislative declaration of Ukraine's rejection of Euro-Atlantic integration and turned the Party of Regions he led into an organized crime group operating through government institutions and plundering the country.

Systemic flaws in Ukraine's internal development and its geopolitical undecidedness throughout in the 20 years between the Budapest Memorandum was signed in 1994 and Russia's aggression against Ukraine started in 2014 had the most damaging effect on the national security which was almost entirely ruined under Yanukovich. The poor-quality elite that ruled Ukraine in these 20 years wasted the time that should have been used to reform the country and build pow-

erful national armed forces and defense industry. Therefore, Ukraine's current security challenges are rooted more in its imperfect security policy or a lack thereof rather than the flaws of the Budapest Memorandum.

Some in Ukraine's government and civil society responded to the ineffectiveness of the Budapest Memorandum by proposing that Ukraine drops its non-nuclear-weapon state status.

None of these initiatives were supported by the top political and military leadership of Ukraine, the Verkhovna Rada or civil society.

In practical terms, the idea of Ukraine developing its own nuclear weapons — even as deterrence against aggression — is counterproductive. If Ukraine begins to implement it, it will undermine its security. Developing such weapons is not a one-moment act, but a complex and lengthy process that takes huge financial resources, a lot of time and uniform support from society which Ukraine does not have. Quite on the contrary, if Ukraine did try to implement this idea, Russia would most likely expand its armed aggression against Ukraine and initiate anti-Ukrainian sanctions at the UN Security Council which would lead to international isolation of Ukraine.

This would push away its allies and partners and lead to sanctions against Ukraine instead of their assistance and sanctions against Russia.

This would also end Ukraine's cooperation with international financial institutions or the attraction of foreign direct investment, while Ukraine's path to the EU and NATO would be blocked. Ukraine would remain facing Russia alone without even becoming a nuclear-armed state. This would lead to a real risk of losing independence.

The best guarantee for Ukraine's national security in the modern context is reliance on its own Armed Forces coupled with full-fledged NATO membership. Ukraine already has plenty of powerful organizational and institutional tools for this. These include the Ukraine-NATO Commission, the Annual National Program, the trust funds, the Enhanced Opportunities Program, the Comprehensive Assistance Package etc.

Ukraine's priority in cooperation with NATO should be compatibility with its forces and steps to purging Russian agents from its security sector with schemes and methods like those used previously elsewhere in Central and Eastern Europe. The latest cleaning of a defense agency and special services from Russian agents took place in Montenegro in 2016. This allowed the country's leaders to prevent a coup planned by Russia's special services to halt its movement towards NATO membership.

An upgrade of Ukrainian defense industry focused on reforming and developing the shipbuilding, space and aviation sectors, and launching arms and equipment manufacturing projects with NATO countries should become an important element in Ukraine's cooperation with NATO.

The specifically Ukrainian context requires consistent humanitarian policy to create effective resistance to Russia's language, cultural, propagandist, historical and religious expansion as a critical tool in making Ukraine more resilient to Russia's hybrid war. It is important to realize that the Armed Forces alone will not be able to resist Russia's aggression if their mentality is poisoned by the Russian World ideologies. Instead, their mindset should be shaped on the basis of Ukrainian tradition and values.

This means that Ukraine has to stop viewing the flaws of the Budapest Memorandum as the source of all of its security troubles and develop a modern strategy to reinforce its defense capacity, then implement it consistently on the national and international level. ■

In Search of the National Bourgeoisie

Can the middle class drive Ukraine's independence and development?

Maksym Vikhrov



According to the classical concept, the national bourgeoisie is the driving force behind the formation of nation states. It was the force that destroyed monarchies and empires, bringing nation states onto the arena of history and laying the foundations for democracy and market economies. In Ukraine, searches for a national bourgeoisie have been continuing since the first days of independence, but no particular success has yet been achieved. The oligarchy, which quickly flourished in the post-Soviet disorder, did not even demonstrate united support for the state in 2014, but openly sabotages the establishment of democracy and the institutional modernisation of Ukraine under the European model. Therefore, expectations were predictably extrapolated onto the middle class: entrepreneurs, highly

skilled specialists, well-paid representatives of creative professions and others like them. These people, in all respects, should become the aforementioned national bourgeoisie, and they are driven in this direction not by mythical kulak archetypes or some other mystical forces, but direct economic interests.

Firstly, the middle class is the most interested in preserving sovereignty. The experience of the Crimea shows that the arrival of the occupation administration turned out to be the least painful for hired labourers and those who live at the expense of the state budget (pensioners, those on benefits, etc.). But occupation brought the middle class, besides new rules for doing business and restrictions brought by sanctions and Crimea's unrecognised status, a brutal redistribution of property in favour of the peninsula's new masters. In addition, the political capital of Crimean businesses was wiped out. Previously, it had significant influence on the government of the autonomous republic and Kyiv, as a rule, did not intervene in the peninsula, but now there is no chance at all for Crimean entrepreneurs to influence the occupation administration (not to mention Moscow). It is also well known what happened to businesses in the occupied parts of the Donetsk and Luhansk Regions.

Secondly, the middle class is naturally interested in the development of democracy and the formation of a market economy. Unlike oligarchs, who are able to manipulate even authoritarian rulers, the middle class is a natural enemy of authoritarianism, since, as Viktor Yanukovich showed, "strong arm" leadership starts with the usurpation of power and ends with the redistribution of property in favour of the group in power. Therefore, it is desirable that the functions of the state be reduced to the role of a "watchdog" that provides protection against external threats and ensures compliance with the rules within the country. Theory aside, this is confirmed by the social makeup of EuroMaidan participants. Indeed, according to a survey by the Democratic Initiatives Foundation conducted in early December 2013, 70% of the protesters were representatives of the middle class (39.5% — professionals with specialised education, 13.2% — students (future professionals), 9.3% — entrepreneurs, 8% — company managers).

Thirdly, the middle class is often called the most reliable advocate of reforms and the most consistent supporter of Ukraine's European integration. This seems to be self-evident, since it is the middle class that reaps the greatest benefits from integration into the global economy and also has the largest economic reserves in order to survive the difficulties of a transitional period with the smallest losses possible. All these considerations are quite reasonable, but the real situation is not so clear. The middle class is hindered from becoming a powerhouse of national development by not only its small size, but also the heterogeneity of its interests prompted by historical circumstances.

Determining the size of the middle class in Ukraine is one of the most difficult issues, since various calculation methods give very different results, which in turn often form the basis for political ma-

nipulations. For example, in the 2014 Razumkov Centre report *The Middle Class in Ukraine: Perceptions and Reality*, membership in the middle class was determined predominantly by subjective criteria: according to staunch self-identification, self-assessment of financial status (anything above "I have enough"), the level of education (no lower than vocational school or college), a sense of having common interests with the middle class and the dominance of its representatives in one's immediate surroundings. As a result, the researchers included 14% of respondents in the middle class and another 35% in its periphery.

However, calculations according to an objective criterion — income — give a much more modest result. According to Credit Suisse's methodology, population incomes are matched against wealth levels that are set separately for each macro-region. For example, in the US, the financial threshold for belonging to the middle class begins at an annual income of \$50,000, in China \$28,000 and \$25,000 in Poland. For Ukraine, this figure is \$11,250 a year, i.e. upwards of 23,400 hryvnias a month. Accordingly, Credit Suisse estimated that only 297,000 people, or 0.8% of the adult population of the country, were part of the Ukrainian middle class in 2015. This social group disposed of 16.9% of the country's economic resources. By comparison, 19.3% of the population of Poland belonged to its middle class in 2015, disposing of 43.4% of the national wealth. On average, the size of the middle class in European countries was 33.1%, controlling 40.6% of economic resources. Based on this data, it is obvious that the Ukrainian middle class is still in its infancy. Even if we take into account the more optimistic calculations, the Ukrainian middle class is still too weak to become the driving force behind the country's development.

In addition, the middle class is not a homogeneous community with unidirectional interests. First of all, the split in the ranks of the middle class is due to the fact that a large part of it owes its status to non-legal economic practices, i.e. the shadow economy. The magnitude of this phenomenon is quite significant: according to the Ministry of Economic Development, in 2017 the shadow economy amounted to 31% of official GDP. This is 4% less than in the previous year, but it is too early to talk about overcoming this phenomenon. In different years since independence, according to the IMF estimates, Ukraine's illegal economy has fluctuated between 36.65% and 57%, but it never went away. In addition, the current statistics are improved by the fact that they do not cover the Crimea and occupied Donbas with their developed illegal industries in tourism, coal mining and smuggling. It is not known for sure what share of the Ukrainian middle class is linked to the shadow economy. For some Ukrainian businesses, going "off-the-books" is a forced refuge that makes it possible to "sit out" unfavourable economic periods, but for the rest it is the optimal operating environment, the disadvantages of which are offset by the profits due to non-payment of taxes, labour exploitation, etc. Therefore, the latter are keenly interested in Ukraine preserving all the pathological elements of the post-Soviet system, including corruption, the incapacity of state institutions and the lack of many market mechanisms.

In this sense, inveterate "black marketeers" are a no less anti-European and anti-reform force than businesses that are directly oriented towards Russia or even oligarchs. The reasons are again purely economic, since in a transparent market economy with effective rule of law, they will lose not only their competitive advantages, but also their livelihoods. It is not just about corrupt loopholes and ways to evade taxes, but also about the huge illegal labour market, which both small and medium-sized businesses make active use of. According to the State Statistics Service, it was made up of about 23% of the total economically active population in 2017 — about 4 million workers. The introduction of European quality standards is also contrary to the interests of many Ukrainian producers. While large companies can afford in-depth

modernisation of their production facilities, this burden will be unbearable for SMEs. Market reforms are not roundly accepted by Ukrainian businesses either. For example, a land market could decimate the small farmers who lease land shares at low prices and then sell their crops on illegal grain markets. There are many such examples, but the result is the same: a certain section of the Ukrainian middle class was formed in the ecosystem of post-Soviet Ukraine and is interested in preserving it.

The part of the middle class made up of hired workers (skilled specialists, people in intellectual and creative professions, etc.) occupies a position that is not entirely clear. Of course, they are interested in bringing the labour market out of the shadows and are usually notable for their support of democracy and reform. But Ukraine's exit from the political and economic CIS ghetto will not be painless for them either. A positive example is Ukrainian IT professionals, who compete successfully on the world market and brought \$3.6 billion into the budget in 2017 alone. According to website DOU, salaries in this field range from \$450 to \$4,700 depending on the exact specialisation. But not everyone can boast such competitiveness. The reasons are purely objective, because our higher education is desperately uncompetitive: in the QS World University Rankings 2019, Ukrainian higher education establishments did not even make it into the top 400 (the V. N. Karazin Kharkiv National University took an "honourable" 481st place). Combined with chronic underfunding and certain institutional disadvantages, this puts Ukrainian specialists in a very vulnerable position and causes a corresponding reaction. A recent example is the opposition of a number of scientists to new requirements from the Ministry of Education, according to which research findings should be confirmed by articles in publications included in the international Scopus or Web of Science Core Collection databases. Introducing this requirement will greatly complicate the life of the scientific community, in particular because a large part of it is not capable of producing materials that meet international standards.

A POSITIVE EXAMPLE IS UKRAINIAN IT PROFESSIONALS, WHO COMPETE SUCCESSFULLY ON THE WORLD MARKET AND BROUGHT \$3.6 BILLION INTO THE BUDGET IN 2017 ALONE. ACCORDING TO WEBSITE DOU, SALARIES IN THIS FIELD RANGE FROM \$450 TO \$4,700 DEPENDING ON THE EXACT SPECIALISATION

Moreover, all of this does not even take into account the ideological pro-Russian (anti-Ukrainian, anti-European, etc.) circles that are rather well represented in the professional and entrepreneurial community. As sociological studies show, voters of pro-Russian, Eurosceptic and anti-reform forces are not lacking among the educated and more or less well off. Therefore, hopes that Ukraine will be saved and at the same time reformed by the efforts of the middle class alone are not entirely justified. Like all other strata of Ukrainian society, the middle class is heterogeneous both ideologically and in terms of its socio-economic interests. It is tempting to see the middle class as a collective Moses and this vision is actively bandied about by populist politicians who flirt with the existing "middlemen" and promise to raise the poor to this status. However, in practice, a reformist government will have to look for support at various levels of Ukrainian society, while the country's political leadership must look for a way to bring their diverse interests together under the common denominator of Ukrainian national statehood. In any case, the economic and socio-cultural decolonisation of Ukraine and its integration into the Euro-Atlantic world will only come through reforms, many of which are doomed to be unpopular due to objective historical circumstances. ■

A portrait of Georg Milbradt, an older man with white hair, wearing a dark suit, light blue shirt, and a red and white striped tie. He is looking directly at the camera with a slight smile.

Georg Milbradt:

“Decentralization changes how people think”

Interviewed by
Olha Vorozhbyt

The Ukrainian Week spoke with Germany’s special envoy to Ukraine on reform in governance and decentralization, Georg Milbradt, about German government assistance in the implementation of reforms and about the successes and difficulties faced in this process.

Ukraine’s Foreign Minister, Pavlo Klimkin, has stated that your appointment as a special envoy to Ukraine is an acknowledgment of the close cooperation between our two countries. Tell us something about your objectives on this mission.

— This mission arose within the framework of an agreement between Petro Poroshenko and Angela Merkel. Most likely because Ukraine is always being criticized, it was necessary to send an experienced politician from the G-7. Initially, we had a long list of objectives, but eventually the German side settled on three main areas: decentrali-

zation, quality governance, and the civil service. The way things currently look and within the conditions that the reform process is taking place, I believe, and those who are involved in it on both the Ukrainian and German sides, that decentralization is the most significant. It’s very important because it will change the way people think and act. They will be responsible for themselves and, at the same time, the system in which all initiatives come from the top and trickle down will be broken. Decentralization means that citizens will have to independently work to resolve their problems locally.

I also believe that this will strengthen democracy in Ukraine, as ordinary Ukrainians will begin to understand that they themselves can make some things better. At the highest level, in Kyiv, it’s not always easy for individuals to have the necessary influence, whereas in smaller communities it will be much simpler to resolve issues. I think that

this will also contribute to the battle against corruption. Although this reform will also decentralize corruption, it will be much easier to combat it in this new format. This has been proved in international studies and Ukraine is unlikely to be different.

Decentralization is the national priority today. Ukraine committed itself to institute proper local government back in the 1990s and even signed the European Charter to this effect, but the necessary reforms never took place. Then you tried again after the Orange Revolution, but under the Yanukovich Administration this process stopped completely. What's interesting is that experts continued to work on this in Ukraine all that time. By the time the second Maidan was over, their drawers were filled with the necessary blueprints, so the Government was able to adopt a pretty clear program by April 1, 2014. This could never have been done from scratch in just five weeks, which means that everything was ready on the Ukrainian side and the Government began to work.

Next was the matter of supporting all this financially, but on condition that it would be by amalgamating strong, functional local units. Working together, it's possible to have an impact. Once the amalgamation of new communities took place, it became possible to equip and renovate schools and fix roads. Other things also got better in the lives of these territorial mergers, including public services, and those issues that concerned such things as kindergartens could also be resolved. I would say that things are moving along quite quickly. Still, there are successes as well as problems in the decentralization process. So far, only one third of communities have voluntarily united and are properly functioning. In order to get the rest moving, some kind of incentive is needed, such as more local revenues and additional powers, or else some new territories will have to be forcibly united. Ukraine has so far chosen to do this on a voluntary basis.

One problem is that territorial communities most often join forces where there are major corporations, and so, of course, they look successful, because they take in the corporate profit tax from these manufacturing companies. In the past, 60% of the revenues from these companies went to the oblast. What are your thoughts about the UTC formation process? What would you suggest to help smooth out the unevenness?

— The decentralization of tax revenues has been very successful. There's also a compensatory system that reduces the differences between wealthier and poorer communities. Still, the municipal fiscal system needs to continue to be improved, such as by reforming and improving the property tax.

Local revenues are also important in order to be able to hire qualified personnel. This is why a law on the Civil Service is needed. Unfortunately, the Verkhovna Rada and the president have not been able to agree and the first attempt to pass it failed. There needs to be a second attempt.

It's not just money that will play a major role for these communities, but also the fact that UTCs are masters in their own homes, so to speak. I mean that not in the sense of ownership but in the sense that they are responsible for what happens there and so they are able to plan autonomously. And so, state property will partly be turned over to these communities.

This is just the beginning of the path, when some county powers delegated to the new communities. County-level government also needs to be reformed. Right now, we're

Georg Milbradt is a German politician and was premier of Saxony during 2002–2008. Born February 23, 1945, in Eslohe, North Rhein-Westphalia, he studied economics, law and mathematics at Münster University where he worked as a researcher over 1970–1980. He joined the CDU in 1973. Since 2008, he has taught economics at the Dresden Technical University. In early August 2017, Milbradt was sent to Ukraine by the German government as a special envoy for reforms, with a focus on quality public administration and decentralization.

seeing communities emerge that are as large as a county. The people who are in the county administrations are aware of this and they are reluctant to see bigger communities being formed. Of 490 counties, 130 have not taken a single step towards setting up UTC, meaning that not a single community has been initiated in these counties. Too often the county administrations themselves even hamper this process. In part, this happens at the oblast level, too, but generally it's at the county level, where people are afraid to lose their jobs. And so, in order to continue with decentralization, this segment has to be decisively restructured. In a country as large as Ukraine, counties are necessary and so they, too, should become larger and gain new powers so that there are prospects for their people. This means that the next major step, after larger communities are formed, is territorial and functional reform at the county level.

Besides this, there's yet another issue. The country's economic engine is not just villages but also oblast-level towns, so they should grow together with their outskirts. A law to this effect has already been passed and signed by the president, and it allows large cities to participate in the program. This is a very significant step.

The process is ongoing. The question now is what can be expected after local elections in 2020. Will there be enough of these communities who have merged to work according to a single system or will there continue to be a 'two-class' system: new communities with new rights and old ones that, unlike the UTCs, will remain dependent on the county. It's difficult, but this problem has to be resolved.

As to the other aspect of my work, the Civil Service, the Verkhovna Rada has adopted the necessary document amending certain legislation regarding the Civil Service. Now it needs to be properly enacted. This means setting up more educational projects, which we are doing together with the Council of Europe. We're on the right path, but we're looking at 5-10 years to reach this objective. The adoption of the law cannot change everything. To change the mentality, it will probably take an entire generation. The National Academy of Public Administration has signed a cooperation agreement with international partners who are prepared to offer funding and experience.

Quality public administration is the next important topic. Here, we're looking at a new way of organizing it, of making it more structured. For instance, Ukraine has serious problems because the soviet system established a huge number of state legal entities, and of course they create a tax burden. This phenomenon needs to be radically changed.

Other complicated matters are corruption and the court system. And, of course, the privatization of state compa- ➤

nies. Given that they are currently suspended somewhere between the Government and the market economy, they are especially inclined towards corruption. It's not easy to figure this one out, because the questions arise: who should privatize them, what can foreigners acquire, what is Ukraine selling, and so on. Ukraine also needs to have a free land market, but the Rada keeps waffling on this issue. As to other questions, such as investments, when foreign investors want to put capital into something, they should be able to feel that their money is safe in Ukrainian banks. There are even more areas that I'm involved in, but it's impossible to do everything at once. I'm just one person, so I'm concentrating on those areas that are strategically important, which means decentralization.

I've come here at the request of Ukraine. I'm not a teacher, and the country needs to decide for itself what it wants. My job is to support the country, and so I try to persuade people. I talk to deputies to get them to support this reform. I think that decentralization is quite popular among ordinary Ukrainians, although people here generally don't see reforms as something very positive because reforms tend to mostly make things worse at first.

SO FAR, ONLY ONE THIRD OF COMMUNITIES HAVE VOLUNTARILY UNITED AND ARE PROPERLY FUNCTIONING. IN ORDER TO GET THE REST MOVING, SOME KIND OF INCENTIVE IS NEEDED, SUCH AS MORE LOCAL REVENUES AND ADDITIONAL POWERS, OR ELSE SOME NEW TERRITORIES WILL HAVE TO BE FORCIBLY UNITED

In one of your interviews, you mentioned that decentralization could actually change people's way of thinking. What was your experience with reforms in East Germany, when you were PM of Saxony?

— Of course it changes. And it would not have happened without a transition at the local level. East Germany had its own back-story: opposition to the old regime provoked by stolen local elections. In 1989, they were obviously falsified and now it's understood.

The first thing the new government did after the revolution was to hold new local elections. The result was that completely different people were elected. East Germany had the same problem as Ukraine: the size of communities needed to be reduced. It also became clear that in order to carry out their new functions, the minimal size of these communities had to be appropriate. A village of 500 cannot ensure proper self-government. Of course, this leads to changes, as democracy goes from the bottom up. I don't believe that you can manage a democracy from the center.

At the UTC level, it's simpler for NGOs to have influence as well. In Germany, communities are not that mature in terms of parties and politics. And I think it will be the same case in Ukraine. Decentralization is what changes how people think.

If we consider decentralization reforms in Poland and East Germany, which example do you think suits Ukraine better?

— Every country has its own history and traditions. The Poles had a general plan for everything, from the provinces to the counties, cities and municipalities. It was a major law that took everything into account. I don't think that Ukraine could do the same as in Poland, although there are people who would like to see just that. I think

that decisions have to be made step by step to achieve success. There are other examples in Europe where, on the contrary, they avoid merging communities.

For instance, France there are 35,000 communities that have to work with one another. Each of them is united by a particular goal. The administrations of these communities are called *millefeuille*, because of their many-layered structure. But their numbers cannot be increased. I was talking about this in Ukraine not in order to suggest a new approach but to look truth in the face and make the right decision.

The process of unifying communities is going very slowly. What about forcing things along, which you talked about?

— From the very start, Ukraine chose the path of voluntary decisions, so it should continue along that way. Once you have a critical mass of unified communities, then it will be possible to talk about fixing things so that there aren't gaps in the national map. In general, we set deadlines, which was done in Germany as well. You need to have both a carrot and a stick, but usually you only need to wave the stick a little. Right now is not the time for it. By 2020, we should be able to see a lot of new structures that merged willingly.

You also mentioned a list of bills that need to be passed to make decentralization really work, yet the first one on the list, "On serving in local government bodies," was rejected by the Rada on April 3. How is the drafting process going and how much more time will it take to really get this reform going?

— All the bills on my list are currently being reviewed in the Rada. They have all been submitted to the Government again. All of them are at different stages. Some are close to second reading and could be adopted soon.

The trouble with decentralization, in contrast to, say, healthcare reform or educational reform, which each have their main big law, is that decentralization requires a huge number of existing laws to be amended, and that will partly change other legal acts. If you take a look at these laws, you won't necessarily be able to understand what they mean right away, because they require other legal documents to be revised as well. So it's better for these laws to be considered in several passes.

How do you see decentralization eventually going in Ukraine?

— In Germany, we began by restructuring counties and setting up new ones, which took three years. Together with local government reforms, however, it took eight years. Reforms took just about the same amount of time in Poland. With Ukraine, the problem is that 25 years have passed and I don't think the country can afford as much time as Poland or East Germany. It's also hard to compare to similar reforms in other post-communist countries like Slovakia or Estonia, given that Ukraine is so much larger. Poland is a good comparison, but it had democratic and decentralized structures even in communist times, which was a major advantage. And self-government had been going on in much of its territories for a very long time. So, if we're talking about changing mentalities, there was self-government in Poland and Halychyna prior to WWII. Within the Greater Lithuanian Principality, many Ukrainian towns had Magdeburg rights, which is essentially self-government. Here Ukraine can find support in its history. By contrast, the czarist and communist systems rejected self-government. ■



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](https://www.facebook.com/Sams.Steak.House)



[sams_steak_house](https://www.instagram.com/sams_steak_house)

Democracy's retreat

After decades of triumph, democracy is losing ground
What is behind the reversal?

© 2018 The Economist Newspaper Limited.
All rights reserved

IN A glass case at the Diyarbakir Bar Association are a striped shirt, dark coat and coiled belt. They belonged to the former chairman, Tahir Elci, a lawyer who was murdered in 2015 amid clashes between the Turkish army and Kurdish separatists. He was standing by the Four-Legged Minaret, a 500-year-old landmark in the ancient city, calling for peace. Someone shot him in the head. No one knows who killed him. The government blames Kurdish terrorists. Many Kurds blame the government. After Elci's death, the army pounded the rebel-held part of Diyarbakir to rubble. The debris, including body parts, was heaped

onto trucks and dumped by a river. Locals are scared to talk about any of this.

Barely a decade ago, Turkey was a budding democracy and aspired to join the European Union. Now it is galloping towards dictatorship. In 2016 army officers tried to mount a coup, putting tanks in the streets, bombing parliament and nearly assassinating the president, Recep Tayyip Erdogan. It was quickly scotched. Mr Erdogan launched a purge. Over 200,000 people, mostly suspected members of the Gulen movement — the Islamist sect said to have led the failed putsch — were jailed or sacked. Anyone could be arrested for having attended a Gulenist school, holding an account at a Gulen-owned bank, or even possessing \$1 bills, which the government says were a mark of Gulenism.

Millions of Turks are now terrified of their president. However, plenty admire him for protecting them from the Gulenists. Adem, an estate agent in Istanbul, congratulates Mr Erdogan for “cleaning away the enemies within” — echoing a government slogan. He says, of the purge's victims: “They've been arrested because they've done something wrong.” He adds: “In America if you steal state secrets they put you in the electric chair, don't they?”

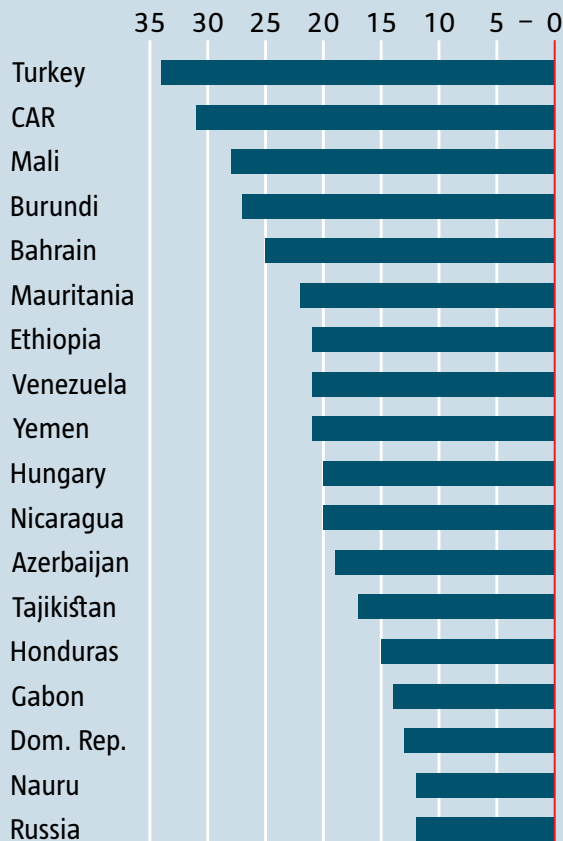
At an election on June 24th, Mr Erdogan is expected to consolidate his power. Despite double-digit inflation and a tottering currency (see article), he is likely to win re-election (though his party may struggle). And his office will become much more powerful, thanks to a constitutional change he pushed through last year. As “executive” president, he will be able to issue decrees with the force of law and pack the judiciary with loyalists.

Turkey exemplifies a dismal trend. The world has grown far more democratic since the second world war. In 1941 there were only a dozen democracies; by 2000 only eight states had never held a serious election. But since the financial crisis of 2007-08, democracy has regressed.

Most watchdogs concur. The latest survey by Freedom House, an American think-tank, is called “Democracy in Crisis”. In 2017, for the 12th consecutive year, countries that suffered democratic setbacks outnumbered those that registered gains, it says (**see chart 1**). According to the Democracy Index from The Economist Intelligence Unit, a sister company of The Economist, 89 countries regressed in 2017; only 27 improved. The latest “Transformation Index” from the Bertelsmann Foundation, another think-tank, which looks at emerging economies, finds that the “quality of democracy...has fallen to its lowest level in 12 years.” What these indices measure is not simply democracy (ie, rule by the people), but liberal democracy (ie, with

How big is my backslide?

Decrease in democracy index score, 2008-18



Source: Freedom House

a freely elected government that also respects individual and minority rights, the rule of law and independent institutions).

This distinction is important. In “The People vs. Democracy”, Yascha Mounk of Harvard University stresses that liberalism and democracy are separable. Voters often want things that are democratic but not liberal, in the most basic sense, which has nothing to do with left- or right-wing policies. For example, they may elect a government that promises to censor speech they dislike, or back a referendum that would curtail the rights of an unpopular minority.

At the same time, plenty of liberal institutions are undemocratic. Unelected judges can often overrule elected politicians, for example. Liberals see this as an essential constraint on the government’s power. Even the people’s chosen representatives must be subject to the law. In a liberal democracy, power is dispersed. Politicians are not only accountable to voters but also kept in line by feisty courts, journalists and pressure groups. A loyal opposition recognises the government as legitimate, but decries many of its actions and seeks to replace it at the next election. A clear boundary exists between the ruling party and the state.

This system is now under siege. In many countries, voters are picking leaders who do not respect it, and gradually undermine it, creating what Viktor Orban, Hungary’s prime minister, proudly calls “illiberal democracy”. Eventually, when enough checks and balances have been removed, a would-be autocrat finds it easier to neuter democracy itself, by shutting down the opposition (as in Turkey) or neutering the legislature (as in Venezuela, where the government staged a sham election on May 20th).

The mature democracies of the West are not yet in serious danger. Donald Trump may scorn liberal norms, but America’s checks and balances are strong, and will outlast him. The real threat is to less mature democracies, where institutions are weaker and democratic habits less ingrained. Nonetheless, what happens in the West affects these places. America once inspired subjugated people and sought to promote democracy. It now has a president who openly admires Vladimir Putin and claims a “special bond” with Kim Jong Un.

Meanwhile, China supplies an alternative model. Having grown much less dictatorial after the death of Mao Zedong, it is reconcentrating power in one man, Xi Jinping, whose term limits as president have just been removed. Some would-be autocrats cite China as evidence that authoritarianism promotes economic growth — though what they often mean is that they too want to be presidents for life.

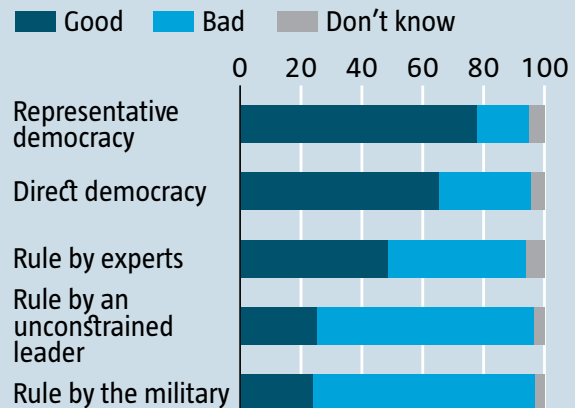
Globally, public support for democracy remains high. A Pew poll of 38 countries found that a median of 78% of people agreed that a system where elected representatives make laws was a good one. But hefty minorities approved of non-democratic alternatives. A worrying 24% thought that military rule would be fine, and 26% liked the idea of “a strong leader” who “can make decisions without interference from parliament or the courts” (see chart 2). In general, autocracy was more popular among the less educated.

With such large majorities favouring it, leaders cannot openly admit that they plan to abolish democracy. However, many have grown adept at subverting its essence while maintaining its outward appearance.

By the people

2

“Would ... be a good or bad way of governing our country”, global median*



Source: Pew Research Centre

*38 countries

The details vary from country to country, but it is striking how much the new autocrats have in common and how attentively they learn from each other.

To oversimplify, a democracy typically declines like this. First, a crisis occurs and voters back a charismatic leader who promises to save them. Second, this leader finds enemies. His aim, in the words of H.L. Mencken, a 20th-century American wit, “is to keep the populace alarmed (and hence clamorous to be led to safety) by an endless series of hobgoblins, all of them imaginary.” Third, he nobbles independent institutions that might get in his way. Finally, he changes the rules to make it harder for voters to dislodge him. During the first three stages, his country is still a democracy. At some point in the final stage, it ceases to be one. All four stages are worth examining.

According to the Democracy Index from The Economist Intelligence Unit, a sister company of The Economist, 89 countries regressed in 2017; only 27 improved

In Hungary, two shocks undermined faith in the old order. First came the financial crisis. Before it, many Hungarians took out absurdly risky foreign-currency mortgages. When the Hungarian forint crashed against the Swiss franc and they lost their homes, they were furious. Fidesz, a party that was once quite liberal but has become dramatically less so, won an election in 2010 by blaming the previous government and vowing to make borrowers whole.

The second shock was the Syrian refugee crisis of 2015-16. Hardly any Syrians settled in Hungary, but thousands passed through on the way to Germany, so Hungarians saw them on television. They gave Fidesz’s leader, Mr Orban, two handy enemies: the Muslim hordes and the liberal elite who wanted to let them in. »

Mr Orban built a fence that largely stopped the flow of refugees. But still, he continued to play up the threat. His government ordered a poll asking voters what they thought of a fictitious plan by George Soros, a Hungarian-American billionaire, to bring 1m Middle Eastern and African migrants to Europe. A campaign poster showed Mr Soros grinning evilly and embracing opposition leaders holding wire cutters. “They would remove the fence together” ran the slogan. On April 8th Mr Orban’s party was re-elected with a thumping majority. In May Mr Soros’s foundation closed its office in Budapest. “Hungary disproves the notion that when you reach an income per head of \$14,000 your democracy is safe,” says Mr Mounk of a theory popular with political scientists.

Picking the right enemies is crucial. Migrants are good, because they cannot vote. Mr Soros is even better, because he is rich, funds liberal causes and is, you know, Jewish. He can be painted as all-powerful; but because he is not, he cannot harm the demagogues who demonise him.

**AUTOCRACY AND GRAFT CREATE A VICIOUS CIRCLE.
POWER WITH FEW CONSTRAINTS ENABLES THOSE WHO WIELD IT,
OR THEIR FRIENDS, TO GET RICH.
THE MORE THEY STEAL, THE MORE INCENTIVE THEY HAVE TO RIG
THE SYSTEM TO REMAIN IN CHARGE**

Stirring up ethnic hatred is incredibly dangerous. So rabble-rousers often use dog-whistles. South Africa’s former president, Jacob Zuma, denounced “white monopoly capital” rather than whites in general. Many leaders pick on small, commercially successful minorities. Zambia’s late president, Michael Sata, won power after railing against Chinese bosses.

Criminals make ideal enemies, since no one likes them. Rodrigo Duterte won the presidency of the Philippines in 2016 on a promise to kill drug dealers. An estimated 12,000 extra-judicial slayings later, the country is no safer but his government has an approval rating of around 80%.

Would-be autocrats need a positive agenda, too. Often they pose as defenders of an identity that voters hold dear, such as their nationality, culture or religion. Poland’s ruling party, for example, waxes lyrical about the country’s Catholic way of life, and lavishes subsidies on big families, who are likely to be rural and religious.

Parties of the nationalist right have learned from the left how to exploit identity politics. Both sides tend to favour “group rights” over those of individuals. The “Hungarian nation is not a simple sum of individuals,” Mr Orban said in 2014, “but a community that needs to be organised, strengthened and developed.” Steve Bannon, Donald Trump’s nationalist guru, calls him “a hero”.

To remain in power, autocrats need to nobble independent institutions. They do this gradually and quietly. The first target is often the justice system. Poland’s ruling party passed a law in December forcing two-fifths of judges into retirement. On May 11th Mr Duterte forced out the chief justice of the Philippines, who had objected to his abuse of martial law.

The media must be nobbled, too. First, an autocrat in waiting puts his pals in charge of the public broadcaster and accuses critical outlets of spreading lies. Rather than banning independent media, as despots might have done a generation ago, he slaps spurious fines or tax bills on their owners, forcing them to sell their businesses to loyal tycoons. This technique was perfected by Mr Putin in Russia, and is now widely copied. In Turkey, the last big independent media group was in March sold to a friend of Mr Erdogan.

Getting the security forces on side is essential. Robert Mugabe, Zimbabwe’s former president, took their loyalty for granted and was thrown out. Other strongmen are less complacent. To keep the men with guns happy, Venezuela’s president, Nicolás Maduro, lets them loot the national food-distribution system. Abdel-Fattah al-Sisi, the president of Egypt, who won 92% of the vote in March, lets the police top up their salaries by robbing civilians.

With the courts, press and armed forces in his pocket, a strongman can set about neutering every other institution that counts. He can sideline parliament, redraw the electoral map and bar serious opponents from politics.

Whatever ideology they profess, autocrats are often opportunistic. President Daniel Ortega in Nicaragua started as a revolutionary Marxist, seizing power in 1979. He lost an election in 1990 partly because he was anti-Catholic. So he rebranded himself as a devout Catholic — pushing a ban on abortion even if the mother’s life is at risk — and was re-elected in 2006 against a divided opposition. Last year his wife, Rosario Murillo, became vice-president, thus establishing a dynasty resembling the dictatorship he once overthrew.

Mr Ortega and his Sandinistas have commandeered the supreme court, which abolished presidential term limits, and created shell “opposition” parties to simulate choice while repressing genuine opponents. Critical media find themselves under new ownership, often that of Mr Ortega’s family.

None of this chipping away at democracy sparked unrest. It was only when Mr Ortega tried to grab Nicaraguans’ pensions that they rioted. The ruling Sandinistas’ mismanagement and graft has left the public-pension pot all but empty. Mr Ortega told workers to top it up. In response, tens of thousands took to the streets in April and tore down hideous statues erected in honour of Ms Murillo. The regime has clung to power only by shooting people.

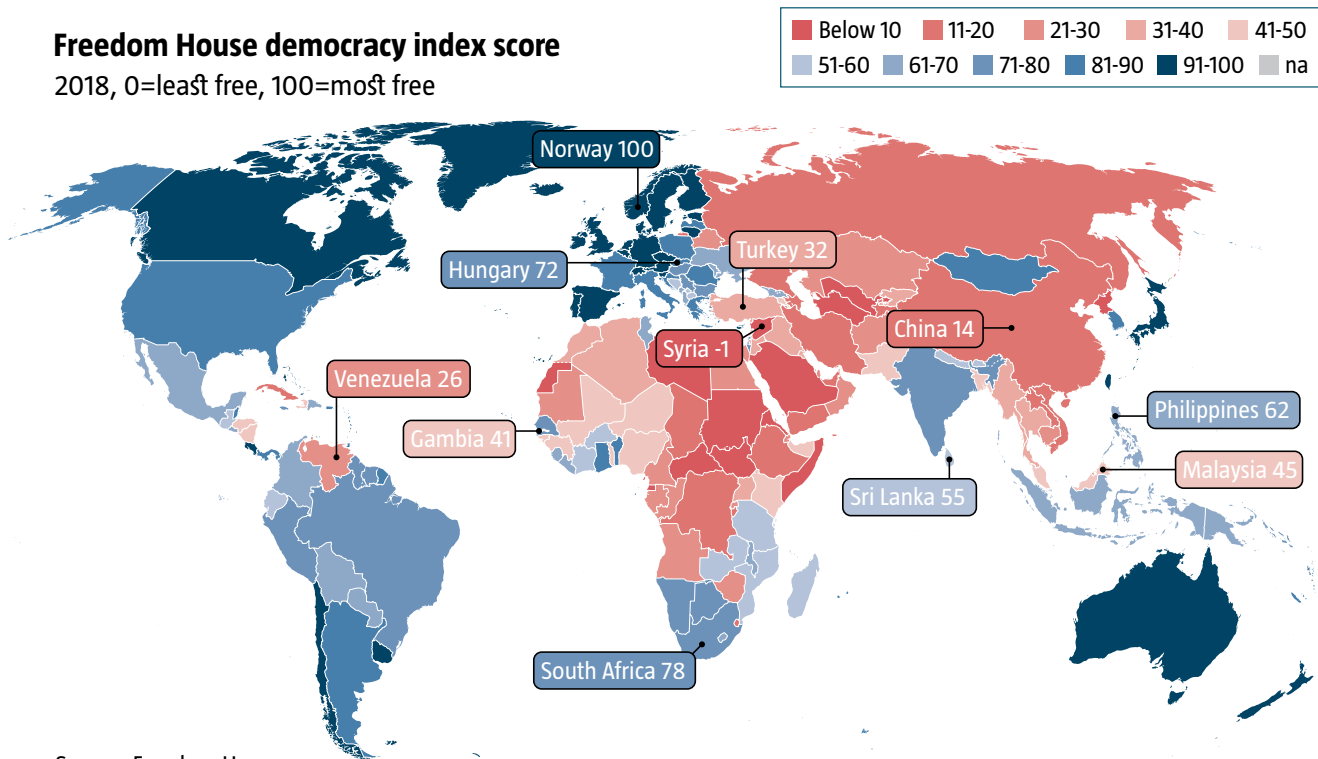
Autocrats who plan to stay in power for ever need to indoctrinate children. “Most countries don’t have events from two years ago in their school history books. We do,” says a Turkish liberal, aghast that Turks as young as four are taught that their president saved the nation from the Gulenists. Venezuela’s Bolivarian University offers free tuition to students who submit to lectures blaming America for food shortages.

Liberalism and its discontents

Much has been said about the failures of liberal democracies. Although they are typically rich and peaceful, many of their citizens are disgruntled. Globalisation and technology have made them fear for their jobs. The culture wars ensure that more or less everyone feels disrespected by someone. The rise of autocracy is in part a reaction to these big historical trends. But

Freedom House democracy index score

2018, 0=least free, 100=most free



Source: Freedom House

it is also because power-hungry leaders have learned how to exploit them. You cannot have autocracy without an autocrat.

Many people crave power. Some, because they want to change the world. Some, for its own sake. Some, because power brings adulation, money and sex. Many who attain power have all these motives. Small wonder they cling to it.

Most authoritarian regimes are filthy. Of the countries and territories in the dirtiest third of Transparency International's corruption perceptions index, not one is rated "free" by Freedom House. Of those in the cleanest 20, only Singapore and Hong Kong fail to qualify as free.

Autocracy and graft create a vicious circle. Power with few constraints enables those who wield it, or their friends, to get rich. The more they steal, the more incentive they have to rig the system to remain in charge. If they lose power, they risk prosecution, as Mr Zuma is discovering in South Africa. Thus, whenever an autocrat makes a stirring speech about national pride, his real aim may be to deflect attention from his own skulduggery. Mr Orban's opponents would love to discuss why his friends are now among the richest people in Hungary, or why there is a huge football stadium in his tiny hometown. But his friends control the media, and would rather talk about immigrants.

Democrats can fight back. Five recent examples stand out. In Sri Lanka, the opposition united to beat a spendthrift, vicious autocrat. In the Gambia, the threat of an invasion by neighbouring countries forced a strongman to accept that he had lost an election. In South Africa, an elected leader who subverted institu-

tions and let cronies loot with impunity was tossed out by his own party in January. In Armenia, an autocrat was ousted in April by mass protests.

And in Malaysia, the prime minister, Najib Razak, tried to steal an election in May but failed. Despite gerrymandering, censorship and racist appeals to the Malay majority, voters dumped the ruling party of the past 61 years. Its sleaze had grown too blatant. America's justice department has accused Mr Najib of receiving \$681m from 1MDB, a state fund from which \$4.5bn disappeared. He says the money was a gift from an unnamed Saudi royal. The opposition gleefully contrasted the vast sums Mr Najib's wife spends on jewellery with the difficulty ordinary folks have making ends meet. "Najib just makes up his own rules," says a taxi-driver who switched sides to back the new government.

That strongmen make up their own rules is why liberal democracy is worth defending. And in the long run, it seems to deliver better material results. A study by Daron Acemoglu of the Massachusetts Institute of Technology found that switching from autocracy to democracy adds 20% to income per head over 30 years, though some economists dispute these findings. Guillermo Vuletin of the World Bank argues that autocrats fall when economies slump, and the democrats who succeeded them take credit for the inevitable recovery.

What is certain, however, is that freely elected governments bound by the rule of law have less power to abuse citizens. "Little by little they took away our rights," says a journalist in Diyarbakir, who was recently arrested for five innocuous tweets. "Every day I check the news to see which of my friends has been detained." ■

The energy two-step: first forward, now backward

How corrupt oligarchic lobbying by a Russian monopoly on Ukraine's electricity market is destroying the country's energy security and making Ukrainians pay more for energy than they should

Oleksandr Kramar

An anti-Ukrainian comeback in all areas of the energy sector is one way to call what's been going on in Ukraine's fuel and energy complex (FEC) over the past year. In the interests of Rinat Akhmetov's business empire and corrupt business schemes for the supply of energy from Russia by other oligarchic entities, and with the active support of government agencies, a number of phenomena have been picking up pace:

(1) artificial restrictions on the production of inexpensive power at the country's AESs and the obstruction of diversified supplies of nuclear fuel for them;

(2) artificial increases in power generation at TEs or CHPs operating on anthracite imported almost exclusively from the Russian Federation, including coal from Russian-occupied ORDiLO;

(3) the obstruction of a switch from coal to coal gas at such TEs;

(4) protracted failure on the part of the central government to act to stop years long sabotage by local governments and Geonadra, possibly also under influence from the aggressor country, which has been aimed at disrupting the expansion of domestic extraction of natural gas;

(5) increased domestic dependence on Russian petroleum products and gasoline.

INSTEAD OF MOVING TOWARDS ENERGY SELF-SUFFICIENCY THE GOVERNMENT TODAY APPEARS TO BE TAKING THE COUNTRY TO A VARIATION OF "DUTCH DISEASE" AND A TIME WHEN RENTS AND OTHER REVENUES FROM EXTRACTION SLOWLY TURN INTO A KEY SOURCE FOR BUDGET FUNDS

The systemic and large-scale nature of these developments and the threat that they present to the country's energy security indicate that this is deliberate sabotage aimed against Ukraine.

The corrupt oligarchic pushback that has been growing since the partial success of recent years, especially spring 2017, has already thrown Ukraine off track on the path to increased energy independence, even compared to the levels that had been reached in the first half of 2017. Things are only likely to get worse further.

STARTING WITH A 20/20 VISION

Ukraine is unique in that it has all the resources necessary to cover domestic demand for natural gas, yet it is not only not using these resources but has remained hostage to im-

ported Russian gas ever since it declared independence. As a result, all these years Ukrainians have not only suffered economic losses but also political and security risks, by becoming the target of blackmailing external players instead of taking advantage of their own natural wealth.

In May 2016, the new management of Ukrgezvydobuvannya, the state gas extraction conglomerate, finally presented its 20/20 program, which had the support of the Cabinet and aimed to increase extraction of natural gas to 20 billion cu m by 2020 from the then 14.5bn cu m. Together with private companies, output would have reached 27bn cu m. With gas consumption on a positive trend towards reduction in 2015-2016, this level of extraction would have allowed Ukraine, if not to completely stop importing gas to at least keep imports within a relatively symbolic range of 5-10% of domestic demand. That kind of level would clearly no longer represent an energy security threat to the country.

The successful implementation of the 20/20 program was especially significant as it would have removed the biggest risk: Gazprom's threatened shut-off of transit gas through Ukraine's GTS once it completed its bypass pipelines to Europe through the Baltic and Black Seas. This had constantly provided a means for serious blackmail as long as Ukraine had a huge shortfall in gas for domestic needs. But most importantly, had there been a successful balance between domestic extraction and domestic consumption, the window of opportunity would have opened for a considerable reduction in the price of gas for Ukrainian consumers as the price formula "European hubs + transport" would change to "European hubs – transport."

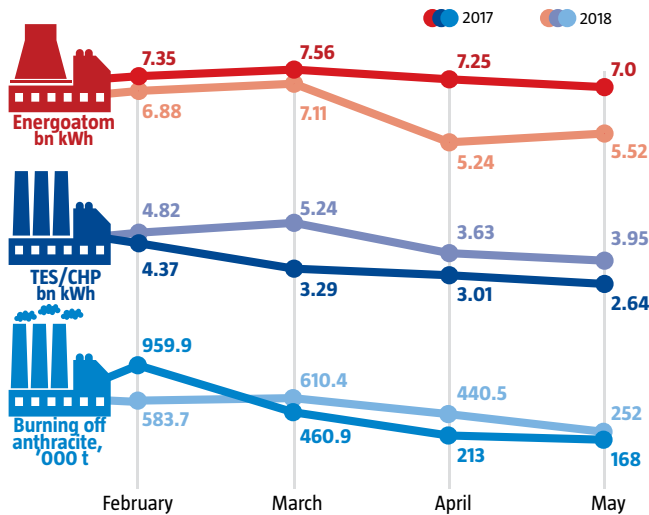
At this point, however, it's clear that the 20/20 program has been thoroughly disrupted because of the actions and inaction of government agencies, and mainly because of the destructive emergence of an internal struggle among different interest groups in the current government. In their eyes, stopping their rivals out-trumped the other factors: undermining national security, weakening Ukraine's position in the face of pressure from Gazprom, discrediting the idea of the country becoming gas independent and instituting market reforms in its gas sector.

ENDING WITH 20/17?

External evidence of this catastrophic situation on the gas market was when information about the volumes and dynamics of natural gas extraction in the country suddenly became unavailable. A section called "information in the form of open data" appeared on the Ministry of Power and

The anthracite lobby

Dynamic of current discharge in Energoatom's consolidated national power grid, as well as at coal-fired TES/CHPs and their anthracite consumption



Sources: EnergoRynok and Ministry of Energy and Coal data; author calculations

Coal website and the websites of companies like Naftogaz, Ukrgezvydobuvannia and Ukrtransgaz, which had regularly been posting information about their successes in increasing the extraction of natural gas prior to the start of 2018 suddenly stopped doing so. Finding very generalized information about what's actually going on in the sector, let alone across individual companies is still possible, but it now takes more of an effort and so this information has become accessible to a smaller circle.

The explanation is quite simple. After extraction numbers reached a certain level in 2016-2017, starting in February 2018, the gas extraction industry suddenly began to extract less: 1.59 bcm instead of 1.6 bcm compared to February 2017, and 1.61 bcm in 2016. This trend grew more noticeable in March, when it was 1.74 bcm vs 1.78 bcm in 2017, and by May 2018, it was at 1.73 bcm vs 1.76 bcm in 2017. Between June 1 and 23, total extraction was down 9 million cu m compared to the same period of 2017. In short, not only was extraction not increasing in 2018, as planned in the 20/20 program, but it was down 110mn cu m compared to the previous year. Financially, compensating for this quantity of natural gas at current import prices meant that Ukraine would have to pay UAH 85 million.

By now, domestic extraction is back down at 2016 levels and not because of objective obstacles that lie outside the control of the Ukrainian government. It has happened exclusively as the result of a tug-of-war among various centers of power inside the Ukrainian government and the failure of the government to react to open sabotage and damage on the part of specific local government agencies and regulatory bodies. In this case, the Poltava Region Council sabotaged Ukraine's largest, fully state-owned company, Ukrgezvydobuvannia, which should have been the main engine establishing Ukraine's independence from foreign gas suppliers and had all the necessary investment capital to increase extraction. Over the last two years, the Poltava Council rejected requests from the company for special permits 54 times, completely without justification or reason. As a result, Ukrgezvydobuvannia was unable to exploit subsoil resources in one of the country's key gas fields.

BLATANT SABOTAGE

Meanwhile, on May 30, 2018, Ukrgezvydobuvannia was forced to stop extracting hydrocarbons at its working wells at the Southern Kolomatskiy deposits in Kharkiv because Derzhgeonadr, the state subsoil resources agency, held up the renewal of the company's license. All told, this agency has failed to issue extensions on a total of 39 special extraction permits to the state company for a stated reason, "lack of forms for extending special permits," that screams of corruption.

As a result, instead of the planned 16.6 bcm of extraction in the 20/20 program, Ukrgezvydobuvannia management has lowered its projections to 16.0 bcm, although the negative dynamic so far this year suggests that the company may not be able to reach even this figure. The company is already preparing the public to understand that, post factum, 20/20 will likely turn out to be 20/17: General Manager Oleh Prokhorenko recently announced that "delayed decisions to issue new special licenses, the continuing absence of a streamlined permit system, and the blockage of hydraulic fracturing and other operations under our existing licenses mean that 3 bcm of extraction is currently at risk by 2020."

The country's leadership has shown itself incapable, or else uninterested in confronting this sabotage by local and central agencies. Possibly it is even helping disrupt the operations of specific companies that are associated with political rivals. For instance, Ukrnafta reduced its extraction of gas by 17% in 2017, from 1.3 bcm to 1.1 bcm. This year, it continued to cut production. The main reason here was again the blocking of extensions on Ukrnafta's special permits by Derzhgeonadr. Moreover, extraction at private companies also shrank in 2017, from 4.2 bcm to 4.1 bcm, although they, too, had been raising output steadily over the previous few years. Since the beginning of 2018, data on their output volumes and trends were removed from public access and are no longer being published in the "open data" section on the Ministry website.

Instead of moving towards energy self-sufficiency and eliminating its dependence on Russian imports of natural gas, the government today appears to be taking the country in the opposite direction, to a variation of "Dutch disease" and a time when rents and other revenues from extraction slowly turn into a key source for budget funds. For instance, from January 1 until June 21, Naftogaz Group companies contributed over UAH 60bn to the state budget in the form of taxes and dividends. Revenues from the group amounted to 18.4% of all the revenues in the state budget for January-May 2018.

Meanwhile, over the last two years, systematic blocking of the switch to fully market prices for natural gas has meant that the old system of cross-subsidizing within Naftogaz that encouraged wasteful consumption of energy prior to 2013 has simply been modified and is being covered through the state budget. Naftogaz has been paying tens of millions of hryvnia in taxes for domestic gas that it sells for close to market prices and then this money is transfused through the Social Policy Ministry via the household subsidy mechanism.

Together with the Treasury's dependence on revenues coming from taxes on imports, this all sets up a dangerous mixture that will destroy any incentive for those in power to work on the development of the country's economy. When the nation's budget relies more and more on taxes on the extraction of energy resources and imports that are paid for more and more by money transfers from migrant

workers and cheap credits from international financial institutions, this slowly establishes a closed circle that harms the country and any incentives for domestic growth.

THE ANTHRACITE TWO-STEP

The situation in the power industry is no better. All the positive changes of spring 2017 seem to have been completely cancelled out. In some aspects, the situation is even worse. Over February-June 2017, the country reduced its imports of anthracite from ORDiLO, sharply increased power generation using gas coal, which is mined in non-occupied parts of Ukraine, and, most importantly, began generating 60% of its electricity at its AESs. Lately, however, there has been a full-scale comeback of the oligarchic corrupt schemes at the expense of the nation's energy security and consumer interests.

Last spring, 842,000 t of anthracite were used, whereas this spring, it jumped to 1,303,000 t. A monthly comparison of the power generated at AESs and TESs, and the quantity of anthracite used these last two springs shows that 60% of anthracite actually burned off and the nearly 70% imported from Russia over this time were really not necessary (**see The Anthracite Lobby**). They could easily have been replaced by power generated at AESs, which was sold by Energoatom at a price that was nearly four times cheaper at UAH 0.55/kWh ex VAT, than at TESs at UAH 1.90/kWh or CHPs with their UAH 2.15/kWh price-tag, all of which operate using Russian anthracite. Instead, the country's AESs were operating at barely over half capacity: 57% vs a still-low 72% in the same month of 2017.

60% of anthracite actually burned off and the nearly 70% imported from Russia over this time were really not necessary. They could easily have been replaced by power generated at AESs, which was sold by Energoatom at a price that was nearly four times cheaper at UAH 0.55/kWh ex VAT, than at TESs at UAH 1.90/kWh or CHPs with their UAH 2.15/kWh price-tag

Moreover, anthracite is being imported almost exclusively from the Russian Federation, possibly including coal from ORDiLO coming via Russia. The latest figures for January-April 2018 show that Russian coal was over 91% of all 1.34mn t imported during this period, despite the fact that, as Derzhstat data shows, Russian coal cost US \$104.00/t, slightly more than South African coal at US \$101.70/t. In other words, Ukraine could easily have diversified its supplies of anthracite, but this was not done. On the contrary, the share of Russian anthracite imported grew further compared to 2017 or 2016, when only 68% came from there.

In short, using Russian anthracite can only be explained as the result of government lobbying by business interests tied to Russia. Given that it had no economic justification but, on the contrary, worked against the competitiveness of Ukraine's economy because it led to an inflated cost of electricity and harmed the standard of living of ordinary Ukrainians through higher-than-necessary electricity rates. The only way to explain this away is through the corrupt interests of the country's leadership.

The main instrument currently harming the country's energy security and corrupting its top officials remains the Sloviansk TES, with its mysterious beneficiary owner or those who lobby its interests in Ukraine's corridors of power. For instance, over March-April 2017, the plant was effectively shut down and its capacity was successfully

compensated for by coal-fired TESs and the Zaporizhzhia AES. By contrast, in April 2018, it fired more than 37% of 319,000 t of all the anthracite used across Ukraine's entire power grid — not including the Luhansk TES, which is cut off from the rest of the national grid—and nearly 50% of all the anthracite used by all of Ukraine's TESs, less LTES. For 24 days of June, the Sloviansk TES used up nearly two thirds of 74,400 t out of 113,100 t of total anthracite used by all of Ukraine's TESs and nearly half of the 151,400 that was used by Ukraine's entire power grid—both less LTES. What's more, unlike the anthracite used at DTEK TESs, all the anthracite for SLES was bought exclusively from the enemy.

The Ukrainian Week has noted in the past that the shortfall of anthracite in Ukraine that is generally imported from a hostile country should only be used when there is a lack of capacity and there is the risk of a wave of blackouts. However, lately it has once again begun to be burned as though there were plenty of it being extracted on non-occupied Ukrainian territory. If this continues further, Ukraine will completely artificially become more and more dependent on the enemy and electricity will remain very overpriced for end users. Clearly, the only proper solution to this situation is to completely forbid the import of anthracite from Russia or for the public to block its delivery from there.

Significantly, the anthracite-based TESs of Ukraine's southeast are competing, not just with cheap electricity from AESs but specifically with AESs that use fuel rods from Westinghouse, a US corporation. In short, Ukraine's looking at a disruption in the diversification of sources of nuclear fuel as well, because American-made fuel rods are used exclusively at the Pivdennoukrainskiy and Zaporizhzhia AESs. Moreover, more recently the fuel is being actively unloaded at the Zaporizhzhia AES. For instance, in June 2016, nuclear fuel rods from Westinghouse was delivered to the operational area of ZAES's 5th power unit and then was moved to the mixed zone: 75% "Russian" rods and 25% "American." In June 2017, additional Westinghouse rods were delivered and accounted for 50%. By September-October, Westinghouse nuclear fuel rods were delivered to the operational areas of the 1st, 3rd and 4th units of ZAES. These power units were switched to a mixed use of 75% Russian and 25% Westinghouse fuel. The 5th power unit at ZAES will already be loaded with 75% American fuel and only 25% with Russian rods. At two of the units, the share of American fuel rods is expected to reach 50% this year.

Truthfully, the replacement of Russian fuel at Ukraine's AESs is painfully slow. Rosatom's share is once again growing while Westinghouse's is shrinking. To compare, in the first four months of 2017, Russian monopolist's share fell to 53% in value, whereas in January-April 2018, it was back up to 78.3%, while the American share was down to 21.7%. ZAES's 2nd and 6th units are not even planning to use Westinghouse fuel rods, while the western Ukrainian AESs, Rivne and Khmelnytsk, continue to operate exclusively on Russian fuel and the process of switching has not even begun.

In this way, inaction, lack of coordination and the open lobbying of government agencies by business interests linked to power generation at TESs and primarily the import of anthracite from Russia mean that Ukrainian consumers are once again being made overly dependent on overpriced electricity from DTEK, Donbasenergo and the CHP, because it's generated using anthracite. ■

Scenes from a monetary marriage

What will happen with Ukraine if the IMF walks away?

Liubomyr Shavaliuk

For more than a year now, Ukraine has not received any tranches from the International Monetary Fund. Time keeps passing, the country's need for funding keep growing, and as elections loom, Ukraine's politicians keep losing their ability, or desire, to meet the inexorable conditions of the country's main lender. The result is that some are predicting an inevitable crisis, default, and UAH 50 to the dollar, while others talk about the "insatiable monster" that keeps interfering in Ukraine's internal affairs and exercising "outside influence" over the country. Of course, Ukraine's political class cannot live without exaggerating reality. But it leads to this question: what really awaits Ukraine if it fails to restore financial relations with the IMF?

A QUESTION OF TIMING

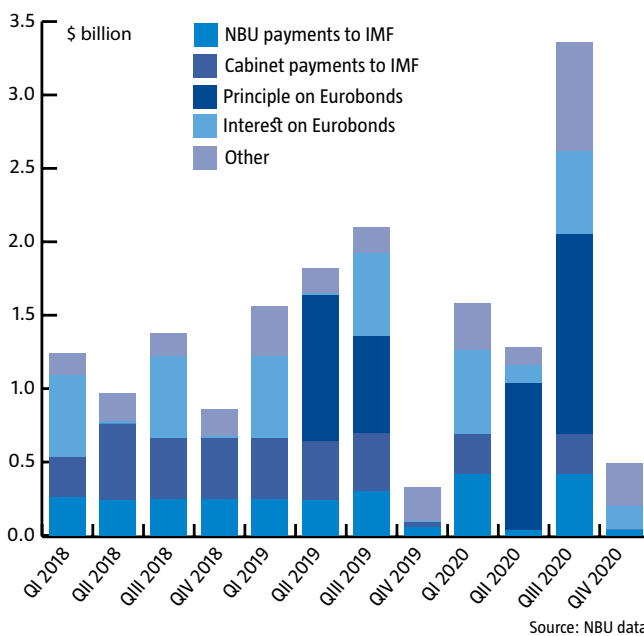
At the moment, the economy appears to be quite steady. GDP and household incomes are on the rise, inflation has finally subsided somewhat, and the currency market is more-or-less stable. If we look no further than today, things don't look too bad. But if we look a bit further ahead, it becomes immediately clear that the current situation is unlikely to continue for long. According to National Bank of Ukraine estimates, Ukraine has to pay off foreign state loans worth nearly US \$17 billion over 2018-2020 (see **Money on the Barrel**) plus more than US \$5bn to service or pay off government-guaranteed loans made to state-owned corporations. The NBU currently has a bit over US \$18bn in reserves, meaning that there's not even to just settle completely with the country's creditors, never mind making it through this period of high payments without strain. All this quite naturally raises serious concerns.

Still, we have to be aware of this concern, which means looking at the details in depth. The high payout period can be conditionally divided into three sections. The first is prior to the next presidential election slated for March 2019. This is approximately when the current IMF cooperation program ends, which means Ukraine can probably only count on IMF credits during this period, since the launch of a new program is a completely separate matter. According to the NBU, the three quarters that remain in this particular slice will require Ukraine to pay out about US \$3.8bn in external government bonds—not a critical amount, but significant. The Bank rightly believes that if Ukraine manages to get two more tranches before the current program ends, there will be no need to refinance external debts prior to the presidential vote.

The second period is between the presidential and Verkhovna Rada votes. Roughly speaking this means QII and III of 2019, during which Ukraine has to pay out over US \$3.9bn more. This time will likely be the hardest, as the

Money on the barrel

Over 2018-2020, Ukraine will have to spend nearly US \$17bn to pay off and service external debts



current IMF program will have ended and there might be no one to sign the next one with at that point, as that will require a functional legislature capable of passing the necessary legislation to meet IMF requirements. The Rada's functioning is already questionable, even though the political situation is much clearer now than it will be at that point. Moreover, signing a new program will require specific contact persons within the Government to hold talks with the Fund and ensure its fulfillment. In the current Cabinet, Finance Minister Oleksandr Danyliuk was that person. Since his resignation, there has been no appropriate channel for cooperation and no one's in a hurry to re-establish one, so far. Things could easily continue like this until the next parliamentary election, which means it would be good to have some spare financial strength for this period in the form of substantial gold and currency reserves. That's, of course, the ideal, while reality is considerably far behind right now.

Now comes the third period, after the VR election, where the rest of the payments come due. At that point, the sums will be far more substantial but they will be coming due at

a point when the political situation is more certain. There is good reason to believe that the country will have a completely functional president, parliament and Government by the end of next year. No matter who is in power at that point, the need to pay off country's debts means that Ukraine will have to agree a new program of cooperation with the IMF.

HE WHO HESITATES IS LOST

One or two more tranches before this program ends represent not just US \$1-2bn from the IMF for Ukraine but a few million more from other foreign creditors as well. The total amount would not only cover external funding needs prior to the presidential election but also provide a comfortable cushion for the inter-election period. But Ukraine still has to receive this money. Until recently, the main stumbling block was supposedly setting up the Anti-Corruption Court. A few weeks ago, the VR adopted a law that establishes the mechanism for the ACC to exist and any day now MPs are supposed to adopt a bill that launches the actual process of setting it up.

At this point, the second requirement of the IMF comes to the fore: raising household gas rates to market levels. This is where the questions begin to arise. The Government has been talking for quite a few months now that it is in the process of establishing a formula for the new rate for natural gas. However, this formula wasn't filled with integrals or differential equations that it took so long to write out. So the problem is that the Cabinet keeps trying to come up with as low as a rate as while the IMF, as usual, is relentless in its requirements. It's not easy to find consensus in this kind of situation.

According to National Bank of Ukraine estimates, Ukraine has to pay off foreign state loans worth nearly **US \$17 billion** over 2018-2020 plus more than **US \$5 billion** to service or pay off government-guaranteed loans made to state-owned corporations

The problem is that the Government is being stubborn and shortsighted. Obviously, no one wants to raise household gas rates, and along with them residential service rates, just before an election, because it will affect the incumbents' already-low ratings. The question is what stopped them from doing this half a year or a year ago? The subsidy system for residential utilities protects a very large share of households anyway, and much of the added increase would not really have been noticed. At the same time, the profits it would bring gas extraction companies, especially state-owned Naftogaz Ukrainy and Ukrgasvydobuvannya, which posted nearly UAH 40bn and over UAH 30bn in profits last year, would partly cover additional budget spending to provide larger subsidies. But the Government did not do so, and now, the likelihood that it will do so any time soon, with elections looming, is fading fast.

Nominally at least, these two requirements are pretty much all that the IMF wants from Ukraine in order to issue the next tranche. But there is a third requirement that always remains on the table—a balanced budget. Even there, things aren't quite what they should be today, because the Treasury reports that for the first five months of 2018, the budget revenue plan was fulfilled 99.4%, but actual spending is somewhat higher than anticipated. As a result, the deficit is currently above the cap established by the IMF.

As the elections draw close, the populism keeps growing, including widespread talk of yet another hike in the

minimum wage over 2018 and two more rises to social benefits are already planned for this year. All of this will merely inflate the expenditure side of the budget and could push the deficit well beyond the acceptable IMF norm. Will the Fund close its eyes and give Ukraine the next portion of money simply to support the current Government and its chances of re-election? It doesn't seem entirely likely.

THE LONG AND SHORT OF IT

If the government ends up not meeting IMF requirements and getting at least one more tranche under the current program, it will have to look for other options. What choices does Ukraine actually have?

The main alternative until recently was funds gained from issuing eurobonds on global capital markets. In September 2017, Ukraine successfully placed 15-year eurobonds with a coupon value of 7.375%. At that time, demand for Ukrainian government papers was far higher than the supply. But less than a year later and the yields on these bonds are already up to 9% and growing. The longer Ukraine fails to get the next IMF tranche, the more foreign investors doubt the government's ability to service state debts and the less likely the country will be to attract the necessary capital at an appropriately low interest rate. An additional negative factor was the firing of Finance Minister Oleksandr Danyliuk, who announced that all his deputies would be leaving with him, including the person responsible for the 2017 bond placement. If this is so, the Government will lose a working channel linked to world lending markets, contacts with financial advisors, and so on.

Another option is financial resources on the domestic market, although there is little reason for optimism here, too. The main buyers of domestic state bonds or OVDP are the NBU and commercial banks. The National Bank has rejected fiscal domination, meaning financing budget needs by printing money and buying up OVDP in the quantities needed by the Government. If things get really bad, the regulator might soften its position, but right now there is no indication that the Bank is feeling flexible. Meanwhile, commercial banks have been reducing their OVDP portfolios because they need the money for lending, which offers higher interest rates and is currently rising rapidly again. As a result, the volume of OVDPs in circulation is shrinking: from the beginning of the year to mid-June, the stock of hryvnia-denominated state bonds slipped 0.5%, while the stock of hard currency bonds shrank 1.7% in dollar terms. The Government has been issuing new papers in smaller amounts than it is spending to cover old ones. Right now, it's not even meeting planned financing for the current budget deficit on the domestic market, never mind using such resources to cover the shortfall in external financing.

A final option is raising capital via privatization. Every year, the budget includes billions in planned revenues from the sale of state assets, but every time it ends up bringing in nothing more than a lot of noise. The same is likely to happen this year. Of course, the situation with privatization is better than it was before, because legislation was recently passed to simplify and properly regulate this process. A few weeks ago, the Government also approved a list of assets for large privatization in 2018, then the State Property Fund confirmed it. But the first auction will take place no sooner than in the fourth quarter, when circumstances could be very unfavorable. Moreover, if Ukraine does not restore cooperation with the IMF by then, international investors will have little confidence in this privatization.

MONEY CYCLES AND BLACK SWANS

In short, right now it's very clear that the alternatives to funding from the IMF and other foreign donors are quite illusory because there are no guarantees that Ukraine will be able to draw on the necessary financing from them. Should events unfold in an unfavorable way, the country will have to turn to the NBU's reserves until the VR elections in 2019. By then, Ukraine will need over US \$7.7bn, nearly half of what is in the reserves today.

Here, the details matter. Demand for hard currency on the interbank currency market is cyclical (**see The Interbank Moguls**). In QI-II it tends to be low, so for the last three years, the hryvnia has tended to strengthen during this period and the NBU has been able to substantially top up its reserves. When circumstances are favorable, the sums bought up by the Bank during the first half-year are almost enough to cover external payments. In QIII-IV, on the other hand, there is generally a shortage of hard currency, which tends to push the dollar up and often forces the NBU to sell of part of its reserves. Over the last few years, this dynamic did not grow to threatening proportions, but in 2018 the seasonal shortage of hard currency in the second half of the year will be compounded as the Government buys more of it up. If this happens on the interbank currency exchange, it will lead to a double deficit, which could, in turn sharply push the dollar exchange rate upwards: the dollar has already crept up slightly, although it's only early July. If the Government buys it directly from the NBU, there will be a noticeable reduction in the reserves that could have a negative impact on the mood among market participants, who will then begin to speculatively hang on to their hard currency. Right now, the Government has less than US \$1bn in hard currency on its NBU account. If no money is forthcoming from the IMF, the hryvnia will begin to devalue quite rapidly and could cross the UAH 30/USD barrier long before the end of the year.

It's far too soon to talk about UAH 50/USD—certainly in 2018 the chances are almost none. Still, if relations with the IMF don't get back on track this year, it's quite likely that at the most critical moment between the presidential and VR elections, closer to the second half of 2019, Ukraine will see a currency rush. Additional pressure will come if the London court agrees that Russia should get back the US \$3bn "Yanukovich loan," a credit Putin gave Ukraine's then president apparently for not having signed the Ukraine-EU Association Agreement. Looking at things right now, it seems that no matter what, money will have to be returned, but the problem is that this obligation could emerge at the most inappropriate moment. If that happens, it's entirely possible that by the time the VR election rolls around, Ukraine's reserves will look a lot like the minimum that they fell to in early 2015, when the dollar spiked. This would set the stage for a fairly serious currency panic.

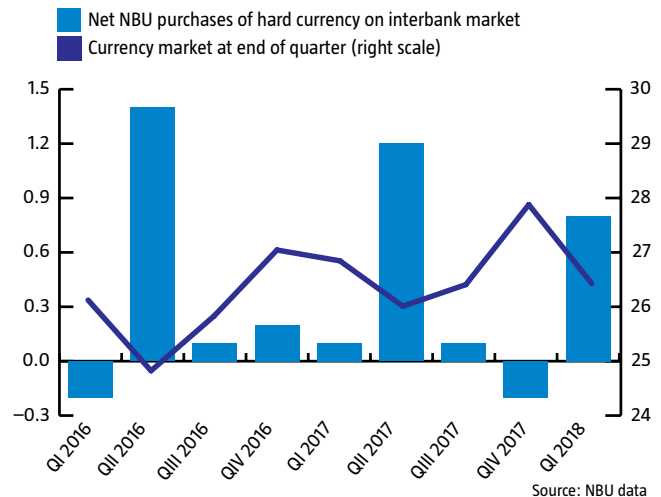
LET'S TALK ACCOUNTABILITY

And so, it turns out that continuing cooperation with the IMF is the only sure-fire instrument for preventing yet another financial crisis in 2018-2019. Only loans from the IMF and other international donors can guarantee safe re-financing for Ukraine's external debts over this and next year. All the other options are compromises, often fairly virtual ones at that, that might soften the situation if they worked, but would do little to prevent a crisis.

Under the circumstances, the main issue for the country today is how many people are really aware of the threat. Probably quite a few because the domestic press

Interbank moguls

Seasonally low demand for foreign currency has led to a surplus on the market that could well be larger than what the country needs to cover external debts in QI and QII, but the shortfall could be felt especially sharply come fall



is abuzz with talk about a possible crunch. To give credit where credit is due, when the Yanukovich Administration abruptly stopped working with the IMF after the first tranche, no one said boo about the fact that this could lead to an economic crisis. On the contrary, all that could be heard then was a chorus about "stability and improvement." Today, the situation is different, which means the country is changing. There are plenty of people today who are aware of all the risks that the lack of interaction with the IMF represents, although they are still in the minority.

Credit should also go to those who have worked ceaselessly to implement the IMF requirements for the last few years. Over 2014-2017, Ukraine received six tranches worth over US \$12.5bn from the Fund within the framework of two programs. There were times when the money came with some indulgence on the part of the IMF, but in other cases diligent efforts to meet the Fund's demands made it possible. Altogether, this has been an unprecedented achievement that required enormous organizational, human and, above all, mental effort. It testifies to the fact that Ukraine's government machine today has plenty of individuals who are prepared to lead the country down the path to a better future. At this point, they are not the ones making key decisions and are not determining state policy in many areas. But Ukraine could get to the point where people like that are in charge. It's just a matter of time.

One final comparison to the past: previously, every Ukrainian government played a balancing act between eastern and western sources of funding: "If the IMF won't give it, we'll take it from Russia." Of course, there are politicians who will happily propose such an approach again or who will at least bring up how well everybody lived during the times of "stability and improvement."

Given the nature of Ukraine's political class and the approaching campaign season, there are considerable doubts that even one tranche will come from the IMF before the current program runs out. By contrast, there are none whatsoever that the dollar will cost UAH 30 in a year's time. Whether this will be a seasonal spike, after which the hryvnia will once again appreciate in Q1 2019, or whether it will become the springboard for a new leap into a massive currency panic should become clear pretty quickly. ■

Freedom, not Free-for-all

How the myth that Ukrainians are inclined towards lawlessness is used against them and why a sense of responsibility to your own people is so important

Oleksa Oleksiienko

A serious stereotype used against Ukrainians, not only by enemies, but also often by themselves, is a peculiar concept of their love of freedom. Indeed, a penchant for freedom is identified by our citizens as one of the key features of their national character, which, for example, distinguishes Ukrainians from Russians.

However, for several centuries, the idea that Ukrainians love liberty or freedom has been primarily reduced to the myth that they do not accept any authority and order, being inclined towards constant rebellion and even lawlessness. Moreover, during the Soviet occupation, this myth on the excesses of our national character was accompanied by vivid social and class undertones.

The destructive and chaotic behaviours that were indeed inherent to some of the Cossacks or other insurgents when Ukraine was ruled by foreigners were presented as an absolute form, glorified as a classic example of a "freedom-loving Ukrainian" and actively spread among our nation.

The image of a hot-headed, freedom-loving but short-sighted Cossack, who is capable of decisive resistance against usurpers and enslavers, but does not know what to do next or how to organise himself or the country after

overthrowing/exiling this internal or external oppressor, has become a persistent national myth that is pressed on Ukrainians from childhood. It was both supported from without and passed from generation to generation in Ukraine itself. Here, the emphasis was on heroism, self-admiration and self-sacrifice. However, in this way, negative social and political sentiments that push people in the wrong direction were constantly stirred up and reheated. This played its part both during the Ukrainian Revolution of 1917-1921 and during the revolutionary events of 2004-2005 and 2013-2014.

Generated by the oppressors who Ukrainians fought against – initially the Poles, who presented their enemies in exactly this way after the numerous Polish-Ukrainian wars of the 16-18th centuries, and then the Russians, who eliminated the remnants of autonomy and identity in Ukrainian lands as part of their empire – this myth was intended to overshadow a constructive, truly historic and dominant component of our love of freedom. This manifested itself in the desire of Ukrainians – like that of most Europeans and people of the Western world in general – for economic freedom, above all. Socio-political freedom



No peaceful paintings. The life of the Cossacks in many aspects looked like the everyday routine of the New World, but it is traditional for us to only remember the military component without the economic successes

was a derivative of this and a necessary condition to maintain it.

The tendency to neglect authority, rebellions and forced bravado were nevertheless a result of this basic desire for economic freedom. The restless Ukrainian lands on the edge of the Wild Fields were from the outset inhabited by people who appreciated economic freedom above everything else and were prepared to live with constant risks and dangers, and therefore to protect themselves and their own freedom. At the same time, only a small percentage of them refused to realise themselves economically if they had the necessary freedom and opportunities for this.

Though they, of course, were not glorified as heroes, unlike the minority that continued military activity and lived for armed campaigns. Nevertheless, the majority were those who, as soon as they had the opportunity, wanted to get involved in a business of the time. When they had a choice, they decided in favour of realising themselves economically, rapidly turning into free farmers.

This priority for economic freedom and the pursuit of prosperity, which was in no way praised in epic poems about Cossacks, always played a far more important role in the history of Ukrainians and the formation of a national character than the desire for a kind of unrestricted free will or rebellion. The desire for economic freedom and riches did not exclude, and even overtly prompted the search for stability and certainty, in no way disavowing law and order. Just clear and Ukrainian law and order.

It was for this reason – having the possibility to realise economic activity – that Ukrainians stopped demonstrating their self-will and rebellious streak, focusing on productive work to develop their own business, whether in farming or any other industry. Those who could not or did not manage to take advantage of the benefits of the economic freedom that appeared after the Cossack revolution of the 17th century continued to rebel and act out.

This entirely, though in a somewhat specific manner, fits into the general context for the Western world in the New Age of a struggle for economic freedom against feudal and class barriers that hampered the development of bourgeois capitalist society. It may have been somewhat more radical in Ukraine than in Western Europe or North America. Although this is rather an open question, since primarily, as already noted, the methods chosen by Ukrainians to fight for economic freedom and the opportunity to engage in free enterprise were discredited by those against whom they were used. So it would be strange to expect a different evaluation of such aspirations from them.

In the following centuries too, Ukrainians above all wanted economic freedom. As soon as they had minimal opportunities for economic self-realisation, they abandoned all other activities to work on their own business. Only stressful, emergency situations forced them to leave everything and take up arms again to defend their right to economic freedom. Moreover, this was usually done without much enthusiasm, out of extreme necessity. The main desire was always to keep one's own profession and farm. This became very clear in the context of the New Economic Policy, which opened up opportunities for Ukrainians to exercise even limited economic freedom and for years dampened the desire to fight against the occupation authorities, which was not the case in 1917–1921 or later in 1929–1933.

Today, it is also very important for Ukrainians to rethink the notion of the priorities of their love for freedom

in order to move away from the imposed stereotype of external origin that prevents them from directing energy towards economic development, focusing on the realisation of their potential for their own wealth and that of the rest of the country. Ukrainians' love for freedom must appear in its original form – the desire for freedom in the creation of wealth, as well as the necessary authority and order for this, instead of merely denying or rejecting anything from the outside.

Along with the priority of economic freedom, another important characteristic of Ukrainians has always been their rejection of betrayal, defection to foreign enemies or serving their interests. This was extremely well developed during both the Cossack heyday and the national liberation struggle of the 1930s–1950s in Western Ukraine. There was zero tolerance for betrayal of one's own people and cause or defecting to the enemy. Traitors of the Cossacks or national underground movement were punished no less and often even more cruelly than the traditional enemy was.

UKRAINIANS' LOVE FOR FREEDOM MUST APPEAR IN ITS ORIGINAL FORM – THE DESIRE FOR FREEDOM IN THE CREATION OF WEALTH, AS WELL AS THE NECESSARY AUTHORITY AND ORDER FOR THIS, INSTEAD OF MERELY DENYING OR REJECTING ANYTHING FROM THE OUTSIDE

Despite differences in views and tough political clashes among Ukrainians, it is always important to have a limit – a red line when someone starts to work for the enemy in fighting against their opponents. In these cases, an instinct for punishing traitors is one of the most important for the survival of the nation, as well as the preservation, development and strengthening of the state.

Since Cossack times, reprisals against authoritative Cossacks or atamans were such a common and natural phenomenon that they even entered folk art: "No matter where they hide, they will answer to us". Underground members of the Organisation of Ukrainian Nationalists or Ukrainian Insurgent Army acted similarly with those who defected to the occupants, betrayed the national cause and began to work against their own people.

This instinct of protection was preserved by Ukrainians for centuries, but it was greatly undermined in the last few centuries by Russian colonialism and especially in the totalitarian Soviet era. Less because of punitive and repressive measures than due to the ideological and informational war that was continuously waged against Ukrainians using all possible channels and that blurred the boundaries between "friend" and "foe". Moreover, this war is still ongoing, as it has not been properly identified and a number of its manifestations in society and the country in general have not been diagnosed as extremely dangerous problems.

Meanwhile, without overcoming the postcolonial inertia in consciousness and self-identification, constructing reasonable limits for "friend" and "foe", and developing effective immunity against an external destructive influence and its agents in the country and nation, it is wrong to expect that a successful and stable state will be built. Therefore, restoring the zero-tolerance attitude of Ukrainians towards collaboration and betraying the state and national interests, no matter what reasons are put forward to justify this, is a key task. ■



Stanislav Chernohor:

I dream that one day there will be a regional museum in Kramatorsk similar to the one in Katowice

Interviewed by Yelyzaveta Honcharova

The opportunity to travel to neighboring countries without hindrance has had an effect people in the regions of Ukraine most distant from Europe – despite the war, they have begun to travel actively. *The Ukrainian Week* talked to Stanislav Chernohor, experienced traveller and head of the Community Development Foundation in Kramatorsk.

In your opinion, have inhabitants of the east of the country felt anything positive from the visa-free regime?

The introduction of visa-free travel gave an impetus to increase the mobility of the residents of the Donetsk and Luhansk Regions. While it has not been difficult to get a passport for many years, there were problems with obtaining visas, especially when the regional capitals were occupied. Both purely psychological (will you get the visa or not) and related to spending time and money. We had to go to Kharkiv, Dnipro or Kyiv to get a visa even for neighboring Poland. Of course, few would do this just to go to look at European capitals for a weekend. Because it is more trouble than it is worth. But now, the percentage of those who decide to travel "on a shoestring" has really grown. Incidentally, a lot of my friends do not see it as a big deal any more – it is becoming a family tradition. A few years ago in the Donetsk Region, there were still a lot of people who had never left the area. For example, in 2015, our organisation launched an introductory tour around different regions of Ukraine for displaced persons. We were surprised by how "settled" the people were – almost everyone saw something outside the Donbas for the first time. Let alone more distant travels. And, of course, visa-free travel is another argument in this hybrid war for hearts and minds. No propaganda – that is just a statement of fact.

What is currently popular in your region?

As a rule, beginning tourists start with bus tours organised by travel agencies. Among the favourites is, for example, France, where there really is a lot to see. But while residents of the west of country barely consider Hungary and Poland to be abroad, the journey for people from the Donetsk and Luhansk Regions is increased by the length of our country, making it look like a real full-fledged trip. More often than not, due to the poor condition of roads, people prefer to get around our country by train (to Lviv or Kyiv), so direct bus services from our area are not very popular. I would not want to spend an extra day on a not very comfortable bus ride across all of Ukraine. Nevertheless, I was surprised to find that there are already regular routes from here to Wrocław, which are in demand. Although, I think they are primarily linked to migrant workers. The visa-free regime has also turned labour migration from the Donbas somewhat westwards.

Stanislav Chernohor was born in 1971 in Kramatorsk, Donetsk Region. He has a degree in Organisational Management and is a self-employed entrepreneur, public figure, journalist and head of a number of social projects in the Donetsk Region.

But many in different regions say that this is not for ordinary citizens, because it is still expensive...

From my experience, I can say that it is addictive. When you realise that there is no major obstacle to travelling, your range of desires automatically expands. You do not have to think about applying for a visa and keeping track of that process. You just get up and go. Unfortunately, people often come up with some reason why they cannot travel, although they spend even more money on all sorts of nonsense than they would have on an interesting trip with a load of new experiences. A night out in a restaurant can cost more than going to Europe. Let's count: 3rd-class ticket from Kramatorsk to Kyiv – UAH 130 (\$5), the same amount again from there to Lviv, then UAH 30 (\$1.10) for the train to Shehyni, cross the Polish border on foot and from there you have a pre-bought ticket for a Polish bus to Warsaw for 2 zlotys (\$0.50). A night in a hostel costs up to UAH 350 (\$13) and food in a cafe is the same price as in Ukraine, only the portions are much larger! The total comes to UAH 1300-1500 (\$50-60) plus food for a weekend. By the way, I also started with Poland, then I wanted to see Italy and America, worked out a route around Turkey and then went with my sons to the Balkan countries: Bosnia and Herzegovina, Montenegro, Albania.

Is it difficult to organise your own trip?

The main task is to understand what you want. To see, feel and taste – whatever you want. Once this is worked out, time and discipline are needed to get hold of cheap tickets for the destinations where you plan to travel. My main rule for travelling is that cheap airline tickets are an essential requirement for a trip! Then when you have an exact date, you can put together a cultural programme and look for accommodation. This will definitely be cheaper and more effective, because you can choose an itinerary yourself, taking into account your preferences and interests. Once I went with my family to Turkey through a travel agency and we were basically sold just the hotel and we got to see all the interesting things another time, when we planned a route ourselves. Because there is more to see in the country than just the sea and the food. What is also very interesting is that you can bargain with local tour operators and go on different routes for much cheaper than in any tourist package. Now I see a

trend – friends and acquaintances are very interested in my experience of economical tourism. They ask me about it and even write down tips. There are even plans to organise small tours for groups of people from the region who are actively getting involved in the traditions of independent tourism.

What about knowledge of foreign languages or other special skills?

I only speak Ukrainian and Russian, but I have no problems when booking tickets on websites from other countries or travelling. It is very easy in Poland especially, because you can understand almost everything. Moreover, the level of development of tourist infrastructure in European countries is many times higher. So do not be afraid, you will not get lost in any case. And you will get a completely different tourist experience: for example, museums that are not boring, but interesting. I dream that one day there will be a regional museum in Kramatorsk, for example, similar to the one in Katowice. Not hidden behind glass, but accessible to visitors: everything can be held, played with, studied and even heard. You lift the earpiece of an old phone and hear the real voice of a historical figure. This is a whole other world, although it hardly takes more money to create it. But it does give a completely different outlook.

Why is this movement positive?

I believe that expanding horizons through the experience of travel is important for people of all ages. But it is especially vital for young people: schoolchildren, students and young specialists. Nevertheless, they should be offered more than being kept behind a fence at separate summer camps in the same old Bulgaria or Poland – we must strive to immerse them into the social life of other countries. Show them interactive spaces, modern libraries, parks, cultural venues and

successful examples of self-governance. So they can see what is done for ordinary people there and then desire qualitative changes at home. Now there are many more opportunities for this, especially for young people from the eastern part of Ukraine. My son, for example, went to the Study Tutors programme on his own, taking part in an interesting event in Poland alongside 60 others from Ukraine, Belarus and Russia. You could see how the young people changed their views on local government, for example, as a tool for improving a community's well-being.

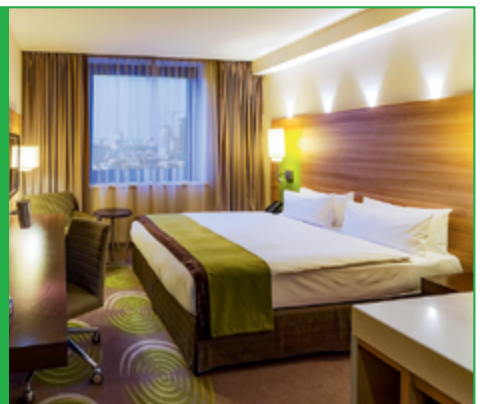
Maybe this should become a separate strategy then?

Over several years, I have been trying to convey to the authorities and donors of various programmes that officials and social activists should not be taken to other countries as if they were going on holiday. There has to be a system for this. If there is an idea, for example, the creation and development of public spaces, we should invite a specialised official from the regional authorities, more from cities interested in the idea and social activists who work in this field. So that afterwards they will each be able to arrange work on their own level with an understanding of what it all means. Instead of signing up random people for a trip that will bring no benefit in the future. Unfortunately, it is now widespread practice that grants for education and awareness trips are given to those who are only able to write attractive reports, but will never do any real, long-term work. Therefore, hope remains that ordinary people who have been given the opportunity to travel and see diversity will no longer want to be satisfied with standing still in the "Sovietesque" past, but will strive for a better life and demand the same attitude from the authorities. ■



www.holidayinn.com/kyiv

Open
Your Heart
and Discover
Our Kyiv!



WEEKEND PACKAGE for 2 for 2 nights only 275 EUR! (FRIDAY-SUNDAY)

- Accommodation in an Executive Room
- 2 Buffet Breakfasts
- Dinner for 2 persons on any night
- Transfer from and to the airport
- Early check-in and Late check-out
- 24/7 Access to the Fitness area
- Private City Tour around Kyiv
- Free WI-FI

Extra night only **90 EUR** including 2 breakfasts!

Book now at: +38 044 363 30 20 or contact reservations.hikyiv@ihg.com

H
Holiday Inn
AN IHG® HOTEL
KYIV

A "Smuggler Hub" or Honest Work?

How have Russian counter-sanctions impacted Belarusian exports and imports?

Syarhey Pulsha, Minsk

When Russia introduced counter-sanctions against the West, depriving its citizens of European food, the Belarusian Minister of Rural Industry, Leanid Zayats, called the decision a "Klondike for Belarus". It would be stupid not to take advantage of such a chance and almost immediately Russians discovered shrimp from the Republic of Belarus in their shops.

The import of sanctioned Norwegian salmon by Belarusian processing company Santa Bremor has jumped fourfold. Russia started to talk about Belarusian "contraband" and called on Rosselkhoznadzor, its national agricultural safety watchdog, to fight with the phenomenon. But is this really contraband?

In fact, the problem of smuggling sanctioned products through Belarus is over-exaggerated and – believe it or not – politicised. The vast majority of "Belarusian prawns" and "Belarusian kiwis" in Russia cannot be considered illegal products. If only because in that case nobody would indicate Belarus as the country of origin on the price tag. Who would give away their smuggling schemes so easily? In the structure of Belarusian exports, Russia ranks first for agricultural products. And not at all those covered by sanctions. In January-September last year, Russia's share in the total export of Belarusian agricultural products was 90.4%. This is 4.4% less than in 2016, but was nevertheless worth \$1.7bn (again, for a nine-month period) to Belarus.

According to the Ministry of Agriculture of the Russian Federation, the import of dairy products such as cheese and cheese products, powdered milk, butter and dry whey to Russia is equivalent to 4.5 million tonnes of raw milk per year. The main supplier – of up to 70% of products – is Belarus. And all these products are completely legal.

It is clear that, like any reasonable people would, the Belarusians decided to take advantage of the Russian counter-sanctions. This means that it is almost impossible to find domestic apples on the shelves of Belarusian shops, other than those of questionable quality. The apples in Belarus are mainly from Poland and the Netherlands.

Some time ago, shoppers were surprised by some odd pricing: cheese imported from Lithuania became cheaper than its domestic equivalent. More recently, this columnist bought a typically Belarusian refreshment – Lidsky kvass. And the drink unexpectedly turned out to have been produced in Lithuania.

It is very easy to explain these curve balls: Belarusian companies, taking advantage of the Russian counter-sanctions, are trying to capture and retain a share in the Russian market. They are increasing their exports to the Russian Federation to the detriment of the domestic market. As a result, there is a shortage of domestic products on the Belarusian market that has to be compensated by imports. The same imports that were hit by counter-sanctions in Russia.

The pivot in shopping tourism is yet more evidence of the aforementioned phenomenon. Previously, Belarusians travelled to Bryansk and Smolensk to buy electronics and home appliances,



The smuggling route. Many illegal schemes for supplying European products to Russia are based on using the rules of the Customs Union

which were cheaper in Russia than in Belarus. Now the Russians come to Vitebsk and Mogilev, which are not too far away for them. Moreover, while in 2011 they would buy Belarusian milk, which was cheaper and better quality than its Russian equivalent, they are now interested in European salami, blue cheeses and other products from EU countries that are subject to sanctions. Can this unorganised shopping tourism be considered smuggling?

In the end, Russian counter-sanctions pushed Belarusian food processing companies to seriously upgrade their facilities and develop new types of products. There have been reports in the press that the Belarusians themselves have started to produce blue cheeses. But you will certainly not see them on Belarusian shop shelves – they are for export and above all export to Russia.

Questions also arise towards the "non-traditional" Belarusian salmon, prawns, kiwis and other exotic foods.

Can Norwegian salmon suddenly turn out to be Belarusian? In fact, it can and there is no contradiction to that, says Leanid Marinich, First Deputy Minister of Agriculture and Food. Fish purchased in Norway is processed and packed in Belarus. According to the current rules of the Customs Union that has been in force between Russia and Belarus since 2010, such products are assigned a different Trade Import and Export Classification (TRIEC) code and become Belarusian goods.

"If the TRIEC product code changes, it then becomes a domestically produced good and we have the full right to sell it in such a way. Rosselkhoznadzor has no complaints about this," said the deputy minister. In other words, "Belarusian shrimps" have the right to exist, if they were brought to Belarus frozen and then cooked or packaged there.

In addition, there are many goods that do not provoke such questions and doubts, even though they really should. For example,

"Belarusian" dates from Iran or "Belarusian" peanuts. What's more, the country of origin is not even indicated for the latter. Meanwhile, the only Belarusian things in them are the roasting and packaging. And maybe some salt.

You have to agree, if you have a counter-sanctioning neighbour next door with a huge market, it would be a sin not to make money from this. Therefore, Belarusian companies are either surrendering the domestic market in favour of an external one or are taking advantage of food processing opportunities. This is much better way to make money than inventing smuggling schemes. Although they play a part too.

It would be wrong to say that there is no smuggling of agricultural products to Russia through Belarus at all. It exists, but does not usually make it into import-export reports and is hard to dig up.

The Belarusians are armed with an old method that they worked out and used on oil shipments quite a long time ago. In the early 2010s, this scheme made a splash when Russian oil was exported to the European Union. Solvents and diluents were not subject to the oil export duty that Belarus was then supposed to return to the Russian budget, so oil was transported to the EU under this guise. At the time, economist Yaroslav Romanchuk simply compared the statistics: according to Belarus, "solvents and diluents" were supplied to the Baltic states. However, no such products were mentioned in the import reports of neighbouring countries. But crude oil was, although Belarus purportedly did not ship any of it. Now the shoe is on the other foot.

Russia introduced its counter-sanctions in 2014. In 2015, there was a sharp increase in Belarusian imports of goods from African countries – from \$178 million in 2014 to \$587 million in 2015. The main reason behind this growth in imports was the appearance of products with TRIEC codes 07 and 08 – fruit, vegetables and nuts. African countries began to deliver peaches, cherries, apples and pears to Belarus, which previously had not been supplied at all or in minimal amounts. And that is not the only strange thing about these shipments.

For example, according to state statistics service Belstat, Belarusian imports of peaches and nectarines from Morocco in 2015 amounted to 48,500 tonnes for \$64.5m, which is nine times more than supplies of these fruits from Morocco to all other countries over the same period. In addition, according to UN Comtrade, there were no official deliveries from Morocco to Belarus at all!

The pricing of these imports was also rather odd. The peaches and nectarines were allegedly "purchased" from Morocco at a price of \$1331 per tonne and the same products were exported to Russia for \$191 per tonne. What sort of charitable business re-exports goods for six times less than the purchase price?

It is clear that there were actually no deliveries from Morocco. The inflated "Moroccan" prices for peaches and nectarines were supposed to mask the volume of supplies from countries that fell under Russian counter-sanctions. On the other hand, the understated prices of supplies to Russia were aimed at minimising tax payments and as a result concealing the sanctioned purchases.

In 2016, Rosselkhoz nadzor started to monitor supplies of fruit and vegetables more closely. In response, imports from Guinea, Ivory Coast, Cameroon, Liberia, Sierra Leone, Benin, Burkina Faso, Burundi, Equatorial Guinea and even Somalia are declared instead of just Morocco, South Africa and Egypt. Indeed, until 2016 Belarus did not import anything at all from Equatorial Guinea, while its trade surplus with Somalia, Guinea-Bissau and Benin did not exceed a few thousand dollars.

In the first three months of 2017, Belarus imported 64,800 tonnes of tomatoes. Most were from Turkey – 52,900 tonnes. According to the National Statistical Committee, on the domestic market over the same three months Belarusians bought 6220.3 tonnes of tomatoes in shops. Around the same amount again was probably sold at markets (Belarusian statistics do not take these sales into ac-

count). During the three months, Belarus exported 10,200 tonnes of tomatoes – only to Russia. State-owned food industry concern Belgospisheprom reported that all of its companies use only Belarusian raw materials, except for apricots and peaches. Therefore, the Turkish tomatoes could not have been processed.

Where did the other 42,000 tonnes of these Turkish tomatoes go?

Another widespread smuggling scheme utilises the advantages of the Customs Union and Eurasian Economic Union. This is done quite simply.

Let's suppose there is a truck with sanctioned Polish apples. According to the documents, it is travelling from Belarus to Kazakhstan. Since it is in transit, it cannot be turned around at the border. However, having arrived in Russia, it goes missing somewhere in the country's vast expanses and never makes it to Kazakhstan. And then it suddenly returns to Belarus, but now empty.

Having discovered this scheme, Russia tried to fight it by introducing a ban on the transit of European food from Belarus to countries in Central and Western Asia. But it is very difficult to combat this sort of smuggling. Firstly, it is unclear if the goods are going to a responsible buyer or a fictitious one. Secondly, such checks contradict the spirit and letter of agreements within the Customs Union and the Eurasian Economic Union: everything that clears customs in Belarus should be able to travel to Kazakhstan, Kyrgyzstan or Armenia unhindered. Thirdly, transit through Russia affects not only these "allies": Russia borders many other states, starting with Georgia and ending with China. Accordingly, you can never guess what will "disappear" in Russia and when.

In January-September last year, Russia's share in the total export of Belarusian agricultural products was **90.4%**. This is **4.4%** less than in 2016, but was nevertheless worth **\$1.7bn** to Belarus

Therefore, Rosselkhoz nadzor, realising how sanctioned products can cross the border, decided to roll out the big guns. In response to Belarusian smuggling, it finds fault with official Belarusian suppliers, declaring their products "not in line with sanitary standards". Not a month goes by without news that some companies have had access limited to the Russian market for their products. Each month, equal and opposite news is also reported: "The violation has been rectified and permission to deliver to Russia has been granted." For the most part, this applies to meat and milk processing companies.

The barriers to entry for relatively cheap and high-quality Belarusian products on the Russian food market look more than weird against the background of Rosselkhoz nadzor data that a third of dairy products on Russian shelves are fakes. For some regions and products (cottage cheese, cheese and desserts), the proportion of counterfeit goods reaches 60%. According to executive director of the Russian Association of Processors for Counteracting the Falsification of Dairy Products, Alexander Brazhko, the proportion of counterfeit products among inexpensive butter and cheese is as much as 90%.

So it is not completely correct to call Belarus a "contraband hub" for sanctioned products on their way to Russia. It is about 50/50. But this stable equilibrium will not last long.

The international forum Eastern Europe: In Search of Security for All took place in Minsk at the end of May.

During the discussions on Russian sanctions, experts noted that the policy of the Russian Federation could give impetus to the development of its own agricultural production. In the medium term, Belarus needs to prepare for this. The only question is how fast the agricultural development in Russia will be.

In any case, this is a signal: honest work is needed. ■

A horror story from the Cossack Hetmanate

The crimes and execution of Pavlo Matsapura's gang that inspired an 18th-century word for villain

Yaroslav Hyrych



Street justice for a horse-stealer. A painting by Mykola Pymonenko dating back to 1900

Peter the Great's reaction to Ivan Mazepa's geopolitical turn towards Sweden in 1708 was the plundering of Baturyn, the capital of the Cossack Hetmanate. The hetman's residence moved to Hlukhiv, a town in Sumy Region, to be staffed with people authorized by St. Petersburg. Central government bodies of the left-bank Ukraine, including courts, administrative and military authorities, moved to this borderline town as well.

Courts tend to be a reflection of society at all times, their archives often helping historians understand daily life and social deviations of the period they research. The most widespread cases settled

in Ukraine's courts of that time included conflicts over land, family, daily matters, thefts, as well as over accusations of witchcraft or magic. In 1740, however, the new capital of the Cossack Hetmanate saw a process that startled the nation: the central court in Hlukhiv issued a death sentence and executed Pavlo Mishchenko, better known as Matsapura, one of the most cruel maniacs of the 18th century.

The case started with a letter the General Military Court in Hlukhiv received from the chancellery of Lubny, today's Poltava Region, in the summer of 1740. The letter said that the town's authorities were afraid to execute four criminals and

asked the higher authority to deal with this. There was no hetman in Hlukhiv in 1740 while the Zaporizhzhian Army was commanded by the Hetman Government Command, a collegial body comprised of three Russians and three Ukrainians. The central authorities, including the General Military Chancellery and the General Court, thus had to issue the final verdict in the high-profile case. What was the administration in Lubny so afraid of?

Officially, the Lubny authorities said that they could not ensure proper guard for the prisoners as their security staff was busy with a harvesting campaign. Without proper security, the horrifying crimes committed by the inmates could have provoked riots in the town and led to street justice. A decision was taken to send the convicts to Hlukhiv without delay.

MATSAPURA'S GANG AND ITS FIRST CRIMES

Pavlo Shulzhenko was the lead villain. Better known as Matsapura, this bandit was originally from Kolisnyky, a village in Pryluky region supervised by the Pryluky Garrison. Shulzhenko did not have a family and often wondered to other villages looking for work. A file from the 1740 case described Pavlo's appearance: "tall, with light brown hair, grey eyes, long nose, shaved beard, wide shouldered, with traces of flogging."

The oldest member of the gang was Mykhailo Mishchenko otherwise known as The Great. He was about 40 years old. Originally from the village of Rudivka under Pryluky Garrison, he was a widower.

The gang enrolled two young men – Yakym Pivnenko, 20, and

Andriy Pashchenko, 15. All four came from broken families and had no stable income, so they were forced to work for other landowners. Pivnenko was an orphan, while Matsapura, Mishchenko and Pashchenko missed one of the parents.

Pavlo Shulzhenko-Matsapura, the gang's leader and mastermind, began his criminal career with small theft and horse theft. He served his first term in the Pryluky Garrison jail after reaching for the property of flag sergeant Domoratsky, a low-level command position in the Cossack military hierarchy. That's where Matsapura was flogged and released after the horses he had stolen were found. He then moved to the hamlet of Kantakuzivka in Pereyaslav area and carried on with his usual horse theft and petty theft for another three years. He ended up in jail in 1738 again after stealing from Andriy Horlenko, an officer in Stasivshchyna hamlet near Pryluky: Matsapura was caught for stealing four horses from this high official and jailed at the Pryluky Garrison Jail.

Released after a year in prison, Shulzhenko returned to his usual craft while growing crueler. In August 1739, he and his companion killed horilka traders around the village of Losynivka near Nizhyn, stealing nearly one ton of the booze and hiding the bodies in the reeds.

At the end of November 1739, Matsapura was caught again and jailed at the Pryluky Prison, a usual destination for a serious criminal. But the investigators failed to prove his murders. For the theft he was assigned to some special "community work" which none of the inmates were willing to do: he became an executioner at the Pryluky Prison. Matsapura served about three months in that capacity before escaping in February 1740 to join six companions in a gang that went to plunder and steal horses around the hamlet of Romanykha.

The first victims of the new gang were horilka traders: three out of ten managed to flee during one attack while seven were killed and buried in the snow. The villains then went home to hide their traces. Shulzhenko stayed in Romanykha until Easter on April 6, 1740, then moved to the village owned by Count Tolstikh near Pyriatyn. Shortly before, some new local bandits had joined his gang.

Происхождение слова „мацапура“. Известенъ стихъ изъ Эванды, гдѣ описываются мученія «мацапуры» въ аду:

Якусь особу мацапуру

Тамъ жарилъ на шашлику...

Здѣсь это слово употреблено въ нарицательномъ смыслѣ. Происхождение-же его такое: *Мацапура*ю звался извѣстный разбойникъ перв. полов. XVIII в., какъ видно изъ слѣдующаго «указа изъ нѣжинской полковой канцеляріи сотнику Воронежскому Холодовичу», 1740 г. — «Минувшого ноября 29, противъ 30 чиселъ, содержащійся подъ карауломъ въ Глуховѣ, бывшій заплѣчній Прилуцкаго полку майстеръ, главній воръ и разбойникъ Павелъ *Мацапура*, которій не точію безчисленне поровсгва и многіе разбои чинилъ, но зверхъ того и безчеловѣчнне неслыханніе мучительства, яко-то: яденіе челоуѣческаго мяса и прочія богопротивныя злодѣянія, чрезъ многіе лѣта, надъ многими починилъ и ночью бежалъ, а овий *Мацапура* прями-тами таковъ: росту большого, волоса темнорусого, очей сѣрыхъ, носъ долговатъ, бороду бриеть, челоуѣкъ здоровъ и широкоплечой, кнутъ неоднократно питанъ»...

Etymological footprint. *Kyivska Starovyna*, a history and linguistics journal, describes how Pavlo Matsapura's last name turned into a word for violent villains in the 18th century

Their names were eventually established thanks to the testimony of some criminals: Ivan Chornyi, Panas Piven, Ivan Kochubei and shepherd Pavlo. Four more from around Zaporizhzhia Host, including Ivan Taran, Mykhailo Makarenko, Denys Hrytsenko and Martyn Revytskyi, joined their ranks soon – possibly *haidamaky*, the impoverished rebels of the right-bank Ukraine. Revytskyi's brother Vasyl also joined the gang. Unlike his colleagues, he knew how to write and read. The criminals were racketeering the locals in Tolstikh's village using burning sticks to torture their victims.

MASSACRE AT THE KURGAN

After the inflow of new members, the gang moved to Telepen, a Scythian *kurgan*, a burial mound towering over Lemeshivka, a village on the Hnyla Orzhytsia river at the intersection of Chernihiv, Poltava and Kyiv regions. Once the bandits settled down, they began to terrorize the surrounding area. First, they killed three merchants who stayed for the night near the village of Mokiivka. Two others were

luckier: they paid for their lives with virtually all the merchandise, including about 1,700 liters of horilka and as many goods. The bandits sold horilka through trusted pubs and stolen horses at the markets. They hid the jewelry and spent part of the money on booze.

Apart from that, Matsapura's gang killed witnesses. Near the village of Biloshapky, the villains killed a shepherd who recognized their leader as they returned from one of their raids. A similar murder took place near the village of Zhurivka where they beat two shepherds to death so that they wouldn't report on the gang's crimes.

More was coming. Soon enough the bandits kidnapped, raped and killed a woman from Zhurivka, then three more women. At one point, they even killed a pregnant woman near the village of Andriyivka. One of the bandits, Ivan Taran, suggested using the embryo for "magic", so he cut it out and put it in his bag to later use in a horrifying ritual. They raped and killed another woman on the way close to the Valkivka village – Ivan cut the victim's feet and put it in his bag, too.

That sadism climaxed with a magic ritual at Telepen: each of the 16 bandits had to toss and catch the heart Ivan cut out from the embryo. He said that whoever managed to do that would avoid any punishment for their crimes. The gang completed the bloody ritual and ate the heart and the body of the unborn girl.

The next day the young members of the gang, Pivnenko and Pashchenko, caught a woman and cut her breasts out – she bled to death in an attempt to escape. A few days later, a girl was caught near Telepen – each of the 16 sadists took part in a gang rape. They then cut her feet off and buried her body. One of them admitted at an interrogation that they committed another act of cannibalism after that by eating body parts of their victims.

At the end of May, Matsapura left most of his allies at Telepen and moved to the village of Mykhailivka in Poltava Region to join an old acquaintance, Klym Zaporozhets. They killed two traders near Moki-

THE HORROR STORY OF MANIAC MATSAPURA HAD EVERY CHANCE TO BE FORGOTTEN IF IT HAD NOT BEEN FOR IVAN KOTLIAREVSKIY WHO MENTIONED HIM IN HIS POEM ENEYIDA. KOTLIAREVSKIY USED THE WORD MATSAPURA FOR MAKSYM PARPURA, A PHILANTHROPIST FROM KONOTOP

yivka and stole their horilka. After that the two gangs joined forces and moved towards Lubny. As they approached Kruhlyk, a town on the way, they attacked two merchants. One escaped while the other one was murdered.

Obviously, they could not have continued these massacres for much longer. For almost three months, the villagers kept the whole Poltava area terrified. Eventually, the authorities had to do something.

In May 1740, the Garrison Administration in Pyriatyn received a complaint from the residents of Smotryky, a small village in the area, reporting that a gang of bandits was terrorizing the neighborhood. The local military squadron commander Dorosh Bozhko personally hunted down and caught three of the gang, including Mishchenko, Pivnenko and Pashchenko. Ivan Kucherevskiy, the master of stables for General Treasurer Andriy Markovych, caught the gang leader, Matsapura himself, for a petty theft. They were

The 18th century was known for some of the most notorious serial killers. One was Thug Behram, the leader of the Indian Thuggee cult whose worshippers – robbers and murderers – strangled their victims. He strangled 931 people with a *rumāl*/scarf in the region of Awadh between 1790-1840 and was eventually executed by hanging at the age of 85. Teofania di Adamo was a notorious poisoner who admitted having murdered 600 people, including Pope Clement XIV. Teofania was executed in 1719. Daria Saltykova, a sadistic Russian landowner also known as “cannibal”, murdered anywhere from 38 to 139 people, according to different sources. She was eventually jailed for life in a monastery prison in 1801 where she died after 33 years.

all arrested and immediately sent from Pyriatyn to Lubny where garrison authorities conducted an investigation and delivered verdicts on July 24, 1740: for murders and cannibalism the four criminals would be executed by “pulling their ribs out with hot tongs, horse-drawing and breaking wheel.”

Given how scandalous the case was, the Lubny Chancellery soon asked higher authorities in Hlukhiv, the Hetmanate’s capital, to take over the inmates and execute the verdict. On August 3, 1740, the General Military Chancellery approved the request. The Hetmanate’s central government body took over the case and ordered a transfer of the criminals to Hlukhiv Garrison Prison. They spent August interrogating the inmates with torture and beating, while searching for the rest of the gang across all of the Cossack Hetmanate’s provinces. Three respective requests from the military chancellery and search groups of the Hetman’s cavalry guard were in vain. Eventually, the criminal cases on Matsapura from 1735 and 1738 were sent to Hlukhiv from Pryluky Military Chancellery. The investigators managed to find his one-time companions involved in those episodes.

TRIAL AND VERDICTS

On September 30, 1740, the General Military Court in Hlukhiv confirmed the verdict from Lubny. The four criminals were to be executed at the Telepen Kurgan where they had committed their most hideous crimes. Soon enough, on October 4, 1740, a special assembly of the General Military Chancellery chaired by James (Jacob) Keith¹ confirmed the execution measures but changed the location – the intention was to make the execution as

public and demonstrative as possible. Telepen, a burial mound outside of any city or town, was not good for this. The verdict against two youngest criminals was executed without delay: Pivnenko was executed during a fair in Pryluky on October 26, while Pashchenko faced death at Telepen the following day. Both had their legs and arms cut off, their bodies placed on wheels and limbs spiked on sticks.

Interrogations of two older villains carried on. The interrogators tortured Matsapura and Mishchenko into revealing new horrendous details of their crimes: 9 out of 16 bandits participated in cannibalistic rituals, encouraged by their companion Ivan Taran. He presented himself as magician from his time as *haidamaka* and told his allies that his rituals would help them avoid punishment. In fact, 12 bandits from the gang were never caught. Moreover, their leader managed to escape from the Hlukhiv prison on November 30. When his guardian fell asleep, Matsapura got out of his jail cell. He used a horse bone and a piece of wood to open his chains on the way and reached the village Oblozhky where he spent some time hiding in a barn before the villagers caught him and handed him over to the authorities.

After the investigators learned all possible details of the gang’s crimes, an order came on December 18 to prepare for execution of the two bandits. On December 22, 1740, one of the first maniacs in the nation’s history was executed in Hlukhiv. The executioner cut off Matsapura’s fingers, toes, nose and ears and spiked him. His companion, Mykhailo Mishchenko, was quartered and wheeled at another location.

¹ James (Jacob) Keith fought for the independence of Scotland. He was colonel in the Spanish army and general-in-chief of the Russian Military, one of the first Masons in Ukraine and Russia. Keith headed the Hetman Government from July 6, 1740 through 1741, de facto acting as the Hetman of the left-bank Ukraine appointed by the Russian tsar. In 1747, he switched to the Prussian army and became field marshal there. From 1749 to 1785 he was Governor of Berlin. Keith died in the Seven Years’ War.



Baturyn casemate. Modern reconstruction

Professor Mykhailo Slabchenko, a researcher of Cossack history, claimed that Matsapura's execution was exceptional: it was rare in the Hetmanate that similar crimes were not punished by death on a breaking wheel.

Later, General Deputy Treasurer Jakiv Markovych wrote in his Home Protocol of another member of the cannibal gang executed in Hlukhiv. Vasyl Malchenko, a professor at the Hlukhiv Gymnasium in the early 20th century, specified that the sadist was burnt alive, burning metal poured into his throat. He wrote in his memoirs that the locals around the former Hetmanate capital used *matsapura* as a swearword for a long time after that.

MAKING IT INTO BOOKS

The horror story of maniac Matsapura had every chance to be forgotten if it had not been for Ivan Kotliarevskiy, the pioneer of modern Ukrainian literature who mentioned him in his best-known parody poem *Eneyida*. Kotliarevskiy used the word *matsapura* for Maksym Parpura, a philanthropist from Konotop who published Kotliarevskiy's poem in St. Petersburg in 1798 without the author's consent. Eventually, the poem became a canon of modern Ukrainian language. In the new edition of the poem 11 years later (1809), Kotliarevskiy placed

Parpura in hell for "publishing something he does not own":

*A certain matsapura person
Was roasting, skewered
on a spit.
Hot copper pouring over,
They crucified him on a stick.
He twisted all his soul
for profits,
Sending to print what
he didn't own –
Without shame or God in mind,
Oblivious of Eighth
Commandment,
He went on profiteering
from others.*

In 1901, Kyivska Starovyna, a journal of Kyiv and Ukrainian history, published a short note explaining the origin of the strange word *matsapura* used by Kotliarevskiy in his poem.

Kharkiv historian Mykola Horban looked at the case from an academic perspective and published a historical essay titled *Bandit Matsapura* in 1926. As he analyzed investigation archives, he pointed to the ritual nature of the gang's crimes, the dehumanization of impoverished landless villagers in the repeatedly colonized Northern Poltava region, and the organization of the gang inspired by the haidamaky units.

The authorities of that time employed significant resources to hunt down the criminals. But they could

have escaped into the territory beyond their control – to the right-bank Ukraine as *haidamaky* rebels, for instance. Meanwhile, the regime of Russian Empress Anna Ivanovna and Ernst von Biron was more concerned with persecuting old believers around Starodub, a city that had been part of the Cossack Hetmanate in Northern Ukraine but is in Russia today, or casting the participants of the Ice House Clown Wedding entertainment show Anna initiated. Eventually, as a result of the war with the Ottomans de facto occupying forces of 75 Russian units in 1737 and 50 in 1738, all maintained at the expense of the local population, intervened into the left-bank Ukraine.

The case of the most notorious Ukrainian cannibal does not fit into the romanticized image of the late Cossack Hetmanate period. In the spring of 1740, Matsapura's gang terrorized remote villages and hamlets in Pryluky, Lubny and Pereyaslav garrisons. The sadists killed 27 people and committed hideous crimes of cannibalism. The latter were always accompanied by ugly rituals initiated by the self-proclaimed magician, *haidamaka* Ivan Taran. The horrors stopped when the backbone of the gang, four out of its 16 members, were arrested. The demonstrative execution of these violent criminals brought a fair end to this terrible story. ■

Ukrainian life in Antarctica

What Ukrainian researchers do at the Faraday Station

Volodymyr Moroz



In late April, expedition teams rotated at the Ukrainian Vernadsky Station in the Argentine Islands. The 22nd expedition returned home after a year of exploring Antarctica while the 23rd one arrived to replace it. A separate seasonal expedition of Ukrainian explorers managed to squeeze in between the rotations. Ukrainian Antarctic exploration is expanding.

This is not new. Ukrainian scientists were part of Soviet expeditions. After the collapse of the Soviet Union, Russia did not a single Antarctic station build jointly in the Soviet period with any of the post-Soviet countries. In 1996, Ukraine bought the Faraday Station from the UK for a symbolic 1 pound. Renamed into Vernadsky Station, it has since been a base for exploration of Antarctica by Ukrainian researchers.

Vernadsky Station works all year round focusing on oceanography, exploration of bioresources and hydrometeorology, the physics of Antarctic geospace and Sun-Earth connection, as well as on researching nuclear physics of the Earth and the atmosphere, geology, geophysics, biology and physiology for medical purposes. Ukrainian exploration in Antarctica encompasses research of the atmosphere, as well as hydrosphere and glaciers. It is linked to many international programs.

“Our meteorologists spend a year at the station doing measurements that are transferred to international centers for data collection and processing,” says Denys Pishnyak, Head of the Atmospheric Physics Department at the Education and Science Ministry’s National Antarctic Science Center.

A meteorologist himself, Denys spent a year in Antarctica as part of the 16th Ukrainian expedition. In April 2018, he worked there as part of a seasonal expedition from Ukraine. He has the expertise to talk about climate change, weather conditions in the Antarctic and the notorious “ozone hole”. “We do measure the density of the ozone layer at the sta-

tion. I can say that ozone depletion has stabilized in the last five years,” Denys shares. “The ozone layer is recovering its density and moves towards restoration.” When asked about the trigger of this restoration, Denys suggests restriction of freon use.

Ukrainian geophysicists at Vernadsky Station focus on researching the upper layers of the atmosphere. Andriy Zalizovskiy, a Kharkiv-based Deputy Head of the Radio Astronomy Institute at the National Academy of Sciences, says that this has been a traditional field of the station’s research since the time when it was still the British Station F. Andriy has worked in three expeditions to Antarctica. According to him, the program of geophysical research at Vernadsky Station “is expanding. There are some projects focusing on atmospheric gravity waves and physics of plasmas, and Ukrainian scientists with accumulated experience in these areas work jointly with their US colleagues from Boston, Alaska and the Arecibo Observatory in Puerto Rico.” According to Andriy, Ukrainian researchers are in the process of establishing direct online transfer of measurements from the station equipment to Ukraine.

Antarctica is probably one of the best places on Earth to see the effect of global climate change. “The Antarctic icesheet depends on many factors, its size and thickness varies by years. If you look at the data for most periods, you can see that the ice is melting. That’s for sure,” Denys Pishnyak says. Therefore, claims that the global sea levels are rising are not phantasies. This will affect the entire planet.

Overall, Antarctica is a laboratory for scientific research thanks to international protection agreements. Ukrainian scientists contribute to its development. The 22nd expedition launched research of the structure and components of Antarctic glaciers with sensitive georadars produced in Ukraine. As part of that expedition, they installed supersensitive magnetometers at the Ukrainian station, also made in Ukraine.

These allow the scientists to study the Earth's magnetic field and magnetic features of rocks. The Ukrainian Antarctic program thus motivates both science and technological development through the production of innovative equipment. Polar researchers met with Education Minister Lilia Hrynevych after they returned from Antarctica to discuss this. Quite recently, the Ukrainian station has installed more new equipment providing the polar researchers with better internet connection with Ukraine.

Four members of a seasonal Antarctic expedition from Ukraine visited the neighboring US Palmer Station located 50km away in April. "Technologically, they have it all highly automated. Their specialists arrive at the station for several months to install and set up the equipment. Their expeditions don't spend the entire year in Antarctica unlike ours," Denys shares.

Ukrainian polar researchers plan to expand into oceanography. 12 scientists from Zhytomyr, Kyiv, Lviv, Malyn, Odesa and Kharkiv have started the 23rd expedition at the Vernadsky Station. They will work in Antarctica until the spring of 2019, which will be fall in the Southern Hemisphere. Meanwhile, scientists are already being selected and prepared for the 24th expedition.

Ihor Dykiy, a lecturer at the zoology department of Lviv National Ivan Franko University and senior fellow at the National Antarctic Science Center, worked in the 11th and 14th expeditions to the South Pole. He is now planning to join the 24th trip. "The key field for biologists and zoologists at Vernadsky Station is biodiversity. Antarctica is home to many species unknown to science. Our zoologists, including Andriy Utievsky, are thus developing research of the ocean. They have already discovered nearly ten species and are describing them, studying their DNA," Ihor comments. "In some places along the continent shoreline glaciers slide into the ocean and bulldoze everything with them. Some places, however, are more sheltered — that's where many animals and plants settle. Scientists are exploring and describing them in order to establish marine reserves. These are Antarctic oases."

Yet, these spots are extremely vulnerable both to possible human interventions and to climate change. For instance, the animals that live in the water at -1.5°C will not survive temperature rise to $+1^{\circ}\text{C}$. It's like putting them in boiling water, Ihor explains. While the large mass of the water slows down the change of its temperature, hikes on the surface are more noticeable. The average Antarctic temperature has gone up 3°C over the past 50 years.



PHOTO: DENYS PISHNYAK

Above and beyond. Ukrainian geophysicists at Vernadsky Station focus on researching the upper layers of the atmosphere

Climate change in Antarctica is getting too obvious — Ukrainian scientists have noticed a new landscape zone, the Antarctic tundra, emerging there. "Plants like Antarctic hair grass or pearlwort end up in the spots vacated by glaciers. Birds carry organic pieces there. Soils are forming," Ihor says. "Climate change is changing the landscape. That's another field of our research in Antarctica."

Biologists in this year's seasonal expedition from Ukraine studied land ecosystems of the region, including vascular plants and soils. "The populations of Antarctic hair grass and pearlwort are markers for climate change. According to data by British scientists, their habitats expanded with the warmer years and shrunk with the more snowy periods. Also, we have received measurements for light and temperature from our equipment installed last year. We processed them at Palmer Station where we explored soils to compare this data with the data from Vernadsky Station and see the pace of change in nature." Also, Ukrainian biologists collected samples for virologists, microbiologists, researchers of invertebrates and moss, including for Polish and American colleagues.

Antarctic exploration has a practical dimension to it. Back in 1991, a moratorium was signed to ban the extraction of minerals for 50 years there. Some countries have been questioning its extension. The Antarctic Treaty is in place with the Secretariat located in Buenos Aires since 2004. Now, international scientists, including Ukrainians, are exploring resources in Antarctica. "We are studying the populations of penguins, seals and whales — the key eaters of krill which is the major source of protein for them. The weight of krill population in the world is more important than that of human population," Ihor compares. "Humans fish the krill, too. Our goal is to study the effect of climate change on the krill whose population is shrinking. Ukraine is involved in an international project to keep track of penguins which act as markers for krill habitats as they hunt for it. Our work is aimed at preventing distortions caused by human fishing for krill in places where whales, seals and penguins feed on it. This would lead to disastrous consequences."

Oksana Savenko, a Ukrainian researcher, has established a similar database for whales. That one is, too, connected to the international database. Ukrainian scientists are planning many more important projects. Whether they are implemented depends on how well Ukrainian authorities realize the importance of Antarctic research. Between Ukraine's neighbors, only Poland and Bulgaria have their Antarctic stations, in addition to Russia which had taken over all Soviet stations there. ■



PHOTO: DENYS PISHNYAK

Ukrainian experience. Vernadsky Station has been operating in Antarctica since 1996

The Democracy of Theatre

Is there a place for pluralism and tolerance on Ukrainian stages?

Anastasia Holovnenko



Inclusion in the theatre. The free access of people with disabilities to theatres as spectators, and also as directors and actors, is a well-established European practice

At the end of May, the Parade Fest theatre and urban design festival was held in Kharkiv. The theme of the five-day artistic gathering was tolerance in the theatre's work with its audience and actors. It seems that the public response drawn from the professional community by this event surpassed even the most daring expectations of its organisers.

In the Parade Fest programme, attention was evenly distributed between the theatre "in practice" and interdisciplinary lectures on related topics. It is difficult to even say which of these parts the organisers devoted more consideration and responsibility to. It was perhaps the first time in recent years that all the events at a Ukrainian theatre festival were interdependent and clearly constructed from a conceptual point of view. Various aspects of the relatively new theatrical theme of democracy appeared in lectures and talks on inclusiveness in this sanctuary of art, historical memory and collective trauma as a subject for performative practices to investigate, post-memory and self-censorship in stage art. Nevertheless, the democratic format for discussing performances became the event's original trademark, which struck a chord with both critics and the Kharkiv audience. As the organisers say, it was fundamental "not to talk didactically about what not to do, but to critically interpret the process".

CARE, NOT INDIFFERENCE

On the one hand, the most awkward issue in Ukrainian theatre today perhaps remains that of its accessibility, which the cult directors of the last century insisted on so much. As far as ticket prices are concerned, the state is still able to subsidise "Theatre plc", but is at a loss as soon as it comes down to inclusion, i.e. the involvement of all population segments in cultural life (above all, physical accessibility). At the simplest level, the idea of inclusiveness is to eliminate obstacles that prevent some or all people from getting somewhere or engaging in something. Unfortunately, theatres in Kyiv that are accessible to people with disabilities, where it is possible to get into the auditorium, toilets and other facilities from the same level, are still few and far between. However, the theatre remains

inaccessible even for people that can move freely but have visual or hearing impairments: for example, there are almost no specialised productions with a significant part of the performance that is kinetic (the action literally takes place in the spectator's hands) or anything similar.

On the other hand, inclusion in such a cultural institution should be understood as equally involving creators with and without disabilities. In different regions of Ukraine – Odesa, Chernihiv, Kyiv and Lviv – there are small semi-pro groups that are trying to work in this direction. But as yet, there is unfortunately no single powerful movement or festival to unite around this idea and popularise it. This is unfortunate because theatre can be different and a wonderful example of this is the Candoco Dance Company from the UK that has performed on Ukrainian stages several times.

The performers in their small shows are people both with and without physical disabilities. The main goal is to show the beauty of relationships and their equality. To reveal the value of humanity through the manifestation of otherness. According to theatre critic and manager Nadiya Sokolenko, the otherness in this case can take on different forms. The artist insists that inclusiveness is generally aimed at removing obstacles to access for people with disabilities and other marginalised groups – parents with young children, the elderly, etc.

Sokolenko thinks that two things hinder the Ukrainian theatre on its path to inclusiveness. The first, in her opinion, lies in the fact that a social model of disability has not yet taken root in Ukraine – there is not the understanding that someone with a disability is, above all, a person who also has the right to access art and that our task is to eliminate obstacles and make the theatre and performances more accessible to this category of people. The same applies to inclusive art: a disabled person can be the creator or co-author of an artistic work. The second thing Nadiya talks about is that changes like the reconstruction of theatre spaces, the addition of ramps, the installation of accessible toilets, the provision of equipment and the introduction of audio description and sign-language translation for performances all pragmatically require considerable expenses. It is a good thing when there are grants or additional funding for these needs, she states. However, in Ukrainian circumstances, when public theatres receive funding that only covers salaries and utility bills, it is only possible to dream of such services.

There are individual projects that people with disabilities can visit in Ukraine, but very few of them. As critics point out, closed events for such individuals only further marginalise these population groups. Ide-

ally, inclusiveness should enrich the theatre as a process and theatre as a product. Thanks to the implementation of this principle, people with and without disabilities can get into the same space equally easily, all types of spectators can sit next to each other at the same show without feeling uncomfortable and everyone can perceive the work in accordance with their own capabilities. Not to mention that otherwise the theatre loses a certain part of its potential audience, as well as its humanistic dimension. And everyone misses out on the wonderful experience of discovering something new for themselves.

OLD HABITS DIE HARD

The organisers came across the idea of holding a rigidly conceptual Parade Fest in Kharkiv to unite the whole city under the influence of Divadelna Nitra in Slovakia. This is a festival with 25 years of experience where all activities are subordinate to a single theme that is different each year. The idea to devote the first attempt at a new Ukrainian festival to democratic values and tolerance arose long before the project was launched, says Programme Director Veronika Sklyarova. The events of March 2014 in the city (the capture of the Kharkiv Regional State Administration by pro-Russian forces with public beatings and the humiliation of eyewitnesses) and the history of Kharkiv as the "first capital of Ukraine" almost embroiled local residents in the war. Veronica is convinced that this city, with its "underestimated potential", should become the capital of a new "Donbas region". Perhaps only because of the fact that the worst did not happen, we are still able to resist the enemy and keep hope alive.

Plays that are absolutely different in terms of their level and genres were lined up in the programme from the abstract to very concrete and even profound experiences. "It was precisely this level of problem, urgency and concept that I wanted to work with – without didactics and narrative, but with critical reflection and ecological talk about what is important," says Sklyarova. Of course, the conversation about the city of Kharkiv with all of its post-Soviet trauma and legacy was supposed to move on to consciousness and responsibility. The educational programme was built on this idea. Some of its activities were devoted to breaking down these complex topics, while the other was purely educational and seemed to answer the question of what to do next.

A special item in the Parade Fest programme was the theme of post-memory,

historical trauma and collective historical experience. It relates to how performative practices can and should work with the traumas inflicted on contemporary Ukrainians by distant events that they were not party to themselves. Such as, say, the Holodomor, as well as the First and Second World Wars. Stigmatisation of trauma, the organisers believe, leads to even more terrible consequences, because post-memory exists and works subconsciously even generations later. The main element in overcoming this trauma is dialogue, especially through art, theatre, music and culture in general.

Another original event in the programme was the lecture by cultural researcher and director Viktoriya Mironyuk, who brought her participative performance Red Wedding to Parade Fest. She believes that the unconscious imitation of canons and traditions without comprehension of collective historical traumas will continue to cripple society. Only discussion, letting go and the transformation of trauma

THERE ARE INDIVIDUAL PROJECTS THAT PEOPLE WITH DISABILITIES CAN VISIT IN UKRAINE, BUT VERY FEW OF THEM.

AS CRITICS POINT OUT, CLOSED EVENTS FOR SUCH INDIVIDUALS ONLY FURTHER MARGINALISE THESE POPULATION GROUPS

into a strong experience can overcome its negative impact on the daily life of society. Viktoriya gave many examples of how performative practices can work with collective trauma and give meaning to it, and the most eloquent was the demonstration of her collaboration with the Publicist theatre.

In the first years after the October Revolution, the "red wedding" became one of the main secular rituals – a joint creation of party ideologues, artists and the people. Inspired by the then avant-garde ideas of women's emancipation and collectivism, as well as the new ways of life at the time, this wedding was intended to replace the traditional religious format for celebrating a marriage and reinforce the symbolic unity of the newlyweds with each other and the collective. A participative performance based on this rite of passage, mixed with grotesque Socialist Realism concert acts performed by Publicist actors dressed in transparent clothing, turned into a satire on blindly following post-Soviet standards and patterns of thinking. By playing out a wedding, it invites viewers to immerse themselves in the ideas and aesthetics of early Soviet ritualism and to think about what is left of this history that was marked by avant-garde concepts about love and sexuality, as well as collective work and life. Viktoriya Mironyuk urges us to think about the influence of collective memory on our individual perception of the historical past. ■



PHOTO: BRITISH COUNCIL UKRAINE

Overcome your own pain. Performative practices can and should work with the traumas inflicted on contemporary Ukrainians by distant events that they were not party to themselves. The play 4:48 Psychosis by Sarah Kane directed by Roza Sarkisyan

TOO MANY COOKS

Stanislavsky would say "I don't believe it!" on hearing that an answer has finally been found to the eternal question – who is in charge in the theatre. The most important thing is that this "leader" is not the director. Text-centric theatres have long existed around the world, such as the Royal Court Theatre in London. Nothing needs to be said about actor-centred theatres – we just need to remember that the profession of director grew out of acting. Therefore, an actor that is at the same time the director is a classic combination. Back in the day, Czech theatre *Laterna magika*, which put the possibilities of stage lighting at the centre of its studies, won renown throughout Europe. The same can be said about the ancient Asian shadow theatres that emerged by the 6th century at the latest. Conversely, modern sanctuaries of art use augmented and virtual reality to gradually transform theatre from a "story" into an "experience".

In Ukraine, the experience of democracy has already been tested many times in this field of art. In the last century, plays have been created by studios and semi-professional theatre groups using the principles of collective direction and community authority. Now, the emancipated theatre wants to get rid of the director as a phenomenon not only because of his/her authoritarian will, but also because of the natural desire to combine several world-views into one. As they say, two, three or ten heads are better than one.

An example of such theatre could be given as the independent performance of playwright Dmytro Levytskyi, performers Nina Khyzhna and Oksana Cherkashyna,

and artist Yevheny Yakshin, which was recognised with the professional Kyiv Account award. The *Restaurant Ukraine* project was the second play with the participation of Levytskyi, Khyzhna and Cherkashyna that was barely taken seriously by critics. Following up on the project "My grandfather dug, my dad dug, but I will not", the performance was criticised primarily because of its lack of directing in a traditional sense. However, in the context of studying democracy in Ukrainian stage art, the history of this project is interesting from something other than a theatrical point of view.

The thing is that *Restaurant Ukraine* was faced with the problem of positioning its democracy. On the poster for the premiere last autumn, all the authors were listed alongside their roles – playwright, performers, artist, etc. However, the collective had to react for a year before the texts of professional critics and journalists, as well as posters for festival shows and the Ukrainian showcase, finally stopped writing about a "Dmytro Levytskyi project" and started to mention all of its creators. It seems that in this situation the team encountered not only the ignorance of their colleagues that write about Ukrainian theatre, but also their prejudices about the authors' gender. Given that the overwhelming majority of directors in Ukraine are men and by default it is customary to attribute any theatrical work to one person – one man – *Restaurant Ukraine* was simply a litmus test for understanding this situation.

Another experience in creating a democratic performance is the production of Sarah Kane's 4:48 Psychosis by director Roza

Sarkisyan. It was a finalist of British Council programme *Taking the Stage*, winning a prize as a special project from Kyiv theatre Actor. "Psychosis" was created by six women – composer Oleksandra Malatskovska, performers Nina Khyzhna and Oksana Cherkashyna, artist Diana Khodyachykh and curator Nastia Dzhumla worked alongside the director. Since the author of this text is involved with creating the production, I must say that alongside the traditional (and not so traditional) study of the British playwright's text, the project participants have devoted considerable efforts to studying not only the themes it touches on and all of the discourse around them, but also biographies and other texts by Sarah Kane. In this way, the multi-layered play about a woman and her psychosis turned into an emancipated performative act on the situation in Ukrainian society and its theatre in particular.

Roza Sarkisyan is deeply convinced as an artist and now the principal director of the First Theatre in Lviv that theatre cannot take a neutral position and be indifferent to the social and political trends that permeate through society. In her performances, she tries to resist censorship, and above all the self-censorship of artists. Roza is convinced that if trauma is not dealt with, it is passed onto our descendants with all the ensuing consequences and they will experience it as if it were their own. In an interview for the latest issue of *Ukrainian Theatre* magazine, the artist stated that "war is always a noise that paralyses, distorts and discredits individual voices, reproducing new black holes of silence". Therefore, Sarkisyan calls for the modern theatre "to take responsibility for giving a voice to those who are afraid to speak". The productions that she has in mind should firmly protect society against building up more and more collective traumas. In a situation where the entire Ukrainian theatre scene is a continuous "red wedding", this becomes an important gesture in the social space.

The topics that *Parade Fest* brought to the fore of its five-day theatrical and urbanistic marathon are new and complex. It must be said that the performances shown at the festival met certain resistance. If not from the audience, then at least from the conservative cultural community. Nevertheless, if the technical staff of Kharkiv theatres continue to exercise authoritarian control over their subordinate territories at a festival on tolerance and democracy, we are sure that everything is going as it should. But seriously, *Parade Fest* is needed in every city – about historical memory, tolerance and anything else, as long as its goal is honestly realised by all of the participants in the process, which can finally be joined by as much of society as possible. ■

Marion Döring:

“Filmmakers have an unspoken duty to tell honest stories”

Interviewed by
Hanna Trehub



PHOTO: ANDRIY LOMAKIN

The Ukrainian Week caught up with Marion Döring, director of the European Film Academy, at this year's Molodist Film Festival to talk about promoting European directors and the need for greater awareness about cinema among viewers, especially teenagers and young adults. Döring also spoke about the situation with filmmaker Oleh Sentsov, reminding us all, once more, that freedom is not guaranteed but has to always be protected.

When people talk about European film awards, the first one that comes to mind is Cannes's Golden Palm and the Berlinale's Golden Bear. How does the EFA differ from these two and what is its reputation today?

— Let me start with where things began. Thirty years ago, in 1988, group of filmmakers got together in Berlin for the first European film awards. This was just before the Berlin Wall was taken down, when a united Germany still hadn't happened and the communist and western systems lived parallel lives. The night before the awards, this group gathered in a hotel room because they were very worried about the situation in Europe at that point. The continent was divided and there wasn't much freedom.

They were also quite worried about film. The thing is that, at that point in time, viewers did not want to see European films because their screens were

filled with American movies. It was time to take the situation into their own hands, to win back audiences and restore their confidence that European film was worth their attention. The next day, during the awards ceremony, they announced the establishment of the European Film Academy. Four months later, it was up and running. Since then, we've been fighting to get European films to attract more attention.

I was there at this first meeting 20 years ago and can say that a lot has been achieved since that time—but not enough. In the last three decades, Europe has completely changed: the Berlin Wall came down, the communist system is no longer there, our borders opened up, and the continent has become freer and larger. Our Europe was geographically fragmented and it was not just about the EU. Now it has become more varied because some countries fell apart into smaller entities while others joined forces.

On a continent like this, European cinema is very important because it is a kind of ambassador for a different style of life and culture. The open question is how to engage more viewers with it. We've lost several generations because no one did much about developing knowledge about cinematography. We don't have huge promotion budgets the way that Hollywood does, and without financing, it's very hard to attract the attention of a wider

audience, which is not an easy challenge. Young people need to know more, as does our contemporary and future audience in order to develop a hunger and appetite for European films.

So it turns out that the European Film Academy has a lot of complicated challenges, more than America's Oscar. Indeed, we don't want to compare ourselves to the Academy of Motion Picture Arts and Sciences (AMPAS). We are a very different world here in Europe, and our film world is wildly different from Hollywood's.

Cannes, Locarno, Berlinale are a completely different story. You're talking about film festivals that last 8-10 days. The films that are shown there are mostly the debuts of directors whose careers are just in starting, so these festivals are powerful PR machines for these premieres: all the attention is on them—and all the expectations. We're more like BAFTA, the Oscars and a number of other national film awards that are given to directors who have already done something in cinema. It's an enormous challenge for us because very many European films are never shown outside the borders of the countries where they were made. Our aim is to popularize movies that have not been seen on every screen in Europe. And this goes on, year after year. The obvious point is that filmgoers cannot evaluate or even recognize movies that they've simply

never seen. It's also important to engage young viewers, to work on making them more aware so that they don't trot off to where the big promo budgets are but can listen to their own hearts and tastes. The EFA is more about informing, educating, building awareness, and making policy.

How open are non-documentary films in Europe to exposing the political and social conflicts going on today?

— Europe is many countries and nations that have enjoyed open borders for the last 40 years. Young people travel a good deal and can see and discover many different cities, cultures and people of all kinds. All of this should have an impact on their desire for films. How else can you find out about a different culture? I think the simplest way is to see a movie. In an hour and a half or so, you find yourself in a different world and you get an idea of what's going on beyond the fancy signage. It's pretty difficult to imagine a situation where, wherever that I am, I can just knock on the first door I come across and ask people to show me how they live and tell me

OLEH SENTSOV'S INCARCERATION IS WHAT HAPPENS WHEN FREEDOM OF SPEECH AND OF ARTISTIC EXPRESSION ARE LOST. IT'S SO IMPORTANT FOR US TO REMIND EACH OTHER AND NOT FORGET ABOUT HIM

how they feel, what they are afraid of and what they hope for... This is simply not accessible because it means invading someone's privacy. But in a movie, all of this is possible because the film takes me where I need to go, to the human core. This is a very valuable phenomenon and experience. We have to concern ourselves with getting as many people as possible to look at such films so that they can begin to talk about the emotional state of our countries and of Europe—and about the future.

When you start getting closer to other people, you find out how to identify with them, and I think the psychological effect is that you become more tolerant. This is why we need to be spreading European film culture. I believe that if people start watching this kind of movie, the world will become just a little bit better.

Every year when I look at the list of films being submitted for the European film awards, I see about 50 creative films and 15 documentaries. All of them, one way or another, look at complicated individual and collective issues. Of course, sometimes a comedy is just a comedy, but most films bring up a series of problems. Take the film, *Body and Soul*, by the Hungarian filmmaker Ildiko Enyedi. This film was made in a country where making a

Marion Döring studied French and Portuguese at Mainz University over 1972-1975. From 1976 until 1979, she worked at the Fuldaer Zeitung and Hessisch/Niedersächsische Allgemeine papers. In 1987, she was appointed press attaché for the 750th anniversary of Berlin and the awarding of what was then West Berlin the title, European Capital of Culture, in 1988. Döring has been connected to the European Film Academy from its very founding in 1988, first as a PR manager for the European Film Awards, and then as project manager for activities and publications. In 1996, she was appointed EFA director. Since 2004, Döring is also the producer of the European Film Awards.

free film is not easy at all, but the director was able to paint this very beautiful, bold picture. If we count all the directors, we'll come up with a long list, and if we add the documentary makers, the list will be enormous. The current generation of filmmakers is very much concerned about contemporary issues.

There's no lack of talented directors who are ready to make movies about complex issues and values. The problem lies elsewhere. Right now, the eighth project called "Young Audience Award" is now taking place, which is aimed at teenagers. All seven times, we showed three nominated films in theaters in six different countries. These showings led to discussions between youthful audiences and film professionals. In the evening after the showing, they all voted online to pick their favorite.

The award ceremony took place in Germany and we aired it online.

You know, young people are happy to spend a day at the movies, to watch three complicated, non-popcorn European movies where the subjects touch on political and personal freedom, dignity and so on. This project has been so popular that today 34 countries are on board, represented by 45 cities across Europe. We have also set up an interactive bridge among different theaters so that the young audience can see what's going on elsewhere. Young people really like that. They are proud that they are part of the jury and can influence the final decision as to who gets the award. For them, it's important to be part of the European community, to influence decisions, and to be heard.

I think this is a wonderful educational project that develops a taste for quality films among young people. Every time before the project starts again, I poll young viewers about what films appeal to them. The typical response is Hollywood horror flicks and action movies.

Some say that movies and their directors should be above the political clashes and battles that take place in our world because they are making art. What are your

thoughts about this attitude? About the notion that films, like literature and theater, can be mediators of certain meanings and values?

— The main work of a filmmaker is to make films. Filmmakers have an unspoken duty to tell honest stories and to talk to us about values. Those who make films are a somewhat privileged group that has the advantage of living freely and freely making films. They have an immense responsibility to make movies for and about those of their colleagues who are in far worse circumstances and films for future generations that need to understand why this or that value is important.

Not long ago I happened across statistics about what young people think of Europe. Nearly 60% value it, yet the one thing that young people are not very interested in is democracy. They think that it's not that important. True, democracy is not the best possible political organization, but it's the best of what we have. People don't always behave the way they should but every one of us needs to live in peace and freedom, which democracy can ensure. It seems that many Europeans are used to being in Europe and considers this an entitlement, a given, not a value. In short, the sated person is no friend to the hungry. If democracy is a daily reality, why should anyone suddenly worry about it?

Many people don't seem to understand that they should go and cast their ballots. This is what happened when they voted on Brexit in the UK. Young people massively ignored the referendum for myriad stupid reasons: the weather was nice, so it was a perfect time to just hang out. Since they didn't vote, they took no responsibility for their own futures and did not vote against Brexit. Freedom of movement and opportunities to work elsewhere in Europe applied to the British as well, but it looks like Brexit will now undermine these options. In blowing off their vote, young people failed to defend their own futures.

We can see that Europe is now divided into camps. Poland, Hungary, Germany and a slew of other countries are now in

a situation where their political right wing has enormous electoral support. That's scary. It's time to say out loud that if we don't defend the rights and freedoms that we have today, they will very quickly disappear. How can films help in this case? Because they can talk about all these issues. They can show us what life might be like when there's no freedom and how a society and a country get to that place. We are all responsible for what happens.

The film world is divided along geographic and cultural lines. Asian, American and European cinematography are completely different universes. What is most significant about European film for you?

— European films raise many issues. Their protagonists are not always heroes or superheroes and their heroism lies in a different plane. It arises from the fact that the protagonists try to understand what's going on around them and how to build their own lives. These aren't the superheroes of American action movies but individuals with whom the viewer can identify.

Unlike literary classics, film classics are not taught in school curricula, even though both represent world art. Developing a fine taste for film is not a school matter?

— I agree that this is missing and it's a problem. Why is it so? Because in many countries politicians think it's unimportant. Public school curricula include courses in literature but none in cinema. The question is, how are people then supposed to know about film classics? About Ingmar Bergman and Aleksandr Dovzhenko? Just like literature, filmmaking is an art. European cinematography confirms European culture, regardless of Europe's divisions, variety and fragments. This is one of the things that unite us all.

The fact that people are no longer reading thick books is a sign of our times. But everybody still watches movies because they take less time. So, let young people watch Bergman, Kieslowski and others. They still have plenty to tell the world.

Andrzej Wajda's last film, *Afterimage*, used the fate of a single individual to show how Stalinism destroyed avant-gardism in Poland. I doubt that young people today would read a book on this subject, but they will watch a movie. Especially if there's a great artist's name behind it. For me, Wajda is a hero, a man who never lost courage in life to his very last day on earth. And he's not the only one: among European filmmakers there are plenty of those who are bold as children. However, sometimes just to watch a particular film is an act of courage.

The arts, including cinema, did not always stand on guard for freedom, democracy and human rights. Under dictatorships, it often served those in power. What can be done when we see similar practices being revived, especially in Russia?

— We all know how the Nazi regime used the arts, and it's no secret that there were artists who allowed themselves to be as tools on behalf of Nazism. Here it's important to mention a few things. For an artist, to live under a dictatorship is a very difficult experience. It's hard for me to even imagine something like that, because I've been lucky enough to live in an era where freedom was part of life and I have no experience of having to choose between my individuality and getting some benefits. And I can't pass judgment on those who were not strong enough not to compromise. When you have to choose between protecting your family and protecting your art—it's a terrifying choice. Today, we must do everything possible to make sure that that kind of situation never returns and that no one is ever again faced with such a choice. We are all human and it's hard to say how any one of us might react in such a situation.

Nobody but us will defend our democracy or our freedoms. Each of us acts in their defense in various ways: journalists in theirs, because writing is a very powerful instrument of influence, and the European Film Academy in its. Every year, in addition to aware, we hold human rights platform where we talk about free speech and artistic expression. Our main awards ceremony also has an element of this, not just the light of border lights.

In fact, the question is, how can people live under a dictatorship. In fact, the question is, how should people live under a dictatorship, when there is no freedom? Somehow or another, in a very subtle manner, they manage, between the lines, to tell about many very important things in their works. It's not always necessary to tell everything, starting with the title page.

Ukrainian director Oleh Sentsov is continuing his hunger strike until all political hostages held by the Kremlin are released. What can the EFA do to support its colleague who has been unlawfully incarcerated in the Russian Federation for the courage not to agree to the illegal actions in his Crimean homeland?

— Those who willingly vote for populists today don't seem to be aware of what

will probably happen after those politicians come to power. It's a question voters seem to just leave up to chance. Western Europe has lived a fairly good life for some decades at this point, and this good life has led to a failure to really concern ourselves about education and on handing down our values to future generations. We figured they would see them and automatically absorb them as their own, but that's not happening. People need to be reminded every day that their free life is a privilege. We can see that on the streets of Kyiv, where a slew of stores has put up posters and banners in support of Oleh Sentsov in their windows. When people walk by, they at least stop and think about who this is.

We are trying to do as much as physically possible for Sentsov. His incarceration is what happens when freedom of speech and of artistic expression are lost. It's so important for us to remind each other and not forget about him. Right now, because he's continuing his hunger strike, there are many activities on his behalf. Not long ago, Agnieszka Holland and Wim Wenders published an open letter in which they addressed Russian politicians and filmmakers, among others.

SO IT TURNS OUT THAT THE EUROPEAN FILM ACADEMY HAS A LOT OF COMPLICATED CHALLENGES, MORE THAN AMERICA'S OSCAR. INDEED, WE DON'T WANT TO COMPARE OURSELVES TO THE ACADEMY OF MOTION PICTURE ARTS AND SCIENCES. WE ARE A VERY DIFFERENT WORLD HERE IN EUROPE, AND OUR FILM WORLD IS WILDLY DIFFERENT FROM HOLLYWOOD'S

In addition to this, we are constantly reminding our own politicians and leaders that Oleh Sentsov must be set free. We're talking not just about Germany but also about the rest of Europe. The point is that such campaigns typically aren't very high profile. At the political level, diplomacy often takes place in face-to-face meetings. The Sentsov case is on the agenda of European governments, but any decision can only be made in Moscow. On June 14, the football championships kicked off in Russia and this is yet another opportunity to draw widespread attention to the situation with this Ukrainian filmmaker. We can't get together and enjoy the celebration of sports while forgetting about Oleh Sentsov, who was jailed simply because he had expressed his own opinion and because he is a Ukrainian artist. And it's not just about him, either. How can anyone drink beer, dance in the streets and enjoy football when all these people are still behind bars? Let's not forget that something like this could happen to any of us. ■

Till July 15

The World of Giants: Flower Show

Spivoche Pole (Kyiv)

To see the kingdom of flowers in Kyiv, head to the World of Giants, a flower show open at Spivoche Pole until mid-July. It took florists over 200,000 flowers to create the beautiful installations of items we use in everyday life. As a result, you will find giant pieces in any shape or color, from shoes to lipsticks – all made of flowers. Children will have a playground, a rope park, a fair of handmade things, attractions and an open-air cinema to enjoy.



July 13 – 15, 15:00

Taras Bulba

Spartak Stadium (Dubno)

This old town will once again host the festival of Cossack spirit and rock music. The organizers describe it as a place where Ukrainian rock music is forged and Ukrainian spirit reinforced. Taras Bulba has helped many Ukrainian bands start their music careers, and is still a starting point for young musicians. This year's performers present a perfect mix of well-known and young bands and performers, including KOZAK SYSTEM, Khryštyna Soloviy, KARNA, Morphine Suffering, Tin' Sontsya, SINOPIK, Zhadan i Sobaky, Space Of Variations, BORSHCH, VIY and many more.



July 13 – 15, 16:00

Santa Muerte Carnival

Platforma Art Factory (vul. Bilomorska 1, Kyiv)

Kyiv's first all-night Santa Muerte Carnival continues the summer of festivals in Ukraine's capital. The inspiration comes from the Mexican Día de los Muertos, a day to celebrate the dead when the locals decorate altars with flowers and wreaths, have fun and make banquets. Kyiv's carnival presents only the fun part of the celebration, including Mexican food, music for dancing, carnival costumes and make-up. Make sure you get your share of fun and good memories!



July 21, 19:00

LvivMozArt Eco-Symphony Concert

Opera Theater (Prospekt Svobody 28, Lviv)

Music is as good as paint and brushes in describing the power of nature. The International Festival of Classical Music in Lviv will feature the band KURBASY with Ukrainian violinist Valeriy Sokolov and Bulgarian virtuoso solopercussionist Vivi Vassileva in The Tears of Nature, an impressive concert for drums and orchestra by Tan Dun. Completing the night will be a premiere of Zoltan Almasi's cantata for a vocal ensemble and symphonic orchestra inspired by the songs for the Kupala Night.



July 21 – 22, 17:30

Jazz at the Dnipro

Monastery Island (Dnipro)

This year's Jazz at the Dnipro celebrates its 50th anniversary. So the city will soon host jazz lovers from all over Ukraine. The line-up will please the most demanding audience featuring iconic French pianist Jacky Terrasson, brilliant American singer Dee Dee Bridgewater, young organ music genius Hammond Matthew Whitaker and virtuoso Australian saxophonist Troy Roberts.



July 25 – 26, 16:00

UPARK FESTIVAL 2018

Dynamo Stadium (vul. Hrushevskoho 3, Kyiv)

This festival is experimenting with a new format – a combination of good music, creative performances and impressive visual effects. For two days, it will make Ukraine's capital pulse in tune. The rhythms will come from some top celebrities, including Gorillaz, the British trip-hop legend Massive Attack, DJ and producer Simon Green also known as Bonobo with his music and light show, and ONUKA, a Ukrainian electro-folk band well-known across and beyond Ukraine. The visitors will also enjoy many photozones, entertainment platforms and a huge food court.





NEVER CHOOSE BETWEEN BUSINESS AND PLEASURE



Pillar-free ballroom
for up to 500 delegates



11 interconnecting meeting rooms
and boardroom with natural daylight



Daylight in Grand Foyer - to energize
your coffee breaks with sunshine



Built-in screen, projector and sound
system in each meeting room



High-speed Wi-Fi
Internet connection



Dedicated Hilton
Meetings Coordinator



Personalized
Online Group



Event Planner
Bonus Program



30 Tarasa Shevchenka Boulevard | Kyiv | 01030 | Ukraine
kyiv.hilton.com | hilton.ru | kyiv.reservations@hilton.com
#HiltonKyiv Hilton Kyiv @hiltonkyiv



atmosfera
restaurant

COME AND DINE ON CLOUD NINE



Pushkinska str. 29
Premier Palace Hotel
(044) 244 13 04

facebook.com/AtmosferaRestaurant
instagram.com/atmosfera_restaurant