The Ukrainian Week

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BRIEFING

The Corrosion of Information

Alla Lazareva

Shock, anger, a feverish search for ways to mobilise colleagues, politicians and significant figures... Not that the verdict against Paris Ukrinform correspondent Roman Sushchenko was a surprise. Twelve years of maximum-security prison is fully consistent with the Kafkaesque logic seen in the sentencing of Oleh Sentsov, Oleksandr Kolchenko, Mykola Karpyuk and the Kremlin's other political prisoners. Nevertheless, the news was stupefying: when you have known someone personally for years, the injustice is perceived many times more acutely.

PHOTO: UNIAN

According to Mark Feigin, Roman's representative in court, as well as Ukrainian Deputy Speaker Iryna Herashchenko, the verdict in Sushchenko's case could facilitate his exchange for a Russian held in Ukraine, as it marks a mandatory stage in the formal prisoner swap process. The FIFA World Cup, which is about to start, will attract additional interest to Russia from around the world. Therefore, in the context of this international event, there is a small extra chance for Ukrainian political prisoners to come into the spotlight of world attention and rouse the indifferent.

France has a large chance to play a special role in the case of Roman Sushchenko. He worked in Paris for the last six years before his arrest and this country is one of the four negotiators on the military conflict in Ukraine as part of the Normandy Format. Emmanuel Macron recently visited Saint Petersburg and moved onto "first name terms" with Vladimir Putin. In fact, not much is required: just for the French president to have the desire and find the time to take up the issue. Since Monday, the Élysée Palace and the website of the French head of state have been flooded with messages and appeals, open letters have been penned and signed, and a demonstration is being prepared to demand the release of Roman Sushchenko... Will this quantity of actions turn into a high-quality political reponse? Frankly speaking, there is no such certainty.

THE CURRENT HUMAN RIGHTS BUREAUCRACY INCREASINGLY WORKS ON SUSTAINING ITSELF, BASICALLY TRANSFORMING INTO PR AGENCIES. FORMALITY TRUMPS EXPEDIENCY, THE CONTEXT OF INFORMATION WARFARE IS VIRTUALLY IGNORED AND THE RIGHT TO PROPAGANDA IS IN PRACTICE EQUATED TO THE RIGHT TO FREEDOM OF SPEECH

It cannot be said that Roman was not well known in Paris. Official accreditation from the Ministry of Foreign Affairs, hundreds, if not thousands of publications (from short news items to extensive analytical reviews and interviews), a huge number of press conferences, seminars, colloquiums, coverage of official visits and negotiations at various levels... Every day over many years, he crossed paths with hundreds of French colleagues. However, no more than 10 Parisian journalists joined his support committee. The savage, by the standards of the civilised world, verdict was reported by a dozen influential media outlets, including, of course, *Le Monde*, Radio France Culture and *Le Point*. But there could and should have been much more if there were the proper level of journalistic solidarity. If only international organisations such as the IFJ (International Federation of Journalists) and RSF (Reporters Without Borders) did not maintain a shameful silence for two days after Sushchenko's verdict was made public. If only over the last quarter of a century in Western Europe, and in particular in France, a vibrant and attractive Ukrainian narrative had been formed and established that would allow communities to quickly recognise Ukrainian challenges and react promptly to them.

The general indifference that has overgrown the collective vision of Ukraine like abundant moss is fed by the world's insufficient awareness about our lives. "In order for Ukraine to stay trendy, a big American producer would have to shoot a blockbuster about the country," Michel, a Parisian engineer, jokes. "Then even every single French village would know that such a place exists." If you ask ordinary Frenchmen what they know about Ukraine, some mention chess player Anna Muzychuk who refused to attend the world championship in Saudi Arabia and others recall the Maidan, Crimea and the war, but no clear emblem, such as the Russian bear or Gallic cock, exists in the collective imagination. Where there is a lack of systematic knowledge, the void is filled with stereotypes from without.

A striking example is the response of the French media to the staged murder of Arkady Babchenko. Discussion of this truly non-trivial event did not die down for several days. After a long break, Ukraine returned to French TV, although not in such a favourable perspective. Everyone found time to make a comment: publicists and criminologists, specialists in geopolitics and writers, historians and law enforcers. "The Ukrainian intelligence services are not very serious," declared Jean-Dominique Merchet from new daily newspaper *L'Opinion* on the programme *C'est dans l'air*. "The Russian intelligence services, on the contrary, are serious"...

Such sentiments were ten a penny, no matter how much they contradicted common sense. Even if the communications of Ukrainian law-enforcement officers regarding the attempt on Arkady's life were not flawless, certain faux pas and the haste in Ukrainian actions by no means prove the "seriousness" of Russian intelligence. This can perhaps only be said about Moscow's consistency in eliminating its opponents – from Trotsky to Litvinenko and Skripal. According to Russian logic, Babchenko also belonged to this category of "defectors". Therefore, the danger to his life was and is real. But the French journalist did not look towards historical parallels. He only mocked the press conference in Kyiv and confidently identified the attempt to assassinate the journalist as a fake, although the investigation is ongoing and it is too early to judge the quality of the evidence.

It is noteworthy that Reporters Without Borders and the International Federation of Journalists, in contrast to their reaction to Sushchenko's sentence, which corresponds to the best Stalinist traditions, commented on the Babchenko case twice. At first, as is the established pattern, they demanded an investigation and then got annoyed as they felt they had been cheated. The good old standards of the Cold War, when Western intellectuals actively fought for Soviet dissidents and political prisoners, have fallen into oblivion. The current human rights bureaucracy increasingly works on sustaining itself, basically transforming into PR agencies. Formality trumps expediency, the context of information warfare is virtually ignored and the right to propaganda is in practice equated to the right to freedom of speech.

The Cold War years had a clear communicative style and recognisable symbolism. Hybrid warfare has erased the boundaries between ethical and immoral, between acceptable and inadmissible, between post-truth and reality, depriving the elite of its backbone. The four years of war in the Donbas should have been an argument for the emergence of a myth of Ukraine as a soldier country, a symbol of resistance to Russian aggression and despotism. But something has gone wrong, at least in France. The times when fifty countries boycotted the 1980 Olympics in Moscow because of the war in Afghanistan have passed. The Western public, in anticipation of a festival of football, is getting comfortable in front of their screens and some are even going to the Russian Federation. As a result, no one is boycotting the Russian World Cup because of the war in Ukraine. A steadfast minority fights for the freedom of political prisoners, hoping that despite everything the quality of their efforts will overcome the widespread indifference.

War and Memes

How to overcome Russian cultural domination

Denys Kazanskiy

Even schoolchildren know that wars today are not only fought on the front lines. Wars can be economic or informational and the battlefield has long been not only the real world, but also cyberspace, where the weapons of choice are not tanks or artillery, but words, images or memes.

The active phase of the Russian-Ukrainian war, as is well known, began in 2014, after Russian troops invaded the Crimea. It is much less often remembered that the invisible informational and cultural war for hearts and minds between Russia and Ukraine began much earlier. While on the front lines Ukraine managed to withstand and contain the enemy'sonslaught and even regain part of the seized territory, its successes in the culture war have been much more modest. In this aspect, as before, the Russian Federation feels that it is fully in charge and reigns over most Ukrainian territory.

Since 2014, it has been common in Ukraine to stigmatise and reprimand separatists and collaborators in every possible way. It goes without saying that people who hate their own country rouse little sympathy from anyone. But at the same time, we almost avoid asking ourselves the main question, which should be a priority: how did it happen that a large number of our citizens became traitors? Why do millions of our compatriots openly or implicitly sympathise with the aggressor in the current war? Why do people with Ukrainian names and surnames often think and speak like inveterate Russian nationalists and Black Hundredists.

Without understanding such key things, the war against Russia can only be put on hold, but never won. More or less the same way as it is now. The front line in the Donbas has barely moved for a couple of years and is basically on pause, but few doubt that Moscow will not stop there. The fertile ground on which the 2014 conflict blossomed has not gone anywhere. Millions of citizens sympathetic to Russia still live in Ukraine, which Moscow can use at any time to justify further invasion, which was already observed after Yanukovych fled to Rostov. Russian President Vladimir Putin said long before the war that Russia ends where the Russian language ends. There is a grain of truth in this, because while Russian troops can be stopped by a line of fortifications, it is not so simple to block Russian cultural and informational expansion in the Russian-speaking community.

To withstand a hostile army, you need to have your own with a comparable amount of weapons and level of training. In order to resist the enemy in a war of content, you must be able to create your own content that is comparable in terms of volume and quality. In this field, Ukraine's successes are even more modest than its military advances. The country's cultural space, as before, is largely controlled by Russia. This endlessly generates "pro-Russian Ukrainians" – citizens of Ukrainian origin who live entirely within the Russian cultural and media space and think more like Russians than Ukrainians.

A blow on social media. Facebook blocked the account of artist Andriy Yermolenko after he posted his works on the World Cup in the Russian Federation. However, they still managed to become a meme

The concept of memetics – the theory of self-copying units of cultural information (memes) – has been part of international science since 1976, when the term was coined by British researcher Richard Dawkins. In terms of the number of memes created, Russia has been far ahead of Ukraine for a long time. This applies to almost any memes: in the narrow sense of the word (images online) and the broad one (music, popular quotations, iconic films). For some people, this issue may not seem so serious. But memes ultimately form our consciousness. They shape a person's attitude towards reality – in particular, they prompt people to take up arms and support one side or another in a military confrontation.

Instead of cursing a Ukrainian from Slovyansk or Luhansk who decided to join the pro-Russian armed forces in the Donbas, we should ask ourselves what prompted him to do this. Only by understanding the causes can we deal with their consequences. As soon as we begin to study this issue, we will immediately see that the chances for inhabitants of industrial cities in the East of the country to become patriotic citizens were slim.

Imagine a resident of the Donbas who was born in the second half of the 1980s and is about 30 years old. From birth onwards, he existed in the Russian media space, surrounded by Russian memes. At first, he watched Soviet cartoons and children's series like *Guest from the Future*. Then with the proliferation of pirate video cassettes, he moved on to Hollywood productions, dubbed by Russian translators: their voices engraved themselves into the memory of anyone who lived through the 1990s and have also become a meme. In his teenage years, he began to listen to Russian rock groups that were popular among the youth of the time, like Kino, Ariya, Alisa and Grazhdanskaya Oborona, and learned to strum courtyard classics on the guitar. Everywhere – at school discos, on the bus, at the market – he was surrounded by Russian music, pop or chanson. At the turn of the century, Russian films like *Streets of Broken Lights, Brother, Brigada* and *Bimmer* started to come into fashion. Popular quotes from these films – "What is power, brother?", "Whoever is right is strong", etc. – entered the vernacular. These Russian superheroes were of dubious quality – crazy veterans of the Chechen war, cops and bandits – but they had to do, because we had none of our own.

TRUE INDEPENDENCE FROM RUSSIA WILL COME WHEN UKRAINIAN CITIZENS STOP QUOTING RUSSIAN FILM CHARACTERS AND SEND UKRAINIAN MEMES TO ONE ANOTHER ON SOCIAL MEDIA

If our Donbas native wanted to read, he went to the local book market, where a wide range of Russian titles were sold: the detective stories of Dontsova and Marinina, pulp fiction adventure stories, historical works on the Great Patriotic War, "murderous Banderites", "Mazepa the traitor" and the "failure of the project called independent Ukraine". "High-brow literature" was published for intellectuals – the novels of Victor Pelyevin and Vladimir Sorokin.

What was on the other side all this time? Which Ukrainian products did a resident of the Donbas have access to? The music industry did the best work. There were at least some well-known Ukrainian-language bands: Okean Elzy, Skriabin, Vopli Vidopliassova, Iryna Bilyk (yes, she still sang in Ukrainian back then). Of course, it was much less likely to hear them on radio stations than Russians, but it was at least something. After all, the film industry was in a much worse position and over the first 25 years of independence was unable to produce a single Ukrainian film that could claim cult status or at least become a notable mass culture phenomenon. Ukraine never had its own Danila Bagrov from *Brother*, so Russian characters were printed on posters and young people spoke in lines from Russian films.

No better was the situation with Ukrainian books, which were, of course, published, but barely reached the East of the country. Prior to the emergence of bookshop chains, in the era of bookstalls and informal trade on the streets, the cities of the East were totally dominated by Russian products. Ukrainian books could be found much less often and Ukrainian writers got lost against amid the diversity of the offer in Russian.

Did a Donbas resident have many chances to become a conscious citizen of Ukraine and a Ukrainian in general? Of course not. People grew up and their personalities formed completely immersed in the Russian media space. This author knows what he is talking about, since he grew up and was educated in such conditions himself. To be a Ukrainian in the Donbas, you always had to make an effort.

The political crisis and 2014 war were largely the result of this total domination of the Ukrainian cultural and media space by Russia. Until the situation balances out and Ukraine regains its lost positions, we will never claim a complete victory. Our culture must be able to win back the territory previously surrendered to the Russians, just like the Ukrainian army recaptured Slovyansk and Mariupol from the enemy. But for this purpose, it is necessary to invest money in culture, as well as in the Armed Forces.

Cultural expansion on its own territory should become a fundamental task and a national project for Ukraine. This is no exaggeration. We gave up the initiative on our own land long ago to a neighbour who, as we know, does not wish us joy and prosperity. The defensive force of weapons is not enough. True independence from Russia will come when Ukrainian citizens stop quoting Russian film characters and send Ukrainian memes to one another on social media. These national products do not necessarily have to be in the Ukrainian language, but they must be Ukrainian.

From a technical point of view, this problem can be solved. Many countries have financial support programs for book publishing and cinematography, as well as a grant system for writers. In recent years, the ball has started rolling again in Ukraine, but these efforts are still not enough. It is important to understand that huge amounts are not required. Today, the tens of millions of hryvnias allocated to the Ministry of Information and the Ministry of Culture are spent inefficiently and could be given to more deserving recipients. Instead of supporting the "propaganda ministry", it would better to launch a competition with a large prize fund for Ukrainian-language rappers. Maybe then, our artists will pop up in the YouTube trends next to their Russian counterparts. It is worth investing in Ukrainian culture today to save on investments in defence tomorrow.

A World Cup Dripping in Blood

The information background of the World Cup in Russia

Ivan Verbytskiy

On 14 June, the World Cup will start in Russia. The feeble protests from the concerned part of the Western European and North American community have been in vain. Softened up by Gazprom dollars, Pele, Maradona and countless other past and present stars are more than happy to have photos taken with Putin, while Lionel Messi, one of the two best players of modern times, has appeared in promotional videos for the tournament.

They do not care. They do not care about the fact that mindful people draw clear parallels between the 2018 Russian World Cup and the Berlin Olympics in 1936. Those Games were supposed to demonstrate "the greatness of the power and spirit of the great Aryan man". The current tournament, due to the fact that the Russian football team is patently useless, is intended to underline the international power of Putin's empire.

FAILED BOYCOTT

After the world swallowed the annexation of Abkhazia and South Ossetia, Putin, after holding the 2014 Olympics in Sochi, went on to audaciously seize the Crimea from Ukraine and has now been waging war in the Donbas for over four years. Flight MH17 shot down near Donetsk and the terrible footage from Aleppo in Syria, showing the bombing of peaceful cities and villages, did not make an impression on European humanists and selective human rights activists either. A country of 18 million prior to the hostilities has been turned to ruins. Nevertheless, this is not called genocide any more.

They live by their own day-to-day realities. In the 1980s, the reaction to the Soviet Invasion of Afghanistan was the boycott of the Moscow Olympics by representatives of 65 countries, including the United States, Canada, Turkey, Korea, Japan, Malaysia and the Federal Republic of Germany. Not even "friendly" China came to Russia. That was the beginning of the global economic and political pressure that accelerated the collapse of the USSR.

In the run-up to the upcoming World Cup, a boycott was only seriously spoken about once. And not even in the context of Ukraine or Syria (not to mention Georgia). The poisoning of Russian spy Skripal and his daughter in Salisbury, England was almost a turning point. Failing to receive an adequate explanation from the Kremlin, British Prime Minister Teresa May sent 23 Russian diplomats out of the United Kingdom. This is one of the largest such expulsions since the Cold War.

In addition, the British Government considered the possibility of seizing some Russian assets and closing certain bilateral relations. One of the next options looked at for sanctions was a boycott of the World Cup. Initially, this referred to a snub by diplomats and then the possibility of the English national team withdrawing was mentioned. Labour Party MP Stephen Kinnock proposed taking the World Cup away from Russia completely and holding it in 2019 in another country.

British Foreign Secretary Boris Johnson, who compared Putin to Hitler, stated that Britain could reconsider its participation in the tournament if the role of the Kremlin in the Skripal poisoning was confirmed. This later happened, but no one returned to the boycott idea. Not least because the British rhetoric was not supported by any of the other 30 participating countries. Perhaps, the picture would look different if the US national team had qualified for the World Cup. However, the Americans were dramatically pipped by Panama and did not make it to Russia. Therefore, they could not be the initiators of a boycott by definition.

In the end, all protests will be limited to the diplomatic level. The Russian tournament will be ignored by officials from the UK, Sweden, Iceland, Japan, Poland and Denmark. Interestingly, there are no representatives of Arab countries in this list, which ostensibly should have supported Syria. In addition, FIFA prohibited Russian artists who have disgraced themselves with performances in the occupied Donbas from being involved in official events.

No expense was spared on preparations for the World Cup by Putin and his cronies – almost **$8 million** was spent. This amount is an all-time record for a football world championship. It was the same with the **$51 billion** that was spent 4 years ago on the Sochi Olympics

But it is unlikely that their absence will be noticed by anyone. It is noteworthy that no notable representatives of the football elite are planning to boycott the world championship. The mouthpiece of this wide community was the once famous English football player and now TV presenter Gary Linker. "Who are we to start getting judgemental on who should have the World Cup?" the annoyed sportsman said in an interview. "We all know how corrupt our country is at times. Perhaps we don't like some things that Putin has done, but we'll be there, we'll be their guests." It should be mentioned that Lineker's official fee alone just for presenting the World Cup draw ceremony was €22,000.

FLOWER IN THE MANURE

No expense was spared on preparations for the World Cup by Putin and his cronies – almost $8 million was spent. This amount is an all-time record for a football world championship. It was the same with the $51 billion that was spent 4 years ago on the Sochi Olympics, which was four times more than the Koreans shelled out for the 2018 Winter Games in Pyeongchang.

In theory, for such money, all of the infrastructure should be immaculate. However, the experience of Sochi shows that when it comes to the details, the Russians remain true to themselves. Construction materials remained scattered around the Olympic Village and the roads were covered in mud. Johnny Quinn, an American bobsledder, became a social media darling with a photo of a smashed door. The cheap lock in the hotel bathroom would not open, so the athlete had no choice but to break though the chipboard door.

ILLUSTRATION: ANDRIY YERMOLENKO

Of course, football players are not bobsledders or ice skaters, so they will be lodged in five-star apartments with all mod cons. However, a lot more fans will come to Russia over the month to watch football matches than attended the Sochi Olympics. They are mostly unpretentious people who want to stay abroad for as long as possible while spending as little as possible. They will certainly become familiar with the authentic charms of Saransk, Yekaterinburg, Rostov and Mordovia.

Six years ago when Ukraine hosted Euro 2012, foreigners talked about us as a hospitable and very cheap country. Beer priced at €1 flowed in streams in Kyiv, Lviv, Kharkiv and Donetsk. Indeed, the locals realised at the time that they were selling themselves short. They partly made up for lost time this year, setting astronomical prices for hotels, food and alcohol (in the centre of the capital) for the days around the Champions League final. This forced not very wealthy foreign fans to look for housing on the outskirts of Kyiv, putting them in the shoes of Ukrainian fans who visit Spain and England.

Indeed, foreign guests at the Russian tournament can expect the same treatment. The only difference is that we had one match at the end of May, while national team supporters will have to stay on Russian territory for two weeks if they want to see even all the matches in the group phase. This scares away many European football fans. Although for some reason, the British press does not talk about the Russians in the same way it does the Ukrainians, not calling the fans there "the most bloodthirsty Nazis in Europe" as they recently dubbed the Dynamo Kyiv ultras. However, the fact is that fans make up a tight-knit community and they know where and from whom they should expect trouble without additional recommendations from the media. The English know that compared to Russian skinheads, the Ukrainian "thugs" look like heavenly angels, so they will have a long hard think before going to see their team play in Volgograd, Nizhny Novgorod and Kaliningrad. Especially considering that the Marseilles fight at Euro 2016 is still fresh in the memory.

Undoubtedly, most ultra movements in Russia are controlled by the FSB. However, there is no guarantee that there will not be any "controlled lack of control" again, like in the port of Marseilles.

BIG MONEY INSTEAD OF SPORT

One way or another, Russia will do everything in its power to impress the average foreigner with the scale of the tournament. First and foremost is use of the media. It is no accident that the Western press reported on the total racism in our country before the European Championships and Champions League final in Ukraine, but have not said a single word about similar phenomena in our neighbouring country prior to the Russian World Cup. Even considering that incidents of racist abuse occur regularly at Russian stadiums, especially during international matches. Only for some reason, FIFA and UEFA remain completely loyal to them, in contrast to their reaction to red and black flags in Ukrainian stadiums. It is also telling how quickly The Ukrainian Week art director Andriy Yermolenko, who devoted a series of hard-hitting drawings to the coming World Cup, was silenced on Facebook. Initially, his posters drew the anger of Russian propaganda media outlets and then Andriy was banned from the social network.

Russia is worried about its image ahead of the World Cup opening ceremony. Perhaps, more than it is worried about its team's performance. Of course, a strong squad would not hurt Putin's level of satisfaction. It would strengthen the wave of propaganda heralding the greatness of Mother Russia. However, it is in fact doubtful whether the team led by Stanislav Cherchesov will even make it out of the obviously fabricated group in which Russia's rivals are Uruguay, Egypt and Saudi Arabia.

During the Sochi Olympics, Russia went into a state of "victory fever" thanks to falsified doping test results, which ultimately made it a laughing stock in the eyes of fans. Following these scandals, the sporting world looks at the Russians with contempt, knowing that the country only avoids genuine sanctions thanks to its petrodollars.

According to testimony from former head of the Moscow Anti-Doping Centre Grigory Rodchenkov, who fled Russia and agreed to act as a whistle-blower for the World Anti-Doping Agency, 33 top Russian footballers, among others, were suspected of using banned drugs. However, due to a lack of sufficient evidence, FIFA did not treat these accusations seriously and continued to dig in its heels, leaving Russia untouched. However, there is no doubt that even with doping the Russian team is not capable of doing anything significant. Football is a well-rounded sport. It is not running or swimming, where endurance or raw physical strength can play a decisive role. Doping cannot lead to an increase in skill.

However, the times when status in international sport was acquired through victories alone have passed. Their absence can be compensated by big money, which representatives of Russia do very successfully. And the heads of world football governing bodies are delighted to meet them halfway. Especially the previous ones. Former FIFA president Sepp Blatter, who was suspended from his position due to corruption charges, achieved notoriety for allowing World Cup host countries to be chosen 12 years in advance for no obvious reason. That year, the right to host the 2018 World Cup was awarded to Russia and the 2022 tournament was given to the completely non-footballing nation of Qatar. Italian Gianni Infantino, who replaced the ousted Blatter, promised an investigation, but, of course, it did not produce any results.

It is as if the world of sports, especially football, has fenced itself off from everything else and continues to live on its own planet. At a time when political elites are trying to dampen aggressive Russian appetites with economic levers of influence, sport, on the contrary, tries to take advantage of these resources in every possible way. Not worrying about the reputational consequences.

TO THE FOOTBALL OR TO JAIL?

Ukraine, taking only third place in its qualifying group, did not qualify for the Russian championship. Rumours even spread in Russia that our team lost their final match to the Croats on purpose to avoid unnecessary trouble. Whether this was the case is neither here nor there. It is important that even without the participation of the Ukrainian team, passions around the World Cup in a hostile country continue to rage. The two most controversial issues are visits by Ukrainian fans to the aggressor country and whether it is appropriate to broadcast matches from Russia.

According to official figures, about five thousand Ukrainians have purchased tickets for World Cup 2018 matches. The places of residence of these "lucky ones" have not been reported. It is obvious that some live in the occupied territories, but use their Ukrainian passport when purchasing tickets, because papers claiming to be documents of various "People's Republics" are not legitimate. However, judging by the available information, there are a lot of people interested in attending matches that live in cities controlled by our country, especially Kyiv and Kharkiv.

The Ministry of Foreign Affairs of Ukraine has posted official warnings on its website about the dangers that may be encountered by these so-called Ukrainians. However, this did not, unfortunately, serve as a deterrent. It is unfortunate not because we pity the people who are going to watch football in the heart of the aggressor country during the fifth year of war, but because in the future those for whom "sport and politics don't mix" risk ending up in Russian prison by chance (for example, because of an old photo on social media) and will have to be exchanged for those who came to Ukraine not for sport, but for war. However, these people think in somewhat different categories.

The attitude of Ukrainian ultras towards the World Cup is Russia is clearly hostile. Even if the Ukrainian national team were there, a trip to a hostile territory would still be out of the question due to the fact that before the Revolution of Dignity so-called Ukrainian law enforcement officers had databases of fans that fell into the hands of the enemy with the onset of the Russian-Ukrainian confrontation. In the end, even if these lists did not exist, supporters perceive anything linked to Russia as hostile and condemn those who are going to the World Cup. There is good reason why ticket holders for the tournament try to keep a low profile. Journalists who found such people were only able to publish their material under the condition that they would not use real names. The interviewees are afraid of condemnation even from their own relatives.

A PROPAGANDA TOOL FOR INTER TV

The situation with TV broadcasts is shrouded in mystery. Public channel UA:First, which owns the rights due to the fact that they were acquired when Yanukovych was at the helm, has clearly stated that matches will not be broadcast from Russia. The only football channel in our country, unsurprisingly named Football and owned by Rinat Akhmetov, also refused to buy out the rights.

"The World Cup in Russia is big-league politics," says Volodymyr Kramar, a journalist at Football. "The tournament itself is regarded as an attempt to demonstrate the greatness of the Kremlin and Russia. Personally, I do not want to see it. Some might say that the Russians will play three matches in the group and maybe get through to the knockout phase, where they will play at most one game. Why should a spectator not watch the rest of the matches and see the best teams in the world? Bear in mind that any broadcast is not just the 90 minutes of the match that only shows the players and coaches. It also includes promotional material, advertising, title sequences and "important" shots of "important" people. The tournament is always surrounded by a huge amount of accompanying information, and in the case of the Russians, propaganda. All the Kremlin bigwigs will surely turn up for the opening match and final. Their smug mugs will be shown constantly around the world. And honestly, I have a question: why should a Ukrainian audience watch them?"

However, Ukrainian media outlets were not unanimous in this regard. What is foreign to a reasonable Ukrainian is the most acceptable thing in the world for a channel owned by Firtash and Liovochkin. In the end, it is not even important that the TV channel Inter has the right to broadcast the World Cup. It is important that the management of UA:First cooperated. Understanding who would get their hands into these broadcasts and in which spirit the information would be presented. In this case, it would probably be better for National Public Broadcasting Company chairman Zurab Alasania and his subordinates to take personal responsibility. It is unwise, to put it mildly, to let broadcasts of an event that will be watched by millions of Ukrainians fall into the clutches of hostile forces. Especially during a war in which the presentation of information plays such a key role.

AT A TIME WHEN POLITICAL ELITES ARE TRYING TO DAMPEN AGGRESSIVE RUSSIAN APPETITES WITH ECONOMIC LEVERS OF INFLUENCE, SPORT, ON THE CONTRARY, TRIES TO TAKE ADVANTAGE OF THESE RESOURCES IN EVERY POSSIBLE WAY. NOT WORRYING ABOUT THE REPUTATIONAL CONSEQUENCES

It is worth paying tribute to Ukrainian commentators. Since Inter does not have its own sports team, after buying the rights, the channel's management began to look for pundits to work live on air during games at the Russian World Cup. "I'd rather go to close down Inter than work there," Denys Bosyanok, one of the best commentators in Ukraine, remarked when hearing their proposal. Dmytro Dzhulai, who at one time refused to work on Akhmetov's TV channel and now commentates on the international Setanta Sport Eurasia, reacted to the call from Inter with ironic laughter. Current Kyiv TV journalist Ruslan Svirin also refused to cooperate with the channel where he initially made a name for himself.

Nevertheless, we know that nature abhors a vacuum. Even more so as there are too many unemployed sports journalists in Ukraine. Oleksandr Tynhayev, Yuriy Kyrychenko, Oleksandr Sukmanskiy and Inter employee Roman Kademin obviously do not care that their country is in the fifth year of a war and it is obviously not very ethical to indulge those who promote the propaganda of the aggressor country.

Another thing is that there may not be any broadcasts at all. A week before the start of the tournament, the parliamentary Committee on Freedom of Speech supported a draft resolution that prohibits the broadcasting of the 2018 World Cup from Russia. Among those who supported the decision was, notably, president of the Football Federation of Ukraine Andriy Pavelko. Although this was not such a surprise, because even previously the FFU refused to accredit Ukrainian journalists for the event. However, it is not yet clear whether this decision will actually lead to a ban.

A Pass to Corruption

Why Ukrainian sportdid not become part of the legal economy

Ivan Verbytskiy

On Saturday, 26 May, the Olimpiyskiy National Sports Complex in Kyiv will host the final of the Champions League, the most prestigious club football tournament in Europe, for the first time in Ukrainian history. The Spanish Real Madrid and English Liverpool will face off. According to the popular Transfermarkt website, which specialises in analysing football transfer fees, the average player in the Merseysiders' starting line-up cost an average of €30 million and the average Galáctico about twice as much again. Real Madrid's Portuguese star Cristiano Ronaldo is now worth €120 million and Liverpool's Egyptian playmaker Mohammed Salah €80 million.

These numbers are stratospheric, so it is only natural that the host should expect some profit from holding such a match. And it definitely does. It is expected that some 50-70 thousand fans will arrive in Kyiv for the final. According to forecasts from National Bank specialists, each tourist will spend an average of $100-150, which should bring in an approximate profit of $15-20 million.

Of course, this is not bad at all, but certain details need to be taken into account. In 2015, when Kyiv was entrusted with the right to host the 2017/18 Champions League final, the president of the National Football Federation Andriy Pavelko assured that not a single penny of public funds would be spent on preparations for the event. However, at the final stage, 25 million hryvnias ($960k) were allocated from the capital's treasury alone, and another 103 million ($4million) from the state budget, according to information from Minister of Youth and Sports Ihor Zhdanov, was spent on repairing the stadium, which had been closed to the public since its 2011 reconstruction.

However, even taking away these UAH 128 million, there will still be a net profit of $10-15 million. And that, of course, is without taking into account the money that foreign guests will spend on accommodation. In anticipation of their day in the sun, the owners of Kyiv hotels almost went completely crazy, setting jaw-dropping prices for the three nights (pre-match, match and post-match). The simplest room in a three-star hotel, which usually costs UAH 500 ($20), will set fans back at least UAH 50 thousand ($2000) during the final period. This greed shocked even wealthy Europeans. Apparently, representatives of the Ukrainian hotel business barely considered the fact that sports fans from Spain or Great Britain are not very different from their Ukrainian counterparts. Their pockets may be deeper, but they do not like having to splash out left and right either. Suffice it to mention the example of Euro 2012, when Swedish fans, whose team played all their matches in Kyiv, preferred to stay not in hotels, but in the campsites or the specially equipped tent city on Trukhaniv Island.

An unpretentious audience. Kyiv realtors mistake European fans for Arab sheikhs. In fact, most fans prefer camping

A BRANCH OF THE ECONOMY

In other words, some people risk being left with nothing due to their excessive appetites. Maybe there is nothing strange about this, because our country does not have much experience in the sports business. Tourism is only part of the trouble. We are much worse at the marketing and promotional projects that support the sports industry around the world. Without public funds, functionaries that were mainly raised in the Soviet era are unable to make money, and often do not want to.

Theoretically, only football is capable of being a profitable sport in Ukraine. The rest, given the low disposable income of the population, poor promotion, the complexity of their rules and a not-too-educated target audience, are doomed to be subsidised or rely on one or two high-profile events per year. The Klitschko brothers only fought once on Ukrainian soil over the 20 years of their professional careers, but not because of a lack in patriotism. On the contrary, from a purely psychological point of view, it would have been much more comfortable for them to box at home. However, it is naive to expect that with an average ticket price of €50 they would be able to sell out the Olimpiyskiy Stadium. In Germany or the United States, crowds of thousands are guaranteed.

The brothers opened their own promotion company K2 to organise and hold their fights. They fought abroad themselves, while the fighters who were contracted to K2 boxed in Ukraine. Over five years before the revolution and one after it, dozens of boxing evenings were held in different cities, but the only profitable one among them was probably when Olympic champion Oleksandr Usyk fought at Arena Lviv. Most of the time, there were sad scenes. Even the only fight for a championship belt ever held in Ukraine, featuring one of the strongest boxers of this generation, Kazakhstan's Gennady Golovkin, who at that time was part of K2, took place in front of half-empty stands at the 3000-capacity Terminal arena in Kyiv.

In developed countries, sport has basically become one of the branches of the economy. Life seems to revolve around sporting events, which have an influence on almost all other fields. The English Premier League alone employs 100 thousand people in various capacities (from coaches and football players to stadium workers, drivers and cooks).

CONTRARY TO FAIR PLAY

The most popular football club in France, Paris Saint-Germain, is in fact owned by the state of Qatar through the company Sport Investments Qatar, established especially for this purpose. They invest insane amounts of money in PSG, even by the standards of modern football. Suffice it to say that the Parisians bought Brazilian striker Neymar from Barcelona for the unbelievable price of €222 million. Many experts believe that such unreasonable transfer fees essentially broke the market. The Qataris do not even try to conceal the fact that they want to achieve political preferences for their country through football by holding the 2022 World Cup and providing massive financial support to the 2018 tournament in Russia.

Nevertheless, spending that goes beyond any reasonable limits and has nothing to do with business in its pure form forces people to look for new horizons. In the North American basketball, hockey and football leagues there are financial fair play rules, according to which clubs cannot spend more than they earn. When American experts propose the introduction of similar limits in European football or even Formula 1, categorical refusals or even ultimatums are heard in response. The owners of Ferrari threatened to leave the fastest race in the world in the event that all teams receive equal opportunities. Few people in European sport are interested in tough and fair competition with transparent finances like in the NBA or NHL.

There is not much to say about Ukraine. It is worth starting from the fact that it is difficult to do sports business in a country where sports marketing as a concept does not exist and where the vast majority of the population does not know the names of top athletes and cannot recognise Olympic champions on the level of Oleh Vernyayev or Olha Kharlan. Boxers Vasyl Lomachenko and Oleksandr Usyk, as well as tennis player Elina Svitolina, are of course more popular, but even their fame is such that in the near future the prospects of them competing Ukraine are scarce. Svitolina can indeed play as a member of the Federation Cup team, but they play a maximum of one or two matches a year.

A TOY FOR OLIGARCHS

Football, which before the Revolution of Dignity was more or less a toy for the richest people in the country, is all that remains. On the cusp of the 2000s and 2010s, it was almost bad form for a Ukrainian oligarch not to own a football club. Even Novynskyi and Firtash, who previously showed no special interest in football, bought clubs. So much was spent on players, wages and managers that the Dutch, Belgian and Portuguese leagues could no longer compete with Ukraine. With the exception of three or four clubs, the same went for even France, whose Ligue 1 is in the top 5 of European football.

At the same time, payments were most often made "off the books". There was an element of comedy when footballer Andriy Shevchenko decided to go into politics shortly after ending his playing career and filed a declaration stating that, according to accounting documents, he played at Dynamo Kyiv for UAH 2,000 ($77) a month, while unofficial sources reported that the salary of the Ballon d'Or 2004 winner reached $187,500 a month after his return to Dynamo Kyiv from Chelsea. But that is Shevchenko. His titles, number of goals scored, club history and quality of his play say more in the end than anything else could. However, at the same time, clubs like Karpaty Lviv, FC Dnipro and Vorskla Poltava paid wages in excess of $5,000 a week to players who did not always make it into the match-day squad.

So is it any wonder that for a long time Ukrainian footballers did not transfer to European clubs at all and decent foreign players considered themselves lucky to move to a club in our league? Businessmen such as Yaroslavskyi, Dyminskyi and Kolomoiskyi paid the same amount as mid-table clubs in France or Belgium to players that were not always top performers. Everyone made money from this, starting with the players themselves, continuing with their agents and ending with their former clubs, who manipulated transfer fees depending on the size of kickbacks. This "cooperation" generally suited all parties, except perhaps the oligarchs themselves, who very often after such dealings found themselves disappointed not only from a financial, but also from a purely footballing point of view. After all, they spent a lot of money on players who were clearly not worth it.

PHOTO: UKRINFORM

I have not deprived myself, have I? Multi-million-dollar contracts for the construction of stadiums with an artificial surface pass through a company close to FFU president Andriy Pavelko (third from the left)

THE EXAMPLE OF DONETSK

Until 2014, almost no one thought about living within their means. Oddly enough, the first to balance expenditure and income in football was the very person who had the largest resources and spent the most on his club ShakhtarDonetsk. In the late 2000s, owner Rinat Akhmetov started to bring not only strong coaches and football players to the club, but also top executives from Europe. Shakhtar Donetsk was the first in our country to declare its intention to create a business model similar to that in which sports teams operate in the civilised world. The Donetsk club began to sell and calculate their profits from merchandise, match tickets, TV rights and eventually players.

Most importantly, Shakhtar Donetsk was the first to try to conduct its financial activity transparently. Starting from 2007, the Donetsk club has published annual reports on each season in print and online. They contain not only football results, information on social projects and significant events in the life of the team, but also financial information. Of course, it is impossible to be sure that all the figures are reliable and there is nothing off the books. Nevertheless, it is possible to get an idea on the state of the football business in Ukraine based on these ten reports.

It is appropriate to consider the 2012/13 season, when oligarchs loyal to Yanukovych had the most comfortable conditions for doing business, the peak year of Ukrainian ››

club football. At that time, the country basically had four equally strong clubs able to fight for the championship, but Shakhtar Donetsk won thanks to the political situation. If we believe the aforementioned reports, since 2007 the financial performance of the Donetsk club has been improving year on year. This includes income from sponsorship and advertising, ticket sales and season tickets, merchandise and broadcast rights. Transfer fees and bonuses from UEFA depend on the season, as well as the strategy chosen by the team manager.

By the summer of 2013, Shakhtar's profit had increased to UAH 1.33 billion ($51million), three times more than in the previous season. Of course, the lion's share of this money, UAH 908 million ($35million), came from transfers – Fernandinho switched to Manchester City for €40 million and Willian went to Anzhi for €36 million. However, profits also grew in every other category, except for merchandise, which again brought in UAH 22 million ($843k).

Following the Revolution of Dignity, the beginning of the war and the club's forced departure from Donetsk, the figures given still remain impressive if inflation is taken into account. By the way, the amounts paid by Shakhtar Donetskinto the state budget as taxes have started to appear in the latest annual reports. In 2016, this figure was UAH 426 million ($16million). It is clear that this data was revealed in the context of Akhmetov's war of words with the Surkis brothers. Public accusations and requests for a similar report from DynamoKyiv have had no effect. The owners in Kyiv continue to believe that money likes silence. This is the case not only in the capital, as other clubs avoid making their accounts transparent and public too.

Head of the parliamentary budget committee and FFU president Andriy Pavelko managed to allocate **UAH 270 million** from the state budget to the construction of stadiums with an artificial surface

After all, with a change in management DynamoKyiv, still the most popular team in the country, could, and even should, be a more successful business than any other club. It is another thing that marketing projects have never been a priority for the Surkis brothers and people incapable of doing anything new or creative remain in positions of responsibility.

THE EVIL OF BOOKMAKERS

The rest of the clubs are clearly unable to make money in the present circumstances. For example, active work is underway to popularise the brand of Karpaty Lviv. It is commendable that the club is selling every part of its kit to advertisers – the Lvivians are learning to make money on their own. However, the chaotic, even strange transfer policy, constant scandals around the non-payment of wages to ex-players, poor results and bad reputation of the owner Dyminskyi lead to the stands usually being empty when the strongest team in Galicia is playing.

While the indifference of fans in Lviv is fully justified, it is difficult to understand why match attendance for the provincial Oleksandriya is so low. Especially seeing as the team from a small district centre in the Kropyvnytskyi Region reached the semi-final of the Ukrainian Cup, earning the right to play in European competitions.

The less said about clubs such as Olimpik Donetsk, which did not even have any supporters in its hometown, the better. Although the players did not really care about their low popularity for a long time – they had other sources of income. For two seasons, the Donetskites played a regular part in betting scandals. In the football community, Olympics even got the informal nickname "Total goals over". This is because the team often let its rivals score three to five times per game. Some of the goals conceded looked just a little bit too ridiculous. Especially when the youth team was involved, as the older players were already able to more or less conceal their "mistakes".

In the end, following a high-profile investigation, Olimpik cleaned their ranks, so now suspicious matches do not occur as often, and if they do, then not as obviously as before. Some other culprits calmed down too. Enerhiya Nova Kakhovka in the Second League, for instance, which just two years ago preferred to end its matches with hockey-esquescore lines such as 9-3. On the other hand, FC Ternopil, financed from the city budget, was completely closed down by mayor Serhiy Nadal following match-fixing scandals. This was no surprise, as a team that was established to improve the city's image started to tarnish it.

POLITICAL PR AT UEFA'S EXPENSE

With the exception of less than a dozen top-notch, world-class athletes, Ukrainian sport continues to live in debt and is dependent on the mood or current success of individual oligarchs. Perhaps this is the only way in wartime. However, the trouble is that federations of most sports do not look for options to make money themselves, but wait for handouts from the state or individual investors.

The Football Federation of Ukraine (FFU), on the other hand, has recently started to make money. But how? Funded by the UEFA HatTrick social programme, the newly formed company FFU Production has built a plant for the production of artificial grass near Kyiv. Somewhere around the same time, head of the parliamentary budget committee and FFU president Andriy Pavelko managed to allocate UAH 270 million ($10 million) from the state budget to the construction of stadiums with an artificial surface. Almost simultaneously on December 26-28, agreements were signed for the construction of 327 pitches in different parts of Ukraine. The cost of the works and materials is identical everywhere – UAH 1.439 million ($55k). The orders are made exclusively through the company FFU Production.

This means that Mr. Pavelko has allocated funds to purchase materials from a company with which he has a direct relationship as head of the FFU. What's more, the customer (the state) had no other choice. Although it could have saved money, because the cost of artificial grass from Belgian and Turkish companies that are already on the Ukrainian market is almost twice as low.

One year before the presidential election, Pavelko has already called the "artificial pitches in every corner of Ukraine" one of the achievements of the current administration. A nice little PR campaign financed by UEFA and the state budget. Is it appropriate to hurry and overspend while the war is continuing and many other events, including sporting ones, are underfunded? On the other hand, practice shows that no serious sporting projects come to fruition in Ukraine without political expediency. In the late 1990s, Pustovoitenko and Surkis promoted themselves using football lessons at secondary schools. During Yanukovych's term, rapprochement with Russia occurred, among other things, through the development of hockey. Now we have the artificial pitches. All of these projects were global and all were allocated state funds, but the previous two brought no results. Despite everything, will we see any benefit now from the most successful sporting business initiative of recent years?

Iryna Bekeshkina:

"We've never had this kind of existential political crisis before"

Interviewed by **Andriy Holub**

PHOTO: ANDRIY LOMAKIN

Sociologist Iryna Bekeshkina tells The Ukrainian Week why populism is on the rise in Ukraine and what is influencing Ukrainian voters most of all.

Some sociologists are saying that the tendency towards paternalism among Ukrainians is on the wane. What are your thoughts?

— I don't agree with that view. Politicians are constantly fostering the inclination towards paternalism. For instance, there are always lots of promises coming from them and people continue to believe at least some of them. But I also don't agree that the trend towards paternalismis something Ukrainians inherited from the USSR. Yes, during the soviet era the state took responsibility for absolutely everything. For instance, even if you had the money, you couldn't buy an apartment that provided more than 13.65 sq m of living space for every member of the family. Of course, there were always exceptions to the rule: the state could provide housing "for services rendered." For that reason, paternalistic attitudes were very strong as an objective assessment of the situation. The state was responsible for everything and provided everything.

In the 1990s, however, this was destroyed. The government gave nothing to anyone and did not provide anything. People survived as they could and placed little faith in the state. You either fended for yourself or everything was lost. At this point, people began to engage in business, trading, and so on. Paternalistic attitudes began to spread again as political competition increased. But an auction of promises inevitably results in people believing in at least some of them. Even people with a good dollop of common sense end up expecting the government to provide something—anything. Paternalism again: "The state should give us something, because otherwise what's it there for?" And politicians play up to this. Many voters have a hard time realizing that you need to really count on yourself first of all—even if you're a pensioner. I get some serious criticism for this, but, in my opinion, a relatively young pensioner can always find a way to make a little money on the side to cover medications and so on—at least in a big city.

Populism seems to be growing as well. How new a phenomenon is that?

— It's the same thing: the more competitive politics gets, the more populism emerges. And it's not just in Ukraine. Populism is on the rise in the West as well, because the competition among politicians keeps growing. When there are no clear leaders among politicians, they tend to resort to populism. You can see it even among parties whose ideologies don't tend to be populist. But there's a fundamental difference: it's one thing to resort to populism in a country where the middle class is in the majority and another entirely when it's a poor country like Ukraine.

Consider the recent referendum in Switzerland regarding a guaranteed minimum income, where every citizen was to receive CHF 2,500, around US $2,500, every month, whether they worked or not. The vast majority of Swiss voters, 77%, voted against. They understand who would be paying for such a benefit: those who were working. I can imagine a similar referendum here. Even if the government were to offer only UAH 2,000 [about US $75], most Ukrainians would vote in favor, simply because it's a freebie. This is why populism is especially dangerous in poorer countries.

Have any surveys been run on the subject of a guaranteed basic income in Ukraine?

— There have been similar surveys but the question was framed a bit differently, such as, what do voters prefer: higher taxes in exchange for full healthcare coverage, education and so on—or, ›

on the contrary, lower taxes in exchange for taking on responsible for or at least partly paying for medical services and education. An absolute majority favored the first option. I think that a lot of Ukrainians think that they don't pay any taxes at all if they aren't engaged in business.

How will the material standing of voters affect the outcome of the next election?

— It will have a direct impact on the outcome. We decided to analyze the ways in which this campaign differs from previous ones. Earlier, Ukraine was, roughly speaking, split into two groups, based on geopolitical orientation to the West or to Russia. The country was likewise divided geographically. Right now, this can still be seen somewhat, with candidates like Sadoviy, Boyko, Rabinovych and Hrytsenko. At the same time, Poroshenko and Tymoshenko enjoy a certain amount of support both in the western regions and in the eastern ones. How do they differ? A relative majority of about 20% of the poorest voters, Ukrainians who have to economize even on food, is planning to vote for Tymoshenko. And, by contrast, a relative majority of the better-off, also about 20%, is planning to vote for Poroshenko. In other words, those who feel that their lives are more-or-less normal right now are prepared to support the current Administration.

Would you say that the current president's ratings are a vote on the quality of reforms?

— I think it's more a vote on the state of Ukrainian society. Obviously, it partly also reflects people's opinions of reforms. Had they been more successful, the situation in the country would also have been more different after four years. I understand that any kind of reform takes time, but people need to feel the difference. For example, how come healthcare reforms only began now? Anti-corruption reforms have barely started, as far as I'm concerned. Sure, the agencies that are supposed to deal with this issue have been set up, but realistically we haven't seen any results from their efforts, so far. There have been attempts, widely publicized arrests, but there's no evidence that the level of corruption has gone down. People are aware of all this.

On the other hand, there have also been positive changes, such as decentralization. At this point, we have to also look at media politics. When we ask people whether they are happy with the quality of information that they get on reforms, only 5% say that they are. The situation really needs a proper assessment. The absolute leader in sources of information for most Ukrainians is television: 85% get all their news from it. Yet, how often do you see anything about reforms on TV? Not often, which is why expert circles and ordinary Ukrainians assess reforms somewhat differently. Experts give them a middling mark, while voters give them a much worse one.

Have you ever separately looked at the apparent coexistence of European aspirations and a pull towards corruption in most Ukrainians?

— I can't really say whether there's any correlation, but battling corruption "at the top" is impossible without changing attitudes at the grassroots level. Clearly, if there are those who take, there are those who give. Our research has shown that nearly a third of the population who consider corruption a bad thing aren't against justifying it sometimes to reach a particular goal. And a third of Ukrainians, interestingly enough mostly in the western oblasts, thinks that corruption is a national tradition. In short, people are very impatient with corruption when it's "at the top," but very tolerant of their own participation in it when they need to resolve some issue—even though the reasoning behind corruption is the same! So where are those new people "at the top" suppose to come from if there aren't any of them at the bottom?

Iryna Bekeshkina is a sociologist, executive director of Ilko Kucheriv Democratic initiatives Foundation. She graduated from Taras Shevchenko Kyiv University, and later earned her Ph.D. in Philosophy. Among her key interests is the study of trends in public opinion about domestic political processes, in particular, reforms in key areas, as well as problems of communication with the frontline territories of the Donbas.

Most public institutions are facing a crisis of confidence among Ukrainians. How are public opinion polls faring?

— It's hard to say. At one point, people trusted polls a lot more than they trusted politicians, almost 50%. What it is today would have to be measured.

What about the problem with fake polls in the run-up to elections, as used to happen in the past?

— Hold on, that's nothing to do with the polls. It's an issue with media that publicize things that don't exist.

Is it any better now?

— Why? We're already seeing polls like that, but the approach is different this time. They claim that the surveys were run by western pollsters. The source appears to be a western site, but the information written in English on the supposedly British site is full of basic mistakes. Yet they got away with it. UNIAN, which is one of the top national news agencies, UNN, Komsomolska Pravda in Ukraine, and Fakty all published identical materials based on it. After I posted a comment in Facebook, people began to pay attention. Still, when I checked UNIAN recently, the article was still there. For reasons of its own, the agency didn't remove it.

What number would you say matter most in the latest polls ?

— "Another candidate." (Current number is 62% – **Ed.**) Even in those polls that show Vakarchuk and Zelenskiy. We've never had such an existential political crisis before. Except for 1999, in previous elections, when there were also a number of candidates at the same level, there were two leaders. Moreover, both had strong results, around 20-25% in the first round. Right now, the frontrunner has barely 10%, so what do we call that?

How much of this is a reflection of real demand for new leaders and how much of it is just a phrase?

— I would say it's a cliché. When we asked respondents, 66% said there was a need for new leaders, but when we asked whether people actually saw such leaders, only 19% said yes. And when we asked people to actually name individuals who fit this role, not a single candidate got more than 2%.

What about the qualities of such a new leader? Was that asked?

— That's the poll we're undertaking right now and the results should be out within a week. Still, I suspect that nothing new will come of it. We once ran this kind of poll and most voters simply wanted to see an uncorrupt, honest individual.

How about Poroshenko in 2014? Was he a new leader?

— Yes, because he wasn't even included in polls about candidates running for president, prior to 2013. The first time he appeared as a choice was October 2013, if I'm not mistaken, and he had around 3% at that point. Later on his ratings began to grow. In some sense, he was a new leader—or at least that was the perception among voters.

How decisive is television in Ukrainian politics today?

— Very. If you aren't on the screen, you don't exist. But in local elections, this is so far not yet true. In 2015, community activists were able to get onto local councils here and there. Not in a majority, but they're there. I call this landing in foreign territory. These individuals can ask questions and let the public know what's going on. They may not be able to decide anything but at least they are there. In fact, they have broken the monopoly in Donetsk and Luhansk Oblasts. In the past, there was no one at all aside from Regionals and communists. Now we see community activists who once belonged to various parties... whoever they could agree with, that's whose lists they would go on.

To what extent does television itself generate exaggerated expectations that then turn to disillusionment?

— There's definitely something to that. People want to believe that there are "God's messengers on earth." Then, when they discover that these "messengers" have flaws, that they are far from saintly, they become disenchanted. I would put it even more strongly: there are the activists, who are trying to get something done, and there are the onlookers, who are watching the process and trashing them, saying "That's not Europe."

How much of a tendency do Ukrainians have to simply go with the majority, to support the most popular candidates simply because they are the most popular?

— If there really were such a trend, nobody would be voting for the minority, never mind for parties that the polls say have no chance of passing the threshold. But they vote. In the first round, voters tend to focus on the candidates they think are the best, regardless of their ratings. This can be seen during Rada elections when a party is below the threshold needed to gain seats. At that point, many voters begin to worry that their voice will be wasted. When a party is close to this threshold but hasn't passed it, poll ratings are taken more seriously. I remember how party folks would run around with bags of money to pollsters and plead: "We don't need a lot. Please at least do something within the margin of error." But as one pundit put it, these ratings affect sponsors more than voters: should we or should we not invest in this party? I know that, in the run-up to an election, especially party elections, potential sponsors commission their own research to find out how many seats this or that party is likely to gain. The top spots in a party list cost a lot, but the farther down, the cheaper. What's the point of paying for a top place if there's a guarantee with a cheaper spot and the party will gain the necessary seats? They aren't stupid. Better spend, say, $15,000 than lose hundreds of thousands.

You mentioned that the West vs Russia split has disappeared in Ukraine.

— I didn't say it has disappeared but it definitely has gone down. There are new trends and new dividing lines, not just along regional lines but also in assessments of the state of the country and people's own situations.

How possible is it to talk about a key, decisive aspect or is there no such thing?

— There is. When people are satisfied with the way things are going in their society, then they will vote for incumbents. Clearly not all, but this is a fairly typical thing for most communities. If the majority is unhappy, then they won't support those in power. To me, it's obvious that in the next round of elections, presidential and Rada, Ukrainians will be voting for the lesser evil. 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.

With President Poroshenko, the situation in the country will matter the most. If it is more-or-less positive, if some critical social issues are resolved—the church is not one of them, in my opinion—, then voters will start thinking: ok, let's give him another chance, to prevent something worse. If not, he will lose. How votes might be distributed among the remaining candidates is harder to predict. It's important to remember that dirty tricks aren't working right now because most voters are firmly convinced that politicians are all the same. When the offshore scandal [with the Panama Papers] first emerged, people kept asking me what was going to happen with this. And I kept answering: Nothing at all. Voters already had their suspicions and so this did not affect ratings in any negative way. Sure, people will start flinging dirt at each other and everyone will be blamed. They're simply not used to campaigning in any other way.

WHEN THERE ARE NO CLEAR LEADERS AMONG POLITICIANS, THEY TEND TO RESORT TO POPULISM. YOU CAN SEE IT EVEN AMONG PARTIES WHOSE IDEOLOGIES DON'T TEND TO BE POPULIST. BUT THERE'S A FUNDAMENTAL DIFFERENCE: IT'S ONE THING TO RESORT TO POPULISM IN A COUNTRY WHERE THE MIDDLE CLASS IS IN THE MAJORITY AND ANOTHER ENTIRELY WHEN IT'S A POOR COUNTRY LIKE UKRAINE

I often hear the claim that the national mood hasn't really changed much from 2013 if polls were to include occupied Crimea and Donbas. What are your thoughts on that?

— Oh, it would be different. After all, the biggest changes happened in the south and east of the country. If we even take just Donetsk and Luhansk Oblasts, Party of the Regions had a firm monopoly there of over 80% and the communists had the rest. They still have the majority but they aren't a monopoly. You can see members of BPP, Batkivshchyna, Liashko's Radical Party, and others on local councils. The ratings for the upcoming elections also testify to political plurality. Once PR was monolithic, but no longer. Moreover, this monolith has been taken down not only in politics but also in the foreign policy orientation of local voters. The "eastern vector" has collapsed.

Still, support for eurointegration hasn't grown that much, although support for a union with Russia has declined steeply. Ukrainians who used to be oriented towards the Russian Federation tend to say that Ukraine doesn't need to join anyone. As to NATO, it's true that most of the opposition remains in the Donbas. But look at the numbers. In 2013, there was all of 0.3% support for membership in NATO in Donetsk and Luhansk Oblasts, the equivalent of one person in 283. 94% were against. Now the majority is still against, but it's only 50%. And 20% support the idea. There was a time when 20% support was all there was across the entire country. So there have been tectonic shifts there, too. Of course, we're talking about the territory that is not occupied. But I'm confident that when the rest of the occupied territory returns to Ukraine, we will see changes there, as well.

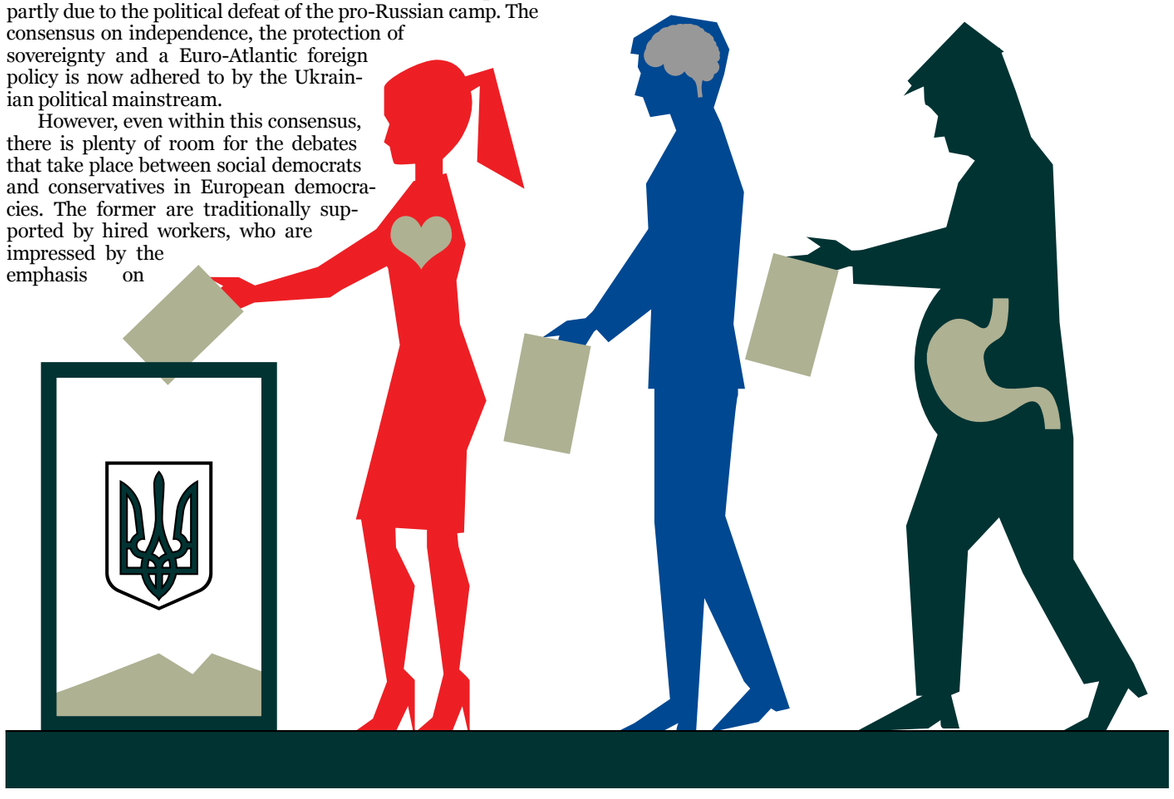
Crisis of Representation

Why there is no party for the middle class in Ukraine and it is left to populists to express the interests of all social strata

Maksym Vikhrov

Any election is not only a bloodless method for rotating the ruling elites, but also a "competition" between ideas for the present and future. Until recently, the main content of Ukrainian politics was determined by discussions about the historical status of our country. Who are we: a sovereign European country or a quasi-state in Moscow's orbit? The internal agenda was structured in the same way. The issues of language, history and education were all a continuation of the central political theme. The Ukrainian political scene was clearly divided into two opposing camps and attempts to be positioned as a "third force" or claim "neutrality" were not in high electoral demand. Political strategists played their part in encouraging this split, but it seemed quite natural from a historical point of view: having just gained independent status, society sought answers to the fundamental questions of its existence. After 2014, this discussion, if it did not stop completely, at least died down a great deal. Partly due to the change in public sentiment and reduction of the electoral landscape as a result of the occupation, partly due to the political defeat of the pro-Russian camp. The consensus on independence, the protection of sovereignty and a Euro-Atlantic foreign policy is now adhered to by the Ukrainian political mainstream.

However, even within this consensus, there is plenty of room for the debates that take place between social democrats and conservatives in European democracies. The former are traditionally supported by hired workers, who are impressed by the emphasis on social justice, state control of the economy and support for the poor. The main support of the latter is the middle class, interested in liberalising the economy, privatisation and so on. But there has never been a similar division in Ukrainian politics. As soon as the political elite ended its division into pro-Ukrainian and pro-Russian camps, the differences between the leading parties were reduced to their personalities, rhetorical style and level of populism. This lack of a system is clearly illustrated by the practice of the current government, which is torn between market reforms and "improving the standard of living right now". In fact, this is not a problem of that particular body, as consistency cannot be expected from opposition forces either. By all appearances, we will again have to choose between faces rather than economic concepts at the 2019 elections. But the reasons for this lie deeper than the subjective weaknesses of Ukrainian politics.



It is clear that the economic interests of different social strata have just as much political potential as ideological or linguistic discrepancies. Let's look at the numbers. At the end of 2017, Minister of Social Policy Andriy Reva estimated that 39.4% live below the poverty line, even after the minimum wage increase and "modernisation" of pensions. Moreover, poverty in Ukraine is inherent to not only vulnerable groups of the population, but also workers who are forced to save on leisure, clothes, medicines and food. This affects their views in a certain way. According to the Rating group, poorer, older and less educated people tend towards paternalistic values, supporting an increase in the proportion of state-owned business, "establishing order" at the expense of democracy, etc. Alongside them, there is a middle class (around 30% of the population see themselves as part of it) consisting of entrepreneurs, professionals and individuals involved in the so-called creative economy. These people have enough to live on, but there is a catastrophic lack of confidence in the future: a significant part of the "middle" risks dropping out of this category following any economic instability. Unlike the poor, they are geared towards a competitive economy. For example, the list of demands put forward by the Union of Ukrainian Entrepreneurs includes privatisation, the creation of a land market, the simplification of doing business, etc. Both the poor and the middle class are separated from the thin wealthy layer in society by a chasm of social inequality that is becoming dangerously wide.

It would seem that the restructuring of Ukrainian politics into hypothetical "poor" and "middle-class" parties is inevitable – this division could be seen even during the dramatic events of 2014. Social-economic issues were not on the agenda of the Maidan, but the social portrait of the revolutionaries was easily recognisable as the Ukrainian middle class. According to a joint study by the Democratic Initiatives Foundation and Kyiv International Institute of Sociology (KIIS), about 77% of participants in the revolutionary events had completed higher education or were still in it (students). Broken down by profession, about 70% were managers or specialists (including those studying to be specialists in the future) and entrepreneurs, and in terms of age, 87% of participants were 15-54 years old. In this sense, the Maidan was not only a national, but also a specifically bourgeois revolution – at least its composition, if not its slogans. Its opposite number was the AntiMaidan, especially in spring 2014, when the Party of Regions could no longer mobilise people in an orderly manner and replaced sincere supporters with an unruly mob. In the absence of sociological research, we have to rely on eyewitness accounts that are entirely unambiguous: the support base of the AntiMaidan was made up of representatives of lower strata of the population, sprinkled with overt lowlifes, that were expressing not only their political views, but also social protest.

Since then, the political agenda has changed, but neither the dissatisfied middle class, nor the dissatisfied poor have gone anywhere. However, no changes occurred in politics. As always, the populists promise all things to all people: factories for the workers, capital for the capitalists and a determined struggle with the oligarchy for everyone. There is no clear correlation between social characteristics and preferences for any of the leading Ukrainian parties. According to the KIIS data, Motherland, Petro Poroshenko Bloc, Radical Party, For Life, Opposition Bloc and Self-Help do not attract an electorate that can be clearly distinguished by a certain set of social characteristics. Usually the variations are within the margin of error or are rather insignificant. The traditional regional correlation remains the most noticeable: the East and South of the country mainly vote for pro-Russian forces (in this case, the Opposition Bloc and For Life), while the West and Centre favour the national-democratic camp. It is easy to blame the populists who are unwilling to act within certain economic concepts, but no corresponding demand from society can be seen either. Indeed, according to the Rating group, the ideological principles of a party are an important criterion for only 11% of voters. According to the Razumkov Centre, almost 56% of Ukrainians have never read a party manifesto at all (almost 48% among those with higher education and 52-54% among the wealthy).

At first glance, this seems incomprehensible. Why, for example, does the middle class not want to have a middle-class party that will protect its interests locally, in parliament and possibly in government? Why do not the poor not desire this? The answer lies in part in the social structure itself, which is not as robust as it first seems. It is determined not only by wealth, educational and professional divisions, but also the split between those whose economic activity is legal and those in the "shadow economy" (according to the IMF, up to 45% of the Ukrainian economy could be off the books). This division splits the middle class the hardest. Hired workers do not get any advantages from their illegal status, but the underground economy allows businesses to maximise profits by not paying taxes or complying with labour laws. The owners of clandestine coalmines in the Donbas, amber mines in Volhynia, poachers' sawmills in the Carpathians and illegal developers in Kyiv are just some of the "business" representatives who are not interested in creating effective state institutions, a market economy or other features of civilisation. Lower social strata are not monolithic either and are also internally divided. There are disputes between workers and pensioners, between those who have a permanent job and the precariat. In fact, the only aligned front is the oligarchy and businesses affiliated with it, which not only articulatetheir common interests, but also effectively implement them by interfering with the functioning of state institutions.

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Alongside difficulties in articulating their common interests, Ukrainians do not even use the institutional capabilities that they have now. For example, according to the Razumkov Centre, 92% of citizens have never contacted an MP, only 15% have been to their constituency surgeries and 90% have never participated in public hearings nor been members of citizens' councils. What's more, asked to name institutions that should represent the interests of citizens, only 21% of Ukrainians mentioned political parties, 19% public organisations, 13% trade unions and 10% individual politicians. Coupled with the traditionally low credibility of politicians, parties and parliament, this testifies to the serious shortcomings of Ukrainian political culture. They can be attributed to history, as we do not have a social tradition of democracy, and civil society is, if not embryonic, at a very early stage of development. Therefore, the use of representative mechanisms in itself is a new and difficult task for Ukrainians. Bringing the interests of social strata whose boundaries are being eroded and internal differentiation is constantly growing to a common political denominator is an even tougher ask. Moreover, in the context of the general devaluation of politics, this task becomes extremely non-trivial. So in the near future, Ukrainian politics will remain a competition between populists that promise the world to everyone, making government policy veer between liberal reforms and quasi-socialism.

Election Rules

Talk about electoral reform has come to the forefront yet again. Should any real action be expected in the near future?

Andriy Holub

At the end of April, the next round of elections in newly formed united territorial communities (UTCs) took place in Ukraine. This time, polls were held in only 40 UTCs, a relatively small number. This did not prevent serious rule violations from being recorded during and prior to voting. According to Oleksiy Koshel, head of the Committee of Voters of Ukraine (CVU), the 29 April elections were the dirtiest ones to have taken place in UTCs so far. He also added that parties and candidates "set records for the amount and scale of voter bribery".

This statement went almost unnoticed against the background of the powerful infoglut associated with the presidential and parliamentary elections. Preparations for the main event of the political "Five-Year Plan" have already squeezed almost all other newsmakers out of the media. The number of publications on the pre-election landscape and the main contenders for victory would be enough to last an entire year. That is how long remains until the presidential election itself, although, as experience shows, the amount of printed material and shouted declarations will only continue to grow. The main trend for now is identifying the favourites based on the results of sociological studies. Disclaimers from the researchers themselves that any predictions made a year before election day are at the very least premature go almost unnoticed, and the main figure in current polls is Mr. "Don't Know", whose numbers are double those of the next most popular candidate. Another fruitful topic for discussion is new political projects and ways to promote them. The controversy around the selection of "new leaders" in a TV show announced on leading TV channels belonging to Victor Pinchuk's group StarLightMedia fits nicely into this context.

Under these conditions, the subject of changing electoral legislation has also returned to the agenda. More than six months ago, in November 2017, MPs approved a draft for a new electoral code in its first reading. The document got the minimum required number of votes – 226. The very fact that the vote was successful was a big surprise. Prior to this, ***The Ukrainian Week*** interviewed representatives of civil society organisations that monitor elections. All of them expected the bill to fail due to the reluctance of MPs to change the familiar and convenient rules of the game. A defeat was also predicted by People's Deputies themselves from different factions, as well as parliamentary journalists. Even after the vote passed, there were plenty of different explanations why such a decision was made. From the unlikely – MPs were forced to make the decision by "effective pressure on the streets" (at the very same time, an opposition protest led by Mikheil Saakashvili was in full swingoutside Parliament), to the more realistic – People's Deputies lost track of their own behind-the-scenes deals and accidentally cast more votes than necessary.

Since then, work on drafting a version for the second reading has been underway. The situation as of mid-May leaves us with a sense of déjà vu. Predictions on whether the code will be adopted are generally disappointing for supporters of change. Civil movement Chesno, alongside a number of opposition parties, has scheduled a street protest under the slogan "No Elections under Yanukovych's Law" for 17 May. They demand the adoption of a new electoral code as soon as possible. Last year, most of the participants in this campaign organised the aforementioned October protests that later came to be associated with Saakashvili.

At the same time, the current state of affairs is different again. And not just because this time the former Georgian president will definitely not be able to usurp the protests, whose organisers have reduced the number of their demands from three to one – electoral legislation reform.

Currently, a working group formed on the initiative of the specialised Committee on Legal Policy and Justice is working on the draft law. It includes 24 MPs and a number of electoral legislation experts are also involved in its work. However, the members of the group do not seem very interested at the moment. "At the first meeting, 4 MPs turned up, then 5 to the second and 6 to the third. Another 18 meetings and everyone will be there!" head of Civil Network OPORA Olha Aivazovska, who is also participating in the meetings, wrote on Facebook.

The purpose of the working group is to prepare a draft for consideration by the committee. However, neither deadlines, nor set rules for its operation, nor a quorum when making decisions are on the horizon for the working group. The participants in the meetings are gradually discussing each amendment submitted to the draft and determining recommendations for them. According to Parliament Chairman Andriy Parubiy, one of the co-authors of the draft code, 4400 amendments were made by MPs. At one point, Parubiy announced that the electoral code would be voted on in May, but the speaker's forecasts turned out to be extremely optimistic. If these figures are correct, then People's Deputies have broken their own record that was recently set while considering changes to the codes of justice – 4384 amendments were submitted to that draft, making it the longest in the history of the Ukrainian parliament. According to ***The Ukrainian Week's*** sources, the working group for preparing the electoral code has only processed around 500 amendments so far and is moving at a speed of 50-100 amendments per sitting.

"The working group cannot work around the clock. It meets twice a week and works through the amendments professionally. If everyone shouting 'Give us a code'just needs any old document called 'Election Code', we can vote on it tomorrow. But if we need a quality document taking into account all the nuances and good rules for holding elections, then let the people work," another co-author of the draft, Oleksandr Chernenko, replied to questions about the approximate timing when work on it will end.

According to Chernenko and Aivazovska, a realistic date for the working group to complete its task is September this year. Only then will it be possible to talk about bringing the matter to the committee and a vote.

The example of electoral reform could be used to create a textbook on all the problems that plague Ukrainian politics in general and the Verkhovna Rada in particular. First of all, MPs submitted a wild number of amendments within two weeks of the project being approved in the first reading. This directly indicates the intentions of certain People's Deputies to delay the process as much as possible. The voting alone on the aforementioned codes of justice with a similar number of amendments stretched over more than a month. In that case, MPs demanded that almost every change be put up for confirmation by the chamber regardless of the committee's decision. In the end, the documents were adopted as worded by the committee. However, this did not guarantee their quality: Lozovyi's amendments made it into the codes, which created serious problems for law enforcement agencies when investigating any crimes.

PHOTO: REUTERS

An eternal theme. Politicians promised electoral reform before all big campaigns, and as usual everything just ended up with formal changes

Apparently, the electoral code will be another exception and regardless of the results of discussions in the working group, many changes will be made during consideration by the committee and in the chamber itself.

According to Oleksiy Koshel, no MPs have been consulted while the amendments are being drafted. However, the organisation he leads has not sent any of its representatives to the working group. "The work is moving very slowly. Representatives of both pro-government and opposition factions are making public statements to say that it is unrealistic for the code to be adopted. So no one really needs this work to be done and the chances of this code being passed are very low," says the head of the CVU. He adds that the adoption of electoral reform, in addition to serious work, requires considerable pressure to be put on Parliament.

As for the content of amendments from MPs, Oleksandr Chernenko says that they turned their attention to almost every article of the original draft. Olha Aivazovska notes that, although the electoral code applies to the whole system, most amendments from MPs nevertheless concern parliamentary elections. "From what we can see, some of the amendments are insightful and their authors were guided by the draft code. Other People's Deputies, conversely, decided to include earlier draft laws on parliamentary elections as amendments to the code. In other words, they took a full draft law and cut it down into amendments to submit it as separate articles. The crazy amount (of amendments – Ed.) is partly due to this approach that has recently been used by MPs," she adds.

Another side to the problem is that the document cannot be passed in its original form. All of ***The Ukrainian Week's*** sources agree on this point. According to Aivazovska, the draft code was prepared under tight time constraints and contains many contradictions.

In fact, draft law No. 3112-1 by Parubiy, Chernenko and a third MP Leonid Yemets duplicates the norms of another draft electoral code authored by Yuriy Kliuchkovskyi that was registered in 2010.It was submitted in 2015 primarily as a reaction to another draft by ex-Party of Regions member Valeriy Pysarenko. Then the document sat in Parliament for two years without a chance of being adopted before its moment of glory came thanks to the unexpected successful vote. The main problem may be that it is simply outdated.

"Many changes have been made over the last 10 years. They concern the operation of the State Register of Voters, campaigning, reporting on election funds, the procedure for registering candidates, the formation of electoral commissions, how votes are counted, etc. The whole text should be reviewed with respect to new developments: gender quotas, participation in elections for internally displaced people and the disabled, etc. There are even references to old anti-corruption rules. As is, this is not a reform. It is simply a return to the old way of organising elections," says Olha Aivazovska.

The Ukrainian Week's sources warn that the issue of electoral reform should not turn into a battle of the buzzwords. Oleksiy Koshel points out that the idea of changing the electoral system that is on everyone's lips should not be confused with actual electoral reform: "An electoral system with open lists should not be seen as a panacea against bribing voters or the influence of oligarchs. If we proceed by adopting an electoral code, we should put serious safeguards against such issues in other regulatory documents. Unfortunately, this discussion is continuing at the expert level while parliamentarians try to turn everything into a mega-victory for themselves."

Another risk is that Parliament will delay work on the bill as much as possible and then refuse to adopt it on the pretext that large-scale changes cannot be made less than a year before the country goes to the polls. They will restrict themselves to cosmetic changes and the issue of electoral reform, which the coalition promised to look at in 2015, will again be postponed indefinitely. Even now, in private conversations most MPs are not very bothered about the fate of the law under which they will stand for re-election. They are more interested in determining the favourites for the upcoming presidential poll. Many are convinced that this will influence their fate far more than electoral legislation will.

Pragmatic paternalism

How experience and venal calculus are turning some Ukrainians away from liberal reforms

Maksym Vikhrov

Despite strong demand for change in Ukraine, a significant portion of Ukrainians does not support a course of liberal reforms. According to a recent poll by the Rating group, nearly 60% of Ukrainian voters still believe that the state should be responsible for their lives, 40% support the equalization of incomes, and nearly 50% want to see the state-owned share of business and industry increased. Moreover, 70% of Ukrainians are prepared to give up some personal freedoms in exchange for greater law and order in their country.

Typically, a preference for paternalism clearly correlates with the age, education and property indicators of respondents. The highest proportion of opponents of liberalism is among those over 60 who have only primary education and consider themselves poor. The lowest share is among those aged 18-29 with a university degree. In public discourse, this mentality is often dismissed as the "sovok" or soviet mentality, lumpen prole-ism, and so on. However, the heart of anti-liberal attitudes does not necessarily lie in an irrational rejection of freedom or ideological rigidity. A closer look shows that the rejection of liberal reforms in Ukraine is based on widespread experience and a pragmatic personal calculus.

According to a recent poll by the Rating group, nearly **60%** of Ukrainian voters still believe that the state should be responsible for their lives, **40%** support the equalization of incomes, and nearly **50%** want to see the state-owned share of business and industry increased

Generally speaking, liberalism means that individuals ensure their own material needs by competing on the labor market while state policy is largely determined through the competition of various social forces in the legislature and civil society. The power of the government should ideally be reduced to the role of a night watchman, so to speak. This way of organizing life has many advantages but it's not for everyone.

Liberalism is a powerful stimulus for economic growth but it inevitably results in different social groups being in an uneven position. Potential losers in this environment are the poor who, having no capital, are unable to take advantages of the opportunities offered by entrepreneurship, and those whose education—or lack thereof—puts them at a disadvantage on the labor market. In short, all those who have the least chance of winning the competitive struggle in a market environment. Such individuals feel more confident when benefits are distributed by a government that guarantees everyone a minimal level of well-being, and not by the market.

In theory, which has been persuasively confirmed in international practice, the transition to a free economy eventually benefits everybody, but the timeframe for Ukrainians to suffer through has become quite short. In a poll taken in 2017 by the National Academy of Science's Institute of Sociology, only 6% of them are prepared to suffer as long as necessary, while another 33% are prepared to be patient, but not for long. Meanwhile, 21% don't want to put up with it at all any more because they already feel they are in an insufferable position, while 29% aren't willing simply because they don't believe that the reforms will succeed.

What this suggests is not that ordinary Ukrainians are capricious but that they are making a very rational calculus. To suffer through difficulties when you don't believe in an ultimate positive outcome is absurd, even when opportunities present themselves. Those who are already vulnerable can no longer suffer because they simply don't have enough economic reserves left. This is what underlies an obvious socio-political paradox: those who find themselves in a difficult situation are more inclined to support the status quo than urgent radical reforms. This flies in the face of notions of the revolutionary potential of those who have "nothing to lose but their chains," but it's entirely true in Ukraine today. Any groundbreaking economic changes will increase personal risks, and the stakes are highest precisely for the poor. Where the middle class has economic reserves, the poor risk ending up in extreme poverty.

What's more, the problem is not only in attitudes towards liberalism itself but also in a lack of trust in those responsible for and undertaking these reforms. Historically, no Ukrainian Government really had a measure of trust at its disposal that was enough to undertake fundamental reforms: ordinary Ukrainians had doubts about both the motives of the reformers and their capacity to properly implement what they were proposing.

To some extent the blame here lies with individual politicians and groups who have chosen the path of populism. However, just changing the individuals involved will not solve the problem, as the negative collective experience of Ukrainians during the long crisis of the 1990s cannot simply be deleted. According to monitoring by the NAS Institute of Sociology, Ukrainians were greater supporters of liberalism at the dawn of independence than they are 27 years down the line **(see Resistance force)**. For instance, 25% of them supported the privatization of large enterprises in 1992, while 32% opposed it. A decade later, in 2002, the relative shares changed to 18% and 55%, while in 2016 it was 14% and 62%. Meanwhile, the undecideds came down to 24% from 42%. Support for the privatization of small enterprises went from 56% in 1992 to 32% in 2016, while opposition has risen from 14% to 37%. Attitudes towards the liberalization of the land market have shifted equally dramatically towards the negative. In 1992, 63% of Ukrainians supported it and only 14% were against, but by 2016, the numbers had practically reversed: less than 17% favored it while 59% were against.

Without doubt, the collapse of illusions and expectations during the reconstruction period played a serious role here. But there's no question that the behavior of Ukrainian Governments has also provoked considerable negativity. To be fair, not one president or premier planned to institute shock therapy on the country, but because of corruption and their incapacity to govern properly, the result often turned into precisely that.

A classic example is the efforts to restructure the coal industry, which had to be brought in line with the requirements of a modern market economy. Reforms were expected to involve not only the shutting down of unprofitable mines but also the retraining of workers, the provision of replacement job options, and other supportive measures. However, over 1995-2002, instead of the planned UAH 9 billion being allocated, only around UAH 3bn was, and, of that lesser amount, the Accounting Chamber says that at least 10% was used "ineffectively" or "unlawfully." Moreover, funds provided by the World Bank in support of restructuring the industry, US $150 million to be exact, were used "not as designated."

The situation with finding redundant coal workers new jobs went no better. Over 1996-2001, nearly 100 mines were closed, but only 6% of the plan for new jobs was implemented. It was because of this kind of thing, and not some kind of ideological rejection of market reforms, that the idea of restructuring the industry was despised so much in the coal mining regions. Since then, little has changed. Needless to say, far from all Government initiatives meet with failure. For instance, a relatively effective system of subsidies made it possible to transition to market prices for energy without the level of shock that skeptics predicted. Still, the way government agencies function leaves a lot to be desired, and so reforms can have unexpected consequences.

This is particularly true of the banking sector, judiciary and property rights, the tripod on which a market economy stands. The Global Competitiveness Index, in which Ukraine ranks a very distant 128th among 137 nations. For the protection of intellectual property rights (IPR), it's 119th, for the independence of its courts, 129th, and for the solvency of its banks, almost at the bottom at 135th. These and other problems not only undermine the confidence of potential foreign investors, but also spur domestic resistance to reforms: a market economy with weak institutions fosters arbitrariness and abuse. Take the land market issue. According to the NAS Institute of Sociology, a 2012 poll of the owners of shares of farmland and those who process agricultural products were against the sale of farmland because they were concerned about competition with Big Business and foreigners, resources being used improperly, and similar issues. Since then, attitudes have not budged: a poll by USAID's Agroinvest, 80% of Ukrainians are worried about one or another of these threats if a land market is formed, although 55% of them also see some benefits.

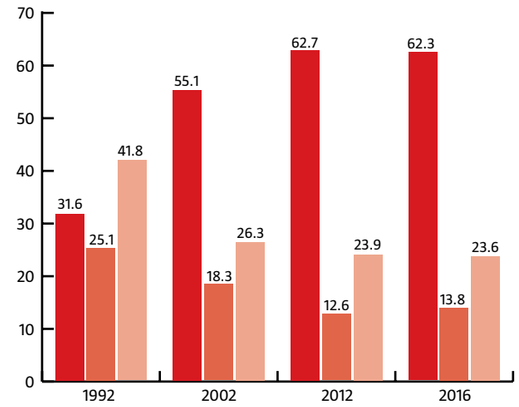
As to privatization, a 2017 poll by GfK Ukraine revealed that the main fear was that the terms and conditions of tenders would be designed in the interests of specific oligarchs. Given the poor anti-monopoly legislation and systemic corruption on the part of oligarchs with good connections to the government, such fears are hardly unfounded. Doubts about medical reforms are also mainly connected to disbelief that they will be properly carried out. According to GfK Ukraine, among those who are familiar with the restructuring of the healthcare system, 44% support it, but 52% are against. Negative expectations are typical of less well-off individuals, who fear that corruption will not disappear, services will not improve, and many rural areas could find themselves without a hospital altogether.

And so, the fact that many Ukrainians are not happy about liberal socio-economic paradigm is only marginally driven by ideology. It's quite probable that the reason for their negative attitudes is that they don't see the reforms as improving their lives: some because they can't compete on the labor market, some because they don't expect the stated results to actually be reached, and others because they don't believe that market mechanisms won't also be abused. The first issue is linked to the vulnerability of pockets of the population and not much can be done about it for now. Poor Ukrainians will begin to believe in liberalism when they can see and feel its impact. Until then, reformers will simply have to try to overcome their skepticism and dissatisfaction.

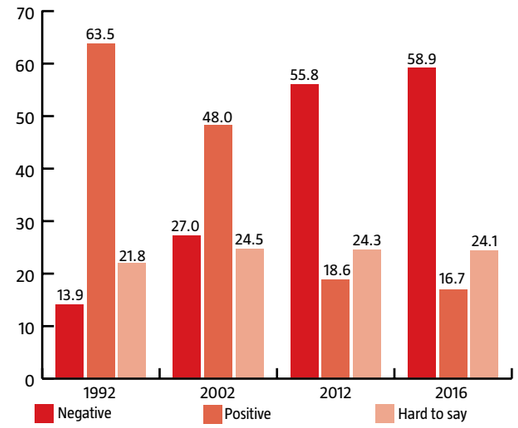
The second component is much harder to deal with as it's strongly linked to disillusionment in governments and institutions. While a political team can manage to—at least theoretically—gain voters' trust and hold on to it for a complete term, restoring trust in institutions will take much longer because it requires providing people with a more positive common experience. This doesn't mean that Ukraine should reject liberal reforms outright. For the next few years, however, they are doomed to be unpopular and politicians should accept that.

RESISTANCE FORCE

What do you think about the privatization of large enterprises?

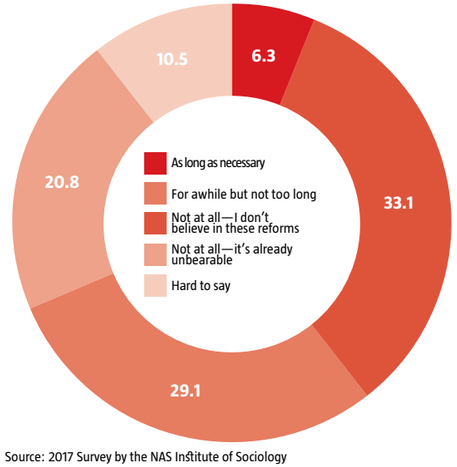


What do you think of the privatization of land?



Source: Annual National Monitoring by the NAS Institute of Sociology

How long are you prepared to suffer a declining standard of living?



Source: 2017 Survey by the NAS Institute of Sociology

Breaking through the asphalt

What's happening with Ukraine's exports?

Oleksandr Kramar

Ukraine continues to be extremely dependent on foreign trade, not only in terms of filling domestic demand for the bulk of its energy resources, technology and even consumer goods with supplies from other countries. Most sectors of the country's economy are also very dependent on exporting what they produce. Of the goods that are the foundation of Ukraine's industry and farming, 30-70% is sold abroad—in some instances as much as 80-90% is.

PROGRESS ON MANY FRONTS

Not just the steel industry, heavy machinery, grain growers and oil processors, but furniture makers, wood processors, clothing manufacturers and shoemakers also sell half or more of their output abroad. Even those who quarry rocks, sand and clay or manufacture building materials are exporting more than 33%. One third of Ukraine's confectionery, nearly 40% of its paper, carton and rubber products end up on the markets of other countries. Nearly 90% of the car parts made in Ukraine also leave the country. What's more, lately the circle of export-oriented sectors has been steadily growing as transnational corporations set up shop here and domestic enterprises export more and more of their production.

To get a better sense of where Ukraine's economy is heading and what kinds of challenges might face it with such a large part of the economy oriented towards exports, the trends and dynamics driving it are worth analyzing.

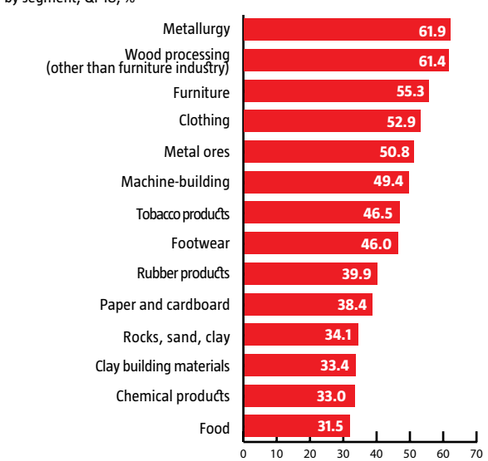
If we look at the changes in the shape of Ukraine's exports over the last two years, there are clear signs of the vitality of Ukrainian business. It's continuously in search of ways to break through the asphalt and move into those niches that it has the wherewithal to take on, despite the lack of government policy in support of economic growth and the promotion of Ukrainian-made goods on foreign markets. What's more, there's a clear, if slow, largely evolutionary shift to a decline in the share and even the overall volume of exports of raw materials as the volume of goods with at least some added value.

For instance, the latest figures from Customs about the export of Ukrainian goods for January-April 2018, compared to the same period of 2016, shows that the exports of edible oils and grain rose 25% and 15% over the two years, while exports of meat and livestock nearly doubled. Exports of processed meat and fish grew 78% and are now worth tens of millions of hryvnia per month. Other animal products are not far behind in their pace of growth—dairy, eggs and honey. The strongest growth has been in exports of creamery butter. Exports of beverages have also nearly doubled, while exports of vegetables grew 108%, and exports of meal and flour rose over 75%.

Exports of non-foods such as soap and cleaning products have also grown 33% in the last two years, while footwear has grown over 40%, glass and ceramic products by 80%, and toys and sporting goods by 60%. Some quite unexpected items are also now entering foreign markets: Ukraine exported nearly three times as many carpets, with a total value over UAH 100mn for the first four months of 2018. Exports of electrical equipment have grown 150%, while shipbuilding has doubled its exports. Ukrainian suppliers are adapting themselves to the changing global market and finding their places in new markets.

Growth through exports

Share of selected industrial products sold outside Ukraine, by segment, QI'18, %



Source: Derzhstat data

THE NEW EXPORT MAP

The geography of Ukrainian exports has changed significantly. Where earlier it was largely a choice between the EU and Russia with its Customs Union, the situation has changed radically in the past few years. Although the EU market has dominated as the destination for Ukrainian goods, with shipments recently exceeding 2013 levels, when no Ukrainian territory was under occupation, exports are growing more and more geographically diverse.

Indeed, no individual country is the destination of more than 8% of Ukraine's goods today. Russia's market has been inexorably losing its importance for Ukrainian producers and its share has been shrinking to the level of the seven other top countries importing Ukrainian goods. Customs statistics for January–April 2018 show that Ukraine exported almost as much to Poland as to Russia, US $1.1bnvsUS $1.2bn—7% and 7.7% of overallexports. Turkey is close behind, at US $0.94bn and 6.1%. The remaining five top countriesare Italy, India, Egypt, China, and Germany, each getting from 4% to 6% of Ukraine's exported goods.

The range of goods sold to these closer markets is also relatively diversified, compared to more remote markets where grains, oil, metal and ore go. Exports to countries like Poland and Turkey include a high proportion of other goods.

In addition to the UAH600-700mn-worth of electrical cables that Poland imports every month, it alsobought 55% Ukrainian-madeseating over January-April 2018, worth UAH 500mn. Poland also importsprocessed wood products, such as 62% of Ukraine's exported particleboard, worth UAH 130mn, and 32% of cabinetry and woodwork used in constructionand 50% of pipes, each worth over UAH 100mn every month. Each month, tens of millions of hryvnia in canned vegetables and fruits, in juices, in confectionaries, in air conditioners and washing machines, in plumbing fixtures and ceramic tiles, in clothing and footwear, in leather goods, in paper and cardboard, and in soaps and cosmetics are also shipped toPoland.

Diverse Ukrainian goods are entering the Turkish market at a good pace as well. Where semi-finished steel products and farm commodities dominated Ukraine's exports to Turkey, areas that are dominated by oligarchs and traders, lately, Ukraine has been exporting a greater variety of goods, including products with higher added value.Turkey already imports over 40% of Ukraine's exported mineral fertilizers, nearly 20% of its butter and sugar, 14% of shipbuilding products, and 16% of engine components. It is a key market for Ukraine's wood processing industry, as well. Each of these areasbrings Ukrainian exportersfrom tens to hundreds of millions of hryvnia monthly.Most recently, Ukraine was certified to export beef to the Turkish market following a technical mission by the Main Directorate for Protection and Control under Turkey's Ministry of Agriculture. This could add another profitable item to products exported by Ukraine'sSMEs.

Shipments to these two biggest neighboring markets are the easiest for Ukraine's SMEs, especially compared to distant markets in Asia, Africa or the Americas. This explains why Poland and Turkey were key partners for Ukraine's shuttle trade in the 1990s. On the other hand, Polish and Turkish companies have long been interested in a variety ofoptions for working and cooperating with Ukrainian partners. Indeed, The share of Ukraine's exports going to Polish and Turkish markets has almost matched Russia's and could soon overtake it. Although this process is natural, it could present significant risks in the longer term.

DANGEROUS ORIENTATIONS

An excessive concentration of Ukrainian businesses, especially SMEs, on trade with Poland and Turkey could eventually lead to a dangerous dependence similar to the country's earlier dependence on Russia, which has taken Ukraine a long time to overcome. The hegemonic mood that isgrowing in both these countries couldencourage their leaders to exert economic and political pressure on Ukraine at some point down the line. What's more, there are other areas in which Ukraine could potentially become dependent on these two countries.

Today, Poland is not only rapidly catching up to Russia for the revenues Ukrainian exporters earn on its market, but it is alsoovertaking Russia's status as the #1 destination for Ukraine's migrant workers. According to the National Bank of Poland, Ukrainians transferred €2.7bn back homeduring 2017. In 2016, this figure was about a thirdless. Based on this trend, migrants in Poland are likely to transfer over €3.3bn this year—which nearly matches revenues from Ukraine's exports to Poland. If Russia completes its gas pipelines bypassing Ukraine and stops transmitting the necessary amount of gas to allow reverse flow through Ukraine'snetwork, Poland couldbecome the key alternate supplier for Ukrainian consumers, as it already has an operating NLG terminal on the Baltic coast and is preparing to receive gas from Norway through an underwater pipeline similar to Russia's Nord Stream.

Turkey is already buying a large share of Ukraine's exported goods and could potentially become another alternate gas hub for Ukraine to compensate for the loss of transit Russian gas through Ukraine's GTS.However, it already effectively has potential control over the transport of Ukrainian exports and a large share of Ukraine's imports, because the lion's share of Ukrainian goods, such as grain, soy beans, oil, ore and metal goods, as well as a large portion of other goods, is shipped by sea. This means it goes through the Bosphorus and Dardanelles, the only way for Ukrainian goods shipped by sea to get to the Mediterranean, let alone to the Atlantic Ocean.

In the past, control over these straits was a key source of power and wealth for the Ottoman Empire and its predecessor, the Byzantine Empire. Aseries of international agreements signed in the 20thcentury stripped Turkey of this privilege, but the country's leadership has been pushing for the construction of the Istanbul Canal, an artificial alternative to the Bosphorus through the European part of Turkey, which would be under Ankara's full control. Traffic through the Bosphorus could then be minimized under a variety of pretexts.

Admittedly, construction has been slow, but eventually it will likely be finished, just like Russia's pipelines bypassing Ukraine. And that means that the lion's share of Ukraine's foreign trade from Black Sea and Azov ports will depend on Turkey's good will and the conditions it sets.

IT DEPENDS ON UKRAINE WHETHER OUR SMALL AND MEDIUM-SIZED ENTERPRISES ARE OVERLY FOCUSED ON THE NEIGHBORING MARKETS AND WHETHER THEY HAVE THE SUPPORT AND THE NECESSARY INFRASTRUCTURE TO ENTER MORE DISTANT MARKETS

The growth of Ukrainian exports to Poland is already upsetting local businesses. According to media reports, Elżbieta Bodio, the vice president of the Polish-Ukrainian Chamber of Commerce, says that Polish businessesarealready demanding that their government restrict Ukrainian suppliers. This is probably just the first signal. Given the recent rise inbilateral confrontationsover historical and ideological issues, the possibility that trade wars and bilateral trade could be used as an instrument for putting Kyiv in its place and pressuringthe country cannot be ruled out. If Ukraine's business focuses too much on Polish markets, the country could find itself far too vulnerable.

Ukrainian manufacturers really need to increase their presence in all the country's closest large markets while keeping in mind that both Ankara and Warsaw, even if less hostile than Moscow, couldturn Ukraine's economic and transport dependence to their own geopolitical advantage. This means that Ukraine should be cautious and continue to diversify markets and transport corridors—and be prepared to nip any attempts bythese two big trading partners to usetheirsignificance to Ukraine's economy for political leverageIn the bud.

Ukraine's governmentneeds to play the key role here. It's in a position to determine whether domestic SMEs areoverly focused on these neighboring markets and whether they have the instruments, the support and the necessary infrastructure to enter more distant Asian, African, American, and Western European markets. For now, mostly only Ukraine's big corporations and transnational traders deliver there.

Opening more distant markets and shipping larger quantities of Ukrainians goods from domestic SMEs can and should help Ukraine avoid dependence on two neighbors that have geopolitical ambitions of becoming leaders in the region.

A looming cash crunch?

Why are Ukraine's public finances starting to look shaky?

Liubomyr Shavaliuk

James Freeman Clarke's famous statement, "A politician thinks about the next election, while a statesman thinks about the next generation," is a good way to describe the situation in Ukraine today. The country is nowhere close to successfully completing its many reforms and it's burdened by substantial public debt that it needs a major injection of capital to refinance over the next two years. And these are not the only national-scale problems Ukraine is currently facing. Its statesmen have barely begun to cope with the challenges—except that Ukraine has no one of that caliber to handle them. It's establishment is largely politicians and not statesmen. As elections draw near, they are busy operating on the political surface, like the cheese on Rocky the Rat in the Disney cartoon *Chip 'n Dale: Rescue Rangers* working to hypnotize and discombobulate voters. Politicians are starting to get hung up on ratings and are completely ignoring the country's myriad of complicated problems, leaving an administrative vacuum. This threatens to turn Ukraine's modest achievements of the last few years to dust.

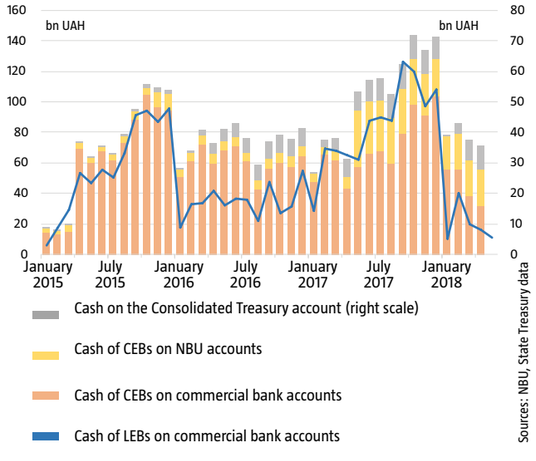
A GROWING DEFICIT

Take the situation with public finances today. According to the Treasury, the revenue side of the state budget was 96.9% fulfilled during QI'18, which means public coffers were about 3.1% off planned, or nearly UAH 6.2 billion. Is this normal or something to worry about? On one hand, this shortfall in collections could be caused by a substantial jump in VAT refunds, which went up 25% or UAH 6.7bn compared to QI'17, as the system has been automated in that time. Meaning this could reflect a shortfall in the ability of those who were planning to do their math properly.

On the other hand, the budget was under-fulfilled at a time when actual inflation for the quarter was 13.8%—nearly double the 7% set in the 2018 budget for the entire year. Had it been lower, budget spending could have been lower as well. The seriousness of the situation is also reflected in the slower growth of revenues, both compared to last year and compared to what was used in drawing up the budget. Both tax and customs incomes have been below planned. In short, this gap cannot simply be sloughed off: it could be the first indication of a downward trend that could eventually threaten the country's financial stability.

The result has been a relatively high budget deficit of UAH 20.6bn for QI, which is 111% higher than for the same period of 2017—and already 25.4% higher than the planned deficit for the entire year. This kind of situation is extremely rare, given that the first months of most years typically post a surplus. And it constitutes another warning bell. As the election season draws nearer, the level of populism in domestic politics will only grow, which means that most politicians will be less concerned about a balanced budget than about increasing social benefits, regardless of whether the Treasury actually has the necessary funds. This will significantly increase the budget deficit over what was planned, especially as the NBU puts all its efforts into slowing inflation. The government will also fail to meet the framework indicators in the IMF program and forfeit renewed cooperation with the Fund, putting external financing at risk and leading to further deterioration in donor and investor trust in Ukraine.

Going aground
The volume of funds on government acounts is melting swiftly.
By the time the elections come along, the Treasury could be empty

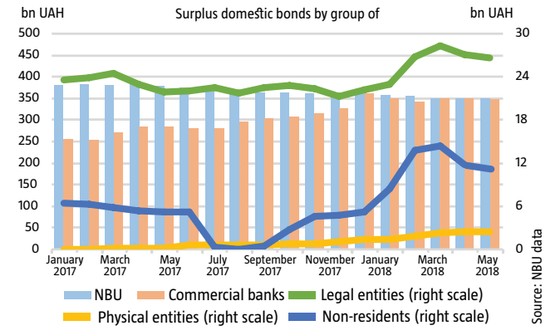


Sources: NBU, State Treasury data

COSTLY EXTERNAL DEBT

Until recently, there was a certain level of trust among foreign investors towards Ukraine, but it is slowly being lost, as the situation with government eurobonds amply illustrates. In September 2017, Ukraine successfully placed sovereign eurobonds with a yield of 7.375%. By mid-May, yields on this issue had already climbed to 8.0%, and even 9.0% on certain days **(seeRates on the rise)**, while the bonds themselves went down in value over 7% of the nominal rate. Most of these losses were in recent weeks, as well. All of this, of course, can be blamed on the US's restrictive monetary policy, the growing cost of money around the world, and growing yields on US T-bills. But when the top class of bonds is getting cheaper, bonds with junk-level ratings like Ukraine's face considerable caution among investors and demand for them—and their value—collapses from time to time.

Unreliable support
Surplus domestic bonds in circulation are diminishing in most groups of holders. MinFin is unabale to refinance even the current domestic debt, never mind taking on more of it



Source: NBU data

In short, an unpleasant moment of reckoning looms. The 2018 budget was based on attracting more than UAH 108bn in external financing, but QI saw only a tiny fraction of this, UAH 0.9bn. This is unsurprising, given that the break in IMF credits has lasted for over a year and, unless cooperation is restored, other international donors will not provide financing, either.

A few months ago, Finance Minister Oleksandr Danylyuk announced calmly that his ministry was feeling confident and prepared to quietly look for the best time to place another issue of external eurobonds in 2018. Now, it looks like that moment has slipped away. Yields are rising and, after a series of crashes on global financial markets in February, the situation has become tense and is slowly getting worse. This means that any issue of eurobonds will be automatically costly for the budget and ipso facto spoil the investment mood, signaling, as it does, that the Ukrainian Government is trying to put out fires that it can't put out in a more normal fashion using other instruments. Unlike 2017, such a placement is likely to be the trigger for capital to flee the country, rather than a way to attract investors. And that could bring on a new financial crisis like the one Ukraine went through four years ago.

TRICKY DOMESTIC DEBT

Altogether, this year's budget anticipates a net balance of foreign debt, meaning borrowing minus settling, of UAH 46.5bn although the Government actually paid off UAH 8.4bn more in QI than it issued. It's become clear that, without IMF assistance, financing these kinds of numbers is quite unrealistic. Theoretically, Ukraine could try to switch to domestic bonds, but it's not clear if that's any more realistic.

Analysis shows **(see Unreliable support)** that things are not looking so good on this market, either. Key counterparties have reduced their holdings of domestic government bonds. The NBU is doing this in support of its inflation-targeting policy, which requires rejecting the kind of fiscal domination, where the central bank is forced, under pressure from the Government, to buy up government bonds in sufficient volumes by printing more money. The Bank has refused to buy such bonds and is, on the contrary, reducing its portfolio by gradually paying out the papers it has. If the situation should become critical, the regulator might soften its position, but so far the NBU is holding very firm.If the additional factor of looming elections is taken into account, when any money that is printed will go to cover populist promises—good luck with bonds.

Since January 2018 domestic banks have also not been expanding their domestic bond portfolios. In the last few years, they were buying up domestic bonds because they had no other options for placing their money. Right now, lending to the public and to business has picked up pace, so the main financial resources of commercial banks are going to that.

Under the circumstances, the volume of domestic bonds in circulation has been shrinking. This places the Government's capacity, not just to cover the shortage of external financing by borrowing on the domestic market, but even to meet its objectives for strictly domestic borrowings, under considerable doubt. The pace at which the circulation of domestic bonds has been declining would be much higher if foreign speculators hadn't taken advantage of the expensive dollar to buy up government bonds in the first months of 2018. This allowed them to pick up hryvnia papers and get high coupon yields. This led to the sale of nearly UAH 10bn in domestic government bonds in early 2018. As soon as the hryvnia grew stronger, however, such speculators began to cover their positions and today only UAH 3bn of this amount is still in circulation. By fall, there's likely to be only a marginal amount left on non-resident accounts.

> Treasury reports that the revenue side of the state budget was **96.9%** fulfilled during QI'18, which means public coffers were about **3.1%** off planned—nearly **UAH 6.2 billion**

Significantly, none of these counterparties are attracted by high interest rates, which have been creeping upward as the NBU raises the prime rate **(see Rates on the rise)**. So far, this has done nothing to stop the decline in the volume of domestic government bonds in circulation. Market players say that demand for new issues is even lower than the size of the payout that counterparties are getting on their old bonds.

This is yet another worrisome signal that the revenue curve illustrates perfectly. Under normal circumstances, the higher the term of a bond, the higher the yield on it, because longer-term bonds are perceived as a greater risk than short-term ones. However, when the situation is uncertain, short-term bonds have higher yields because of the concentration of risks associated with them in the nearest term. According to Dragon Capital, the yields on 90-day bonds are almost an entire percentage point higher than on 24-month ones. This means that investors are already seeing risks in the state budget that are likely to make themselves known over the next few months. Given all these factors, MinFin will have a very hard time getting domestic debt in the necessary volumes.

THREE NOT-SO-LITTLE RISKS

In short, Ukraine's public finances face three major risks today. First is that budget revenues will be overly low as inflation goes down but the economy fails to pick up pace quickly enough. This will effectively expand the deficit. »

Second is the approach of elections, which will foster a growing populism in the current Administration through a pushfor exorbitant raises to pensions, minimum wages and the subsistence minimum. This will also expand the budget deficit. A few weeks ago, Premier Groysman said in an interview that there were no means to raise the minimum wage to UAH 4.200 from its current UAH 3.723. This was a very strong statement, given that politicians normally never publicly admit that the budget might be facing constraints. There's the impression that the Government has finally come down to earth, and decided to finally stop the race to social populism and make the pace of growth of benefits contingent on economic growth. But this statement could also just be an element in political bargaining, in a conflict between the president and his PM that has been widely rumored lately. It's possible that, as soon as Poroshenko and Groysman agree to their respective spheres of influence and come to an agreement about their starting positions in the next elections, the populist race will be on again.

And the third and final risk: the lack of financing to cover the budget deficit sufficiently. This risk has a number of components, the greatest of which is continuing uncertainty about whether cooperation with the IMF will be restored. Minister Danylyuk keeps expressing confidence that, any time now, Ukraine will receive its next tranche. But the money keeps not coming in, making his confidence look more like bluffing with a bad hand. For the IMF's conditions to be met, the country needs a working legislature. But with the approaching elections, both president and premier are slowly losing their ability to consolidate a majority in the Rada to ensure that the necessary legislation is passed. The conflict between Poroshenko and Groysman, added to the president's low personal ratings, is a real demotivating factor for lawmakers, who are scattering like sheep without their shepherd and more concerned now with options for their own political futures.

The 2018 budget planned on attracting over **UAH 108bn** in external financing, but Q1 saw only **UAH 0.9bn** come in

In short, the chances that necessary policies will still be adopted, when they didn't make it while the political situation was far more favorable, are not good. Land reform, an overhaul of the judiciary, the launch of privatization and other changes are a necessary condition for the economy to pick up, investment to come in and GDP to grow. And all of those are necessary for the budget to see more revenues. A government that failed to push forward on these issues when times were easier is unlikely to push now, no matter how much money the IMF promises.

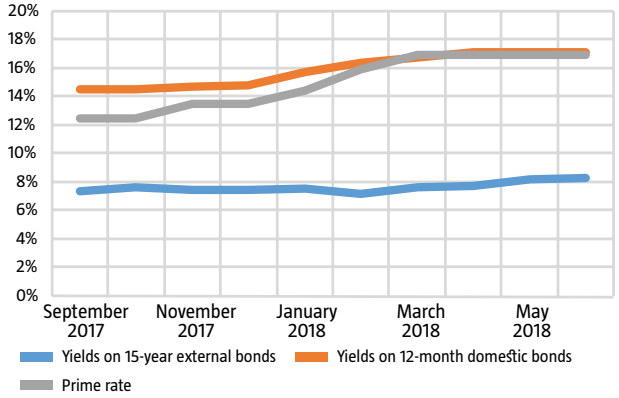
A final negative factor is the likelihood that the budget deficit will grow beyond the limits established in the Fund's crediting program. For the IMF, this will be the last straw, especially if the deficit is caused by a wave of populist social policies.

NOW WHAT?

Based on theoretical projections, the threat that all three risks will coincide is fortunately very low.But if they do, whatever surplus the Treasury has will soon disappear. Indeed, by early May this year, the consolidated Treasury account had only UAH 5.5bn, an amount that is cyclically

Rates on the rise

It's getting more expensive for the government to borrow on domestic and foreign markets. The Budget could soon be facing a challenge



Sources: NBU data, Dragon Capital

the lowest since the 2014 crisis **(see Going aground)**. By the end of this year, the situation is likely to only get worse. Moreover, the Government could find itself reaching into the pockets of central and local executive bodies, which have been allowed through the decentralization process to keep their funds in commercial banks. At that point, it will be clear that the country is in a fiscal crisis—which will do little for the ratings of the top politicians going into the elections.

So far, the worst has not happened, but it's high time to think about why this is happening. The minute the threat of an economic crash receded, the populist race was on. Ukrainians haven't forgottenhow then-PM Viktor Yanukovych doubled pensions in the fall of 2004 during his first presidential bid, bringing economic growth down from 12% to 8%. In 2015, then-PM Arseniy Yatseniuk raised social benefits two months earlier than planned in order to impress voters in the run-up to local elections. And the current PM used the funds from pension reform to raise pensions rather than to cover the Pension Fund deficit. They all thought they would get away with it—but they didn't. Now we can see the story that the numbers tell and soon it will be evident to the naked eye.

Could the government not have been less caught up in populism, seeing as it was still far to the elections, both last year and the year before? Of course, it could. But it wasn't, and the result is quite predictable: the politics of irresponsibility, shortsightedness and lucky charms are an incurable disease among Ukraine's politicians. The only thing that will eliminate it is for a new generation to come to politics, this time real statesmen. The question is, where to cultivate and find them? And it's a rhetorical one.

In the end, there could be a peaceful transfer of power after the 2019 elections... and the new leadership will find the Treasury quite empty. This would not be the first time Ukraine has faced such a situation. It will simply be the latest confirmation that the country's political faces may change but the political class does not. The one good thing that might come out of all this is that the new team will be forced to work with international donors simply because it won't have any money. In that case, reforms could get a new shot in the arm. The country will go through yet another economic crisis but this time it won't stop growing.

Not bad, but could be better

Ukraine's economy has nearly recovered to prewar levels, but for it to go into higher gear, there needs to be a serious a shift in policy priorities

Oleksandr Kramar

Despite the steady stream of negative talk about the state of the domestic economy—which appears to be mainly driven by the approach of the next round of elections—, its recovery is steadily picking up pace. Over QI'18, GDP rose 3.1% compared to the same period in 2017—one of the best indicators in the last seven years. Indeed, since 2011, Ukraine's economy grew more quickly only in the last quarters of 2013, at 3.3%, and 2016 at 4.6%, in both cases driven by exceptional harvests. For the first half-year, which is less dependent on crop results, there has not been a better pace of growth in these seven years.

On one hand, this pace of growth is hardly enough to pull a country as poor as Ukraine today out of its slump. To achieve a breakthrough from the third world to the first in a short timeframe and become a developed country, Ukraine needs to post double-digit growth for a solid period. Yet, how much can be expected when neither those in power nor their key opponents are aware of, let alone understand, the need for cardinal changes in their policy priorities that then need to be subordinated to the goal of economic growth. Both groups are focused on a policy of accumulation, on the many ways to redistribute the national pie, from social populism to anti-corruption activities, and not on increasing that pie. Given this, it's hard to imagine how Ukraine might reach a breakthrough pace of economic growth.

On the other, it's simply dangerous manipulation to constantly berate the current administration and moan that, because of the Revolution of Dignity, "professional managers" have been sidelined from government and "traditional economic ties" with Russia have been ruptured, that the country's economy has suffered "a terrible collapse that has reduced it to barely half of what it was, and that climbing out of this pit at the current pace will take at least 15-20 years." The argument then goes that Ukraine should backtrack, reject painful reforms and the move towards an unpredictable future. This kind of thinking exploits outdated stereotypes that many Ukrainians still believe in, pushing them into despondency and fostering distorted notions about the path to renewal and growth.

ELIMINATING DISTORTIONS

First, all these statements about the "unprecedented economic collapse" of the last few years is a myth underpinning political agendas aimed at the masses and statistical manipulations aimed at specialists. Politically, comparative figures of Ukraine's GDP presented in dollar terms, making 2016 really look barely 50% as 2013, and 2017 barely 66%. But the fact is that the nearly twice-larger GDP of 2013 also included the now-occupied territories of Crimea, Sevastopol and parts of Donetsk and Luhansk Oblasts that once produced most of the regional output.

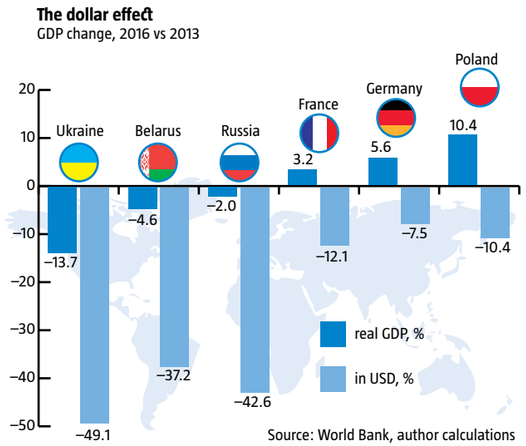
Secondly, dollar-based GDP shrank in many countries of the world after 2013 as the US currency sharply strengthened in relation to most other currencies and most internationally traded goods. As a result, even countries whose economies had been growing steadily in the previous few years saw their real GDP go down in dollar terms. For instance, Poland's real GDP over 2013-2016 grew 10%, but its dollar value fell 10%. Over that same period, Germany's real GDP growth comes out as a decline of 7.5% when calculated in dollars. France, too, posted a 12% decline in dollar terms, but its real GDP grew 3.2% **(see The dollar effect).**

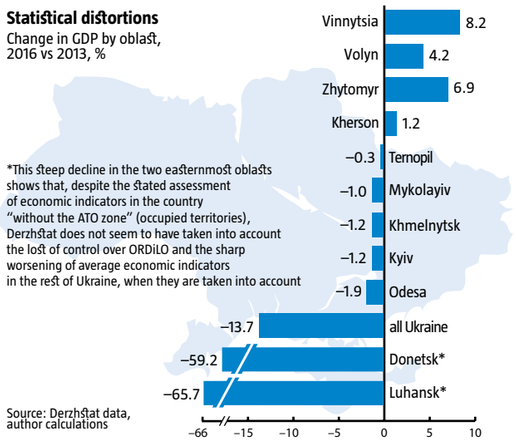
Among Ukraine's post-soviet neighbors, the effect of the exchange rate on GDP growth was even stronger—and not that different from Ukraine's. For instance, the Russian Federation posted a 2% decline in real GDP over 2013-2016, but in dollar terms, it was down 42% in 2016, compared to 2013. Similarly, Belarus's GDP went down 4%, but in dollar terms it was down nearly ten times more—37%. Considering that Ukraine lost part of its territory over this period, its performance was not very different from either of these neighbors. In short, representing economic growth in the US dollar or any other currency is an indicator that can sometimes sharply rise or fall without reflecting objective economic changes.

> IT IS TIME TO STOP SEARCHING FOR SOMETHING ELSE TO REDISTRIBUTE AND TO AIM FOR GROWING THE NATIONAL WEALTH AND ESTABLISHING SUCH PRINCIPLES FOR SHARING IT THAT WILL FORCE EVERYONE TO PARTICIPATE IN MULTIPLYING IT

Using real GDP for this calculation, Ukraine's economy was only 11.5% smaller in 2017 from pre-war 2013. This indicator alone testifies that the supposed economic abyss into which the country fell in the aftermath of Russia's invasions and war was actually not that deep. By comparison, during the world economic crisis of 2009, the domestic economy shrank 14.8% and by 2013, four years of recovery later, real GDP was still 6.4% below 2008.

Indeed, the situation is even better when examined across different regions. Now we see that by 2016, 10 oblasts and Kyiv were only 1-5% below 2013 levels, while another five were at about the same level or significant- »





ly higher—Vinnytsia, Zhytomyr and Volyn. Moreover, growth continued through 2017, although exact numbers are not yet available. The overall "loss" for this period, 13.7% of GDP compared to 2013, is a reflection of the largely artificial decline in indicators for Donetsk and Luhansk Oblasts: -59.2% and -65.7% **(see Statistical distortions)**. This was because Derzhstat, the statistics office, continued to include in its baseline all of Donetsk and Luhansk Oblasts, which were not under government control in 2016, 2017 or 2018—despite its official claims that they were not including temporarily occupied Crimea, Sevastopol and ORDiLO. The picture of an enormous economic collapse painted as a result of this, which in reality took place in the territories that were occupied, but not in the rest of those two oblasts, was the main cause of the 13.7% "adjustment" in 2016 compared to 2013.

COMPARING TIMES AND NEIGHBORS

Since the country is not in a catastrophic state of collapse compared to prewar indicators, it means that the corollary myth to that is that it will take decades for the country to get back to those levels. Across the free territory of Ukraine, real GDP could be back up at 2013 levels and even a little higher by 2019 if the country can maintain the current modest pace of growth of 2.5-3.0%. Indeed, there's a good chance that Ukraine could be back at 2013 levels even in euro terms by next year, if not entirely in dollar terms, provided that the necessary adjustment is made for the temporarily occupied territories. Neither the supposed sidelining of "professionals" from power nor the largely mythical "disruption of traditional economic ties" with Russia stood, stand nor will stand in the way of this.

Economic stagnation began long before the Revolution of Dignity and Russian aggression. It happened under the previous Administration. By 2012, GDP growth was a marginal 0.3% and in 2013 it was completely flat. In fact, the economic decline of 2014-2015 was the result of the negative actions of the Yanukovych regime, which for several years had been winding it up like a spring. What's more, lately the domestic economy has been posting higher growth than its post-soviet Eurasian neighbors—even without any policy of stimulation.

For instance, Russia's pace of growth has been well below that of Ukraine for the third year running: in 2016, it contracted to only. 0.2% growth, when Ukraine was posting 2.4% growth; in 2017, Russia rose to only 1.5% while Ukraine inched up to 2.5%; in Q1'18, Russia's economy only grew 1.1% while Ukraine zipped ahead at 3.1%. Belarus, meanwhile, despite enjoying no "disruption of traditional economic ties," plus cheap gas and oil from the RF, began to recover only in 2017, not in 2016 like Ukraine, and continues to do more poorly for the third year running. For instance, where Ukraine's GDP grew 2.4% in 2016, Belarus's contracted by 2.5%, while in 2017, it grew 2.4% vs. Ukraine's 2.5%.

NOW FOR THE DETAILS

When sectoral analysis is applied to GDP, it becomes apparent that the least reformed sectors of the economy are also the ones that are performing the most poorly. For instance, overall GDP grew nearly 5% over 2016–2017, with the main drivers being construction at +46.1% and closely related real estate at 10.2%, and the IT sphere, which grew 14.7%. Other sectors that have been growing faster than the economy as a whole include retail trade at 9.5%, processing industries at 9.0%, the hotel and restaurant business at 8.0%, and postal and shipping services at 7.5%. Meanwhile, delays in reforms have led to declines in sectors like healthcare at -3.6%, education at -4.7%, energy at -5.1%, and waste management, water supply and sewage at -21.8%.

But the problems and the task of resolving them are not to return to 2013 levels or even those of 2008 or even 1991. It's not to replace today's pace by yesterday's or to return to partly lost traditional markets for outdated Ukrainian products. What's vitally important is to stop the downward spiral, where every economic boom and bust cycle ends up with the country's economy in worse and worse shape. Ukraine is currently at an extremely low level for it to consider little more than recovering to 2008 or 2013 levels, or even a modest improvement over them.

For the country to rise from the bottom, it needs a cardinal shift in its policy priorities. It needs to stop feeding off the nation's ever-shrinking natural wealth and to stop eternally searching for something else to redistribute. Ukraine needs to aim, instead, for growing the national wealth and establishing such principles for sharing it that will force everyone to participate as actively as possible in multiplying it.

Direct democracy & local budgets

As Ukraine introduces participatory budgeting, what is likely to be the social impact?

Maksym Vikhrov

Fiscal decentralization is starting to bear fruit: local budgets are not only operating in the black but in some cases are not keeping up with spending. The State Treasury Service reports that local revenues to local budgets grew to UAH 192 billion over 2017 and left a surplus of UAH 54.4bn. In 2018, the Finance Ministry reports, revenues to the general funds of local budgets grew 24% over January-May, compared to the same period of 2017. In short, instead of a lack of funding, the first issue now is how to effectively manage local resources. One of these mechanisms is public budgeting, which was introduced in Ukraine in 2015.

The essence of this institution is that part of every local budget is set aside to implement projects that the local community proposes and supports. The pioneer in public budgeting was the Brazilian city of Porto Alegre, where this concept began to be applied in the late 1980s and was then expanded to more than 100 Brazilian cities in the following decade. Since then, the practice has spread across the world. By 2015, participatory budgets were the rule in nearly 1,500 local governments on all continents. One of the biggest participatory budgets in the world is that of Paris: in 2014, it was nearly €18mn, skyrocketing to almost €68mn in 2015, and jumping again, to just about €95mn, in 2016.

While the procedural aspects vary from locale to local, the same basic idea lies at its foundation: a community's needs are best understood by its members, not officials or even representatives elected by the community. In Ukraine, participatory budgets were introduced with the support of Poland through the PAUCI foundation, a Polish-Ukrainian cooperation initiative. The first cities to pilot participatory budgets were Chernihiv, Cherkasy and Poltava. By 2017, the NUKMA's Center for Innovations Development reported that participatory budgets had been introduced by 91 local governments in 74 cities, 14 UTCs or unified territorial communities, 1 county and 1 oblast. Among oblast centers, the biggest budgets are in Kyiv and Odesa, with UAH 100mn each, Kharkiv with UAH 50mn, and Lviv with UAH 26mn. Of course, the size of local budgets depends on the local financial situation and the will of the local government: for instance, Bila Tserkva's 211,000 residents have a budget of UAH 7.2mn, whereas Vinnytsia's 327,000 have only UAH 7.0mn.

In participatory budgeting, the distribution of funding is based on the principles of direct democracy. After drawing up a project, its authors have to gain a set number of signatures in its support, after which the project is submitted for expert evaluation. If it meets established criteria, the project is sent to be voted on by locals. In Kyiv, for example, people can vote for their preferred projects through an online system using the Kyiv-issued BankID card, using a digital signature, or through an Administrative Services Center. Those projects that collect enough votes are given funding and are expected to be implemented within a set timeframe.

Such projects can cover an almost unlimited range of ideas: initiatives can be about safety, roads and transport, energy efficiency, utilities, culture and tourism, the environment, education, healthcare, social security, sports, and even IT. So far, participatory budgeting has demonstrated that those projects related to urban development, education and sports are the most popular. For instance, projects that received funding from Kyiv's 2017 participatory budget went to education, with 25% of the vote, sports with 20%, healthcare with 13%, and so on (see The most popular project categories in Kyiv).

The State Treasury Service reports that local revenues to local budgets grew to UAH **192 billion** over 2017 and left a surplus of **UAH 54.4bn.** In 2018, the Finance Ministry reports, revenues to the general funds of local budgets grew **24%** over January-May, compared to the same period of 2017

How objectively the results of voting on participatory budgets reflect the demands of the local community is an open question, as the procedure does not require an all-encompassing plebiscite. Typically, a relatively small portion of the population actively participates, as in municipal elections in many mature democracies. Even in Paris, it's less than 10% of the local electorate. In Ukraine, it varies widely from city to city. In Kyiv, 50,813 locals voted on projects in the participatory budget over 2017, which is around 2% of the voting-age population. The next participatory budget saw more than double the locals get involved, at 131,449 votes—although it's hard to call even this number, around 5%, representative. Similar proportions can be seen in many other cities. In Lviv, participation was a more substantial 12%, but in Chernivtsi it was 6% and in Sumy 5%, and in Rivne, barely 2%. This gives ammunition to those who are critical of the concept of participatory budgets, because the money is allocated de facto by a very small circle of residents. Still, such attacks are not really fair, given that opportunities to vote and to promote their own projects are open to all. Moreover these participatory budgets constitute a miniscule part of the total municipal budget, and so the consequences rarely affect the entire system.

The main problem with participatory budgets lies in a completely different aspect and is related to the untargeted use of this mechanism in the current circumstances, on the

Обсяг громадських бюджетів в обласних центрах України, млн грн

*Фактичні обласні центри Луганської та Донецької областей

**Громадський бюджет ще не впроваджено

За даними pb.org.ua, e-dem.in.ua, сайтів органів місцевої влади, 2018

Бенефіціари проектів громадського бюджету Києва

За даними баз даних gb.kyivcity.gov.ua, авторська оцінка, 2017

Найпопулярніші категорії проектів у Києві

За даними сайта громадського бюджету Києва gb.kyivcity.gov.ua

part of both community and state institutions. Take the projects financed from the Kyiv participatory budget for 2017. The open digital lab Fablab, bicycle parking near Metro stations or an underground museum at Poshtova Ploshcha are developments that all Kyivans can potentially make use of. But the participatory budget also went to a serious number of projects whose beneficiaries were individual institutions such as schools, hospitals, kindergartens, and so on. Analysis shows that 24% of Kyiv's participatory budget went to state institutions and another 22% went to community entities. In this way, the lion's share of funds allocated to citywide projects went to pay for computer classes for individual schools, to renovate local clubs, to replace windows in hospitals, and the like.

Nor is Kyiv the only city facing this problem. Over 2017-2018, one Lviv school got itself a playing field and replaced its windows and outside lighting with money from the participatory budget. Lviv activists say that schools and kindergartens "nabbed" as much as 90% of the participatory budget in 2017. In Cherkasy, of 11 winning projects, only 2 did not involve community and state institutions. Why these particular institutions are so active in their community is no secret, as schools and hospitals have no problems gathering several hundreds of votes from parents or patients.

To what extent this is deliberate abuse and how broadly administrative leverage is being applied would have to be investigated separately. Clearly, this kind of practice is against the spirit of participatory budgeting, which is that projects should be open to all. Moreover, it sets up a situation where funding is duplicated for public institutions that are already being served by the local or state budget. The necessary rules and restrictions need to be instituted at the local level to limit the risk that participatory budgets will turn into a competition among public institutions for supplementary funding. The rules for determining winning projects are also in critical need of revaluation: in a situation where participation is extremely low, participatory budgets can turn into an unexpectedly generous bonus. For instance, in Chernivtsi nearly UAH 200,000 went to equip a school's multimedia class based on only 554 votes, and another nearly UAH 300,000 for a local shooting range was "won" by only 135 votes.

Still, these are eminently solvable problems: the process of accepting project submissions can be improved based on the local situation, while public participation, as practice has shown, will grow over time. In Paris, voter engagement in participatory budgets grew from 40,000 in 2014 to 93,000 in 2016. Based on this, Ukraine is actually demonstrating a very positive dynamic if the 50,913 Kyivans who voted in 2017 were already up to 131,449 in mid-2018. Lviv has shown an even stronger growth trend: the 21,215 locals who voted in 2016 more than tripled to 72,061 in 2017.

In the end, the main positive effect of participatory budgets is not even the project themselves, which could have been covered with foreign donor money, sponsors or even cloudfunding. The main thing is that participatory budgets are a training ground for direct democracy. Drawing up projects, searching for support among fellow residents, participating in the vote, and overseeing implementation—it would be hard to find a better school for civil self-government.

What's more, participatory budgeting is how people can learn to lobby group interests through direct democracy. The fact that public schools and kindergartens have been more effective at using participatory budgets testifies not so much about the schools as about the state of civic society: that there is massive lack of participation in the lives of the local community. This is the sense in which participatory budgets have a far larger significance for the development of Ukraine's democracy than for the development of individual urban areas. Studies of European practice have shown that the main results that can be anticipated from participatory budgeting are the establishment of local institutions, self-organization at the community level, and stronger public oversight—the very elements that are critically lacking in Ukraine today.

Raid the Stash

How to solve one of the country's most difficult problems and why the state is stubbornly unwilling to do so

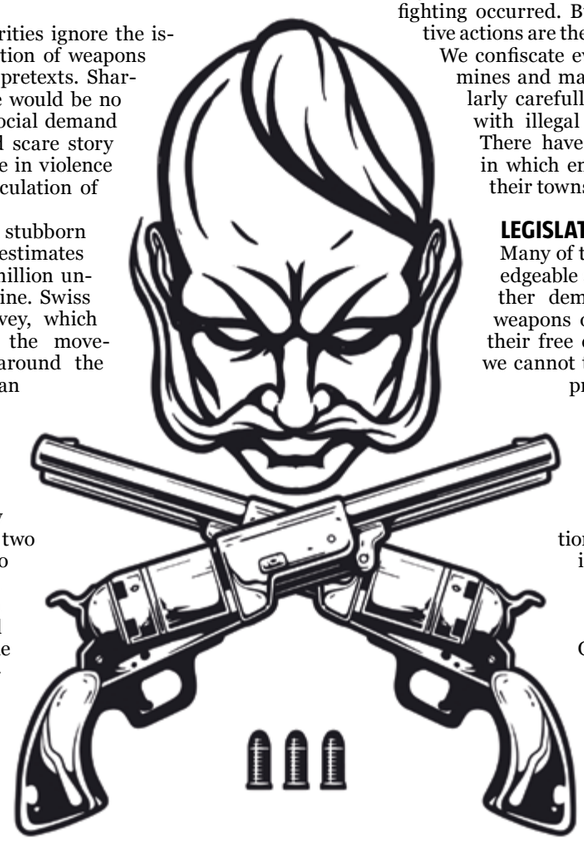
Roman Malko

The first electronic petition that landed on President Poroshenko's desk in 2015, signed by 36,244 Ukrainians (out of a required 25,000), was not about food, cheap services or the quality of roads, but the right to self-defence. The signatories demanded an addition to the Constitution that would give every citizen the right to freely possess firearms in order to protect their lives, property and the territorial integrity of Ukraine, as well as the adoption of a corresponding law. No doubt about it – this demand was ignored. The President deflected attention towards the Constitutional Commission and Parliament, while a draft law written by the public, No. 1135-1 On Civilian Weapons and Ammunition,got lost somewhere in the offices of parliament and that was that. The ingenious tried and tested management principle of "it will sort itself out" came in handy this time too. But is it appropriate to do so in the fifth year of the war, when citizens hold millions of unregistered weapons? That is doubtful.

WHAT'S UP WITH GUNS

It is obvious why the authorities ignore the issue of legalising the circulation of weapons in Ukraine under different pretexts. Sharing their monopoly on force would be no pleasure. The reply to the social demand for self-defence was the old scare story about the inevitable increase in violence and banditry if the free circulation of weapons is introduced.

However, statistics are a stubborn thing. By rough official estimates alone, there are at least 2 million unregistered weapons in Ukraine. Swiss company Small Arms Survey, which specialises in monitoring the movement of illegal weapons around the world, claims that more than 5 million had fallen into the hands of Ukrainians by 2015-2016. Not only small arms, but also heavier weapons and ammunition, whose movement was poorly controlled during the first two years of the war. It is unfair to argue that all weapons held by the population have been hidden for future criminal activity. That is indeed the case for a certain percentage. But for the most part, such actions are provoked by uncertainty about how the situation in the country will develop and the need to have resources for defence just in case.



This is a key point. It is not necessary to narrow everything down to crime alone, as is traditional in Ukraine. The fact that the first blow in the East was absorbed by volunteers, armed mainly by their own efforts and at their own expense, very clearly demonstrates their true motivation. Another thing is that a truly critical number of arms are alreadyin private hands and the measures that the authorities resort to are unlikely to have any real effect.

"Due to the hostilities in the Donbas, civilians now have a very large number of weapons," Kostyantyn Romanyuk, head of the Bakhmut criminal police sector for investigating property crime told ***The Ukrainian Week***. "Previously, we often confiscated artefacts from the Second World War, but now we see weapons from the current war. We constantly announce monthly gun amnesties and use the local media to convey the information that in such a case, a person is not held criminally responsible. Most often during such events, locals bring weapons that were accidentally found during field work or searches in the territory where fighting occurred. But operational and investigative actions are the main source of confiscations. We confiscate everything from cartridges to mines and machine guns. We look particularly carefully at those who had contacts with illegal armed formations in 2014. There have already been several cases in which entire arsenals were buried in their towns waiting for the 'right' time."

LEGISLATIVE LOOPHOLES

Many of those who are not very knowledgeable about the crux of the issue either demand a total prohibition of weapons or oppose the legalisation of their free circulation. However, in fact, we cannot talk about free circulation in principle, only about legalisation, i.e. the legislative regulation of social relations on the issue of arms circulation and their use. "Free circulation is precisely when there are no prohibitions and restrictions, i.e. there is no law on weapons, which is de jure the case today," says Vitaliy Kolomiets, lawyer for the Ukrainian Gun Owners Association.

Since 2007, there really has been no law on the restriction of weapons circulation in Ukraine. How this happened is a separate story. After the proclamation of independence, this issue was ›

regulated by two documents: the newly approved property law and the old Civil Code of the Ukrainian SSR. They foresaw that certain things, such as typefaces, drugs, poisonous substances, weapons, etc., could only be circulated with a special permit determined by the legislation of the Ukrainian SSR or the USSR. This legislation was made up of instructions. In Ukraine, this is the parliamentary resolution on the ownership of certain types of property adopted on 17 June 1992, which is still a key document. However, the 1996 Constitution clearly states that any restrictions on rights and freedoms and the legal regulation of ownership are to be determined exclusively by law. Even with the adoption of the new Civil Code, the law on property (although it contradicts the Constitution) did not formally lose its force because it was not abolished, which made it possible to establish restrictions on the circulation of weapons through subordinate acts: regulations and instructions from the Ministry of Internal Affairs. In 2007, it was finally abolished, but the tradition of prosecuting people and the feeling that there is a ban has survived to this day by inertia. Vitaliy Kolomiets says that these nuances were discovered in 2014. It was then that people, seeing the reality of the situation, began to rapidly arm themselves – 320,000 corresponding permits were issued in Ukraine (on average, 70,000 are issued per year) and demand grew five times over. Of course, the question arose as to which punishment is prescribed by law for the illegal possession of weapons. Legal experts carried out analysis, went through the entire legal chain and realised there was no law that people could be held responsible of breaching.

Swiss company Small Arms Survey, which specialises in monitoring the movement of illegal weapons around the world, claims that more than **5 million** had fallen into the hands of Ukrainians by 2015-2016

This loophole is not the only blunder in Ukrainian legislation. A progressive and generally good licensing law, adopted in 2015, provides for the licensing of the production, trade and repair of non-military weapons, but it does not mention military weapons. Therefore, if you read the Constitution explicitly, where it is written that any activity is free if it is not prohibited or there is no relevant licensing law, it turns out that the production of military weapons is an activity that does not require a licence. Quite the mishap.

It is a rhetorical question why nobody is in a hurry to fill this legislative hole, although there is a sound draft law that has been written by a wide cross-section of society. The lack of clear rules always creates significant room for corruption and selective enforcement. Hundreds of criminal cases were launchedon the basis of a non-existent law. A large proportion of them are against volunteers and soldiers. There is again a stalemate, because intelligent judges do not want to commit obvious offences. If a person does not recognise their guilt, does not want to agree to a suspended sentence and defends themselves, the judge cannot hold them accountable, because they can ask "Which law have I violated?" There is no answer. The prosecutor starts to talk about Instruction 622 and the parliamentary resolution in the indictment, but these are not laws. The article of the Criminal Procedure Code clearly states that it must be a law.

"There have been a lot of cases when the state recognised that there was no reason to try a person under trumped-up arms charges," says Kolomiets. "Recently, a decision by Pechersk District judge Bilotserkivets established that there is no law and it cannot be mandatory for citizens to follow by-laws without a corresponding law. The judge did something very interesting. Before acquitting, he examined what the weapons were being bought for (the bayonet of a well-known collector was involved). Because they can be a tool and a means for committing a crime. If someone brings ten kilograms of explosives into a city, it's important to understand why. Preparation for a serious crime, a terrorist act or a deliberate murder is already a crime in itself. If it is possible to work out someone's intent, they should be prosecuted not for possession, but for acquisition and future use. The Criminal Code provides an opportunity to deal with those who buy weapons not for self-defence, but for some other purpose, in an appropriate manner. But nobody wants to work with it, because it is easier to find weapons, carry out an expert examination, collect information and put pressure on a person so they agree to take the suspended sentence and move on. Of course, many judges simply return the indictment, because the prosecutor cannot explain what the potential accused has violated."

In addition to the legal aspect of the problem, there is also an economic one. Where there is demand, there will be supply. In 2014, all volunteers, and there were tens of thousands of them, basically armed themselves, buying weapons, helmets and body armour at their own expense. And now they are required to come and simply give up these weapons. It is necessary to foresee a mechanism for such people. Following another mass school shooting, Australia decided to calm down the situation somewhat by restricting the circulation of automatic weapons and buying them back from citizens. The market price was offered and an owner could hand in their weapon in exchange for money. Or convert it into a semi-automatic, which is also a good option. In this way, around 600,000 weapons were bought back. By the way, this is much cheaper than keeping entire departments in the SBU and the Ministry of Internal Affairs that look for illegal weapons. The result of their work, measured in dozens, hundreds or even thousands of weapons, is tiny compared with the scale of the problem. The effect will be much more significant than monthly amnesties that are for show. There is another way: the creation of a territorial defence system and some kind of reserve structures. If a person is a member of Territorial Defence forces, they will be registered, undergo regular training, their weapons will be kept in guarded armouries, they will be warned about their responsibilities and their psychological and criminal background will be well-known.

DEFEND YOURSELF IF YOU CAN

According to Article 27 of the Constitution, every Ukrainian has the right to defend their own lives and the lives of other people. This is an important right, reinforced by the collective responsibility of the state to protect the lives of its citizens. But in reality, this is not the case. The state as a service provider is in practice unable to fulfil its obligations. There are many examples of this. The assassination attempts and high-profile killings of well-known journalists, public figures and military leaders are just the tip of the iceberg and underscore the sad tendency. It would seem that if the situation is developing in this way and the state is unable to protect its citizens, it should at least not prevent them from doing so on their own.

In Moldova, which was forced to resolve a similar problem in 1994 (the conflict in Transnistria), violent crime fell by 50% in the few years following the adoption of the law on weapons. People got the opportunity to defend themselves and the senseless muggings and burglaries that were also epidemic in 2016 Ukraine immediately stopped.

Unfortunately, such regulations are still a complete profanation in our country. Weapons for self-defence (in the civilised world, a pistol that is stored in a safe near the bed and received after training, instruction and notifications about the responsibility they bring) are in fact inaccessible to most Ukrainian citizens. The exception is people close to the authorities who are given guns as part of official awards, while mere mortals can only have hunting or sports guns. But these are completely different weapons that have another sphere of application.

"I think that common sense will win and a law on weapons will be adopted," says Vitaliy Kolomiets. "This will enable people to have a means of self-defence, not just sports and hunting weapons, understand in which conditions they can be used and how they should be registered. Anyone who owns such weapons will be well prepared, trained and responsible." In addition, it will give an impetus to the development of an entire industry. In Ukraine, 70,000 permits are issued per year – most of them for the purchase of new weapons – so a careful approach will sooner or later raise the issue of creating special schools, clubs and shooting ranges where a large number of people can get technical training. Then there will be somewhere to employ veterans with experience and this will become an element of rehabilitation. Of course, a kind of culture of handling weapons will emerge and, accordingly, additional steps to strengthen national security.

"Again, many lads repaired weapons and worked on them during the war. Why can't they be given the opportunity to do this under a license so we can nurture our own Hugo Schmeisser in Ukraine?" says Kolomiets. "This would be better than arresting them and destroying their workshops or blackmailing them for bribes. For some reason, the state deliberately wants to drive them into crime. But if they have these skills, they should be able to work in the interests of the state. Especially since these boys fought for us – many of them were injured and could not return to service. They are young and are good with their hands, so the state should be interested in their work. Monitoring and responsibility are all that is needed."

SIMPLE STEPS

Not much is necessary to resolve the situation: clear and transparent rules, backed up by law. At first, adopt a basic law on civilian weapons and ammunition. Set up an amnesty period so that people understand it is possible to give up their explosives, grenade launchers, grenades, machine guns and the like. So that they can look at the law and read what is allowed and what is not. Then adopt a document on territorial defence or reserve armies based on it.

After all, they are quite effective. The Ukrainian Volunteer Army is made up of people who organised themselves and paid for their own development. They need a legal status. The next stage is to remove the police monopoly on armed security when a culture of handling weapons is established. This is worth tens of millions of dollars. Give people the opportunity to earn money from these services. And five years later think about allowing veterans to legitimately participate in international missions or commercial security structures. We have many people who have fought that are good at it and like doing it. Why not let them work legally in this field? It is possible that the legalisation of weapons will act as a vaccination against the criminalisation of veterans.

Full mag

What regulates the circulation of weapons in Ukraine, what does one need to obtain all requiredpermits and how is a firearm issue represented in sociology and statistics

Compiled by Andriy Holub

What regulates the circulation of weapons in Ukraine?

Ministry of Internal Affairs Order 622

What does it regulate?:
- Production
- Acquisition
- Storage
- Registration
- Transportation and use

For which kinds of weapon?

Rules for the employees of courts and law enforcement agencies, their relatives and persons involved in criminal proceedings

Ministry of Internal Affairs Order 379*

What does it regulate?:
- Production
- Acquisition
- Storage
- Registration
- Transportation and use

For which kinds of weapon?

* According to a response from the Ministry of Internal Affairs to a request from Volodymyr Shlyakhovyi, the For Official Use Only marker was withdrawn from Ministry of Internal Affairs Order 379 in August 2017

- Firearms
- Bladed
- Airguns
- Accessories
- Non-lethal
- Ammunition

There is no Law on Weapons

Which weapons citizens have the right to own

Smoothbore hunting guns (from UAH 4,500 /$170 *)

The length of the barrel is no less than 450 mm

No more than four cartridges in the magazine at once

Permit required

Age 21

Hunting rifles (from UAH 6,000 /$230 *)

A popular rifle model (for example, a military Kalashnikov machine gun converted into carbine) costs around 20,000 hryvnias ($765)

The length of the barrel is more than 200 mm

No more than 10 cartridges in the magazine at once

Permit required

Age 25

Airguns (from UAH 1,000 /$40 *)

Calibre up to 4.5 mm and muzzle velocity up to 100 m/s

Age 18

Airguns (almost not available on the market)

Calibre more than 4.5 mm and muzzle velocity over 100 m/s

Permit required

Age 18

Non-lethal weapons (from UAH 8,000 /$310*)

Fire rubber bullets or similar non-lethal rounds

Only certain categories of the population are eligible

Permit required

Age 18

Gas pistols (almost not available on the market)

Fire cartridges of tear gas or other irritants

Permit required

Age 18

Automatic firearms
Short-barrelled firearms (pistols)**

Free circulation is prohibited

2367 the number of people awarded with weapons in 2014-2016***

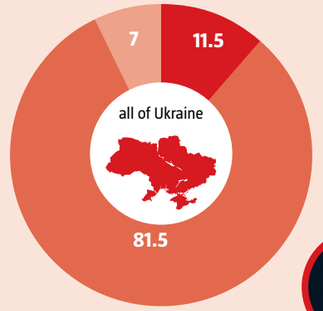
The lists are classified, but often contain politicians, officials and even athletes

* The prices given are for new weapons.

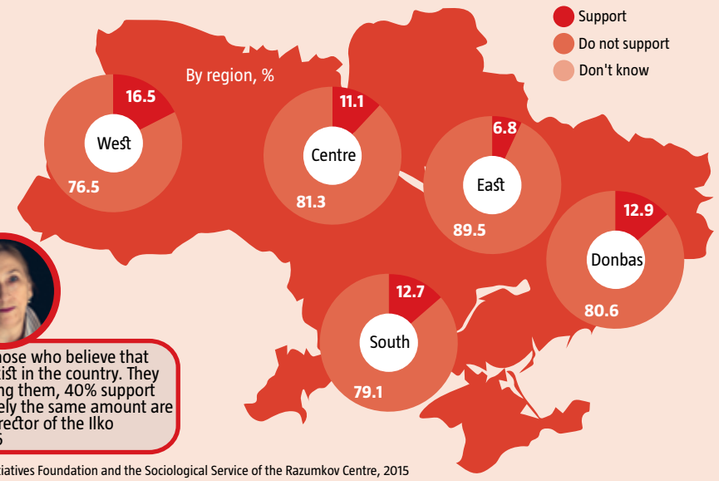
**It is possible to be given a pistol as part of an official award

* **According to Deutsche Welle with reference to the Ministry of Internal Affairs, SBU and Presidential Administration

What is your attitude towards the proposal to allow the free sale of weapons to citizens (all of Ukraine), %

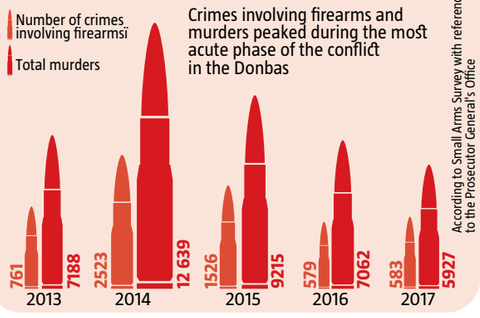


"The only group where support is quite high is those who believe that non-state armed groups should be allowed to exist in the country. They represent 11% of the Ukrainian population. Among them, 40% support the free sale of weapons to citizens. Approximately the same amount are of the opposite opinion," – Iryna Bekeshkina, Director of the Ilko Kucheriv Democratic Initiatives Foundation, 2016

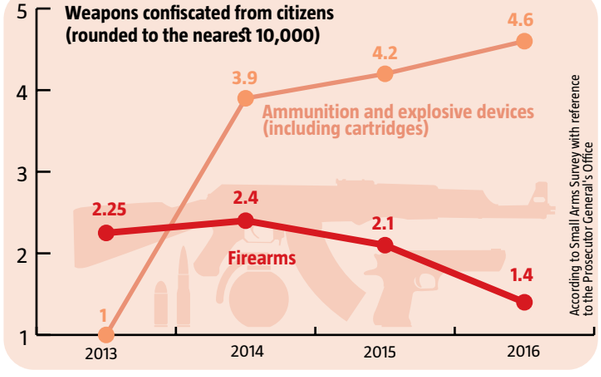


According to a poll conducted by the Ilko Kucheriv Democratic Initiatives Foundation and the Sociological Service of the Razumkov Centre, 2015

Crime Rate in Ukraine (as reported by the Prosecutor General's Office)



Weapons confiscated from citizens (rounded to the nearest 10,000)



Countries where the number of deaths by violence exceeds 50 per 100,000 population, 2015

- Syria >175
- El Salvador >100
- Venezuel >50
- Honduras >50
- Iraq >50
- Ukraine 21 in 2015* 14 in 2017

Countries with the highest number of firearm-related deaths (more than 20 per 100,000 population), 2015

- El Salvador >75
- Venezuela >50
- Honduras about 50
- Jamaica >25
- Trinidad and Tobago 25
- Ukraine Not enough data

Own calculations based on the Prosecutor General's Office data

According to Small Arms Survey

"About 475,000 people die every year from the illegal use of force – around half of them from wounds inflicted by handguns. Three quarters of this number are in low-income countries with high levels of violence," 2013 UN CASA report (United Nations Coordination Action on Small Arms – Ed.).

Number of firearms held by citizens

Officially registered
882,777 *
Illegal weapons
From 2 to 5 million**

* As of 1 January 2018. According to the National Police in response to a request from the Ukrainian News Agency.

** estimated by a number of experts in law enforcement agencies and the Ukrainian Gun Owners Association

Kersti Kaljulaid

"The West has normalized the occupation of parts of Georgia, we risk normalizing the conflict in Ukraine. What are we ready to normalize next?"

PHOTO: ANDRIY LOMAKIN

Interviewed by
Anna Korbut

The Ukrainian Week met with Estonia's President Kersti Kaljulaid during her visit on May 22-26 to speak about the response of the international community to Russia's aggressive behavior, the latest challenges in US-EU relations, Estonia's model of comprehensive cyber hygiene, and Narva's bid for the European Capital of Culture status as a chance to walk out of the post-Soviet and post-industrial identification.

Could you share more details of the purpose of your latest visit to Ukraine, including the eastern oblasts?

Ukraine is an Eastern Partnership country and EaP has always been one of Estonia's EU priorities. Our companies work together — we also see administrative difficulties that some of our businesses run into. Some people have lost quite a lot of money because of strange developments in Ukraine and we even have to tackle this at the highest possible level. But the most important point for me was to go to Eastern Ukraine and try to raise awareness of the fact that it has been four years of war, even if we don't think about it every day anymore. It's not a frozen conflict, it's a low-intensity war. There are many displaced people; it's a humanitarian catastrophe right here in the middle of Europe. It is amazing how we normalize things: we have normalized the occupation of parts of Georgia, we risk normalizing the low-intensity conflict in Ukraine. I see a danger in it. What are we ready to normalize next? Military grade nerve gas attacks in NATO countries perhaps? I think we shouldn't do it. We should be active in our common stance and say that no such thing is going to happen to our Europe.

How do you explain this tendency to normalize conflicts in the middle of Europe?

It's not normalized for me. I don't know why people find it easy to accept that this is going on without us finding solutions, putting pressure on the other side to make that other side seek solutions. I think there are numerous ways of achieving this.

One is to clearly demonstrate that it is Russia which is not ready to move forward. The UN Security Council vote about the peacekeeping mission for Eastern Ukraine might help demonstrate to the international community who is constructive in this conflict and who isn't. I think we should be more active in seeking the fulfillment of the Minsk Agreements. President Macron was in Moscow right when I was in Eastern Ukraine, so we have a lot of efforts going on. Yet, it seems that our stance on sanctions needs to be stronger still. There have been a lot of discussions in Europe after the Salisbury incident about the need to go after the Russian oligarchic money in European countries. This might help.

Meanwhile, we have actors in different EU member-states who urge it to drop sanctions. The latest one is the new Italian government. How do you expect them to affect the EU's position on sanctions overall?

We need to continuously talk and demonstrate — and we have ample facts for this — that giving up on our principles does not take us anywhere. We have had interferences in the democratic processes of European countries, all the unpredictable elements of Russia's behavior. It is also easy to demonstrate to new governments in Europe that the unpredictability of Russia is such that nobody is safe. Geography is no longer an issue here. If you didn't believe it in the context of cyber, you must believe it in the context of Salisbury.

But then we see the construction of Nord Stream 2. How is that affecting solidarity within the EU or its plans to diversify its energy sources?

I am quite worried about Nord Stream 2 development. I am worried about the EU not achieving its objectives of the Energy Union which is diversification of resources.

But each to their own. Baltic States have access to LNG from other sources. Lithuania has an LNG terminal connected to that source. Share of gas in Estonian energy mix is really small. This means that we ourselves are not dependent on Russian gas. This is the first important element since our economy cannot be disrupted with high gas prices. Also, we need to continue talking to our partners and asking whether it is wise to have such a big proportion to gas coming from one country. As somebody who has worked in this sector, I don't understand why have Nord Stream 2 when there is a Ukrainian gas transit system which is in a sense much better than NS2. It also has a storage facility close to the EU.

By definition, this will be technically better thanks to the available storage. Ukraine's system may need renewal and investment, and maybe Ukraine has not done everything to liberalize the energy market, to make sure that unbundling results in privatization offers where Western companies could also participate. I don't know that much about this area. But, technically speaking, storage capacity combined with the agreement that gas price does not depend on where it enters the European system — this is partly the objective of changes to the Gas Market Directive proposed by the European Commission — would actually help us solve this issue, at least in a technically efficient way, if countries are adamant that they want more Russian gas.

The context of "normalized perception" of Russia's aggressions covers the case of Ukrainian and Crimean Tatar political prisoners in Russia and in the occupied Crimea. Some, including Oleh Sentsov and Oleksandr Shumkov, have gone on a hunger strike, and Volodymr Balukh in Crimea has been on a hunger strike since March. Is this discussed on the international level? What are the instruments of pressure that can be put on Russia to have them released?

More partners and allies need to raise the discussion until it gets too tiresome not to respond positively. We have previously had campaigns to get people released that Russia held unlawfully. Estonia had this experience where all our partners and allies mentioned this wherever they met Russian officials. Finally, we got the result [Estonian intelligence officer Eston Kohver was abducted in the fall of 2014. He was sentenced to 15 years in a Russian jail but released a year later, in 2015, after an intense campaign by Estonia — **Ed.**]. A similar kind of international support needs to be created here. There is my photo with the hashtag #freeSentsov somewhere on the internet and on my Twitter account. I hope that more people will cooperate. Again, each and every one of us has to talk about this. There is absolutely no difficulty for our European partners in doing so.

You have mentioned difficulties faced by Estonian investors in Ukraine. Did you discuss any specific cases during your visit here? Do you expect any results?

There were some cases, but I don't know whether they will be solved. After all, it would be controversial if I talked to the President and then cases were solved. It would demonstrate that this is not a rule-of-law state. I hope that all the attention on these particular cases will help make Ukraine's investment environment better. And people with decisions from international arbitrage courts have the right to recover their assets here — that this will be carried out. I have hope that this might happen actually.

What is the potential and interest in developing economic cooperation between Ukraine and Estonia?

If you have a couple of cases of real estate investment turned sour for unclear reasons, it cuts capital investment intentions for a while. This has been the case with Ukraine. On the other hand, we can trade. I see great potential there. We have Estonian furniture, cheese, boats — they are sold on this market and opportunities are searched for cooperation. Railways is another area of interest. I see a lot of development there. But trust for capital investment in Ukraine — something that you can't easily remove and where we've had experience that ownership is not guaranteed — needs to be rebuilt from scratch.

What would you define as the key components that took Estonia from its post-soviet position to a technically advanced nation with an attractive business environment?

Definitely, political will supported by the population. It was so tired of the lack of democratic freedoms, starting from the basic freedom to speak out to the freedom to create business. So wanting to do everything differently than the Soviet Union did was a strong force.

Didn't that breed different competing forces that undermined that reform agenda?

No. The reason was pretty similar to what Ukraine experiences now: we were cut off from the Russian market anyway. First, by the loss of old industrial connections. Old production facilities were not used anymore after the collapse of the Soviet Union. But our income levels started to rise. Then Russia experienced the emerging market crisis in 1998 — that hit our capacity to trade. We couldn't orient our economy towards the East anymore. Combine this with prohibitively high gas prices which Russia exercised on the Baltic markets — much higher than the prices for Germany, for example. All this meant that we turned from East to West with our economy really fast. There was simply no other option. The West was open, the East wasn't. Russia actively priced itself out of the Estonian gas market. So we reoriented our energy consumption. Co-generation based on renewables became much quicker in Estonia, as well as useful and feasible because of the high gas prices. In a way, it was the effect of the force of expulsion from the old economic sphere which we were part of. During Boris Yeltsin's rule in Russia we were hoping that it would be a vibrant democratic country next to us. But we saw very quickly that it might not be so. We realized that joining the EU and NATO was a security issue for us. We didn't join the EU for fiscal reasons, to get its cohesion funds or agricultural support. We joined it for security. We wanted to join NATO badly.

But we have to be grateful to our political leadership of those years. It's not that we did not have heated and bitter discussions about the speed or the direction of reforms. Ultimately, however, the objective was common, and still is. Estonian population supports the EU now at a higher proportion than it did when we had the referendum on this issue. Support for NATO also remains high.

NATO has moved to reinforce the security architecture around Baltic States in the recent years, but Estonia, Latvia and Lithuania are still urging the Alliance to reinforce the naval and air defense components in addition to the land forces. This should fill the existing gaps in the security architecture of Baltic States vis a vis Russia. Is it realistic to expect NATO to construct a more comprehensive security architecture around Baltic States with these components?

First of all – NATO troops have been in Estonia since 2004, when we joined NATO. Estonian troops are NATO troops too. But with our unpredictable neighbor we see that our deterrence should be clear, with no room for misreading about NATO's Article 5 reaction, for example. That there is no long debate before we react and retaliate if something goes wrong. So NATO's common structure needs to adapt. Indeed, there are more discussions about air and sea defense that are especially visible to the public eye — probably because it is more tangible. At the same time, NATO's capacity to react quickly is less tangible but it will be a big part of discussion at the summit this summer.

Estonia is not able to develop much force on sea or in the air, even if it pays more than 2% to its defense. Therefore, we are seeking support from our allies. But also we have a wonderful new tool in the format of PESCO [Permanent Structured Cooperation as part of the EU's security and defense policy, provides for structural integration of 25 of national armed forces — **Ed.**]. I always say that where the EU can really be supporting NATO and have the capacity that NATO doesn't have is in the redistribution of capacity. The EU actually is quite a lot about redistribution — to cohere, to support regional development. If the EU does the capacity review which it has promised and we look at the figures in Brussels, we will notice the Baltic States while spending 2% of GDP (which will probably be the required level for PESCO members, as it is for NATO) are still unable to buy this equipment. There are ample countries who find it impossible to spend 2% because they don't have this kind of risks surrounding them. We might then come to a conclusion that some redistribution element could help cohere in our capacity to defend the whole NATO territory.

NATO and EU are not the same things, of course. And there is a discussion about who does what. But in our own minds there is no doubt about it: NATO has to deter and defer, if necessary. But, since we have the NATO-EU cooperation, the best way to use it is to make sure that the resources the EU spends can be best employed in European defense. ›

Kersti Kaljulaid was born in 1969 in Tartu. She graduated from the University of Tartu in 1992 in the field of genetics in the Faculty of Natural Sciences and completed master's studies in the Faculty of Economics and Business Administration in 2001. From 1994 to 1999, she worked in Estonian business. From 1999 to 2002, she was Prime Minister Mart Laar's Economic Advisor. Her duties included organisation of cooperation of the Office of the Prime Minister with Estonian central bank, the Ministry of Finance and ministries that had larger budgets, as well as coordination of relations with the International Monetary Fund and other financial institutions. She participated in preparing the pension reform together with the Minister of Finance and the Minister of Social Affairs and advised the Prime Minister in annual budget negotiations held with other ministers. From 2002 to 2004, Kaljulaid was the CFO and CEO of the Iru Power Plant of state-owned energy company Eesti Energia. From 2004 to 2016 she was a Member of the European Court of Auditors. Within that timeframe, she organised the financial audit of the research and development funds of the budget of the European Union, was responsible for the audit of the Structural Policies, and the auditor of the Galileo project of the European Union. From 2010 to 2016 she coordinated the preparation of the Annual Report and State of Assurance of the European Court of Auditors. In addition, Kaljulaid was a member of the Supervisory Board of the Estonian Genome Center from 2001 to 2004. She was also a member of the Advisory Board of the University of Tartu from 2009 to 2011 and the Council Chair of the University of Tartu from 2012 to 2016.

How vulnerable is Estonia to cyber threats from hostile players, including Russia?
Probably less vulnerable than many other countries. This is because we are better exercised on those things. The world's biggest cyber exercise was organized in Estonia.

It's a long established tradition that spills over to civil society. We are very aware of the risks, and much better on cyber hygiene — this is the word I prefer for cyber security in civil world. We have a generation that has grown up using digital tools and knows their risks. Also, we have a safe alternative which citizens in many developed countries don't have: when you sign in with our digital identity, create an encrypted channel between you and the other party who is also signed in with this digital identity. I think it's an obligation of governments to provide people with internet safety as well.

In the analog world, no government can go without passports. Why do that in the digital world?
I also think that we have broken through this barrier in the EU with the Digital Summit in 2017 and most countries have recognized that identification tools are where safety of the tech world starts for a citizen. We see them springing up everywhere.

But we realize that there is still a long way to go to making them inclusive, available to all nations, and to teaching people to use them.

In order to do this teaching, you need the services quickly. In our case as well: our services are developed both by private and public bodies. They are on the same platform and compound. Plus, people use the services so frequently that they remember how to do that. If you only have a tax declaration online and log in once a year, you will find it cumbersome to relearn it on a yearly basis. Showing your digital passport to use services has to become mainstream — then it will be safe and we will have much fewer cyber threats.

On the other hand, we need to protect our systems constantly. In 2007, the attacks against Estonia [hitting the country's parliament, banks, ministries and media — **Ed.**] were world news. Today, they are like cosmic dust falling on the Earth. Everybody is able to protect themselves from that.

With cyber threats, you don't even have to bother about attribution. Just make sure that you are protected. It is not just the domain of defense. In ten years, one will probably be able to blow up a block of apartments via a corrupted refrigerator connected to the Internet of Things. Therefore, we can't disconnect cyber defense and cyber hygiene. It's very important that people realize: nobody is going to protect themselves but themselves. And governments need to provide tools, starting from identification.

We always have to be one step ahead. In Tallinn, we have the NATO Cooperative Cyber Defense Center of Excellence. It does also develop our legal understanding of cyber risks and reactions to cyber incidents and war. We want to take this discussion to the UN Security Council — Estonia is a candidate for non-permanent membership [in 2020-2021 - **Ed.**]. Like New Zealand brought the climate change issue to the UN, we want to do so with cyber security. We see that we've tried and failed to make clear how exactly international law applies to the cyber sphere. So we quickly need international agreements on that, they are long overdue.

How closely are you cooperating with your close neighbors like Finland or Sweden that are not in NATO, defense and security wise?
Finland and Sweden are NATO partners, so we cooperate of course. Then there is constant bilateral cooperation. For example, Estonia, Finland and Ireland formed the UNIFIL mission for Lebanon. So, it's a multilateral and multifaceted one with non-NATO countries.

With the latest disagreements between the US and the EU on many issues, including trade, Iran deal, Russia sanctions and more, how do you see the present and future of transatlantic relations?
First of all, we think that JCPOA [Joint Comprehensive Plan of Action, Iran nuclear deal - **Ed.**] should survive. We support the European stance on it and hope that we can sort it out.

Second, we have had differences of opinion previously. One example was restrictions on free trade when President George W. Bush implemented steel tariffs in 2002. He soon had to remove them as it became apparent that some jobs were indeed saved in the production of steel in the US, but more jobs were lost because more pipes of the same metal were necessary for higher-value added jobs in the country. Our relations have survived that. The key here is — and this is the EU's approach as well — to compartmentalise different issues. You work together where you currently can and resolve your issues calmly in the other corner. This very much applies to dealing with issues within the EU as well. I often get a question — aren't you worried that the UK as Estonia's enhanced presence partner would put pressure on us to take a certain stance in the Brexit negotiations? I can't say often enough that this has not been the case in a single instance, a single minute of our cooperation. Our value-based approach does not allow for this and it does not happen.

In 2017, Russia passed a law granting Russian passports on the basis of "the right of soil" (Jus soli) to the citizens of former Soviet Union? Do you see this as a threat for yourself?
Definitely not. There are at least two types of passports which are much more useful for Estonian ethnic minorities even if originally from the former Soviet Union. One is the grey passport which allows them visa-free travel to Russia and the EU. These grey passport holders are not discriminated in any way in Estonia: they can simply continue holding until they feel ready to take Estonian or some other citizenship. The number of grey passport holders has fallen threefold since Estonia regained independence.

Estonian own passport offers full European freedom to do business, work or study anywhere in the EU. It's much better in terms of its value, if you look at the options and possibilities it gives. European citizens are the freest in terms of democratic values, the ability to express themselves, and in terms of free movement. So why should we be worried?

As the number of grey passport holders goes down, do you see any changes in the self-identification of Russian-speakers or people of Russian origin in Estonia, especially the younger generations? What factors are contributing to this?
They are Europeans and Estonian citizens. It's quite clear. Who speaks what language is a non-issue as far as politics is concerned. The younger generation accepts that there is one official language in Estonia — the Estonian language. We have some challenges with the capacity to teach Estonian language to the Russian-speaking children from the first grade. As long as we don't close this capacity issue, we will not be able to close the parallel school system in Estonia [where schools educate in Estonian or Russian — **Ed.**]. But we are not in a hurry.

At the turn of century, when I was working for Prime Minister Mart Laar, you could still sense come reluctance from people, questioning why they need to accept this Estonian platform for the future. Now, it's more like "yes, of course, we need to climb on this Estonian platform — just help us and our children to do this."

Also, we need to think through about how we provide the Estonian language in early education — here I mean kindergartens and schools — for all people coming to Estonia from Ukraine, EU countries: the inflow of people has grown with the increase of GDP per capita and an attractive job market. It's an obligation of a democratic state to make sure that children of those people who settle in Estonia have equal opportunities in Estonian society by being fluent in the official language. I see a consensus forming in Estonia among parties that we need to put a lot of emphasis and effort into this school training.

So, as our job market is looking for people from other countries in Europe, we need to deal with this language training issue in an unpolitical, much more neutral ways. I would say that the political component is gone from this discussion.

Also, it is fair to remind the rest of the world that just because you speak Russian does not mean that you speak Putin. It's two different things.

Estonia is investing into promotion through soft power in Narva, a predominantly Russian-speaking area, as the city will compete for the status of the European Capital of Culture in 2024, and as it sees new cultural objects being built there. What impact do you expect these efforts to have?
Narva is a city which probably suffered the most in the hands of the Soviet Union. Initially, it was heavily bombed. Before World War II it had been a clearly outpost of Europe, a very European city. Even after the war it was restorable and could be saved. But it was erased and replaced with soviet Narva: khrushchevkas and a lot of industrial development linked to the Soviet market. When the Soviet Union broke down, the city lost a lot of employment and many people were worried about its future. On the other hand, quite a lot of private investment came and bought up the factories in Narva. So it is not the poorest region in Estonia. But because of the loss of jobs and radical changes in the economic environment, many of its citizens felt lost and thought of themselves as specifically post-soviet. It was a label attached to their self-esteem — not by Estonians necessarily, but more generally. But then need to understand — and they are understanding now — that they are actually simply post-industrial.

Many European countries have used the status of candidacy for the European Capital of Culture as renovation opportunities for their post-industrial cities. This is precisely because there are places all across Europe that have lost their industrial identity and are looking for a new identity. The opportunity to become the Cultural Capital has worked very well. We are sure that this would also work for the renewal of Narva. We want the Narva people to be the proud Europeans again, as they were before WWII. We feel that it's easier to do by working with our European partners. Estonian civil society is also very attached to the idea and working actively with the Narva city government, civil society and community to make it all happen. So it's a citizen-driven effort using European Union opportunities.

Transatlantic contradictions

After the US withdrawal from the Iran treaty, indignant EU governments are looking for new ways to keep agreements with Tehran

By Michael Binyon

Furious, frustrated and resolute, Europe is determined to keep alive the nuclear agreement with Tehran and to defy the international sanctions that President Trump wants to re-impose on Iran.

Last week the leaders of France, Germany and Britain met in Sofia to look at ways to protect European firms from secondary US sanctions if they continue trading with Iran. Their language was unusually strong in denouncing Trump's latest unilateral move and their anger at the humiliation piled on Washington's Nato allies was clear. "Do we want to be vassals who obey decisions taken by the United States while clinging to the hem of their trousers?" asked Bruno Le Maire, the French finance minister.

For Europe, the US decision to pull out of the Joint Comprehensive Plan of Action, as the six-nation agreement on limiting Iran's nuclear research programme is known, is not only unwise, destabilising and counter-productive: it is also the latest sign that Trump's "America First" policy is deeply damaging to more than 70 years of Transatlantic partnership. Donald Trump, it is now clear to the Europeans, does not care one bit about the views of America's friends and partners.

For the Europeans, Washington's repudiation of the Iran deal is only the latest in a series of rebuffs that have angered America's allies. They were also equally dismayed by the US decision to move the American embassy in Israel from Tel Aviv to Jerusalem. They warned him repeatedly that this would inflame Palestinian opinion and set back the stuttering Middle East peace negotiations. The subsequent riots and the deadly shootings in Gaza have proved them right.

At the same time, Europe is also preparing for a damaging trade war against the United States, if the Trump administration goes ahead with its threats to impose new tariffs next month on steel and aluminium imports from the European Union. The EU has already drawn up a list of US exports to target and measures to inflict damage on the US economy. But Brussels knows that once such a trade war begins, it could quickly escalate, damaging all global trade and leading possibly to a massive economic slump.

But despite their anger and determination to preserve the Iran treaty, is there any way that Europe can protect Iran from sanctions while also ensuring that European firms still doing business in Iran are not ruined by being cut off from all trade with America? The European Commission is now considering reviving legislation introduced in 1996 to circumvent US sanctions on Cuba, but which was in fact never used. This "blocking statute" would make it illegal for EU firms to comply with US penalties and offer compensation to the firms affected.

But whereas in 1996 Washington stepped back from imposing secondary sanctions on European firms, alarmed at the row this would create within Nato, this time Trump seems not to care in the slightest if his allies are upset.

Indeed, he has been strengthened in his defiance by John Bolton, the new hardline national security adviser, who has made no secret of his determination to seek a confrontation with Iran and overturn its government, and who has only contempt for the "liberal" views of most European governments.

The EU commission is also looking at allowing the European Investment Bank to lend money to EU projects in Iran. It would urge EU governments (and this would include Britain, for the moment) to make transfers to Iran's central bank to help the authorities receive their oil-related revenues. And it might suggest that Iran is paid for its oil exports in euros instead of dollars, as a way of getting round America's ban on the use of its currency in trade with Iran.

The problem for the EU, however, is that even the threat of being shut out of the US market makes all main firms in Europe nervous. Very few of them do much trade with Iran; almost all have some export markets in America. Some of Europe's biggest firms rushed to do business with Iran as soon as the nuclear deal was signed and most sanctions were dropped. In 2017 EU exports to Iran amounted to $12.9 billion, a huge jump on the figure five years earlier. Now there are fears that many big deals could be jeopardised, including a huge contract by France's Total energy company to develop a massive gas field in Iran, a $3 billion deal by a Norwegian firm to build solar power plants in Iran and the proposed sale of 100 passenger planes to Iran by Airbus.

For many firms, the deals include components made in America which would be subject to the new restrictions. Even Airbus could not go ahead with its sale of aircraft if some of the components from America were not obtainable.

More importantly, however, all these big companies are afraid of being shut out of the US market if they do not observe Trump's new sanctions. Germany, for example, exports as much to the state of North Carolina as it does to all Iran.

Europeans see a real danger of Iran returning to a full programme to develop nuclear weapons if sanctions are reimposed. Indeed many of the hardliners in Iran, including the Revolutionary Guard, are itching to resume nuclear research, not only as a defiant gesture to Washington but also to undermine the standing of political moderates in Tehran, including President Rouhani. Visiting EU leaders and foreign ministers warned Trump of these dangers in the weeks before his announcement, including Boris Johnson, the British foreign minister, who normally is supportive of the US president.

Trump's decision to take no notice of any of his allies has alarmed them. It was the same with the Paris climate agreement, which Trump has rejected, against the advice of his European allies and prominent environmentalists. They have been uncertain since then how to handle him. Should they try to co-operate and flatter the new president, as President Macron did when he made a big show of his friendship with Trump? Should they try a softly-softly approach, such as Angela Merkel, who has tried to mute her criticisms of the Washington administration but who has been treated only with derision? Or should they try to ignore differences and continue to support the US in Nato and in its global policies, as Theresa May, the British prime minister, has done until recently? She has little to show for this policy.

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There is another worry about defying Trump over Iran: it puts the Europeans on the same side as Russia and China, two of the other signatories of the six-power nuclear deal. Russia, which is actively seeking to cultivate its relations with Tehran, is currently locked in conflict with most European governments over its interference in their elections and President Putin's policies in Ukraine and Syria. China also, while enjoying warmer relations with Europe, is not a strategic security partner in the way that the US has been, and would be happy to exploit European differences with Washington for its own economic and political advantage.

In the end, whether the Europeans can save the deal may depend largely on Iran itself. If Tehran now angrily storms out of the agreement and resumes full-scale production of nuclear material, the Europeans will be powerless and will be unable to modify Iran's belligerent behaviour in the Middle East, as they had hoped. But the bitterness with Washington will not be forgotten on either side. A difficult period in transatlantic relations is now almost certain.

PHOTO: REUTERS

Tough talk. The situation with Iran is another misunderstanding between Old and New World

Political colleagues

Hungary and Poland are challenging the EU's commitment to liberal democracy

PHOTO: REUTERS

A new axis. Leaders of Poland and Hungary are easier to get to know each other than with the rest of Europe

A bit of Polish doggerel from the 18th century, when Polish and Hungarian nobles fought together against the Russian empire, maintains that Poles and Hungarians are "brothers, both of the sword and of the [wine] glass". The Hungarians have a similar rhyme. Lately this friendship has experienced a revival that goes beyond a common interest in fighting and drinking. The two countries' ruling parties, Poland's Law and Justice (PiS) and Hungary's Fidesz, both disdain liberalism, disregard the independence of the judiciary and reject the European Union's plans for resettling refugees from the Middle East. They also protect each other in Brussels, where their policies have drawn the ire of the European Commission.

On May 14th Viktor Orban, Hungary's prime minister, visited Warsaw on his first foreign trip since winning re-election in April. It was a triumphal visit for Mr Orban, whom PiS has long admired. In 2011 Jaroslaw Kaczynski, PiS's chairman and Poland's de facto leader, said he was "convinced that the day will come when we will have Budapest in Warsaw". Since coming to power in 2015, PiS has led Poland in the illiberal direction charted by Fidesz. It has packed the supreme court and turned the public media into a government propaganda channel, echoing earlier changes in Hungary.

Mr Orban has gone further down the road to autocracy. On May 15th the Open Society Foundations, a liberal philanthropic group, announced that Hungary's "repressive political and legal environment" had grown so bad that it would shift its Budapest operations to Berlin. (The group's billionaire founder, George Soros, was targeted by Fidesz in a xenophobic campaign during the election.) Yet the Poles are moving in the same direction. On May 11th police in the town of Pobierowo raided an academic conference on Karl Marx to check whether it "propagates totalitarian content". The interior minister later apologised.

For the EU, the two governments' actions are a headache. The European Commission has instituted so-called Article 7 proceedings against Poland over its changes to the legal system, which give the executive and legislative branches authority to appoint and remove judges. The proceedings could lead to sanctions if Poland does not back down. But Mr Orban has vowed to block such sanctions. Now the commission is trying a new approach: in its upcoming seven-year budget, it plans to cut EU funding to countries where the rule of law is at risk. Hungary and Poland, both among the largest net recipients of EU funds, are most likely to be affected. During Mr Orban's visit, the Poles and Hungarians agreed to try to block any such move towards conditionality in EU funding. Mr Orban has threatened to veto the budget.

Both governments are here to stay. Mr Orban's victory in April was a landslide. "We have replaced a shipwrecked liberal democracy with a 21st-century Christian democracy," he said on May 10th. (The EU, he added, must give up its "delusional nightmares of a United States of Europe".) PiS, too, leads in the polls. The commission has given the Polish government until June 26th to come up with satisfactory changes to its judge-nobbling rules. But with his political position secure, and the support of his Hungarian brother, it is hard to see why Mr Kaczynski would retreat.

Tatlin: Materials as art

Volodymyr Tatlin and his place in the Malevich's circle in Kyiv

Tetiana Filevska

Friend or Ideational Opponent? Volodymyr Tatlin's Portrait of Malevich, 1912

The painters Kazimir Malevich and Volodymyr Tatlin were irreconcilable conceptual opponents whom life kept bringing together again and again, until they found themselves in Kyiv at the same time. Both were born in Ukraine—Malevich in Kyiv and Tatlin in Kharkiv—and met when they were still relative beginners. Over the decades, the two kept working near each other and even together, despite their very different, at times diametrically opposed, views of art.

The disillusionment and breakdowns that took place in Moscow and Leningrad in the mid-1920s brought the two of them to Kyiv. Both wanted to stop being dissatisfied with themselves and the circumstances they had found themselves in, when their dreams and their ideas of a new art were shattered like so much glass. Kyiv Art Institute Rector Ivan Vrona later wrote that Tatlin "had a very hard time dealing with his frustration and uselessness under the circumstances." Like Malevich, he had Ukrainian roots: his mother was Ukrainian and he would tell his colleagues that he considered himself "half from here," meaning Ukraine.

THE MACHINE AS A FORM OF ART

Yet, despite this image of Malevich and Tatlin as quarreling all their lives, they were more than just friends when they first got to know each other. Tatlin considered himself a student of Malevich's and even painted his portrait. There was no signature, or else the author later destroyed it, and so for many years the work languished in archives without attribution. Finally, art historian Dmitri Sarabyanov proved in the 1990s that this was an early portrait of Malevich painted by Tatlin in 1912, several years before their great falling out. But just before World War I broke out, Tatlin travelled to Berlin and Paris playing a blind bandurist. There, he saw European art and after this he turned away from Malevich's ideas, leaving behind the memory of how, just a few years earlier, he had been a passionate supporter and follower of the older artist.

Tatlin's membership in Malevich's Kyiv circles was indirect. This was the parting of the ways for them—if not in space, then at least in time. Tatlin had just left Ukraine for Moscow when Malevich began negotiating over a position at the Kyiv Art Institute. In the process of reforming KAI, Vrona began to invite the "Varangians" to the Institute—artists and teachers from across the Soviet Union, from 1924 into the 1930s—and Tatlin was one of the first. Vrona entrusted Tatlin with heading the newly established Department of Theater, Cinema and Photography. This was one of the nine departments set up by the active new director, not as a mere expansion of the Institute but an innovation of world significance.

Around the end of 1925 or early 1926, Tatlin moved back to Kyiv, where he lived nearly two years, launched the new faculty, began working on his famed flying machine dubbed Letatlin, and found himself a wife. He was a fully formed individual with a "twisted glory," as he put it, throughout Europe. He had already won a gold medal in Paris for his Tower for the III International. His ideas about using new materials, forms and constructions were spreading rapidly throughout the world.

"I want to make the machine a form of art," he explained. Tatlin believed that art would make people's lives more pleasant, comfortable and beautiful. The technological possibilities at the turn of the 20th century were not enough to allow the artist to realize all his concepts, which became his personal tragedy yet made his ideas both pertinent and in demand to this day. Tatlin wanted to make new things that did not require external ornamentation and to disassociate himself from the decorative constructivism that some of his pupils, like Oleksandr Rodchenko, drifted into.

Plenty is known about Tatlin's Kyiv apartment. Several of his friends and students wrote detailed descriptions. He lived not far from the Art Institute, at №5 vul. Dyka—Studentska today. The owners still remembered their unusual tenant well into the 1960s, not just because of his unusual height and personal charisma, but more because of his wild behavior. One time that artist brought home a stork—a real stork that he had found on the banks of the Dnipro. And so that he could feed the bird, the landlord began breeding frogs that croaked in a nightly chorus all winter long. The bird pecked out a hole in the floor that could be seen in the apartment for many years.

As he studied the wing structure of the stork, Tatlin worked on his dream: a flying bicycle called Letatlin. To construct the first model, he needed a lot of willow

Volodymyr Tatlin on the bandura. When he was young, the artist travelled across Western Europe and made money as a minstrel. He made many of the instruments himself

branches and so the artist could often be seen on the banks of the Dnipro among the willows. He would drag the selected branches through all of Podil and up the hill. One of his students, Dinora Maziukevych, recalled how the model of the Letatlin filled almost the entire space in his residence: it lay on a huge bed that stood on the diagonal in the room. Otherwise, Tatlin's place was very ordinary: a huge table with drawings, two handmade stools, a harmonium, a bandura hanging on the wall, a shelf of books, and plumbing and woodworking tools.

Tatlin was definitely an odd bird and his friend saw him as a real "character." He was always very punctual, dressed in simple clothes that were always in navy or blue. He never wore a tie—referring to them as "nooses"—, but his clothes were always perfectly pressed. In addition, he was very tall and had a scar on his left arm, a souvenir of a nasty quarrel he had had with his father as a teenager. He was not what anyone would call handsome, but he always drew attention to himself and was generally well-liked.

In company, Tatlin was tranquil, courteous, like an old friend. People said that when the police were called to his apartment, he seemed to charm the police officer, who would leave without any complaints. When asked about his political preferences, he would say: "I'm neither left nor right. I'm radical. I don't believe in declarations. I do the things that the country needs."

Tatlin was also oblivious to the conflicts among the various groups of artists in the Ukrainian art scene and never joined any of them. For a while, he did belong to the organizational office of ARMU, the Association of Radical Artists of Ukraine. In addition to his assistant Mykola Triaskin, he became close to the sculptor Yevhen Sahaidachniy, who had also started out as his assistant. Together, they signed the declaration of the "groups of material culture" that, in fact, never did anything of significance. Sahaidachniy's wife, Maria Kholodna, eventually married Tatlin.

Tatlin always told his pupils: "It's impossible to teach, but it's possible to learn." For him, the main thing in art was "a sense of the new, artistic mastery, and, of course, taste." Teaching did not, in fact, interest him that much, but freedom in the order and methods of work suited his ideas of a new artistic education. Students responded very well to him and he immediately joined the ranks of young artists in Kyiv. This gave him the opportunity to restore himself and fill once more with the enthusiasm that he had lacked in the previous years. Tatlin slowly recovered from his creative and psychological depression.

> THERE IS EVEN AN APOCRYPHAL STORY THAT TATLIN MANAGED TO GET INTO PICASSO'S STUDIO BY PRETENDING TO BE A BLIND MINSTREL AND THAT WHEN THE OLDER ARTIST DISCOVERED THAT THE MAN NOT ONLY COULD SEE BUT WAS ALSO A YOUNG ARTIST, HE CHASED HIM OUT OF HIS HOUSE

Tatlin was also no slouch when it came to art history and he was a skilled orator, so his audience listened enthralled to his stories about the challenges that would face artists in the future. His friends even began to refer to him as Zangezi, which in Persian meant "teacher." In fact, that was what Tatlin himself called his play on Velimir Khliebnikov. "If I could," he said, "I would make a gallery of ugly things so that people would learn to hate ugliness. Beauty is an immense power." Tatlin himself made beautiful objects for the performance hall, plays, books and even everyday items.

IRON MOUNTAINS

The need for artists to have theaters, movies and photography was dictated by the times. On one hand, the renewal of theater and on the other, the popularity that photos and movies were gaining. The film industry in Ukraine grew to an amazing scale: the All-Ukrainian Photo and Film Administration, VUFKU, pro- »

duced hundreds of films. Professionals were needed in all kinds of new specializations: filmmakers, camera operators and film directors. How and where were the people for this new art to be trained? Such questions came up in all countries. The Ukrainian press also regularly published local polemics. In Kyiv and Odesa, the first departments, and eventually faculties, were set up to teach these new specializations. Tatlin, Triaskin, Vrona, Malevich, and company were very much involved in the process.

THE TATLIN SCHOOL CONTINUED TO ATTRACT PEOPLE FROM THE 1920S UNTIL THE PRESENT TIME, UNLIKE MALEVICH, WHO NEVER MANAGED TO ESTABLISH A CIRCLE OF PUPILS AND FOLLOWERS IN KYIV

This renewal affected even the most conservative form of art, the theater. Les Kurbas was already developing his "Berezil" theater. At the end of 1924, TYA or the Theater for a Young Audience was established, which Tatlin also joined after moving to Kyiv. In fact, he was one of the main authors of Ukrainian children's theater. In a few years' time, he directed a version of Tales of Hoffmann based on "In the dawn," a play by a young Ukrainian writer called Volodymyr Grzytskiy, together with Sahaydachniy, who by now was an artist and sculptor in his own right and also taught at KAI.

One of the founders of TYA, actor and director Oleksandr Solomarskiy, later wrote: "Amvrosiy Buchma was involved in the production of 'In the Dawn.' ... At one point he came to a rehearsal with Tatlin. Buchma then began to tell us in a very lively, interesting and vivid way about the inimitable Carpathian Mountains, which he had known and loved since he was a child... Tatlin was attentively listening, along with the actors, when he suddenly said, 'Iron, iron, it's all about iron...' and swiftly left the rehearsal hall.

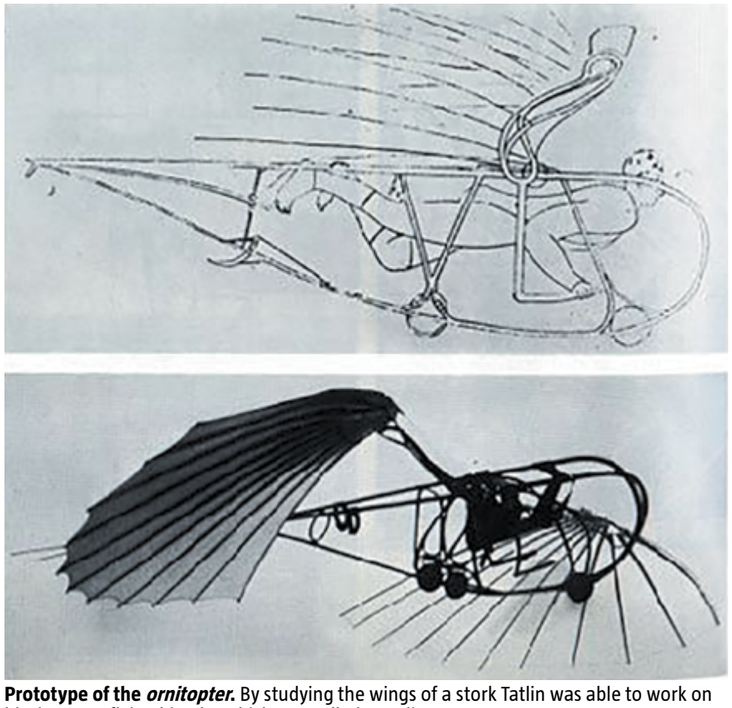
"In no time at all, Tatlin came back into the theater with a model of the stage set for 'In the Dawn.' His Carpathian Mountains were made of cast iron leaf. 'Only this texture under the right kind of lighting can create a brilliant image of the marvelous Carpathian hills. Buchma accepted the model: 'The Carpathian Mountains in iron—let's give it a try. There's something to this, it's good!' The artist Yevhen Sahaidachniy worked together with Tatlin, but I don't remember much about him. The two artists worked for a long time over the lighting with the theater's lighting engineer. At last the mountains came into play. Of course, the actors had to skate around these mountains that tore up from the deeps, and so the stage was filled with the whirr and rumble of iron. But the artist who made the set was ecstatic: 'This is exactly what I was hoping for, this breathing, the real life of the Carpathians.'

"The costumes were bright, colorful Hutsul outfits. The stage was a modest one and the audience was able to see constructions of various heights clad in iron. They were placed at two different levels, 1.5 meters and 2 meters... The audience liked the performance even though it went on for a long time... Among artists, the unusual texture became very popular, because after this performance another artist, Valentyn Shyliayev used the texture of white fur to represent a river when Yakiv Mamontiv's play 'Ho' was put on by our theater. There was a clear echoing of textures."

Neither the mock-up nor any sketches from the performance survived. The only photograph that captures one of the scenes from the second act offers no view of the props at all. Critics took little notice of the artists' work, other than two contradictory conclusions: "The set design by the artist Tatlin is marvelous" and "Tatlin's abstracted stage designs are not something an audience of children can grasp." The artist had begun to use iron structures back in 1913-1914 in his counter-relief work. His assistant Triaskin noted that Tatlin thought decorations needed to be made from real materials, establishing a "new texture," such as bricks. Triaskin himself did not care for this approach and he did not participate in Tatlin's projects.

The second play that Tatlin worked on at TYA was one by playwright Mykola Shklyar called "Boom and Yulia," based on motifs from stories by Hans Christian Andersen. It was put on in many theaters starting in the 1910s. The artist continued to work on his "new texture," and to cooperate with other theaters. His friend the director Anna Begicheva later wrote about Tatlin's involvement in the production of Haidamaky, based on Taras Shevchenko's epic poem or *duma*. In addition to the stage set during the prologue and epilogue, he played kozak *dumas* on a bandura that he had made himself.

Tatlin knew the qualities of wood intimately and said once, "How incredibly lucky—I got musical wood. That's for the harp. Maple, my favorite, is for the bandura. The sound is so clean and beautiful." That is what took the artist to Western Europe in his youth, where he earned a living playing on the bandura. There is even an apocryphal story that Tatlin managed to get into Picasso's studio by pretending to be a blind minstrel and that when the older artist discovered that the man not only could see but was also a young artist, he chased him out of his house.



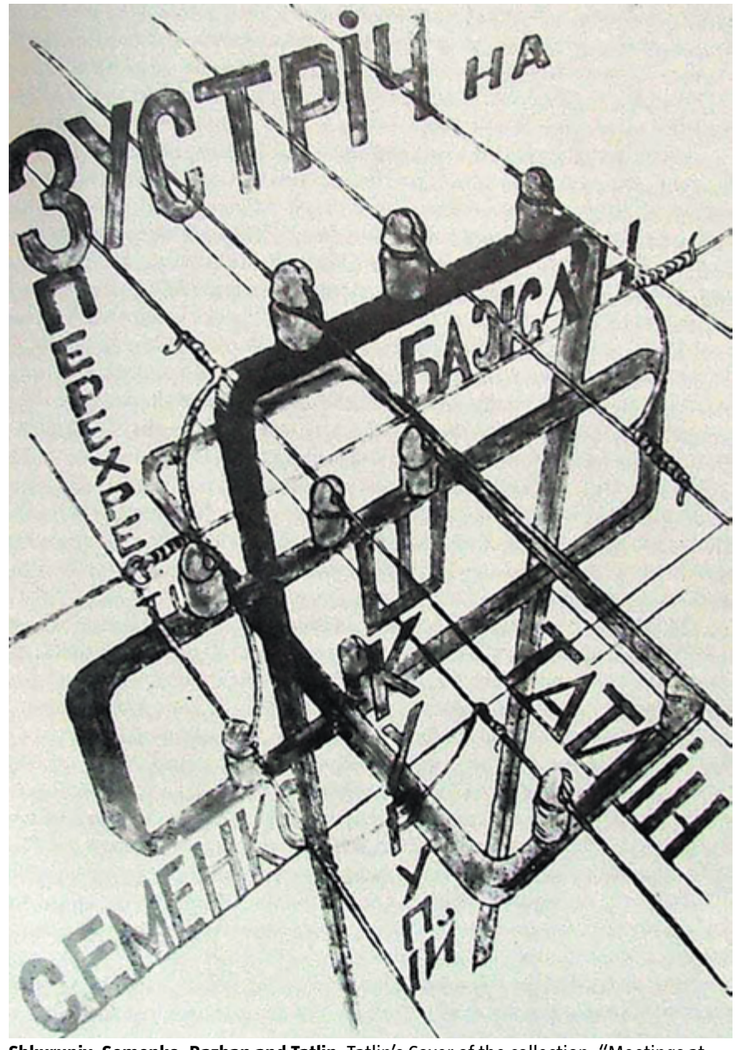
Prototype of the *ornitopter*. By studying the wings of a stork Tatlin was able to work on his dream: a flying bicycle, which was called Letatlin

This work followed the principles of theatrical constructivism, which Tatlin had started back in 1922–1923 when he was working on the Zangezi show dedicated to Velimir Khliebnikov. He continued to develop these principles in his lessons at the Art Institute. It got to the point where he wanted to re-do his Zangezi production and turned to Les Kurbas for help. In Zangezi, Tatlin was the director, the set designer and the lead. The result was an experimental "synthetic" performance devised as a "play+lecture+exhibit of material constructions." Instead of professional actors, in parallel with the main event, art critic Nikolai Punin gave a lector on Khliebnikov's "laws of time, while linguist Lev Yakubynskiy talked about the wordsmithing of the poet. Unfortunately, the author was unable to continue this experiment in Kyiv. Kurbas suggested that Tatlin put on Jules Romains' play "Monsieur le Trouhadec saisi par la débauche," but artistic clashes meant that this never came to be.

ILLUSTRATIONS FOR BOOKS

Volodymyr Tatlin also did graphic work for books, although only some covers and illustrations for books and magazines are known. The most famous was the cover to a collection of poems by Ukrainian writers called "Meetings at the Crossroads," published in 1926, where his name is written next to those of poets Mykhaylo Semenko, Geo Shkurupiy, and Mykola Bazhan. He also illustrated the Kyiv film magazine Kino, with which he collaborated in 1917. One of these was a collage to go with an essay by Yuriy Yurchenko (Yanovskiy) called "The Story of a Master," dedicated to Oleksandr Dovzhenko's film "The Diplomatic Pouch." Another one was an illustration for a poster of the film "Boryslav Smiling," which is based on a story by Ivan Franko. All these works are based on the intersection of diagonal lines along which words are placed, often playfully, or spaces and letters are mixed up.

Volodymyr Tatlin's output at the Institute was shown at the All-Ukrainian Jubilee Exhibition in November 1927. His pupils and his assistant Tryaskin, who took over Tatlin's position when the artist moved away, exhibited models and sketches to theatrical and cinematic sets. Most of these young people eventually became renowned artists of the stage and movie set, and had their own students: Valentyn Borysovets, Petro Zlochevskiy, Moritz Umanskiy, Semen Mandel, Volodymyr Kaplunovskiy, and Volodymyr Moskovchenko. In this way, the Tatlin school continued to attract people from the 1920s until the present time, unlike Malevich, who never managed to establish a circle of pupils and followers in Kyiv. Not only was Tatlin's work very prominent and important for the arts scene in Kyiv, but the city also played a very significant role in the life of the artist.



Shkurupiy, Semenko, Bazhan and Tatlin. Tatlin's Cover of the collection, "Meetings at the Crossroads," Kyiv, 1927

Still, for the artist, working at KAI, especially organizational tasks, were uninteresting to Tatlin and he quickly lost interest and began to complain that Kyiv was "boring." At the height of work on Department of Theater, Cinema and Photography, he abandoned everything and returned to Moscow. In 1928, he helped set up the Les Kurbas Ukrainian Theater Studio, which lasted only 2.5 years. Later on, after the war, Tatlin returned to Kyiv a few times, supposedly to see Velasquez's famed "Infanta" at the Kyiv Museum of Western Art. Indeed, today, the only known photograph of Tatlin in Kyiv was taken in 1926 in this museum during a meeting of the artists with Anatoliy Lunacharskiy.

May 19-20

Strichka Festival 2018
Closer
(Nyzhnioyurivska 31, Kyiv)
Like every year, DJs, musicians, media artists, designers, volunteers, and listeners join in a single rhythm to create a unique atmosphere this May weekend at the Closer club. For two days, this electronic music festival presents more than 30 performers from Ukraine, Germany, Great Britain, Spain, Canada, France, the US, and Norway.

May 21-25, 19.00

Kyivska Vesna - Kyiv Spring
(Volodymyrskiy Uzviz 2, Kyiv)
The theme of this 10th festival is the classical and the modern. German pianist Christopher Park opens the program with Beethoven's Piano Concerto accompanied by the Philharmonic Symphony Orchestra under the direction of Roman Kofman. On the second day, guests will hear the New Ukrainian Music project, presenting the works of five young Ukrainian composers. Following this will be La Damnation de Faust, a chamber orchestra concert, and Mozart and Rachmaninoff performed by the choir of the National Opera of Ukraine.

May 18-27

Kyiv Art Week
12 museums and galleries around Kyiv
Lectures and discussions on the arts, exhibits in various museums of Kyiv, films about painting and a contemporary art fair. This is the first international-scale professional art event in Ukraine, organized in the style of international art weeks, which have proven to be the most effective way to develop the arts scene in a city. The project involves state and municipal museums, private and public galleries and cultural centers.

May 27 – June 3

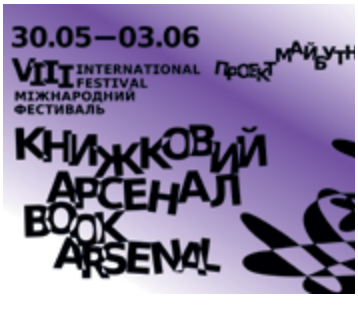
Molodist Film Festival
UBK Beach at Trukhaniv Ostriv; Ukraine and Cinema City film theaters; MasterClass education space – Kyiv
Ukrainian and international professional and amateur cinema, debut and student films, retro-films, a program for kids—this festival, one of the biggest in Ukraine, offers more than 200 film viewings. During the festival week, Poshtova Ploshcha will function as an open-air theater. The festival will have open stages there and at other sites around the city presenting the "Long nights of short films" program. This year's competition will include 21 movies by Ukrainian directors, filmed in Ukraine or co-produced.

May 29, 19.00

Myroslav Skoryk Jazzed Up
Tchaikovsky National Music Academy
(Horodetskoho 1-3/11, Kyiv)
In Ukraine, Myroslav Skoryk is known for his classical works such as the famed *Melody*. In this performance, he joins the Kyiv Soloists Chamber Orchestra in a jazz interpretation of some of his works. The performance will also include the piano duo of Myroslav Drahan and Oksana Rapita, along with the producer of this jazz program, cellist Oleksandr Priyev.

May 30 – June 3

The 8th Book Arsenal
Arts Arsenal
(vul. Lavrska 10-12, Kyiv)
What does humanity dream of further? How to resist dehumanization in changing times? Can modern technologies create a (super)human? How to learn in the era of a new technological revolution? Answers to these questions will be sought by 200 Ukrainian writers and 95 guests from 31 countries. Visitors will be able to buy the latest books, talk with authors, publishers and illustrators. The Festival includes separate programs for children, visual arts in books, and contemporary music. To avoid lines, you can buy your tickets on the Arts Arsenal site.



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