

The Ukrainian Week

International edition

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economics and stereotypes

Ukrainian autocephaly:
struggle for the tomos

Soviet elections and the great terror:
how the system was designed

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The Ukrainian Week

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A deaf defense

Andriy Holub

Stalemate. This chess term is the best way to describe the situation in the Obolon District Court in Kyiv in a case considering the possible treason of Viktor Yanukovich. The last phase of litigation arguments prior to a verdict was supposed to start on July 30 morning, but efforts to get the hearing going came to nothing over the following three days. Moreover, the conditions for resolving this situation are missing.

PHOTO: TESNUA





Having the hearings postponed for a day because the plaintiff's lawyers were absent suited not only the defense but the court as well: on July 30, Justice Vladyslav Deviatko had an appointment to undergo an interview to assess his qualifications, such as all Ukrainian judges are going through today. Moreover, such an interview could not be treated as a cakewalk by Deviatko, for whom the Yanukovich case is not the first high-profile case he is handling. In 2011, the justice sentenced his colleague Ihor Zvarych to 10 years. Attention was once again focused on him when the Yanukovich regime began persecuting people involved in the protests of 2014. Some individuals, such as members of Automaidan, were deprived of their driving permits without reason, while others were simply tossed into remand cells under false pretenses. Three such decisions were made by Deviatko. What's more, when a massive wave of such cases came to the courts, he was the acting chief justice, a position he has maintained to this day, although no longer in just an acting capacity.

THE SCHEME FOR ALL THE PROCESSES CONCERNING YANUKOVYCH IS MORE-OR-LESS THE SAME: AT THE BEGINNING, THE LAWYERS DRAG THINGS OUT IN EVERY WAY POSSIBLE AND AT THE CONCLUDING STAGES THEY DO EVERYTHING THEY CAN TO SIMPLY STOP IT

Deviatko was asked all the key questions. To keep things short, his answers come down to this: the Obolon Court came out of a difficult situation “with dignity” and in two thirds of cases refused to remand the activists. Despite Deviatko's confident behavior during the interview and his direct answers to all questions, it will be hard for him to avoid accusations of political bias. Still, he effectively became the first “judge of the Maidan” who successfully passed his qualifications assessment. Otherwise, the Yanukovich case, which has been underway for nearly 18 months, would have had to go back to square one.

Such an outcome would have been a personal failure for Prosecutor General Yuriy Lutsenko, who promised that verdict would be handed down in the case of the fugitive ex-president “by Independence Day.” Of course, he was referring to last year's Independence Day. The PG himself considers the case against Yanukovich a “matter of personal honor.” But seeing how things evolved in the following two days, Lutsenko's dream won't come true this year, either.

On July 31, Yanukovich's defense team switched to a different tactic: attorney Vitaliy Serdiuk came to court, but only to express his disagreement with the actions of the panel and once again file a request to have this particular panel and prosecutors removed from the case. After this he left the hearing, but not the court building.

This day turned out to be good for the Yanukovich defense lawyer. The tactics he has been using are the same ever time, but they are slowly becoming more effective. The scheme for all the processes concerning Yanukovich is more-or-less the same: at the beginning, the lawyers drag things out in every way possible and at the concluding stages they do everything they can to simply stop it. For instance, there was the tactic of calling the police with a claim that a crime has been committed in the supposed violation of Yanukovich's rights. “Everybody stay in your place!” screams Serdiuk during a recess in the hearing and demands that Prosecutors Ruslan Kravchenko and Maksym Krym be arrested on the spot. Of course, no arrests take place, neither this time nor the other two times that Yanukovich's lawyer called the police to the court: one more time in this

case, and a third time in the case involving the shootings on the Maidan. However, it keeps all attention on Serdiuk himself, who keeps claiming that the police aren't responding.

But the key role was not played by the lawyer from AverLex. On the second day, a new lawyer was introduced in the Yanukovich team, Oleksandr Baidyk, with whom the ex-president signed a contract a week earlier. The thing is that Baidyk already represented Yanukovich in another case through the Center for Secondary Legal Aid. This is a center that is supposed to provide legal assistance to any person who cannot afford to hire a lawyer. The lawyers who work with the Center sign their contract voluntarily, but they are not allowed to refuse clients.

The question is how did a legal aid center get involved in a Yanukovich case in the first place. At the last stage of the case the ex-president's defense lawyer refuses to participate in the court hearings. The reasons can be many, but the result is the same. The law requires that no act of the court take place without the presence of at least one lawyer on the plaintiff's team, and so the courts have little choice but to request that a legal aid lawyer be appointed.

At one time, Oksana Vasyliaka, director of the Kyiv Center, told *The Ukrainian Week* that defense lawyers were chosen on the basis of a number of criteria: their duty scheduled, their specialization, and their experience. However, Yanukovich's lawyers did not always meet the first criterion. Incidentally, the ex-president considers the appointment of a court lawyer a violation of his rights. Baidyk himself sees no contradiction in his acts, as this dialog between the *The Ukrainian Week* correspondent and Baidyk in the court illustrates: “Why were you a legal aid lawyer for Yanukovich?” “Because I was designated.” “But isn't that a violation of Yanukovich's rights?” “Of course, it's a violation of his rights.”

Viktor Yanukovich's new court-appointed defense lawyer, Viktor Ovsianikov, has done nothing to disturb tradition. He refused to answer whether he was the duty lawyer the day he was appointed: “This is confidential information.” Interestingly, the Center used to publish the list of lawyers on duty every day on its site, but now the page comes up as an error. Moreover, Ovsianikov also refused to come to the court to listen to the statements of the prosecutors during the third day of hearings, insisting that he had to familiarize himself with the materials of the case first. Although Justice Deviatko assured him that he would have the necessary time to do so after the prosecutors' statements, the legal aid lawyer ignored this and left the hearing.

The situation repeated itself three times a day after recess was announced. Ovsianikov's actions led to a fairly severe statement by the normally reserved Deviatko: “The defense sometimes forgets that in Ukraine not everything can be decided by money. Sometimes it's also a matter of honor, dignity and professional ethics. These actions are a disgrace to the high calling of a lawyer in Ukraine.” Of course, these words suggest that the judge is powerless: Deviatko was forced to complain to the Center to appoint a new lawyer and move the hearing to August 16.

However, there's no guarantee that the new legal aid lawyer will behave any differently. In the case of the Maidan shootings, a decent lawyer was finally found with the fourth attempt. But this attorney had a lot of complaints filed against him by the other members of the Yanukovich defense team. The case could end up with this lawyer losing his license to practice. In two weeks, it should become clear whether someone will be prepared to risk such an outcome for the sake of honor, dignity, professional ethics and the high calling of a lawyer in Ukraine... ■



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Controversial tour

What will American President's recent visits result in for global affairs?

Michael Binyon, London

Few American presidents have arrived in Europe and caused so much consternation to America's allies.

Even before Donald Trump landed in Brussels to attend his first Nato summit meeting, he had begun to lambast the European members of the defence alliance. They were not spending enough on defence, he said. They were relying on America to protect them. They were "freeloaders", shirking their responsibilities. America would not go on paying for their defence indefinitely. Nato, he suggested, had outlived its usefulness.

He picked first on Germany. Mr Trump criticised especially the Nord Stream gas pipeline now being built under the Baltic Sea to from Russia to Germany. This made Germany a "captive" of Russia, he said, since Germany would be wholly dependent on Russia for its energy. Why should the US pay for Germany's defence when Berlin was handing over "billions of dollars" to the Russians each year?

Clearly, he was in no mood to repair relations with Angela Merkel, the German chancellor. He dislikes her, resenting the sharp comments she has made about his administration and

his policies. The feeling is mutual, and Merkel lost no time in denying that Germany was subject to political pressure by Russia. The pipeline, she said, was purely a commercial deal.

Mr Trump's attack came as Donald Tusk, the senior EU political official, warned him not to pick quarrels with his allies. America needed its friends, he said — especially as it did not have many at the moment. The EU council president was referring to the recent major disagreements between the EU and Washington, including Mr Trump's withdrawal from the Paris climate change agreement, his unilateral move of the US embassy in Israel to Jerusalem, his renouncing of the six-nation nuclear deal with Iran and, most recently, his imposition of high tariffs on imports of European steel and aluminium as well as his threat to start a full-scale trade war. That now threatens to escalate, with retaliatory EU tariffs and Trump's promise to impose new tariffs on a whole range of European exports to America.

Picking on Germany was a shrewd move. The gas pipeline is controversial within Europe. Many countries in eastern Europe, including Ukraine, see it as a way to deprive them of earnings for the transit of gas across their territories, and a way to create a division between Germany, the EU's most powerful economy, and much of eastern Europe. America also has a history of opposing Russian energy pipelines: President Reagan tried to block construction of the first Soviet pipeline to Europe, threatening to impose sanctions on any European company that took part in building it. It led to one of the few big confrontations between Reagan and Margaret Thatcher, then Britain's prime minister.

The two-day Nato summit therefore got off to an ill-tempered start, with the Europeans nervous that Trump would announce either cuts in the US financial support or an end to joint military exercises with the Europeans. Instead Trump took them all by surprise by saying that all the allies should raise their defence budgets to 4 per cent of GDP. Four years ago, at the Nato summit in Wales, they promised to raise it to 2 per cent. At present only a few countries, including Britain, spend that proportion of their budget on defence, but spending has been rising fast, at around 3 per cent a year. It will still take some years for defence budgets in big countries such as Germany, Italy and France to reach 2 per. Asking them to raise it now to 4 per cent — higher than the proportion spent in the US itself — is very provocative.

Mr Trump's has several motives in bad-mouthing his European allies. First he wants to show his supporters at home that he is vigorously pursuing his promised "America first" policies. Secondly, he is retaliating for the constant criticism of his policies in Europe, which angers him considerably. Thirdly, and most important, he was trying to forestall the expected criticism from his Nato allies of his meeting with President Putin in Helsinki only days after the Nato summit.

The Europeans know that weakening Nato is a main aim of the Russian leader. Few think that Trump is so naïve that he would allow himself to be persuaded by Putin to withdraw from Nato exercises, slash the Nato budget or otherwise emasculate the



alliance. But many fear Putin will encourage Trump's scepticism over Nato and persuade him to focus US attention elsewhere.

What is more likely, and most alarming to some countries, especially Ukraine, is that Trump is seeking a "grand bargain" in his talks with Putin. This is the revival of an idea that has been discussed for at least a year that Russia will do what it can to remove the Iranian forces now encamped in Syria and help to keep up the pressure on Tehran over its nuclear programme. In return, Trump would not press for the return of Crimea to Ukraine and would lift some US sanctions on Russia.

The idea has been vigorously promoted by Saudi Arabia, the United Arab Emirates and Israel, who are all close to Trump and share his suspicions of Iran. Such a bargain would appeal to both Trump and Putin, as it would break a number of logjams. But it is anathema to Ukraine and much of eastern Europe as it would appear to accept the Russian seizure of Crimea. Critics also ask whether Putin would honour any promise to make the Minsk agreement work, and whether Russian forces are actually able to remove the large Iran military force from Syria.

Straight after leaving Nato Trump began his much delayed visit to Britain, where he immediately caused further chaos and difficulties. He arrived at a moment of high political crisis in Britain. Theresa May's government is struggling to convince the cabinet and the Conservative party to back its latest proposals for Brexit, which are much "softer" than most Brexit campaigns want. In effect, the proposals would keep Britain tied economically to the customs union and single market and would continue many other links with Brussels.

The plan has caused fury among the Brexiteers and prompted the resignation of Britain's chief negotiator, David Davis, as well as Boris Johnson, the foreign secretary. May is now trying to halt any more divisions while facing the real prospect that her compromise proposals will be defeated in parliament and that Britain will leave the EU in March with no deal at all.

Trump declared on arriving that he would like to talk to Boris Johnson, an old friend — which would be a clear breach of protocol. He then also said that May's Brexit proposals would not work, and would not allow Britain to negotiate a separate trade deal with America. Mrs May was left awkwardly trying to smooth over the differences — and Trump then reversed his statements, saying his earlier remarks (which were recorded) were just "fake news". In the circumstances, not much serious political negotiation was possible with his British hosts.

There were huge demonstrations in London against the visit, though Trump did not see them or see the huge balloon of himself as a baby in nappies that was floated above the capital. Instead, he did what he really wanted most of all — he had tea with the Queen at Windsor Castle, with photographs to show everyone back in America. And then he flew to Scotland, birthplace of his mother and where he owns two golf courses. He played some golf and briefly relaxed before flying off to Helsinki for the most controversial part of his European visit — the meeting with Putin. He leaves America's allies exhausted by his visit and even more unsure how to handle the controversial US leader in the future.

President Trump flew black to America on Monday amid furious accusations of treason and a disgraceful performance during his summit meeting in Helsinki with President Putin.

Trump astonished and angered many senior Republicans and members of his own government for refusing to condemn the Russian leader for alleged Russian meddling in the US elections. Contrary to his own intelligence agencies, he said he saw no reason why the Kremlin would have interfered. "President Putin was extremely strong and powerful in his denial today," he told a press conference.

Trump said America's relationship with Russia had changed after a "deeply productive dialogue" between the two leaders.

They promised to work together to help resolve the Syrian civil war, in which they have back opposite sides. But there was no suggestion that Trump came to any "grand bargain" with Putin over Ukraine and the Middle East, or any report that they had discussed dropping US sanctions on Russia over its annexation of Crimea and interference in eastern Ukraine.

Many of Trump's critics in America were asking what the one-day meeting had achieved. No documents were signed, and there was little evidence of tangible progress on arms control, the Middle East or any other issues dividing Russia and the West.

Instead, Trump seemed to go out of his way to defend Putin from accusations of interfering in the US elections, blaming instead the Democrats, Hillary Clinton's campaign and Obama administration officials for the current poor state of relations.

This provoked fury in Washington. "No prior president has ever abased himself more abjectly before a tyrant," said John McCain, a senior Republican senator and former Republican presidential candidate. Paul Ryan, the Republican speaker of the House of Representatives, said: "The president must appreciate that Russia is not our ally".

Trump's behaviour bemused most of his European allies also. They are furious that he described the European Union as his "foe" just before meeting Putin and were amazed that he blamed the frosty relationship with Russia on "many years of US foolishness". They were relieved, however, that Trump did not say anything to undermine Nato or add further criticisms to those he made to the Nato summit in Brussels a few days earlier.

THERE WAS LITTLE EVIDENCE OF TANGIBLE PROGRESS ON ARMS CONTROL, THE MIDDLE EAST OR ANY OTHER ISSUES DIVIDING RUSSIA AND THE WEST

America's allies believe, however, that the mere fact of the Helsinki encounter and the length of the talks — stretching well beyond the scheduled 90 minutes — was always going to be a win for Putin. At a time when Western countries have accused him of interfering in their elections, destabilising eastern Ukraine and poisoning British citizens with nerve agents, a handshake from Trump was always going to be seen as a prize showing Russians that their country was not isolated abroad.

The initial chemistry between the two men did not appear to go well. Both arrived late for the meeting, and both appeared unsmiling for the first photo opportunity. Indeed, Putin gave off an air of sullen indifference as the photographers took pictures. He merely blinked and shifted in his seat when Trump congratulated him on a "really great World Cup, one of the best ever".

At the later joint press conference they appeared more relaxed, though Putin spoke little, pouring ridicule on a question about whether Russia had any "kompromat" — compromising material — on the US President. For his part, Trump appeared to go out of his way to deflect any criticism of Russia and its leader.

He claimed that, although relations between America and Russia had never been worse, all that changed when they met. Diplomats were left wondering what, if anything, of substance was discussed by the two men when they were left alone without their aides.

Trump will now have a tough job to convince sceptical Republicans and hostile Democrats at home that his meetings in Europe were a success. Many will believe that he left relations with America's allies worse than before he arrived, while indulging the Russians in a summit that left them looking good on the world stage but appeared to achieve nothing of substance. ■



Christine Dugoin:

“Completely separating propaganda from journalism will never be easy”

Interviewed by
Alla Lazareva, Paris

The Ukrainian Week talked with French cybersecurity expert Christine Dugoin-Clément about mechanisms for fighting fake news, the prospects for certifying true information, and the likelihood of separating propaganda from journalism once and for all.

The French legislature is debating and revising a bill on fake news. What do you think of such an initiative?

— We’re talking about a very complicated problem. Of course, it’s a good idea to try to limit fake news, whose consequences we have all seen. However, I think that trying to establish a suitable legislative base could be counterproductive in the long run, an idea that only seems good. Why? The current bill proposes an emergency procedure. This means that a judge needs to determine very quickly whether what is being presented is news or fake. But to really figure out what is true and what isn’t you need to spend time looking up information, researching the facts, and tracking down the original source. All this takes time. Even with the best intentions in the world, a judge won’t be able to uncover the entire chain in 48 or even 72 hours, or even an entire week in some cases. So what will the judge do? Conclude that it’s impossible to guarantee the truthfulness of the information. If we look at how swiftly fakes that are intended to sow doubt go viral, we risk ending up with the opposite result, that is, people will use the judge’s ruling to say, “Since we can’t confirm that this news is false, it could very well be true.”

Based on your own observations, how effective are the big social networks in countering the dissemination of false information?

— Those who manufacture fake news typically hide behind the principle of freedom of speech. The big platforms say that they can’t track everything that goes on and is published on their systems. However, if we take a system like Twitter and analyze the data, it’s clear that there are entire networks based entirely on bots. At the same time, it’s very difficult to remove them. This is why we need to consider whether social nets have the desire and intention to spend the necessary time on this.

Moreover, beyond the closure of accounts another issue arises—the legal aspect. The question is, what law can be used with regard to international entities? The same problem arises with cyber attacks. Should we apply the legal norms of the country where the enterprise was set up or the country that is the source of the disinformation? OR should it maybe be a third country, where those disseminating the information are physically located? It’s hard to determine this.

For over a year now, the major social networks are trying to restore the trust of their users, which declined not just because of the widespread fakery and manipulation but also because of business sites that were collecting information about them to further influence people. The Cambridge Analytica scandal forced Facebook to put into action a new system to protect its users.

Finally there’s the question of demand for a certain kind of spun information. This may sound complicated or even paradoxical, but when people are firmly convinced of something,

they sometimes look for the very facts that will strengthen their convictions. Such people often find additional arguments on suspect resources, with out concerning themselves about how real the information is: the main thing is that it coincides with how they see things. They are clients as much as anyone else is.

How actively is false information being used in politics today? It seems like governments have begun to become aware of just how much danger this represents. France, for instance, is setting up a special unit under the Defense Ministry just to combat cyber crimes. Perhaps countering needs to be primarily on a technical level?

— Military protection and using fake news in international politics are very different things. However, there is an initiative that seems quite interesting in this regard. Journalists have developed a project that involves introducing certificates of accuracy. Such certificates can be posted by an entire media as well as individual journalists and bloggers. They commit themselves to carefully confirm information before disseminating it. I don’t know whether this project will actually be realized. The important point is that it provides incentive to look up and check information in various sources, the way any conscientious journalist normally does. It’s possible that this kind of approach will teach people to be more responsible, both those who write the news and those who read it.

False facts are directly related to yet another issue: a steep decline in trust in the mainstream media. Many studies have shown that most people who watch TV often actually check what they’ve heard on the internet. For instance, only 41% of French people trust television news. This means that the biggest media organizations are not guarantors of accuracy but only one of several sources that viewers then feel need to be checked online. The way people confirm information is also interesting. Some go to newspaper sites, others to social nets or YouTube, the rest check blogs on alternative information sites. Yet alternative blogs vary widely. The other important point that influences people, based on numerous conversations, is that people more and more often look for information on openly opinion-shaping resources even ideologically oriented ones, because they are confident that they will be able to separate clearly stated ideology from pure information.

Is this precisely what Sputnik and RT are counting on when they claim, “We show what others hide”?

— That’s exactly it: “We show you what the big media don’t show.” This is one of the classic themes of those who love conspiracy theories, who are precisely the people who most visit alternative sites. But, just to repeat, this category of people is convinced that they can glean the facts from the overlay of propaganda, hoping to find information that others don’t write about. But what we don’t know is how exactly propaganda affects human awareness.

At one of his first press briefings, President Macron refused access to people from RT and Sputnik, saying that he considered them propa-



gandists and not journalists. How likely is it that we will ever get to the point that we can once and for all separate propaganda from journalism?

— Ever since the first printing press, journalism and propaganda have been closely intertwined. At the same time, there is a simple principle: debate structures, polemics destroy. This may seem a bit abstracted, but it's an accurate observation. Over and over again, we have to find the time to confirm and analyze facts, rather than reacting hotheadedly. Completely separating propaganda from journalism will never be easy, because personal views get in the way and no one can claim to have the absolute truth. It's this very argument that the authors and promulgators of fake news make good use of. They insist that they have supposedly picked up on something that no one else has noticed. However, it is possible to be as honest as possible and as objective as we can.

How realistic is it to hope that one day Sputnik will lose its media license and be acknowledged, in Macron's words, as "a propaganda-making business"?

— To achieve something like this, we have to prove the intentional violations, since everyone has the right to make a mistake. For instance, we're in a hurry and we repeat a bit of news in Twitter, without checking it, because we're sure it's true...and it turns out to be fake, turning us into a useful idiot. This act can seem catastrophic, but it's really just a mistake. Those who deliberately promulgate fakery are doing something different: they know what the truth is but they twist it. This is a philosophy or strategy whose purpose is to mask or distort the truth. In the first case, the desire was to inform but because the person was in a hurry, they failed. In the second case, the goal is to manipulate and shape public opinion. It's hard to prove manipulation, because those who engage in it will always say that they were supposedly unaware, that they were only presenting one subjective position. We can look for the truth, but it will take a lot of time in each individual case. And if the case involves such themes as freedom of expression, it immediately becomes very delicate, indeed.

This may be true, but if we don't do anything, doesn't our inaction encourage mimicry of freedom of speech that is actually freedom of propaganda? Don't we then strengthen the hand of the manipulators?

— Yes, but is it worth risking a move in the diametrically opposed direction? It's very important to learn to deconstruct the opponent's strategy and correct untrue news. We need to understand how to distinguish information media and opinion media, which promotes its own views, sometimes even an actual ideology, but admits this openly, from propagandist resources that manipulate information. To gain such skills requires a fair bit of patience, plenty of time and an ability to analyze content, and, when necessary, to file a lawsuit in court.

Can you provide some examples of the manipulation of real numbers?

— This is a very widespread form of disinformation. For instance, a poll is taken. The answers are real, but the region that was selected is not representative: it was chosen in order to get a specific result. Later, these numbers are used as though they reflected a much broader picture. That's one approach.

Another is when the numbers are real but the context is not. For instance, during the first years of the war in Ukraine, a red herring was widely disseminated, that the Ukrainian forces were supposedly using ammunition infected with HIV. As an argument, data was offered about the number of AIDS deaths growing to epidemic proportions in the occupied territories. The statistics for such deaths were quite likely true. But the reason for

Christine Dugoin-Clément graduated from the Sorbonne University in 2012 and worked in the Mayor's Office in Bussy-St-Georges in 2013-2014. She audited a course at the Institut des hautes études de sécurité nationale over 2014-2015. In 2016, she completed a diploma course at the Institut français de géopolitique. Today, she works as an analyst and researcher at the École spéciale militaire de Saint-Cyr, covering topics related to cybersecurity and specializing on Ukrainian issues in defense, cybersecurity and influence.

the growing numbers lay elsewhere: a lack of medication in the war zone, the worsening state of health of those who were sick with AIDS, which was also true for diabetics and cancer patients. Fake-makers invented a false reason behind a very real trend. Such news is often reinforced by testimony from real people who talk about how those around them, neighbors and friends, really are dying of the disease. This is a pretty coarse manipulation. There are more subtle ones as well. It's always important to look into the source of information and at how objectively the cause and effect are related.

What are your thoughts about public journalism? What potential does it have to influence public opinion?

— It already does. When opinion polls ask people about trust in information sources, it appears that the big social nets enjoy less of it than before. Instead, alternative and public media have been gaining in popularity. Why? Because they are seen as unbiased, as having no ulterior motives and driven by a sense of civic duty. They already have social capital in the form of public support and sometimes use this as a controlling factor. The situation is like this: the more popular such public media becomes, the more persistently fake news makers will try to take advantage of it. The more trust a given channel of information enjoys, the more actively propagandists will try to besiege them.

The other problem with public journalism is that often those involved in it lack the professional skills to confirm information and do research. And so, even with the best of intentions, they can easily fall prey to traps set up by cynical professionals from the opposite camp and turn into useful idiots.

While he was in St. Petersburg, President Macron stated, during a joint conference with Vladimir Putin, that he anticipated cooperation with Russia in cybersecurity. How realistic is this—a detective working with the criminal to uncover the crime?

— I remember the situation in Georgia in 2008, when Russians were accused of carrying out a cyber attack. They denied it, saying: "Sorry, but we don't control our hackers. These are private initiatives not connected to government policy." The same tactic was used later during the war in Ukraine, when it became clear that Russian military were operating in the Donbas. "They are free to do what they want during furloughs."

President Macron's statement actually pushes the Russians into a dead end, because he uses the very tone that they have been proposing. The idea is to say, "You have a problem? Let's resolve it together. But in order to do so, you will have to show your documents, provide the necessary information and demonstrate a real desire to cooperate." If the answer is negative, then everyone's free to draw their own conclusions.

Do you honestly think that Moscow would agree to such honest cooperation?

— International politics is a long game. Unfortunately, we often have lots of time to spend on it. But I personally like the formulation. ■

Crimea agonistes

Why the question of Russia's occupation of the Ukrainian peninsula remains, and will remain, open

Ihor Losiev

In the context of legal and ideological disputes around the cessation of the Russian war on Ukraine supposedly using diplomacy, there appear to be constant, stubborn efforts to remove Crimea from the framework of the discussion. Moreover, this is being done, not just in the West, but even among Ukraine's top politicians, some of whom say, "First Donbas and the Minsk accords, and then, at some point later, Crimea..."

At his meeting with US President Trump in Helsinki, Russian President Putin decided to "shut up" the US by announcing that the issue of Crimea was closed once and for all. History has seen many such pronouncements. In soviet times, it was considered an unquestionable truth that the USSR would survive until worldwide communism was established, but in fact it lasted less than 70 years. The Third Reich was called "millennial," but its millennium lasted all of 13 years. Take Viktor Mironenko, a one-time Komsomol leader in the Ukrainian SSR and the USSR, now an assistant to Mikhail Gorbachev: in an interview with a Kyiv paper, he declared that Russia would never fall apart, that no one should count on it, because its collapse was impossible. Given actual outcomes in history, such pronouncements need to be taken with a grain of salt, especially where they use words like "forever," "never," "everyone," "no one," "nothing," and so on. And there is no rush to consider an issue "closed once and for all."

THAT'S WHY SEPARATING ANY PARTS OF UKRAINE, DISCREDITING THEM, CALLING THEM "ALIEN," IS A MYOPIC POSITION AT BEST.

WHAT'S MORE, ETHNO-CULTURAL PURISTS ARE UNABLE TO OFFER ANY CRITERIA FOR THE UKRAINIANNES OF A TERRITORY, RELYING ON PURELY SUBJECTIVE "FEELINGS"

Unfortunately, there are those among Ukraine's media, politicians, political analysts, pollsters, and journalists who are trying very hard to "close the Crimea question." All too often, crocodile tears are shed about awful Russian propaganda — and it truly is awful — has completely brainwashed Crimeans and because of that just about everyone in Crimea violently hates Ukraine and worships Russia. As proof of this, they refer to polls taken on the peninsula that are more than a little suspect. For starters, how objective can any numbers be in a poll that's taken under a harsh occupying regime? Why don't these same pollsters try surveying people in North Korea? When I was a student in the philosophy department of Kyiv University, what could I have responded back in 1977 if someone had walked up to me on Khreshchatyk and asked me what I thought of the policies of the Communist Party? Perhaps these sociologists would have been interested in hearing from the prisoners in Buchenwald what they thought of the actions of the commandant of their camp and would afterwards have patted themselves on the back about the "objective" information they had gathered.

Some pollsters and journalists are unembarrassed to talk about the opinion of residents of Yalta, Sevastopol, Simferopol,

Yevpatoria... Of course for those who are within the system of official Russian positions, there is complete freedom of speech, as it was at one time for soviet citizens who took exercised it to "strengthen socialist democracy and the soviet system." But to speak out on Ukraine's behalf means to end up being interrogated by the FSB, so only very rare individuals are brave enough to even whisper: "It was a lot better under Ukraine." And what does it say about those who run polls in annexed Crimea and in occupied Donbas, effectively acting as agents provocateurs by placing their respondents at risk of the regime's sharp ax.

Prior to 2014, some western Ukrainian writers did their fair share in alienating the country's eastern and southern regions by constantly harping on the idea that "Ukraine did not need Crimea and Donbas" because supposedly the people there were "not Ukrainians." Like-minded individuals echoed these sentiments in Kyiv.

However, when their dreams about cutting off the "non-Ukrainian" territories were carried out by Russia's high command, these same writers suddenly grew silent. Still, their ideological fellow-travelers occasionally make themselves heard in the capital. One of them has even proposed setting up a number of model Ukrainian regions and building a "real" Ukrainian state without any foreign elements. With the rest, things will work themselves out, one way or another. It's just a shame that all this sounds very much like a reservation or an ethnographic preserve. Dystopian writer Yuriy Shcherbak is very critical of this kind of idea as a huge affliction for Ukraine and calls it the "zone of ethnic consolidation" or ZEK — "zek" being a slang term for convict. Such a place would have only little kozaks with costumed girls, picturesque cottages with straw roofs, aqua vita made of the best sorts of domestic beets, only the Ukrainian language, and everything totally ideal, pretty and colorful — more-or-less similar to the lovely image that early Ukrainian emigrants kept alive far across the sea and handed down to their heirs.

Given the real Ukraine, the ideal version will continue to shrink under pressure from unruly facts. Meanwhile, large numbers of bearers of "true Ukrainianness" flee abroad to work in Poland, Slovakia, Czechia, Romania and even Russia — anything to avoid risking their lives at the front. It turned out that it's a lot easier to speak Ukrainian, wear embroidered shirts, wave the blue and yellow flag and the red and black banner, and shout "Slava Ukraini!" than it is to stand at the country's borders, a weapon in hand. As one well-known intellectual with roots in Halychyna wrote: "In 2009, I was surprised how russified and oriented towards our neighbor this city was. But today, people should look at where the most men respond to the draft. In Lviv, they have to round draftees up, whereas in Zaporizhia the situation is very different."

The war has shown that no region has a monopoly on real Ukrainian patriotism — not the theatrical, rhetorical kind! At the front, Ukrainians pay the highest price for their convictions, their blood and their lives, they give their homeland their arms, their legs, their eyes, their health, sacrificing everything. That's why separating any parts of Ukraine, discrediting them,



PHOTO: REUTERS

Before the annexation. The numerous pro-Ukrainian rallies were usual events for the streets of the Crimean cities before Russia's armed "little green men" did not appear there

calling them "alien," is a myopic position at best. What's more, ethno-cultural purists are unable to offer any criteria for the Ukrainianness of a territory, relying on purely subjective "feelings." At one time, ex-Politburo member Aleksandr Yakovlev used this kind of argument to reject the idea of Ukraine's sovereignty and independence: "When I come to Ukraine, I don't feel like I've crossed a border." In other words, there's no such country, no such state, and no such nation because they "don't feel like..." A certain place doesn't give the Ukrainian writer the impression that it's Ukrainian? It's clearly not Ukraine, so who cares if we give that land to our historical enemy.

What's particularly striking is nonsense about some nigh-prehistoric "anti-Ukrainianness" in Crimea, a position that miraculously brings certain of our writers in line with Russia's neo-imperial discourse. However, history says something different. At the beginning of the 20th century, when the words Ukraine, Ukrainians and Ukrainian were still fairly exotic-sounding to the general public, the campaign of the Crimean Army Group of the Ukrainian National Republic led by Petro Bolbochan left reports about the way that Crimeans met the Ukrainian soldiers. One member of the expedition, Borys Monkevych, later wrote:

"Nowhere in all of Ukraine were Ukrainian armed forces greeted with such enthusiasm, with such ovations, with such excitement as the people of Simferopol. All the streets were decorated with flowers and filled with people who welcomed Bolbochan with joy. Along the entire road behind the car ran a crowd of thousands that escorted the captain and their liberator with a fire and enthusiasm that had no equal, something that will never be forgotten."

OK, so Monkevych was a Ukrainian officer, a not-unbiased witness. So let's take a well-known historian, Crimean Serhiy Hromenko, who mention the memoirs of a Russian officer by the name of Nikolai Krishevskiy about how a detachment was set up to maintain order after the communists fled from Kerch, which led to a very humorous but also typical and demonstrative incident:

"The detachment looked like something no one in Kerch had ever seen: the people were beautifully dressed, they were sitting on well-appointed, handsome horses, and they were excellently armed... The minute the brigade entered the main street, a huge crowd gathered and received them as Ukrainians. People were shouting 'Hurrah!', kissing the soldiers, and generally expressing incredible delight..."

The Russian officer and writer Nestor Monastyriov described events in Feodosia thus:

"The only thing we noticed was that relative order had unexpectedly been established in the town. The bands of red marauders had suddenly disappeared somewhere. There was a rumor that Ukrainian armed forces had entered Crimea. No one said anything about the Germans and everyone was waiting from day to day for the Ukrainian units to show up, preparing to meet them with flowers like liberators from the bloody bolshevik nightmare. No one hid their happiness." And the minute a military column appeared on the horizon, Feodosia was overjoyed: "All the residents came out into the streets. People were laughing and crying, embracing and crossing themselves. 'The Ukrainians are coming! Thank the Lord!'"

That could be how the Ukrainian army is welcomed in Crimea one day. Provided that it shows up there. ■

The five whales

Oleksandr Kramar

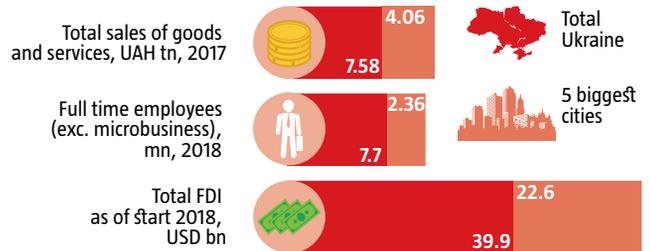
Leaving out the temporarily occupied territories, Ukraine has nine cities with a population of about a half-million or more. However, only five of them have become economic and demographic centers that are distinct, not just for their scale, but also for their heft at the inter-regional level and for their significant functions at the national level. These five include that capital, Kyiv, with 2.94 million residents as of mid 2018, and four smaller regional centers: Kharkiv with 1.47mn, Odesa with 1.01mn, Dnipro with 1.0mn, and Lviv with 0.76mn. Aside from Kyiv and Kharkiv, the other two 'millionaire' cities are somewhat unstable, as their population has been fluctuating around the million mark in recent years: It tends to fall with natural decline but people moving in from other cities compensate this decline in an unpredictable manner.

In terms of their role in the domestic economy and other aspects of the country's life, these cities have been confidently distinguishing themselves from the country's other major cities for years now. Cities like Zaporizhzhia with 740,000, Kryvyi Rih with 630,000, Mykolayiv with 480,000, and frontline Mariupol with 460,000, have only slightly smaller populations but often showed greater industrial output compared to Dnipro, Odesa and Lviv, yet they never achieved the inter-regional significance of any of the top five. Worse, they have been losing human resources and economic potential at an increasing pace in recent years, because of stagnation and the decline of their outdated soviet-era heavy industries.

By contrast, Ukraine's top five biggest cities have been establishing themselves as multifaceted economic centers in their respective parts of the country, rather than as mere industrial or transport hubs. After a long period of declining populations, the Big Five have more recently begun to stabilize and, in some

What are the economic heft and special features of Ukraine's biggest cities?

Economic heft



Sources: Data from Derzhstat and oblasť statistics offices, author calculations

cases, renewed growth. They are also distinct from Zaporizhzhia, Kryvyi Rih and Mariupol also because of their extensive suburbs, more and more of which are already reaching the 100,000 mark for population. Moreover, these cities have considerable outlying buffer territories that ensure them fairly stable prospects for expanding as the process of urbanization picks up pace in Ukraine. Indeed, they already are close to and even surpass the size of many European capitals: Prague at 1.3mn, Sofia at 1.24mn, Belgrade at 1.17mn, Stockholm at 940,000, Zagreb at 800,000, Riga at 640,000, Vilnius at 550,000, and Bratislava at 430,000.

For now, even without counting exurban areas and residents who are not officially registered, the five largest centers in Ukraine encompass nearly every fifth resident of the country, not including the occupied territories. If the exurban areas are added, more than a third of the actually working labor force and nearly half of the domestic economy are centered there.

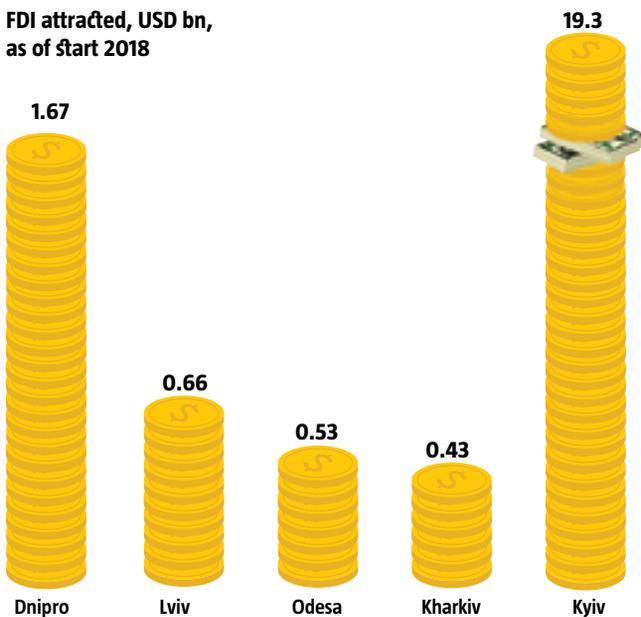
POSTINDUSTRIAL PARADOXES

Unfortunately, Ukraine's statistic agency does not provide data about the gross regional product of individual cities other than Kyiv, which is simultaneously considered a region and a city. In order to get a sense of the heft of the biggest cities as a whole and individually in relation to the domestic economy, the only way is to form an outline based on available figures for individual indicators. These include volume of sales for all goods and services by enterprises, industrial output, or the number of permanent employees.

The share of commercial sales of all goods and services in 2017 for these five cities was 54% of national sales, that is, UAH 4.06tn out of UAH 7.58tn. What's more, not only Kyiv stood out against the rest, but also Dnipro, whose overall sales were almost twice as much as for Kharkiv and Odesa put together. On the other hand, some adjustment also has to be made in regard to what is meant by sales, including wholesale, for companies that are registered in their respective cities. For instance, 75% of the turnover in the Big Five is covered by Kyiv-based companies, whose volumes were double that of the nearest city.

In addition, the Big Five represent 31% of all permanent employees in Ukraine. This is significant because now payroll deductions now form the financial revenue base for local budgets. Permanent workers at large and medium enterprises are the foundation of the official labor market in Ukraine, providing

FDI attracted, USD bn, as of start 2018



Sources: Data from Derzhstat and oblasť statistics offices, author calculations

not only payroll contributions to local budgets but also steady demand for goods and services, and personal loans ranging from consumer loans to mortgages. For this indicator, again, Kyiv and Dnipro stand out as permanent employees per 1,000 residents is considerably higher, not just than the national average, but also compared to Kharkiv, Odesa and Lviv.

Despite the enormous concentration of permanent employees in large and medium enterprises in the country's biggest cities, these metropolises are also the main centers for small enterprises. For instance, 30.7% of all small businesses in Ukraine, that is, 99,000 out of 322,000 companies are based in Kyiv or Kharkiv. Unfortunately, other regional statistics agencies do not provide data on the development of small business in individual cities.

The biggest cities in the country are also the main portals for FDI inflows, although their individual roles in this process are extremely uneven. Altogether, nearly 57% of all FDI that has come to Ukraine since 1991 has gone to the Big Five. However, the gap between Kyiv, which has received close to half of all FDI or US \$19.3bn out of US \$39.9bn, and the other cities is enormous: the remaining four put together have only received US \$3.3bn or about 16% of all FDI invested in Ukraine, less Kyiv. Among the remaining four, Dnipro has the clear lead, both in terms of total volume, at US \$1.67bn, and in per capita FDI. Lviv is a distant second with US \$656.3mn, Odesa comes third with US \$530.9mn, and Kharkiv trails slightly with US \$427.6mn.

On the other hand, the Big Five represent only 20% of domestic industrial production, which pretty much matches their share of the population outside the occupied territories. Industrial capacities are typically located in completely different, smaller cities, even in these same regions and the role played by industry in the millionaire cities grows smaller every year, even in such traditional industrial regions like the Dnipro valley.

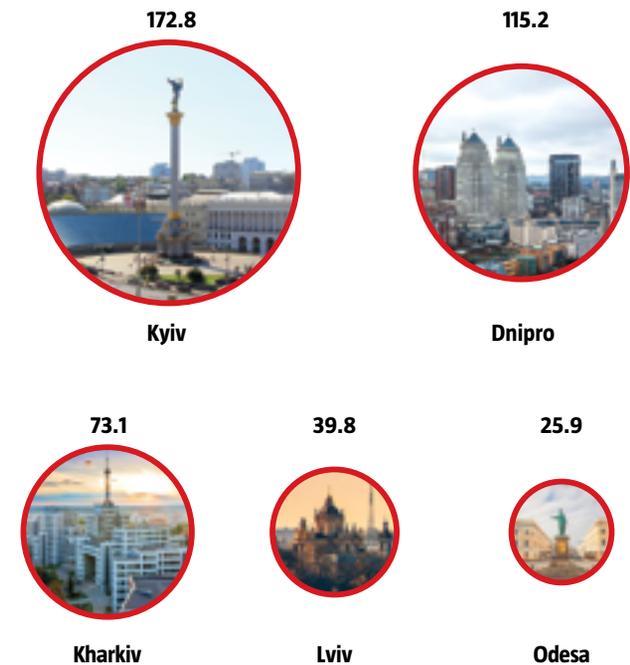
Today, for instance, Dnipro with UAH 115.2bn in industrial output trails far behind Kryvyi Rih, with UAH 159.5bn, and a slew of smaller industrial cities, such as Nikopol, Kamiansk and Pavlohrad. In Odesa Oblast, smallish Yuzhne produces almost half the industrial output of the oblast capital, despite being one tenth the size of Odesa. Kharkiv sold only UAH 72.8bn worth of industrial products in 2017, which was two thirds of what Dnipro sold, and barely half of what Kryvyi Rih sold, although the latter has less than half the population of Kharkiv. The biggest industrial county in Kharkiv Oblast is Balaklia County, which despite having a fraction of the population, manages to produce two thirds of what the city does.

SWAPPING STEREOTYPES

Despite the stereotype, the leader in industrial output among the Big Five is the capital at UAH 172.8bn, which is half again as much as Dnipro, 2.4 times Kharkiv, 4.4 times Lviv, and nearly 7 times what Odesa produces. This simply testifies to the fact that even on a per capita basis, with the exception of Dnipro, Ukraine's capital remains unequalled in terms of industrial development among the country's biggest cities. Moreover, Kyiv's industry has its own specific profile: its base is the food industry today, with 46.6% of all industrial output in the city and 17.9% of all food processed in Ukraine; then power generation and transmission, heating and gas supply, which add up to 20.1% of all industrial output in the capital and 8.4% of the domestic sector; and pharmaceuticals, which constitute 8.5% of industrial output in Kyiv but 50.9% of all pharmaceuticals being made in the country.

Modern-day Lviv, breaking stereotypes as well, is more industrial than Kharkiv or Odesa. Its output was worth UAH 39.2bn in 2017, beating Kharkiv, which is almost twice as big, on a per capita basis. Lviv also out-produced Odesa by a third, even in absolute terms, despite the fact that it has one third less population. More recently, Lviv has been actively attracting for-

Total industrial output, UAH bn, 2017



Sources: Data from Derzhstat and oblast statistics offices, author calculations

eign investment to its manufacturing sector and its surroundings are seeing new factories being set up by major international companies, explaining how its total FDI now significantly surpasses that of Odesa and Kharkiv. And this despite the fact that Lviv's population is significantly smaller. Moreover, its industrial component is likely to grow even more over time, while the conurbations of southern and eastern Ukraine see their industrial potential go into decline through a lack of initiative to reorient themselves towards cooperative links with western companies.

Compared to Odesa, Lviv also has a very dynamic tourist industry whose heft is also growing. The number of tourists visiting the city is close to 3mn today and they leave US \$600-700mn behind every year, which brings over UAH 100mn to the municipal budget in the form of a head tax on tourists. At the same time, like both Odesa and Kharkiv, Lviv is one of Ukraine's key gateways in terms of its connection with the outside world. Moreover, it's the gateway to the European Union, with whom more than 40% of Ukraine's foreign trade takes place.

Nevertheless, Kharkiv and Odesa continue to pay the bigger role as trade and transport hubs in relation to the rest of the world. Where the latter specializes in shipping by sea and has one of the country's biggest wholesale markets, the Seventh Kilometer, Kharkiv plays a similar role in surface transport of freight. Statistics show that even greater volumes of goods are transported through Kharkiv than through Odesa and the city has its own mega wholesale market, the Barabashovo.

And yet, neither Kyiv nor Dnipro suffer in any way from being in the center of the country. On the contrary, this makes them the best locations for investments to be placed, it reduces their vulnerability to shifts in trade or transport and transit flows, and it allows them to focus more on serving Ukraine's internal markets. Kyiv, as the capital, and Dnipro, as the center of the most powerful economic and industrial hub in the nation, will likely continue to strengthen their position in the domestic economy—even if the industrial component of their economies gradually shrinks. ■

Triumph of the will 2018

The influence of the World Cup on Russia's image

Ivan Verbytskiy

The football World Cup in Russia is over. It ended symbolically: the rain forced lazy Europeans who had been watching the football through rose-tinted glasses and admiring Putin's fake glitz to see the real Russia for at least one moment. The czar was sheltered under an umbrella, while the other guests of honour — headed by the Presidents of France, Croatia and FIFA — were ignored. In the end, judging by their behaviour, none of the foreign dignitaries even dared to take offence after being on the receiving end of so many sycophantic overtures. The world closed its eyes and believed in "another Russia", despite Syria, Ukraine and the dozens of Ukrainian prisoners illegally held in Russian torture chambers.

Although we can generally say that Putin displayed Olympic nobility during his footballing benefit event. This time, he did not rattle his sabre during the tournament, as was the case on 08.08.08, when the Olympics started in Beijing and Russian boots entered Georgia. A peaceful Putin was presented to the general public in their rose-tinted glasses. One who was sung an African ode by the newly minted world champions from France in the dressing room right after the final whistle.

HAVING USED THE VIDA-VUKOJEVIĆ INCIDENT TO PROMOTE THEMSELVES, HIGH-RANKING UKRAINIAN OFFICIALS DID NOT BOTHER TO REACT TO THE RUSSIAN FLAGS WITH NAMES OF CITIES OCCUPIED BY THE RUSSIAN FEDERATION IN CRIMEA THAT APPEARED AT STADIUMS HOSTING THE TOURNAMENT

Nevertheless, you can talk about "peaceful Putin" to the mothers of Ruslan Bahlyk from Trostianets, Sumy Region, and Ihor Petrov from Rubizhne, Luhansk Region — 20-year-old lads who died alongside 11 other Ukrainian soldiers protecting our country during the "festival of football". The world paid no attention to this. It seems that the most expensive football tournament in history was conceived precisely for the sake of one phrase heard from the mouth of FIFA president Gianni Infantino: "Russia has changed its attitude towards itself. Thousands — hundreds of thousands — of people visited, and they came to beautiful, friendly cities, to people who are ready to show the whole world that the stereotypes about Russia are wrong."

He has already called this tournament the best in history. Triumph of the Will 2018 has come to pass. Almost as successfully as the 1936 version in Berlin. The one difference was that no one gave a Nazi salute to the current tyrant. Although the verbal praise perhaps more than replaced gestures "from the heart to the sun".

Over the 32 days, the holiday atmosphere was only interrupted once — when Croatia footballer Domagoj Vida shouted "Glory to Ukraine" on camera after defeating the Russians in the quarterfinal. Team coach Ognjen Vukojević devoted the victory to our country. Subsequently, the entire wrath of Putin's agit-prop machine was turned on the Croats. It got to the point that, under pressure from Russia, FIFA almost stopped Vida from

playing in the semi-final against the English. It all ended with a behind-the-scenes arrangement, after which Vukojević was ousted from the team and Vida apologised on a Russian federal TV channel like a failing schoolboy at the blackboard following the semi-final victory.

Subsequent events showed that the dismissal of Vukojević was nothing more than a smokescreen. Ognjen won a silver medal as a member of the second-placed team and on returning home, when nearly all of Zagreb came out to welcome their triumphant compatriots, he sat next to Croatian Football Federation president Davor Šuker on the open-top bus. The Croats decided not to poke the bear and peacefully play out the tournament, although there are grounds to say that the vindictive FIFA, which feeds on Gazprom money, took revenge on them. The first two goals scored by the French against Daniel Subašić during the final came in questionable circumstances. At least Myroslav Stupar, the only Ukrainian referee to have officiated during the knockout phases of the World Cup in 1982, claims that the free kick that led to the first goal should not have been awarded and that the penalty converted by Antoine Griezmann was not a foul. Two goals in the final... you have to agree that is a little too much.

But if we take a step back and look at the situation through the eyes of ordinary Europeans or Latin Americans who do not take an interest in the situation in Ukraine and Syria and do not want to remember the Malaysian airliner shot down in the summer of 2014, what was displayed on the surface really was attractive. The Russians made sure that the places visited by tourists were spotless, cleaned the streets of homeless people and the facades of buildings that could not be renovated were covered with banners. The apparently uncontrolled Russian ultras that fought bloody battles with the English in Marseilles two years ago were silent all month. Not a peep was heard from them. It was a miracle: the Russian championship was perhaps the first in history during which no clashes between fans were recorded.

There were only two incidents that the FSB could not control: the aforementioned scandal involving Vida & Vukojević and the pitch invasion by activists from the Pussy Riot movement dressed in police uniforms during the final. Of course, the offenders were detained and a video clip of the interrogation was "leaked" on the internet. The voice of a harsh "chief" can be heard on it, regretting that it is not 1937 and he cannot punish these terrible criminals in the way that they deserve.

As for noticeable negative opinions about the Russian World Cup, the words of Korean TV star Chan Gong Chang are all that can be singled out. "Everyone is sort of angry there," he said on returning from Russia. "The Russians do not like 'slanty-eyed' Asians. You say to someone, 'Excuse me...' And in response, 'What do you want?!'. It's like that everywhere. Every day I was stopped by police one or two times: 'Are you a terrorist?' Maybe the car looks suspicious to them. I answer that, of course, I'm not a terrorist, but they say, 'Okay, open the car. Do you have a gun? Drugs? Give us the money!'"

The European media (whether French, English or Spanish) glittered with flattery like "so good that it is hard to fault". These



Symbolic hospitality. During the storm that took place after the 2018 World Cup final, only Vladimir Putin got an umbrella

impressions were amplified by the comments of famous football players, who officials of the Putin regime pampered, fed, watered and accommodated like nowhere else in the world. Argentine Diego Maradona, the best footballer in the world in the 1980s, was so blown away by the reception that he showed his middle fingers to TV cameras when his country scored and was later unable to leave the stands without assistance. Of course, it would be a sin for these comrades to complain about Russia. Especially when their thoughts go no further than their basic physical needs.

In fact, many African or Latin American fans also owe their great love for Russia to the satisfaction of animal instincts. They were struck by the fact that "Natashas" were all over them before they could even start flirting properly. The Mexicans posted dozens of videos and photos on social media of naked Russian women walking around near the stadium in Rostov wearing only football socks.

From a purely footballing point of view, the 2018 World Cup will be remembered for the early failure of many recognised favourites. For example, 2014 world champions Germany did not even manage to get out of the group. Unfortunately, Ukrainian Foreign Minister Pavlo Klimkin all but hailed this event as a diplomatic victory. "I read about the loss of the German national team in the news," he wrote on Twitter. "We will have new world champions. But at least no more German politicians will visit the World Cup in the Russian Federation. I wish the Bundesteam new victories outside the Russian Federation. For some reason, they have no luck there."

It is a pity that our country's chief diplomat, like our football officials, did not speak out when it would have been worthwhile. Having used the Vida-Vukojević incident to promote themselves, high-ranking Ukrainian officials did not bother to react to the

Russian flags with names of cities occupied by the Russian Federation in Crimea that appeared at stadiums hosting the tournament. Which is a shame, because it would have been easy to point out FIFA's double standards. As we know, the Ukrainian national team played its first qualifier for this World Cup behind closed doors. That was a punishment for the red and black flags seen at the Lviv Arena in autumn 2013. This, as well as nationalist symbolism in the Croatian stands during World Cup 2018, caught the attention of FIFA officials, who close their eyes to the behaviour of a country that neglects all the norms of international law.

In the end, it was probably the strongest all-round footballing team, France, that won the tournament for the second time after they hosted the World Cup in 1998. Twenty years ago, Didier Deschamps lifted the trophy as captain and he is now the third person in history to win the title as both a player and as a coach.

The downpour that began immediately after referee Nestor Pitana blew the final whistle on the final match subsequently swept across Russia. This would not have been such a big deal, but one of the World Cup stadiums in Volgograd could not withstand the force of the elements. The arena was flooded, while an embankment nearby collapsed and was washed into the Volga. Putin's government spent the overwhelming amount of \$256.5 million on the construction of that stadium.

The rain washed away the remains of the artificial beauty and refinement. Russia regained its usual image and Putin immediately removed his diplomatic mask. After the storm had washed away his "sandcastle", the Kremlin's dwarf began to threaten Ukraine and Georgia: "For us, this is a direct threat to national security. Moving NATO infrastructure towards our borders will be perceived as a threat and the reaction will be extremely negative." ■

The welfare state needs updating

Its designers did not foresee ageing populations, mass immigration or the gig economy



In June 1941 William Beveridge left the office of Arthur Greenwood, a British cabinet minister, with tears in his eyes. A well-known academic and civil servant, Beveridge had sought a big job in the war effort. The 62-year-old was brilliant, but also obsessive, vainglorious and prim. To sideline him, Greenwood proposed what seemed a thankless task: reviewing Britain's social-insurance schemes.

What emerged was a blueprint for the modern welfare state. In December 1942, having stretched his brief to the point of bursting, Beveridge published his account of the "Five Giants": disease, idleness, ignorance, squalor and want. He proposed new benefits for the retired, disabled and unemployed, a universal allowance for children and a nationwide health service.

On the night before publication a long queue formed outside the publishers. Polls found majorities of all social classes backed its proposals. It was translated into 22 languages and the Royal Air Force dropped summaries on Allied troops and behind enemy lines. Two copies, heavily annotated, were found in Hitler's bunker.

Such zeal for the welfare state is rare these days. On the right, critics accuse it of sucking the dynamism from capitalism and individuals alike. For Paul Ryan, the outgoing Republican speaker of the House of Representatives, it is not a safety-net but "a hammock" that "lulls able-bodied people to lives of dependency and complacency". Peter Sloterdijk, a German philosopher, calls it a "fiscal kleptocracy".

The left, as seen in the grainy nostalgia of politicians such as Jeremy Corbyn, leader of Britain's Labour Party, lays claim to the welfare state as a left-wing creation, and thinks it is under unceasing threat. It does indeed face profound challenges: from ageing populations, immigration and the more varied nature of work, none of which Beveridge had to worry about.

Public support has flagged. Data from the British Social Attitudes survey, for example, show successive generations taking less pride in the welfare state (see chart 1). In America views are increasingly partisan. In the late 1980s and early 1990s most Republicans agreed with the idea that government should ensure citizens

have enough to eat and a place to sleep. Today most disagree, according to data from Pew, a pollster.

The name may be part of the problem. In Sweden it is known as *Folkhemmet* (people's home), in Germany *Sozialstaat* (social state), but in the Anglophone world "welfare state" has stuck. Beveridge hated it, for implying a "Santa Claus" state at odds with his belief in personal responsibility. "Welfare" historically has a broad meaning, but is often associated with aid to the poor, especially in America. Yet this is only a small part of what a welfare state does.

Indeed its origins and aims are widely misunderstood. It is not so much a left-wing creation as a product of an intellectual coalition, in which the critical strand was liberalism. Liberals such as Beveridge believed that people should take more responsibility for their own lives, but that government should support them. They saw it not as industrialised charity, but as a complement to free-market capitalism.

The welfare state predates the modern form that emerged in the late 19th century. Ancient Rome gave out "doles" of grain to the hungry. In Renaissance Europe towns such as Ypres collected alms to pay for ways of putting paupers to work. During the Industrial Revolution, England built workhouses where the destitute broke stones and untangled rope in return for food and a bed.

HARD TIMES

By mid-century the rise of unfettered markets brought demands for protection against their effects. Charity and churches were seen as failing to cope with poverty, as mass urbanisation weakened traditional social bonds. Pressure came from the left. But conservatives responded, too. Otto von Bismarck introduced the first social-insurance schemes in the 1880s. Worried about the fitness of "degenerate" masses to fight wars, European leaders backed improvements in public health and education. So the welfare state was also entwined with rising nationalism.

But as Chris Renwick, a historian at York University, explains in "Bread for All", the early welfare state "owes most to liberalism". "New liberals" such as John Stuart Mill and Leonard Hobhouse, argued that freedom meant ensuring that people had the health, education and security to lead the life they wanted. Some of these ideas underpinned early state-pension schemes and unemployment insurance in New Zealand, Australia and, in the first decade of the 20th century, Britain.

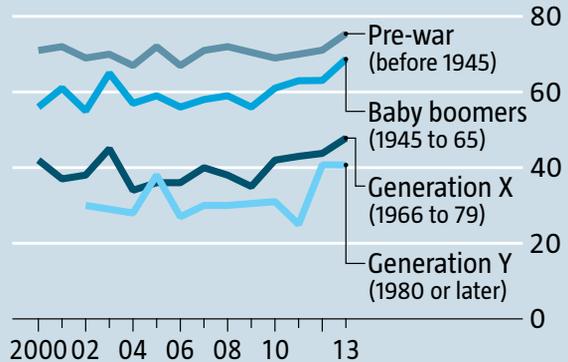
The development of welfare states was hastened by the Depression and the second world war. War brought people of different backgrounds together, fostering a sense of unity against a common enemy. And as middle classes shared these risks, their demands for support meant the welfare state became about more than just looking after the poor. Writing his report in this atmosphere, Beveridge tackled some of the tensions that still strain debate about the welfare state. When is a benefit a right and when is it conditional on your behaviour? When do benefits erode the incentive to work? How much can the state afford?

The balance Beveridge struck was a liberal one. He argued there should be "bread for all...before cake for anybody". But people "should not be taught to regard the state as the dispenser of gifts for which no one needs pay."

So young and so untender

1

Britain, How much do you agree that the creation of the welfare state is one of Britain's proudest achievements, % responding by year of birth



Source: Ipsos MORI

The post-war government implemented much of his plan, and reforms soon followed elsewhere. By 1954 the core institutions of the welfare state were in place across the rich world—social-insurance schemes, means-tested support for the poorest, free or subsidised health care, social work and employment rights. That year President Dwight Eisenhower said that if any politician tried to dismantle social security, "you would not hear of that party again in our political history."

Welfare states have always differed from country to country. But from the 1970s, approaches diverged further. In 1990 Gøsta Esping-Andersen, a Danish sociologist, described three varieties of "welfare capitalism". First were the "social democratic" versions in Scandinavia, with high public spending, strong trade unions, universal benefits and support for women to stay in the workplace. Second, "conservative" welfare states, such as Germany's, were built around the traditional family

"WELFARE" HISTORICALLY HAS A BROAD MEANING, BUT IS OFTEN ASSOCIATED WITH AID TO THE POOR, ESPECIALLY IN AMERICA. YET THIS IS ONLY A SMALL PART OF WHAT A WELFARE STATE DOES

and had a strong contributory principle. Finally, Anglo-American welfare states put greater emphasis on guaranteed minimums than universal benefits.

Perhaps the commonest charge against mature welfare states is that they have created a culture of dependency. So policymakers have made programmes more "conditional", forcing recipients to look for work, for example. To help them, many countries expanded "active labour-market policies" such as retraining.

Yet the welfare state has not shrunk in recent decades. In a paper published in 2011 Paul Pierson of the University of California, Berkeley, described a "frozen landscape". For several sorts of benefit—unemployment, disability and state pensions—he showed that their gen- ▶

erosity had risen until the 1980s, then barely changed since.

If the shrinking welfare state is a myth, so is the notion that it is mainly about redistribution from rich to poor. Nicholas Barr of the London School of Economics points out that its role is more to allow people to smooth consumption over their lifetimes, in effect shifting money from their younger selves to their older selves.

Another misunderstanding is about how welfare spending relates to economic growth. As countries become wealthier, public spending increases as a share of GDP (see chart 2). Spending on “social protection” (pensions, benefits and the like) in the OECD club of countries has increased from 5% in the 1960s to 15% in 1980 to 21% in 2016. In a paper published in 2011, two economists, Andreas Bergh and Magnus Henrekson, estimated that a ten-percentage-point increase in the size of the state in rich countries is associated with a fall in the annual rate of GDP growth of 0.5 to one percentage point.

Nevertheless, since 2000, Canada and some Scandinavian countries, for example, have combined high levels of public spending with high rates of economic growth. Peter Lindert of University of California, Davis, describes this phenomenon as the “free-lunch puzzle”.

This is a misnomer. Taxpayers still pay for those lunches. But MrLindert is correct that the effects of welfare depend not just on how much is spent but how. Subsidised child care, which helps (mostly) women stay in the labour market, is more growth-friendly than pensions, say. The introduction of the Children’s Health Insurance Programme in the United States in the late 1990s increased the rate of parents opening their own businesses.

Growth also depends on other areas of policy. Since the 1990s Scandinavian countries and Canada have liberalised their economies, selling public monopolies, cutting regulation and reducing trade barriers, although most have maintained high levels of public spending. According to Will Wilkinson of the Niskanen Centre, a think-tank in Washington, DC, (an occasional contributor to *The Economist*), “big welfare states needed to become better capitalists to afford their socialism.”

That may be too cute. But the difficulties faced by welfare states in rich countries are about more than just their size. The three main ones relate to demography, migration and changing labour markets.

The first is the ageing of the population. In the OECD longer life-expectancies and, since 1990, stagnant fertility rates, have raised the ratio of adults over 65 to those of working age (see chart 3) from 19.5 in 100 in 1975 to 27.9 today. Welfare spending is increasingly tilted towards the elderly. On average, as the median voter in OECD countries ages by one year, the share of GDP spent on pensions increases by 0.25 percentage points. The same applies to health spending. Today the share of state spending that goes on public pensions averages 8.2% of GDP across the OECD. In France it is 14%; in Italy, 16%.

This threatens the implicit contract between generations. In Britain baby-boomers can expect to receive in benefits and services over a fifth more than they paid in tax, reckons the Resolution Foundation, a British think-tank. But today’s workers face rising taxes. To maintain current welfare provision, the Office for Budget Responsibility, a fiscal watchdog, estimates that spending as a share of GDP would need to increase by seven percentage points by 2066, to over 45%, meaning higher taxes.

Faring well

OECD average, public social spending
% of GDP



Denmark and Finland, among others, have linked state retirement ages to life expectancy. In 2022 so will the Netherlands. In Germany, Japan, Portugal and Sweden pension levels are adjusted according to the ratios of workers to non-workers. Yet elsewhere reform has proved difficult. Of the six countries in the OECD that changed their retirement ages in the past two years, three cancelled previously planned rises.

Immigration poses another challenge to the welfare state. In 1978 Milton Friedman argued that you could have open borders or generous welfare states open to all, but not both, without swamping the welfare system. Moreover, taxpayers are more tolerant of benefits that are seen to look after “people like them”.

Experimental evidence suggests that there is a tension between diversity and generosity. Studies have found, for example, that Swedes are more reluctant to give to Bulgarians than to Dutch migrants. Another study published in 2017 using survey data from 114 European regions found a correlation between areas with higher shares of migrants and a lack of support for a generous welfare state.

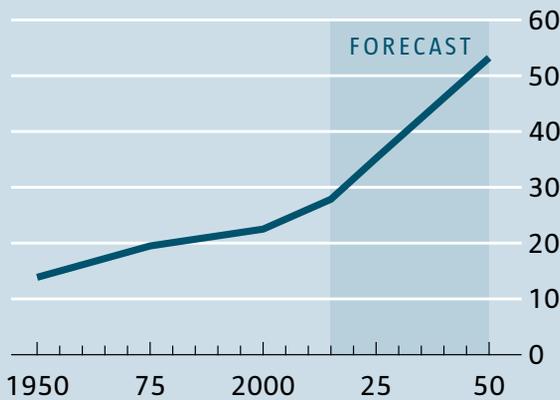
Or rather, a lack of support for immediate generosity to “outsiders”. A survey of changing attitudes in European countries between 2002 and 2012 found both rising support for redistribution for “natives” and sharp opposition to migration and automatic access to benefits for new arrivals. Pandering to such views is a core part of the appeal of populists such as the National Rally in France, the Sweden Democrats, and the Danish People’s Party, which has been instrumental in Denmark’s curbing of rights to benefits for non-EU migrants since 2002. But Denmark is not alone in pursuing “welfare chauvinism”. Bill Clinton’s reforms in the 1990s limited illegal immigrants’ access to benefits. More recently, Sweden has limited paid parental leave for new immigrants and cut support payments to some asylum-seekers.

Other research suggests that the nature of the benefit influences attitudes. Christian Larsen of Aalborg University found that a small majority of Danes thought im-

Entering a grey area

OECD average, old-age dependency
People over 64 per 100 people aged 20-64

3



Source: OECD

migrants should have immediate access to health care and public education; few thought that generosity should extend to unemployment or child benefit. Moreover, attitudes towards immigrants are volatile and swayed by the political climate. In 2011, for example, 40% of Britons said immigrants “undermined” the country’s cultural life, and just 26% said they enriched it. By last year, in the wake of the Brexit vote, only 23% went for undermined, compared with 44% for “enriched”.

And if immigration is a second challenge to the welfare state, it may also offer a partial solution to the first one: ageing. Economic research from Britain and Denmark, has found that since at least 2002, EU migrants have contributed much more in taxes than they have cost in public services.

The third issue is adapting to changing labour markets. “The welfare state developed in an era of big government, big companies and big unions,” writes Andrew Gamble of Cambridge University in “Can the Welfare State Survive?” In most countries it was assumed that there would be full male employment. Today this no longer holds. Recent research by the OECD in seven of its members estimated that 60% of the working-age population had stable full-time work. Of the other 40%, no more than a quarter met the typical definition of unemployed: out of a job but looking for one. Most had dropped out of the labour market or worked volatile hours.

The causes are complex and overlapping. But they include the incentives and disincentives to work that complex benefits systems produce. In many countries when the jobless do find work, their benefits are withdrawn in such a way as to create a high effective marginal tax rate. Nearly 40% of the unemployed in the OECD face a marginal rate higher than 80% on taking a job. Welfare recipients also often suffer from bureaucratic traps. For example, some have to wait weeks between losing a job and receiving benefits. (Long enough to throw many on the mercy of loan sharks.)

Universal basic income (UBI) may be one way to avoid such problems. It takes many very different forms,

but at its heart it replaces a plethora of means-tested benefits with a single, unconditional one, paid to everyone. Scotland and the Netherlands are running experiments involving UBI and many others are set to follow. But in no country is it yet the foundation of the benefits system for working-age adults.

The OECD recently modelled two forms of basic income. Under the first, countries’ spending on benefits was divided equally among everyone—a revenue-neutral reform. Under the second, everyone would receive benefits equal to the current minimum-income guarantee, and taxes would rise to pay for it, if necessary.

ETERNALTRIANGLES

The results, as ever in welfare policy, reveal a “trilemma”: between the overall cost, how much it alleviates poverty and its effect on work incentives. They also show that the effects of introducing basic income vary hugely based on what welfare system it would partly replace. Countries such as Italy, Greece, Spain, Austria and Poland all spend more on welfare for the richest 20% than for the poorest. For them, spreading benefits more evenly would benefit the poor, even under a revenue-neutral model. But in countries that target welfare spending on the poor (such as Britain), UBI would either lead to large tax rises, to maintain a minimum income for everyone, or see benefits cut for the worst-off.

A more realistic alternative for many countries may be a negative income tax (NIT). Championed by Friedman, the NIT means that, below a certain income threshold, the taxman pays you. As you earn more, tax kicks in, tapering your income. The effect is similar to a basic income, especially since most UBI models assume that

Spending on “social protection” (pensions, benefits and the like) in the OECD club of countries has increased from 5% in the 1960s to 15% in 1980 to 21% in 2016

rich people would have to pay more tax to afford them. A NIT, however, is more efficient in that it does not give the rich a stipend only to take most of it back in tax.

Versions of a NIT have been part of welfare policy in Britain and America for decades, in the form of tax credits that are paid to those working on low incomes. Britain’s Universal Credit, a (sputtering) attempt to merge six working-age benefits into one, takes the approach further. A recent analysis by the OECD finds this a better way at targeting the poor than UBI.

A paper published in 2015 by Luke Shaefer of the University of Michigan, and colleagues, suggested that money from current welfare programmes such as food stamps and housing subsidies could be replaced with a NIT that ensured no American had an income below the federal poverty line. The marginal tax rate it assumed (50%) is high, but the work shows that a NIT may not be out of reach, at least in a country with a weak safety net.

What would Beveridge have made of ideas such as basic income? He believed that “complete idleness, even on an income, demoralises”, so would probably have scoffed at some forms of UBI. But he also thought reform had to take account of “the modern social risks”. The welfare state should not get stuck in the past. ■

The cost of a good wage

A snapshot the structure and dynamics of wages in Ukraine today

Liubomyr Shavaliuk

According to Derzhstat, the government statistics agency, the average official monthly salary in Ukraine reached UAH 8,725 (**see Salary Realities**). In Kyiv, it passed UAH 10,000 in 2017 and today it's over UAH 12,000. Is this a lot or a little? Compared to indicators in Europe, even Eastern Europe, these numbers are no match. But if they are compared to certain domestic markers in Ukraine, the situation looks a lot better. Calculated in hard currency, the average Ukrainian worker made \$333 in May. Prior to the great recession of 2008-2009, when the hryvnia fell from UAH 5/USD to UAH 8, the maximum this indicator had ever reached was \$399. In 2013, just before to the crisis of 2014-2015, it was up to \$453, which was substantially higher than what it is today. But if wages continue to rise at their current pace, in another 12-18 months they should break the record for independent Ukraine.

From time to time, it's possible to hear fans of the "stability" of the Yanukovich era, who are still abundant, tout their favorite line: "Bring back UAH 8 to the dollar so that it stays that way for many years and we'll be happy." But they don't say anything about how unrealistically high today's wages are at the old exchange rate. In hard currency terms, they are not that different from what was paid during the period of "stability." This is phenomenal given the depth of the crisis that the country struggled through over 2014-2015. But the main thing is that today's level poses no real threat to macroeconomic equilibrium, unlike back then, because it's not based on artificial, deliberate support at the cost of the competitive edge of domestic manufacturers, declining exports and an enormous hole in the balance of payments. With the current wages, both the employer and the employee have room to grow. This alone would be plenty of reason for optimism.

The other indicator is price levels. According to Derzhstat, the Consumer Price Index has risen almost 139% since the beginning of 2014. But nominal wages have risen 167%, which is a bigger increase than prices. This means that the average Ukrainian worker can afford at least as many goods and services as during the "stable"

Yanukovich years. In short, there's no basis for saying that Ukrainians lived better then.

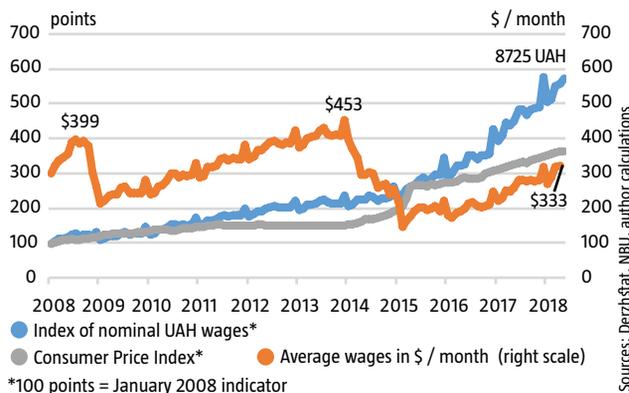
Some will argue that prices actually went up considerably more since the start of the crisis. But the official indicator includes the widest possible range of goods and service that are available in Ukraine, meaning those products whose prices have tripled, together with the dollar exchange rate, and those whose price has hardly changed at all. For comparison, a number of other price indices can be considered. Many Ukrainians orient themselves on the cost of food or utilities. So, food prices have gone up 123% over this period, while residential services such as water, power, gas and other fuels, have skyrocketed 350%. So, if wages are compared to food prices, Ukrainians now earn more bread than they did prior to the crisis. But people for whom residential services take the lion's share of their wages have good reason to feel that they are poorer than they were under Yanukovich. Yet they are the ones for whom the state subsidy system was set up in the first place. So there's a big question whether those whose utility bills are largely covered by the government have really become any poorer.

The dynamic of wages in Ukraine in the last few years is indeed curious and noteworthy. Under certain circumstances, employers are not terribly inclined to even index their employees' wages to inflation. Yet the wage growth has been outpacing inflation. A number of causes have contributed to this. Chronologically, the first factor was a reduction in the consolidated social contribution (CSC) from 22% starting in 2016. After this change, many politicians complained that employers were not directing all the savings that resulted to their employees' wages, meaning that it did not turn out as expected. However, it was after this that wages in Ukraine began to grow at the high pace that we can see today. A number of polls taken among employers testified that a significant part of the savings on the reduce CSC did go to employees, although not 100%, obviously. Even if employees did not get the entire difference, there was a positive aspect to it. Starting in QII 2016, three months after this cut in the contribution, investments in Ukraine suddenly bounced up. As a result, the gross accumulation of fixed capital has been growing every quarter since then, with real growth ranging between 15% and 25%. This very positive trend demonstrates that new, more effective jobs are being generated that will ensure higher wages in the related sector down the line.

In fact, this has been evident from certain macroeconomic ratios (**see Tectonic Shifts**). In 2013, prior to the crisis, payroll costs, meaning wages plus contributions, added up to nearly 50% of GDP and were 33% higher than gross profits and mixed incomes. In other words, employers were spending more on payroll than they were leaving themselves as profit. But this meant they lacked development capital, which led to economic stagnation in the last years of the Yanukovich administration. When the crisis began, wage levels stayed almost the same for some time, but profits began to increase, because the income share was tied to hard currency for employers. Reducing the CSC share spurred this trend so that in 2016 the payroll share of GDP was already down to 37%. In short, companies were giving their workers a smaller share of the added value generated, but many of them ended up spending

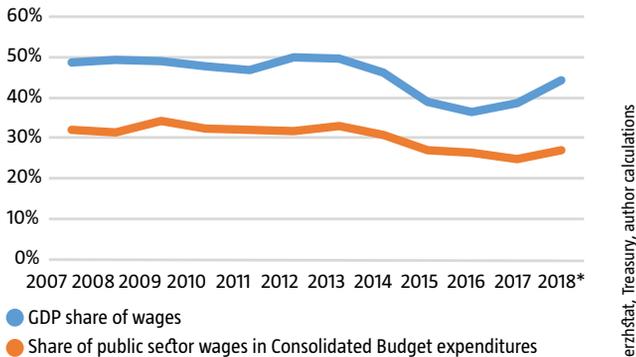
Salary realities

Starting in 2016, average wages in Ukraine have been growing sharply. If official statistics can be believed, their buying power is no less than it was in 2013, prior to the crisis



Tectonic shifts

A sharp decline in the hryvnia, a lower single social contribution, and a considerable rise in the minimum wage have had a major impact on macroeconomic ratios.



Sources: Derzhstat, Treasury, author calculations

*In 2018, data regarding GDP share of wages is for Q1, Consolidated Budget expenditure share is for January-May. Both indicators are typically 2-3pp higher than the results for the year due to seasonal effects.

the additional capital on developing the business and increasing efficiency. This provided the conditions for wages to grow down the line, as we can see today.

There were, unfortunately, also employers who spent the savings from the reduced CSC neither as intended, that is, to increase net wages, nor to grow their businesses. Seeing this, the Government decided on a second step in 2017: it doubled the minimum monthly salary (MMS), which has gone up noticeably in 2018 as well. This affected the average wage substantially, not only and not just as much because corporate wage scales were tied to the MMS, but because in depressed and grey areas of the economy, workers were generally getting just the minimum salary officially, with the rest in cash under the table in businesses operating in the shadow economy—or nothing in the case of depressed sectors. In short, raising the minimum monthly salary significantly changed the weight of the payroll fund in these sectors.

This impact has also appeared in official statistics: of the 12 sectors of the domestic economy where wages were rising at a higher-than-average pace over 2014-2017, 7 sectors, including farming, construction and retail trade, were below-average in 2013. In other words, low wages in those sectors were caused by the fact that the majority of employees were being paid the MMS, so as soon as it began to go up, wage growth was driven up much faster than in other sectors of the economy.

Raising the MMS had a positive impact on macroeconomic ratios as well: the GDP share of payroll began to go up in 2017, almost immediately after the MMS went up. Of course, this move had negative consequences as well, as it significantly increased the GDP share of shadow and depressed sectors, which led, for instance, to a noticeable increase in the consumer cost of foodstuff and increased mark-ups in the retail sector. But the positive impact so far seems to have outweighed the negative side effects quite thoroughly.

In addition to these two structural ones, there are a number of market factors that are also driving up wages in Ukraine. First of all, there's competition for Ukrainian workers abroad, especially in Poland. Earlier, a Ukrainian who wanted to go abroad to work had to expend considerable effort and take on substantial risks: get a visa, typically a tourist one; arrange transportation, which was not always easy or accessible; find an illegal job; and hide from foreign law enforcement agencies the entire time to avoid deportation. The situation has changed radically. Job opportunities abroad are posted on just about every lamppost: assembly plants in Poland offer official employment with salaries in the UAH 20,000 per month range in local currency. Among all the annoying, endlessly flashing ads on the internet, there was recently one calling for rebar work-

ers to build the subway in Warsaw. Leaving Ukraine is easy: buses to Poland leave just about every oblast center several times a week. Today, buses go to neighboring EU countries from Kramatorsk and other cities near the war zone in eastern Ukraine. This means that there are people there who want to go, whereas, not that long ago, the number of locals who went to Europe for work could be counted on the fingers of one hand. In short, the infrastructure for "exporting" Ukrainian labor has developed enormously in the last few years. So, if local manufacturers want to hire decent local workers, they now have to compete with companies in Poland, Czechia and elsewhere. This means raising wages and doing everything to keep increasing them and remain competitive on the domestic labor market.

Secondly, wage levels in a slew of sectors is closely linked to the hryvnia exchange rate. For instance, of programmers are not paid a decent dollar or euro salary, they will easily find work outsourcing for some foreign company that will pay them in foreign currency. This pushes wages up in certain sectors in relation to the dollar or euro exchange rate. That also explains why the average salary in the information and communications technology (ICT) sector rose 161% over 2014-2017. If IT companies are separated out, the level of salaries in that sector probably rose 200-300% and more. In aviation, salaries tripled, reflecting both the global nature of the sector and the hard currency dimension of salaries, as well as the strong growth of air transport in Ukraine over the last few years.

Thirdly, there are sectors that have had a significant boost thanks to changes that have taken place in the country since the Euromaidan. For instance, light industry, where the key factor is low labor costs, has been growing by leaps and bounds. This has been driving demand for workers, which is evident from the large number of advertisements looking for professional stitchers. Over 2014-2017, the average wage in the industry grew 190%, noticeably higher than the industry average and the overall economy. Meanwhile, budget expenditures on salaries for military personnel increased 207% during this period, and another 23% over January-May 2018. The reasons there are obvious to all.

So, the rise in salaries observed over the last three years has been driven both by Government policy, such as reducing the CSC and increasing the MMS, and by market factors. In both cases, the result has been positive: wages are going up and the standard of living of ordinary Ukrainians is getting better. Over 2014-2015, there was a visible decline in the number of shoppers and a phenomenal number of pensioners begging in the streets, something that had not been evident during the global crisis of 2008-2009. Today, shopping chains are filled with traffic and there are visibly fewer beggars.

All this would be wonderful if not for one "but." The thing is, that the normal salary range is determined by the structure and technological level of a country's economy. The crises of 2008-2009 and 2014-2015 that the technological ceiling for averages for Ukraine is around \$400-450: anything that's higher tends to not last long and is eventually adjusted when the hryvnia is devalued and another crisis looms. This means that Ukraine is already approaching its wage ceiling.

To raise that ceiling significantly, years, if not decades, of macroeconomic stability and regular investment are needed, and, of course, attractive conditions for investors. And this is where problems tend to arise: the country has a huge foreign debt burden that needs to be serviced and paid off, and if cooperation with the IMF is not restored, the country could face yet another crisis in 2018-2019. If that starts, Ukraine will once again be unable to raise its technological ceiling substantially and Ukrainians will once again find their standard of living in collapse as the hryvnia depreciates. How well can the country survive yet another economic decline and what will it look like when it emerges again? This is the question the government today needs to concern itself with most of all. ■

The challenge of the "great migration"

Why the temptation to compensate population losses with immigrants is dangerous

Oleksandr Kramar

The whirlwind of the latest "great migration of peoples", which has spread to more and more countries in recent decades, is rapidly approaching Ukraine. On this path, we will have to face challenges that other countries have already experienced in the past or continue to experience. However, we have the chance to avoid falling into the same traps that they did. Instead, by taking advantage of the latest technological and socio-economic trends from around the world, we can account for the experience of others and avoid many challenges they have encountered or will face in the near future.

NEGLECTED BY THEIR OWN

Starting from the early 1990s, Ukraine primarily entered the era of the "great migration" as a donor country — a huge part of the population rushed to other countries and even other continents in search of a better life on a temporary or permanent basis. The Ukrainian emigration of the 1990s and early 2000s was aimed primarily towards remote places in Western Europe and North America. Even those migrants who did not dare admit to themselves that they were never going to return rarely visited their homeland due to objective financial and geographical reasons. Instead, they gradually enticed friends and relatives to their new lands.

FEWER LABOUR RESOURCES WILL MEAN FEWER PROBLEMS FINDING PLACES FOR SO-CALLED SUPERFLUOUS WORKERS WHEN ARTIFICIAL INTELLIGENCE AND ROBOTS START TO ACTIVELY FORCE HUMANS OUT OF THE ECONOMY

The second wave of Ukrainians searching for a better fortune outside their native land began relatively recently and continues to this day. A new characteristic is that illegal immigrants are fewer and farther between, as they take advantage of the charms of the visa-free regime and liberalised regulations for migrant workers in new EU member states. On their part, these countries feel a strong effect from the massive outflow of their own citizens that work in richer countries of the Schengen Zone. This wave of migration carries out a much higher amount of trips back and forth and has a much larger seasonal component than was the case in the 1990s and early 2000s. Our compatriots focus mainly on EU countries located next to Ukraine. Nevertheless, the proportion of those there who are no longer considering a return to their native country to look for a job is growing.

In the short term, the current wave of massive labour migration from Ukraine could have a much larger influence on the domestic labour market. While the National Bank of Ukraine, as vice-chairman Dmytro Solohub recently said, rejoices in its positive

impact for balancing the demand and supply of foreign currency in the country (this year, payments from labourers are expected to reach \$11.6 billion and then at least \$12.2 billion next year), this coin has two sides. Gaining ever-greater magnitude, this process exacerbates the shortage of workers in a number of sectors of the Ukrainian economy, while at the same time stimulating the demand for goods and services from the relatives of emigrants, in addition to some of the migrant workers themselves, depending on the season. However, as worker shortages are uneven across industries, the rapid increase of demand and much slower wage growth in the respective sectors have recently been compensated for not by retraining personnel from other parts of the national economy or the unskilled unemployed, but by gradually filling the corresponding niches with immigrants from other countries that are significantly poorer than ours and whose inhabitants find it ever more difficult to get into the EU.

Ukrainian statistics clearly confirm that the key factor behind the rapid growth of labour migration to EU countries is not a shortage of jobs or an increase in unemployment in the country, but the desire for higher earnings from those who could easily find work in their homeland. After all, in recent years the rate of reduction in the number of jobs in Ukraine has sharply slowed down even when compared to the pre-war years of 2010 to 2013. Internal migrants, particularly in the construction sector, increasingly demand wages at the same level as in neighbouring EU countries, since "it makes no difference" where they work — in the main economic centres of Ukraine, Poland or the Czech Republic. At the same time, the labour supply on the domestic market is also rapidly decreasing for natural reasons: the generational structure is deeply asymmetrical. People born during the demographic pitfall of the late-1990s early-2000s are joining the workforce while the much more numerous generation of post-war 1950s baby boomers are leaving it. There is more than a twofold difference in size between them. For example, in 1950 and 1960, 840,000 and 870,000 people respectively were born in Ukraine, but only 385,000 in 2000. Considering that a significant part of this young generation leaves the country either as labour migrants or as part of the growing number of foreign students who, for the most part, do not plan to return either, there is only one working-age Ukrainian joining the domestic labour market for every three or four older citizens that are retiring. Youth unemployment is either due to regional differences and/or much higher expectations than employees are willing to offer within the current economic model.

ATTRACTIVE TO OTHERS

At the same time, the flow of foreigners to Ukraine, mostly from Asian countries, continues and is even slowly growing, while immigration from Africa has picked up too. Africans have actively started

to look for a place to apply themselves more effectively due to the demographic explosion, increase in unemployment, limited natural resources and, above all, scarce food on their home continent. There are at least 5-6 channels for such migration. They include studies in Ukraine that end with a desire to stay there, additions to large family clans that have already settled in the country through family reunification or marriages and hiring illegal immigrants to work in retail, services or manufacturing in the shadow economy. All the way up to attempts to obtain refugee status in Ukraine, unsuccessful attempts to reach the EU through the country and those smuggled by rare but aggressive ethnic criminal groups.

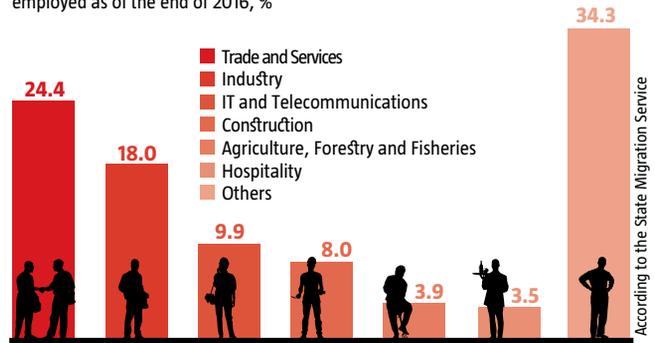
Official statistics show that since 2005, Ukraine has seen a steady increase in migration. That is to say, the amount of those officially moving there exceeds the number of people that have left the country. According to official figures, this amounts to about 15,000 people annually, which has for years compensated the 5-8% natural population decline due to the fact that the mortality rate in Ukraine is higher than the birth rate. Every year, at least 20-30 thousand immigrants arrive in the country. In total, almost 265,000 people were officially registered as immigrants with the State Migration Service at the beginning of 2018. In 2015, 16,700 official immigration permits were issued, in 2016 15,100 and 15,700 in 2017. In addition, tens of thousands of foreigners annually receive official temporary residence cards or have their current documents prolonged. The number of permanent and temporary residence cards given to foreigners in Ukraine is growing year on year too: about 83,000 in 2015, around 89,000 in 2016 and almost 94,200 in 2017. From 2015-2017, the State Migration Service issued 81,600 permits for permanent residence alone.

According to the official State Statistics Service, the majority of immigrants are people from Asia and Africa. For example, out of the 280,600 that arrived in Ukraine from 2010 to 2016, 162,200 (58%) came from those two continents. Moreover, in 2016 their share exceeded 74%, although it was less than 37% in 2011. To be more precise, between 2010-2016 22,100 people from Africa migrated to Ukraine, 16,400 from Turkmenistan, 12,800 from Azerbaijan, 12,000 from Uzbekistan, 6,100 from other Central Asian countries, 7,500 from Georgia, 7,200 from Turkey and 5,900 from Armenia. The fact that Ukraine has an unlimited visa-free regime with all states in the Caucasus and Uzbekistan contributes to this geographical spread: their citizens can even remain in the country all year round. In recent years, the share of immigrants from Africa has sharply increased from 10.5% of all immigrants in 2015 to 16% in 2016 (the 2017 data on countries of origin has not yet been disclosed). In 2010-2011, they represented less than 1% of all arrivals. Most other immigrants hail from the Russian Federation, especially from poorer regions and the North Caucasian republics. From 2010 to 2016, 87,600 of them moved to Ukraine — 31.2% of the total flow of immigrants over this period. However, following the start of the Russian aggression, both the total number and the share of Russian citizens declined, and by 2016 they accounted for less than 24% of all legal immigrants. As for officially recognised refugees in Ukraine, more than 57% are from Afghanistan.

At the same time, the lion's share of foreigners settled in Ukraine are young men and women. For example, in 2016, according to the State Statistics Service, men aged 15-34 made up 44% of all immigrants and more than 65% of male immigrants, while women of the same age represented 17.3% of all immigrants and more than 52% of immigrant women. Many of them have already given birth to children in Ukraine, who in turn legally receive citizenship. Indeed, according to current legislation, a comprehensive list of children of foreigners and stateless persons has the right to obtain citizenship. More precisely, it is awarded "by territorial origin" to children who "were born on the territory of Ukraine after 24 August 1991, did not acquire Ukrainian citizenship at birth and are a stateless person or a for-

Tip of the Iceberg

Sectors of the economy in which foreigners and stateless persons were officially employed as of the end of 2016, %



eigner". Or "by birthright" to those who "were born on the territory of Ukraine to stateless persons legally residing in Ukraine", "were born outside of Ukraine to stateless persons permanently residing legally in Ukraine and did not acquire the citizenship of another state at birth", "were born in Ukraine to foreigners legally resident in Ukraine and did not acquire the citizenship of either parent at birth", "were born in Ukraine, have one parent who has been granted refugee status or asylum in Ukraine and did not acquire the citizenship of either parent at birth or acquired the citizenship of the parent that has been granted refugee status or asylum in Ukraine", "were born in Ukraine to a foreigner and stateless person legally resident in Ukraine and did not acquire the citizenship of the foreigner at birth". Data from the State Migration Service indicates 11,200 people gained citizenship by birth or territorial origin in 2014, 10,300 people in 2015, 14,600 in 2016 and 20,200 in 2017. This includes 4,700 by birthright in 2014, 6,600 in 2015, 10,600 in 2016 and 16,600 by 2017. As we can see, there was an almost 3.5-fold increase in just 3 years. The total number of people to acquire citizenship "by birthright" over these four years was 38,500, and if we include those "by territorial origin" this figure grows to 56,300. Additionally, in a number of immigrant communities the practice of marrying women from their countries and ethnic communities of origin is widespread, which, in turn, creates another sizeable channel for obtaining the right to live in Ukraine on an official basis. According to State Migration Service data, invitations for the entry of foreigners and stateless persons are an important source for replenishing the ranks of immigrants in Ukraine (11,100 in 2014, 15,900 in 2015, 19,800 in 2016 and 5,900 in 2017).

Additional measures to restrict the flow of immigrants to EU countries that are currently being developed could significantly increase the attractiveness of Ukraine. According to the State Customs Service, in only five months (January-May 2018), more than 4,000 illegal migrants were discovered in Ukraine — and those are only the officially documented cases. To make it clear, this is only 10-11 times less than the amount of illegals found in the entire EU over the same period. In total for 2017, more than 9,700 illegal migrants were discovered in Ukraine. At the same time, several hundred violators of Ukrainian legislation on the legal status of foreigners and stateless persons are caught every week in the country. It is obvious that in all these cases we can only see the tip of the iceberg as far as illegal immigration and violations of legislation on the residency of foreigners is concerned. The bulk of it remains imperceptible to government agencies, or is at least not reflected in their official documents. After all, turning a blind eye to illegal immigrants has long been a profitable business that compensates for the rather modest official incomes of the public servants responsible for this field.

LEARN FROM OTHERS' MISTAKES WITHOUT REPEATING THEM

As we see, the dynamic growth of the number of immigrants in Ukraine, even despite the unfavourable socio-economic situation in the opinion of many Ukrainians, indicates a high probability that we will increasingly follow the "great migration of peoples" model in the near future, according to which richer new EU member states (Poland, Lithuania, Czech Republic) and poorer old ones (Spain, Italy, Portugal) have been developing for quite some time. In 2016, 2,800 official residence permits for employment alone were issued and 4,700 in 2017. If everything develops according to the baseline scenario, this could be boosted by ever more active lobbying from Ukrainian employers. After all, the Party of Regions proposed a strategy of "simple" ways to solve the problem of labour shortages in the main economic centres of the country during the post-crisis economic recovery of 2010-2011. Migration was suggested by both Deputy Prime Minister Serhiy Tihipko and former trade union leader Oleksandr Stoyan, who announced in spring 2011 that "by the end of the year we will have to bring in people from abroad, because we will not have enough workers". Although the next crisis and then the war interrupted the implementation of these plans at the state level, the quiet influx of migrants to Ukraine has been continuing for a long time and is gradually gaining momentum.

Out of the **280,600** that arrived in Ukraine from 2010 to 2016, **162,200 (58%)** came from Asia and Africa

However, building a strategy by going down the same road as a number of European states — filling vacant jobs with foreigners — would be disastrous. The West is already moving away from it due to the obvious challenges and threats caused by a massive influx of foreigners from another cultural and civilizational environment that are not prepared to integrate. In Ukraine, these challenges are complemented by the specifics of the country. After all, the main places where foreign migrants are currently concentrated are cities in the South East and, to a lesser extent, the Centre and other regions with the highest rates of natural population decline and ageing. For example, according to the State Statistics Service, in 2016 more than 83% of all immigrants were located in cities — usually the largest in the country or their surrounding areas. According to data from the State Migration Service, the lion's share of illegal immigrants are found in the main economic centres of the country — more than 17% for the first five months of 2018 (15% in 2017) in Kyiv and the surrounding region, 14.5% (15.5% in 2017) in the Kharkiv Region, more than 11% (10.1% in 2017) in the Odesa Region and 10.5% (unchanged from 2017) in the Dnipropetrovsk Region and Zaporizhia.

In total, these regions account for more than half of all detected illegal immigrants. Since the Ukrainianisation of cities in the Centre, not to mention the South-East, leaves much to be desired, the new settlers, in the absence of an effective integration policy, will be Russified and replenish the ranks of the post-colonial masses that experience strong nostalgia for the Soviet past and are indifferent or even sceptical towards the Ukrainian state and its interests.

GLOOMY PROSPECTS

The immigration option for solving demographic problems also has a socio-economic aspect. If anyone believes that immigrants will pay Ukrainians' pensions and provide for their old age, they are deeply mistaken. Firstly, in all European countries, such migrants generally have not shown and continue not to show a desire to assimilate in the communities of the countries they move to. Secondly, they have no particular desire to pay taxes or spend their

own hard-earned cash on maintaining high social standards in these countries. The role of family/clan relations is decisive in the majority of communities that supply potential migrants to Ukraine and they fulfil the basic functions of mutual assistance and support of socially vulnerable groups or the elderly. Therefore, they have the tendency to work within the corrupt model of the shadow economy, which is much more dangerous for Ukraine than for EU countries, as it already has serious problems with the phenomenon. Nevertheless, the migrants themselves often seriously suffer because of this.

Against the backdrop of the issues that Ukraine has been experiencing over the past decades, the high-tech discourse in economically developed countries can look like something verging on science fiction, as modern technologies reach us in limited quantities. Nevertheless, the Third Industrial Revolution is raging on. Recently, the prospects and challenges related to the transition to the Fourth Industrial Revolution with its robotic automation and artificial intelligence for managing production processes are being discussed more and more actively. As a result, the increasingly obvious consequence of the Third (not to mention the Fourth) Industrial Revolution is a serious reduction in jobs. Oxford University experts warn that by the 2030s people in developed countries will yield almost half of their jobs to artificial intelligence. Recently, British company Verisk Maplecroft, which specialises in risk management, released a report saying that 56% of current employees in the largest production centres of developing countries such as Vietnam, Indonesia, Thailand and Cambodia could lose their jobs in the next 20 years due to the increasing automation of manufacturing.

In the context of the technological changes that the world is moving towards, it is important for Ukraine to prevent a mass influx of migrant workers from Asia and Africa in order to compensate for the Ukrainians that have left for other countries. Instead, it is important today to send a clear message to Ukrainian businesses that cheap labour resources will not be brought in at any time either now or in the future. This should make them face the fact that it is necessary to aim towards the automation of production processes, make increasing preparations for an ever more expensive workforce, stimulate the development of skills and adapt to modern educational requirements. Without a clear signal that there will be no cheap labour, either Ukrainian or immigrant, this will not happen.

It is also important to realise that the Third and Fourth Industrial Revolutions, which are progressing at various speeds in different countries around the world, will have an influence — directly or indirectly — on Ukraine in any case. Reducing the number of jobs for humans and replacing them with robots and artificial intelligence in developed countries will first and foremost hit migrant workers, who will be the first people dumped out of the economy. Unlike local residents, they will have significantly less chances and opportunities to claim compensatory social mechanisms, such as the so-called basic income. Therefore, many of them will be forced to return home, triggering reversed movements of migrant workers compared to what has been observed so far. Former migrants will return from richer countries to their less affluent ones, which will be left by the people who immigrated there to replace them.

Since Ukraine risks being left holding the baby as part of this scheme, it is very important today that we do not allow ourselves to build an economic model for replacing workers with immigrants from other countries by inertia. With the current advantage that labour migration to our country has not yet reached the same scale as in other, richer European countries, there is a still chance to do a lot to ensure we suffer less as a result of automation. Our weakness that is due to the rapid natural decrease in labour resources mentioned at the beginning of this article could turn into an advantage. After all, fewer labour resources will mean fewer problems finding places for so-called superfluous workers when artificial intelligence and robots start to actively force humans out of the economy. ■

The global boiling point

The threat of a new global economic crisis looms

Liubomyr Shavaliuk

On July 3, Bloomberg an international business news agency, reported that the Bank of America (BoA), the second largest by assets in the US, sees the situation on financial markets today as signs of many parallels with what happened just before the Asian financial crisis of 1997-1998. This news is worth paying attention to for two reasons. Firstly, financial companies, especially world leaders in this sector, typically avoid talking directly about any possible crisis. Even if they see one coming, they normally won't broadcast their concerns as they prefer to make money on it themselves, quietly adjusting the necessary investment decisions. Secondly, the Bloomberg comment was picked up by several Ukrainian publications and roused avid discussion among local economists. It's clear that Ukraine risks having a new crisis and plenty of ink has been spilt on the subject, but so far there hasn't been anything much about a possible global crisis. *The Ukrainian Week* decided to look in-depth at the biggest risks that might lead to it.

The world economy is seeing destructive processes of global significance nearly every day. The migration crisis in Europe, Brexit, currency and trade wars, America's exit from the Iran deal North Korea's nuclear bravado—all of these developments affect economic process well beyond the borders of the countries involved. Still, such processes extremely rarely lead to a large-scale economic crisis: if the global economy is in good shape, it adjusts to the new conditions fairly

easily. So, in order to analyze the risks of a new global crisis, these events need to be largely ignored.

What, then, could lead to a new global economic crisis? The answer comes from a surprising corner: classical 19th-century economists: crises arise in the foundations of the economic system itself, caused by its structure and becoming negative in response specific tendencies.

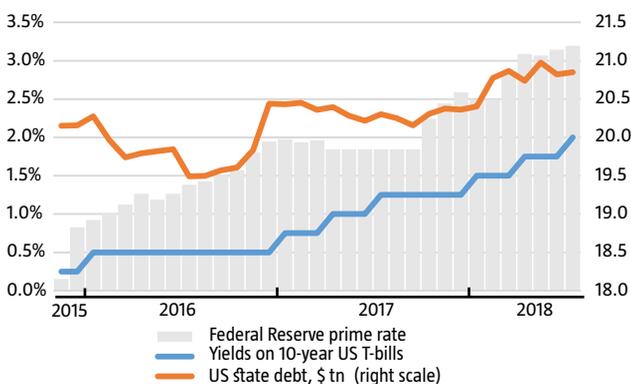
THE US WEIGHS IN

A number of such trends can be seen today, the main one being the ever-tighter monetary policy of the US Federal Reserve, which has two components. One is raising the prime rate: at the end of 2015, the Fed raised the rate 0.25% for the first time in more than seven years, signaling that the impact of 2008-2009 had been overcome and the American economy was in decent shape. Then there was a one-year break, after

When the Fed began to sharply raise the prime rate from 3% to 6% over 1994-1995, the global financial system began to accumulate imbalances. Barely two years later, this turned into the Asian crisis in late 1997 and then Russia's default in 1998

Attractive debt

Over the last six months, the Federal Reserve has regularly been raising the prime rate, which has led to higher yields on US government bond. This makes US government debt more attractive than the alternative in other countries



Sources: tradingeconomics.com, treasurydirect.gov

which the Fed began raising the prime rate every quarter or two. It seems that the conditions for these steps are in place: inflation is rising in the US, having gone up to 2.9% in June, the highest it's been since early 2012, while unemployment was at 3.8% in May, similar to the low point in 2000 registered right after the Asian crisis and the peak of the dotcom bubble—although it rose to 4.0% again in June. Indeed, based on inflation and unemployment rates, the US economy is on the verge of overheating and the main instrument to cool it down today is raising the prime rate, just as the Fed is doing.

But this particular instrument has a number of side effects. Firstly, yields on T-bills tend to rise (**see Attractive Debt**). A few weeks ago it broke 3% on 10-year bonds, although it did not stay at that level long. Under these conditions, these bonds are competitive on international markets with Italy at 2.68%, Poland at 3.20%, Hungary at 3.50%, Thailand at 2.61%, and many more countries. Understandably, US bonds win the competition because the risks on American papers are so much lower than those of other countries. And so as the Fed raises its rate, capital will gradually move over to the United States, while developing countries will feel a

shortage. This will negatively impact their balance of payments and their macroeconomic indicators.

The second side-effect is because yields on US T-bills are generally perceived as risk-free, that is, they are the basic rate on which eurobonds in most countries are oriented. And so, if the cost of US debt keeps rising, it automatically rises for many other countries that borrow abroad. For instance, in the middle of September last year, Ukraine placed 15-year sovereign eurobonds at 7.375% and a few weeks ago, yields on these papers had grown to 9.5%: in short, they had jumped more than 2pp in less than a year. One of the reasons was the growing cost of capital in the US.

In recent months, a sharp rise in eurobond yields in many developing countries has become a steady trend. If these yields pass a certain threshold, such as 10% or 15%, those countries will have a very hard time borrowing any sum on external markets, even a relatively small one. If this happens at an inconvenient time, such as during an election campaign or when major external debt servicing comes due, this can lead to a balance of payments crisis, with the resulting negative impact on the domestic currency and the overall economy.

IF HIGH YIELDS ON US GOVERNMENT BONDS, IN AND OF THEMSELVES, CAUSE CAPITAL TO FLEE EMERGING MARKETS, THE REDUCTION OF THE FED'S BALANCE SHEET WILL ONLY STRENGTHEN THIS TREND.

THIS ESTABLISHES A LONG-TERM FUNDAMENTAL CONDITION FOR A COLLAPSE ON GLOBAL FINANCIAL MARKETS

For instance, when the Fed began to sharply raise the prime rate from 3% to 6% over 1994-1995, the global financial system began to accumulate imbalances. Barely two years later, this turned into the Asian crisis in late 1997 and then Russia's default in 1998. The entire crisis affected many countries, in fact and many of them, like Ukraine, had to restructure their public debt. The parallel between events now and those two decades ago is pretty clear. Then, of course, it took two years for things to reach crisis point. How long it might take today is hard to say.

REVERSE QUANTITATIVE EASING

The second component of the Fed's tight monetary policy is reducing its own balance. After the 2008-2009 crisis, the US central bank went for quantitative easing, that is, redeeming securities on the market using newly-printed money, in order to stimulate the economy. This blew up the Fed's balance to US \$4.5tn. Last year, a decision was made that, starting in QIV 2017, the Federal Reserve would begin to gradually liquidate the securities on its balance sheet. The pace of this shedding will go from US \$10bn per month in QIV 2017 to US \$50bn per month by the end of 2018.

This step is probably even more dangerous for markets than raising the prime rate, because the money the Fed removes from circulation will be coming from everywhere, but mostly from the weakest assets. In other words, if high yields on US government bonds, in and of themselves, cause capital to flee emerging mar-

kets, the reduction of the Fed's balance sheet will only strengthen this trend. This establishes a long-term fundamental condition for a collapse on global financial markets.

This trend can already be seen on stock markets (**see When There's Not Enough Air**): the reduction of the Fed's balance began in October 2017 and, by January 2018, most markets reached their peak and entered a substantial, simultaneous adjustment. In short, they fell. Whereas American stock indices were down only about 5.4% at the beginning of July compared to January's peak, Chinese stock markets lost more than 22%, while the MSCI EM, an emerging markets index involving stocks from 24 countries, was down nearly 17%. This is a clear indication that stocks from these countries are not favored among investors right now. This makes an outflow of capital impossible and problems with the balance of payments that, in some cases, is likely to grow into a full-blown crisis.

It's important to note that the concept of quantitative easing did not exist in the 1990s, so it could not be curtailed, either. And that's what makes the current situation much more complicated. Reducing the Fed's balance will likely reinforce and accelerate all the current trends on global markets. The problem is that the pace of this decline is only likely to keep rising until at least the end of 2018, which means the pressure on markets will keep growing. Altogether, the Fed has announced that it plans to reduce its balance by US \$420bn, and this number will increase to US \$600bn over 2019-2020. For comparison, the IMF reports that all emerging markets put together received around US \$500bn in direct and portfolio investments in 2017. The numbers speak for themselves.

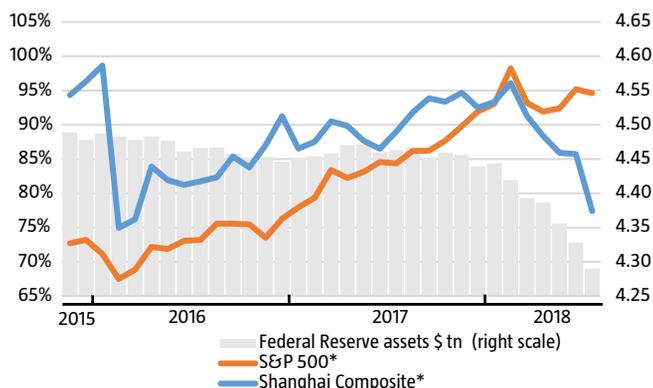
AMERICA'S FISCAL BAZOOKA

The other important trend is the US government's soft fiscal policy. At the end of 2017, the Trump Administration initiated tax reforms that were passed by the Congress. It introduced a series of innovations, but the biggest change was a reduction in corporate profit tax from 35% to 21%. The key result of this reform is that the US budget deficit will go up US \$1.5 trillion over the next 10 years. This is the basic figure that was calculated. Economists say that the spur to economic growth that this reform should lead to will ensure greater budget revenues, so that, according to various calculations, the actual deficit will only go up \$0.5-1.3tn over the next decade, or about US \$40-100mn a year.

Economic theory says that monetary policy needs to always be independent of fiscal policy. In practice, coordinating them can lead to much better results, but, more than anything, it helps avoid having them at cross purposes. This is the situation in the US today, if we look at both policies in the context of economic growth. On one hand, we have US monetary policy that is clearly intended to slow down inflation and limit growth while the unemployment rate remains low. On the other, we have US fiscal policy that is clearly intended to stimulate growth. Yet the Trump Administration has been quite consistent in its inconsistency: It keeps doing things to attract business to the States, not only by reducing corporate taxes, but also by instituting protectionist measures, including higher import tariffs, directed at stimulating domestic manufactur-

When there's not enough air

The Fed has started selling stocks from the balance. The result was that world stock markets did not have enough cash to grow, leading to a noticeable decline since February



* S&P 500 is a US stock index; the Shanghai Composite is a Chinese stock index; 100% = the peak for the last two years, which was on January 26, 2018 for S&P and January 29, 2018 for SC.

Sources: US Federal Reserve, tradingeconomics.com, author calculations

ing. The problem is that these measures all work well when there is enough of a labor force on the domestic market. But when joblessness is low and immigration is being blocked in every way possible, this kind of fiscal policy—and not just the fiscal aspect—only speeds up the overheating of the economy and the negative consequences will last a very long time.

For financial markets, however, this is not the main point. What matters more is that, as the deficit grows, the US will be issuing US \$40-100mn more government bonds every year. With interest rates on T-bills very attractive to global capital, any new issues will be grabbed up like hotpies at a Saturday market—at the cost of the same volume of capital not going to emerging markets. That will only increase the negative trends that can already be seen there. In the end, the US is likely to win: more money will flow into the country, which will nicely stimulate domestic demand and partly ensure additional economic growth, while the other share of aggregate demand growth will go into rising prices. But the rest of the world will feel a serious shortfall of capital that could prove critical to some of them—including Ukraine.

UNHAPPY PROSPECTS FOR EMS

In short, today two powerful global trends are in swing: shrinking liquidity in the global financial and economic system, and an outflow of money from emerging markets to developed ones, especially the US, which is more profitable and less risky. The overall impact of these forces will be negative for developing economies. What's more, it's been evident since the beginning of 2018: after the January-February collapse on stock markets, yields on the government bonds of countries like Brazil, Argentina and Turkey went up several percentage points. In other countries, securities reacted less strongly, but nearly all markets felt some outflow of capital.

This, in turn, is putting pressure on balances of payment and downward pressure on national currencies. The MSCI EM Currency Index fell 6.3% from its peak in March to the beginning of July. The DXY strengthened almost the same amount, the dollar index that aggregates the rate of the greenback against the currencies of a basket of developed economies. What's more, all of this echoes trends from 20 years ago, because the DXY grew over 1995-1997 by almost 25%, creating many problems for countries with large foreign debts. For some, the burden proved more than they could bear.

What the ultimate impact of these two trends will be on the US is an open question. If more EM capital flows to US stock and bond markets than the Fed is prepared to swallow, a new investment boom will take place. All the necessary conditions are in place, given that the technology giants for whom an abbreviation has even been invented—FAANG for Apple, Amazon, Netflix, Google—are all showing miraculously steep growth. It's possible that what we are looking at is a dotcom bubble 2.0, but this will happen only if the US has a constant net positive inflow of capital. If there should be a capital shortfall even on the US market, we will likely see a simultaneous collapse across all or nearly all stock markets in the world. If that happens, it won't be possible to avoid devastating consequences on a global scale.

Right now, it's probably early to talk about a crisis, but the first harbingers are already there. A few weeks ago, Argentina turned to the IMF for financial support because it was unable to handle the pressure on its balance of payments and the Argentinean peso lost nearly a third of its value just in the last two months. Of course, the financial systems of developing countries are far more stable than they were 20 or even 10 years ago, so a large scale crisis is unlikely to emerge tomorrow, next month or even next quarter. All the more so that financial market processes tend to move in waves and most recently the situation appears to have improved a tiny bit.

The Fed has announced that it plans to reduce its balance by **US \$420bn**, and this number will increase to **US \$600bn** over 2019-2020

However, the basic trends that led to the recent decline in EM stocks have not gone away. The imbalances will continue to accumulate and will sooner or later make themselves felt with new force. Perhaps it's just a matter of time. But the worst thing for Ukraine is that it will suffer along with everyone else, and possibly even more.

It could be that the next wave of capital flight from developing countries will happen at the same time as Ukraine's domestic problems grow more acute, what with the disruption of IMF cooperation and substantial debt payments that loom over 2018-2019. This could lead to some of the worst losses in the world for Ukraine and Ukrainians—in which case the BoA's parallels with the 1990s will look unfortunately prescient. ■



Fraser Auld:

“I think the most critical resource in every military is the people”

Interviewed by
Yuriy Lapayev

The Ukrainian Week discussed issues and goals of Canadian training mission in Ukraine and why it is valuable not only for Ukrainians but for Canadians with Operation UNIFIER Commander Lieutenant Colonel Fraser Auld.

Which activities are the Canadian participants of Operation UNIFIER currently working on? Can you provide some figures or statistics? On which aspects/themes are Canadian instructors focused on?

— To put Operation UNIFIER into context, we have approximately 200 Canadian Armed Forces (CAF) personnel here in Ukraine. We are focused on the number of different areas. One of the main areas is supporting the collective and individual training the Armed Forces

of Ukraine (AFU) conduct at the Combat Training Center in the Yavoriv region. The Combat Training Center is part of International Peacekeeping and Security Centre (IPSC) in Starychi. And we have approximately 30% of our task force focused on supporting the Combat Training Center in Yavoriv, conducting individual and collective training support. So what this really means is that Canadian trainers train and mentor Ukrainian instructional staff; it's more about the CAF supporting and advising Ukrainian instructors and Ukrainian Staff. So it's more of a “train the trainer” approach than what it used to be. We don't do individuals training courses anymore. We are most focused on training the trainer. It's a great indication of progress because, frankly, the AFU doesn't need us to train sol-

diers anymore. So we are focused on helping the AFU to develop instructors, planners, and staff that can build and run good exercises for training.

We also have a part of our forces supporting Combat Engineer training down in the Ukrainian Ministry of Defence Demining Centre in Kamyanytsya-Podilsky. CAF Combat Engineers work everyday side-by-side with their Ukrainian colleagues. They are working to develop the Explosive Ordnance Disposal (EOD) capabilities of the AFU. There are Ukrainian Combat Engineers, learning to dispose of Improvised Explosive Devices (IED) and unexploded ordnances. A lot of remnants of war are still left behind, whether it's mines, unexploded ordnances, or IEDs — they all are dangerous not only for military personnel but also for civilians; they are dangerous in general. So Canada has been working for several years now in Kamyanytsya-Podilsky to help the AFU to develop capabilities that are able to address this explosive threat. We also have members of Operation UNIFIER, who are responsible for military police training at the 25th Military Police Training Center in Lviv. This is something that has had great success.

The AFU have a Military Law and Order Service — the Military Police branch of the AFU which provide their police function. The 25th Military Police Training Center in Lviv runs a series of courses, 3 months long, to help train military police for the AFU. And Canada helps them with running the courses, providing advice for an instructor's course. But again it's more about working with existing Ukrainian instructors and Ukrainian staff; it's not so much about Canadians actually doing training with students. It's a "train the trainer" approach.

Canada is also supporting tactical medical training, which is very important obviously when you have soldiers that are wounded. It is critical that a military have the capability to treat and to help wounded soldiers. It's important to morale, it's important for the country; to be able to save it's wounded service man. So we have Canadians really spread out throughout the country teaching combat medic courses. We also have a number of Canadians at the 205th Tactical Medical Training Center in Desna, assisting that center with delivering training to new combat medics. Those courses are making a difference; they help soldiers in the East. An encouraging story is that survivability of soldiers in the East has improved as a result of the first aid training delivered, not only by us, but by British and American instructors, we are all training combat first aid and making sure that first aid skills are among the fundamental skills of all soldiers.

We also have personnel in a number of smaller, more specialized areas, but non the less important. We are supporting sniper training, Non-Commissioned Officer development in a number of academies throughout Ukraine. We are also supporting the development of Officers with a small team in Odessa Military Academy. In addition we have a number of liaison officers and advisers that are working in Kyiv in a number of a key headquarters, providing a kind of a critical link to some of the higher headquarters.

And finally, on the 18th of May, Canada signed a Technical Arrangement with a National Guard of Ukraine (NGU) to begin to provide them with support as well. Right now, Operation UNIFIER only provides training support on a periodic basis for the NGU. Ge-

Lieutenant-Colonel Fraser Auld joined the Canadian Armed Forces in 1990 as a Private in the Militia with the Lorne Scots in Brampton, Ontario. In 1992, he transferred to the Royal Military College in Kingston and completed a Bachelor of Engineering (Electrical). In 1998, he re-enrolled in the Canadian Army as an Armour Officer under the Direct Entry Officer program. Lieutenant-Colonel Auld has served in a range of positions with the Dragoons, including Reconnaissance Troop Leader, Adjutant, Officer Commanding a Reconnaissance Squadron, Officer Commanding the Headquarters Squadron, and as the 56th Commanding Officer of The Regiment. His extra-Regimental postings have included tank and reconnaissance tactics instructor at the Royal Canadian Armoured Corps School, Plans Officer for Task Force Kandahar, Base Operations Officer in Petawawa, Executive Assistant to the Deputy Commanding General of the NATO Training Mission in Afghanistan, and Director of Army Staff 2 at Canadian Army Headquarters. Lieutenant-Colonel Auld has previously deployed on four operational tours: in 2001 as a Reconnaissance Troop Leader in Bosnia-Herzegovina; in 2005 as the Second-in-Command of the Reconnaissance Squadron assigned to NATO's Kabul Multi-National Brigade; in 2008-09 as the Tactical Plans Officer with Task Force Kandahar; and, in 2012-13 with the NATO Training Mission in Afghanistan. Since 2018 — Commander of Joint Task Force Ukraine.

nerally, it is in the form of training for the staff officers, giving them operational planning training, so that the NGU's headquarter staff are trained with NATO-compatible skills. That is kind of a raw overview of Operation UNIFIER and what we are doing in Ukraine. And frankly we do a lot for a task force of just two hundred people.

WE HAVE A NUMBER OF LIAISON OFFICERS AND ADVISERS THAT ARE WORKING IN KYIV IN A NUMBER OF A KEY HEADQUARTERS, PROVIDING A KIND OF A CRITICAL LINK TO SOME OF THE HIGHER HEADQUARTERS

Have there been some recent changes in the needs of Ukrainian soldiers/Armed Forces of Ukraine (AFU) since the start of the Operation?

— For me personally, it is my first experience here in Ukraine, I have been there almost four months. But I have read some previous reports, and I have spoken to previous Commanders, and I can say that definite progress has been made. As I mention before, our approach is now more about training instructors, even coaching instructors, advising Ukrainian staff, helping with providing planning training, how to plan, how to budget. We are starting to move away from very low-level hands on field training. Now we are moving to headquarters and the higher level of skills required within the institution so that you can effectively and efficiently plan your military training, execute it and conduct an after action review to make your next course even better. ▶

Are there any plans to expand the Operation? In which fields we can enhance our cooperation?

— At this time there are no Canadian plans that I'm aware of to increase the size of a task force. It will remain around two hundred for the foreseeable future as I know. But we are always opportunity aware. Operation UNIFIER is always on the lookout for any opportunities that offer the best added value for Ukraine. Really what we are looking to do is get the most value out of every single CAF soldier we have here in Ukraine. In order to do that sometimes it means pursuing established opportunities and other times, frankly, we take advantage of opportunities that pop-up; we adjust our structure and we invest in the opportunities that make sense. The size of task force means nothing; our strength is our ability to move throughout the country and adjust our staff to their new situation — we are ready to do that if the value is great.

WE SET THE TRAINING PROGRAM, SET THE INSTRUCTIONAL TECHNIQUE, WORK WITH THE UKRAINIAN STAFF IN DESIGNING THE TRAINING DELIVERY SO THAT IT IS NATO-COMPATIBLE. **SO ONE OF THE KEY GOALS AND ONE OF THE KEY METRICS WE HAVE TO ASK OURSELVES: IS THE TRAINING CURRENTLY BEING DELIVERED NATO-COMPATIBLE?**

One of the areas where I think we can enhance cooperation is on the forces management. Every military force requires a robust and well-developed force management system. What I mean by that is things like trade structures, rank structures, promotion, moving people from one base to another, succession planning, be able to spot highly talented people, identify them and then move them into your organization to move them up and up and create the leaders of tomorrow. The ability to manage your force, not only the people, but also the equipment, computers, etc, is critical to the health of the force. And this is likely the area for future cooperation, not only with Canada, but also with other countries providing assistance. Providing some of that force management assistance I think could be very helpful to the AFU because the most critical resource in every military, I think, is the people. A lot of militaries are really focused on equipment, tanks, ships and planes, but the reality is that the most important thing should be effectively and efficiently managing the people. All of the militaries around the world sometimes forget that and need to be reminded of that. It is this area, where maybe we can increase our cooperation in the future.

How do the CAF members evaluate the current level of UAF?

— When it comes to evaluating of the current level of AFU, Operation UNIFIER does not necessarily use a check-list. We need to combine a little bit of art and science. Generally speaking the main thing we are trying to do, wherever we are working, is set the training program, set the instructional technique, work with the Ukrainian staff in designing the training delivery so that it is NATO-compatible. So one of the key goals and one of the key metrics we have to ask ourselves: is the training currently being delivered NATO-compatible? If someone follows that training — does it produce a NATO-compatible skill? That is one of the main things. Wherever we are involved, the end goal is to make sure that training being delivered is producing NATO-compatible skills. And this question

is about science, because you can just compare the training with existed NATO standards. The second question we ask ourselves is more about art than science: if the international community pulls out of that particular training center, will it continue to deliver the training independently with no assistance or advices from the international community? And that is more subjective and relies a bit on the professional military judgment of the military personnel that is there. But we definitely have to combine these two questions. We take measure every three months and we have a lot of progress. We make sure that this progress is heading toward the point where the CAF is able to leave a training center and it will continue to execute the training without any assistance. An example of this progress is that, in about three weeks, we are handing over the Improvised Explosive Device Disposal course in Kamyanets-Podilskyi, but will remain at the training centres to provide advice, support and input into other courses. Canada had been working on that particular program since the extension of Operation UNIFIER in 2015. One of the things that we will do once we hand it over is go back after several months to critically test the Ukrainian staff and ask them how they are doing, how is the course going. And perhaps we will request permission to observe a course being delivered to see how they are doing. That will be our first opportunity to fully disengage from one of our training efforts, and that is exciting.

Are there any things or skills that Canadian instructors can learn from Ukrainian soldiers?

— We are here to assist and support the AFU and they are also sharing their experience with us; anything from their experiences in the Donbas or day-to-day lessons from being a part of such large military. The Canadian military is smaller, that has certain advantages and certain disadvantages. The AFU is larger, it has different components, it has conscription; that has advantages and disadvantages too. I think on the daily bases we have Canadian and Ukrainian soldiers who share their tips and tricks. We provide a lot of help to the AFU, but the AFU is helping us too, even at low, interpersonal levels. We have a number of Canadians, who have no real knowledge about your country, and now, when they go back home, for the rest of their lives, they will have a greater understanding of what Ukraine is and what Ukrainians are standing for. Personally, I think it is very valuable for Canadians to have this interaction. And we also have a lot of soldiers who have Ukrainian backgrounds; some of them were even born or lived in Ukraine. Today they are wear a Canadian uniform, happy to support the nation of their birth.

Canadian military are taking part not only in trainings for AFU, but in civil events. Do you think this “soft power” diplomatic efforts are useful in addition to military?

— Absolutely. Operation UNIFIER is only one small part of Canada's support to Ukraine. Canada is engaged in the number of different ways. Through the embassy Canada is supporting things like development in humanitarian assistance, security cooperation, economics, trade and investment cooperation, etc. I have to say that Operation UNIFIER is very integrated with the Canadian approach, like supporting our embassy in celebrating Canada Day in Lviv. We are one team; there is no division between us and other elements of Canadian engagement in Ukraine. ■

No alternative wanted

Anti-cult movements as an instrument in Russia's hybrid war

Hanna Trehub

William Bainbridge, Roger Finke, Laurence Iannaccone and Rodney Stark formulated the theory of religious economy in the late 1980s and early 1990s. They adapted the idea described earlier by Scottish economist Adam Smith to the modern days. Smith described his concept of economic models of religious institutions, including state-sponsored religious monopolies and competing religious markets, in *An Inquiry into the Nature and Causes of the Wealth of Nations*. The state of a nation's humanitarian and cultural space is clearly linked to the state of its political regime. If it weren't, the cultural-political project of *Russki Mir* would be senseless and unnecessary, while its capacity to impact society would be null. Reality is exactly the opposite.

When Patriarch Kirill of the Russian Orthodox Church, Moscow Patriarchate (ROC MP) described *Russki Mir*, the basic elements he mentioned included Orthodox faith, Russian language and culture, shared historical memory and a common perspective of the way society should develop. It is common knowledge that ROC MP is linked to the Russian government and is taking every effort to preserve its monopoly over the religious space within Russia and beyond. The goal is to make sure that there are no alternatives to the "national" Russian Church and the ideas, worldview and values it promotes, while the freedom of conscience and religion — a fundamental element of democracy — remains on paper rather than in reality. ROC MP has a number of auxiliary organizations helping it protect the monopoly by discrediting competitors on the religious market in the eyes of society within its "canonical" territory which, for now, claims Ukraine, among other places.

These auxiliary organizations include anti-cult and anti-sect movements that treat new religious movements, as well as Catholics, Protestants or other Orthodox jurisdictions, as rivals that should be oppressed by any means. Free and peaceful co-existence of different religious traditions in one state and their equality before law is a democratic practice that does not fit into the spirit of Orthodox Fundamentalism. Whoever does not follow Orthodoxy in its Russian format is treated as an agent in the West's ideological war against Russia.

GAME OF INTERPRETATIONS

Anti-cult and anti-sect movements are the instruments the ROC MP has adjusted to its own needs but did not invent. A clash between orthodoxy and heresies permeates the entire history of Christianity, its development and transformations. When orthodoxy was shaped, the political and state support of the Byzan-

tyne Empire (Eastern Roman Empire) played a huge role in the process thereby encouraging the interpretation of Christianity that befit it. Anti-cult and countercult movements were the phenomena of a later period, a reaction of different religious and socio-political forces to the spread of new religious movements in the West in the 1960s and 1970s. They were born in the US where the word *cult* has a negative connotation in everyday speech and is used for disapproved religious groups. In Europe and post-soviet states, the word *sect* is the equivalent.

The anti-cult movement is an umbrella phrase for communities or groups that resist new religious movements, referring to them as *cults*. Secularism is an important feature of the anti-cult movement, while its key audiences include the government, law enforcement authorities and the media — in their eyes, the new religious movements are portrayed as socially dangerous and criminal organizations to be countered by state and society.

ROC MP USES DIFFERENT TOOLS TO REMOVE ITS COMPETITORS FROM THE RELIGIOUS MARKET, RANGING FROM CRIMINAL CASES AND ACCUSATIONS OF EXTREMISM AGAINST REPRESENTATIVES OF NEW RELIGIOUS MOVEMENTS TO PHYSICAL ELIMINATION OR SQUEEZING OUT REPRESENTATIVES OF OTHER RELIGIOUS OR CONFESSIONS

Countercult movements are more about confessions: they criticize and counter religious communities interpreted as *cults* (this term covers both representatives of new religious movements, and those perceived as representatives of *sects*) and originate from religious organizations, missionaries or theologians. Countercult movements seek to reveal to the public where the position of their opponents does not fit into the "true religion" and is damaging to an individual's development. The key aim of this activity is to warn the followers of their own religious tradition against switching to others, or to persuade the followers of other religious beliefs to return to the "true faith".

Pure countercultism remains a local trend within Protestantism. Quite paradoxically, Protestants are often perceived as "sectants", or representatives of *cults*, in a number of ex-soviet countries. Originating from the tsarist Russia, the title was actively exploited by the soviet authorities and remains as a rudiment of that time in social mindset today.

The Center of Apologetic Studies offers a good illustration of the countercult movement in Russia. Found-

ed in the early 2000s, it has one of its offices in Kyiv, Ukraine, among other places. Another powerful anti-cult movement in Europe is the French-based European Federation of Centres of Research and Information on Sectarianism (FECRIS) that includes a number of organizations from different European countries, as well as from Russia. Its vice president is Alexander Dvorkin, head of the St. Irenaeus of Lyons Russian Center for Study of Religions and Sects. Also, FECRIS members include a Ukrainian organization called FPPS (Family and Personality Protection Society) which, however, has no website or social media accounts. The Ukrainian equivalent of the St. Irenaeus Center website run by Alexander Dvorkin is called *Ukraine Sektantskaya*. Run in the Russian language, this and similar resources mostly spread the ideas of Russian anti-cultism in Ukraine.

Anti-cult movements in the West intensify in waves as the context and reality of its religious life changes: new religious movements were something new 40-50 years ago but they have become part of the religious market by now, even if not a particularly significant one.

AN IMPORTANT TASK FOR UKRAINE'S SOCIETY IS TO DEVELOP ACADEMIC RELIGIOUS EXPERTISE AS AN ELEMENT IN DEFENDING ITS NATIONAL SECURITY AND RESISTING HYBRID THREATS IN THE HUMANITARIAN SPHERE

The Russian version of the anti-cult movement backed by the ROC MP and Russia's current government is somewhat different, with some elements of Western anti-cult and countercult movements. While both of these movements focus on specific protection of narrow group or individual interests, the Russian version protects and supports the system that serves the interests of those currently in power and has nothing to do with defending citizen rights or freedoms.

PILLARS OF RESILIENT MONOPOLY

Confessionalism and relations between confessions and the state in the Soviet Union and Russia have in the past and present been defined by ideological priorities and superstitions rather than the real context on the ground. State leaders and those involved in carrying out their policies always viewed religion and religious organizations through the perspective of certain ideologies and worldview. In the Soviet Union, policies on religions were driven by Marxism, Leninism and scientific atheism. According to the ideological dogmas driving the Communist Party of the Soviet Union, any religion was treated as reactionary. Still, the state preserved the right to arbitrarily declare certain religious organizations as more damaging than others, based on its political goals of the time.

Russian researchers define two key stages of religious policy in their country. The first one lasted from 1990 till 1996 and was rooted in the Law on Freedom of Religions passed on October 25, 1990. The Law quite comprehensively and consistently introduced the notion of equality of all religious organizations before law. That document and the religious policy it framed was based on the perception of religion as a positive spiritual phenomenon, while state control over religious

organizations had to be brought down to a minimum. The second stage started in 1997 and lasts till now. On September 26, 1997, the Russian Parliament passed the Federal Law On the Freedom of Conscience and Religious Organizations. The preamble recognizes the special role of Orthodoxy in the history of Russia and praises Christianity, Islam, Buddhism, Judaism and others. Neither this law, nor any other laws in Russia contain terms, such as "traditional" or "non-traditional" religions. However, these very terms are actively used in the public socio-political debate in Russia. While lacking these legal definitions, Russia does list on the state level the religions it helps and supports officially, and those it keeps under strict supervision.

The most visible deformation of Russian religious policies from 2009 on has been the incorporation of the anti-cult ideology. Eventually, this has created the ground and opportunities for accusing law-abiding religious organizations and the literature they publish of extremism.

ROC MP, its episcopate, clergy and parishioners saw the downfall of Communism as a return to the pre-October Revolution domination of their Church, unrestrained by nothing and no-one. They placed their bets on building a symphony with the state authorities. Before it passed the 1994 Resolution, ROC MP criticized Catholics, Protestants and the Orthodox of other denominations using quazi-theological arguments. But its intolerance towards missionary activities on its "canonical territory" was until then viewed as an internal conflict in which neither politicians nor other officials wanted to interfere much. The 1994 Resolution brought the first instructions to each and everyone — political leaders in the first place.

The anti-cult movement has been used in Russia for its traditional purposes, as well as to discredit politicians, civil servants and journalists rallying for the freedom of conscience and equality of all religions or organizations before law. After Patriarch Kirill chaired ROC in 2009, a number of government entities, including the Ministry of Justice, underwent a purge getting rid of the officials who supported equality religions organizations before law, and reinforcing the position of anti-cult proponents. Eventually, the anti-cult movement and its concepts began to dominate in Russian government agencies that develop and implement state religious policies. In 2009, Alexander Dvorkin known for his radical anti-cult views was elected to chair the Expert Council for State Religious Expertise at the Ministry of Justice. He had emigrated to the US in the 1970s, studied there and was a well-known figure in the Russian emigre community. He quit his work at Radio Liberty in 1990s before moving back to Russia where he made a good career by working for the interests of ROC MP and Russian law enforcement agencies.

Russia's special brand of anti-cult movement is solidly rooted in a very particular model comprised of the doctrines and practices of ROC MP, a religious organization that is in harsh competition with other players of the religious market. Its confessional norms are very far from the civil law or academic notions. Also, it sticks to a special concept of the rights of Russia's "titular Church". The aim of all this is to cultivate fears in society, plant the "ours" vs "alien" concept in its mindset, and set "us" against "them", which serves as a great foundation for constructing the image of enemies.



PHOTO: REUTERS

Fundamentalism in action. ROC MP promotes the interests of Russia's ruling regime and exercises harsh control over the country's religious environment

The same processes are taking place in other spheres of Russian society which is going into deeper isolation driven by the efforts of Putin's regime. This mapping of the world and Russia's place in it has little to do with the foundations of democracy or peaceful co-existence with neighbors.

ROC MP uses different tools to remove its competitors from the religious market, ranging from criminal cases and accusations of extremism against representatives of new religious movements to physical elimination or squeezing out representatives of other religious or confessions. This is what happened on the territory of the annexed Crimea or the occupied parts of the Donbas where Russia is waging its armed aggression against Ukraine. As part of ROC, the Ukrainian Orthodox Church of Moscow Patriarchate sticks to ROC's anti-cult movement and spreads its ideas and views among anyone in contact with it.

Clearly, criminal or illegal activity qualifies as such regardless of who commits it, regardless of the person's confession. However, Ukraine's laws entail accountabil-

ity for illegal actions, not thoughts or beliefs. Like the citizens, all religious organizations in Ukraine should be equal before law.

Another important aspect is that identification as Ukrainian does not necessarily tie the person to a specific religion. A political nation can be comprised of different ethnicities and confessions that see Ukraine as their state and its citizenship as a value.

An important task for Ukraine's society is to develop academic religious expertise as an element in defending its national security and resisting hybrid threats in the humanitarian sphere. Also, Ukraine needs quality information and analysis of religious life in the country and the world that's accessible to everyone. Defense against distortion of information, including in culture and humanities, comes from verifying the messages rather than taking them at face value. Any religious institution that undermines the foundations of Ukrainian statehood ideologically and practically, regardless of the terms in which it coats these efforts, poses a threat to Ukraine's society. ■

The irreversible path

How close is Ukraine to autocephaly for its Orthodox Church?

Yuriy Doroshenko

Just half a year ago, most Ukrainians didn't know what *tomos* is and how the word is spelled. Now, the situation is the opposite. The fight for *tomos*, a document granting autocephaly to the Ukrainian Orthodox Church, has grown into a nationwide campaign. Supportive public discourse and Ukraine's diplomatic efforts provide serious reinforcement to the clergy's campaign for the document. Soon enough, Ukraine is likely to receive its independent Orthodox Church recognized in the world.

The word *autocephaly* is a combination of the Greek words for own and head, that stands for independence or self-governance. The family of Orthodox Churches is comprised of autocephalous churches with the Ecumenical Patriarchate of Constantinople standing "first among equals". Herein lies its difference from the Roman Catholic Church with its clear vertical hierarchy. No specific legal norms or established procedure regulate the foundation of autocephalous churches. As a result, the issue constantly fuels arguments. However, there is a universally recognized list of factors for a church to be established as autocephalous. It includes the existence of an independent state where that Church acts, the Orthodox clerical structure and the respective will of the secular authorities and the people.

THE ONGOING HISTORICAL STAGE OF THE STRUGGLE FOR THE TOMOS IS DECISIVE. THE EFFORTS OF POROSHENKO'S TEAM IN THIS REGARD LEAVE OBSERVERS OPTIMISTIC AND MAKE THEM BELIEVE THAT THIS CAMPAIGN WILL BE EFFECTIVE

In old times, patriarchates were founded by the holy apostles preaching the Word of God. According to theologians, the emergence of new autocephalous Orthodox churches is based on Apostle Rule No34, among others, stating that "the Bishops of every nation should know the first among them and recognize him as the leader."

Kyiv Rus leaned towards the independence of its church body and rituals since the first centuries following the adoption of Christianity. Under Prince Yaroslav the Wise in 1051 it elected Ilarion, a man of Kyiv Rus rather than Greek origin, as head of its metropolitan cathedra. This was a clear demonstration of independence by the Kyiv Church.

Kyiv Metropole's purely nominal subordination to the Ecumenical Patriarchate of Constantinople up until 1686 secured its independent development. The Cossacks became the foundation and the basis for its development. According to many researchers, Kyiv Metropole was virtually autocephalous in its status at the time. This provided the ground for Kyiv Metropolitan Petro Mohyla to create the project of constitutional transformation of the Kyiv Metropole into a patriarchate.

Problems began when the Ukrainian Church was illegally subordinated to the Moscow Patriarchate as a result of the loss of statehood by Ukraine and the integration of its lands with the Tsardom of Russia. Given the traditional control of State over Church in Muscovy, this signaled full subordination of all religious life in Ukraine, leading to the unification and elimination of any national

differences. In such circumstances, the issue of autocephaly for Ukrainian Church would come up with every wave of Ukrainian national liberation struggle. It did so in 1917-1920, and it has been on the agenda since Ukraine declared its independence in 1991.

Some respected theologians claim that *tomos* for the Ukrainian Church has "already been written". This may be true, but it will hardly be publicly disclosed this summer. It is more likely to appear closer to the end of 2018. The main thing is that Patriarch Bartholomew has more than once demonstrated resistance to Moscow's intimidation and blackmail in an attempt to counter the *tomos*, and has shown that he will not give up his leading role in the cause of the Ukrainian Church.

He was recently visited by a group of envoys from the Ukrainian Orthodox Church of Moscow Patriarchate led by the notorious MP Vadym Novynskiy and priest Mykola Danylyevych. The group of clergy known for their openly pro-Russian views was on a mission to persuade the Ecumenical Patriarch to drop the intentions to help Orthodox Ukrainians and leave them under Russia's religious subordination. According to accounts by eye-witnesses, Novynskiy blackmailed Patriarch Bartholomew by saying that there would be war and bloodshed in Ukraine if it received autocephaly, and asking whether Patriarch was willing to take responsibility for that development. Ilarion Alfeyev, chairman of the Moscow Patriarchy's Department of External Church Relations, echoed this phrase about war and bloodshed shortly after.

Patriarch Bartholomew received the envoys in a diplomatic manner, listened to them and gifted them with souvenirs. When they returned home, he declared once again that he would not walk away from his intentions while autocephaly for the Ukrainian Church could be a step towards unity, peace and development of Orthodoxy. The statement was made on July 1 in the Hall of the Throne at his residence. "Let us not forget that Constantinople never ceded the territory of Ukraine to anyone by means of some ecclesiastical Act, but only granted to the Patriarch of Moscow the right of ordination or transfer of the Metropolitan of Kyiv on the condition that the Metropolitan of Kyiv should be elected by a Clergy-Laity Congress and commemorate the Ecumenical Patriarch. Listen to what is mentioned in this regard in the Tome of autocephaly, which was granted by the Mother Church to the Church of Poland: "For it is written that the original separation from our Throne of the Metropolis of Kyiv and of the two Orthodox Churches of Lithuania and Poland, which depend on it, and their annexation to the Holy Church of Moscow, in no way occurred according to the binding canonical regulations, nor was the agreement respected concerning the full ecclesial independence of the Metropolitan of Kyiv, who bears the title of Exarch of the Ecumenical Throne," Patriarch Bartholomew said.

Meanwhile, frequent categorical statements of some top representatives of the Moscow Patriarchate both from Russia and Ukraine signal that they are set to aggravate the situation, including with provocations (which Ukrainian security services have to be ready to counter).

When the leader of the Ukrainian Orthodox Church, Moscow Patriarchate, which presents itself as "independently adminis-



PHOTO: WWW.DONETSKCHURCH.UA

Lobby without cassock. Vadym Novinsky's visits to Constantinople prevent granting autocephaly to Kyiv

tered”, goes to an assembly of the Russian Orthodox Church in Russia’s Yekaterinburg and discusses the problem of Ukrainian autocephaly with people who should hardly have anything to do with it, it explains a lot.

The ongoing historical stage of the struggle for the tomos is decisive. The efforts of Poroshenko’s team in this regard leave observers optimistic and make them believe that this campaign will be effective. The assets of Ukraine’s campaign for autocephaly include official requests from the President of Ukraine, the Verkhovna Rada, the bishops of the Ukrainian Orthodox Church of Kyiv Patriarchate, the Ukrainian Autocephalous Orthodox Church, and some of the Ukrainian Orthodox Church, Moscow Patriarchate’s clergy to the Ecumenical Patriarch, as well as diplomatic negotiations with the leaders of other Orthodox Churches requesting their support for the tomos.

Listed below are the factors that have activated the campaign for autocephaly in Ukraine:

1. The establishment of Ukraine as an independent state with the European vector of development which the Russian aggression failed to break.
2. The development and strengthening of the Ukrainian Orthodox Church, Kyiv Patriarchate as the Church of the Ukrainian people.
3. Aggressive imperial policies by Russia and Moscow Patriarchate. The latter has been growing more assertive in positioning itself as the main patriarchy and challenging the superiority of the Constantinople Patriarchate.
4. Ukrainian authorities now see autocephaly for the Ukrainian Orthodox Church as part of national security. Therefore, efforts aimed at obtaining it have become far more professional and proactive.
5. The crisis of Orthodoxy which requires a strong Ukrainian Orthodox Church to reinforce the family of Orthodox churches, strengthen the balance and block the Moscow Patriarchate’s ambitions to become an equivalent of the Vatican in the Orthodox Church (a project initiated by Joseph Stalin).
6. The geopolitical situation in the world where European nations, the US and Turkey understand how dangerous the neo-imperial policies of Putin’s Russia are and do not welcome its reinforcement in the religious segment, too.

In this situation, the Ukrainian Orthodox Church has the following prospects of receiving the tomos of autocephaly. The

document may appear by the end of this year, but the process is more likely to last another year as the Ecumenical Patriarch has decided to go through the whole organic procedure of agreeing this move with other Orthodox Churches. This will actually contribute to the legitimacy of the document. By the way, the process of granting the autocephaly tomos to the Polish Orthodox Church (based on the fact that it had been part of the ancient Kyiv Metropole) lasted three years and was completed in 1924.

How can the cause of autocephaly for Ukraine develop? The decisions declared at the synod of the Moscow Patriarchate in Yekaterinburg signal that this Church will insist on rejecting autocephaly for Ukrainians. This will push the Ukrainian Orthodox Church, Moscow Patriarchate farther into isolationism from the interests of the Ukrainian people and state: they will not go for any official negotiations on the issue while playing the Kremlin’s card and claiming that the campaign “breeds violations of the rights of Ukrainian Orthodox Church, Moscow Patriarchate believers by nationalists.” This fundamentalism is likely to further undermine the support for this Church from Ukrainians.

Meanwhile, the bishops of the Ukrainian Orthodox Church, Kyiv Patriarchate, Ukrainian Autocephalous Orthodox Church and part of the Ukrainian Orthodox Church, Moscow Patriarchate will gather for an assembly and read out the tomos of autocephaly for the Ukrainian Orthodox Church from the Ecumenical Patriarch. An election of the leader of the newly-autonomous Church follow. Patriarch Filaret of Kyiv Patriarchate is the most likely candidate for the seat.

Then the Verkhovna Rada can consider a bill to conduct re-registration of religious communities in Ukraine: the previous registration took place a long time ago, so the current register lists many communities and monasteries that no longer exist. This bill would also regulate the names of confessions: the Ukrainian Orthodox Church of Moscow Patriarchate would go back to its actual name of the Russian Orthodox Church in Ukraine.

In 1918, Oleksandr Lototskiy, the Minister of Confessions in charge of religious policy in Pavlo Skoropadskiy’s government, spoke to the bishops of then-pro-Russian Orthodox Church in Kyiv. Autocephaly for the Ukrainian Church “is not only necessary for the Church, but for the nation and the State. This is the highest necessity for our Church, our state and our nation. Those who understand and sincerely embrace the interests of the Ukrainian people, also embrace autocephaly of the Ukrainian Church,” he said. ■



The camps that raise storms

Why a big part of the Roma community is so poorly integrated all across Europe

Denys Kazanskiy

In recent months, a series of attacks on Roma camps in different Ukrainian cities provoked heated debate about xenophobia and fascism. Conflicts involving Roma are not a rare thing in Ukraine, but most are too minor to make it into the press. The more dramatic ones do get reported in the news. For instance, two years ago, a local Roma man was accused of killing a child in the village of Loshchynivka, Odesa Oblast. This led to a classic pogrom with local residents burning and tearing down Roma homes with the help of farming implements.

The June 24 killing of a resident of a gypsy camp by Ukrainian teens from the neo-nazi group called “Sober and Mad Youths” in Lviv Oblast also made headlines. This particular incident became grist for the mill among pro-

Russian politicians and the Russian media, and a remarkable number of vultures rushed to get some free publicity for themselves over the murder. The tragedy was immediately used to gain political points by presenting it as proof that Ukraine’s government was “establishing fascism” and “encouraging ultra-right groups.”

In all the cacophony, few people were talking about the other side of the coin: the fact that there are Roma camps in the first place. This is a very old problem that needs to be resolved. In the 21st century, living like nomads and building shacks anywhere you feel like it, especially within city limits is not really acceptable. Often it is this specific fact, and not the culture or ethnicity of Roma, that is the real reason for clashes. It’s clear that



A powder keg. Conflicts with residents of Roma settlements don’t always have a political basis. Too often, such as two years ago in Odesa Oblast, domestic quarrels can blow up into pogroms

Roma most often become the focus of attacks because of this nomadic way of life.

Governments in western countries are often accused of segregation and of deliberately pushing ethnic minorities into reservations and ghettos at the edges of economic and cultural life. With a large part of the Roma community, the opposite is the case: by living in ramshackle camps, they are voluntarily segregating themselves.

Roma villages were ghettos back in soviet times. An ethnically isolated environment, limited links with the outside world, and the lack of social infrastructure were all factors that encouraged the conservation of many social problems. Poverty, unemployment, lack of access to education or even outright illiteracy, criminality, and infectious diseases constitute just a partial list of the social ills that were common in nearly every gypsy settlement. So it's no surprise that healthy, functioning communities have no desire to have such camps anywhere in their neighborhood. The issue is clearly not the color of people's skin or the language they speak.

What's more, conflicts with Roma are not just an issue in Ukraine. In post-soviet countries, such incidents take place on a regular basis. Indeed, they tend to be far more aggressive in neighboring countries. Take Russia, for instance, which raised a storm of protest against Ukraine over the killing of a Roma in Lviv. Yet in the last few years, there have been a number of high-profile cases in which Roma were murdered in Russia. In a series of incidents in Yekaterinburg and Stavropol Krai, Roma were actually mowed down by men wielding machine-guns.

In Bulgaria, a member of the EU, the situation is even worse. Bulgaria's population is nearly 5% Roma ethnicity, yet attacks on them take place nearly every year. In 2017, massive disturbances happened in Asenovgrad. After some Roma beat up Bulgarian teenagers, thousands of Bulgarians came out in protest and marched to the Roma district, demanding that all the illegally-built huts be torn down and all Roma without documents allowing them to reside there resettled elsewhere. The police were barely able to prevent the situation from turning very violent.

Tensions in Bulgarian society are taken advantage of by politicians from nationalist parties who regularly make xenophobic pronouncements. After the Asenovgrad incident, MP Ivo Hristov declared that the Roma were the "blasting cap that could blow up all of Bulgaria, just like Albanians did at one point in Yugoslavia." MPs from the nationalist party Attack, which is known for its pro-Russian and pro-Putin position, have been openly calling for a variety of sanctions against Roma and organizing anti-Roma rallies.

All is not well even in the better-off countries of Western Europe. The deportation of Roma from France caused a major scandal in that country and then-president Nicolas Sarkozy came close to being accused of fascism. All this simply confirms that there is a problem and it needs to be resolved in a civilized manner. This means introducing various social programs and gradually integrating Roma into the cultural and economic life of the countries where they live. This is the path that most European countries have chosen to take. However, it's not a straightforward task. Even in wealthy European countries where people don't mind seeing their tax money go to a very broad range of social programs and are happy to provide welfare to refugees from third world countries, completely integrating Roma has not proved possible.

In Eastern European countries like Hungary, Romania and Bulgaria, the situation is far worse. There, efforts were made to socialize Roma communities even in communist times: entire blocks of high-rise apartment buildings were built and Roma were forcibly settled there. But after socialism collapsed, these districts gradually turned into even more hideous ghettos than the movable camps. For anyone who accidentally ends up in such an area, the impression is dreadful: no plumbing, broken windows, mountains of garbage that the residents of these vertical slums have been tossing into the yard out of the windows of their apartments. Plenty of photos and video documentaries of such neighborhoods are available on the internet. What they clearly demonstrate is that simply resettling gypsy camps from plywood huts to properly constructed buildings does not resolve the issue of socialization.

In the 21st century, camps and ghettos are just as abnormal a phenomenon as pogroms, and they need to become a thing of the past as soon as possible. People should not be living in shacks made out of scrap. If a society doesn't like such spontaneous settlements in its neighborhood, then its interest should be to help Roma integrate into a more stable environment and to adopt a healthier lifestyle. Simply tearing down illegal camps won't resolve

IN THE 21ST CENTURY, LIVING LIKE NOMADS AND BUILDING SHACKS ANYWHERE YOU FEEL LIKE IT, ESPECIALLY WITHIN CITY LIMITS IS NOT REALLY ACCEPTABLE. OFTEN IT IS THIS SPECIFIC FACT, AND NOT THE CULTURE OR ETHNICITY OF ROMA, THAT IS THE REAL REASON FOR CLASHES

anything, and violence even less so. Practice has also shown that welfare payments don't help Roma break out of the toxic ghetto environment and change their way of life.

For Roma to be able to adapt socially, a more comprehensive approach is needed. If a country provides public housing, then the way to avoid setting up ethnic islands, this housing needs to be in neighborhoods with non-Roma Ukrainians and other ethnic minorities. Greater oversight needs to be instituted over the spending of welfare, including child support benefits. One reasonable approach would be to set up a system in which families whose children attend kindergarten or school on a regular basis are provided with a bonus on top of their regular benefits. At the same time, parents have to be held responsible for preventing their children from going to school and for not taking proper care of them. In particularly heinous cases, they should have parental rights withdrawn. It should be unacceptable for a child to grow up in terrible, unhealthy conditions, without basic vaccinations and without schooling.

This is not about a "wave of Ukrainian fascism." Back in 2013, Amnesty International wrote in its report that Roma were persecuted across all of Europe and faced "shocking discrimination." It's clear that Ukraine is not some kind of unique case or demonstrates exceptional discrimination towards Roma. The Roma community runs into the same problem everywhere. Conflicts with the residents of Roma camps and attacks on them will continue until the government begins to pay real attention to the existence of these settlements and to understand that something must be done about them. ■

New citizens

Andriy Holub

As the system of granting Ukrainian citizenship to foreigners remains obscure, it breeds fears and tensions that are especially dangerous for a country at war

Analysis from various international consultancies says that Ukrainian passports have become more attractive. Ukraine ranked 80, i.e. 19 steps up from last year, on the list of 168 countries in the most recent annual Quality of Nationality Index by Henley&Partners, a provider of global residence and citizenship planning services. The top countries on the list are France, Germany and Iceland, while Ukrainian citizenship is in the “high quality” category. There are some obvious reasons for this improvement, including visa-free travel for Ukrainian passport holders to the Schengen Area and many other countries. But the current position is not the best Ukraine has seen in this index — it ranked 74 in 2013. The reasons for going down are obvious, too: Ukraine has lost a lot in terms of its domestic security as a result of the occupation of Crimea and the war in the East.

According to Ukraine’s State Statistics Bureau, the number of foreigners obtaining Ukrainian citizenship has declined ever since the war began. In 2014, 7,777 people got their Ukrainian passports based on their territorial origin, i.e. Ukrainian origin of their immediate family members, or Presidential Decrees — these are the two possible ways to obtain Ukrainian citizenship. In 2015, the number dropped to 4,723. It barely changed in 2016 and 2017 with 4,803 and 4,581 respectively. The number of immigrants registered with the State Migration Service of Ukraine, has barely changed too, going slightly up from 252,000 in 2014 to 262,000 in 2017.

By contrast, the issue of obtaining Ukrainian citizenship has become much more visible in public discussions. The best known case of a foreigner obtaining Ukrainian citizenship under the previous government was MP Vadym Novynskiy. This Russian citizen received his Ukrainian passport in 2012 “as a person with significant accomplishments on behalf of Ukraine”. The Presidential Decree by Viktor Yanukovich granting Ukrainian citizenship to Novynskiy did not specify what exactly these accomplishments were. A year later, Novynskiy became an MP and remains in Parliament as part of the Opposition Bloc today. He is a proactive promoter of the interests of the Ukrainian Orthodox Church, Moscow Patriarchate in Ukraine.

After the Maidan, more foreigners have been granted Ukrainian citizenship under Presidential Decrees. According to the most recent ones, Ukrainian passports were given to “individuals whose Ukrainian citizenship is in the interests of the State.” Former ministers Aivaras Abromavičius and Natalia Jaresko, ex-Chief of National Police Khatia Dekanoidze and her deputy Eka Zguladze, former Head of Odesa Oblast State Administration Mikheil Saakashvili and Oleksandr Borovyk, an ex-candidate for the Odesa Mayor office, and many more have received their Ukrainian citizenship under this formula. Many of these people have already quit their Ukrainian passports. Acting Minister of Health Uliana Suprun is probably the only representative of this cohort who remains active in Ukrainian politics to this day.

This massive involvement of foreigners in government has led to the appearance of double standards in obtaining Ukrainian citizenship. Oleh Levytskiy, lawyer and director of the Ukrainian Helsinki Human Rights Union’s public assistance office, says that most average applicants for Ukrainian citizenship face non-transparent bureaucracy of the State Migration Service (SMS). It is the key intermediary between the applicant and the Presidential



PHOTO: UKRAINE PHOTO

High quality. The agreement on visa-free travel with the EU has strengthened the course of the Ukrainian passport in the world

Decree that marks the finalization of the procedure. According to Levytskiy, the State Migration Service starts the citizenship granting procedure by verifying the applicant’s previous documents. In most cases, the SMS finds some formal flaws. “What they mostly discover is mistakes made under the previous SMS administrations from 7, 10 or 15 years back. As a result, instead of obtaining citizenship, the applicants tend to lose even the documents they already have,” Oleh explains.

A Georgian-born applicant has recently experienced this. A resident of Ukraine since 1994, he had to go through over two years of court proceedings against the SMS which the Supreme Court ended in June 2018. According to his case files, the Georgian-born applicant received his immigration and temporary residence permits for an unlimited period 10 years ago. In May 2015, he applied to the SMS to get a Ukrainian passport. The SMS cancelled its earlier decision to issue the residence permit to him because the applicant had failed to provide the original version of his Soviet Union passport back in the day. The situation was quite absurd: the applicant could not submit that passport because a Kyiv Department for Visas and Registrations, a predecessor of SMS for some functions, had lost it in 2000. In turn, the Department received it from the police which confiscated the passport from the Georgian-born holder and sent it to the Department for a check-up.

The Supreme Court sided with the applicant and ruled the SMS’ decision to annul his documents illegal. The reason: “an individual without citizenship thus ended up on the territory of Ukraine without any respective documents and cannot be expelled to any other state because he has no other citizenship.” In other words, the SMS’ decision put the applicant outside the state system and any guarantees of basic rights.

Levytskiy claims that the key problem faced by foreigners in Ukraine is that they can find themselves with no papers whatsoever. “I don’t see any problem with the citizenship issue. People can live without it. However, other documents are often recognized illegal for formal reasons. For example, inaccurate translation from an exotic language — a client of mine from Ethiopia had a problem

when the officials put her name and last name in the wrong lines. She applied for citizenship with those documents and ended up with officials rejecting both her citizenship request and the extension of her stay in Ukraine,” he explains. Oleh says that the system Ukraine currently has is extremely non-transparent.

The officials offer a different view. As the supervisor of the migration service, the Ministry of Interior Affairs describes the current system as excessively transparent: “We are now doing a massive check-up of earlier decisions by judges and come across outrageous precedents. We annul citizenships issued based on such fictitious decisions. But this is just a response. What we need is to plug the loophole in legislation comprehensively and eliminate opportunities for corruption,” Interior Minister Arsen Avakov told LIGA.net in an interview in April. According to him, all the applicants had to do earlier was to bring a witness to court who could confirm their residence on the territory of Ukraine before the collapse of the Soviet Union [this is one of the basic options allowing an applicant to obtain Ukrainian citizenship — **Ed.**]. The judges made their decisions without due verification and fraudsters used this. The Ukrainian Week has enquired the Interior Ministry about the results of the inspections announced by Avakov. The Ministry replied that it only monitored citizenship decisions issued on the basis of territorial origin under international simplified procedure agreements with Belarus, Tajikistan and Kyrgyzstan over the five years until 2017. Therefore, 2,975 out of 30,000 cases have been inspected and “individual violations” were discovered in 1,781. All these violations require additional investigation, the Ministry of officials reported. So it is too early to speak of final conclusions.

As to the loopholes in laws that have led to the violations, the Ministry officials claim that they are quite nominal. The problems described above were actually created by unscrupulous judges, first and foremost. For example, some issued their territorial origin-based decisions to people from countries outside of the former Soviet Union.

The Ministry’s proposed solution is to narrow down the list of grounds for obtaining Ukrainian citizenship — they see this as a campaign against the threats to Ukraine’s national security. Avakov’s statement came at the same time when amendments to the law on citizenship were undergoing an intense debate. Two weeks later, President Poroshenko submitted the amended citizenship bill to Parliament. The current citizenship law dates back to 2001. It has been amended several times ever since, but not significantly. The bill proposed by President Poroshenko would abolish the possibility of obtaining Ukrainian citizenship on the basis of having lived in its territory before 1991, ban territorial origin-based citizenship for criminals and more. Among other things, the bill would solve the issue of double citizenship.

The current laws neither allow, nor de facto prohibit double citizenship in Ukraine. There is no legal framework for establishing cases of double citizenship. In other words, the current laws do not qualify a holder of the passport of Ukraine and another country as a person with established double citizenship.

Poroshenko’s bill is not the first attempt to solve this. According to the Main Research and Expert Department of the Verkhovna Rada, seven more bills on the topic were being considered by Parliament at the time when President Poroshenko sponsored his bill. But this attempt has failed, too. President Poroshenko revoked his bill in May, pledging to improve it as the bill faced criticism for one of its provision whereby the residents of Crimea participating in elections on the occupied peninsula would have their Ukrainian citizenship revoked. The problem was that mechanisms for establishing who exactly participates in elections in Crimea have not been detailed — Ukraine does not recognize any entities of the occupational authorities in Crimea, so it cannot recognize any of their statistics as well. The Main Research and Expert Department has criticized some other provisions of the bill, including

the one on prevention of double citizenship. Another source of the problem is corrupt bureaucrats. There are no widely known examples of corruption in the immigration system, but a recent case of Dina Pimakhova, ex-Deputy Head of the State Migration Service, has gained a lot of spotlight. She found herself in the epicenter of a clash between different law enforcement agencies in the late 2017. It all started with the Security Bureau of Ukraine (SBU) detaining a NABU agent as he worked undercover trying to bribe Pimakhova. Subsequently, the SBU searched a number of locations used by the NABU staff. NABU claimed that the SBU undermined its massive operation to reveal corruption in migration authorities. The SBU never provided detailed commentary while Prosecutor General Yuriy Lutsenko accused NABU of committing violations during its investigations. The media focused on the clash between law enforcement agencies, first and foremost, which overshadowed the details of Pimakhova’s case. According to NABU, she requested a US \$30,000 bribe from a foreign applicant to falsify his documents for a Ukrainian citizenship application.

In 2014, **7,777** people got their Ukrainian passports based on their territorial origin or Presidential Decrees — these are the two possible ways to obtain Ukrainian citizenship. In 2015, the number dropped to **4,723**. It barely changed in 2016 and 2017 with **4,803** and **4,581** respectively.

She was dismissed in March but that was not the end of the story. The Consolidated Register of Court Decisions contains quite a few files on her case. One describes the following episode: Pimakhova allegedly promised a citizen of Vietnam to help him get a temporary residence permit in Ukraine for a bribe of US \$1,800.

When Pimakhova’s case was almost forgotten in April, NABU reported that an SBU employee was detained with a bribe of US \$47,500. The detained employee was Major Oleksandr Karashchuk, head of the counterintelligence sector at the Left Bank Department of the SBU in Kyiv and Kyiv Oblast. His case reveals corruption at every level: back in May 2017, SBU counterintelligence notified the local police of a scheme with illegal issuance of pregnancy certificates at a diagnostic center in Dniprovsky District of Kyiv. The SBU discovered 58 fictitious certificates issued over 10 months of 2016. These certificates helped foreigners quickly enter into fictitious marriages with Ukrainian citizens. Once the marriages were recorded officially in Ukraine, the foreigners would go back to their home countries and receive D-type visas to reunite with their families in Ukraine. According to investigators, Ukrainian women charged between US \$100 and 1,000 for such services.

NABU’s operation to uncover corruption in migration authorities was developing alongside that case. Some foreigners who caught the law enforcers’ attention bribed investigators to settle their cases. These included citizens of Uzbekistan, Tajikistan, Iran, Turkey, Syria, Georgia and Russia. The mediators they chose for bribing were NABU’s undercover agents that were at the time working at a agency offering services to streamline the issuance of documents to foreigners. These agents eventually got to Karashchuk who allegedly proposed to settle the applicants’ cases for US \$47,500.

Even the toughest laws will hardly eliminate corruption in Ukraine’s migration system. What Ukraine needs instead is uniform and clear rules and punishment for violations. There is a shortage of both. None of the individuals involved in the cases mentioned above have been punished so far. Some have just been dismissed. Meanwhile, the foreigners applying for Ukrainian passports start the process by focusing on the key unspoken rule of the local society: you can hardly get anything done by the state without contacts and money. ■

EU in a world of bullies

Why is it time Europe changed its priorities

Philippe de Lara



Different tracks. Due to pressure of populism Brussels should turn back to rationalism in order to prevent crisis

“Building Europe in a world of bullies” is the title of a book published in France last year by Enrico Letta with Sébastien Maillard. M. Letta has been Italy’s PM in 2013-2014, and is now president of Jacques Delors Institute, a French think tank dedicated to European affairs. Letta’s phrase catches in a nutshell the situation and self-perception of EU, on a threshold between breakdown and reset. EU is in disarray: it faces a major governance crisis with Brexit and growing tensions between “liberal” and “illiberal” member states. Moreover, EU, both citizens and leaders, discovered suddenly that it had borders to be designed and secured, and that it was surrounded by hostile partners and even enemies. What is obvious for historians and for Eastern Europe nations, notably Ukrainians and Balts, remained invisible for a “European construction” intoxicated by the belief that its “model”, based on free market, human rights, welfare and piecemeal integration of legal systems, was a heaven who could have only envious and friendly neighbors, that the rest of the world would crave for the same values and governance, in the long if not short term. Conflicts of national interests and of cultures, not to mention war as such, had disappeared from EU’s mental map. Even the discourse on “European values” was flawed because it referred to values as something any

rational being should and will adopt, and not as values one has to fight for, as did Ukrainians in 2014. This was the basis of EU’s inability to understand Ukraine’s predicament and to react adequately to the Russian aggression. A war in and for Europe, for Europe’s security and integrity — which is exactly what is happening in Ukraine —, was something logically impossible. That’s why European support to Ukraine was, and still is one step below what it should be, and always vulnerable to rollback, specially the sanctions against Russia.

Yet, the good news is that with perils grows awareness. EU leaders cannot ignore anymore that they live in a world of bullies and have to behave accordingly. Trump and Putin did a lot to open their eyes. There are still wise guys denying the Russian threat, and elites do not yet fully understand that the discontent of middle class and low-income people in face of the damages of globalization must be taken seriously and not dismissed as “populist”. Now, this discontent, rather anger, focuses primarily on EU (“Brussels!”), much more than on national governments. The most serious threat against EU comes from the inside: on one side, useful idiots applauding to the fall of EU because they think that “sovereign” states will do better, intended or unintended Russian agents; on the other side, post-modern liberals who think that globalization and finance driven economics are good for everybody, that national identity is the enemy, that more “rights”, more multiculturalism, more “openness” (ultimately self-hatred) are the way. Until recently, Brussels’s bureaucracy acted or seemed to act mainly in support of the later. But it is reasonable to expect a dramatic change in another direction.

EU leaders (presidency, European Commission, Central Bank) and governments are realizing that the EU of rights and market is a dead-end: because of the magnitude of “populism” of various brand in all countries, because of the Russian threat, because of Trump’s attacks on the liberal world order. “In a world of bullies”, EU has no choice but to act as a regional tough power, focusing on strategic interests before values, and building active compromises between member states, instead of considering that unanimous agreement will come spontaneously between distinguished guests, provided they neutralize the black sheeps (Poland, Austria, Hungary).

Who bears this new wisdom? At this moment EU’s political forces and societies are on a threshold between sober realism and childish radicalization: desperate conservatives who prefer Putin to freedom in the name of “Christian values” and of the fight against “homosexual decadence”, populists, radicals claiming

that there is no human dignity without the right of animals, the right to choose one sexual identity, the right of pupils to teach teachers, etc. Ideological escalation is the current mood among Western Europeans. But this madness on “values” may be a transition storm on the way back to rational politics. Along with the growing (yet incomplete) awareness of the Russian threat, the driving force of the new European wisdom is paradoxically United Kingdom: Brits are making the painful experience of the chimera of Brexit. They understand that, and by this way they make it clear to other Europeans that, in a world of bullies, national interest and welfare cannot survive without the European shield. But the European shield must precisely be a shield, not a soilless bureaucratic agency in a fantasy land without borders and enemies. In the book mentioned above, Letta speaks of “debrusselizing” EU, that is revising the relations between EU and the member states, shifting the focus of EU policies from daily regulations to strategic issues like security, defense and energy, and asserting non-negotiable values, notably regarding women dignity, liberal education and secular state, instead of accepting any “reasonable accommodations” with Muslim and other minorities. This was and, let’s hope, this is Macron’s project for the reset of EU, this is UK’s horizon, Spain moves in the same direction, and so do many senior policy-

makers in Brussels and in Frankfurt (the Eurozone Central Bank). However tentative, the compromises reached recently among European states on immigration and on NATO, and probably on the commercial launched by Trump, suggest a political shift, or at least the promise of such a shift. The big problem for

“IN A WORLD OF BULLIES”, EU HAS NO CHOICE BUT TO ACT AS A REGIONAL TOUGH POWER, FOCUSING ON STRATEGIC INTERESTS BEFORE VALUES, AND BUILDING ACTIVELY COMPROMISES BETWEEN MEMBER STATES

EU at this moment is not so much the black sheeps as Germany: German allegiance to Russia through NS2 and overcautious monetary policy are stifling EU. German political leadership is bitterly divided on many issues including these, so the best could come out of German politics, as well as the worse. At this stage, I do not think unreasonable to hope that the logic of the situation will prevail on ideologies in EU. And, sorry if I sound like a broken record, Ukraine is the key of Europe’s future: the battlefield of our freedom and of our prosperity, and the place where Europeans will come to understand themselves, or not. ■



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KYIV

Belarus and Poland: a difficult balance

Why are Minsk and Warsaw still avoiding bitter historical polemic

Syarhey Pulsha

Polish-Belarusian relations are a paradoxical example of how it is possible to build a pragmatic and in some ways even respectful relationship on various mutual grievances. Relations between the two countries have never been easy, but at the same time they cannot currently be called confrontational. It might not be a friendship, but it is surely a mutually beneficial partnership.

A LOP-SIDED HISTORY

Belarus and Poland have a lot of common history. They were together as part of the Grand Duchy of Lithuania, which the Belarusians reasonably consider to be their own state (at least Belarusian was its state language and the 1588 Third Statute was written in it). Later, these lands came under the control of the Polish kings. Following the three partitions of the Polish-Lithuanian Commonwealth, Belarus and Poland ended up as part of the Russian Empire, which collapsed in 1917. The Poles managed to build their own state, while the Belarusians were absorbed into the USSR with much of Belarus remaining in Poland: the border was 30 km from Minsk. After the "Red Army liberation" of 1939, or rather the partition of Poland between Germany and the USSR (remember the Molotov-Ribbentrop Pact?), the western regions of Belarus (or the Kresy [Eastern Borderlands] of

broader scale from victory in the Great Patriotic War in 1945. It is no accident he moved Independence Day to 3 July – the anniversary of the liberation of Minsk. Lukashenka only forced himself to mention the Belarusian People's Republic (BPR), established in 1918, when the general public widely celebrated its 100th anniversary this year. Previously, such a phenomenon as the BPR simply did not exist for him.

Therefore, Belarus does not officially raise any territorial or cultural claims towards Poland. National-minded Belarusians quietly grumble about the Polish "appropriation" of common historical and cultural heroes, such as Kościuszko, Ogiński and Mickiewicz, but they are unable to do anything about it. From time to time, "historical maps" are published in Poland that designate the Kresy as part of Polish territory. Official Minsk turns a blind eye to such incidents that would provoke a painful reaction from any other state. Nor does it demand the return of Białystok. All because history is not of great value for Lukashenka.

WHOSE SIDE ARE THE POLES ON?

Relations between Belarus and Poland were seriously aggravated in the 2000s as Alyaksandr Lukashenka strengthened his authoritarian rule. One of the aspects of this was creating a controllable pro-government "voluntary sector". The official Belarusian Republican Youth Union was established, trade unions were taken under control and the pro-presidential association White Ruthenia was founded. "Parallel structures" to these also emerged.

Of course, the Union of Poles in Belarus (UPB) – a large ethnic organisation boasting more than 20,000 members – attracted attention from the authorities. The UPB actively promoted the Polish language and culture, as well as opening Polish schools and classes, with strong support, particularly of a financial nature, from Poland. Among other things, 17 Polish House cultural centres were constructed with Polish funds. At the same time, the UPB looked at Lukashenka's policies with scepticism, to put it mildly.

As early as in 1999, the Committee on Religious Affairs and Nationalities recommended that the Ministry of Justice refrain from re-registering the Union of Poles, accusing its leadership of "playing an active part in political activity on the side of radical opposition forces". The peak of the conflict came in March 2005, when the authorities did not recognise the outcome of the UPB's Congress, which automatically brought the organisation's state registration into question. In August of the

THE POLES ARE INCLINED TO THINK THAT BY ENGAGING WITH LUKASHENKA AND DRAWING HIM INTO THE EUROPEAN POLITICAL VECTOR, IT WILL BE POSSIBLE TO MAKE HIM DRIFT AWAY RUSSIA AND PRESERVE THE AFOREMENTIONED "BUFFER" AS AN INDEPENDENT BELARUSIAN STATE

Poland) were annexed into the Belarusian Soviet Socialist Republic (BSSR). In 1944, Stalin handed the city of Białystok over to Poland, as a result of which a "population exchange" took place: ethnic Poles were sent from the USSR to Poland, while Russians, Ukrainians, Belarusians and Lithuanians went in the opposite direction (which, by the way, can be called a "rehearsal" for the notorious Operation Vistula).

Following such historical perturbations, it seems impossible to determine any "historical border" between the two states at all. This, it would seem, should give grounds for lengthy territorial disputes between the two countries. But they simply do not arise.

The Poles are very fortunate that the leader of Belarus remains Alyaksandr Lukashenka. For this "historian by education", the history of his country began at best in 1921 with the formation of the BSSR and on a



Fight for control. Lukashenka prefers to control Polish communities in Belarus and faces opposition from Warsaw

same year, an alternate Polish congress involving representatives of the authorities took place and elected pro-government leadership. The Belarusian Ministry of Justice, of course, acknowledged its results.

Poland accused official Minsk of interfering in the internal affairs of its minority, putting pressure on Poles and violating the right to freedom of assembly and association. In response, Warsaw was accused of interfering in the internal affairs of Belarus, espionage and attempting to claim the right to speak on behalf of all Belarusian Poles.

This situation provoked the largest diplomatic conflict between Minsk and Warsaw, which lasted for almost a decade. In 2005, Polish President Alexander Kwasniewski even promised to avoid the Baltic-Black Sea summit in Yalta if Lukashenka attended. The event's organisers cancelled their invitation to the Belarusian president. In 2007, Belarusian authorities refused entry to Deputy Speaker of the Polish Senate Krzysztof Putra, Chancellery of the Senate Deputy Head Romuald Łanczkowski, then leader of the Civic Platform party Donald Tusk and Robert Tyszkewicz, leader of the Solidarity with Belarus group in parliament, as "persons unwelcome in Belarus".

The incident at the border was commented on not only by the Foreign Ministry, which condemned "trips

for political speculation" and "using the Polish national minority in Belarus to score additional political points at home", but also by Lukashenka himself. "They got it in the neck and rightly so," the Belarusian leader said in his typical manner, saying that the Poles were planning to take part in "acts of provocation".

That year, the same Donald Tusk who "got it in the neck" became the prime minister of Poland and by 2014 he was President of the European Council. In response, Warsaw supported all European sanctions against Belarus, inundated official Minsk with protest letters and turned into one of the centres for supporting democracy in Belarus. Large radical opposition website Charter'97 operates from Poland. Alongside European structures, Warsaw finances independent Belarusian satellite TV channel Belsat, which also broadcasts Belarusian radio stations Racyja and Euroradio. The Polish government approved and supports the Kalinovsky Programme, which gives Belarusian students expelled from their native universities for political reasons (participating in protests) the possibility to study in Poland.

In Belarus, there are two Unions of Poles. One does not have formal registration but is recognised by Warsaw. The other is recognised by official Minsk, but not the Poles.

Minsk occupies a similarly irreconcilable position towards the Catholic Church. There have been cases when Polish priests serving in Belarus were expelled from the country on spurious pretexts, which, of course, could not possibly please Warsaw either.

DIASPORA

It would seem that official Minsk should fear that, in response to its actions, Poland could "crack down" on its large Belarusian diaspora. But such fears are alien to Lukashenka. Perhaps he understands that Poland is a European state and will therefore not put pressure on its own citizens of Belarusian origin.

However, it is more likely that the Belarusian authorities simply do not care about the diaspora in Poland. The diaspora is made up of Europeans and Polish citizens who do not pay taxes to the Belarusian treasury, do not vote for Lukashenka and do not usually support his policies. So why worry about them?

The Belarusian Foreign Ministry did not even react with a note of protest or express concern about a march of Polish nationalists in Hajnówka, many inhabitants of which have Belarusian roots, but only "shared the concern" of Belarusian MP Valeriy Voronetski (incidentally the ex-ambassador to Austria and former permanent representative of Belarus at the OSCE).

NOW IT IS CLEAR THAT EUROPEAN SANCTIONS AGAINST RUSSIA AND RUSSIA'S COUNTER-SANCTIONS ARE A SERIOUS AND LONG-TERM MEASURE, POLAND AND BELARUS HAVE BEGUN TO JOINTLY DEVELOP THEIR BORDER INFRASTRUCTURE

The same situation occurred with the Pole's Card. The law on this document specifies that anyone with Polish ancestors can receive it. Given that half of Belarus was part of Poland until 1939, that country seemed to have the most to worry about. But that, somewhat surprisingly, was not the case. As soon as it became clear to Minsk that the Pole's Card in no way threatened the stability of its authorities, all talk about it died down.

DICTATORSHIP IS CONTAGIOUS

A warming in Belarusian-Polish relations came only in 2014-2015. On the one hand, Polish politics are linked rather strongly to the general policy of the European Union. Thanks to the efforts of Belarus, the EU decided to weaken and then completely lifted the sanctions that were imposed in response to the brutal dispersal of a protest rally following the 2010 presidential election. On the other hand, the war in Ukraine greatly influenced the outlook of Poland towards Belarus.

Poland has decided that its main threat is Russia. At that time, local analysts did not hesitate to call Belarus a "buffer state" between their country and the Russian Federation in the media. Accordingly, Poland was interested in keeping that buffer as strong as possible. Now, the Poles are inclined to think that by engaging with Lukashenka and drawing him into the European political vector, it will be possible to make him drift away Russia and preserve the aforementioned "buffer" as an independent Belarusian state.

As practice shows, such an approach is counterproductive. In the early 2000s, the opinion prevailed in some Western circles that "we should leave Lukashenka

to Russia and maybe it will democratise him". However, instead of the democratisation of Belarus, there has been the "dictatorisation" of Russia. Something similar is happening now with Poland: as soon as the country moved closer to Belarus, its level of democracy sharply decreased.

Today, Poland is taking a lot of its domestic policy from Belarusian practices. For example, government pressure on the media started with attempts to dismiss the chief editors of publications – an obvious copy of Lukashenka's early behaviour.

The current policy of the countries towards one another is based less on values and more on pragmatism. Especially in light of the Belarusian leader's "human rights": in his opinion, the most important ones are the right to work, housing, education and medical care. Freedom of speech, assembly, association, etc. are all the work of the devil.

In addition, it is not worth counting out Polish economic interests in Belarus. Of course, Belarus itself as a market is of little interest: the trade turnover between the countries in 2017 was about \$2.5 billion, of which Belarusian exports accounted for slightly more than \$1 billion. But the country is important for Poland as a "transshipment base" for exporting sanctioned goods to the Russian market. It is no secret that Polish apples banned in Russia are converted into "Belarusian" ones as soon as they cross the border.

Now it is clear that European sanctions against Russia and Russia's counter-sanctions are a serious and long-term measure, Poland and Belarus have begun to jointly develop their border infrastructure. It was recently reported that three new bridges across the Belarusian-Polish border will be built in the coming years. Belarusian Minister of Transport and Communications Anatol Sivak and Polish Minister of Infrastructure Andrzej Adamski signed a corresponding agreement on 27 June.

WHAT NEXT?

Therefore, bilateral relations between Belarus and Poland are in a fairly stable equilibrium. On the one hand, they adhere to the principles of pragmatic politics, when economic interests, not values, come to the forefront. On the other hand, Poland has no interest in frustrating official Minsk, as any such measures could immediately affect the Polish diaspora and Catholic ministers in Belarus. In turn, official Minsk automatically extinguishes any possible territorial and interethnic issues by treating its own history contemptuously.

This status quo could change in two cases. The first is pure fantasy: if national-oriented forces for which history is not meaningless come to power in Belarus. Then it would be possible for relations not only to improve as a result of the democratisation of Belarus, but also to deteriorate due to historical disputes.

The second option is quite realistic and predictable, and may be realised shortly. As you may know, Poland has not just agreed, but insisted on hosting an American military base with Patriot missiles. If such a base is built there, there is a high probability that a Russian missile base will appear in Belarus to counterbalance the American troops. This will certainly not add any warmth to their relationship.

For the meantime, pragmatism outweighs possible cultural, historical and political differences. ■

Elections and the great terror

How Soviet citizens ended up voting unanimously in elections

Stanislav Kulchytskiy



The sacral victim. The murder of Sergey Kirov, the main Stalin's oponent, was a prologue to great party purge

2018 marks the 80th anniversary of Joseph Stalin's Great Terror and the 85th anniversary of the Holodomor. Few survivors of those tragedies are alive today but Ukraine's society still suffers from its post-genocidal wounds.

Whoever wants to part with the horrible past must know it. Among other things, this means knowing the links between events that seemed to unrelated. In 1990, I stumbled upon a remark by dissident historian Mikhail Gelter in *Vek XX i Mir* (21st Century and the World): "I'm a historian. Still, am I able to understand why what took place in 1937 happened? I have not found a single case in the world's history where a powerful country at the height of its success eliminated millions of absolutely loyal people! Not as a side effect of eliminating opponents, but just loyal people! What was this?"

Gelter's remark kept me pondering for many years. As I researched the tragic history of the interwar period, the goals the bloody dictator pursued when he

launched the Great Terror were the last thing I thought about. They seemed to lie on the surface: he was conducting a massive purge of society. It was unclear though why the campaign peaked in the last year of the second five-year plan when newspapers were full of reports celebrating economic accomplishments and completed construction of socialism.

SECRET VOTING AND THE FATAL SHOT

Meanwhile, the gap between the form of the government described as the government of workers, peasants and *soviets* — councils, and its essence was deepening. This terrified many functionaries who had come to that government from the grassroots level with illusions of it as a perfect government of the people. In front of their eyes, the Communist Party and soviet apparatus were turning into a mafia entity that mandated them to fulfill criminal orders, or to turn into "GULAG dust" if they refused to.

Their only option for removing Joseph Stalin from the post of the All-Union Communist Party Central Committee Secretary General was through the procedure of the Central Committee election at a party convention. This election had to be secret. By contrast, the election of the Central Committee's political bureau at the first plenum following such a convention was by show of hands. In order to block Stalin from getting into the Central Committee's political bureau, he had to be balloted out at the stage of the secret Central Committee voting.

The All-Union Communist Party of Bolsheviks gathered for its 17th convention in January 1934. Nearly three hundred delegates used that safe option of secret ballot vote to speak against Stalin as Secretary General. Memoirs claim that Sergey Kirov got more votes than Stalin. However, Kirov was murdered on December 1, 1934. This handed Stalin a convenient long-awaited opportunity to justify the launch of his massive terror campaign.

On December 5, the newspaper *Pravda* published a decree by the USSR Central Executive Committee, dated by the day of Kirov's death that amended the criminal codes. According to the new rules, cases on acts of terror against representatives of the authorities had to be reviewed in court within ten days. Once transferred to court, they had to be considered *in absentia* of the sides while verdicts on capital punishment had to be carried out without delay. These amendments provided the formal framework for the terror campaign on a scale unseen before.

The political framework for that campaign was secured by a secret letter the Central Committee of the All-Union Communist Party sent to the local party organizations in January 1935. Titled *The Lessons of Events Linked to the Treacherous Murder of S. Kirov*, the letter declared anyone dissenting with the course of Communist Party's Central Committee as enemy of the people. Local leaders and directors who did not respond to "anti-soviet acts" properly were branded by the Central Committee as turncoats subject to arrest and isolation.

This presented the Cheka with an opportunity to clean up its records that had been filled up to the brim with files of dissenters revealed by informers in the previous years. Another goal was to get rid of disloyal staff at the Communist Party soviet apparatus — Lenin’s guard first and foremost.

HOW THE SYSTEM WAS DESIGNED

Why did the campaign to eliminate the “enemies of the people” from social life take place in 1937? In order to understand this, it’s helpful to draw a line between the amended codes and the developments of 1937 that ensured active involvement of the Communist Party staff in them, thus making the repressions easier to implement — Stalin needed more than security agencies alone to run the country.

I spotted a link between the Great Terror and the developments that proceeded the declaration of the building of socialism complete. That declaration could hardly have been based on economic and cultural accomplishments alone — people had to feel palpable changes in socio-political life as well.

AS THE REPRESSIONS RAGED ON, THEY LEFT FEW DAREDEVILS WILLING TO GO INTO THAT BOOTH AND CROSS OUT THE CANDIDATES NOMINATED BY THE BLOC OF COMMUNISTS AND THE NON-ALIGNED

In order to understand the sequence of those developments, it will be helpful to describe the political system that had been constructed by Lenin and survived almost unreformed up until the 1988 constitutional reform. Lenin invented a formula of power that merged structured communities, such as his party, and unstructured ones, such as classes and society. Soviets or councils — the self-governing organizations of the protesting proletariat that first appeared in Russia during the 1906-1907 revolution — were used as a link between these two elements. According to Lenin, the goal was to connect the councils with the party of the Bolsheviks and to transform them from autonomous organizations scattered across the country into a representative body of state authority.

On one hand, the soviets were to be organizationally separated from the party of the Bolsheviks. On the other hand, they were to guarantee undivided Bolshevik control over the soviet authorities and government bodies on the ground. This meant that the Bolsheviks had to squeeze rival political forces out of the soviets and fill them with the members of their own party and sympathetic non-aligned deputies.

After that, the party of the Bolsheviks would exist in two forms: as a political force exercising its own dictatorship under the mask of “proletariat dictatorship”, and as the soviets that would have significant administrative functions but would not be a separate political force. Who would run the party, and the commune-state — by Lenin’s definition — with the help of that party? The answer was obvious: *vozhdi*, the leaders. Unlike other political forces, the Bolshevik party was built on the principle of “democratic centralism”: the party mass had to unquestionably obey their *vozhdi*. Once they turned into a ruling party after the October revolt, the Bolsheviks immediately purged representatives of other political forces from the soviets with the help of the newly-established Cheka. By taking over the soviets and branding its own dictatorial authority as a soviet government of workers and peasants, Lenin’s party managed to merge with the grassroots public.

The Bolshevik party thus separated its functions: it preserved political leadership but was relieved from responsibility for daily matters, while the soviets were stripped of political influence but ended up being fully responsible for administrative functions. The term “soviet government” referred equally to both parts of the power tandem.

The title of this government had no space for the word “party”, nor did that word appear in the first soviet constitutions. The soviets became the omnipresent force, but that was only because they were merged with the party.

The Communist Party component of the power tandem faced the party members. Because it was built on the ground of “democratic centralism”, its *vozhdi* did not depend on being elected by grassroots party members. Meanwhile, these grassroots party members regularly elected the party’s administrative bodies in line with statutory requirements. Therefore, the soviet component of the tandem faced the people. Not only did the soviet population elect the staff of soviet bodies — it was also given perfectly real management or control functions. As a result, it was hard to doubt the “people’s” nature of such government — also because it took its top managers from the grassroots level.

The decisions taken by the party committees were implemented exactly because the authorized representatives of the soviet component of government were party members and subject to severe discipline. In other words, the usurpation of the soviets’ power functions was repeated with every renewal of their staff — that re-

newal was decided by the voters. Therefore, elections of soviet authorities were always a matter of great importance for the party. It introduced the respective election procedures in order to maintain control over the state.

The building of socialism was, first and foremost, the expropriation of private property from members of society by the state of proletariat dictatorship. This meant that the Bolsheviks could only garner support from urban and rural proletariat that did not own any property. This also meant that there could not be any equality in the election of soviets. As a result, representation norms for workers in Russia were five times higher than the norms for peasants. In the 1919 election campaign in Ukraine, both workers, and peasants had representation norms that were ten times lower than those of the Red Army members. This was because Ukrainian peasants and workers were locals, while members of the Red Army were not, for the most part. Representatives of “alien classes”, including small entrepreneurs and manufacturers, as well as peasants who owned property were stripped of voting rights altogether.

Factories, institutions, military units and education facilities qualified as election units. Candidates were nominated by party or trade union organizations. The voting was open. The voters who wanted to choose their representatives independently faced different tools of persuasion, including pressure from local administration, a threat of taking away their voting right and more.

Direct elections were held for local soviets only. All soviet conventions — from regional to all-Union ones — were comprised of deputies from local soviets. The lists of members in executive committees at all levels, including the Central Executive Committee of the Soviet Union, were meticulously compiled by party committee secretaries.

HOW IT WORKED

The technique of election campaigns was no secret. A handout spread by socialist revolutionaries among the workers of Dnipropetrovsk in January 1929 had the following paragraph: “The Bolsheviks have imposed on us open voting in elections of soviets. But can we actually choose freely even when we vote openly? Who will dare to vote for an honest non-aligned candidate or lift a hand against a vile communist nominated by the party branch under the supervision of the local party princelings?”

After over a decade of such elections, the soviet party functionaries and citizens across the country had grown used to the

election procedures that led “vile communists” to power. Then suddenly on May 29, 1934, Avel Yenukidze, Secretary of the All-Russian Central Executive Committee, the highest legislative, administrative and revising body of the Russian Soviet Federative Socialist Republic, proposed to the political bureau of the Communist Party Central Committee to include a report on amending the Soviet Union Constitution into the agenda of the 7th convention of soviets. The proposal was approved and Yenukidze was tasked with drafting the amendments. He was not the author of this initiative as proven by his letter to Stalin dated January 10, 1935, with a note explaining why the then-multilayered structure of elections had to be eliminated: “Based on Your instructions on the timeliness of switching to direct elections for soviet governing bodies (from district executive committees to the Soviet Union Central Executive Committee), I present the following report to be discussed by the Central Committee.”

As Stalin transferred Yenukidze’s report to the Central Committee’s political bureau, he formulated more radical proposals for amending the Constitution. “In my view, the issue of the Soviet Union Constitution is more complex than what it seems to be at first sight,” he wrote. “First of all, the system of elections needs to be changed not in terms of its multilayered structure alone. It needs to be changed in terms of switching from open to secret voting.”

Stalin’s proposals signaled the abolition of the soviet election system and a transfer to another one earlier referred to as “bourgeois”. Everyone then remembered the “bourgeois” election of the Constituent Assembly that took place after the October 1917 revolt: the Bolsheviks lost that election bitterly and disbanded the newly-elected deputies so that they could stay in power. Now, the February 1, 1935 plenum of the Communist Party Central Committee instructed the Soviet Union convention of soviets, based on Stalin’s order, to amend the Constitution in order to “further democratize the election system by replacing the elections that are not equal with equal elections. This means going from the multilayered to direct elections, and from open to secret voting.”

On February 5, the 7th convention of Soviet Union soviets supported that formula without any changes and decided to hold the next election of soviet authorities based on the new election system. On February 7, the All-Union Central Executive Committee established the commission to draft the new USSR Constitution. Secretary General Stalin intended to make the new Constitution the most progressive

one, following the model of Switzerland, the country with the longest-standing traditions of democracy.

The new Constitution of the Soviet Union was drafted and discussed against the backdrop of a campaign against the “enemies of the people”. Soviet party functionaries found themselves caught between the rock and the deep blue sea — threatened by Stalin-controlled state security bodies from one side and by elections in which alternative candidates could be nominated, from another.

Stalin explained the prospects such elections brought to the nomenclature, including in an interview with American journalist Roy Howard: “Our new election system will push all entities and organizations to improve their work. General, equal, direct and secret voting in the Soviet Union will be a whip in the hands of the population against poorly performing government entities. The lists of candidates will be nominated by the Communist Party, as well as all kinds of civic organizations. We have hundreds of those.”

On August 27, 1939, the political bureau of the Communist Party Central Committee approved the voting ballot with the following instruction for the voters: “Leave ONE candidate you vote for in your election ballot, cross out the others.”

In order to obtain support from the soviet communist apparatus, Stalin threatened its representative with the prospect of losing power. He presented himself as the only person who, in control of the state security apparatus, could divert the threat of new people appearing at all levels of the soviet machine. Well aware of this, the apparatchiks had to unite around Secretary General and stand united against the threat coming from the new Constitution. They all realized that the only tool the Cheka could use to help them conduct elections safely was its conventional terror. As a result, they gave Stalin a green light to repressions of any scale. Those who did not agree to act within the framework programmed by the Secretary General were to be swallowed by the terror campaign.

CONSTITUTION + PURGE

On December 5, 1936, when the extraordinary 8th convention of the soviets approved the Constitution, it announced that the election of the Soviet Union Supreme Council would take place “in the near time”. Eventually, that election took place on December 12, 1937. The year-long delay was used to impose fear on the voters through massive terror. The authorities had to make sure that the voters

elected only the people proposed and tested by the party committees.

Any talk of nominating alternative candidates was hushed in the run-up to the election. Election commissions were forced to register just one candidate for every deputy seat from the bloc of communists and non-aligned candidates. A mere thought of nominating a candidate that was independent from the party was declared anti-soviet.

In a free election, even when the ballot has just one name, the voters can express their opinion about the candidate in writing by choosing “I support” or “I don’t support” the given candidate. The organizers of the 1937 election simplified the ballot text by just indicating the candidate and the community that nominated him or her. That meant that the voter did not have to leave any marks

AFTER OVER A DECADE OF SUCH ELECTIONS, THE SOVIET PARTY FUNCTIONARIES AND CITIZENS ACROSS THE COUNTRY HAD GROWN USED TO THE ELECTION PROCEDURES THAT LED “VILE COMMUNISTS” TO POWER

on the ballot. Only those who intended to cross out the name of the candidate nominated by the bloc of communists and the non-aligned had to go into the voting booths. Armies of agitators were recruited for every category of voters from their environment. This ensured special discipline among the agitators — all of them dependent on the state economically as they worked at factories and institutions. Corralled into soviet farms and nationalized collective farms, the rural voters had grown dependent on the state as well. Agitators were personally responsible for making sure that all of their “subjects” voted.

Other people were responsible for making sure that the subjects voted properly: security agencies played the key role in creating the atmosphere of an all-union approval for proposed candidates in the election. To do that, they killed hundreds of thousands in repeated terror campaigns while tens of millions were destroyed morally by forced collaboration with the security agencies — in public condemnation of “enemies of the people” or giving false testimony against their colleagues, friends or family. The population received the voting ballots only after it had been driven to a necessary condition by the terror campaign. As the repressions raged on, they left few daredevils willing to go into that booth and cross out the candidates nominated by the bloc of communists and the non-aligned. ■

August 4, 10:00

ColorFest
Pavlovykh House
(vul. Mykolayivska Doroha
168b, Odesa)

Odesa's about to turn into a real paradise of color when all the shades of summer come out in Holi paints to cover everything in a rainbow at this festival of colors. In addition to multi-colored battles, the program of this music fest includes a food court, photo boxes and many many humorous elements. Ukraine's best DJs give the battle of colors the fighting beat. The variety of contests ensures that there won't be a sad moment. For all those looking to be refreshed, our firemen will have a real fire hose to treat you to a shower. Dress code: swimsuits and white.

**August 10–12, 16:00**

Skhid-Rock
Kruhliy Dvir
(vul. Myru 16, Trostianets)

«Skhid-Rock» or East-Rock is one of the most atmospheric Ukrainian festivals because it takes place in an 18th century fortress. At one time, the fortress had an amphitheater, so it's no surprise that the acoustics of the Kruhliy Dvir or Round Courtyard are unmatched by other locations. The two stages will showcase more than 20 bands from Ukraine and many corners of the world such as Boombox, Druha Rika, Space of Variations, Liapis 98, and much, much more. The festival territory will include a free tent city.

**August 16–19**

Koktebel Jazz Festival 2018
Koktebel Creative Village
(Chornomorsk, Odesa)

The sun, the sea and jazz... three words that ideally describe one of the best-known jazz events of the year. The 2018 Koktebel Jazz Festival brings lovers of jazz to the Black Sea once again, to listen to music from all over at the Nu Jazz, Open and Special Stages, as well as a new stage that the organizers promise to reveal soon. Among other novelties, there will be the premier of a documentary film, a kids' program and an art surprise as part of the ARTISHOCK festival of modern art. The line-up includes ONUKA, Oleh Skrypka and NAONI, Morcheeba, Funk Trip, and many more.

**August 18, 18:00**

Ukrainian Song Project
Arena Lviv Stadium
(vul. Striyska 199, Lviv)

The City of the Lion is about to bring music lovers Ukrainian music in all its variety and beauty. The aim of the Ukrainian Song Project is to popularize what belongs to Ukrainians and to help those who have never listened to Ukrainian music discover its rhythms. Pianoboy, Tayanna, Kadnay, Ivan Navi, Melovin, Vopli Vidoplasova, Di Lemma, and O. Torvald are just a few of the many names you will have the pleasure of listening to at this music event. Stay tuned!

**August 23, 19:00**

Virsky Dance Company
Ukraina National Concert Hall
(vul. Velyka Vasylkivska 103, Kyiv)

This is THE evening of Ukrainian dance! Amazing, energizing, ultra-positive from 100 of the country's strongest dancers, virtuosos and professionals. When the Pavlo Virsky dancers perform, it's more than just moving to music. It's energy, dynamic movement, a brilliant mix of colors, lightning leaps and thrilling turns. The high level of mastery of this troupe has attracted fans from all over the world and brought it international glory. Since it was first founded, the Virsky Dance Company has visited more than 60 countries, including Canada, China, Cuba, South Korea, the US, Vietnam, and many more. Don't miss this exciting evening!

**August 24, 20:00**

Okean Elzy
Olympiyskiy Stadium
(vul. Velyka Vasylkivska 55, Kyiv)

After nearly a year off the concert circuit, one of Ukraine's most famous and most popular bands performs stage at the capital's stadium to celebrate Independence Day with Ukrainians. Why did the band take a break of nearly 12 months? The musicians have just returned from a world tour to promote their latest album, *Bez Mez* (Without Limits), during which Okean Elzy visited 30 countries on four continents. Join Okean Elzy for a few hours of drive, well-loved songs and hot emotions and feel your heart flooded with real music.





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