

# The Ukrainian Week

International edition

#3 (109) March 2017

The impact of trade blockade with  
the occupied parts of Donbas

The development and new  
sources of the Russian Spring

The conservative revolution  
of Pavlo Skoropadskiy

## THE TEMPTATIONS OF STATE-OWNED ENTERPRISES



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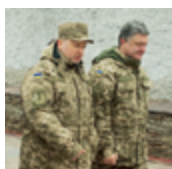
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## The Ukrainian Week

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ТИЖДЕНЬ







## BRIEFING

# The other side of the blockade

Denys Kazanskiy

**A**fter a long period of uncertainty and stagnation, the situation in Donbas is stirring up again. In the past weeks, the headlines announced that the militants have taken over “temporary administration” of a slew of factories and mines in ORDİLO, the occupied territory of Donbas. And although both DNR and LNR denied that they were not yet nationalizing them and that the owners were nominally still in charge of their assets, in fact, what happened was what they call “otzhim” or “extraction” in Donetsk—a hostile takeover—an activity that began in spring of 2014 and continues to this day. The reason given for instituting “temporary administration” was the blockade of ORDİLO by Ukrainian activists, which began a month ago. Still, the decision to “extract” was made long before the blockade began, and it wasn’t made in Donbas but in Moscow. The blockade of railway lines was just a handy excuse to actually do it. This story was preceded by another one, however: Moscow’s recognition of DNR and LNR passports. Many Russians see this step as moving towards recognition of the two puppet republics. The Ukrainian side called this walking away from the Minsk talks.

Few in Ukraine paid much attention to a January 17 interview with Dmitry Riemizov, a Russian political analyst and advisor to Dmitry Rogozin, which came out two weeks prior to a sudden heating up of the conflict around Avdiivka and the start of the blockade. It was published under the heading, “Time to take

PHOTO: UNIAN



steps to recognize DNR and LNR.” In the lengthy interview, Riemizov insisted that the idea of “Crimea in exchange for Donbas,” which had often been mentioned by a number of experts as an option for ending the Russo-Ukrainian conflict, was not possible for a number of reasons. Meaning, it’s time for Russia to take, not only Crimea but also the occupied counties of Donetsk and Luhansk Oblasts.

“If Abkhazia and Transnistria were prepared psychologically to continue for a long period as unrecognized states, the population of DNR and LNR, as before, considers joining Russia the only acceptable outcome for them to continue to exist,” Riemizov noted. “Not to do so threatens a hard-to-predict shift in local opinion, to put it mildly... the option of a frozen conflict in Donbas is neither particularly realistic nor particularly desirable from Russia’s point of view.

“At the beginning of 2017, it was already obvious that a long-term frozen conflict in Donbas is inconvenient for Russia and creates more problems than a decisive resolution, one way or the other,” Riemizov went on. “Another factor that is pushing the Russian Federation to resolve the conflict quickly is that DNR and LNR are not strong enough in their current form.”

When asked what might be the roadmap to recognizing the pseudo-republics, he answered that the first step had to be “ensuring the civil legal status of the residents of Donbas.” Exactly one month later, Moscow recognized the passports issued by DNR and LNR.



## **THE DECISION TO SEIZE INDUSTRIAL FACILITIES IN ORDiLO WAS MADE IN MOSCOW LONG BEFORE THE BLOCKADE BEGAN. THE BLOCKADE OF RAILWAY LINES WAS JUST A HANDY EXCUSE TO ACTUALLY DO IT**

Another Russian expert, Aleksandr Morozov, analyzed the Riemizov interview and other comments by Kremlin politicians that were made recently and concluded that the Russian Federation was preparing to gradually absorb the territories of Donetsk and Luhansk Oblast that were under its control. He is of the opinion that the situation in the international arena is fairly accommodating right now. De facto, the world has already recognized Russia’s culpability for military action in Donbas, and Russia failed to get its actions dismissed as merely a “civil war” in Ukraine. No one is about to lift sanctions against Russia any time soon, so Moscow has little to lose. It was no coincidence that Dmitry Medvedev stated on January 22, “These sanctions are for long” and that Russians need not cherish the illusion that the situation would quickly be resolved.

“Events in January and February showed clearly that we have entered the year that Donbas will be annexed by the Russian Federation,” wrote Morozov. His article was published on February 27, the third anniversary of the start of Crimea annexation and a few days before Russia’s proxies began taking over Ukrainian-owned plants in ORDiLO.

Whether the Kremlin will take any more steps towards recognizing DNR and LNR is not yet clear. But it’s completely obvious that taking the companies of Ukrainian oligarchs into “temporary administration” in ORDiLO does not bode well for either the companies or their owners.

Firstly, the economic situation in the RF itself is difficult and is unlikely to improve, even in the longer term.

Time and again, various regions of Russia come across the news of yet another manufacturer closing down, yet more cutbacks in the workforces of companies, and growing delays with paying out wages. Traditionally, the oil industry has done fairly well, but other industries that are dominated by outdated soviet facilities are in a permanent state of crisis. In Rostov Oblast, for instance, nearly all the coal mining enterprises are closed and in ruins today because the coal industry had no future in this region.

Secondly, whatever happens next, the territory covered by ORDiLO will remain controversial for many years to come. That means that no serious business or investor will be prepared to risk putting serious capital in the region. In terms of international law, the Ukrainian plants that have been taken over are stolen goods. The suspect, toxic assets of the Yenakievo Metallurgical Plant (YMZ), the Alchevsk Metallurgical Complex (AMK), the Khartsyzk Piping Plant (KTZ), Stirol, a chemicals plant, and other captured enterprises will see all their remaining resources milked to the very last drop, and it’s unlikely that anyone will risk investing in their development.

Obviously, these plants have enough capacity to remain viable for some time and will continue to operate with the help of customs schemes organized by handlers from Russia. But the long-term prospects of any businesses in ORDiLO are doomed: most of them were already considered highly depreciated even before this war began.

All told, what is going on in Donbas today is the result of the degradation of the region, which began many years ago. The Donbas oligarchs who took control of all the local industries in the 1990s and on are themselves at fault that they are losing their assets today. These men never properly appreciated the value of the soviet enterprises that they took over for pennies using a variety of fraudulent schemes. Having earned millions and even billions on them, members of the Donetsk and Luhansk clans never managed to become a truly Ukrainian elite. They never developed Donbas, took care of its social problems, or invested in new industries.

The Donetsk clans were able to grab power in the country but were unable to offer either Donbas or Ukraine any meaningful development strategies. Their political activities lay in cultivating nostalgia for a soviet past and building an alternative, anti-Ukrainian Ukraine—a Ukraine without the Ukrainian language, Ukrainian history or Ukrainian identity. In the end, the outcome of this kind of policy was inevitable.

Scared by stories about bloodthirsty banderites, taught to treat all things Ukrainian as manifestations of fascism, embittered by tales about the parasites in Western Ukraine living off them, the residents of Donbas were happy to support the anti-Ukrainian insurgency in 2014. The problem is that the Donetsk oligarchs were counting on using this insurgency as a bargaining ship with Kyiv to strengthen their own positions... and that is not how things went. By summer 2014, they had lost control over the armed groups that they themselves had helped along. The rest, as they say, is history.

All that is left is to hope that this story will serve as a very serious wake-up call to the Ukrainian government and the elites in other regions of Ukraine. If nothing else, the interests dearest to their hearts will force these individuals to finally become a Ukrainian elite instead of turning the country into a patchwork of fiefdoms. For the Donetsk and Luhansk clans, such games ended badly. ■



# Dear Mr. Oligarch

Oleksandr Kramar

Where the claims in favor of continuing coal trade with the occupied parts of Donbas are misleading



PHOTO: UNIAN

**Wasteful consumption.** In the current circumstances, anthracite coal-based TESs should be used exclusively to balance out the energy system in the peak periods

The ongoing blockade of trade (predominantly in coal) with the occupied parts of Donetsk and Luhansk oblasts (ORDiLO) has stirred a heated debate. In response, members of the Government and Presidential Administration have been taking every effort to make statements that should make society think as follows: Ukraine's thermoelectric generation system has no reasonable alternative option, but to buy anthracite coal from ORDiLO. If the current blockade continues and halts the delivery of anthracite coal from those parts of the Donbas, the country will face a deficit of electricity and massive blackouts. Any other source of coal for thermal power stations will lead to a spike in electricity prices for households.

The analysis below shows how misleading each of these statements is when faced with facts. At this point, they rather look like an attempt of Ukraine's most influential pro-Russian oligarch Rinat Akhmetov to preserve the mechanisms ensuring Ukraine's socio-economic support

of the occupied territory of the Donbas. The price for that is his pledge to help preserve the current fragile majority in parliament.

## UNNECESSARY ANTHRACITE ADDICTION

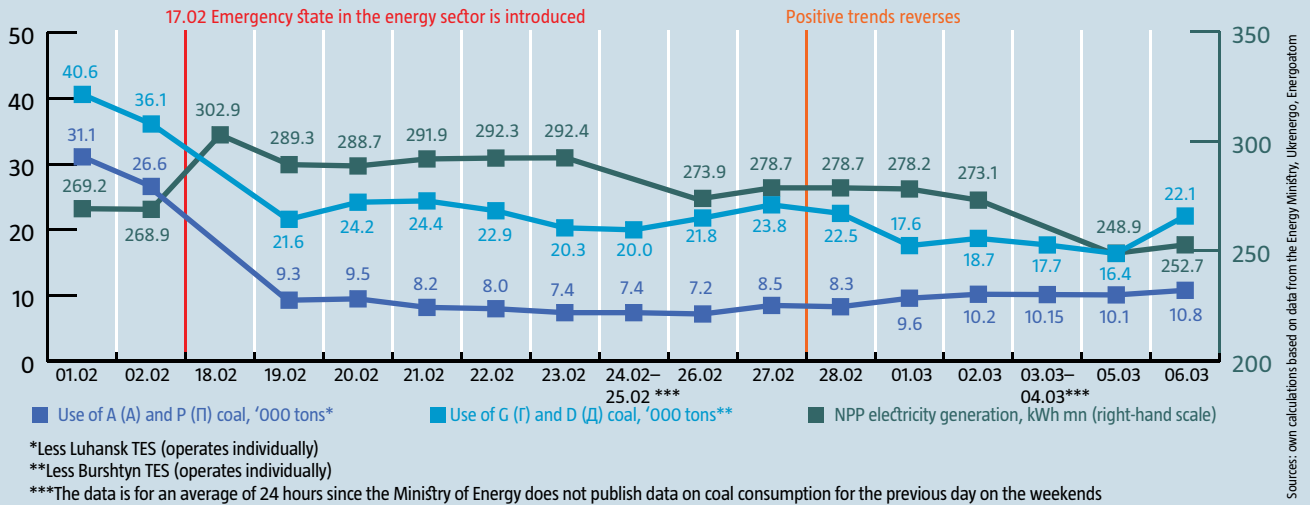
The dependence of Ukraine's electricity generation system on anthracite coal from the occupied territory is linked directly to the lobbying of the interests of Akhmetov's DTEK (anthracite sections of the business, primarily) through the officials of the Ministry of Energy and UkrEnergo, the energy network operator. These officials and entities are in charge of building the balance of Ukraine's energy system. This impact of this lobbyism was particularly visible in 2016.

Based on the statements of the Energy Ministry, the facilities on the government-controlled territory generated 149.66bn kWh in 2016. This was almost as much as 150.03bn kWh generated in 2015. Meanwhile, EnergoAt-



### Lobbyism vs emergency

The late February saw a departure from the “energy emergency state” provisions. The key ones included the minimum operation of anthracite-based TESs, and maximum use of NPPs and gas coal-based TESs



om, the national nuclear power generation operator, produced 6.68bn kWh less in 2016 compared to 2015. The output at Zaporizhia Nuclear Power Plant, the key competitor for Akhmetov’s anthracite thermal power stations, shrank by 8.28bn kWh. The amount of energy generated at NPPs in Western Ukraine barely changed in 2016 compared to 2015. Overall, the amount of electricity generated by TESs on the government-controlled territory went from 46.56bn kWh to 49.9bn kWh.

A closer look at individual power stations that use various sorts of coal reveals more interesting details. Zakhidenergo TESs operating on gas coal in Western Ukraine cut their output from 17.26bn to 14.82bn kWh. DTEK’s Zaporizhia TES, also gas coal-based, followed suit (down from 5.9bn to 5.22bn kWh). Meanwhile, two other power plants that are part of Akhmetov’s DTEK and use anthracite coal (Kryvyi Rih and Pryndipivska TESs) increased their output from 4.07bn to 7.69bn kWh. Power generation facilities on the government-controlled part of the Donbas show similar dynamics. The anthracite coal-based Sloviansk TES increased output from 2.35bn kWh in 2015 to 2.99bn kWh in 2016. The gas coal-based Kurakhovo TES produced virtually equal amounts of energy in 2015 and 2016.

Overall, seven big anthracite coal-based TESs located in south-eastern Ukraine (Dnipro, Kharkiv and Donetsk oblasts) generated 17.65bn kWh in 2016, up from 11.05bn kWh in 2015.

After the government imposed a “state of emergency” in the energy sector, driven by the impact of the blockade, some changes seemed to kick off. On February 18, 2017, Ukraine’s NPPs generated 303mn kWh of power. This was just 91.2% of their full capacity, but it still was a record high of the past thirteen years when the nuclear power generation sector had been discriminated against in favor of Akhmetov’s DTEK. Yet, on February 19, DTEK’s lobbyism became visible: administrative restrictions (a cut by 0.8 kWh at any one time for EnergoAtom) drove the output of nuclear power plants across Ukraine down to 289.3mn kWh (it was thus underperforming by 18.9mn kWh). From then on, the accomplishments of the emergency regime began to fade rapidly.

On the night of February 25, a turbine generator at Section 2 at the Rivne NPP was shut down to comply with the restriction plan. As a result, the section lost 50% of its capacity. On February 26, NPPs generated 31.8mn kWh of electricity less than before. At the same time, the output plans for Zaporizhia NPP, the key rival of Akhmetov’s anthracite TESs in southeastern Ukraine, were limited to 4.62 mWh out of 6 mWh of their full capacity. This administrative restriction of NPP power generation cut the output from 62.8% on February 19 to 61.8% on February 23, to 59.3% on February 27. Meanwhile, the share of coal-based TES sections grew from 18.2% on February 23 to 21.1% on February 27.

This administrative restricting of NPP generation in late February and early March hardly has any explanations other than lobbyism of DTEK’s interests by the controllers

### MOST MEASURES LISTED AS PART OF THE “ENERGY EMERGENCY STATE” PLAN OF FEBRUARY 17 SHOULD HAVE BEEN IMPLEMENTED A LONG TIME AGO ON A PERMANENT BASIS

of UkrEnergo. A traditional argument is that this restriction is justified by the fact that NPPs are not flexible in terms of electricity output when consumption falls during the day. But this statement does not explain why NPPs are facing today’s discrimination.

In the current circumstances, anthracite coal-based TESs should be used exclusively to balance out the energy system in the peak periods of electricity consumption. This is why their electricity is rated at a threefold price compared to that of NPPs. If this approach was used, NPPs could generate 27.6bn kWh over November 2016–January 2017, the first three months of the heating season. In actual fact, they produced only 23.55 kWh, i.e. over 4bn kWh less than possible. This forced Ukraine to consume an additional 1.6mn tons of predominantly anthracite coal in those three months. If NPPs operated at their full capacity, this figure could have been half of what it actually was. This

is how the Ministry of Energy continues to push Ukraine's energy system into the overproduction of expensive electricity from anthracite coal, while cheaper nuclear power is generated in smaller amounts (1 kWh of electricity from TESSs was 97.7 kopecks in the first half of February 2016, while electricity from NPPs cost 42.2 kopecks).

### A PERMANENT STATE OF EMERGENCY

Most measures listed as part of the "energy emergency state" plan of February 17 should have been implemented a long time ago on a permanent basis. The key ones are the minimum operation of anthracite-based TESSs, maximum use of hydroelectric and nuclear power stations, as well as the TESSs that use gas coal which is plentiful on the government-controlled territory. The deficit anthracite coal should only be burned in cases where other capacities can fail and the risk of massive blackouts emerges. Today, it is burned as if this sort of coal was plentiful on the government-controlled territory.

When criticized for increasing generation at TESSs (at the expense of NPPs), DTEK has been claiming that nuclear power generation entirely relies on the delivery of fuel from Russia while thermoelectric generation uses coal from Ukrainian enterprises. Energy Minister Ihor Nasalyk and Rinat Akhmetov's lobbyists in power have recently been exploiting this argument actively.

However, anthracite coal from the occupied territory cannot be considered Ukrainian until it returns under government control. Nor can its deliveries be more reliable than the fuel for NPPs from Russia supplied under long-term contracts.

Also, it is wrong for Energy Minister Nasalyk to permanently focus on the dependence of Ukrainian NPPs on Russian fuel elements: it is his duty to keep up the pace of diversification of nuclear fuel for Ukraine, a process that actively evolved in 2015-2016.

Ukraine was using exclusively Russian nuclear fuel in the first six months of 2015. In the second half of 2015, the share of nuclear assemblies supplied by the Swedish Westinghouse reached 10%, and exceeded 38% in the first six months of 2016. When Ihor Nasalyk became Energy Minister in May 2016, a noticeable rollback took place: Westinghouse's supplies of fuel for Energoatom went down to 31.2%.

If the government continues to increase deliveries of nuclear fuel for NPPs from Western transnational corporations, the statement about reliance on Russian assemblies will no longer be reasonable. Meanwhile, the problem caused by the reliance on anthracite coal from uncontrolled territory will only grow worse. In any case, it is better to import fuel assemblies for nuclear power plants (their electricity being much cheaper) than to generate power from coal extracted in the occupied territory.

### IS IT REALLY TOO EXPENSIVE?

Based on the formula from the National Energy and Utility Service Regulator, the price of the coal for TESSs is currently UAH 1,730, as stated by Minister Nasalyk. In August 2016, bulk carrier Coronis delivered 71,700 tons of anthracite coal for Tsentrenergo from South Africa at USD 4.57mn. A ton of it thus cost UAH 1,600 at the then inter-bank exchange rate. In early November 2016, 78,700 tons of South African anthracite coal were delivered for DTEK. According to the State Statistics Bureau, this delivery of coal cost USD 5.27mn or UAH 1,700 per ton at the then exchange rate.

This shows that Ukrainian TESSs could import South African anthracite coal at UAH 1,600-1,700 per ton in August-November 2016. This is perfectly comparable to the infamous Rotterdam+ coal pricing formula currently used in Ukraine. Yet, Ukrainian TESSs only bought 150,000 tons of South African anthracite coal over those four months (they could have purchased at least 1.8mn tons as allowed by the capacity of Ukrainian ports). Starting from May, this amount could have been higher. It wasn't. Why? Apparently, the priority was to purchase coal from the occupied territory, while the South African imports was more for a show and justification of the pricing formula constructed by the regulator.

Another powerful argument fed to the wider public to justify continued purchase of coal from the occupied parts of the Donbas or fuel assemblies from Russia (which is used intensely by DTEK lobbyists in government) is that electricity will be far more expensive if generated from the more costly South African anthracite coal. Minister Nasalyk, too, states that utility bills will rise at least 20% and the government will have to spend UAH 15bn annually to buy it.

In 2016, the share of NPPs in electricity generation was **53.74%**, compared to **31.78%** for TESSs. If the share of NPPs grows to **59-61%** annually, the price of electricity will be around **95-93%** of the current price

In fact, no serious spike in electricity prices should be expected. An increase of electricity output by NPPs (which cost 0.47 kopecks by contrast to UAH 1.36 per kWh in early February) can easily compensate for the costs of TES generation operating on imported coal.

In 2016, the share of NPPs in electricity generation was 53.74%, compared to 31.78% for TESSs. If the share of NPPs grows to 59-61% annually, the price of electricity will be around 95-93% of the current price.

Moreover, anthracite coal can be replaced with the coal extracted in the government-controlled territory. Switching anthracite-based sections of TES to gas coal would make sure that nobody could, in the future, bring in Russian or Donbas-extracted anthracite coal disguised as fuels imported from South Africa, USA or Australia.

Based on the figures provided by Minister Nasalyk, the switching of two blocs at Zmiyivska TES (their total capacity is 350 MW) to gas coal would cost UAH 240mn. This probably includes the price of corruption through over-priced public procurements that is traditionally included in the rates. According to his estimates, the switching of the 710 MW Sloviansk TES would cost UAH 500mn. Akhmetov's DTEK has more powerful facilities, so the switching would be more costly. According to estimates by DTEK's Maksym Timchenko, the transfer of three of the group's anthracite-based TESSs to gas coal would cost around UAH 0.6bn.

These figures should persuade an average Ukrainian household that such a reconstruction is impossible. Yet, Sloviansk TES burned 1.4mn of the anthracite coal purchased from the occupied territory in 2016. It was worth UAH 2.4bn. Energorynok, the electricity market operator, paid UAH 3.71bn (less VAT) to Sloviansk TES in 2016. Given these prices, the investment of UAH 0.5-0.7bn to switch anthracite-based TESSs to gas coal no longer seems so shocking. ■



# War or imitation of war: A legal view

Volodymyr Vasylenko

The blockade of the occupied parts of the Donbas is a consequence of the irresponsible actions of the top leadership in Ukraine and their imitation war against Russia. The legal side of this confrontation could have a decisive impact



**Battle ready, but not quite.** Ukraine's leadership is not qualifying the Russian aggression as such in legal terms

The trade blockade of ORDiLO, the parts of Donetsk and Luhansk Oblasts occupied by the Russian Federation, that was started February 25, 2017 by veterans of the Ukrainian Armed Forces and people from patriotic civic organizations, has caught the attention of all of Ukrainian society, its politicians and expert circles. After the Verkhovna Rada's Committee for State Construction, Regional Policy and Local Government refused to support a comprehensive Bill "On the temporarily occupied territory of Ukraine," which had been drafted after many months of debate and discussion, deputies from the Samopomich faction, the authors of this law, joined the blockade, along with a slew of independent MPs.

The deeper reason behind the ORDiLO blockade is widespread discontent among a wide swath of Ukrainian society with the political leadership's inability—more likely unwillingness—to carry out a consistent policy towards the Russian Federation as the aggressor and their inability to articulate a clear legal position for the country regarding Russia's liability under international law for its aggression against Ukraine.

## TERRORISM OR AGGRESSION?

Over 2014–2016, the Verkhovna Rada adopted a series of important resolutions:

- The Declaration "On the battle to liberate Ukraine" dated March 20, 2014.
- Law #1207-VII "On protecting the rights and freedoms of citizens on temporarily occupied territories of Ukraine" dated April 15, 2014.
- Announcement #1217-VII "On the start of international negotiations to de-escalate the situation around Ukraine" dated April 16, 2014.
- VR Resolution #129-VII "On an appeal from the Verkhovna Rada to the United Nations, the European Parliament, the Parliamentary Assembly of the Council of Europe, the Parliamentary Assembly of NATO, the Parliamentary Assembly of the OSCE, the Parliamentary Assembly of GUAM, the national legislatures of all the states of the world to recognize the Russian Federation as an aggressor state" dated February 27, 2015.
- VR Resolution #145-VII "On the Verkhovna Rada of Ukraine's Declaration 'On Ukraine's recognition of the jurisdiction of the International Crimi-

PHOTO: UNIAN

nal Court regarding crimes against humanity and war crimes by top officials in the Russian Federation and the leadership of the terrorist organizations known as DNR and LNR, which have had particularly heavy consequences and mass deaths of Ukrainian citizens,” dated February 4, 2015.

- VR Resolution #462-VII “On the Verkhovna Rada of Ukraine’s Declaration ‘On Ukraine’s derogation of certain commitments established in the International Covenant on Civic and Political Rights and the Convention for the Protection of Human Rights and Fundamental Freedoms” dated April 21, 2015.
- VR Resolution #1014-VIII “On the Verkhovna Rada of Ukraine’s Appeal to the parliaments of other countries and parliamentary assemblies of international organizations to condemn the ongoing aggression of the Russian Federation against Ukraine” dated February 18, 2016.

The provisions of these legal acts were suitable to become the conceptual basis for the President of Ukraine, the National Security Council and the Cabinet of Ministers to draft a general legal model to repel Russia’s armed aggression and eliminate its consequences. They could have become the foundation, not just for establishing a clear political course regarding the aggressor but also for concentrating diplomatic efforts to establish a broad-based anti-Putin coalition.

But Ukraine’s government failed to do this.

Not long ago, the fourth year of Russia’s armed aggression against Ukraine began. Despite this, the country still maintains diplomatic relations with the aggressor, and the armed repulsion of Russian aggression continues to be based on Law #638-IV “On the war against terrorism,” dated March 20, 2003, which was brought into effect by acting President Oleksandr Turchynov by Presidential Decree #405/2014 “On urgent measures to overcome the terrorist threat and preserve the territorial integrity of Ukraine” dated April 14, 2014.

Even as this Decree was being approved, it was clear that Ukraine was not experiencing sporadic terrorist attacks of some terrorist organization but was being subjected to a planned, large-scale armed attack by the Russian Federation. As a report from the Border Service of Ukraine and information from the Security Bureau of Ukraine testified, its initial phase began in Crimea back on February 20, 2014.

Russia’s armed aggression against Ukraine continues to this day and there are no signs that it will end any time soon.

## DON’T TALK ABOUT WAR

Given this, the legal basis for an armed resistance against the Russian Federation as the aggressor state is Art. 51 of the UN Statutes and Law of Ukraine #1932-XII “On the defense of Ukraine” dated December 6, 1991. Art. 1 of this Law repeats the definition of armed aggression established in Resolution #3314 (XXIX) of the UN General Assembly “Definition of Aggression” dated December 14, 1974, which covers all the elements of Russia’s armed attack on Ukraine. Art. 4, “Resistance to armed aggression against Ukraine” states that “In case of armed aggression against Ukraine or the threat of an attack on Ukraine,

the President of Ukraine shall make the decision to call a partial or full mobilization, to declare a state of war in Ukraine or in specific areas of the country, or to use the Armed Forces of Ukraine or other military formations established in accordance with Ukrainian law, submits such decisions to the Verkhovna Rada for endorsement or approval, and also introduces in the Verkhovna Rada a statement declaring a state of war.

Having been elected President of Ukraine on May 29, 2014, Petro Poroshenko has not made use of all his powers and has not ensured the change of Ukraine’s armed resistance against Russian aggression from an Anti-Terrorist Operation to repulsing the armed aggression of the Russian Federation, in accordance with Points 1, 17 and 20 of Art. 106 of the Constitution of Ukraine, Art. 4 of the Law “On the defense of Ukraine,” and Law #1647-III “On the legal conditions for martial law” dated April 6, 2000. Moreover, to this day, the resistance to Russia’s armed aggression is being run by the head of the SBU’s Anti-Terrorist Center rather than the Commander-in-Chief of the Armed Forces of Ukraine.

Just like three years ago, official documents, statements from top politicians and government officials, and reports in the media continue to refer to Ukraine’s self-defense against Russia’s armed aggression is called the “ATO,” those fighting against Russia and its proxies are called “participants in the ATO,” the theater of war against the aggressor is called the “ATO zone,” and Russia’s irregular armed forces are called “militants,” “terrorists” and so on.



## THE DEEPER REASON FOR THE BLOCKADE OF ORDILO IS SOCIAL PROTEST AGAINST THE GOVERNMENT’S UNWILLINGNESS TO BEHAVE TOWARDS RUSSIA AS THE AGGRESSOR AND BRING IT TO JUSTICE

This approach denies the reality of the Russian Federation’s armed aggression against Ukraine and is offensive to the personnel serving in Ukraine’s Armed Forces. It attempts to fool the domestic population, confuses the international community, and undermines Ukraine’s legal position as a state when it comes to establishing the culpability of the aggressor state at the international level.

The fact that, to this day, the Law “On fighting terrorism” is being used as the legal justification for resisting Russia’s armed aggression has created the legal basis for individuals and legal entities in Ukraine who have been victims of Russia’s aggression to sue the Ukrainian government rather than the Russian one. As of now, Ukrainian courts are considering nearly a hundred such lawsuits and have already ruled that the State Budget of Ukraine must pay compensation to the plaintiffs.

One Ukrainian lawyer and human rights advocate, Stanislav Batryn, tried to rectify this paradoxical situation. Back on August 29, 2014, he turned to the Shevchenko District Court in Kyiv with a demand that Russia’s armed aggression against Ukraine be recognized. After considerable procrastination in the court’s consideration of the case, the suit was finally





**Holding Russia accountable.** Ukraine has filed five lawsuits against Russia to international courts. None, however, focuses on establishing the fact of an armed aggression

rejected on May 12, 2016, on the grounds that the armed aggression of the Russian Federation against Ukraine is a generally recognized fact and that establishing this fact does not in any way affect the plaintiff's rights and interests. This decision was upheld by the Appellate Court of Kyiv on August 6, 2016, effectively concurring with the absurd arguments of the lower court.

It's worth noting that when the suit was in the appeals court, an official from the Foreign Ministry clearly stated that his agency supported the plaintiff. Nevertheless, the court took the opposite position, which was argued on behalf of the Presidential Administration by Mr. Hutsol, a staffer at the Administration's Main Department for Legal Policy.

These court rulings are not final, but they get in the way of formulating a single legal position in terms of legally defining the actions of the Russian Federation as armed aggression and prevent the establishment of clear legal grounds for protecting the rights of Ukrainian citizens at the cost of the attacking state, not the state being attacked.

## COUNTERATTACK

Lately, the Ukrainian press, Ukrainian experts and even some officials are referring to Ukraine's armed resistance to Russia's external aggression in Donetsk and Luhansk Oblasts more and more as "armed conflict" or even as "the conflict in eastern Ukraine." This is creating the basis for confirming a key argument put forth by the Russian government and Russian propaganda: that what is going on in eastern Ukraine is a domestic war in which the Russian Federation has absolutely no part.

It's easy to see how this approach removes the issue of Russia's international culpability for armed ag-

gression against Ukraine and justifies those who are willing to betray the national interest in order to rebuild relations with Russia. It also makes clear why the position of those who favor peace with Russia at any price is dangerous and immoral. As we enter the fourth year of Russia's aggressive war against Ukraine, more than 30,000 Ukrainian citizens have been killed or injured, nearly two million persons were forced to leave their homes and become internally displaced persons, and a large part of Ukraine's territory is under occupation.

Meanwhile, violations of human rights are taking place on a mass scale in the occupied territories, as are war crimes and crimes against humanity. The robbery and illegal use of private property belonging to IDPs continues, as does the wholesale theft of state property. As a result, Ukrainian society and the Ukrainian state have suffered colossal moral and material losses and damage.

## A MODEST PROPOSAL

Under the circumstances, a proposal that has been brought up more than once, including by *The Ukrainian Week*, remains relevant: to establish the post of Government Ombudsman or a special interagency body to counter and eliminate the consequences of Russia's aggression against Ukraine and to empower this individual or agency to handle a number of key functions:

- coordinate efforts among central executive bodies to collect, analyze and draw conclusions regarding legal evidence of aggressive acts against Ukraine;
- improve and expand the regulatory base for confirming the Russian Federation's culpability in international law as the aggressor state by

amending and expanding existing Cabinet Resolutions and Laws; draft new framework laws “On compensating for damages to the country by the aggression of the Russian Federation” and “On the punishment of physical persons for the crime of aggression, crimes against humanity and war crimes committed during the Russian Federation’s aggression against Ukraine;”

- coordinate the work of CEBs to establish the extent of material and non-material damages inflicted on Ukraine by the aggression of the Russian Federation;
- prepare a consolidated lawsuit on behalf of Ukraine, as a state that has suffered from aggression, against the Russian Federation as the aggressor state;
- prepare proposals for international measures to effectuate Russia’s culpability in international law as the aggressor state;
- coordinate and provide guidelines for the actions of CEBs in compensating damages inflicted upon Ukraine, its commercial entities and its citizens as a result of the act of aggression, including through appeals to Ukrainian courts, the European Court of Human Rights, international judicial bodies, and to the courts of other states;
- draft proposals regarding sanctions against the Russian Federation as the aggressor state, through the auspices of applicable international organizations; coordinate measures to implement such propositions;
- collaborate with law enforcement agencies with the goal and in the context of filing criminal cases against physical and legal persons for crimes of aggression committed and for the damages caused by such actions;
- coordinate measures whose aim is to bring to justice, through foreign judicial bodies and international courts, those individuals responsible for planning and carrying out the crime of aggression and other crimes connected to this;
- draft proposals for measures to restore Ukraine’s sovereignty over its temporarily occupied territories;
- draw up proposals for measures in response to hostile acts by the Russian Federation in economic relations and in bilateral trade relations, and to other hostile acts by the RF that are not related to or indirectly related to its aggression against Ukraine, both in bilateral relations and in the context of applicable international economic organizations; coordinate measures aimed at implementing such proposals;
- ensure interagency coordination and cooperation with international organizations with the aim of countering anti-Ukrainian propaganda from the Russian Federation and forming a positive image of Ukraine in the international arena.

This proposal for an approach to countering Russian aggression is in line with international law and international practice in terms of models for bringing to justice states that are in violation of international law. It will also foster greater effectiveness in defending the national interests of Ukraine. However, Ukraine’s political leadership continues to ignore such proposals.

## JUDICIARY MATTERS

Instead, they are busy trying to persuade Ukrainians that they will win their cases in international courts. As of now, Ukraine has filed five lawsuits against the Russian Federation in the European Court of Human Rights and one in the International Court of Human Rights, it has brought a case before the International Tribunal for the Law of the Sea, and it has recognized the binding jurisdiction of the International Criminal Court. None of these lawsuits in international courts is about recognizing the military aggression of the Russian Federation against Ukraine, establishing the culpability of the aggressor state, or determining the form and extent of this culpability, and redressing the damages inflicted upon Ukraine as a result of Russian aggression.

Even if a ruling favoring Ukraine is handed down by the ICC, it will only establish the culpability of senior officials in the Russian Federation for war crimes and crimes against humanity carried out by them during Russia’s aggression against Ukraine, and the related sentences against them. The ICC will not consider the responsibility of the Russian Federation as an aggressor state.

**UKRAINE’S CURRENT APPEALS TO INTERNATIONAL COURTS ARE NOT TRYING TO RECOGNIZE RUSSIA’S ARMED AGGRESSION. TO BRING RUSSIA TO JUSTICE, THERE MUST BE A CONSOLIDATED SUIT AGAINST IT AS THE AGGRESSOR STATE**

Ukraine’s suits in the ECHR, the International Court of the UN and the ITLS concern violations on the part of the Russian Federation of individual international agreements, such as the 1950 European Convention on human rights and fundamental freedoms, the 1966 Convention on eliminating all forms of racial discrimination, the 1999 Convention on combatting the financing of terrorism, and then 1982 Convention on marine law. These international cases are all limited to establishing the culpability of the Russian Federation for failing to carry out its commitments under various international treaties and conventions during its military aggression against Ukraine, but not actually for its military aggression. The issue of Russia’s responsibility for the crime of aggression itself and for its violation of international humanitarian law will not be considered.

According to the rules of international law, the primary condition for determining the culpability of a state for any actions that are unlawful by international standards is for the state that has had harm inflicted upon it due to this violation of international law to document its claim against the offending state correctly. The same is true of establishing the culpability of a state for military aggression. This means that the first practical step Ukraine must take as a state that has been subject to military aggression on the part of Russia is to prepare a comprehensive claim against the Russian Federation as the aggressor state.

This is an important issue that merits separate consideration in other articles. ■



# Alexander Hug:

“We have not yet been given a comprehensive list of weapons to be withdrawn”

**D**eputy Chief Monitor of the OSCE Special Monitoring Mission to Ukraine spoke to *The Ukrainian Week* about current priorities and obstacles faced by the SMM in its work on the ground.

Interviewed by **Anna Korbut, Yuriy Lapayev**

**In our interview last year, you spoke about demilitarisation zone as a key priority for the de-escalation of tensions. How do you assess it this year, as the fighting intensifies?**

There has been a decision for disengagement: not just withdrawal of certain types of weapons, but actual forces too. Three areas were agreed upon as the initial ones: Petrivske in southern Donetsk region, Zolote in western Luhansk region, and Stanytsia Luhanska, also in Luhansk region. In Petrivske and Zolote, some disengagement did happen. The immediate result was that ceasefire violations there were eliminated or at least reduced. In Stanytsia Luhanska this disengagement did not happen, so ceasefire violations there repeatedly feature in our reports.

The problem remains that the sides are far too close to one another in all of the hotspots where there is still fighting. Since we last spoke, that distance reduced in many of those places. In some places the sides can virtually see each other, which leads to permanent state of tension. Logically, unless this changes, the tension will remain.

This proximity is also a reason why some of these areas remain inaccessible for civilians. Moreover, there are infrastructure zigzags across the contact-line, so it becomes trapped between positions. If the fighting erupts between them, it gets affected directly.

At the same time, it only makes sense when the second major cause of instability is removed in parallel: the presence of proscribed weapons. Otherwise, it won't work, even if the sides go 2km apart. Because even the smallest mortar easily covers that distance. That has already been agreed and we don't need to re-discuss this. What you read in our reports even now is full of evidences that these weapons are still there and are still being used.

This has to be done in agreement, not unilaterally. For us to be helpful to the process, we need to be enabled and allowed to monitor and verify this process. In some of these areas, both sides do not permit this access. In many instances this is due to the presence of mines and other obstacles. Let there be no mistake: It is the responsibility of the Ukraine Armed forces and of the so-called “DPR/LPR” to remove those mines. We the SMM are ready to

patrol anywhere anytime – but we are not let to by the sides, they refuse to grant us access. As a result, we cannot fully attest that the force has actually been disengaging because we simply cannot see it. We try to overcome this by placing additional technology there. We have a camera in all of these three areas. These should help us see more of what's happening around the clock. And you have seen some of the footage that we have made public, especially in the Stanytsia Luhanska area, where we have seen quite a lot of ceasefire violations.

Again, the only reason why it's still happening there is that the sides are too close to one another. Including across the bridge which is not just a disengagement area, but the only entry-exit checkpoint in Luhansk region. That makes disengagement even more of a necessity, so that the civilians would be able to cross safely and the bridge could be repaired.

Both sides have committed to ceasefire and both don't stick to it at the moment. As long as heavy weapons are not withdrawn and as long as the sides do not disengage, the situation will remain unpredictable.

**You have been monitoring the stationing of heavy weapons. How do you assess the dynamics in that regard? Has the amount of heavy weapons along the contact line been increasing?**

It is certainly not been decreasing. We have continuously been reporting about weapons gone missing in these holding areas, and we have seen weapons appearing in the security zone on both sides of the contact line. If we are to certify or to verify that the weapons have actually been withdrawn, the sides need to give us an inventory list, which we have been asking for many times, where they say where the weapons are now and where they will be brought. In that case we can go to a specific spot the next day and verify that the weapons are still there, that the side has withdrawn. If we don't have this list, we can just monitor.

**You don't have these lists?**

We have not yet been given comprehensive list of weapons to be withdrawn. We have lists of weapons that are already withdrawn. But that is not of much concern to us because that equipment is already be-

PHOTO: ANDRIY LOMAKH

hind the line and not be firing. Nonetheless, we will also monitor these weapons.

We can monitor, of course, and we will continue to do that. But if more is to be done, we need to get the inventory of weapons to be withdrawn. Our role as monitors is to state a fact. If we hear explosions and see tanks, the reader will know that the weapons are not withdrawn, despite claims of the sides to the opposite.

**How much access to the Ukraine-Russia border the mission has now? You reported numerous difficulties in accessing it in 2016. Has the situation changed? What length of the border are you able to monitor?**

The mandate of the SMM extends to all of Ukraine, including the 400 kilometers that the Government does not control currently. We conduct patrols to the border crossing points between Ukraine and the RF on a regular basis. But it takes an incredibly long time to reach these points. That is often preceded by the crossing of multiple checkpoints. So it is already known that we are coming. Also, we are often told to step back from the area of the actual crossing. And we are not allowed or supported by those in control, at least up to this day, to open bases in Novoazovsk, Amvrosiivka, Antratsyt, Krasnodon etc. If we could have those offices all along the line, the distance would be much shorter and we could visit the area more frequently.

Therefore, what we see there, for the reasons I have just explained, is highly controlled under any circumstances. That has to be taken into account.

## **DISENGAGEMENT ONLY MAKES SENSE WHEN THE SECOND MAJOR CAUSE OF INSTABILITY IS REMOVED IN PARALLEL: THE PRESENCE OF PROSCRIBED WEAPONS**

**Could there be any progress in terms of deploying the police mission in the conflict zone?**

I have heard of these suggestions just like you have. However, decisions on any new field operations are taken by the OSCE Permanent Council in Vienna. It requires a consensus of all 57 participating States. Any change to our mandate would equally require a consensus decision by all 57 participating states. Unless a decision is made, it is difficult for me to assess whether it is possible or not.

**The Cabinet of Ministers of Ukraine has recently published an Action Plan on the reintegration of the occupied territories. Has the SMM been involved in the preparation or discussion of this plan?**

We are in close contact with the relevant ministry on a regular basis. On that specific matter, we have not been involved directly. But we have studied the document carefully. We have also alerted our monitors in the field that there may be changes coming as a result of this Action Plan. We welcome any initiative that will further stabilize and pacify the area, that is introduced to the benefit of the civilians, their freedom of movement, of their intention to go to work, that will bring kids to school including, and in particular, at the entry-exit checkpoints. For now, there are only five of them and it takes an incredibly long waiting

time to cross them. Plus, there are positions near them.

Everyone should put back their agendas there and put the humanitarian one at the front to make sure that the civilians get the attention they need.

**How can you describe the quality of co-operation with the Joint Co-ordination and Control Centre?**

We have a specially assigned team that works with the JCCC in Soledar. As headquarters of the SMM in Ukraine, we are in regular contact with the JCCC directly. The generals there call –us multiple times a day, especially these days when the situation is tense.

This exchange and co-operation is very important because JCCC was assigned a critical role in implementing some of the key provisions of the Minsk agreements. They are there to assist in ensuring comprehensive ceasefire, to co-ordinate the demining action, to assist in ensuring our security, and to assure rapid response to any impediments to our monitoring activities.

They play vital role concerning technical military aspects of the problem. We are mandated for the monitoring part. So that relationship is key. The JCCC has proven that it can truly function jointly. The most recent example was when we worked closely with them to facilitate the restoration of electricity in Avdiivka and of the Donetsk water filtration station. I on the one side would like to express my appreciation for their work. And on the other side, I call on them to operate even more jointly.

**Do you plan any 24/7 monitoring in problem areas? So far, it often happens that the fighting erupts when the SMM leaves a spot.**

First of all, it is incorrect to say that it's quiet when we are in the area and the shelling starts when we leave. If you read our report from February 21, we registered 780 violations of the ceasefire overnight from 6 p.m. till 8 a.m. Our monitors do not patrol the areas physically at nighttime, but there are 14 locations along the contact line where we do the monitoring with our eyes and ears. There are camera locations that are operated 24/7.

In fact, most violations of the ceasefire we register are recorded during night time.

**What are your priorities for 2017?**

We will continue to implement our mandate to the best we can. Within the mandate, we will support the implementation of the Minsk agreements through our monitoring activities. The mission and the Chairmanship have expressed great concerns about civilians in the security zone, their lives jeopardized by continuous fighting. We would like to draw attention to the fact that the humanitarian agenda must be given the priority.

Those responsible for decision-making can base their decisions on the reports we provide. We don't see everything. While we are ready to monitor anytime and anywhere, those who make decisions refuse to enable us to do so. Most of the restrictions affecting the SMM are not a result of our own decision. The reports published by the SMM provide objective information and facts of the reality on the ground. If decision makers and those giving orders would remedy the violations we have observed, much of the violence, death and destruction could be prevented. ■



# The big manger

Oleksandr Kramar

Why public sector is the main source of corrupt wealth

**A**s of October 2016, there were 3,447 state-owned companies of various sizes in Ukraine, with the total asset value of over UAH 1.5 trillion. They employed 862,000 people, or over 10% of all those officially employed in the commercial sector. By comparison, SCM group owned by oligarch Rinat Akhmetov, which remains Ukraine's largest private employer, has about 300,000 employees. A significant part of this workforce is located in the occupied parts of Donetsk and Luhansk oblasts.

A big problem is the ballast of enterprises that went out of business long ago. Out of the above mentioned 3,447 companies, only 1,789 were still operating as of the end of 2016. The rest are undergoing liquidation or bankruptcy procedures. For decades, they remain on the balances of dozens of different state bodies that have neither the resources nor the qualified personnel or expertise to carry out their liquidation effectively. However, state officials are often interested in using state property in the shadows (mainly, land plots or premises) to get considerable unaccounted income.

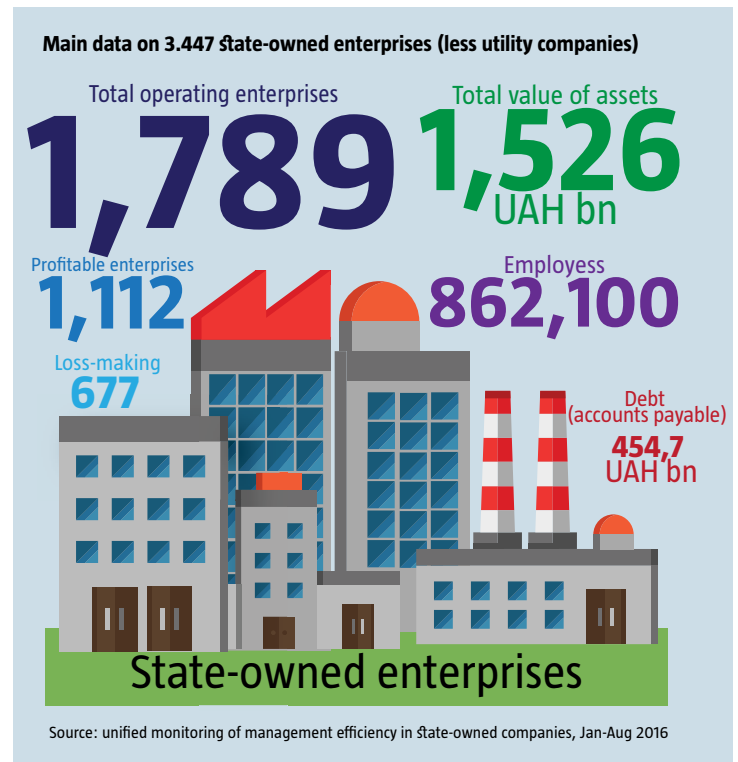
In the first nine months of 2016, public sector received UAH 38.2bn of net income. This means that the average annual profitability of public sector enterprises (ratio of net income to asset value) will not be higher than 3–3.5%. Only 1,112 companies (62% of all those still operating) generated profits in 2016. The rest are unprofitable, at least formally, and, therefore, depend on state subsidies.

Out of 89 active companies subordinate to the Ministry of Energy and Coal Industry of Ukraine and employing about 115,000 people, only 30 are profitable. Out of the hundred companies in Ukroboronprom, the association of Ukrainian defense industry enterprises that employ 78,200 people, only 58 are profitable. Out of 75 companies managed by the State Property Fund (SPF), only 30 are profitable.

## PUBLIC SECTOR ANATOMY

A series of reports prepared by the Economy Ministry in 2015–2016 gives an idea of the extensive network of state-owned companies in Ukraine. Earlier data are more comprehensive, although mostly based on the already outdated materials dating to 2013–2014. More recent data are increasingly scanty. While earlier reports were an attempt to consolidate and thoroughly analyze at least a hundred out of several thousands of state-owned enterprises (these account for the lion's share of assets and turnovers of the public sector in general), the latest 2015 reports that are currently available to the public deal with only a few dozen companies.

As of the end of 2014, the largest amounts of assets in Ukraine were held by state-owned energy sector companies, Naftogaz (the oil and gas operator)



and Energoatom (the nuclear power sector operator), which, taken together, accounted for nearly 50% of the entire public sector at the time. Together with Ukrzaliznistya, or Ukrainian Railways, their share exceeded 61% of all assets. In 2015, the value of assets increased, primarily due to a serious revaluation carried out by Ukrainian Railways, which reduced its lag behind Naftogaz and Energoatom.

As of 2015, 94 major state-owned enterprises with the total assets amounting at that time to UAH 1,386.5bn, sold UAH 352.6bn worth of products. Their EBIDTA (earnings before interest, tax, depreciation and amortization) amounted to UAH 40.33bn (EBIDTA margin of 11.44%). In major companies owned by Rinat Akhmetov's empire these figures were UAH 149.2bn revenues and 11.2bn EBITDA for Metinvest; UAH 95.4bn and UAH 7.51bn, respectively, for DTEK; and UAH 6.77bn and 1.86bn for Ukrtelecom.

In this way, average EBIDTA margin of public companies was even higher than that of Akhmetov's SCM. By total revenues and EBITDA, top 94 largest public companies outweighed the largest private conglomerate of the country. However, first of all, the structures owned by the oligarch were motivated to understate their official profitability in order to

minimize taxes, and secondly, various state-owned enterprises largely differ. While some of them had high profitability even officially, others were on the verge of bankruptcy. In some cases, good EBITDA performance was offset by huge amortization and artificial understatement of expenses through underinvestment, which is especially characteristic of infrastructure and energy assets, the most profitable in terms of EBITDA in the public sector.

## FRONTRUNNERS AND OUTSIDERS

In the recent years, Ukrainian state enterprises operating in the transportation sector showed the most profits. In particular, EBITDA margin of Ukrainian Sea Ports Authority (USPA), established in 2013 and managing 13 small seaports, was 69.2% in 2014 and 78.8% in 2015. In 2015, they accounted for 35.2% of all cargo handling. USPA's net profitability in 2015 was 56.5%, against 37.8% in 2014. The country's largest port, Yuzhnyi, which in 2015 handled 33.6% of all cargoes, is only slightly less profitable. Its EBITDA margin increased from 47.6% in 2014 to 52.6% in 2015, however, in absolute terms the figure is rather modest: UAH 1.14bn, or less than USD 50mn. The best EBITDA to total revenues ratio in 2015 was demonstrated by the Odesa port: 105.3%, against 84.7% in 2014. But its overall performance and transshipment volumes were almost twice lower than those of Yuzhnyi port. EBITDA understatement in the ports of Odesa and Yuzhnyi is especially noticeable when compared to the Chornomorsky (formerly Ilichevsky) and Mariupol seaports which, with transshipment volumes 2–2.5 times lower than in Odesa port and 4–5 lower than in Yuzhnyi port, had almost the same EBITDA figures: UAH 0.73 and 0.8bn, respectively (with profitability of 44.5% and 80.8%, respectively).

State enterprises in air transportation sector are only slightly less profitable. Borispol airport, which in 2015 handled 68% of all Ukrainian air passenger traffic, had EBITDA of nearly UAH 2bn and EBITDA margin of 79.0%. Despite its smaller size, Lviv International Airport, the largest in Western Ukraine, is also financially interesting. Its EBITDA in 2015 was only UAH 76mn, but its EBITDA margin grew to 42.4%, against 28.6% in 2014. State Air Traffic Service Enterprise (UkSATSE) had EBITDA margin of 31.5% in 2015, with its net profit reaching UAH 342mn.

Ukrainian Railways, however, due to artificially low cargo transportation tariffs and flourishing corruption, as Infrastructure Minister Vladimir Omelyan publicly stated, is trailing far behind in the sector. With the highest EBITDA of UAH 12.82bn in 2015, its profit margin was only 21.3%. At the same time, this company with 308,000 employees is a major employer in the public sector and a treasure trove for the young oligarchic Dubnevykh family. Its modest EBITDA is offset by high depreciation costs and the need for renovation of its outdated fixed assets. The situation in the third largest (after Ukroboronprom) state-owned company by the number of employees, Ukrainian Post Office, is even more critical. Its EBITDA margin was only 4.3%, with only UAH 0.17bn (USD 8mn) turnover. At the same time, the company's numerous employees have the lowest wages in the country and in the public sector.

Electric energy sector companies in 2015 almost doubled their EBITDA, which amounted to UAH 19bn, compared to last year. This was mainly owing to Energoatom, which accounted for UAH 14bn out of this figure. This company, as well as Ukrenenergo (high-voltage power grids operator) and Hidroenergo (HPPs operator), have high EBITDA margin (41.6%, 68.8% and 60.5%, respectively), which has recently increased. However, companies playing the key role in ensuring stable electricity supply in the country require significant depreciation costs and capital investments that offset high EBITDA rates and suffer from price discrimination through their obviously underestimated tariffs.

The situation with Regional Electric Networks (REN) and Tsentrenergo, the operator of the last three state-owned thermal power plants, two of which run on scarce anthracite coal, is much worse. The former in 2015 had negative EBITDA (of over 2 billion), one of the highest in the public sector, while the latter had the EBITDA of only UAH 0.25bn, with EBITDA margin of 3.7%. While in the first case this is largely due to the still low service tariffs (apart from the corruption component traditional in the entire public sector), Tsentrenergo keeps appearing in corruption scandals that suggest large-scale abuse with inflated prices for fuel, works and materials purchased by the company and its business units.

For 2016, total amount of spending planned for procurement by state enterprises was **UAH 410.5bn**. This accounted for **75%** of all public procurement in the country.

As for the other SOEs, only Turboatom can boast of some profitability. In the recent years, this enterprise was also featured in corruption scandals in the media. However, its unique potential and the demand for its products both in Ukraine and in the world market creates the conditions for highly profitable operations. With sale volumes in 2015 amounting to UAH 2.73bn, the cost of production was only UAH 1.24bn, and EBITDA was UAH 1.8bn, which means the growth from 36.6% in 2014 to 65.1% in 2015. The company produces turbine equipment for thermal, nuclear and hydroelectric power plants, catering for more than 10% of the world market demand for nuclear power plant turbines. In Ukraine, 40% of thermal, 85% of nuclear and 95% of hydroelectric power plants are equipped with its turbines. The company supplies its turbines to 45 countries and competes with giants such as General Electric, Siemens, Alstom, and Voith. The share of exports in total sales is 65%, and recently the company signed contracts for tens of millions of dollars with EU companies to supply equipment for the reconstruction of a number of European NPPs (in Hungary and Bulgaria).

Most other large state enterprises covered by the Ministry of Economy 2015 reporting and working in manufacturing and chemicals sector, in electricity supply and distribution, and even the agricultural State Food and Grain Corporation (EBITDA margin 12.0% in 2015) could not boast of high profit margins in the recent years. EBITDA margin of the key state-owned fertilizer producers, Odesa Port Plant and »



Sumykhimprom, due to the high prices for imported gas and the falling world market prices for finished product, was only 5.7–2.8%. Pivdenmash's EBITDA is negative, at –UAH 1.3bn. Electrotyazhmash's EBITDA margin fell from 6% in 2014 to -0.4% in 2015. Hartron Corporation's EBITDA was about only UAH 1.5mn.

Naftogaz National Joint Stock Company was unprofitable in 2015, when the analyzed report of the Ministry of Economy was compiled. In 2016, it finally reached a high level of profitability. However, this was mainly due to Ukrtransgaz's assets that are currently being divested from Naftogaz. In this way, the future and the very existence of one of the three largest state enterprises in terms of assets and sales depends on whether it will keep the assets of Ukrgazvydobuvannya and whether the government continues its policy of market liberalization and implementation of market rates for natural gas. The government, however, may choose, as it did recently, to return to the artificially controlled prices for gas produced by the state-owned company, which are increasingly at odds with the market prices at which it is sold by private companies.

## THE MAIN PRIZE OF ELECTION CAMPAIGNS

The control over state-owned companies and the financial and economic opportunities that come with it is the key motivator to run in elections for all existing party projects and, at the same time, the main means of monetizing the votes received during election campaigns. The votes, however expensive, pay back a hundredfold in the case of success. Parasitism on state and municipal enterprises, control over which is distributed by quotas, is the main source of corruption income.

Formally lossmaking or on the verge of profitability, the companies still remaining officially in state ownership actually bring hundreds of billions to those who controls them on behalf of the people of Ukraine. This explains the adamant opposition to any attempts of changing the system in the recent years. The change of management of the technically unprofitable or at least insufficiently profitable companies is often accompanied by lengthy appeals of competition results and the attempts to bring back the old management through court decisions.

The basic mechanisms for making money in state enterprises are paying overestimated prices for goods, works and services purchased for fully or partially state-owned companies (public procurement), as well as the sale at reduced prices of finished goods or services to intermediary firms, with their further resale at market prices. In both cases, the management of state enterprises either uses associated companies or receives a portion of excess profits obtained in this way as kickbacks. At the same time, the funds of large state-owned companies are stolen by their managers at various levels.

To understand the scale of proceeds from the purchase of goods, works and services, it's enough to have a look at the information on its total volume: according to the data of the State Statistics Committee for 2016, total amount of spending planned for procurement by state enterprises (and companies with the state share of 50% and more)

was UAH 410.5bn. Corruption proceeds at state enterprises largely exceed the possibilities of earning by embezzling public funds. Companies with the state share of 50% or more or those fully owned by the state account for 75% of all public procurement in the country.

Recently, SBU jointly with the Prosecutor General's Office and the National Police revealed a mechanism that allowed officials of one of the regional branches of Ukrainian Railways for embezzling nearly UAH 20mn. The law enforcement found out that those officials during tenders held in 2015–2016 deliberately bought unsaleable and stolen goods from commercial structures controlled by them. To carry out those transactions, they provided forged documentation with fraudulent information. The mafactors converted funds into cash through fictitious companies.

In 2016, officials of the State Audit Service of Ukraine revealed illegal spending and misapplication of funds at 1,900 companies. Audits of the State Administration of Railway Transport of Ukraine conducted from 2013 to May 2016 revealed financial irregularities that led to the loss of financial and material resources to the total amount of UAH 135.2mn, as well as purchase agreements not complying with legal requirements for the total amount of UAH

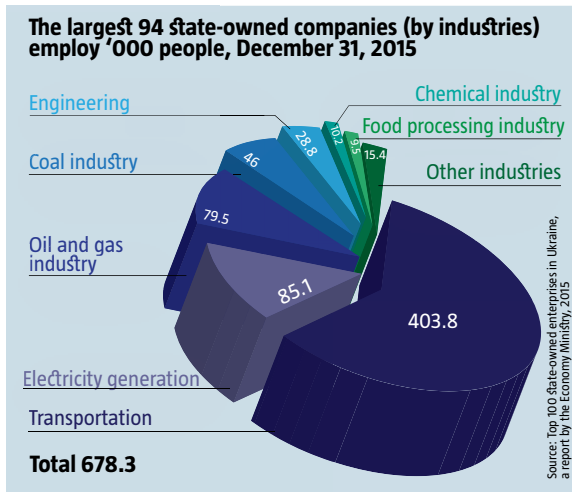


## THE CONTROL OVER STATE-OWNED COMPANIES IS THE KEY MOTIVATOR TO RUN IN ELECTIONS FOR ALL EXISTING PARTY PROJECTS AND THE MAIN MEANS OF MONETIZING THE VOTES RECEIVED DURING CAMPAIGNS

6.1bn and USD 30.9mn. Inspections of road services in Ivano-Frankivsk, Kyiv and Odessa regions in the first eight months of 2016 revealed the costs of works overstated by contractor organizations for the amount of UAH 22.5mn; purchase of material resources through a series of intermediaries, leading to cost increase by 38 million; and irregularities in procurement agreements for almost UAH 1.4bn. The use by contractor companies of schemes involving intermediaries increased the cost of repair works on the roads of Kyiv Oblast by UAH 10.3mn, and in Odesa Oblast by UAH 16mn.

Occasional cases of detecting abuse and even instituting criminal proceedings reveal only the tip of the iceberg or, in fact, the tails of the system of public funds embezzlement. The persons involved are those who either were not able to oil the wheels or had the misfortune to become a sacred sacrifice. Often this becomes an outright farce, when the response of regulators or law enforcement bodies is forced by the public reaction to a specific case of abuse, triggered by either civic activists or competitors.

Often in such situations, the investigations are conducted for show, to avoid accusations of inaction. Defendants enjoying protection and having significant funds accumulated as the result of embezzlement in most cases are lucky enough not only to escape punishment, but also to return to their previous activities.



Switching to ProZorro electronic procurement system was supposed to reduce corruption opportunities. Last year, the system became mandatory for all public procurement of goods and services for the amounts exceeding UAH 200,000, and of works for over UAH 1.5mn. Customers can also use Prozorro system voluntarily to participate in "subthreshold" tenders (for the amounts less than UAH 200,000). However, numerous methods of bypassing the system have already been invented. It is especially easy when sanctioned or covered from above and tolerated by law enforcement bodies.

### PRIVATIZATION: A SOLUTION?

Politicians strongly oppose the privatization of the public sector. Agreeing the transfer of assets into the right hands on favorable terms is becoming increasingly difficult. Hopes for a chance of taking part in the future distribution of quotas for profitable posts block any initiatives to sell those assets at transparent auctions. The public is being told that it is enough to replace corrupt managers for the state to be able to earn billions of hryvnias from state-owned enterprises. However, this is out of question, while those who should be solving management problems are not interested in doing so.

Recently, State Property Fund resolved on the order of priority of putting up for sale the shares in stated-owned companies in 2017. First of all, these are five controlling stakes in regional power companies (oblenergos) that will be offered for sale after the Electricity Market Law is enacted and incentive power tariffs are introduced. Then, the last state-owned TPPs (Tsentrenergo) will be sold. After that, Sumykhimprom, a monopolist in the market of complex fertilizers, and Zaporizhzhya Aluminum Plant will be put up for sale, along with the scandalous President Hotel, which is the area of serious business interests of structures close to state leadership. A separate government decision provides for the privatization of Turboatom. And, finally, another attempt will be made to sell the troubled Odessa Port Plant, entangled with debts (possibly fictitious) to Dmytro Firtash's Osthem Holding. On December 5, 2016, State Property Fund of Ukraine decided to privatize state-owned stakes in the Agrarian Fund and State Food and Grain Corporation.

But when it comes to privatization, it should be remembered that the state traditionally demonstrates not only often inefficient management of the companies under its control. It is also incapable of efficiently using its share in joint stock companies where it owns significant stakes of 25–50%. In many cases, private investors holding a minority stake actually control public assets (let's recall the recent story with Ukrnaf-ta, 50% in which were held by the state, and 40.9% by the structures of the oligarch Ihor Kolomoisky). The situation with Azovmash PJSC, where the state's share is 50%, is similar. However, the company is controlled by the people associated with a well-known crime boss and an ally of fugitive President Viktor Yanukovich, Yuriy Ivanyuschenko, who owns the remaining shares.

The situation is even worse in cases when the state retained a blocking stake, obtaining a ballast in return (neither serious dividends nor the possibility to influence the management of such companies). For example, the state owns 43% stake in Ukrnaf-ta, the majority stake in which belongs to Kolomoisky. However, the government has no real impact on the company. The situation is similar with ORP Halychyna JSC and Naftokhimik Prykarpattya owned by the same oligarch, where the state still retains 25% and 26% of shares, respectively, but has neither the impact on the activities of these companies, nor significant dividends.

The state has 25% stake in most energy companies controlled by thermal energy production monopolist, Rinat Akhmetov's DTEK. These companies not only control the lion's share of power production by thermal power plants, but also its delivery to customers in three regions with its highest consumption in Ukraine. These are Kyivenergo (72.4% owned by DTEK), DTEK Zakhidenergo (72.2% owned by DTEK), DTEK Dniproenergo (68.8% owned by DTEK), DTEK Donetskoblenergo (71.5% owned by DTEK) and DTEK Dniprooblenergo (51.6% owned by DTEK).

Similarly, the state still owns 25% stake in the country's third largest coal power producer, Donbasenergo (with over 60% of its shares owned by Energoinvest Holding BV, registered in the Netherlands and controlled by the structures that media reports link to Oleksandr Yanukovich). However, the state's impact on decision-making in these companies is close to zero, as evidenced by their management's sabotaging the transfer of their TPPs from scarce anthracitic coal to gas, available in sufficient quantities in the unoccupied territory.

All of this shows that corporatization and sale of controlling or significant blocking stakes in state companies to private structures in the Ukrainian situation is meaningless. For the government, it results in the complete impossibility to use significant assets in owns in such companies, to define their policy, or even to receive substantial dividends. Therefore, companies should either remain under the full state control or be fully sold to private owners. Partial decisions in the situation of rampant corruption and political lobbying by oligarchic groups only results in the actual loss by the government of the possibility to control public property, without getting anything in return. ■



# Will and skill, not rocket science

Lyubomyr Shavalyuk

What's missing for the management of state enterprises to be properly reformed?

**W**hy is Ukraine so poor? That's not an easy question to answer. If we listen to its politicians and officials, there's an impression that the country has everything it needs in order to succeed. Fertile soil, hard-working and skilled people whose qualities are often praised by employers in Poland, Czechia, Spain and Italy, and high intellectual abilities that regularly bring home medals from international competitions for public and post-secondary students. Ukrainians even have a knack for business, to judge by statistics—the share of entrepreneurs is not that different from other countries—and practice—whenever there's a crisis, it takes considerable entrepreneurship not to end up bankrupt. In short, the country's potential is enormous.

But just take a look in people's pockets, or even just at official statistics, and it's obvious that something is wrong. Otherwise this potential would not remain so untapped. What's missing? At first glance, two things come to mind. Firstly, a system of social relations that is people-friendly and oriented towards human development. The system that Ukrainians inherited from the USSR—and are having such a hard time transforming—has never really worked to develop human potential. Secondly, spirit. Because weakness of spirit, cowardice, is the main reason why people remain ignorant and corruptible, why they lust after easy money and prefer to shift their burdens onto others—especially the state.

These two fatal flaws form a vicious cycle: the inadequate system produces weak-spirited individuals, and weak-spirited people don't have what it takes to push the system in a better direction. And so every attempt at reform turns into a bitter struggle between bright, distant possibilities and a gloomy reality. The tragedy is that the latter too often wins out.

## THE RIGHT MANAGEMENT MODEL

Reforms in the way that state enterprises or DP in Ukrainian are managed are hardly an exception. Why aren't these reforms brought to their logical conclusion? It's not for want of ideas and useful models to follow. World practice offers more than enough examples of how to properly manage state-owned companies.

Let's start with the management system. There are three types of models in the world for executive management of public corporations: decentralized or sector-oriented management; a dual system where the company is managed by a sectoral body and a coordinating body that governs all sectors; and centralized management. Most countries understand that the centralized model is the best one and some have been switching their systems to it. But in Ukraine, not all of those in power have come to the same conclusion. Not only is the system decentralized, but it is even somewhat anarchic: according to the State Property Fund (SPF), the country has 155 properties currently under state management, of which at least 60 are being

managed by state enterprises. This isn't a model, but simply a collection of leftovers from the collapse of the soviet system of administration.

Flawed as this model is, the bigger problem is that politicians regard different government agencies based on the value of the assets of subordinated state companies. In other words, the bigger the assets, the more “substantial” the government agency and the more there is to steal. And the “substance” of various ministries and agencies becomes the focus of political horsetrading when portfolios are being handed out.

The logic of it is simple: today, Ukraine's state enterprises “feed” thousands of government employees, so that if they are moved under the umbrella of a single holding company, the number of parasites will go down by several factors and the scale of waste and inefficiency will fall immediately. This argument can be augmented by many deeper ones, including the fact that the centralized model makes it easier to separate the commercial, regulatory and social functions of state enterprises, to coordinate the operation of various assets more quickly and more focused on a core activity defined in state policy, and so on.

Most constructive arguments favor setting up a single holding company to manage all state enterprises. Still, when it comes down to it, months have passed and still some power utility hasn't been handed over to the SPF or a major production is made of the transfer of UkrZaliznytsia, the state railway company, from the Infrastructure Ministry to the Cabinet of Ministers.



**IF THE STATE ORGANIZES CORPORATE MANAGEMENT OF ITS ASSETS PROPERLY AND THEN INSTALLS THE RIGHT KINDS OF MANAGERS AND LETS THEM RUN THINGS ON THEIR OWN, IT CAN EASILY BE AN EFFECTIVE OWNER**

Is it just that top officials don't understand the advantages of the centralized model? Earlier, perhaps they really didn't understand, as ignorance and the language barrier among government officials may have made it difficult to get a handle on world practice. But in early 2015, the Ministry of Economic Development under Aivaras Abromavicius prepared a report called “The 100 biggest state enterprises in Ukraine,” that contained an in-depth analysis of the pros and cons of the existing model, presented OECD recommendations for managing state enterprises, and outlined a step-by-step reform plan with a timeline. This would have transformed the public sector to match the best examples in the world.

All that had to be done was to carry it out, but the plan remained, like many others, on paper. Only this time, the excuse is not a lack of knowledge or ideas, but a lack of political will and, to a lesser extent, the competence of those

officials who replaced the Abromavicius team and should have continued his work and brought those reforms to life. When the government is filled with the Kononenko types who have no interest in reforming state ownership and other top officials who aren't capable of it, the result of all the "reformist efforts" of this kind of team is quite predictable. And that's what happens when the services of technocrats in the Government are brushed off.

### THE PATH OF SOVEREIGN WEALTH FUNDS

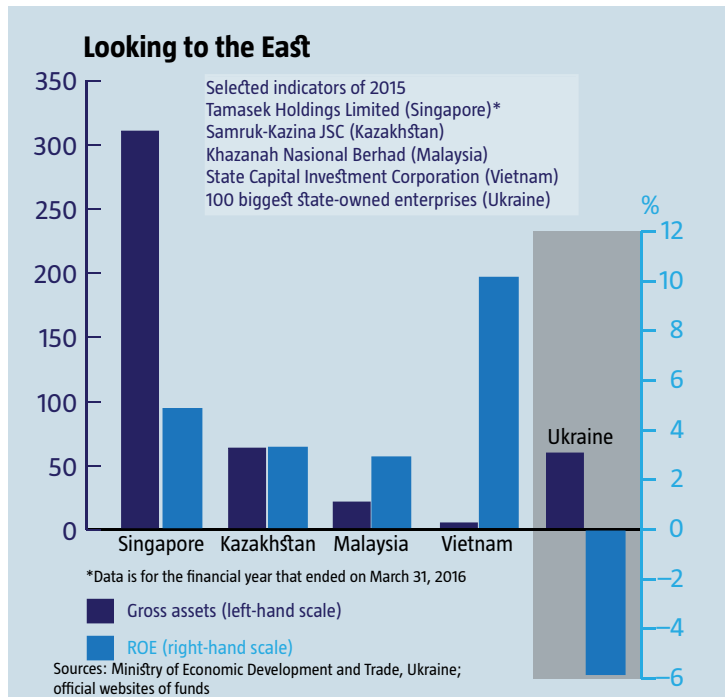
Let's assume that political will is somehow found and the Kononenkos as a class disappear—that's a different story altogether and not a very realistic condition—, what next? It's not rocket science. World practice is to base sovereign wealth funds on public corporations and to manage them, making them efficient and increasing their value. But let's not confuse this type of sovereign fund with the oil and gas sovereign funds that are the most common in the world, and whose main purpose is not to make the companies in their portfolio more efficient but to find places to stash windfall petrodollars.

The history of sovereign wealth funds as we know them today began in 1974, with the setting up of Temasek Holdings Ltd. in Singapore (see Looking to the East). At that time, the net asset value (NAV) of the fund was S\$ 354 million and consisted of state companies that were managed by the Government of Singapore. Thanks to careful, efficient management, in over 40 years the fund has changed dramatically. Today, Temasek has a NAV of S\$242 billion, around US \$180bn, of which only 29% is placed in Singapore itself—the fund has outgrown its country of origin—and another 40% in other countries in Asia. In the last 10 years, the fund's net assets have doubled. Moreover, Temasek has an AAA rating from the two top rating agencies in the world and operates on a truly global scale. What's important in this for Ukraine is that the fund operates like a normal company, paying taxes to the state and dividends to its shareholders—including the state, through the Finance Ministry. Critically, it is institutionally completely independent of the president and government.

Kazakhstan has three sovereign funds, of which Samruk-Kazina is for strategic investment. Set up in 2008, by September 2016, its NAV had nearly doubled, growing 191%. Without any doubt, this success was underpinned by the necessary political will and farsightedness of the Kazakh government. A maximum of transparency in the operation of the fund was made possible by the inclusion of three independent members on the 8-person Supervisory Board and one out of the five managers, the use of one of the Big Four auditing firms, and the regular publication of financial reports.

Vietnam set up the State Capital Investment Corporation or SCIC as its sovereign fund for strategic investment in 2006. By the end of 2015, its portfolio included 197 companies. What's interesting for Ukraine is that these enterprises are divided into four groups: A1, which cannot be privatized; A2, in which SCIC has a controlling stake and which are slated for privatization; B1, which are to be reorganized, after which the fund will decide whether to keep or sell them off; and B2, which are to be shed as quickly as possible, including through liquidation, because they are typically small and loss-making or overly risky.

No one would ever guess, but Ukraine still has 3,340 state-owned or controlled enterprises, of which only 1,829 are actually operating. Moreover, international donors



have been demanding that Ukraine sort them out into groups like Vietnam has done, which took the Government nearly three years. If this requirement hadn't been included in the IMF memorandum as a structural beacon, nobody would have lifted a finger to do anything. Right now, there's talk that this kind of grouping—keep, privatize, shed/shut down—has already taken place but there's no evidence of it in public sources.

### THE SANTIAGO PRINCIPLES

If we take a look at every sovereign fund then we can probably find something that can and should be used as an example and a workable application. But it's not necessary to analyze them individually as their practices have been worked out and documented. In 2009, the International Forum of Sovereign Wealth Funds (IFSWF) was established, to which most such institutions in the world now belong, representing 80% of the global wealth of these funds. The Forum has developed the Santiago Principles, formally known as the Generally Accepted Principles and Practices of Sovereign Wealth Funds (GAAP SWF), which are 24 voluntary guidelines for the practice and management of sovereign funds interested in becoming as effective as possible.

Among the basic and most significant for Ukraine are transparent action on the part of the owners, independent fund management, the appointment of management based on transparent rules that are known in advance, operational independence from the state and government agencies, clear working rules, goals and missions, independent auditors, and more. These principles are so straightforward that it does not require a rocket scientist to understand them—and consultants can always be found to assist in their implementation. All that's needed is some political will.

In addition to the Santiago Principles, the OECD publishes guidelines for corporate governance of state enterprises and updates them regularly. These guidelines are



very straightforward and easy to understand. They can easily be applied in Ukraine.

And so, the world has enormous constructive experience in managing state-owned businesses. If the state organizes corporate management of its assets properly and then installs the right kinds of managers and lets them run things on their own, asking only that the business perform and provide it with dividends, it can easily be an effective owner. At this point, the question of privatization need not even arise as a means of reducing corruption at state enterprises. However, it's precisely with the desire to properly organize the way state companies operate that Ukraine has problems. This is the result of a weak-spirited society and cowardly government.

If we look at sovereign wealth funds in their entirety, of course there are those who have had their share of problems, and some that have them to this day, much like those facing Ukraine. So, even if Ukraine's leaders are not able to invent the wheel, they needn't do so: all they have to do is simply study foreign practice and introduce it here. That would be more than enough to take the first step away from the wholesale, debilitating theft of state assets and towards a long-distance run for global leadership in managing state enterprises effectively.

Ukraine still has **3,340** state-owned or controlled enterprises, of which only **1,829** are actually operating. International donors have been demanding that Ukraine sort them out into groups like Vietnam has done

## DOING IT RIGHT, FROM THE START

When Abromavicius was Economy Minister, the Ministry put together a very detailed plan for reforming state-owned enterprises that was seen as both logical and correct. Some of its elements have been introduced, while others were carried out in a noticeably distorted manner. The rest have remained on paper to this day. In looking at the changes that were actually implemented and those that need to be done, a few key points stand out.

Firstly, any step towards reforming the state enterprise governance system means the loss of cash flows for certain interested parties and that means the loss of political influence for those who undertake such steps. For these reforms to succeed, the country itself needs a leadership with a different world view, which means, in effect, new, fundamentally different individuals in power or else a government that has been put up against the wall with no economic, geopolitical or military way out and is therefore open to pressure from civil society and international donors. The greater the calm and stability felt by the current leadership in Ukraine, the less inclined they will be to give up the prizes they gained in post-electoral horsetrading. This is a truly depressing state of affairs and stirs up thoughts about the need for a new revolution.

Secondly, transparency is half the success story of reforming state enterprises: according to the Economy Ministry, most state companies produce no financial statements at all, and many of those who do, don't publish them. If these enterprises can be made to report regularly and to undergo independent audits, if the principles for how state assets are supposed to work and how the SWF should manage them are clearly set down, along with the rules for hiring managers and drawing up the full range of contracts, this would seriously reduce the room for corrupt officials to maneuver. True, Ukraine's law enforcement

system is far from ideal today. But records of corrupt officials are plenty, and they will be afraid that, sooner or later, they will be taken to court. So all government officials who place the interests of the nation at least somewhat higher than their own and have influence over certain decisions should start by fighting for transparency in the way state assets are used.

Thirdly, the right people have to be in the right positions, which is yet another condition for successful reforms. The battle for properly performing state enterprises should be seen as a strategy of aligning honest professionals in key decision-making positions. Let's start at the bottom. The general manager of a state enterprise needs to be a recognized professional who is paid a market salary. If an individual earns a living for knowing how to manage properly, that person's reputation is their capital and their success in managing a company increases their personal value as a specialist. On the other hand, if that person gets involved in corrupt activities, they will be expelled from the management market and lose any opportunity to manage ever larger companies and to develop professionally. This means that an increase in the salaries of managers of state companies to 10-200 basic salaries of core employees should be established by law as the first step to attracting honest professionals to be top managers of state companies.

The next step should be selecting hires competitively through a committee of independent individuals. But if we look at the selection committees in Ukraine today, they include people from the IMF and World Bank, IFC, the EBRD and other international organizations, but these individuals have no vote. Thus, either qualified candidates don't come to the top in the competition or the competition is cancelled several times as was the case with UkrSpirt, because, as rumors had it the winner wasn't someone loyal to the Verkhovna Rada faction that had been given the "right" to "control" the state alcohol producer after the previous election.

The third step should be establishing companies of the necessary scale, as a successful top manager will not agree to run a grain elevator out in the boonies. And this is one of the main reasons why state assets need to be reorganized and consolidated until a sovereign fund is set up.

Now, even if the director has a brilliant reputation, the temptations are huge and this person is not guaranteed not to fall. To this end, the management of state companies should not be the job of a single individual but a team of several people who function as the management. A supervisory board should oversee the activities of the management. This is common practice around the world and it has long ago proved its effectiveness. If, in addition to this, both the management team and the board include independent individuals, typically foreigners, effectiveness and resistance to corruption increase significantly.

Ultimately, it's not a spoon of tar that spoils the bucket of honey but a spoon of honey, that is, honest professional people, even just one or two in the management and supervisory boards, who, armed with the legal requirements for transparency in the operation of state enterprises, who can reveal the bucket of tar. The system is clear and straightforward, but the lack of political will because of the general level of weak-spiritedness gets in the way of instituting it. And so the struggle between current realities and potential ones continues, and Ukrainians continue to hope that one day things will really be better. ■



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# Time for a strong middle-class party

Ivan Halaichenko

What is needed for Ukraine to have a political force that is not linked to oligarchs

Over the years, *The Ukrainian Week* has spilled considerable ink over the lumpen oligarchic regime that emerged in Ukraine over the first decade of independence. It led to a distorted system of redistribution of wealth and influence on the country's political and economic system, where the key players are a handful of oligarchs who control capital, corporate assets and ultimately politics, the press and so on. Their primary interest is to have everybody else dependent on them, to work at their enterprises, to enjoy marginal wages, and obediently support whatever the oligarchs decide. This model is obviously ineffective and unsustainable, wasting the country's potential and opportunities and basically draining it of resources. In fact, this is what happened in Ukraine.

Getting out of this vicious cycle depends on having a powerful middle class: people with property, normal incomes and a clear civic position, what make them independent of the oligarchs and capable of their own decisions and actions, including participation in policy-making and oversight of those in power.

Over time, Ukraine's middle class grew strong enough to become the driver behind both Maidans. Today, its members are a notable force that supports a powerful volunteer movement, works in government at various levels, defends its interests directly, and is an opinion leader. However, it has not reached a critical mass of influence, while the lumpen-oligarchic system has not yet been overcome but continues to manifest itself, both in government and in the opposition. This can be seen in the closed way that decisions are made and in the schemes that feed the kleptocracy, and in the ways it continues to try to shore up its positions or to come to power using populist means—promising impoverished voters what it cannot and will not provide.

And so we are hearing more and more calls for a new politics in Ukraine: the coming of new faces, the emergence of a middle-class party that could come to power and establish rules that will help the country freely develop. Still, most of those who write about this completely accurately portray the situation as it is today, but then switch to the traditional Ukrainian call for “unity.” Equally traditionally, these calls are ignored.

The issue is not only and not so much one of “personal ambitions,” “individual mentality” and “countering the oligarchs.” In planning the establishment of a strong middle-class party, a series of objective factors need to be taken into account and efforts need to be directed, not towards the unrealistic or the abstract, but to very specific actions that are possible to carry out—

even if they seem humdrum, unspectacular and require personal effort.

The first component is financial. To set up and support a party, and run an election campaign takes money. Expert estimates are that every year between elections for an active party that communicates with its voters and organizes work at the local level costs around US \$3-5 million, and it has to come continuously to motivate participants in the political process. For an oligarch, this is pocket cash, but for the middle class, it's serious money, especially since it's an investment that does not offer immediate returns and often simply feeds the party organization.

Expert estimates are that every year between elections for an active party that communicates with its voters and organizes work at the local level costs around **US \$3-5 million**

That alone is enough to annoy middle and medium-large enterprises that are not used to being what seems to them to be spendthrift. And so mid-sized enterprises, which were capable of financing the sotni or “hundreds” on the Maidan and is currently carrying the weight of the volunteer movement, is fairly cool about this kind of prospect of financing a party. Fronting an election campaign is still reasonable, but “tossing out” that kind of money on an annual basis does not appeal.

A second component is joining forces and resources. This is not the abstracted “Unite, my brothers,” but mutual support in specific situations that will logically grow into common civic and political action—provided that people can overcome the tendency to fall out over trivial issues. In a situation where the east is engaged in war with the aggressor, when the old administrative system is in collapse internally, while a new one is only taking shape—often not very effectively—, there's ample reason to take up this alternative. How often has it been said about Ukraine that the poor business climate is not so much because of high taxes or even widespread corruption, but because of the unpredictability of the rules, the unfairness of the judiciary, and the arbitrariness of oversight agencies. The answer to this might just be for businesses to join forces with experts and journalists in order to beat off the brazen tax inspector and prosecutor, and the insufficiently lustrated official, and to force the judge to act in accordance with the law during a court hearing or to admit corruption. Instead of a slew of “little compromises” with what amounts to extortionists, it's possible to organize independently and



**A networked society.** The middle class in Ukraine has proven capable of solving many tasks and oftentimes replacing the state. Still, it has not yet managed to unite into a party

ally with others. With time, such clusters of allies can grow into the core of a viable civic and political force.

The third component is coordination. Ukrainians live in a networked society: we trust each other more or those who are similar to us than we do socio-political institutions. Horizontal or even “diagonal” cooperation between sectors, such as business and the local community, can be remarkably effective but is generally not long-lasting. To put it on a permanent basis and ensure sustained sharing of resources and mutual support, there needs to be a common goal for joint action. This kind of coordination among various independently organized groups can take place in order to, say, lobby for non-monopolized, transparent rules, that is, to move towards de-oligarchization, and in time, to institute strict monitoring and pressure to make sure that these are all enforced.

This is where inter-sectoral cooperation comes in: getting the support of medium and large non-oligarchic business behind experts and activists who are capable of drafting proper legislation, of lobbying for its enactment, and monitoring its implementation.

This brief would be incomplete without yet another component, leadership. In Ukraine, who the

leader is, is significant for a political party because this person’s qualities tend to be reflected across the party; they motivate voters to decide whether to support the political force or not. Still, top-down leadership is a path that has been well-worn by now. Only oligarchs are in a position to hand out a lot of money quickly and that means commitments and compromises. At the same time, leadership from below or a plethora of leaders will take a long time and will have little chance of succeeding: launching a relative unknown is neither easy nor cheap. So a compromise might be to invite to the leadership a personality whose professionalism and personal character are above reproach. Both aspects are important: the leader has to bring new values to bear, nor old habits, while also understanding the ins and outs of management. Someone whose ignorance will allow others free rein behind their façade is dangerous for a country at war.

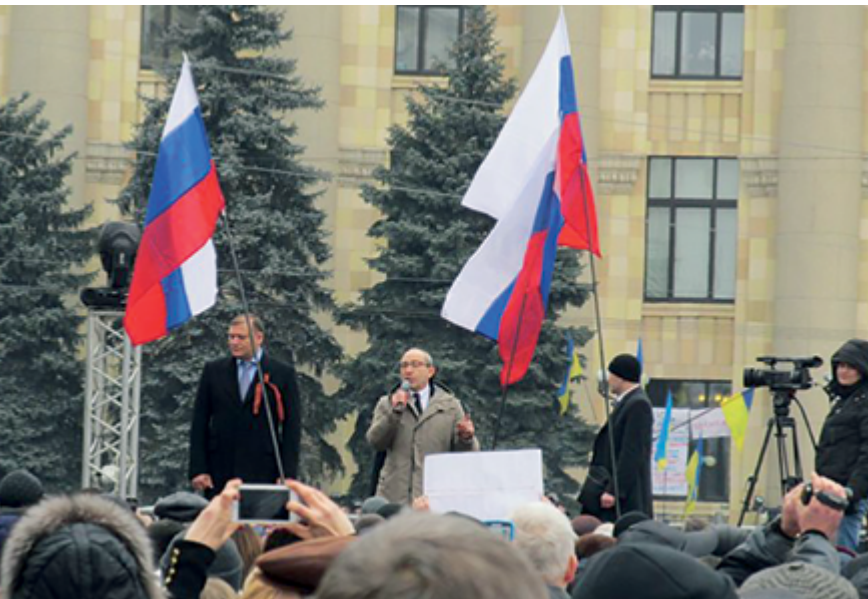
In short, all those who want to see a powerful middle-class party come to the fore should focus their attention and actions on these practical issues. According to the Constitution, the next elections are due in 2019. That’s time enough. ■



# A vengeful spring?

Yuriy Lapayev

What might cause the “Russian Spring” to make a comeback in Ukraine and where might this happen?



**The unchangeable.** Despite their open support of separatism, some politicians, Kharkiv Mayor Ghennadiy Kernes included, remain in their top offices

**A**ll those oblasts where there was once an attempt to undermine the government and set up a pseudo-republic can be divided into two groups: those territories where the *Novoros-siya* project might possibly be revived and those that have been immunized against this. Parts of Donetsk and Luhansk Oblasts that are currently under Ukraine’s control have many problems of their own and plenty of locals who would like to see *Ruski Mir* return. Still, the concentration of law enforcement and military personnel in the East guarantees that this eventuality will not come to pass.

The first and most dangerous category includes Kherson, Kharkiv and Zaporizhzhia Oblasts. From a political standpoint, this is where a substantial proportion of those who supported Viktor Yanukovich and the now-defunct Party of the Regions and its clones remains. This is confirmed by the results of the 2015 local elections, where the Opposition Bloc picked up 33% of the vote and *Nash Krai*, one of the ex-Party of Regions’ offsprings, picked up nearly 12%. In addition, Zaporizhzhia elected as its mayor Volodymyr Buriak, a self-nominated official from the Zaporizhstal plant that belongs to billionaire Rinat Akhmetov, who managed to edge out the candidate from the Petro Poroshenko Bloc, Mykola

Frolov. As the Committee of Voters of Ukraine reported, Buriak had a campaign chest of over UAH 7.7 million—one of the largest of all official campaign chests in the entire country. This kind of spending could well be tied to Akhmetov’s desire to maintain his influence in a city and oblast that are important for his business.

Meanwhile Kharkiv reelected the odious Ghennadiy Kernes mayor, who has held that office since 2010 now. Kernes won in the first round with more than 65% of the vote and his party, *Vidrodzhennia*, not surprisingly won a majority in the oblast council, with 41.7%. Combined with the Opposition Bloc’s 15.8% and *Nash Krai*’s 9.0%, the old Party of the Regions cohort control all decisions made at the oblast level as well. The situation is somewhat better in Kherson Oblast, where the mayor of Kherson, Volodymyr Mykolayenko is a member of *Batkivshchyna*, while the party to gain the most of the vote to the oblast council was the Poroshenko Bloc, with 20.0%. However, the Opposition Bloc and *Nash Krai*, which came second and third, ended up with 32.0% of the vote. Interestingly, the closer an electoral district was to Crimea, the more votes it gave to former “regionals” in the county and oblast councils, laying a kind of time bomb in a strategically critical region.

Not all is quiet even in relatively safe oblasts like Odesa, Mykolayiv and Dnipro. Overall, the situation there is clearly much better, and for different reasons. Even with the presence of such infamous regionals as Serhiy Kivalov and Ghennadiy Trukhanov, and even with altogether 46.0% of the vote going to opposition forces, Odesa is not as monotypical as, say, Kharkiv. This is preventing the one-time regionals from consolidating their power at the oblast level.

Mykolayiv Oblast saw the Opposition Bloc win a 26.0% majority, added to *Nash Krai*’s 15.0% and *Vidrodzhennia*’s 6.0%. That made the mayoral election all the more significant, when Samopomich’s Oleksandr Sienkevych beat out Ihor Diatlov from the Opposition Bloc. Similarly, Dnipro voters made their choice for someone not from the past, with infamous regional Oleksandr Vilkul losing to UKROP’s Borys Filatov, although the Opposition Bloc with 38.0% and *Vidrodzhennia* with 8% took the oblast council.

## POLITICS AND ECONOMICS: PROS AND CONS

Support for political ideas is a kind of extension of the socio-cultural features of these various regions. And these are the regions with the highest proportion of voters who cling to soviet values or favor Russian ones. Some of this is tied to the fierce de-

ukrainianization that took place with the coming of the bolsheviks and with the resettlement of ethnic Russians to fill the rural areas depopulated by the Holodomor. So it is hardly surprising that locals resist the revival of Ukrainian language and culture. Having relatives in Russia and living not far from its borders, especially the oblasts near occupied Crimea, fosters continuing contact with the occupant. Despite the current restrictions on rail travel, people continue to travel back and forth, which also allows for teams of saboteurs to penetrate and spies to be recruited, along with propaganda and smuggling.

When it comes to economic reasons underlying pro-Russian attitudes, then their roots go back to soviet times. It was during the active development of industry that tight ties were established among enterprises that today are on opposite sides of the border. During the first 20 years of independence, many of these links continued to be maintained, and, in some cases, even grew stronger. The fact that Ukrainian industry, especially the defense sector, was heavily oriented on the Russian market, cost the country dearly with the start of the war.

### RUSSIA: DESPERATELY SEEKING SOLUTIONS

Still, Russia has suffered just as much from the break in relations. Its much ballyhooed import substitution has yet to be more than paper declarations and the shortage of Ukrainian parts has already made itself felt. Among others, Russia needs engines for its helicopters, which are made by Motor-Sich in Zaporizhzhia, and gas turbines for its ships, which are made by Zorya Mashproekt, a machine-building plant in Mykolayiv. Kherson can rightly boast of its shipbuilding capacities.

For Russia, restoring its strategic nuclear weapons is critically important, but part of its nuclear umbrella of intercontinental ballistic missiles is made at Pivdenmash in Dnipro, especially the PC-20 Voyevoda [Warlord] also known as the SS-18 Satan, and Russia has no home-made equivalent. The same is true of Russia's peaceful spaceships, as engines for the *Tsyklon* [Cyclone], Briz-KM [Breeze] and Energia [Energy] systems are also made in Dnipro, while their electronics are manufactured by Kharkiv's Khartron.

Russia's domestic manufacturers are incapable of ensuring the same quality of missiles for its strategic forces: the *Bulava* [Mace] has proved extremely unreliable in operation and has so far crashed during almost every test. The civilian Proton and Progress have also, with their repeated failures, demonstrated that Russia finds it hard to do without Ukrainian equipment. For this reason, the *Novorossiia* project is not just about "protecting" the Russian language or the Customs Union vs the European Union.

In addition to its industrial significance, Southern and Eastern Ukraine is strategically important for military purposes. Control over Odesa, Mykolayiv and Kherson would completely cut Ukraine off from the Black Sea. Access to Ukraine's ports would open new prospects for Russia's economy, while taking over the Black Sea shore will simplify the process of moving troops in and out of Crimea. Almost forgotten at this point is the land bridge to the occupied

peninsula, which is also significant. The uncertain fate of the Kerch bridge makes Russia and Crimea dependent on weather conditions for the crossing. By occupying more parts of Donetsk, Zaporizhzhia and Kherson Oblasts, Russia would open a corridor from Crimea all the way to Rostov and would guarantee the independence of the peninsula from the rest of Ukraine. The same is true of Odesa Oblast: controlling that region would unblock Transnistria, another Russian client "state." Still, a purely military operation in these oblasts seems highly unlikely and requires the use of all the elements of hybrid warfare. Russia has more than enough personnel and equipment to break through Ukraine's defenses and even to capture a certain amount of territory. But establishing real control and subduing the inevitable resistance and partisan warfare on such a large territory would need a much greater concentration of forces.

### UKRAINIANS FIGHT BACK

2014-2015 showed that, despite its efforts to declare "people's republics" in a slew of Ukrainian oblasts, Russia failed to establish a large swath of territory that was beyond Kyiv's control for a variety of reasons. Still, the effective failure of lustration and the return of discredited politicians with openly anti-Ukrainian attitudes to elected office and local leadership leaves the question of national security quite unresolved in Ukraine today. Under the right eco-

**RUSSIA NEEDS ENGINES FOR ITS HELICOPTERS, WHICH ARE MADE BY MOTORSICH IN ZAPORIZHZHIA, AND GAS TURBINES FOR ITS SHIPS, WHICH ARE MADE BY ZORYA MASHPROEKT, A MACHINE-BUILDING PLANT IN MYKOLAYIV**

nom conditions, these actors are likely to become more aggressive again. In that sense, any decline in the standard of living plays into their hands and the failure of the government to act effectively will give them free rein.

So will uncoordinated humanitarian policies. A quality, systematic, gentle form of Ukrainianization that takes into account the character of each oblast, instead of imposing primitive "*vyshyvanka i sharyary*" [embroidered shirts and kozak pants] policies, could prove to be the best protection against "little green men" than an army and the police. Russian heads might cool down if regional security were rebuilt in Ukraine and preparations made for partisan resistance. At this time, this kind of work is only taking place in small volunteer groups and will not be much of an obstacle against a massive military invasion.

The *Novorossiia* project is only likely to resurrect if Russia manages to carry out a broad spectrum of actions: political work, propaganda and disinformation, cyber attacks, provocations that lead to social protests, sabotage and—and an open military invasion. Hopefully, Ukraine's security agencies will manage to notice such activities before a Russian Spring comes again. ■

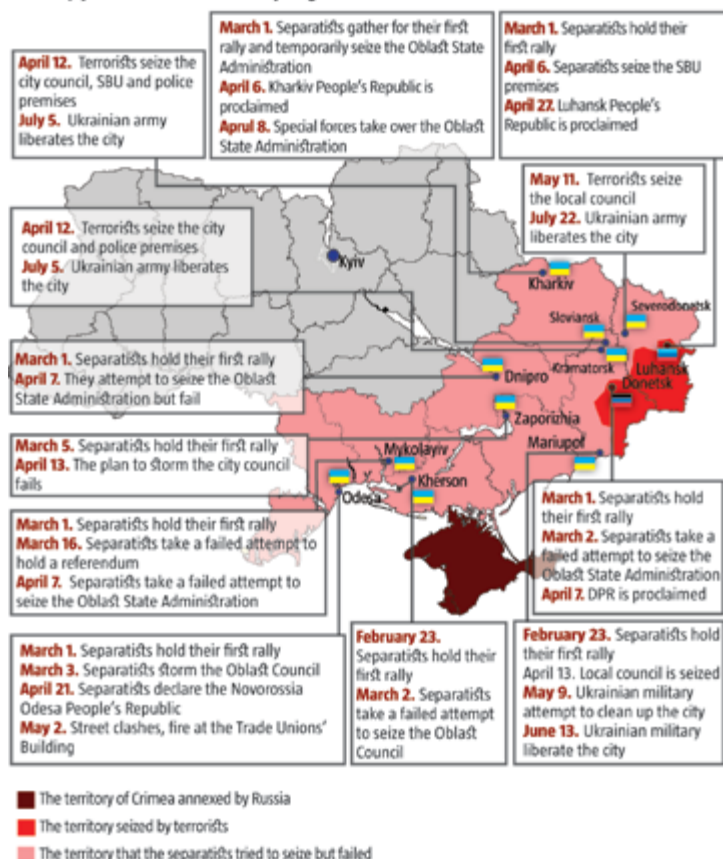


# Why the Russian Spring froze up

Roman Malko, Yuriy Lapayev

What prevented Kremlin curators from realising the "Crimean scenario" in most regions of South-Eastern Ukraine?

## The key phases of the Russian Spring



The special operation had been prepared for a long time, probably throughout all years of Ukrainian independence, though not necessarily under the "Russian Spring" title. The name was ripped off from the Arab Spring, a series of mass protests, revolutions and military conflicts in several Arab countries. But it was ripped off for a reason. The Kremlin needed an analogy: the people supposedly organising themselves and rebelling against dictatorial regimes – in this case, the "Kiev junta".

The hasty steps (that eventually led to the partial failure of the Russian Spring in Ukraine) help explain that its start was evidently planned for a later time. The ground was not sufficiently prepared and much was chaotic. Apparently, the Kremlin decided to launch it after Yanukovych's flight to Kharkiv and his failed attempts to arrange a separatist convention there. The operation began in different ways

in different places. This indicated the absence of an established structured network which would operate under an elaborate scheme and be managed from a single centre. While the Crimean phase proceeded smoothly, with pro-Kremlin activists setting up the first roadblocks in Sevastopol alongside the police as soon as February 22, the rent-a-mobs organised in most cities of south-eastern Ukraine were of a more spontaneous nature.

Crimea fell first. The list of reasons that helped the operation succeed there starts with the ratification of the Kharkiv Agreements in 2010 that prolonged the stay of Russia's Black Fleet there. This Russian contingent made up the basis for covert operations in 2014. The Russian Cossacks and other crowds were brought in for effect – an imitation of a popular revolt that had to look as convincing as possible. The management and coordination of all this was done by regular Russian officers. By February 23, the Ukrainian authorities had virtually no control over Sevastopol. Four days later, a Russian special forces team seized the Crimean Parliament and Council of Ministers buildings in Simferopol, while Crimean deputies announced a referendum on the status of the peninsula. Originally scheduled for May 25, it was later brought forward to March 30, then all the way to March 16. On March 1, the "little green men" started to block the bases of the Ukrainian Armed Forces.

## A POOR COPY OF THE CRIMEAN SCENARIO

The mainland Ukraine saw a different scenario. Eight of its oblasts were targeted as easy prey, or so the Kremlin strategists presumed. Almost simultaneously with the developments in Crimea, rallies broke out in Kharkiv, Odessa, Luhansk, Donetsk, Kherson, Dnipro, Zaporizhia, Mykolayiv and many smaller towns. These also saw pro-Kremlin rallies, Russian flags, attempts to seize the Security Bureau of Ukraine or police premises and proclaim People's Republics – in some places more successfully than in others. However, the rebels did not gain the mass support that the organisers were very obviously banking on, and they often had to bring in "guest protesters" from Russia to try to turn the tide.

When the failure of the Russian Spring in south-eastern Ukraine became evident, the mass introduction of trained, armed saboteurs from Russia could save the operation. The places where they were deployed saw a completely different scenario to those that they did not reach. The proximity of the porous border with Russia in Donetsk and Luhansk oblasts partially secured the success of the Russian Spring

there. Weapons, ammunition and subversive groups found their way into Ukraine through the unmonitored parts of the border. This would have been impossible without the support of the Border Service of the Russian FSB: they provided the terrorists with the necessary information and assistance, and refused to mutually close a number of border checkpoints in violation of agreements with the Ukrainian Border Guard. As a result, in May and June alone there were more than 20 cases of aggression against Ukrainian Border Guard units. Subsequently, it de facto lost control of an enormous section of the border from Krasna Talivka in Luhansk Oblast all the way to the Azov Sea coast.

The convenient proximity of the border is not the only reason why the Kremlin focused special attention on the Donbas. Over the 20<sup>th</sup> century, the region experienced at least two waves of de-Ukrainisation: the Holodomor famine and the mass settlement of Russians and criminals from around the Soviet Union who took part in the construction of factories and industrial plants. Most of those who came to build a brighter future stayed for good, and a territory that was Ukrainian-speaking in the 1920s and '30s gradually changed.

In April 2014, the pro-Ukrainian citizens of Donetsk managed to take the fight to pro-Russian titushky, the infamous paid thugs used to attack protesters alongside the police, for one last time, but the sides were uneven. This was a standoff between peaceful people and young men equipped with baseball bats and metal bars, combined with the complete inactivity of the police. Then weapons began to flow into Donetsk and seizures of government buildings began. The concentration of Russian or pro-Russian diversionists like Alexandr Borodai or Andrey Purgin increased rapidly. The group led by Igor Girkin aka Strelkov, a Russian army veteran, seized Sloviansk. Then the cancer of separatism began to spread around the Donbas.

## ON THE OFF CHANCE

The idea of the "Donetsk People's Republic" had been bandied about in the Donbas for a long time. The DPR tricolour banner was first spotted in 2006. At that time, a campaign was held to collect signatures of those who opposed what was branded "nationalist" policies of Viktor Yushchenko, the post-Orange Revolution president of Ukraine. The signatories demanded to make the Russian language an official state one and threatened seceding from Ukraine unless that demand was fulfilled. In 2010, a protest took place in Donetsk under the Russian flag and slogans of "Fascism will not pass".

Why then Russia and its contractors failed to implement their wide-ranging plans for the East of Ukraine? Especially as its agents here were telling the Kremlin for decades that the majority of south-eastern oblasts would queue for Russian passports as soon as the signal came from Moscow.

Firstly, it looks like Russia's security experts and their colleagues elsewhere overestimated their own resources and the capabilities of their agents. The latter were taking Russian money and pledging loyalty to the empire, but that did not equal faithful service to it. It was just one of the ways to freeloader

on grants that even fans of Putin and Tsar Nicholas II like.

Secondly, the campaign was poorly coordinated. This could be due to the multi-faceted approach of the Russian masterminds to their Ukrainian contractors. The main work was conducted by official Russian representatives in Ukraine, including through their cultural institutions located in Kyiv, Odesa, Kharkiv, Lviv and Crimea. In addition to their representative and cultural functions, these institutions performed many more specialised ones, bringing together and coordinating the activities of pro-Russian organisations, cultivating them and using them as a tool of influence.

Thirdly, the political and business links played their role. The political leverage was concentrated in the hands of the Communist Party functionaries and the ruling Party of Regions. The business one was firmly linked to the Russian owners or co-owners of large Ukrainian enterprises. All these seamlessly acted in concert, complementing each other and working for a common idea. When the time came, however, this cooperation did not give the desired result: the fact that these networks were poorly coordinated, disabled by infighting and permeated with fringe figures like one-time small entrepreneur Pavel Gubarev or the infamously anti-Ukrainian Party of Regions member Arsen Klinchayev damaged their efficiency.

## A MODEL REGION

Another region that experience destabilisation attempts was Kherson Oblast that borders on Crimea in southern Ukraine. The mechanism used there did not differ greatly from those applied in other south-eastern oblasts. On February 22, local Euro-maidan activists knocked down the Lenin monument on Freedom Square, and the following day, pro-Russian activists arranged a counter-demonstration that ended in mass clashes. By evening, pro-Ukrainian self-defense managed to bring the situation under control and secure the Oblast State Administration building. On March 1 local fans of the Communist Party, Public Safety Committee, Ukrainian Choice (an organization led by Viktor Medvedchuk, a pro-Russian politician and a close ally of Vladimir Putin) and other gathered again under the banner of the Russian Spring. They destroyed the monument to the Heavenly Hundred, the protesters shot on the Maidan, and urged Russian President Putin to send in his troops to Ukraine. Clashes were avoided on that day, but the next day the ranks of the local Russophiles were joined by guests from the Crimea. At that point, all of pro-Ukrainian Kherson came out to defend the Administration premises. This was virtually the last attempt by pro-Kremlin forces to knock the city off-balance as the Ukrainian security services intervened soon. According to their data, the chief curators of this campaign (apart from the Moscow-based strategists led by Putin's aide Vladislav Surkov) were agents based both in the Russian Consulate General in Odesa and on the ground in Kherson. The consulate's resources were insufficient for rapid mobilisation. It did have several seemingly powerful structures under its wing, in- ➤



cluding the Russian Cultural Centre, a regional branch of the Russian Movement of Ukraine NGO, the Russian National Community – Rus NGO, the Centre of Russian Culture, the Ukrainian-Russian Charity Foundation and local branches of Russian Unity and Ukrainian Choice, as well as the low-profile local New Slavic Generation, Dolphin Sports Club and For a Healthy Lifestyle. However, they were not the force capable of pulling of a coup and taking over the entire region. Moreover, some of their leaders immediately switched to the pro-Ukrainian camp as soon as everything went pear-shaped, so that their names would not be associated with the separatists.

All of the above outfits, as well as Komitet Grazhdanskoj Bezopasnosti (Public Safety Committee), Saint George Union of Kherson and Kherson Triglav Slavic Native Faith religious community, as well as the events they were involved in, were funded from various sources and often not directly from Russia. The tell-tale signs of pro-Russian actors can be seen among the main sponsors and intermediaries. Above all, the oligarch Konstantyn Grigorishin, whose Energostandart financial and industrial group has considerable economic interest and influence in the region. Grigorishin was a long-time sponsor of the Ukrainian Communist Party and, according to Ukrainian intelligence, his Energostandart is under the watchful eye of the FSB's Foreign Intelligence Service, which indicates direct accountability to Putin. Politician and oligarch Vadim Novinsky is similar. He also has considerable business interests in Kherson Oblast. In third place is old guard Bolshevik enforcer Kateryna Samoilyk (former Communist Party MP), who is accused of occasionally funding separatist protests. It is unlikely that she did this from her own savings, although that is how the legend has it. Given the Ukrainian Communist Party's close links with both Grigorishin and the Russian Communist Party, we can assume that Kateryna was only a link in a larger chain. Her rallies managed to attract as many as up to 250 supporters. The names of local pro-Russian Communist and Party of Regions deputies crop up among the immediate perpetrators of those rallies. Their task was to organise and realise propaganda, protests, violent clashes, flash mobs and a referendum.

There are many reasons why they failed to take Kherson by force: from the erroneous confidence that the local population is pro-Russian to the lack of resources amongst the local Russophiles. Many supposedly pro-Russian organisations that were well publicised and had money thrown at them came up with zilch. Their membership was not enough to rouse the city to action, never mind seize important strategic objects and hold them until Putin's troops arrive. The situation in Zaporizhia and Mykolaiv was almost identical. There was no chance of destabilising Dnipro either. Especially after the appointment of Ihor Kolomoisky as Head of the Oblast State Administration, who, alongside his partners, had a very creative approach to stopping the terrorist infection. Volunteer units were formed and armed, roadblocks were set up on entry roads into the city and a hunt for separatists was announced (the reward offered for detaining them

and seizing their weapons had its effect). Equal assistance was provided to neighbouring regions.

The situation was somewhat more problematic in Odesa, where the tragic fire at the Trade Unions' Building happened on May 2, 2014. Or in Kharkiv. In spring 2014, the city was literally teeming with anti-Ukrainian organisations that were coordinated by Russian foreign aid agency Rossotrudnichestvo (Russian Cooperation) in Ukraine: the Russian-Ukrainian Information Centre, Ukrainian Choice, the Political Club of South-East Ukraine, Kievan Rus, Slavic Unity, the East-Ukrainian Centre for Strategic Initiatives, the Working Kharkiv Citizens Union of Ukraine, Borotba (Struggle) and South-East. The militants of Yevhen Zhylin's Oplot fighter club, who were trained at the gym of the same name and later joined DPR military outfits, were particularly active in distinguishing themselves. The first separatist activity in Kharkiv began on March 1, at the instigation and with the participation of Mayor Hennadiy Kernes. The "For Kharkiv" rally gradually escalated into a fight between its participants and Euromaidan activists, ending with the seizure of the Oblast State Administration and the assault of the activists that were defending it, including



## **THE BORDER WITH RUSSIA IN DONETSK AND LUHANSK OBLASTS SECURED THE SUCCESS OF THE RUSSIAN SPRING THERE. WEAPONS, AMMUNITION AND SUBVERSIVE GROUPS FOUND THEIR WAY INTO UKRAINE THROUGH THE UNMONITORED PARTS OF THE BORDER**

well-known writer and Kharkiv native Serhiy Zhadan. The Ukrainian flag on the roof of the Administration building was replaced by a Russian one, but it was removed towards evening. On the night of March 14-15, armed Oplot fighters tried to storm the headquarters of the Right Sector on Rymarska Street, but were met with fierce resistance. In the clash, two attackers were killed and five wounded. In the evening on April 6, the Kharkiv Oblast State Administration was recaptured by separatists, who proclaimed the Kharkiv People's Republic, but the next day – following numerous ultimatums – they were forced out by Interior Ministry special forces. This was the starting point for cleansing the city of separatists. Anti-Ukrainian activity began to decline in early May, not least thanks to Ukraine's control over the suburban trains that regularly brought Russian thugs from Belgorod, a borderline city in Russia, to Kharkiv.

Initially, a significant contribution to preserving the territorial integrity of Ukraine was made by numerous anonymous patriots who, despite the stagnation or separatist aspirations of law enforcement agencies and local authorities, were forced into practically implementing Article 17 of the Constitution [on the sovereignty and territorial indivisibility of Ukraine] by any available means. Cases are known of poorly armed or completely unarmed groups of patriots who operated in Izium, Svatove, Dobropillia and other cities, managing to stop local separatists there. ■

# Twitter harvest

Why Europeans are less eager consumers of online ranting than Americans

**H**einz-Christian Strache, the leader of Austria's nationalist Freedom Party, fancies himself a rapper. For the past decade he has been recording amateurish music videos of rap songs like Österreich Zuerst ("Austria First"), which features the lyrics "For anyone who doesn't want to integrate/ I have a destination/ go back home, have a good flight!" (It sounds no better in German.) No mainstream TV channel would show such videos, but when Mr. Strache posts them on Facebook, the media report on them.

Europe's populists were early adopters of social media. In the Netherlands, Geert Wilders pioneered the use of outrageous tweets that infuriate his opponents and fire up his followers. (Unlike Donald Trump's, they are sparse and calculated, not nocturnal and impulsive.) In France, Marine Le Pen's National Front co-ordinates hashtags, memes and animated videos across social-media platforms. In Germany, the demonstrations of the anti-Muslim PEGIDA movement began with the creation of a Facebook group. The far-right Alternative for Germany has more likes on Facebook than any other German party—over twice as many as the Christian Democrats of Angela Merkel, despite having less than half as much support in polls.

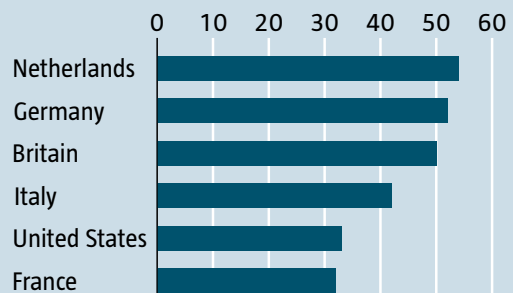
Italy's left-wing Five Star Movement, led by Beppe Grillo, a comedian, is Europe's most digitally native political party. Its co-founder, Gianroberto Casaleggio, an IT executive who died last year, believed that web-based voting could resurrect the direct democracy of ancient Athens. On Mr. Grillo's blog, one of the most popular in Italy, members debate, vote and even purge other members. Such integration of party politics with social media goes further than anything attempted in America.

But in other ways Europe is less suited to internet-based populism than America. Enthusiasm for social media is related to scepticism towards traditional media, says Cornelius Puschmann of the Alexander von Humboldt Institute, a Berlin-based think-tank—and Americans have plenty of both. In 2016, 16% of American internet users accessed Twitter at least once a month, according to comScore, a research firm. That year, Americans' trust in news fell to just 33%, according to the Reuters Institute, a research centre at Oxford University.

Europeans, by contrast, have more confidence in traditional media and are less active on social media. Nearly 13% of Dutch internet users log on to Twitter once a month, but only 6% of Italians, 5% of French and 4% of Germans do. Facebook use is more common, but still lower than in America. Meanwhile, 54% of Dutch and 52% of Germans trust the news, according to the Reuters study. For German public radio and TV, the figure is over 70%, according to a survey by WDR, a public broadcaster based in Co-

## Not post-truth yet

"You can trust most news most of the time"  
% polled in agreement, 2016



Source: Reuters Institute for the Study of Journalism

logne. Just 8% trust what they see on Facebook and Twitter.

In Italy trust in news has declined to 42%, and in France to 32%. Yet Julia Cagé, a French media expert, does not think France is being overtaken by a wave of post-truthism. Publications like *Libération* and *Le Monde* have launched fact-checking tools to counter rising fears of "fake news".

## WHO NEEDS THE AGGREGATION

European privacy laws may constrain some of the social-media techniques used in America. Cambridge Analytica, a firm employed by Mr. Trump's campaign, used voter data aggregated from many sources to woo his supporters and discourage Hillary Clinton's. Stephen Bannon, Mr. Trump's chief strategist, gives this database much of the credit for his victory. Other analysts question its effectiveness. In any case, European laws prohibit using data on individuals' race, health, religion or political beliefs without their consent, which would make such aggregation difficult.

Populists are most influential when mainstream media pay attention to them, as with Mr. Trump's tweets, says Cas Mudde, a political scientist at the University of Georgia. Europe's media may be somewhat less vulnerable to this temptation. But social-media platforms also offer a space where zealots can reinforce each others' views, says Brendan Nyhan, a political scientist. And they make it possible to create fake accounts that amplify a candidate's support. BuzzFeed, a news website, has reported on chat rooms where backers of Ms Le Pen help American supporters of Mr. Trump to post comments on French news sites. Users are advised to create fake accounts with attributes that are not stereotypically pro-National Front, such as gay, Jewish, or "cute girl". On the internet, no one can tell you're American. ■





# Jan Pieklo:

PHOTO: ANDRZEJ LOMAKIN

## «We are interested in helping reform the EU»

Interviewed by  
Anna Korbut

In 1991, Poland was the first country to recognize Ukraine's independence officially. A month later, in January 1992, diplomatic relations were established between the two countries. Today, as 2017 marks the 25<sup>th</sup> anniversary of Polish-Ukrainian diplomacy in contemporary history, the two countries are at very different stages. Ukraine is fighting against Russia's aggression in the east, while Poland helps shape NATO's policy on its eastern flank. Ukraine is taking early steps to implement its EU-oriented aspirations, while Poland has an active voice in the EU, and an increasingly critical one.

How does Poland feel in the EU and about the EU today? How does it see its role in its neighbourhood? And how it sees the future of relations with Ukraine? *The Ukrainian Week* spoke about this to Poland's Ambassador to Ukraine, Jan Pieklo.

### How does Poland see the EU and its place in it now, compared to when it joined it?

When Poland joined the EU, there was a lot of enthusiasm there for the next enlargements, no problems with the euro zone. It was pretty optimistic and the best timing for Poland to join. Today, the situation is completely different.

And Ukraine is in a much more difficult place in that regard. The EU is facing a deep crisis related to identity, economy, the migrants, as well as the relations with the US. Brexit may open the Pandora box. And it seems to be somehow linked to the wider global crisis of Western liberal democracy.

The Polish government and people as well are critical of what's going on in the EU. But it is a great beneficiary of EU funds. And we are interested in helping reform the EU. Disintegration of the EU would be a nightmare for the Polish people and political elite. We still believe that the EU is a great achievement, and an instrument for keeping Europe together. It was built on the foundation of the European Coal and Steel Community and the French-German reconciliation. We would like to keep the EU in one piece, although it doesn't look easy now.

### What would a reformed EU look like from the Polish perspective?

The main issue is that the EU is becoming more and more bureaucratic. And it's not just Poland's position, but that of other countries. It is difficult to understand decisions behind bureaucratic procedures. For Poland, it would be better if the EU became more responsive to ideas from

Central and Eastern European countries which pretty much share one position on that.

Then, there is the issue of migrants. Germany decided to take huge numbers of migrants in violation of the EU's internal rules. Then it tried to impose the quota for migrants on other countries. Poland's response was that we have about a million migrants from Ukraine.

Brexit is also a sign that the EU is not working in a manner which could help us be together and share the same structure. Something is wrong. The best solution would be to try and fix it.

**By these statements, Polish officials somehow integrate Ukrainian migrants into the European refugee/migration crisis, which is about something quite different. Therefore, they are taken controversially in Ukraine.**

Here, it is important to differentiate between economic migrants and refugees. A large part of the people accepted by Germany is economic migrants, not refugees. Polish officials want to tell our German partners that most of the newcomers accepted by Germany are economic migrants. I am afraid that this was not explained fully for some reason. We thought that accepting migrants from Ukraine was a better choice for us.

Yes, in the case of Poland it is not a problem with seeking political asylum and running from a terrible political regime. It's a question of getting to Poland, finding a job, studying, investing, buying a house and contributing both to the Polish and Ukrainian economies: the money earned by Ukrainians are after all sent to the families in Ukraine.

I can't imagine what would happen if those Ukrainians left: it would be a big problem for the Polish economy, as well as for the Ukrainian economy.

Ukraine is in the process of implementing the association agenda. The migrants who are working in Poland are the best manifestation of this implementation. Now, the Polish economic system and the Ukrainian economic system are adjusted to each other. I think that it's an irreversible change. And I think it's good for the Polish-Ukrainian relations. It also shows that this way of working with the issue could be better than the German scenario.

**When you say that voices of Eastern and Central European states are still not heard enough in the EU, is that because of bureaucratic procedures or the difference in the political weight of different EU member-states?**

I think that both factors play a role. We are still treated as newcomers, and not like mature democracies that old member-states are seen as.

Political weight also matters. Let's say that we are not so important. Yet, it looks like this perspective is changing in Brussels, as well as in Germany. The best example was the latest visit of Angela Merkel to Poland and the talks she had with the Polish leadership.

**If Poland wants the EU preserved, how does it see its contribution to this preservation?**

We are interested in contributing to the reform of the EU. It looks that some European politicians, including the leading ones, believe that the structure we have right now is working fine. It is then difficult to work with them. We need to negotiate.

And we have some political weight in that through V4 plus Baltic States, Romania. We can count on some help from Sweden and Denmark. It's a diplomatic process that can last longer. And we can't predict anything now.

**We see more pessimism about the EU in older member-states. What does the EU sentiment look like in Poland right now?**

For us, EU membership was a great achievement. It allowed us to travel freely. Polish young people were able to study and graduate from various universities in Europe. The Poles were the most EU-enthusiastic society. Just like for Ukrainians during the Revolution of Dignity, the EU goal was like a dream to which we were committed, an idealisation of sorts. Now, I must say, the most EU-enthusiastic society is Ukraine. Although I know that fatigue is setting in here as well.

**What is Poland's weight and voice in NATO? How do the Poles feel about the threat of Russia - do they actually understand it?**

Poland was always allergic towards Russia. We fought with it several times, including together with the Ukrainians. We had partitions of Poland, then it was under Soviet occupation. Therefore, the threat from Russia is part of the Polish history and mentality. For us, NATO was the most important aim after the collapse of the Soviet Union. We managed to get there first, then we joined the EU. We treat NATO very seriously. Poland is among the few countries that fulfill the 2% of GDP defense expense criterion. We are now hosting American and NATO troops on our soil. And we truly believe that the Russian threat is a serious one. When Ukraine and Georgia asked for a MAP at the Bucharest Summit in 2008, we were supporting this move. Unfortunately, MAP was not given to these two countries. Putin invaded Georgia in the summer of 2008.

At that time, President Kaczynsky managed to take President Yushchenko and others on a flight to Tbilisi (In August 2008, the Presidents of Ukraine, Lithuania, Poland and Estonia and the Prime Minister of Latvia arrived in Tbilisi to express support to Georgia at a rally led by Mikhail Saakashvili – Ed.).

President Kaczynsky said there that it was Georgia, then it would be Ukraine, then the Baltic States and Poland. It was like a prophecy. And it means that we are not overplaying the Russian threat. What is happening in Ukraine now is the best proof of that.

Therefore, we believe that we also need to have security cooperation with Ukraine. That Ukraine is important for the security of Europe.

**Can the current tensions between Ukraine and Poland around historical issues interfere with this cooperation in security, or economy and other areas?**

I don't think so. When President Poroshenko was in Poland in December, Defense Ministers Poltorak and Macierewicz signed the Agreement on Deeper Security Cooperation<sup>1</sup>. It is very important as it opens a wide range of possibilities in cooperation in various fields of military industry. We have managed to set up a Polish-Lithuanian-Ukrainian Brigade together with these countries. These are truly fantastic achievements in spite of some historical issues.

History is important. But what matters most is the common threat and the future. Polish and Ukrainian political elite understand this. We are trying to build up this strategic partnership.

At the same time, there are some right-wing or marginal groups in Poland and Ukraine that use history as weaponry. And there is a Russian network of agents working in both countries. They know that it is very difficult or impossible to build a pro-Russian party in Poland. Dividing Ukrainians and Poles is a much better idea.

<sup>1</sup> Signed on December 2, 2016, the Agreement covers cooperation in various areas, including defense policy and planning, R&D for military purposes, modernization and supply of defense equipment, military training, intelligence sharing, joint exercises and more.



**The Russian factor is definitely present. But with this much reference to it in the context of tensions between Poland and Ukraine, are we not overplaying it and thus misdiagnosing the problem? Do you see this influence as a major trigger of tensions or a side one?**

I believe that it is a side factor. It also very much depends on us - the Poles and Ukrainians - and our wisdom. We have recently had a series of incidents, from the devastation of the monument in Huta Pieniacka to the vandalism of the Bykivnia cemetery, the incidents in front of the Polish consulate in Lviv and the embassy in Kyiv. But both sides will fail if we concentrate on this. We need to think about constructive common initiatives, our partnership, and about talking to each other. Not about these incidents. Because they were provoked by the third party, not by us. It's against the Poles and against the Ukrainians.

**How major is the presence of Russian business and influence in the Polish economy?**

It is under control. Of course, there are Russian businesses in Poland. Sometimes it's difficult to even figure out whether it is actually Russian. They use different banking jurisdictions: a firm can be registered in Cyprus and will not necessarily qualify a Russian company as a result. But it still will be Russian money. Russia operates through various offshore jurisdictions.

However, there are mechanisms and intelligence services that are able to monitor this and stop the influence which could spoil Poland's national interest.

Also, look at energy: we were against Nord Stream. We were against Nord Stream 2. We understand quite well that Russia uses economy as a tool.

**How does Poland see its role in the region today? Does it see itself as a regional leader?**

Being a regional leader is a pretty risky business. We are not positioning ourselves as the regional leader. But we believe that cooperation between the countries of the Adriatic-Baltic-Black Sea belt is a very good idea. These countries were always invaded and suffered along. The infrastructure in this belt is built from west to east, so it was a convenient way for, say, Napoleon's or Hitler's troops to go through Poland, Belarus and Ukraine, encircle these countries. Now, let's think of a different combination: building infrastructure from the North, through Belarus, Ukraine, Poland, Romania and then to the Adriatic Sea coast countries. This can help balance this west-east infrastructure. It is the Intermarium idea. And it's not a new one. It was proposed to Symon Petliura and the Lithuanians by Jozef Pilsudski. At that point, however, we gave up on it as a result of the Treaty of Riga. Maybe now is the window of opportunity that would allow us to construct this kind of alliance in the economic way (we should keep in mind that economy was the most important foundation of the European Commonwealth of Coal and Steel).

**At this point, is it a structured strategy or an intention?**

It's more than intention but it's not a structure, although maybe it will become one. I know that some Ukrainian politicians are interested in this idea. The Baltic States are interested too: they are small and need stronger partners. Romania is interested.

In 2015, right after the election of Andrzej Duda as President, Poland initiated the meeting of NATO's east-

ern flank countries in Romania. There is potential in that. But it will take time. It's a process. And there are parties and countries - Russia for instance - that are trying to undermine this.

**The Polish Foreign Ministry published a document recently titled the Notes on Poland's Russia and Ukraine Policy from 2008. It was compiled under the Foreign Ministry led by Radoslaw Sikorsky. Where did this document and its vector come from?**

At that time, when today's President of the European Council Donald Tusk was Premier of Poland, Radoslaw Sikorsky was Foreign Minister and PO was in power, it was a global trend in Germany, the EU, the US to treat Russia as a partner and cooperate with it. That put pressure on Poland to maintain better relations with Russia. That's why so-called resets took place.

Then, the tragic crash of the presidential plane in Smolensk happened, and that was the end of the reset from the Polish side.

**Weren't there any countries in the EU and the broader transatlantic community that led the dissenting voice to that trend? Especially given the developments in Georgia?**

As a matter of fact, it was two countries. One was Lithuania. And Poland, to some extent - at least its President Lech Kaczynski. He managed to deliver the words I mentioned before in Tbilisi. Yet, most Western European countries took the side of Russia in fact, accusing Saakashvili of provocations, stupidity and arrogance.

**WE ARE NOT POSITIONING OURSELVES AS THE REGIONAL LEADER. BUT WE BELIEVE THAT COOPERATION BETWEEN THE COUNTRIES OF THE ADRIATIC-BALTIC-BLACK SEA BELT IS A VERY GOOD IDEA**

**Where do you think the Poles lack knowledge of Ukraine and Ukrainians? Are there any gaps in that regard that would need to be filled?**

There are a lot of them. First of all, it's really amazing that a lot of Poles, especially those from the right-wing groups, are very critical of Ukraine, yet most of them have never been to Ukraine.

We need to stimulate the movement of Ukrainians to Poland and of Poles to Ukraine. There is even an instrument launched last year: the Ukrainian-Polish Youth Exchange. It was constructed based on the model of Deutsch-Polnische Jugendwerk, which contributed greatly to a better understanding and reconciliation between the two people. This kind of initiatives can be very helpful.

Another factor is that it is much more difficult for Ukrainians to travel eastwards because of the war and the way Russia behaves. So, the westward vector remains: this includes Visegrad countries, Romania. And it is already a natural trend. Ukrainians work and study, invest in Poland - and many are not from Western Ukraine. This is another trend we need to stimulate.

It would also be nice to start co-production of movies related to common history, organize tourist events showing common heritage. There are a lot of options. ■



# Jonathan Holslag:

“Ukraine should not expect all too much from the EU”

Interviewed  
by Lyubomyr  
Shavalyuk

**T**he author of *The Power of Paradise – How Europe Will Survive the Asian Century* spoke to *The Ukrainian Week* about the conclusions he draws in his book, as well as about the policies Ukraine could pursue while developing its international relations.

**As we face the global geopolitical disposition analyzed in your book, what strategic policy should the EU take with regard to Ukraine?**

What I keep saying in Brussels is that countries like Ukraine, Poland and the Baltic States are the first line of defense. Not so much in terms of geopolitics and military security, but also in terms of political values, in terms of organization of the economy. We cannot afford to let Ukraine slip into authoritarianism because of strategic and major political issues.

The only thing is that when you live in a country like mine, in Belgium, or in Netherlands, bordering on the North Sea and the Atlantic, these stakes are not instantly clear. I think one of the main challenges for us, academics, as well as for policymakers and opinion makers is to continue to raise the awareness of European citizens that their security and their future, to some extent, start on the outer borders, in Eastern Europe and in the Mediterranean region, which is an equally important place.

This is what I try to do by writing this book and news about the situation in Eastern Europe, in Ukraine, in Mediterranean countries and so forth.

**If you look at this situation from Ukraine's strategic perspective, how would you recommend us to further build relations with the EU?**

I keep saying to my Ukrainian friends that you have to strengthen your own country in the first place. Ukraine should not expect all too much from the European Union at

the moment. Firstly, it is important to recognize that it is also in a bad shape economically. As a result, it will become much more difficult for us to be leading investors in Ukraine. We have seen that European investments in Ukraine are stagnant. As a trade destination, the EU is also going to find it hard to live up to the expectations.

Secondly, Europe as an open society is also under pressure. A lot of political parties that are gaining ground seek to close Europe to migration from countries in our neighborhood.

The third important element is the problem of political collective action. It is hard for 28 member states to reach consensus on foreign priorities. Even though Ukraine should have the same importance in a broad perspective, the country still means something different for a French Foreign Minister and, say, for a Polish one.

In that sense, I do not believe that Ukraine should have too high expectations from the EU. The country should focus mostly on self-strengthening. That policy should be bolstered with diversification of strategic partnerships. You should reach out to other important actors, in particular Turkey, the Gulf States, China and so forth.

That is usually very difficult, because the challenge in approaching great powers is that they often seek to extract more concessions from your side and bend economic relations to their advantage. Ukraine needs a very capable and forward-looking government having diplomatic capacity at least to build balanced relations. It does not pay to have more trade with Turkey, if you allow the Turks to have a huge trade surplus. It also does not pay to deepen relations with China, if the only thing China buys is raw materials. You should have economic and industrial policies aimed at generation of value added from these partnerships, though it is very difficult.



**Jonathan Holslag** is Professor of International Politics at the Free University of Brussels. He was born in 1981 in Belgium. In 2007, he obtained his Master's degree in Political Sciences at the Free University of Brussels. In 2011, he defended his thesis as Doctor of Philosophy in International Politics at the same university. He is the author of several articles and books, and consults companies, governments and institutions of the European Union.

This is the core challenge. Do not bat on one horse; try to go as broad as possible in terms of strategic partnerships. Always make sure that it benefits Ukrainian people first. The potential of this country is tremendous. There is agriculture. Global need for agricultural products is going to grow exponentially in the coming decades due to the expanding world population. This is a need that Ukraine can fulfill to some extent, although it should not be satisfied with just exporting wheat. The country should aim at exporting processed food, like properly branded products. If you consider Ukraine as a tourist destination, the country also has a lot of potential. As for the talents, there should be much more active policy to preserve the intellectual capacity. There must be investments to create jobs for highly educated people in Ukraine who are now forced to migrate to Europe, Canada or the United States.

Of course, that comes as an arduous job. The government is still seeking to get itself organized and has to deal with different battles at the same time. These are battles for security, prosperity, unity and dignity. It is not going to be easy. It will take a lot of time. In this situation, it is crucial for the government to set clear objectives, to explain to the people what they endeavor, what they pursue. The government should clarify the steps towards those objectives, explain that it takes time and make it clear what kind of contribution people are expected to make themselves.

Politicians should always depend on their own strength. This is also the message I try to address to politicians at home. Instead of begging for foreign investments, first look at what you are able to do yourself, what assets you have in terms of resources and intellectual potential.

**Ukrainians have an emotionally tainted perception of relations with Russia. As an outsider, how would you suggest to build our relationship with it?**

First of all, emotions are an inseparable part of politics. It should be taken into account.

Politics is about power. In regard to Russia, you have only one option, and it is to become more powerful. It is crucial to define power. What does it mean? I think Ukraine needs its own military capacity. It should be capable enough of deterring Russia, ready to deploy forces and operate in step with NATO countries, even if Ukraine probably might not become NATO member any time soon. It is the hard power first, that is my principle. You will never survive in the 21st century, if you are not strong in a military sense.

Then of course, if you want to build your military prowess, you need strong economy too. If you have a structural current account deficit with a permanent risk of default on government debt, then it is rather hard to preserve and develop your military assets.

The question is how to achieve this strengthening of economic capabilities. First of all, it is about organization of the market. The market means trust and transparency. That is something that the government has to bring back with forceful regulation. There must be no excess of rules,

but a limited number of very forceful and understandable rules of the game. This is the first condition — elevating or restoring the properly functioning market. For that, you have to develop your educational system. It is going to be crucial. It should be the educational system that creates and develops technological know-how, entrepreneurship and citizenship.

I believe there must always be a balance between what you bring in from the global economy and what you contribute to it. If you rely too much on foreign investments and goods, you turn your economy into a dependable one. To some extent, this is what is happening in Ukraine. It is financially very weak. As a result, a lot of key assets are being acquired by foreign companies and in the long run infrastructure is also dependent on foreign funding. This is something that has to be guarded. On the one hand, you should encourage citizens to consume, but also to save, so that these savings are allocated to assets. This is critical for the survival and development of the state. This is a bit of developmentalism, but also the way how the Asians triggered their economic success. Essentially, this is what all of the industrialized countries do at the beginning. If you look at the rise and fall of great trading nations, there is always a period of very articulated government interventions first. This is an effort of government to harness the resources of the society in order to build a more or less independent industrial base.

It is not so fashionable in the world where people are used to talking in terms of free trade, globalization and everything else. Still, if you look at the great success stories in today's world, they can only be explained by successful balancing between the global economy and very cautious government steering.

Another element, which I also highlight in the book, is the importance of quality. The only way for countries like Ukraine not to get stuck in a battle with low-wage countries like China or India, where they produce even lower wages than here, is to set high enough standards in terms of social rules, social safety, sustainability. In essence, Ukraine must try to connect to the advanced quality standards of Europe and tie them to import. Most of the shops in Kyiv today are no longer full of low-quality appliances or textiles from Eastern Asian countries. If you keep up with quality standards and stimulate reshoring, Ukrainians will not have to work 12-14 hours a day, seven days a week, like people in China. Ukrainians can work in better conditions. They can also prevent pollution and exhaustion of precious resources. This is also a crucial part of industrial policy. If you want to build your own industrial basis and generate more value added out of it, and create employment opportunities, you do not have to do that by going to the bottom and joining China and Asia, where everything is being destroyed (environment, society and so forth). You have to join the leading countries in terms of quality standards. Be consistent. If you demand domestic producers to respect certain rules, you cannot allow importers to violate those rules.

**Russia tries to use the principle of "divide and rule" in its relations with European countries. What should the EU do to tackle this problem?**

The main problem is not Russia's strength, but Europe's weakness. Russia is not a strong country. Russia might have nuclear weapons and some military force. It remains the power on the decline. Its population is decreasing; its economy is in decay; its military sector is not

that strong, compared to the European armed forces. What allows Putin to play his little game is the weakness and the division of Europe.

How do we deal with that? First of all, the crisis in Ukraine came as a wake-up call to many Europeans. As a result, the sanctions that we implemented and extended are unprecedented. We have never done that before. Still, I believe that the sanctions are not effective. It makes sense to use financial restrictions against Russia, but on the other hand, we make Russia rich by importing its energy. It is not a very effective policy.

The key factor is strength. In this case, strength means the EU has to be more independent in terms of its energy by developing renewable one. In such a way, relations will change. Now, we are in a weak position, because we need Russian energy, but by getting more independent, we would have a much stronger bargaining position.

However, I do believe we need to reach out to Russian people. I think Russia is a Eurasian nation, rather than a European one. We need to have a balanced strategic partnership, in which we recognize some of Russia's interests, a partnership that allows strengthening Russian private companies and middle class, reaching out to Russian intelligentsia, namely teachers, researchers, journalists and so forth. It is not going to work if we do not act from the position of strength.

How do we prevent Russians from dividing us? This is very difficult, because we have democratic system in Europe, and some politicians are rather shortsighted. They care about energy supplies of tomorrow more than about strategic balances in the coming decades. In defending itself against authoritarianism, democracy is always in a weak position. Democracy has a lot of advantages and we have to defend it, but facing authoritarianism, whether it comes from the Chinese or the Russians, it is always prone to intimidation and other negative impacts.

As researchers and policy advisers, we have a task to keep pressuring politicians to stand strong. That is what I try to do week after week. I am not desperate. The fact that sanctions have survived is positive. The fact that countries of the Eastern Europe and the Baltics are continuously exerting pressure is a good thing. The fact that Putin has overestimated his capacities in Syria and the Mediterranean is also creating some awareness. The main thing here is that we take into consideration that Putin is acting not out of strength, but out of weakness. He knows that his country is very fragile. He understands that if he cannot show his muscles abroad, he will lose popular support very quickly. Still, we have to learn to use our strength. This is something that will require some work from Europe.

**You mentioned in your book four swing states, namely Russia, Turkey, Saudi Arabia and Iran. Does it make sense for Ukraine to build strategic relationship with three of them as opposed to Russia?**

As I have said, diversification of partnerships is going to be a crucial issue. If you look at the economic situation, there are certain opportunities. What are Turkey, Saudi Arabia and Iran going to need? In the first place, food. Ukraine might not have oil, but it has food and water. In the 21st century, these resources are going to be even more important than oil and gas. You cannot use them as a source of influence, but then again what is the government going to do? Are you going to lease or, in the worst case, sell land to those countries? If you want to establish balanced relations with those countries, the essential

thing is to preserve your sovereignty over those key assets and develop national companies that can shape relations. Instead of letting Turkish companies build factories to produce food here and export it, have Ukrainian companies do that.

What do developing countries, like China and South Korea, do? They see an opportunity, like China in the area of manufacturing, and tie the whole supply chain to it. They make sure that Chinese shipping, logistic companies and others are part of it. At the moment, it comes as a challenge for Europeans, because it means that our companies are weak to some extent. Still, for Ukraine as a developing country, it is your responsibility to do that.

You have to diversify relations with Turkey, Saudi Arabia and Iran. First of all, make sure that you never abandon your core values, lose your democracy to those authoritarian countries and preserve sovereignty.

**You have been to China many times. Do the Chinese consider Ukraine as a gateway to the European Union? Do they look into a new Silk Road?**

You do not want to be China's gateway, do you? The new Silk Road is partially propaganda and partially a new instrument to promote Chinese exports. If you look at Chinese trade, it still going to be predominantly containerized and seaborne. The Silk Road might be about some niche goods. Still, the problem with the continental Silk Road in Europe is that the trains arrive



## **UKRAINE SHOULD FOCUS MOSTLY ON SELF-STRENGTHENING. THAT POLICY SHOULD BE BOLSTERED WITH DIVERSIFICATION OF STRATEGIC PARTNERSHIPS**

from China fully loaded and go back empty. This is the problem Ukraine is going to have, because it has nothing to supply. You have to be very cautious about this Silk Road. You should not be satisfied with some kind of logistic activities, having a few big warehouses where Chinese goods are stocked before going to Poland. The only ambition Ukraine should have is that trains go to Asia with Ukrainian goods and Ukrainians actually make money of it. The Chinese usually invest only in sectors that advance their exports, mostly logistics, ports and so forth. You should not tolerate that.

If you build a new port for agricultural exports, of course, the Chinese can put some money in docks and terminals, but the companies being the actual gatekeepers should all be Ukrainian. The condition to supply food to China should be that goods are of Ukrainian brands and Ukrainian quality standards and that Ukrainian people are employed. Even shipping could be done by Ukrainian shipping lines. From their side, the Chinese always demand the EU to work with the Chinese container lines. You should ask the same, do not be scared. My strategy is always as follows: never allow yourself to be bullied by the Chinese. They always pretend to be the strongest, but like Russia are very vulnerable in many ways. They need food desperately. If they do not get access to agricultural markets in the coming decades, they will not be able to feed their people. You are here in a position of strength. Use it. ■



# An inward choice

Philippe de Lara

What kind of president would the French want?

**T**he coming French presidential election concentrates all the disturbing features of democratic politics in the world, plus some more. From Washington to Warsaw, democracies are seized by “trumpization”: anger and distrust towards governments and politicians, unable to protect nations against the dangers and damages of globalization, attraction to demagogues, the more erratic and extreme the better, subservience to fake news and conspiracy schemes and disdain for verified information. Last but not least, this so called “populist” wave seems irresistible and leaves its opponents both unbelieving and helpless, while Putin fan the flames. Who among Eu-

ropean elites and educated citizens expected the Brexit, Trump’s election, the strength of the Polish backlash? And let us not forget referendum where Dutch voters said No the EU agreement with Ukraine, that is Yes to the guy responsible for the attack of MH17! These behaviors seemed too irrational, too stupid to happen, didn’t they? The revolt against corruption in Rumania is perhaps the only good news on the continent these days.

However ominous, trumpization cannot be compared with the rise of Nazism: Hitler had a definite belligerent project and masses ready to die for it, our populists don’t. But there is some similarity in the inability of “reasonable” people to under-



**Between trumpization and schroederization.** Until recently, the choice between Fillon and Le Pen, that is Putin-Putin, seemed unescapable in France

stand and cope with these trends. Either they deny the problem against despite hard facts, or they blame the bad voters. They fail to recognize the damages of globalized economy, damages which are not only material (growing inequalities, unemployment, economic insecurity), but also cultural: a lot people feel they have no more any control of their life. As Harvard philosopher Michael Sandel puts it, the populist upheavals are about “genuine grievances about social esteem and not only wages and jobs”, and that is why intolerance and xenophobic scapegoating are so powerful.

France's mood these days is a similar blend of paralyzing fear and incredulity. The election campaign jumps from surprise to surprise and no one know which will be next. Favourites have been consistently beaten by outsiders at the primary elections in the main parties. François Fillon reached the first place in the last days before the primaries in the right center party (“Les Républicains”), defeating the favourite Alain Juppé. On the left side, Jean-Luc Mélenchon who ran ahead, is a freelancer, formerly socialist and now flirting with the communists, but with his own agenda. Manuel Valls, the former Prime minister and expected winner for the Socialist Party was knocked out by Benoît Hamon, a young apparatchik rather than a senior politician, with a program based on the criticism of the outgoing socialist government he was once a member. And the far right Marine Le Pen (close to UKIP, AfD or FPÖ) reigns unperturbed at the top of polls, immune to the scandals surrounding her, and to the blatant inconsistencies of her program. A young man without party nor political experience, Emmanuel Macron, took the third man position and challenges now Fillon for the second round against Le Pen.

A few weeks ago, the situation was desperate to the pro Europeans: a second round Fillon-Le Pen, that is Putin-Putin seemed unescapable. The choice would have been between a Trump with good manners and a Trump on petticoats as vulgar as the original. Now, it is chaotic and unpredictable. Fillon is still in the run because his party fellows can't agree on a plan B, but he is now crippled by a fraud scandal, the “Penelopegate”, coined after the first name of his wife, suspected of having benefited of fake jobs. There are also suspicion of illegitimate financial support by the Kremlin. The left is now split between Hamon and Mélenchon, competing for the fourth or third place and irreconcilable: among various issues, Hamon is pro-European, and condemns clearly the Russian threat, while Mélenchon is a fanatic pro-Russian and anti-Ukrainian: he often insults the “Kiev fascists” and repeats slavishly every Kremlin's hoax (he recently accused the late Boris Nemtsov of anti-Semitism!). Macron is now the best shot compared to any other option, but he is mysterious and controversial on various issues. Concerning Europe and Ukraine, he is a fervent pro-European and free economy candidate, tries to move closer to Angela Merkel, but he is also an opportunist, who gave a vibrant homage to Schroeder in Berlin, and sticks to the two-faced position of many diplomats “both parties must abide to Minsk agreement”, and “we hope

it will be possible soon to alleviate sanctions and cooperate with Russia”, unlike Merkel and Hollande (but who else?).

The only certain fact is the victory of Le Pen at the first round. She is raising piecemeal in polls, 25%, 26%, 27%, with a high rate of voters declaring this as their ultimate choice. Fillon is dropping in the polls but keeps (for the time being) a core electorate around 19%. Other candidates, including successful Macron, (23%, still increasing) have a very small rate of decided voters. Election is on April 23, and a lot of citizens either have not made their decision yet, or declare they may change it. Yet citizens are anything but indifferent. Political shows on TV have high audience figures, and people are anxious, including journalists, who display serious concern and as they never did in the past, as if we were in a pre-revolutionary or pre-war context. There are neither revolution nor war in the foreseeable future, but people have good reasons for being anxious. This climate is not fortuitous. The campaign is erratic because society is disoriented.

## EUROPE'S FUTURE AND EUROPE'S SECURITY IN RESPONSE TO RUSSIA IS A KEY ISSUE FOR FRANCE, BUT IT STAYS IN THE BACKGROUND. ELECTIONS TRADITIONALLY FOCUS ON DOMESTIC ISSUES

In France, the worldwide populist crisis is exacerbated by a domestic constitutional crisis. De Gaulle's Constitution which restored in 1958 the prestige of politics and the efficiency and greatness of the State does not work anymore, and no one sees alternatives. The party system is collapsing, whoever wins the election will likely not have a majority in parliament and will face a divided and angry society. Many “Occupy something” movements will burst with both left and right indignants, almost on the verge of civil war on issues like racism, immigration, same sex marriage, etc. The issue is not only about institutional rules, but also about trust and political perspectives, about the meaning and requirements of France's existence as a sovereign country. Is the French way of life, from the “social model” to the cultural influence, still worth it and sustainable?

Europe's future and notably Europe's security in response to Russia is a key issue for France but unfortunately, it stays in the background. Elections traditionally focus on domestic issues; the rejection of EU policies makes pro-European politicians cautious if not coward. Russia is still misperceived: Putin is not popular at all, but people are often either indifferent (Russia is weak and far away) or frightened (let us not irritate the dictator). Clear headed people are working to raise European matters at the front of election debate, and open a path between trumpization and schroederization. They have good assets for that: US erratic isolationism is a strong incentive for Europeans to be strength and self-reliant, Russia's cyberwar, including interference in elections should trigger at last appropriate responses. Some courage and luck would also help. ■





PHOTO: ANDRZEJ LOMAKIN

# Dick Pels:

“Patriotism can be quite a progressive phenomenon if it is filled with progressive ideas”

Interviewed by  
Hanna Trehub

**T**he *Ukrainian Week* speaks to sociologist Dr. Dick Pels on the fusion of contemporary European populism and nationalism, the rise of illiberal democracy, and a new cultural policy as a way to preserve the integrity of the EU.

**Your analysis of contemporary political forces in Europe starts with a statement that a new cultural policy is needed alongside a joint military, political, and economic power to preserve the united Europe. Why is this so?**

At the beginning of my new book I write about the European civilization. Europeans recognize common symbols which refer them to their history, literature, music, culture as such. All of them know, say, who Paris is and who The Beatles are. Similar references are innumerable in both high and low spheres of culture. This is what unites Europeans in one whole: the above-mentioned European culture. Another thing is the import and export of living practices from one European country to another.

The EU and euro, however, are a different matter: they are now in a crisis. After Donald Trump became the new US president, Europe faced some very serious challenges and found itself surrounded by – I am not afraid to use this word – enemies, both external and internal. Putin, Erdogan, Trump are external challenges for it, while the internal ones are Brexit and the populist and nationalist movements across the entire continent, which often are essentially the same. When asked what

exactly threatens Europe from the outside, you can give a bunch of various answers. In the Netherlands Geert Wilders uses the same methods as Trump or Putin and urges to lift the sanctions imposed on Russia. Marine Le Pen in France, Nigel Farage in the UK, Viktor Orban in Hungary, Jaroslaw Kaczynski and his PiS in Poland, they all belong in the same cohort. They share a joint vision of nationalism, democracy, and macho politics. They think they are right because they enjoy popular support. The people are always right and those who are to blame in all troubles and evils are the so-called elites. They have to go. This is the majority politics which does not take into account the fact that minorities and their needs exist. This is essentially one-party policy, like the one they now have in Poland. A style shared by Putin, Trump and a number of above-mentioned personalities.

I was happy to hear that Donald Tusk, current President of the European Council, censures Putin and says that Trump is just as big a threat as Russia's president. But we Europeans are between the two, we are in the middle. That is why Europe is now indeed in a worse situation than it was before. But it most likely has a new opportunity to reinvent itself and find its new identity.

In my new book *A Heart for Europe. The Case for Europatriotism* I wrote about Europatriotism, which is seen somewhat controversially. The question here is whether nationalism and patriotism are one and the same thing. In my view, they are not. Patriotism can be a very progressive phenomenon if it is filled

with progressive ideas. Here a question of identities arises. I, for instance, am an Amsterdammer, Dutch, Western European and so on. Identity is not a monolithic phenomenon, it is rather multi-layered. And these layers compete among themselves on a daily basis.

Nationalism puts a strong emphasis on its specific nation, city, region etc. They all are the most important, filled with the most sense and meaning, the best and so on. 'Our people first' is the motto of populists worldwide. The thing is that it does not include a person's individual rights or human rights. In this case every person falls under a greater value and is essentially unimportant, while the world around does not exist at all, just like its problems. In this way walls are built round a certain nation, like Trump is trying to do now in the US. Geert Wilders is copycatting him unabashedly saying that when he comes to power he will do the same as the current head of the White House. Same goes for Marine Le Pen. Golden Dawn in Greece is on the very margin of the populist movement in Europe and does not play a very visible role. In Hungary, Jobbik is moving towards the centre. The biggest problem is centre-right populists.

**What do you think is the essence of modern-day populism in Europe and the US, led by Marine Le Pen, Donald Trump and a cohort of others? How is the integration of nationalist ideas affecting it?**

We shouldn't speak of the modern-day populists in the way we speak of the fascists of the 1930s-40s. Such a comparison is hardly valid. It is more a matter of national individualism, since our contemporary populism has incorporated a whole lot of values and practices of the post-war, democratic Europe. In particular, those stemming from the free market. It is really shocking to see how much free market philosophy contemporary populism has absorbed.

The modern populist ideology combines the uncombinable, it is very eclectic. Nationalism and individualism, everything is thrown together. For instance, in the Netherlands Geert Wilders is campaigning to defend women's rights from pressure put by Islam. Indeed, such things happen, and he is right to an extent. The same goes for protecting LGBT people. In the Netherlands they vote for Wilders because he makes a public case of the necessity to defend them from Muslims' attacks. It produces a specific picture. Also, populism uses the narrative of social justice and protection of welfare state. The tragedy of classic social democracy is in accepting the policy of cutting public spending while totally giving up the realm of social fairness to populists. Social democrats can be blamed for turning a blind eye to the most vulnerable strata of the population, those who lost their jobs as a result of globalisation worldwide etc. Why is PiS so popular in Poland? Because it has a social policy. Wherever you look you see this agenda of the welfare state for a certain group of individuals, that 'own nation,' and all. Thus populists are now melting together absolutely different things, shaping a new ideology. That is why it is so hard for the rest of political players to find and offer an adequate response. Populists stole the very notion of liberty and solidarity and democracy. Historically, this notion is rooted in the history of social democracy, for which liberty was not exclusively and

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only the liberty of a nation, but first and foremost, the liberty of each and every individual. Now we need to find what was stolen, or reinvent it if necessary.

**You write a lot about modern illiberal democracy. How is this political practice linked to the rise of populist forces in Europe?**

This possibility is inbuilt in the very heart of the democratic tradition. When we speak of illiberal democracy, we must clearly outline democracy of the liberal sort. A table with democracy at one end and Nazism or communism on the other, as two opposite poles, is not an image to describe this situation.

The problem here is that there are democrats at the other end of the table as well. But they are not very enthusiastic advocates of the concept of checks and balances, protection of minorities' rights, rule of law, individualism, the priority of human rights over the rights of a certain group (even a nation, if we consider it as a group from a sociological point of view). At times, that party at the other end of the table is an irreconcilable, even hostile, opponent. Kaczynski and Orban came to power in a completely democratic manner, elected by a majority of votes. According to their logic, they represent the majority which in fact is the people delegating power. Also, the notion of power is different in different kinds of democracy.

Liberal democracy presupposes possibility and necessity of criticism, and has the means to survive it. Criticism makes no one happy, yet it is necessary. Under such a political regime we are interested in what the opposing party or parties can say. Political philosopher John Stewart Mill raised the issue of truth; sociologist Ulrich Beck wrote about the art of doubt. Mill wrote that we as democrats must always recognise that our opponents are at least 50% right. Thus we must recognize the relativity of our and the other's rightness, criticise and accept criticism. Putin, Trump and the others from the same cohort are blissfully convinced that they are totally right and everyone has to put up with this. Not too democratic, is it? Illiberal democrats feel the power of truth on their side because they believe that they represent an absolutized nation. That makes truth absolutized and national. The people and the nation could be rather close, but they are not always identical. It depends on the interpretations and practices given to both.

Is progressive populism possible as a phenomenon? There is progressive patriotism, after all. To realize the former, the group you identify with needs an idea. Social democrats have forgotten that people as such will identify with some community, and this is normal. For instance, with the country where they are born and which they love. This is a certain physical characteristic which is not so easy to get rid of. Unfortunately, in the glossary of Europe's social democrats love of one's country evokes certain suspicion. ■

**How exactly did the 2016 Dutch referendum (which came as a shock to many) reflect the thought and action of the modern European political space?**

For me, the referendum became a tremendous shock. It was preceded by an absolutely unbearable, dishonest campaign, which suggested that Ukraine was supposed to join the EU right the day after, and the Dutch will have to pay for it from their own pocket right here and now. They coined an image of another Greece for Ukraine, a sort of swindler and liar.

In fact, the matter was not Ukraine but the internal struggle of Dutch politicians against the established elites and Brussels. It was an anti-European campaign to undermine the EU, not an anti-Ukrainian one. The referendum as a tool of democracy leaves a lot of questions in this context.

What matters also is that pro-European parties hardly campaigned, leaving the field clear for the populists. They did not feel sanguine and strong. Nor did they do anything to move the Dutch to support the EU – Ukraine Association Agreement in the referendum. All that political campaign has left a sense of uncertainty and onerousness. The referendum was non-binding, so frankly speaking it hardly really affects anything at all.

**At last for the three recent years, from the start of Russia's aggression against Ukraine which blew up the established international order and effectively annulled the principles of international law, the EU seems to be in a stupor; it is aggravated by both internal and external challenges which do not diminish thanks to the EU's inactivity. Is there a chance for the EU to shake off the slumber and begin to act in the current geopolitical conditions?**

It often happens that things go from bad to worse before the situation improves drastically. I think this is one of those moments. The EU needs to wake up, become politically integrated, unify its foreign policy, and strengthen its armed forces. Today's Europe cannot rely on NATO alone. This is happening also because Donald Trump does not believe in this force. I will not say that I am hopeful, but on the other hand, I do not see the domino effect either, when European nations fall one after another as populists rise to power. Even speaking of Brexit, I do not think it will be implemented on a practical level. Over two years the UK will hold a new referendum, and the decision to leave the EU will not be supported. The UK has a number of problems, and it took a bad blow from the Trump effect, which has at least two aspects. It empowers populists by giving them certainty that they can do the same thing as Trump in the US. Yet all those statements and urging to action scare people off, making them ponder over European values and the need to protect Europe. The question remains open, which of these two trends will gain power.

Europe is balancing between disintegrating and staying together, becoming stronger and responding to challenges and threats. I remember the German *Die Zeit* writing at the very start of the war in Ukraine that Putin had made Europe a very original gift, but it was a gift nevertheless: a chance to reinvent itself. There is a threat to Europe's borders

because Ukraine is Europe's border. The same applies to Syria, because streams of refugees flow from there to southern Europe. All of this demands an answer to the question: what is the present-day European civilisation? Is it a value? Are we going to defend it even at the cost of our life? When we say that we love Europe, we do not mean all the pages of its history, as there were lots of shameful and bloody things there; we rather mean a vision of a shared future that we could have. This is the question to the policy of emotions, the bulwark without which we will not be able to convince people that Europe or something else is a value. I would like to remind you that global terrorism is killing not specifically French people, Germans, or Italians; it does not choose ethnicity, it kills Europeans."



**THE TRAGEDY OF CLASSIC SOCIAL DEMOCRACY IS IN ACCEPTING THE POLICY OF CUTTING PUBLIC SPENDING WHILE TOTALLY GIVING UP THE REALM OF SOCIAL FAIRNESS TO POPULISTS**

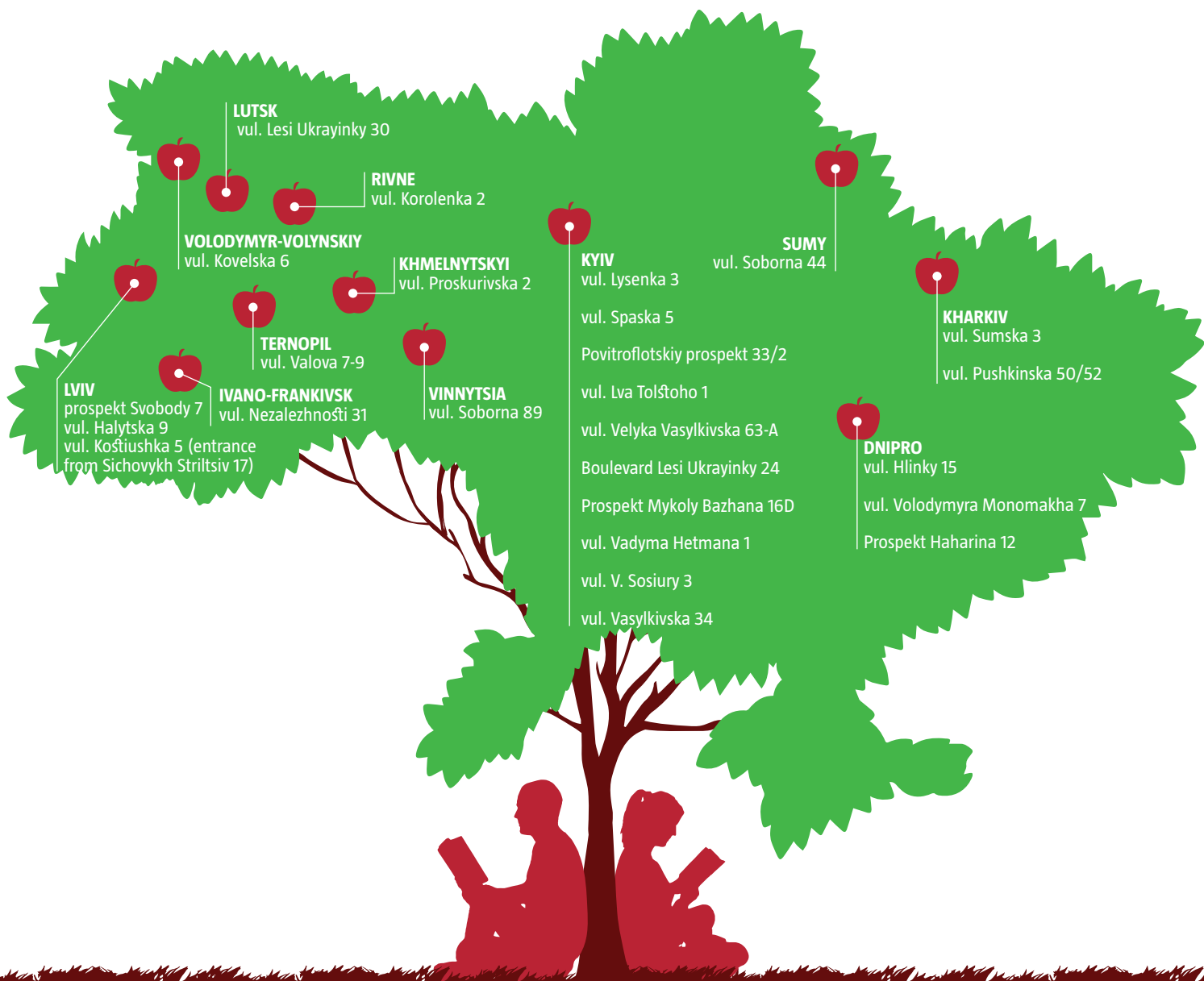
**Could today's European Green offer an alternative to the populist political agenda, a way out of the present situation? Do they have at least anything to compete with the populists against the backdrop of fatigue and uncertainty amongst Europe's political elites, in the face of external and internal challenges?**

Consider the recent presidential election in Austria, when the independent Green candidate Alexander van der Bellen won. Many in Europe breathed a sigh of relief. In the Netherlands a rather young politician Jesse Klaver, the leader of Green Left, is on the rise. Meanwhile, our classical social democrats are losing sway (just as elsewhere in Europe, actually), making only 10% of the Lower House. Christian Democrats are doing quite well in Germany, but not in other European countries. At the background of this gap, the Greens are now winning additional points in all sorts of elections. In current conditions, they will become a political alternative only if they make a wide front borrowing the notion of fairness from social democrats, and unite among themselves. In the face of such a threat as Geert Wilders and Donald Trump it is quite possible. The Greens in a broad sense will face a need to solve the problems of social inequality and the growing gap between the rich and the poor, creating new jobs by the government and not leaving this problem exclusively for the market to correct. They will need to make a new distribution system, not only for material goods and opportunities, but also for education. They will also need to shape a new cultural policy. And this is when the issue of progressive patriotism will surface. On the one hand, it is necessary to remove violence from the margins in European society, but that does not mean doing away with the police or the army. Yes, post-war Europe chanted the slogan 'No more wars!' But today we are pulled into, and suffering from, a hybrid war. And we have to counter that. To defend ourselves, we need to change our mentality. ■





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# The conservative revolution of Pavlo Skoropadskiy

Yuriy Tereshchenko

How the last Hetman of Ukraine came to power in 1918 and what he achieved



**Descendants of kozak aristocracy.** The hetman's entourage included many representatives of well-known Ukrainian families, such as Vasyl Kochubey (the first man on the left) and Mykhailo Khanenko (the second man on the right)

**A** number of extremely important events in modern Ukrainian history are connected to Hetman Pavlo Skoropadskiy and the return of Ukrainian aristocracy to socio-political and state-building activity. The central event in this process was the declaration of Pavlo Skoropadskiy, the heir of an ancient Ukrainian kozak family, hetman of all Ukraine on April 29, 1918. This act signified the revival of the Ukrainian tradition of statehood that had been established by the kozaks in collaboration with the Ukrainian gentry, a stop to the ruinous socialist experiments of the Central Rada, and a shifting of

Ukraine towards the path of class cooperation and civilized reforms in the public interest.

## CONSERVATISM VS SOCIALISM

Ukrainian society had long been captive to liberal-democratic and socialist ideas, so this historic event had enormous meaning, as Ukraine's aristocratic class had not, so far, demonstrated its political independence. The First World War and an explosion of revolutions in a slew of European countries led to the collapse of once-powerful conservative institutions and the further expansion of the liberalism enshrined in

the Treaty of Versailles. Together with this, both prior to and after the War, a number of social movements were galvanized across Europe: they wanted to establish an ideological and political alternative that went beyond the liberal-democratic system and radical socialism.

They merged into a conservative revolution that was marked by an intellectual, political and literary trend against the destructive nature of radical social movements. It criticized the bourgeois philistinism of the 19<sup>th</sup> century and the revolutions that it led to, and attempted to resist them through political and world views that offered an alternative to marxist socialism and democratic liberalism. The last two are, of course, hostile to each other, both ideologically and politically, although their roots lie in the same 19<sup>th</sup> century revolutionary practices and social notions. According to its spokesman Ernst Junger, the conservative revolution was intended to restore “a return to honoring all the basic rights and values without which humans lose their connection with God and nature, and become unable to build a just society.” A profound crisis in Ukraine brought about by the class politics of the traditional national parties in 1917 pushed conservative elements to become more active. They then announced their determination to organize a normal state in Ukraine based on cooperation among all groups in Ukrainian society, not just the “working masses.”

### THE NON-REVOLUTIONARY ARISTOCRACY

At that time, most Ukrainian political parties that were part of the Central Rada were firm in their conviction that the Ukrainian aristocratic elite had been fully russified or polonized and was completely antagonistic to all things Ukrainian. This attitude made the leaders of the Rada openly negative towards members of the Ukrainian gentry, especially the landed ones. And so, the appearance of Pavlo Skoropadskiy on the political scene in 1917 drew a hostile reaction from the Central Rada and a slew of baseless accusations of anti-Ukrainian positions, plans to restore the regime of the bourgeoisie and landowners, and so on.

Similar attitudes towards many other members of Ukraine's gentry were widespread at the time, despite the fact that many of them had demonstrated through their efforts on behalf of their homeland that they clearly considered themselves native sons and had made an enormous contribution to the Ukrainian movement. One of the active builders of the national rebirth, Yevhen Chykalenko, assessed the situation as follows: “When the revolution of 1917 took place, I, as a bourgeois, and even a feudal lord, was not given the chance to participate in the building of the Ukrainian State.” Another patriot who was also sidelined from the nation-building process in 1917 was Vyacheslav Lypynskiy, because of his social status as a Roman Catholic and a landowner. The most blatant example of this was the way the Central Rada rejected his proposal to organize a cavalry regiment at his own cost.

The reasons why the Central Rada rejected an experienced military man like General Skoropadskiy, precisely the kind of professional that the Ukrainian State was in desperate need of, was that he belonged to the “exploiting class” and that his approach to the most pressing political and social problems of the time was moderate and measured. However, an objective look

at the social position of the descendants of the kozak elite and Ukrainian aristocracy and their attitudes towards Ukrainian issues shows that these individuals had largely preserved their national identity and were anything but indifferent to the fate of their homeland.

The conservative forces that had not been “de-classed” may have distanced themselves from the Ukrainian liberal-radical movement, but they had not lost their national instincts. This became completely evident after February 1917. It was in this environment that the world views of the future hetman, Pavlo Skoropadskiy, were shaped through tight family ties to a large group of the aristocratic families of the old Hetmanate like the Kochubey, Myloradovych, Myklashevskis, Markovych, Tarnovskis, Apostols, and Zakrevskis.

“Thanks to my grandfather and father, and to our family traditions, to Petro Doroshenko, Vasyli Horlenko, Novytskyi and others, I was always learning about the history of Malorossiya, despite my service in Petrograd,” wrote Skoropadskiy. “I always loved Ukraine passionately, not just as a land of lush fields and a marvelous climate, but as a country with a great historical past and people whose ideology was completely different from that of Moscow.”

The traditions of the hetmanate continued to live in these historical aristocratic circles of Left Bank Ukraine, and this gave reason for a secret report to the Russian government about Ukrainians “wanting a free republic headed by a Hetman.” Except that the candidate for this position was believed to be Vasyli Tarnovskiy, the scion of an ancient kozak aristocracy, a patron of the arts and a collector of Ukrainian antiques.

### BETTING ON THE HETMANATE

Prior to World War I, the idea of monarchism manifested itself in a variety of ways among Ukrainian politicians and became an asset of the pro-Ukrainian movement. Among others, it lay at the foundation of the political platform of the Union for the Liberation of Ukraine and, thus, went beyond conservative circles.

Once the concept of a monarchy appeared in Ukrainian politics, the liberal democrats and the socialists lost their monopolist positions. This demonstrated that Ukrainian society was quite capable of responding appropriately to the challenges of the times and wanted to balance values-based ideological and political orientations. With the growth of the national liberation movement and the very real prospect that multi-national empires were about to collapse, the idea of monarchism was capable of turning into one national option or another, depending on how it was brought to life. After February 1917, Ukraine was very clearly attracted to those social trends in its past that were inclined to “ensure statehood based on monarchic principles.” Among the numerous slogans waved by the many thousands demonstrating in Kyiv on March 19, 1917, the most surprising for those leading the national movement was “Long live independent Ukraine with a Hetman at its head!”

The persistence of hetmanate traditions in Ukraine served as a foundation for the continuing search of Vyacheslav Lypynskiy and other conservatives in Ukraine to come up with a concept for a hereditary monarchy. Only this one would be in the form of a hetmanate tied personally to Pavlo Skoropadskiy and his dynasty. ■



Once Skoropadskiy and the “Ukrainian National Society” that he founded joined the political fray, the goal became to unite “all owners without exception.” Skoropadskiy promoted this objective in contrast to the position of traditional Ukrainian parties because he wanted to bring about a program of transformations devoid of demagoguery and populism, and aimed at ensuring a socio-economic order based on private ownership as the foundation for culture and civilization.

### AGAINST BRUTALITY AND CLASS WARFARE

The announcement of the Hetmanate was only the beginning of Ukrainian conservatism in political action and a long path of ideological and organizational learning lay ahead. The Hetman and his colleagues understood this very well. It was no coincidence that Skoropadskiy emphasized from the start: “The Hetmanate was only the first step towards a more moderate approach, one that was more natural and therefore more powerful.”

But the difficulties of the socio-political and economic circumstances in Ukraine at that time made it impossible for the conservative revolution to completely succeed. Ukrainian conservatism had neither the necessary organizational skills nor a clearly formulated ideology. The transformations launched by Skoropadskiy were not exclusively conservative and had many elements of liberal reformism. And so the conservatism of 1918 can easily be labeled liberal today and one that stood not against social transformations per se, but specifically against the radical social experimentation of bolshevism and of the Ukrainian socialists in the Central Rada.

Ukrainian conservatives, represented primarily by landowners of various types, carried out their fundamental programs in alliance with the liberal urbanites. It was hardly surprising that the Government of the Hetmanate included many freshmen politicians who were trying to implement the liberal platforms of their parties under the conditions available in Ukraine then. Among them were quite a few activists from the Ukrainian national movement. Skoropadskiy also kept trying to involve Ukrainian liberals in his government, especially the Ukrainian Socialist-Federalist Party. In this he succeeded only up to a point.

In Ukraine, liberalism was able to make a breakthrough precisely because its positions were mixed with conservative ones, a breakthrough that proved impossible to achieve in Russia, which was engulfed in the flame of radical social changes. The proclamation of a Ukrainian State marked the recovery of its own Ukrainian traditions of national statehood, putting an end to destructive socialist experiments, and steering Ukraine towards class cooperation and civilized reforms. It also marked the end to efforts by the liberal-democratic and socialist movements in the country to squeeze Ukrainian conservatives out of the state-building process and monopolize the formation of a government in Ukraine.

This was a completely logical response in Ukrainian society towards the politics of class hatred and warfare that was being promoted by the socialist leaders of the Central Rada. Attempts at all costs to institute their class doctrine, even if this went against the overall national interest, led to a deep crisis in the body politic of Ukraine, one that could only be overcome by moving Ukrainian society onto a completely new track



**The hetman's diplomacy.** Pavlo Skoropadskiy holds a reception for ambassadors

by gradually establishing class cooperation and social partnership to counter class warfare, unify the nation, and consolidate an independent Ukrainian State.

### A STATE, YET NOT QUITE INDEPENDENT

This last point was especially urgent: it was hard not to notice that setting up the Ukrainian National Republic in the legal sense was based on a federalist, autonomist concept that was historically sponsored by liberals and socialists in Ukraine and did not yet mean complete state independence for Ukraine. In its Third Universal, the Central Rada had clearly declared that the new state entity would remain a component of a federated Russia. The main point of this act, as far as Ukrainian socialists were concerned, was not establishing a Ukrainian national state but doing what was necessary to preserve the Russian one. “Laying the road to federation!” cried *Robitnycha Gazeta* or the Workers’ Daily. “By this our work we are saving the unity of the Russian State and strengthening the unity of all the proletariat of Russia and the power of the Russian Revolution.”

Indeed, although it proclaimed the independence of Ukraine, the famous Fourth Universal of the Central Rada repeated the thesis about the purpose of a federated tie between Ukraine and “the peoples of the republics of the former Russian State.” This formulation in the manifesto did not reject the possibility of restoring the state union between the former metropole and the newly emerged Ukrainian State. This was confirmed by Volodymyr Vynnychenko’s speech, in which he declared confidence that “the basis of this Universal will bring us to a federation of socialist republics around the world.” It was understood that first among them would be Russia. Significantly, the very appearance of this document seems to have been motivated, not primarily by vital need for the nation to have its own, independent, sovereign state, but by the need of the moment: to establish peace as quickly as possible. The socialist leaders of the Central Rada demonstrated a fatal lack of interest in independence and refused to drop the idea of federalism,

even after the bloody bacchanalia that took place when the bolsheviks captured Kyiv.

It's also worth noting that, prior to this, the leaders of the Rada had declared in numberless documents, including the Fourth Universal, the need for a class government that was to consist of "representatives of the working people: farmers, workers and soldiers," and not broad-based Ukrainian statehood. The social limitations of this kind of state led to a logical extension when the Directorate deprived the so-called "bourgeois classes" of the right to vote during the elections to the Labor Congress in January 1919. In fact, the most valuable state-building groups in Ukrainian society who pushed the idea of national liberation as a top priority were the prosperous farmers, local officials, military officers, better-off urbanites, the clergy, and many members of the academic and arts intelligentsia, all of whom were labeled "counter-revolutionaries" and became objects of scorn among Ukrainian socialists.

Just as they had immediately after the February Revolution, Ukrainian socialist parties aligned themselves in an all-Russian united front of what they called revolutionary democracy, announced a "class war" with their own "bourgeoisie," and tried to maintain Ukraine's traditional imperial links to Russia. Even as they adopted independence as a tactical goal, they continued to argue that it was more important to expand the war with their own bourgeoisie. *Robitnycha Gazeta* stated firmly, among others, that, in an independent state, "class warfare could expand across the entire society. Only in such a state could the success of this struggle be best ensured."

In the end, the doctrinaire positions of the Central Rada's leadership brought the Ukrainian National Republic to the edge of political and economic disaster. Germany's military paid less and less attention to the limp institutes of the Rada and instituted an occupation. In the end, the inability of the government to control the situation in the country put an end to the chaos caused by the revolution placed the very existence of a Ukrainian State in jeopardy. Indeed, the portion of the country occupied by the Germans could well have been declared part of Russia, as well. This was something Pavlo Skoropadskiy was all-too aware of. In his *Memoirs*, he wrote his comments to "those who call themselves Ukrainians:" "Remember, had it not been for my speech, the Germans would have instituted a general governorate in Ukraine within weeks, based on the same principles as any occupation. And it would have had nothing in common with Ukrainian society at all." As a precaution against a Ukrainian State, the Germans started by disarming the bluecoat divisions, as the UNR forces were called.

In short, restoring the Hetmanate under these circumstances meant that the conservative forces would rescue the Ukrainian State and an end to efforts to establish an autonomist federalist concept of Ukraine's political future. It also meant a decisive and irreversible break with Russia.

### NATIONAL INTEGRATION INSTEAD OF CLASS WAR

Establishing a state meant a decisive shift in the socio-political and cultural development of Ukraine towards western European civilization, based on its legal and spiritual foundations. The Promulgation to the Entire Ukrainian Nation on April 29, 1918, stated

that "as the foundation of culture and civilization, the right to private property is being fully restored." Those who established the Ukrainian State in 1918 looked at the institution of the hetmanate not as a way to overcome or eliminate all other Ukrainian political movements, but as a means to integrate the nation and establish cooperation among all classes and organizations.

In contrast to the political intolerance of the socialist leadership in the Central Rada, and then the UNR under the Directorate, the socio-political position of the Hetman was to bring the battle between conservatism and social radicalism into the legal arena and to have it take on an original national form. From the first day the Ukrainian State came into being and to its last, the door to cooperation was never closed to any Ukrainian political party. On the contrary, the Hetman was always doing his best to engage the broadest possible spectrum of politicians in his government.

But all his efforts failed. For most leaders of Ukrainian parties, the most important thing was the social achievements of the 1917 revolution. And so, the Hetmanate was seen as a reactionary phenomenon that brought a petty landowner and imperial general to power, rather than the restoration of the traditional national state.



### RESTORING THE HETMANATE MEANT THAT THE CONSERVATIVE FORCES WOULD RESCUE THE UKRAINIAN STATE AND AN END TO EFFORTS TO ESTABLISH AN AUTONOMIST FEDERALIST CONCEPT OF UKRAINE'S POLITICAL FUTURE

During the entire period of Skoropadskiy's government, Ukrainian "revolutionary democracy" kept gaining force while rejecting cooperation and putting all its energy into opposing the Ukrainian State. An anti-hetman insurrection was not long in coming, with Ukrainian socialists at the forefront, and demonstrated just how much enormous social power was dormant in Ukraine at that time. Unfortunately, just as had been the case so many times in the past, it was aimed against its own statehood. The anti-hetman leadership was unable to make use of this energy for state-building and a consistent battle against the bolsheviks and the White Guard.

### THE GEOPOLITICS OF THE HETMAN

Although the boycott of the Ukrainian socialists was very short, only seven and a half months, the Hetmanate managed to operate with unusual intensity and productiveness in establishing a Ukrainian State. It managed to encompass all aspects of social organization, from establishing foreign policy and a state administration, building up the military, and implementing land reforms to opening a Ukrainian university and National Academy of Science, and expanding public education.

One extremely important aspect of Ukraine's foreign policy at the time was the effort to consolidate all territories with ethnic Ukrainians. The Hetman was clearly determined to include Kuban and Crimea, which »

were largely settled by Ukrainians who had never lost their spiritual and cultural connection to the Ukrainian metropole.

The Head of State set the objective of expanding Ukraine's geopolitical influence to a broader territory known as the kozak lands, from the Caucasus Black Sea territories to the Caspian Sea. This territory, settled by Don, Kuban, Tersk, Ural or Yaik cossacks, by Caucasian peoples, Kalmyks and Kazakhs, also contained substantial enclaves of Ukrainian colonists that stretched in a broad swath all the way to the shores of the Pacific Ocean. Setting up a close alliance with cossackstatelets and the Caucasian states would make it really possible to constrain Russian imperialism, the main enemy of Ukrainian independence.

### STARTING FROM THE GROUND UP

Among the most serious problems that faced the Hetmanate was deciding the issue of land ownership and bringing to bear the best possible agricultural policy. This, more than anything, would determine the further survival of the Ukrainian State. Later, Skoropadskiy was to write: "I was convinced that only by a strong organization of big, mid-sized and petty landowners would our State be able to get on the right development track, but every government we put together depended on socialist parties and inevitably reverted to bolshevist principles." As one of the first steps in its plans, the Hetmanate government set the task of large-scale land reform, whose purpose was to establish a strong class of middle and prosperous farmers. This rural population group was supposed to get land with the help of the state by parceling out the holdings of large landowners for sale. With this same goal in mind, a State Land Bank was planned to be set up to ensure that farmers could acquire land for cheap and easy loans.

Draft land reform documents were drawn up by early November 1918 and provided for the state to nationalize all the largest estates to then parcel them out among farmers with the help of the State Land Bank. No household was to be allowed more than 25 *desiatins* (a *desiatin* being 2.7 acres or slightly larger than the modern hectare). Only those estates that were being used for agricultural purposes were not subject to expropriation—and even then, only up to 200 *desiatins*.

Specialists say that this law was one of the most democratic of land reform bills drawn up by any state back then. Without any doubt, had these reforms taken place, they could have been a powerful engine driving Ukraine's socio-economic development. For one thing, it laid down an organization of land based on medium prosperous self-sustaining individual farmsteads. This would have affirmed an economically healthy, independent grain-growing sector as the foundation of the Ukrainian State. The actual implementation of these reforms got in the way of the anti-Hetmanate insurrection organized by Ukrainian socialists.

The achievements of Hetman Pavlo Skoropadskiy most certainly do not imply that there were no mistakes or miscalculations on the part of his top officials. Vyacheslav Lypynskiy thought that all the errors that were made could have been eliminated had Ukrainian



**A pillar of the Ukrainian State.** Pavlo Skoropadskiy with the delegates to the Pan-Ukrainian Congress of Breadmakers

democrats been willing to cooperate with the government to strengthen and expand the Ukrainian State. "If our revolutionary leaders and intellectuals taken up and supported the local conservative government of Hetman Pavlo Skoropadskiy," he wrote, "the Ukrainian State would have remained to this day... Because the pathetic pressure of the bolsheviks in 1918, like all the other foreign pressure on our land, succeeded only because of domestic differences that Ukrainian revolutionaries and Ukrainian conservatives could not resolve between them."

The desire for class peace, the reconciliation of the interests of farmers, middle and large landowners, of entrepreneurs and workers, largely at the expense of the better-off population that Skoropadskiy and his Government demonstrated established a real social partnership, fostered national consolidation of all social groups among the Ukrainian people, and could have ensured the long-term stability of Ukrainian statehood.

In demonstrating the fruitful combination of national conservative and liberal reformatory basis of state-building, Lypynskiy brought up the example of the Baltic nations where, he wrote, "even without a population of 40 million, they were able to resist the pressure of armed bolshevik aggression." Why? "Because they were democracies," he explained, "and did not engage in 'all-national' insurrections against their own 'foreigner barons,' against the local conservative state-minded elements, and so they preserved their states from the bolsheviks."

And so the nature of Pavlo Skoropadskiy's actions as a state leader were completely in line with contemporary trends in social development among civilized European nations, leading to the conclusion that Ukrainian socialists really did not need to destroy the Ukrainian State. Based on the way that the bolsheviks were devastating national and social values, the Hetmanate of Skoropadskiy demonstrated a kind of breakthrough into the future, confirming incontrovertible constitutional and national cultural values. The short-lived experience of the Ukrainian State under Skoropadskiy is clear evidence of real creative achievements by Ukrainian conservatives whose adaptation to the situation in Ukraine today should not be underestimated. ■



# The first harbinger

Jerzy Onukh

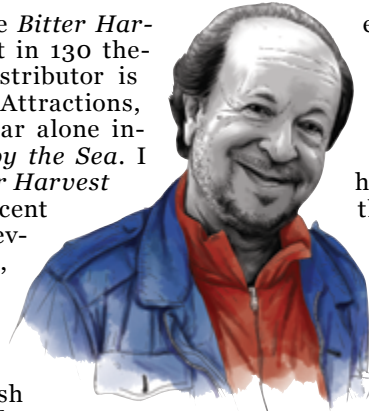
This isn't a review of the movie *Bitter Harvest*, which has just come out in 130 theaters in 40 countries. Its distributor is Los Angeles's own Roadside Attractions, whose claims to fame this past year alone include Oscar-winning *Manchester by the Sea*. I probably wouldn't write about *Bitter Harvest* at all if not for Olena Kukhar's recent review in *Tyzhden*, which made everything very clear in its title, "Good Intentions, *Bitter Harvests*: The West is upset by the first film about the Holodomor."

Still, I'd like to thank *Tyzhden's* reviewer because her harsh remarks spurred me read a few dozen other discussions and commentary, as well as hundreds of responses by both Ukrainian and foreign viewers, in anticipation of resounding criticism. Instead, what I found was a lot of interesting, thoughtful material. I'm certain that this film will have its critics and many fans, but it makes sense to think about the context and background out of which this film came to be made, and the subject of the Ukrainian Holodomor that was the reason for its making. There's no doubt that with the appearance of *Bitter Harvest*, the story of the Ukrainian Holodomor will now reach a very broad audience abroad that had no inkling about it before.

Admittedly, the discussions in the Ukrainian press interested me a lot more than those published around the world. Having read many reviews, I understood that Ukraine, in fact, has no cohort of professional film critics—or, if it does, they are not interested in expressing their opinions. Most of the articles read like book reports and the most interesting ones were written by historians. Typically, Ukrainian authors focus on the historical connections, whereas the foreign ones, faced with a topic they knew next to nothing about, focus on the technical aspects of the film, although they always mention the historical background in passing.

In many comments, the Ukrainian roots of the people behind the film were mentioned with an insistence that might have been put to better use. "Canadian director of Ukrainian ancestry George Mendeluk made the film *Bitter Harvest*." Or "*Bitter Harvest* is the joint effort of a group of Canadians of Ukrainian origins: director George Mendeluk, novice screenwriter Richard Bachynsky Hoover, and producer Ian Ihnatowycz.

When Roman Polanski made the Oscar-winning film, *The Pianist*, I did not notice any reviewers referring to him as a "Polish producer of Jewish ancestry." In the case of *Bitter Harvest*, it comes across as a kind of "yes, but this wasn't us" distancing and it makes little differ-



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ence whether we take these words as positive or ironic.

On the zahid.net portal, one very appropriate observation was, "...for Ukrainian cinematographers, considering the tragedy of the Holodomor is still to come. So far, no one has managed to even come close to thinking of this topic in artistic terms in the way that tributes to the Holocaust have been made, when the subject is revealed not just because it matters but as a real creative masterpiece. We shall have to wait for such a film."

In discussions that I read in the Ukrainian press, the most persuasive was an article by historian Stanislav Menzelevskiy in *Ukrainska Pravda's* Culture section: "*Bitter Harvest's* biggest victory was the attempt to make a break with the canons of victimhood in Ukrainian culture. The film proposes a more contemporary and therapeutically accepted strategy for working with collective trauma than Holod 33. After all, just by getting out of the vicious cycle of national victimization and exclusive collective trauma it becomes possible to integrate into the broader international context."

It would not have been good if critics were saying that *Bitter Harvest* had filled an empty niche and now we can quietly move on to other themes. The Holodomor was, is and will remain a trauma that Ukrainians have to live with and that every generation will have to assess anew. This trauma will not simply be wiped clean out of memories as

## BITTER HARVEST'S BIGGEST VICTORY WAS THE ATTEMPT TO MAKE A BREAK WITH THE CANONS OF VICTIMHOOD IN UKRAINIAN CULTURE

easily as those out of favor were wiped out of soviet photographs: now you see him, now you don't. Our reactions to this movie are simply proof that the debate goes on and will continue, while our artists face the challenge—one that I'm confident they will succeed in—to find more than one way to tell the story of the Holodomor convincingly.

If we agree that film is a creative activity, then we need to admit that the main issue in art is the eternal question of HOW? Even if we see film as little more than prosaic propaganda or a didactic instrument, we still can't avoid the question, HOW? In every case, form has enormous meaning, precisely because the right form transforms a film into art. And as an art form, film will subtly teach us and persuade us and, most importantly, it will enchant, hypnotize and rouse delight in us. ■

See the *Bitter Harvest* trailer here



**March 15 – 26, 12 p.m. — March 16 – 31, 7 p.m. — Mar. 17 – Apr. 2**

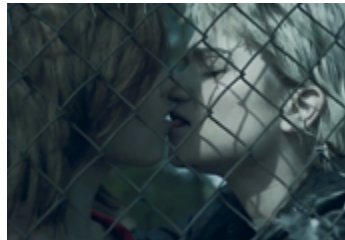
**Contemporary Art of Israel**  
The Institute of Contemporary Art  
(18d, vul. Konovaltsia, Kyiv)

Kyiv will soon see an original show presenting video art from Israeli artists. The project involves seven artists, including the well-known ones, such as Sigalit Landau, Nevet Yitzhak, Ran Slavin and Michel Platnik, and new names, such as Raida Adon, Tzion Abraham Hazan and Tamar Hirschfeld. The show will reveal the complexity and the range of problems in the development of countries in the modern epoch of wars and conflicts. It can also draw some parallels between the lives of Ukrainians and Israelis – not only in terms of the territorial conflict, but in terms of history and identity.



**Ukrainian New Wave**  
Kyiv Art Center  
(19, vul. Velyka Vasylkivska, Kyiv)

Ukrainian big screens are about to feature some of the country's top short films as part of the Ukrainian New Wave. 20/16+ festival. The premier night will be on March 16. Launched in 2012 as an initiative of the Oleksandr Dovzhenko Film Studio, the project continues to introduce the best short films by young Ukrainian directors to the audience, short listed or awarded at Ukrainian and international film festivals. This year's list of movies includes Dim (Home), Chornohora (The Black Mount), Krovianka (Blood Sausage), Zahubleni (Lost), Golden Love, and Skaz (Rage).



**Light**  
TseHlynaArt gallery  
(2-B, vul. Naberezhno-Luhova, Kyiv)

Whoever wants more spring light can come and charge their personal batteries at this show. It will display huge ceramic panels and miniature pieces, as well as other items of art. The collection includes works by contemporary artists and pieces from older private collections. Most importantly, they all have a story to tell – through a variety of shapes and colors.



**March 21 – 23, 10 a.m. — Through March 23 — March 24, 8 p.m.**

**Tulip Festival**  
Kvitkova Poliana (Flower Meadow)  
(3, vul. Vyshneva, Sofiyivska Borshchahivka, Kyiv)

Spring is in the air: you don't have to take a plane to Amsterdam to enjoy the vibrant canvass of tulips. The festival of these flowers is no less beautiful in Ukraine. The show will offer a huge variety of tulips, from Librije and White Liberstar to Matchpoint, Barbados, Flash Point, Pretty Princess, Ice Cream and Queensland. In addition to the ocean of flowers, the guests will have a chance to participate in workshops and taste good food and drinks.



**Nowhere and everywhere**  
Lavra gallery  
(1, vul. Lavrska, Kyiv)

The show by Yevhenia Antonova is the opening episode of the series of personal projects by the graduates of the Kyiv-based School of Contemporary Art. The series will feature works by young artists who are shaping Ukraine's art space. *Nowhere and everywhere* is a project of deep and expressive images. The artist brings forward her worldview through abstract, deserted and meditational landscapes. Her intensity of color is impressive, the symbols and multilayer structure of the pieces striking.



**Bloom Twins**  
Atlas  
(37-41, vul. Sichovykh Striltsiv, Kyiv)

The British duo of Ukrainian-born twin sisters will soon play a show in Kyiv. Anna and Sonya Kupriyenko have built successful music and modeling careers in London where critics often describe them as the next Portishead. The girls describe their style as dark pop, play the flute, piano and harmonica. They plan to learn to play the guitar and drums. Their accomplishments in music already include three digital singles, as well as Get Up, Stand Up, a cover of Bob Marley's song to support the EuroMaidan.





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