

The Ukrainian Week

International edition

#12 (142) December 2019

Interview with the IMF Resident
Representative in Ukraine

UK, Hong Kong,
and Kryvyi Rih

Post-honeymoon mood
in the Ukrainian politics

PROTEST SEASON



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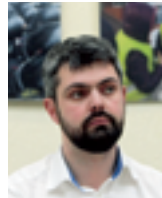
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The Ukrainian Week

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ТИЖДЕНЬ



BRIEFING

Why is Paris mum?

Alla Lazareva, Paris

Rain and strikes greeted the high-level meeting taking place in the French capital. Widespread social protests monopolized the press to such a degree that on the day of the Normandy Summit, not one of the major French television channels even mentioned what was going on in the Elysée Palace in their evening news editions. The following morning, the printed press was not a whole lot more informative.

PHOTO: REUTERS



“Paris summit renews dialog but no serious political progress.” That was the headline in *Le Monde*’s report. “Summing up Normandy Summit: No one agreed to anything” was the headline in the HuffPost France edition. “Ukraine-Russia Summit: so-so results,” wrote *Libération*. Where Ukrainians were blowing on cold water and grabbing their hearts at every new fake coming from Russian media, the French focused on something else entirely.

Macron’s new Russia policy worried all those who were concerned that Ukraine would be forced into capitulation at the Paris summit. Despite paralyzed public transit on Sunday just before the talks, not only Paris Ukrainians and their friends came out to a “No Capitulation!” rally. The president of the World Congress of Ukrainians, Pavlo Grod, came from Canada, Ukrainian activists from Portugal and Belgium addressed the crowd, and even soldiers who had done battle in eastern Ukraine took the podium. “Russia is the enemy. Ukraine is a unitary state. No elections in occupied territory until Russian weapons leave and the borders are under Ukrainian control.” These were the red lines Grod listed in his speech on Carré Saint-Michel.

WHERE FOR KYIV IT WAS IMPORTANT NOT TO GIVE UP ANY TERRITORY, FOR MOSCOW IT WAS TO PROMOTE ITS LITTLE “WISHES” ABOUT SPECIAL STATUS FOR DONBAS, AMNESTY FOR THE MILITANTS, AND ELECTIONS IN ORDILO, AS WELL AS TO FORCE THE WEST TO SWALLOW THE POSSIBLE ANSCHLUSS WITH BELARUS. FOR FRANCE, THERE WERE ITS OWN ECONOMIC INTERESTS AT STAKE IN THE TALKS

At the closing press conference, President Volodymyr Zelenskiy noted almost exactly the same markers that Ukraine was not prepared to concede: independent foreign policy; control over the border before any elections in ORDiLO; Crimea and Donbas belong to Ukraine. The only thing he avoided was calling Russia the aggressor, the enemy. Whether that was for diplomatic reasons or for other reasons, only time will tell.

“On the international stage, Zelenskiy is slowly turning into Poroshenko,” joked a French colleague who was at the talks. “This is good for Kyiv. When it comes to domestic policy, there was a lot you could pick a fight over with Petro, but he was a strong negotiator.”

The presence of Aleksei Miller, head of Gazprom at the Elysée Palace with an entire passel of top Russian officials from the energy sector left no doubts that Moscow was hoping to push through its own version of a new gas contract with Europe this coming year: force Ukraine to reject the court cases it has won and agree to cheese in a mousetrap, that is, cheap gas in return for political concessions.

“Our apartment has gas,” Putin lamely tried to joke in response to journalists. In the same field, fake news from Russian sites was also making the rounds during the talks, but Kyiv held up. “We agreed to we will keep negotiating,” was now Naftogaz Executive Director Yuriy Vitrenko summed it up, closer to midnight. If anything can be called a relative victory at the Paris summit, the laurel wreath should fairly go to the persistence of Ukraine’s gas officials.

“What were the 15 minutes of face-to-face with Putin for?” *The Ukrainian Week* tried to find out from one of the members of the Ukrainian delegation. After all, we all know that talking to the Kremlin boss without witnesses is very risky. “Ask the French,” was the answer. “I mean that, the French.”

Paris really does have its own game plan for the gas chessboard. From the start of talks about a new gas supply contract with Russia, France has been actively agitating for a contract involving Ukraine as the transit partner for 10 years. A recent interview with Loïk Le Floch-Prigent, the one-time president of Gaz de France, known as Engie today, published on the *Entreprendre.fr* site was very telling. In it, Prigent pragmatically and unsentimentally explained the French interest in having Russian gas come to the West specifically through Ukraine: it’s not just cheaper than through Nord Stream and from LPG terminals – he claims France could save “billions of euros” – but it’s politically savvy, so that Germany doesn’t get too strong.

The fact that the morning after the meeting of the “Normandy quartet” French Economy Minister Bruno Le Maire promised in Moscow to find “legal ways of getting around sanctions” was surely no coincidence. The minister, of course, had arrived for bilateral talks that had been planned well before. But new sanctions against Nord Stream II, provided that they are approved by mid-December, will create enormous problems for French business, which very active operating in Russia’s energy sector. Only three weeks remain until the new gas agreement between Russia and the EU has to be signed. The “Ukrainian way” would make it possible to more comfortably adjust resources and decide on a strategy.

The stall in the gas talks is one of the reasons why the French press was fairly limp in commenting the results of the Normandy summit. Where for Kyiv it was important not to give up any territory, for Moscow it was to promote its little “wishes” about special status for Donbas, amnesty for the militants, and elections in ORDiLO, as well as to force the West to swallow the possible *anschluss* with Belarus. For France, there were its own economic interests at stake in the talks: to restore fruitful and profitable commercial ties with Russia. In this context, peace in the Donbas becomes a key element to a comfortable investment climate in all of Eastern Europe.

“Prior to the summit, many skeptics had the impression that it would be a game of three against one, but this did not happen,” says WCU President Pavlo Grod. “Paris and Berlin acted neutrally. The problem remains Russia’s status, which supposedly ‘only has some influence with the separatists.’ In the end, Ukraine did not lose in these talks.”

We don’t know what Putin said to Zelenskiy behind closed doors, as even photographers were not allowed to peek in and capture the moment. Public information suggests that Ukraine did not do badly at all. Outraged articles in the French press about the GRU base of specialized killers in the French Alps and interference in French elections, as well as Germany’s expulsion of Russian diplomats, show that the West has also drawn some red lines in relations with Putin.

The Libération paper allowed itself some sarcastic remarks addressed to the French leader: “An ‘unusually positive’ summit, a ‘persuasive reboot’ that is as impressive as a wet firecracker, and a ‘declared thaw’ that resembles the next stage of frostbite...” The French have their own beefs with Macron. But for Ukraine it’s actually good that a strong ‘reboot’ did not take place, as it could have only harmed Kyiv’s interests.

The first pancake of talks in the Normandy format was maybe a bit limp, but for Ukraine it was quite edible. Merkel’s words about some “flexibility” around the Minsk accords open new avenues for diplomacy. Meanwhile, reserves of gas, both in Ukraine and in Europe, make it possible not to offer suicidal concessions in negotiations over transit. ■

Robert Brinkley: “Ukraine should ensure that Western countries are aware which prisoners are being held by Russia”

Interviewed by **Yuriy Lapayev**



PHOTO: YURIY LAPAYEV

Robert Brinkley. He was a British diplomat for 34 years, had two postings in Moscow (both in Russia and in the Soviet Union), as well as positions in Bonn, Geneva and the Foreign and Commonwealth Office in London. From 2000 to 2002 he was head of the UK's worldwide visa operation. From 2002 to 2006 – ambassador to Ukraine, later from 2006 to 2009 – High Commissioner to Pakistan. He is a senator of the Ukrainian Catholic University (UCU) and Chairman of the Steering Committee of the Ukraine Forum, Russia and Eurasia Programme at Chatham House.

During the 29th Economic Forum in Krynica-Zdrój (Poland) **The Ukrainian Week** talked with Robert Brinkley, Chairman of the Steering Committee of the Ukraine Forum, Russia and Eurasia Programme at Chatham House about perspectives of Ukrainian relations with West and Russia

Do you agree that results of the recent presidential elections in Ukraine could be viewed in the West as the signal to searching of compromise (even on Kremlin conditions) instead of continuing of pressure and fighting?

— I don't think there is one view in “the West”. But what is clear is that the people of Ukraine voted by a large majority for a new President and then for a new parliament led

by his supporters. In other words most people in Ukraine want change. And that change includes an end to five years of war with Russia. So it is no surprise that we are now seeing efforts to revive the Normandy format. The recent exchange of prisoners between Ukraine and Russia may be a first fruit of those efforts. But I am sure the President of Ukraine will wish to do this in ways that serve the interests of Ukraine and the people who elected him.

Returning of the Russian delegation to PACE and talks about possible returning to G7 – West is ready to close the eyes on the conflict in Ukraine to continue the business with Moscow?

— Again there is not a single view in “the West”. Many member states in the Council of Europe believe that the decision to allow Russia to return to the Parliamentary Assembly at this time was wrong. Russia was excluded because of its illegal annexation of Crimea and instigation of conflict in the Donbas. Crimea is still annexed and the fighting continues in Eastern Ukraine. So the return of the Russian delegation was unjustified and premature. As for the G7, again Russia was excluded in response to its violations of international law, which have not been corrected. At the Biarritz summit a number of leaders, including the British Prime Minister, made clear that they could not accept Russia's return at present.

Do western countries take to account that Russia is continuing to deploy new military units (near the Ukrainian border) mostly assault by nature, what could be a sign of preparation to the future attacks not only on our country, but maybe on Europe too?

— Western countries watch carefully Russia's military dispositions and capabilities and continue to assess Russia's intentions. The members of NATO have taken various measures intended to ensure adequate defence and to deter any possible aggression.

Which steps could be done to prevent further militarization and de-facto occupation of Azov and Black seas by Russia?

— Among the important steps is the exercise of freedom of navigation in international waters. Ukraine and NATO members bordering the Black Sea also need to make sure that they have adequate naval forces to defend their interests and to deter aggression.

Recently there was an exchange of prisoners between Russia and Ukraine. Are there any effective leverages in the West to help Ukraine to liberate all our political prisoners?

— As before Ukraine should ensure that Western countries are aware which prisoners are being held by Russia, so that those countries can raise the issue and make representations during their contacts with the Russian government. ■

Electoral parade

How different UK political forces prepare for Parliamentary elections

Michael Binyon, London

Not since 1923 has Britain held a general election in December – a month most politicians want to avoid as voters are more preoccupied with Christmas shopping than politics. But this time there was little choice: Boris Johnson's government had lost its majority, Parliament was deadlocked over Brexit, splits and tensions were destroying both main parties and voters had lost patience with the political wrangling and with all politicians. They will now have a chance to sweep out hundreds of

MPs and vote for a whole range of different faces on December 12th.

Inevitably, the election will focus largely on Brexit, the most vexed and divisive issue facing the country since the Second World War. At the last moment, with only days to spare, Johnson was able to secure a revised deal with the European Union on Britain's departure from the EU. He has also won vital time to try to pin down the details: under the latest extension granted by Brussels, Britain



Last attempt. British Prime Minister Boris Johnson hopes to overcome the split in Conservative desks through parliamentary elections and save his career

with leave on the 31st January. Johnson's campaign slogan, therefore, is "Let's get Brexit done".

This will not necessarily win him the election. Many liberal Conservatives, especially younger voters, are likely to abandon the party and vote instead for the Liberal Democrats, the small centrist party that strongly opposes Brexit and says it will halt the entire process and keep Britain in the EU. Johnson is hoping instead to pick up seats in traditional working class areas in the north of England, where many Labour voters, especially the older generation, strongly support Brexit. Whether he can do this depends on whether the Labour party, the main opposition party, can heal its own divisions between Leavers and Remainers and between left-wingers and moderates, and overcome the damaging perception that the party leadership is strongly anti-Semitic.

At present Labour's policy is to "sit on the fence". Many of its supporters want a second referendum or want to campaign to remain in the EU. But Jeremy Corbyn, the quasi-Marxist leading the party, is unenthusiastic about the EU. He insists Labour will renegotiate a deal with Brussels and then put this deal to voters in a second referendum. To many, this looks like prolonging the agony of Brexit and satisfies neither Leavers nor Remainers. In addition, Labour is deeply split between the hard-core Marxists close to Corbyn and moderates who preferred the centrist policies of the previous leader, Tony Blair. They have little confidence in Corbyn and are looking for a chance to remove him from the leadership.

Alarmed by the polls that show Corbyn as the most unpopular Labour leader in history, the party is hoping to forge an alliance with the Scottish Nationalists. They now controls nearly all the seats in Scotland and are campaigning for Scotland's independence from the rest of the United Kingdom. The Scottish Nationalists already had a referendum on independence in 2014, but lost. Now, led by the charismatic Nicola Sturgeon, they are calling for a second referendum which they believe they will win – largely because Scottish voters are strongly pro-EU and want to stop Brexit.

The Scottish Nationalists, a left-leaning party, are also keen to defeat the Conservatives, who have made it clear they will not allow a second referendum. And although the Nationalists face tough competition from Labour in Scotland, they are ready to make an alliance with Corbyn if, in turn, he will promise them a second referendum on independence.

All politicians know that most voters are sick of the turmoil over Brexit, which has become such a complex and emotive subject that few people understand all the political and economic implications. Instead, therefore, most parties are trying to woo voters with promises of massive new spending to repair crumbling public services, invest in infrastructure and end the eight years of economic austerity that have cut deeply into people's incomes and into social services and local council spending.

The focus of these promises is the National Health Service, Britain's cherished free public health system that is extremely popular but is costing ever more money as the population ages and more medical treatment is available. The NHS is now critically short of money, which has put a huge strain on doctors and hospitals. Waiting times for emergency treatment in many hospitals are often as long as four hours. Johnson and his predecessor Theresa May promised an extra £20 billion for the struggling health service. Labour has said it will give more, promis-

ing some £26 billion. Labour is also promising to move the country to a four-day week, to renationalise the railways, to increase spending on social care, schools, low-income earners, housing and a range of causes to promote equality. The cost could run into trillions of pounds, to be raised by higher taxes and borrowing, which the Conservatives say would bankrupt Britain. But even the Conservative plans would force the government to borrow more and raise taxes.

The election campaign has become unusually dirty and aggressive, with insults flying, personal hostilities dominating the headlines and accusations of dishonesty, lying and bullying. The insults, magnified on social media, have become so intimidating that dozens of current members of parliament have decided not to stand for election again. The smear tactics have taken a heavy toll especially on women politicians. Many have quit politics, together with moderates and liberals who complain that British politics is becoming more and more extreme. This has alarmed many people, who say that the present levels of bitterness are destroying Britain's tradition of tolerant democracy and are leading to a breakdown of

THE REAL DANGER IS THAT THE ELECTION WILL NOT LEAD TO ANY CLEAR-CUT RESULT. THE RESULT WILL BE A NEW STALEMATE. BRITAIN MAY BECOME LIKE ITALY OR SPAIN, WITH FREQUENT ELECTIONS UNABLE TO RESOLVE ANY BIG PROBLEMS

civilised debate. All 118 bishops of Britain's established Church of England, including the Archbishop of Canterbury, the head of the church, recently signed a letter calling on politicians to moderate their language and end their insults.

The real danger is that the election will not lead to any clear-cut result. The Conservatives currently have a lead in the polls, and are likely to be the largest party. The Liberal Democrats will increase their vote, but not enough to win many more seats. Labour will probably lose seats, leading to an ideological split and a crisis over its future identity. The small Green party, though popular with young voters and the strong environmental movement, is unlikely to win many seats. And the Brexit party – which has campaigned for a total break with Europe without any deal – is now split over whether to support the Johnson deal or to oppose it.

If Johnson and the Conservatives are re-elected without an overall majority, he will find no other party willing to form a coalition. It will be impossible to run a minority government in an atmosphere of such bitterness. Labour, too, will find it hard to win enough allies to make a coalition, especially with Corbyn as its leader. The result will be a new stalemate. Britain may become like Italy or Spain, with frequent elections unable to resolve any big problems.

Johnson is hoping that his charisma, energy and self-confidence will be enough to overcome a disastrous start as prime minister and the splits within his own party. He is a forceful character, and many voters are ready to forgive his lies, philandering and naked personal ambition if he can deliver a result. Whether he can, in the end, lead Britain out of the EU in an orderly manner, and negotiate a future trade relationship with its former partners, is the question on which Britain's identity, economy, politics and future place in the world now depend. ■



Staring into the abyss:

Where are Hong Kong protests heading to?

Suzanne Wong, Hong Kong



Perseverance and hope. The movement for Hong Kong's democratic future is part of the global fight against authoritarianism

"It's now or never." This quote is constantly used by the supporters of the continuous pro-democracy protests in Hong Kong, which are about to enter the sixth month since the marches of millions of people in June. It has been the greatest political struggle ever in Hong Kong since the handover from Britain to China in 1997.

The split within the pro-democracy camp and the rise of localism especially since the Umbrella Movement in 2014 have largely undermined the unity of the supporters of democracy. Nonetheless, the recent protests have successfully gathered the democrats and the localists to join forces despite the ideological differences.

The District Council election last Sunday, 24 November, marked a historical moment in Hong Kong, with an unprecedented turnout rate of 71.23%, which was equivalent to nearly 3 million voters, when the usual turnout rate in District Council elections is under 50%.

"The recent protests have turned the District Council election into a referendum," said Jimmy Sham, the convenor of the Civil Human Rights Front and the victim of an attack about 6 weeks before the election. Many prominent pro-Beijing leaders were

defeated and the number of democrats outnumbered that of the pro-government candidates in the District Council for the first time in history.

"We Hongkongers are telling the regime and the world that we are not giving up, no matter how hard you suppress us," said T, a volunteer for a pro-democracy candidate on the election day.

The election has been the most cheerful victory in this months-long movement. Yet the protests on streets go on. The government's indifference to her people's voices and the crack-down on the protests with the help of the heavy hand of the police force are making things more intense with time.

Universities have been turned into battlefields in the past weeks, with over a thousand of tear gas canisters shot inside the Chinese University of Hong Kong within a day and the armoured vehicle moving towards students and protesters in the Hong Kong Polytechnic University (PolyU). These scenes are reminiscent of the massacre at the Tiananmen Square in Beijing in 1989. It was lucky enough that it did not happen in Hong Kong after 30 years. The once famously known "peaceful" demonstrations in Hong Kong have slowly evaporated. Molotov cocktails, which

are called as “fire magic” by the protesters, are now commonly used. Some critics say the protests are turning violent and radical. Yet supporters of the protests regard them as the tools to defend themselves.

“Every time, the escalation of force used by the protesters are indeed the results of the power imbalance and structural injustice,” said M, a young frontline protester. Having seen the police brutality and the lack of an effective monitoring and reporting mechanism on police’s power abuse, adding that the judiciary system has been exploited by the government as a tool of political prosecution, he no longer believes the current system could bring justice.

“Why are people not criticizing the authoritarian government that abuses power, but come to point a finger at the powerless citizens who are just struggling for their survival?” said H, a supporter of the protests.

Besides the fire burning on the streets as roadblock and the Molotov cocktails thrown out to the police, protesters have also been vandalizing the metro stations as the MTR Corporation refused to disclose the CCTV clips taken on the night of 31st August, when civilians were allegedly attacked by the police indiscriminately inside the Prince Edward metro station. Shops that are run by pro-government businessmen or Chinese enterprises were also targets of vandalism.

As China has been blatantly intervening into Hong Kong’s local affairs, the city’s autonomy is rapidly eroding. Many people see this fight as the last chance to turn the tide. The protests have snowballed from opposing the bill that would lead to people being extradited to China to becoming a battle for justice, freedom and democracy, with goals such as establishing an independent investigation committee to look into the police conduct in the protests and a true universal suffrage. While the protesters are shouting “five demands, not one less” and insisted not to retreat unless their demands are all met, the government has sternly refused to back down, apart from the withdrawal of the controversial extradition bill but only after over 3 months of protests.

“This is too little, too late. The die is cast,” commented Claudia Mo, the convenor of the pro-democracy camp. Up to mid-November, over 5,000 people have been arrested in these months-long protests. Protesters and journalists have been injured, with some of them lost their eyes or got shot in their chest. There have been people mentally broken down and committing suicide during this political struggle.

Supporters of the protests have been sharing a quote of a Ukrainian from the documentary “Winter on Fire” – “If we accepted those terms from the government, our friends that we have lost would not forgive us”. The determination of the people is only growing stronger with time, after all the things they have gone through. In September, the government attempted to calm the public down by holding a “community dialogue”, in which the Chief Executive Carrie Lam was heavily criticized for failing in addressing citizen’s concerns. No more public consultation was organized since then. Pro-democracy political leaders have been speaking out in support of the pursuit of the 5 demands and putting pressure on the government. Many of them publicly participated in peaceful protests. Some also showed up in conflicted protest areas to monitor and urge the police not to abuse their power. Nok-hin Au, Jeremy Tam and Ted Hui, the lawmakers of the pro-democracy camp, were accused of “obstructing police” in the protests and arrested few months ago.

In the siege of the PolyU by the police last week, thousands of people were trapped inside the campus which was heavily contaminated tear gas, and some people have signs of hypothermia after being hit by water cannon but the medics had either been arrested or escorted. Some of prominent political leaders, school principals and religious leaders stepped in to try to negotiate with

the police and accompany people who was trapped inside to leave. However, the crisis has still not been resolved yet. Newly elected District Councillors gathered near PolyU a day after the election to support the remaining protesters inside and demand the authorities to end the siege. Other famous political activists including Joshua Wong, who was the most well-known student leader in the Umbrella Movement, have been asserting their influence internationally to raise people’s concern on the situation in Hong Kong and negotiating with foreign communities to take actions to support Hong Kong, for instance, the passage of the Hong Kong Human Rights and Democracy Act in the Congress of the United States. The Senate unanimously passed the legislation last week to protect the rights and freedoms in this semi-autonomous city last week, but the Chinese authority bashed the United States immediately by accusing her of aiming to “muddle or even destroy Hong Kong”. In the past months, the international communities have watching closely. Rallies in support of the movement in Hong Kong have been held in different cities across the globe. Senators from the United States, including Ted Cruz and Josh Hawley, also visited Hong Kong for the protests.

THE INTERNATIONAL SOLIDARITY HAS MADE HONG KONG’S POLITICAL STRUGGLE A VISIBLE ISSUE AND ADDED UP PRESSURE TO THE HONG KONG AND CHINESE GOVERNMENTS. **THE DEGREE OF INTERNATIONAL ATTENTION HAS ALSO REFLECTED THE ESCALATING IDEOLOGICAL FIGHT BETWEEN DEMOCRACY AND AUTHORITARIANISM**

During the visit, Cruz wore black to show his support for the black-clad protestors, saying “I stand with the people of Hong Kong”, while Hawley pointed out that the “One Country, Two Systems” model in Hong Kong is at risk and Hong Kong is sliding towards becoming a police state.

Many British members of Parliament have also stepped up to call on the government of the United Kingdom to hold Beijing accountable for the Sino-British Joint Declaration signed in 1984 to safeguard the rights and freedoms of people in Hong Kong and even grant full citizenship to Hong Kong citizens holding British National (Overseas) passports.

International human rights groups have also spoken out for Hong Kong. Amnesty International has published reports on the problems of the heavy-handed policing, the abuse of power and torture in police detention in the Hong Kong protests in the past months. Some have also sent out observers to monitor the police conduct and record cases of police brutality. Pro-bono lawyers have been assisting arrested protesters and providing legal advice. The international solidarity has made Hong Kong’s political struggle a visible issue and added up pressure to the Hong Kong and Chinese governments. The degree of international attention has also reflected the escalating ideological fight between democracy and authoritarianism. Hong Kong has inevitably become one of the most significant battlefields in the fight between the two powers – the United States and China. In this fight against the tyranny, Hongkongers are facing the biggest authoritarian regime in this era. However, as you stare long into the abyss, the abyss stares back into you. Every step has to be taken vigilantly to prevent people from falling. Yet, the protests have reached the point of no return and the decentralized nature of this movement has made things even more unpredictable.

Hong Kong is now standing at the global front in resisting the spread of authoritarianism from China. Are the protests heading to a brighter future or dragging Hong Kong into the darkest shadow? The answer remains unknown, but when facing the uncertain future, Hongkongers often use this quote – “We persevere not because we see hope, but we see hope only when we persevere.” ■



Tacan Ildem:

“We have enough ways and means to increase our partnership to strengthen the capacities of Ukraine”

Interviewed by
Yuriy Lapayev

During the Third Lviv Security Forum, *The Ukrainian Week* met with Ambassador Tacan Ildem, NATO Assistant Secretary General for Public Diplomacy, to discuss symbols and messages between the Alliance and Ukraine and perspectives on bilateral partnership.

What are the results of the recent visit of the NATO delegation to Ukraine?

— First of all, I think this visit of the NATO Secretary General and Ambassadors of member nations should be seen for its political significance, conveying a very strong message that Allies care about Ukraine. They expressed their unequivocal support for Ukraine's sovereignty and terri-

torial integrity within its internationally recognized borders, and also an appreciation of the good cooperation and partnership that NATO enjoys with Ukraine. Ukraine is a valued partner of NATO, making great contributions to shared security. We all know your participation in the Resolute Support Mission in Afghanistan, KFOR mission in Kosovo, and NATO mission in Iraq.

When it comes to difficult security circumstances, which Ukraine confronts itself, we all, as Allies, condemn the aggressive actions of the Russian Federation. 2014 was a watershed year, in terms of European security, with the illegal and illegitimate annexation of Crimea. All Ambassadors to NATO, together with Secretary Gen-

Tacan Ildem was born in 1956 and is a graduate of Ankara University Political Science Faculty with a specialisation in international relations. Ildem started his diplomatic career in 1978. From 2000 to 2003, he was Chief of Cabinet and Principal Foreign Policy Advisor to the President of the Republic of Turkey. From 2003 until 2006, he served as Ambassador of Turkey to the Kingdom of the Netherlands. Later, from 2006 to 2009, Ildem was Turkey's Permanent Representative to NATO. After that, he was Director General for International Security Affairs at the Ministry of Foreign Affairs in Ankara (2009-2011). Ildem served as Permanent Representative of Turkey to the OSCE in Vienna from 2011 until 2016. He was appointed NATO Assistant Secretary General for Public Diplomacy in March 2016.

eral, expressed during this visit their non-recognition of Russia's illegal annexation of Crimea, and they called on Russia to give control of the peninsula back to Ukraine and to redress the situation. NATO supports different mechanisms for a peaceful settlement, like the Normandy Format and Minsk Process, in addition to what the OSCE Special Monitoring Mission is doing. We would all like to see Russia stop supporting the separatists in the Donbas and withdraw all the heavy weaponry, to pave the way for a peaceful settlement.

The North Atlantic Council visit is an important signal of Allied nations' political and practical support for Ukraine. The NATO Secretary General addressed Verkhovna Rada, and this is for the second time, with all these messages, transmitting the sentiments of 29 Alliance members. The fact that they visited Odessa for the port visit of NATO Standing Naval Forces, and to meet with personnel from the Maritime Academy and Military Academy, is also symbolically important. It shows that Black Sea security is at the core of the Ambassadors' discussions. In April this year, NATO Foreign Ministers agreed on additional measures to strengthen NATO's presence and involvement in Black Sea security.

You mentioned the sentiments of all the NATO nations. Can you describe the current position of Hungary?

— We have to recognize that certain issues, like the rights of minorities, are a sensitive question for many nations. Like many other countries, Hungary has an interest in seeing minorities in Ukraine, including the Hungarian minority, be treated according to international norms and laws. I know that in September 2017, Ukrainian Parliament adopted a law on education. NATO Allies had the chance to hold a NATO-Ukraine Commission during this North Atlantic Council visit, and the statement that came out of that meeting makes clear reference to that law. The statement urged Ukrainian authorities to take into consideration the recommendations and conclusions of the Venice Commission while implementing this law. There is a clear understanding on the part of Allies that Ukraine should do so, and we also understand that there is a commitment on the part of Ukraine to do so.

If we are talking about perspectives on NATO-Ukraine relations, can you please describe the current situation with a Membership Action Plan (MAP)?

— It has been repeated time and again that NATO stands by its decision at the Bucharest Summit in 2008, that

these two countries will become members of NATO. I was present at that meeting. That was an important occasion to discuss the aspirations of both Ukraine and Georgia.

Now we have to understand and appreciate the fact that it is a process. What is needed on the part of Ukraine is to meet the reform agenda requirements to make the country fit to join NATO. The reform agenda needs to be pursued in such a manner to make democratic institutions stronger, the judiciary more efficient, and defence institutions and capabilities that meet the standards of the Alliance. NATO Allies appreciate that, in recent years, Ukraine has embarked upon implementing these reforms. But it takes time – we know that from the experience of many countries.

WHAT IS NEEDED ON THE PART OF UKRAINE IS TO MEET THE REFORM AGENDA REQUIREMENTS TO MAKE THE COUNTRY FIT TO JOIN NATO. THE REFORM AGENDA NEEDS TO BE PURSUED IN SUCH A MANNER TO MAKE DEMOCRATIC INSTITUTIONS STRONGER, THE JUDICIARY MORE EFFICIENT, AND DEFENCE INSTITUTIONS AND CAPABILITIES THAT MEET THE STANDARDS OF THE ALLIANCE

The most important thing for Ukraine is not to deviate from this reform agenda: to fight against corruption, to strengthen the judiciary, to strengthen the rule of law, and to take advantage of different tools within the Annual National Programme or Comprehensive Assistance Package that NATO has with Ukraine. We all agree that when you do all this, you will be meeting the requirements to join the Euro-Atlantic institutions, and NATO is one fundamental alliance in that respect. So pursuing the reform agenda will help that aspiration come to fruition. But at the same time, more importantly, it will meet the expectations of Ukrainians. So you have to do it anyway for your people.

Now coming to the MAP. Your aspirations are known by all Allies. You have incorporated these aspirations into your Constitution. And you have also communicated them formally to the Alliance. What I would emphasize, like Secretary General did, is that perhaps instead of focusing too much on the technical bureaucratic requirements, focus on furthering and implementing the reform agenda.

This is crucial. You cannot put aside the MAP for any country, so for any potential accession to happen, there will be a face-to-face talk about the MAP. We should also be mindful that the MAP requires a consensual political decision by all Allies. Whether Ukraine should renew it, whether it will start, or how it will continue and when it will end – these are not the questions to really focus on at the current stage. The focus should be on reforms and on using all the available tools, which I mentioned before.

We have enough ways and means to increase our partnership and strengthen the capacities and resilience of Ukraine in addressing hybrid challenges. For instance, we have NATO-Ukraine Platform on Countering Hybrid Warfare. All these tools, when utilized properly, will make Ukraine ready and fit to join NATO. When will it happen? We cannot give a timeline. You need to be patient and perseverant in taking all these steps without deviating from the course. This is something that we all appreciate. ■

Movement to restrain

Who is behind the “No capitulation!” movement, why they are doing it, and how it could actually help Zelenskiy

Roman Malko

It seems inevitable that the response of Ukrainians to President Zelenskiy’s “peaceful initiatives” – whose substance often can only be guessed at – would be massive rallies under the slogan “No capitulation!” that periodically took place in the capital and the regions. The earliest protests exploded almost naturally due to the initiatives of various community activists. But after the Ukrainian delegation to Minsk signed on to the Stein Maier formula, the formation of a network called the Movement to Resist Capitulation, shortened to *ROK* in Ukrainian, was announced. At the time, a large number of well-known Ukrainians signed up to the statement, calling on those who cared to join the movement and the Verkhovna Rada factions of Vakarchuk’s *Holos*, Tymoshenko’s *Batkivshchyna* and Poroshenko’s *Yevropeiska Solidarnist* to join forces to establish an interfaction bloc and opposition platform called No Capitulation. The very next day, *ROK*’s strategic council presented its “Ukrainian Doctrine for Security and Peace” as an alternative plan to resolve the conflict, which might have helped Zelenskiy figure out

how to get out of the situation into which he had dragged the country.

Generally speaking, the appearance of such an initiative is no news for Ukraine’s political circles. Every time it starts look like the country is about to go up in flames, a committee is formed with the goal of countering the harmful initiatives of those in power. Of course, the chances of such a committee achieving anything are typically quite low. Still, this time things look a lot more serious because the stakes are far too high. It’s not just some political tangle that needs to be unknotted: the survival of the country is in the balance.

To coordinate actions among all those who were prepared to fight against steps by the government to capitulate, and to develop a single position on the future of Ukraine, *ROK* organized a National Forum of Dignity for November 15 in Kyiv. “There’s a broad-based ‘No Capitulation’ campaign underway now, involving many different groups,” says former MP Andriy Levus and one of the *ROK* coordinators, “such as parties including *Yevropeiska Solidarnist* [European Solidarity], *Demokratychna Sokyra* [Democratic Axe], *Nationalnyi*



Painful issue. Volodymyr Zelenskiy’s amateurish attempt to end the war as quickly as possible at any price could cost him the presidency

Korpus [National Corps], and *ROK*, which is a platform that broadly encompasses the civil society sector. We're working to ensure normal interaction between the party-based and the public protest segment. This was the purpose of the forum: to find common ground and formulate our demands, and to speak with one voice and one process."

Among the more than 300 participants from community activists and volunteers to veterans of the Russo-Ukrainian war, not many representatives of political parties were visible at the forum. *Svoboda*, National Corps, Democratic Axe and *Holos* were there, but European Solidarity and *Batkivshchyna* were not, although the organizers say they were invited, like everybody else. In the end, it was no different that all the other rallies and meetings with the strategic council. *The Ukrainian Week* was able to find out later, that ES and *Batkivshchyna* deliberately chose not to participate. Petro Poroshenko, it seems likely, was held back by lingering post-presidential syndrome, while Yulia Tymoshenko was in no hurry for a showdown with the "servants."

Obviously, this behavior by potential allies was not seen as especially critical, say *ROK* activists. The activists see their platform as a state-oriented platform in which intellectuals and experts, as well as Ukrainian communities abroad, civic organizations and political parties will all find a place for themselves. *ROK* is, in fact, just one component of a broad-based protest movement—a moderating support system that does not claim leadership, but rather expects party leaders, especially those already in the Rada, to take a more pro-active position. Still, such a position needs to be balanced with the interests of the entire society, and not narrowly oriented on a party. The purpose of the movement is to expand the front of civic resistance to capitulatory moves by the new leadership as broadly as possible. For that reason it cannot, no matter what, become affiliated with members of any specific party, say activists. At the same time, they make no bones about the fact that they have noticed already that some political parties would like to lead the movement or to bring it under their aegis.

For instance Poroshenko is very envious of *ROK*'s activities and would not be against becoming its leader. Unfortunately, that is not in the interests of the movement and, ultimately, not in Poroshenko's interests, either. If all the opposition is associated exclusively with the ex-president, Ukraine will be the loser. The same problem is brewing on the right flank. The National Corps, which boasts serious mobilization capacities, unlike most of the other parties, is also itching to be more integrated in the environment and obviously also sees itself in a leadership position. This would, of course, not only narrow the social base of the protests, but would also play into Moscow's hands and leftist propaganda in the West. The latter is noisily claiming that the leadership of those protesting Zelenskiy's policies is all neo-nazis and radicals of various stripes. It doesn't help matters that relations between ES and NC are barely civil, raising temperatures that much more.

Within the movement, people reassure that all these disparities are not a problem. They say they are quite prepared to continue coordinating their efforts with all pro-Ukrainian parties, large or small, but this does not mean the movement could become someone's private property. It's important, they point out, to avoid egotistical attitudes and show Ukrainians that opposition to Zelenskiy is not a militant minority.

"If we limit the role of supporters or the former president, who obviously has done much for the country, or some other party," says Levus, "we will encapsulate and

limit the protest to the level of trust in those parties. Unfortunately, those shares are not enough today to talk about protest. Meanwhile, 68% of Ukrainians, according to the Rating Group, consider Russia the enemy, want to join NATO and become members of the EU. That means that there are far more people who share our values. Rather than relying on one political party or come across as simply 'anti-Ze,' we don't want to lose the opportunity to tap into this entire sector. Our objective is to win the hearts and minds of Ukrainians. For them to understand that this administration and this individual are not taking them to the EU and NATO and are not countering Russia as the aggressor."

ROK IS NOT AGAINST ZELENSKIY AS AN INDIVIDUAL OR HIS TEAM.

ITS GOAL IS TO HELP THE PRESIDENT IN HIS DIALOG WITH VLADIMIR PUTIN AND TO STRENGTHEN UKRAINE'S POSITION DURING NEGOTIATIONS, REGARDLESS OF THE FORMAT

In the end, it will be possible to unite forces only on the basis of a positive action plan, say activists. At that point, minor issues will have to be left out. The success of the Revolution of Dignity in 2014 was based on the fact that politicians and the public found the limits of joint activities. Not everybody was happy with this: some did not like the anarchy, others thought the leadership was flabby. But a revolution needs a structure. It's a process that needs to be organized. And we can see today what the result was. No one succeeded in rolling out an Anti-Maidan across the country in 2014: even in Odesa and Donetsk, there was a Euromaidan, as a result of the efforts of organized groups: *UDAR*, *Batkivshchyna*, *Svoboda* each made their contribution in different ways and places. This makes it clear that you can't have a revolution without preparation and organization.

For now, revolution is not in the wind. The intermediate goal of the movement is to stop the turbo-speed capitulation and try to catch the president's ear. As one member of the strategic council, Prof. Volodymyr Vasylenko, insists that *ROK* is not against Zelenskiy as an individual or his team. Its goal is to help the president in his dialog with Vladimir Putin and to strengthen Ukraine's position during negotiations, regardless of the format. The proposed doctrine and other documents that the civic and expert community are working on are to provide the foundation for his arguments and to be grounded in the national interest, not repeat Putin's whims.

"During negotiations," says Vasylenko, "the president should announce: 'I'm not a tsar and not God. My country is democratic and I have to listen to its demands. I have a parliament. I also have to listen to the opinions of the parliament. I can't just approve of an arbitrary decision that is not based on the support of the people and the parliament.'"

ROK people say that as a responsible state-oriented force, they aren't planning to simply call for a rebellion and anarchy, because they understand that this could lead to the collapse of the entire state. It's far more important, they say, to form a unified front that can take over and stabilize the situation and help the country not fall apart if the president decides to walk on a leash for Russia, which wants nothing more than to see Ukraine descend into chaos. At this point, Zelenskiy has already crossed several red lines. But the main one is the sovereignty of the state and its security. If he decides to cross that line, Ukrainian society needs to be ready to give an active response. ■

Goesta Ljungman:

“Now the Ukrainian state faces a new challenge — to recover taxpayers’ money spent to rescue problem banks”

Interviewed by
Lyubomyr Shavalyuk



The Ukrainian Week discussed the new International Monetary Fund (IMF) program for Ukraine as well as key challenges for Ukrainian economy with the IMF Resident Representative in Ukraine Mr. Goesta Ljungman.

A few days ago, a staff level agreement was reached with the IMF regarding a new program of cooperation between the Fund and Ukraine for about \$ 5.5 billion. What are the main components of this program?

— The main thing we want to achieve with the help of this program is the stability of the Ukrainian economy. The objective is to make Ukraine richer and raise the standard of living of the Ukrainian people. These are the goals of our cooperation. How do we reach them? First and foremost, inflation should be low and stable, foreign exchange reserves should be sufficient to service FX commitments, the budget should be balanced, and the public debt is reduced. Banks must be sustainable, the savings entrusted to them by Ukrainians, must be safe and channeled to productive investments. All of the above is usually called “macroeconomic

stability”, which is an important prerequisite for economic development.

At the same time, the IMF wants the Ukrainian economy to start working better. A main thing for this is to reduce corruption. Because when investors bring their money in Ukraine, they want to be sure that they will be treated fairly, that there will be a level playing field for all.

Another important area is to reduce the public sector in the economy, reduce the number and size of state-owned enterprises, because state-owned enterprises generally tend to be less efficient than private ones.

The IMF sees room for increasing the efficiency of the public administration. Therefore, we very much welcome the Government's intention to strengthen and modernize the state tax and customs services. This is a step in the right direction.

The government also announced its intention to implement land reform. The Fund also welcomes this measure and believes that it will make a significant contribution to the economic growth in Ukraine.

You have waged long negotiations with the new government of Ukraine and have studied it well. What are the risks to the implementation of the new program from the Ukrainian side?

— We have now reached agreement on a new program at the IMF staff level. The so-called Staff-Level Agreement means that after three months of discussions, we have agreed with Ukraine the content of the program that the Fund will support. The next step is that the IMF Board of Directors will review this program and approve it. However, we have agreed with the Ukrainian leadership that before such an approval, Ukraine must implement a number of prior actions. With this, the key risks will be mitigated, and we will be ready to launch the program. Now let's return to your question about the risks. The new Ukrainian government has a very ambitious program for transforming the economy. It intends to do a lot, which is not an easy task. A political will and long-term public support for reforms are needed.

At the same time Ukraine, like other countries, depends not only on the conditions inside the country, but also on the external environment, in particular the demand for commodities and their prices. So, if difficulties arise in the economies which are key trading partners of Ukraine, there will be a risk that it will also spill over into the Ukrainian economy. The best way to manage these risks is to make the Ukrainian economy sustainable. This is precisely the purpose of Ukraine's new program with the IMF – to strengthen the economy and to make it resilient to such emerging threats.

Are there any safeguards against the return of PrivatBank to its former owners?

— Let me take a step back. Ukraine went through a very difficult financial crisis in 2014–2016. Total direct losses from it amounted to more than \$15 billion or UAH 260 billion. For the sake of comparison, this is more than ten times bigger than the total budget allocations for road repair and construction in Ukraine in 2015, it is about seven times bigger than the defense budget of that year.

When the crisis began in the financial sector, the Ukrainian authorities acted swiftly and decisively to resolve the problem of insolvent banks and to ensure sufficiently strong balances of those financial institutions that remained in the market. Now we see the benefits of these actions: Ukrainian banks have become much stronger, they are increasing lending to the Ukrainian economy, and the banking sector as a whole is profitable. Now the Ukrainian state faces a new challenge - to recover taxpayers' money spent to rescue problem banks. This means that those persons responsible for the downfall of financial institutions, that is, their former owners, must reimburse as much of these funds as possible.

As for Privatbank, its rescue cost Ukrainian taxpayers \$5.5 billion. The state spent these funds on Privatbank to ensure that its depositors, more than 20 million people, and their deposits, which accounted for more than a half of all deposits in the banking system of Ukraine, would remain safe and that the bank would have sufficient resources to repay these deposits to clients. So now the challenge is to try to get that money back from the former owners.

Given the ambiguous attitude of society towards the land reform, what is the optimal model of its implementation for Ukraine?

— Ukraine has unique arable agricultural land reserves with incredible potential. It is therefore important that the land reform model creates incentives for sustainable and efficient farming so that current and future generations of Ukrainian farmers can make a living working on the land.

Mr. Goesta Ljungman is the IMF Resident Representative in Ukraine from 2017. In 1998 graduated from Uppsala University with a degree in Economics. In 1998-2007 worked for Ministry of Finance of Sweden. In 2007 joined the IMF working on fiscal reforms in Moldova, Montenegro, Ireland, Hungary, Serbia, Kyrgyz Republic, Kuwait, Oman and many other countries. During 2010-2012, Mr. Ljungman worked on the IMF's Ukraine team, with a special focus on fiscal issues.

The President and the government have declared that they want to introduce a land market. The IMF believes this is a good idea that will benefit Ukraine. But it must be implemented in the right way. The land market should be transparent and open. Those who want to sell the land should be sure that they will get the highest possible price for their land. Those who buy land should have confidence that the process of ownership transfer will be correct and that property rights will be protected.

Competition is important in any sector of the economy. This also applies to agriculture. Thus, when the land market starts working, it is important that it does not result in the concentration of land in the hands of a small group of owners. The proposed market model contains restrictions on the concentration of land in the hands of one person or company, meaning the government is trying to mitigate this risk.

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Another aspect: small farmers should also be able to participate in the market. But usually they have no credit history. Therefore, financing mechanisms are needed to enable small farmers to buy land. And it is also part of the land reform.

Many analysts believe that due to the problems with the rule of law in Ukraine, the land reform might lead to massive land raiding. Are there any tools for solving this problem?

— The government understands this problem. The proposed land reform contains measures that will enable to control for this risk.

How do you assess the current state of judicial reform? Is Ukraine's judicial system ready for cases such as Privatbank or land raiding?

— Judicial reform is a key component of the whole transformation of the economy. We think it is very important. Because when investors are asked why they do not invest more in Ukraine, they often respond that they are concerned about the shortcomings of the judiciary. Until they are sure that they will be treated objectively and fairly by the Ukrainian courts, they will be reluctant to invest their funds in the Ukrainian economy. The IMF conducted a study that systematically compared the quality of institutions in Ukraine with their counterparts in Central and Eastern Europe. It confirms what I said about the shortcomings of the Ukrainian judiciary. It is precisely in the sphere of judiciary that there is the biggest difference in the quality of work of institutions. This reiterates the need for judicial reform. ■

To instigate chaos

Who is alleged mastermind of the efforts to shake up the situation in the country and why it has become possible?

Roman Malko

Any radical change of power in the country entails a major reformatting of institutions and a certain imbalance of the system. There are both positive and negative points to this. The main thing is that this period does not last long and the process is stabilized within a short time. An important prerequisite is the strategic vision of the new government of its course and an awareness of the functions and capabilities of the bodies under its control. Without such nuances, debugging is impossible. Unfortunately, we can witness this through the example of the Ze! Team, which, like a whirlwind, burst into the corridors of power. And if in some areas they have at least some vision of which direction to move, then in the law enforcement and national security fields this is not observed at all. It seems that Zelenskiy and his entourage do not at all understand the purposes of all these structures. At most, the whole matter comes down to loud statements about war on corruption, attempts to use certain structures to their advantage, and at worst, everything is let go with the flow.

THE PRESIDENT PUT IN CHARGE OF THE SBU, THE STRUCTURE THAT ZELENSKIY SEEMS TO CONSIDER THE MOST INFLUENTIAL, HIS FRIEND IVAN BAKANOV, WHO HE TRUSTS. APPARENTLY, FOR THE REASON OF NOT BOTHERING TOO MUCH WITH THE PROBLEM, AND MOST IMPORTANTLY, OF NOT FEARING HIMSELF THIS TERRIBLE SERVICE. FOR ALL OTHER OFFICES, ZELENSKIY SEEMED NOT TO HAVE FOUND OTHER "BAKANOVs"

Of course, attempts to place loyal people everywhere are being made, because you cannot go on without that. The president put in charge of the SBU, the structure that Zelenskiy seems to consider the most influential, his friend Ivan Bakanov, who he trusts. Apparently, for the reason of not bothering too much with the problem, and most importantly, of not fearing himself this terrible service. For all other offices, Zelenskiy seemed not to have found other "Bakanovs", so he either left things as they are or appointed someone on the advice.

After all, the quick replacement of the heads of the offices such as NABU (National Anti-Corruption Bureau), SAP (Specialized Anti-Corruption Prosecutor's Office) and DBR (State Bureau of Investigations) is not permitted by law. So, for starters, it was decided to set up collaboration. Although this, of course, does not mean that the "servants" do not want to see their people there, and sooner or later it will happen. As in the case of the head of DBR Roman Truba, who has managed to integrate most deeply into the Ze! Team. The longstanding friendship and close cooperation with the head of the OP Andriy Bohdan seemed to secure office for Truba. He, in fact, acted as if he had come forever. The only problem was he'd overdone and managed to screw up so that at some point he became too toxic to his patrons. One can only imagine the true scale of damage inflicted by Truba to the Ze! Team, if his removal required a real special operation with a change of legislation, unauthorized tapping, and the leak of juicy details of his activities on the Internet. By the way, not only Truba, but also the head of the Office of the President Andriy

Bohdan and the whole network of "valuable employees" were affected. It is too early to say whether similar fate is threatening to NABU and SAP leadership. But everything is possible. At least, in OP they have long been making plans to replace the head of NABU Artem Sytnyk.

Theoretically, Arsen Avakov should leave his cabinet in the beginning of the next year. He is the only one from the previous Cabinet of Ministers who was given a chance. Leaving him as the Interior Minister, the "servants" claimed that they did so in gratitude for ensuring fair elections and in view of the difficult situation in the war-torn country that was in need of order. But only until the end of 2019. If during this trying period Arsen Bohrysovich does not satisfy the new government, he will be replaced.

However, it is probably not only about gratitude. There is also an awareness of the role of the Ministry of Internal Affairs in ensuring the stability of the government and possible difficulties in the event that it will be uncontrolled. The Ministry of Internal Affairs is the foundation of power. And Avakov seems to have managed to convey this message to Zelenskiy. The SBU, the prosecutor's office, the NABU and other DBRs are important, but the order on the streets (namely, the streets once forced Viktor Yanukovych to flee the country) still hinges on the police, whose loyalty is a guarantee of the stability of the authorities. At least until some point. And due to the fact that bodies functioning system is too complex for most of the Ze! Team functionaries to understand, and that there is no other Bakanov who can manage (or lacks certainty to manage) to provide its stability, it is better not to risk. Even with possible reputational losses.

Of course, this situation is temporary. But today there is no reason to bring up the issue of removing Avakov from post. So far, it sits well with "servants", that was confirmed by Zelenskiy himself during his Press marathon. Avakov gradually changes the leadership of the structures of the Ministry of Internal Affairs (National Police, DPP (Department of Patrol Police), National Guard), but does not fall over backwards, steers clear of political processes, confidently holds his golden share (his piece of power) and watches. Though as chance offers, he doesn't mind to show himself: Arsen Avakov has his own "shares" on the street; the movement of "National Druzhinas (volunteer squads)", that allegedly has ties with the minister, is capable of bringing a convincing number of people on the streets for protests (such as "No surrender!").

The change in the leadership of the Prosecutor General's Office is a different story. It was designated to be led by Ruslana Ryaboshapka, who had joined the Ze! Team at an early stage and made a good impression on Zelenskiy. An ambitious, young, promising and Merited Lawyer of Ukraine with experience in civil service was well-suited to become the Prosecutor General. Moreover, as Bohdan, the leading prompter and adviser to President, probably thought, he could be easily controlled through his deputies. But it turned out that loyalty to the president is not always identical to loyalty to the head of his Office: Ryaboshapka in his high government position seeks to lead his own game.

Although this is probably not Zelenskiy's biggest problem (for whom his presidency is a complete frame-up), it is only one



PHOTO: UNIAN

Left alone. The law enforcement and security structures of the country are uninteresting and incomprehensible to the Ze! Team because they do not fit into the populist paradigm

of them. After all, it seems that today he is being framed on all sides and he is less and less able to control the situation. In this way, the illogical steps and actions taken by the authorities and the structures under their control are increasingly reminiscent of the selective justice of Viktor Yanukovich's times. The prosecutions of political opponents, including the former president, the questionable, thinly veiled case of bullet-proof vests, and the impudent search of a veteran's pizzeria, and finally the initiating proceeding against the deputy Sofia Fedyna and volunteer Marusia Zvirobyi for their speeches have raised a red flag. After all, this is against the backdrop of ignoring the "creativity" of Andriy Portnov, who openly threatens citizens through social networks; that of Oleksandr Dubinskiy, who calls for getting Poroshenko's forum "From Kruty to Brussels" gas-poisoned, or that of Mikhaïlo Dobkin, who proposes to declare martial law in order Poroshenko, Turchinov and Parubiy to be hanged. It is worth noting that these things primarily cast a shadow on the president, no matter how hard he tries to stay clear from them. Some people are losing trust in him, some are openly mocking at him, and those who suspected him of dictatorial enticements are being convinced of their fears and assumptions.

The misunderstanding of the functional purpose of certain bodies, in hands of which a considerable piece of power is concentrated, makes the president a hostage. Moreover, without having a single national line, the structures left on their own begin to live their own lives and act at their discretion depending on the degree of their loyalty, the priorities of the leadership, and the interests of the groups of influence in or outside the bodies. It is where business comes on the stage, instigating infighting and havoc. This, of course, weakens them, renders them incapacitated, and consequently weakens the government itself, so the state becomes vulnerable. One can only guess who, in each case, calls the shots and is the ultimate beneficiary. And also for what

purpose it is being done and what the prospects will be. Zelenskiy is being banally intimidated with fuelling tensions with radicals and enemies, and that deprives him of the ability to make sound, adequate decisions. In his time Yanukovich was intimidated by the all-powerful Right Sector on the Maidan. Or when, in the spring of 2013, two activists went to prison for a year and a year and eight months for graffiti with his portrait decorated with a red dot on his forehead. In this sense, Zvirobyi's case is quite exemplary. The case is clearly unpromising and will probably fail in court. But the main message that tried to send Zelenskiy has flown: he is in danger. And as all this is happening just before the meeting of the "Normandy Quartet" in Paris and the planned on December, 8 "No surrender!" protest act, so someone is obviously craving for radicalizing and heating up the situation. The answer to the question "who?" lies on the surface. After all, that the rocking of the boat is done by the hands of the DBR says a lot. Not by the police or other agencies, but by the structure the leadership of which is suspected of having links with Andriy Portnov, a former deputy of Yanukovich AP (Administration of President), who does not conceal his negative attitude to the Maidan, Ukraine's Euro-Atlantic orientation, Ukrainian worldview and identity. Simply put, he does his best for benefit of Russia. It would be foolish to think that he is not using his capabilities and the connections he has in the judicial and law enforcement systems.

Actually, such stories, which are gradually making the puzzle complete, are what is in fact the game of Russia to destabilize and rock the situation in Ukraine before the meeting in the "Normandy format". Moscow benefits from this as no one else, because it has not abandoned its plans to destroy Ukraine. And as soon as the authorities are not capable to resist these provocations, and the structures that are supposed to be engaged in it are by definition disoriented, the security prospects that emerge on the horizon are unfortunately disappointing for Ukraine. ■

Between a rock and a hard place

Once again, in the duel over the energy market between two oligarchs, Ukraine ends up the loser

Oleksandr Kramar

Back at the beginning of 2019, *The Ukrainian Week* noted that launching an electricity market without resolving the perennial problems of Ukraine's power sector not only would not improve the situation, but would likely give birth to even more challenges. Why? Because reformers were focusing on the sale of electricity but not on its generation. The first four months of operational electricity market in Ukraine unfortunately confirmed our concerns.

The fact that the launch of the electricity market took place on July 1, meaning in the midst of a major transfer of power in Ukraine, offered the perfect environment for a brisk informational war between the two oligarchic camps and made full use of new instruments to their own advantage. This might have been cause for joy for some corners, if the main victim in this war for domination weren't the entire country, together with its energy and political security.

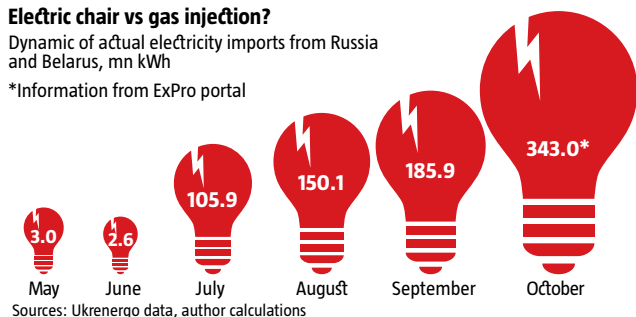
THE AKHMETOV MARKET

At Rinat Akhmetov's DTEK, the launch of an electricity market initially fostered great expectations. People connected to the oligarchs were actively lobbying for rules in the law on the electric-

Electric chair vs gas injection?

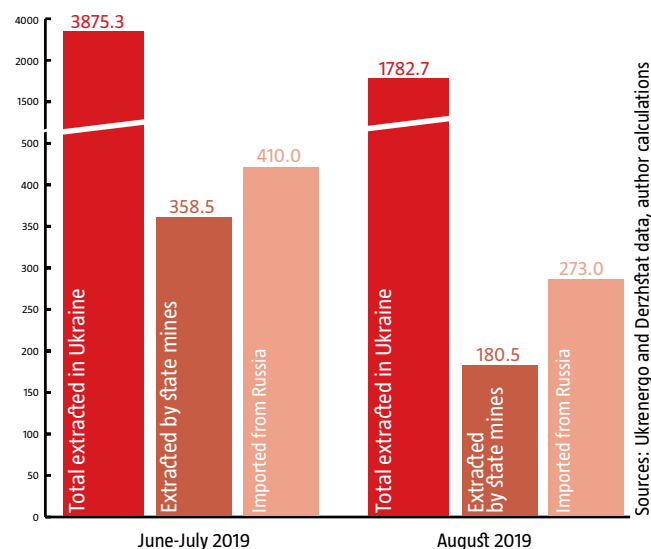
Dynamic of actual electricity imports from Russia and Belarus, mn kWh

*Information from ExPro portal



Sources: Ukrenego data, author calculations

Share of domestic and imported thermal coal



Sources: Ukrenego and Derzhstat data, author calculations

ity market that would benefit his monopoly. Controlling up to 90% of all thermal coal extracted domestically and the generation of the lion's share of power coming from co-generation plants or TESS, DTEK was counting on opportunities to force its conditions on consumers.

The reality was that, without DTEK, the other domestic power generators, dominated by state-owned Energoatom, Ukrhydroenergo and Tsentrэнерго, were unable to cover all the demand for electricity. Since it had the possibility of regulating the scale of the shortage of electricity on the domestic market, DTEK immediately chose the tack of blackmailing participants and forcing utility rates up. The average price to buy electricity on the wholesale market by distribution system operators was UAH 1.32/kWh in May, slipping to UAH 1.19 in June. However, after the market kicked in, the average weighted price on the day-ahead market (DAM) jumped to UAH 1.64/kWh in July and to UAH 1.68 in August. In September it slipped again, to UAH 1.62, but that was still much higher than it had been in May or June.

The result has been that since the market was launched, there is a continuing shortage of current, especially in those segments of the market where price caps limit prices. For instance, there was a shortage on the cheaper day-ahead and intraday markets and customers were forced to buy at the higher balancing market, where current is priced far higher and is intended to only cover minor unplanned customer needs.

What's more, DTEK never made a secret of the fact that to cover the shortage it wanted to cancel limits or increase price caps on electricity rates and institute "premiums" on flexible generation, to which the company's TESSs belonged. In this way, DTEK's monopolist interests were leading to a paradoxical situation: a huge power shortage on a domestic market that actually had a surplus of power capacity.

THE KOLOMOYSKIY FACTOR

Meanwhile, after the presidential and parliamentary elections this year, Akhmetov's old rival gained significant leverage in the decision-making process in the new administration. Ihor Kolomoyskiy's export-oriented businesses use a lot of electricity, but he has never owned power-generation capacities for his plants. And so, after the government changed hands, focus immediately went to having managers connected to the Dnipro oligarch establish control over Tsentrэнерго, a state-owned utility that generates power at coal-fired plants. It became very clear that Kolomoyskiy's intentions regarding Ukraine's power industry or state stakes in the industry were as removed from Ukraine's national interests as Akhmetov's monopoly.

By summer, the new management at Tsentrэнерго signed a contract to buy a large party of Russian coal for UAH 400 million through an intermediary company called Nafta-Force, whose founder and director is closely connected to Kolomoyskiy's Privat business group. Later it turned out that the power generated using expensive Russian coal at Tsentrэнерго was being sold at a loss to companies belonging to Kolomoyskiy. Market observers immediately pointed out that it was likely that this was an attempt to bankrupt the utility in order for business enti-

ties connected to the oligarch to acquire it for peanuts during the next round of large privatizations that the Government had already announced.

Another instance in which Kolomoyskiy was taking advantage of the new administration was a steep rise in imported electricity (see **New priorities**). This began back in July and by September it was coming from Belarus, but also from Slovakia for the Burstyn energy island. Still, in September, the chair of the VR electricity committee, Andriy Herus, lobbied for a scandalous amendment that removed obstacles to the massive import of power generated in Russia and to sharply increase imports from Belarus.

Given that Belarus doesn't have any reserves to be able to increase its export of electricity to Ukraine—they could appear after the launch of a Russian-built Belarus AES slated to go on-line in 2020—so for now it's effectively Russian electricity that is transiting across Belarus territory. For instance, over January-August 2019, Belarus itself actually imported 17.4mn kWh of power from Russia and exported only 0.25mn kWh to Ukraine, according to Minsk's statistics. Curiously, Ukraine's Derzhstat, the statistics office, showed imports from Belarus of 104mn kWh, meaning that it was mostly transit Russian electricity.

In total, Ukraine imported 0.95mn kWh in QIII alone in 2019, with 0.44mn kWh of it coming directly from Russia. Since then, imports have nearly doubled to 106mn and 186mn kWh. Of the 85.1mn kWh increase in imports in September compared to July, 80.0 kWh came from Russia and Belarus.

Who really benefits from importing Russian electricity can be easily seen by looking at who bought power transmission capacities for imports in November: United Energy, a company linked to Ihor Kolomoyskiy and Ihor Surkis, increased such purchases for importing power from the Russian Federation fivefold compared to October, to 500 MW. By comparison, other companies such as DE Trading, linked to Donbasenergo increased 2.66% and Serhiy Thipko's TAS Energa Ukraine increased 12.9%.

Still, Kolomoyskiy is hardly the only one connected to the Zelenskiy administration who is interested in arranging large-scale imports of electricity from Russia and other countries. For instance, oligarch Viktor Pinchuk's Interpipe holding company has assessed its potential losses from the launch of an electricity market at US \$1 million monthly. The same interest can be seen among other influential players on the Ukrainian market.

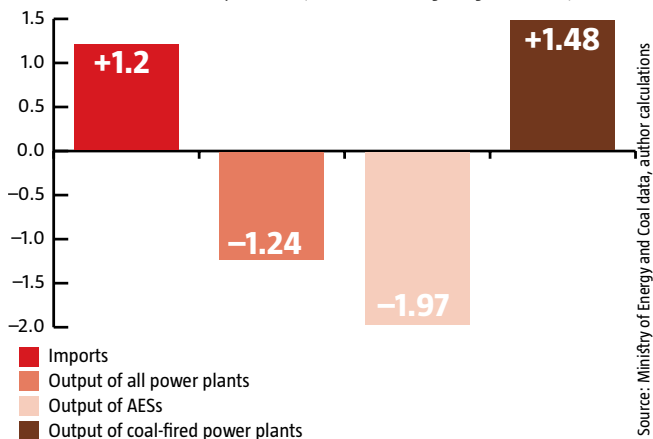
The real danger lies in the fact that, in the interests of its two main sponsors in the 2019 elections, Kolomoyskiy and Pinchuk, the Zelenskiy team has opened a Pandora's box and sent out a signal to market players that the way to make money going forward will be by importing and re-selling on the domestic market. Indeed, an in-depth look at the new Government's changes to the forecast electricity balance for H2 2019 shows (see **New priorities**) that it is deliberately aiming to substitute domestic power generation with imported power. Moreover, this is not by cutting back on coal-fired TESs or co-generation plants, but primarily by reducing output at Ukraine's AESs—the atomic energy stations, that currently generate close to 50% of domestic electricity.

FREE CHEESE IN A MOUSETRAP

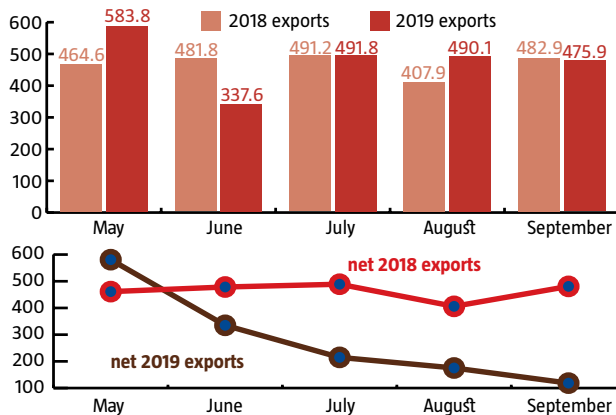
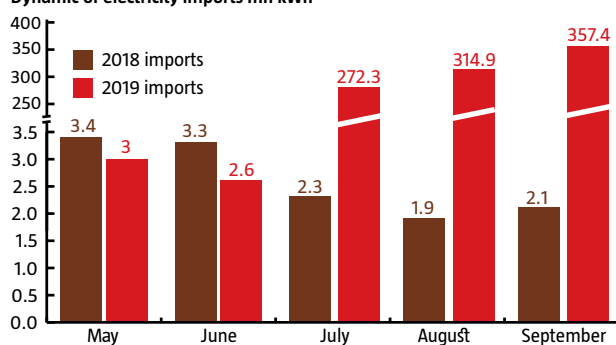
At first glance, it may seem that those proposing imports achieved the result that they wanted—a saturated market that would push prices down. The latest data that the state enterprise Operator Rynku or Market Operator reported on November 6 showed that the price was UAH 1.42/kWh ex VAT on the DAM, while on November 4 and 5 it was as low as UAH 1.39/kWh. In this way, any rising cost for commercial customers after launching the electricity market was largely eliminated.

New priorities

Change in forecast sources of power generation for domestic needs over September-December 2019 before (forecasts from March 29, 2019) and after (forecasts from September 5, 2019) the change of government, bn kWh



Dynamic of electricity imports mn kWh

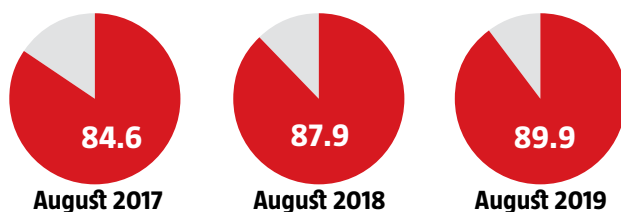


But it's important to understand the price paid to achieve this result. The DAM is more and more being determined by Russian electricity imported both directly and through Belarus, and this is growing rapidly. To cast a smokescreen over these developments, the Zelenskiy administration says that importers of Russian electricity are supposed to pay 2% duty, which will supposedly be used to compensate for the start of purchasing current from the enemy. However, this does not and cannot constitute a barrier to large-scale expansion of Russian electricity on the Ukrainian market.

What's really striking is that the import of power from Russia and Belarus is growing by leaps and bounds, even as prices are in steep decline and it is evidently unprofitable. For instance, on October 24, Andriy Herus, chair of the profile VR committee and the main lobbyist for large-scale imports of Russian

Growing monopoly

Share of DTEK* in the extraction of thermal coal in Ukraine, %



*Owned by Rinat Akhmetov

Sources: Ukrenergo data, author calculations

electricity, wrote on his Facebook page: “Based on current prices, importing power is unprofitable. From Belarus it’s slightly unprofitable, but from Russia it’s very unprofitable. Today, all importers sell their electricity on the day-ahead market and are losing money on every kilowatt hour. As to Russia, it’s losing money and paying customs to the state budget of Ukraine.”

However, the volumes of imports that were “loss-making” not only did not go down in November, which should have been the natural market response, but grew sharply. Among others, daily deliveries from Russia jumped from 4 million kWh to 12mn. Meanwhile Ukraine, which until not long ago was earning hundreds of millions of dollars on exporting electricity, became, in a matter of months, a net importer. According to Ukrenergo’s dispatcher data, the balance of power being transmitted between Ukraine and other countries became a stable surplus as of November 1. At the same time, peak net imports are already up to 0.9-1.2 GW, a volume very similar to the typical power block output at most of Ukraine’s AESs, 1 GW.

Critically, other than a temporary benefit to Ukrainian traders and, to a lesser extent, the country’s consumers, the continuous growth of Russian deliveries of electricity at a depressed price is following the classic scenario where a large outside player deliberately undercuts prices initially in order to take over a market and monopolize it. Any strategy designed to squeeze out domestic players includes compensating losses from depressed prices by hiking them once control is established.

According to Operator Rynku, the overall volume of power sales on the DAM in Ukraine’s electricity system in October – not counting the Burshtyn electricity island – was 3.35bn kWh, while imports from Russia and Belarus added up to 343mn kWh, which was already more than 10% of the day-ahead market. As already noted, at the beginning of November, the average daily indicator for electricity imported from the Russian Federation grew another 8mn kWh, which could mean an additional 240mn kWh over the course of a month, even if import levels don’t increase at all. At this pace, the Ukrainian market share of imported Russian power, including that imported via Belarus, could easily reach 20-25%.

WHY IMPORT? DEMONOPOLIZE!

The new administration and lobbyists linked to Ihor Kolomoyskiy argue that there is no alternative to opening the Ukrainian market for Russian electricity monopolists to take over the market, either directly or via Belarus, suggesting that they are either unable or unwilling to make use of more appropriate and effective anti-monopolist instruments in this situation. What’s more, the informational noise caused by the war between Akhmetov and Kolomoyskiy around the question “to import or not to import” is dangerous in yet another aspect: it is distracting attention from resolving the problem of the way Ukraine’s coal and co-generation market has been monopolized.

After all, DTEK really is a monopolist on the Ukrainian market a problem that needs to be resolved as soon as possible

because it is undermining the sector and harming the country. How can there be any competition on the domestic market if DTEK controls 90% of thermal coal extraction in Ukraine and then the lion’s share of what is used by TESs to generate electricity? Under the present circumstances, the Donetsk oligarch can obviously dictate prices to companies that sell it directly to consumers.

In the same way, it’s no secret that the path of coal from the mining company to the TES utility moves through offshore “gaskets” where most of the superprofits are concentrated. That’s why Akhmetov’s DTEK has no interest in extracting larger volumes of coal: it would only oversaturate the market and drive prices down.

Under the circumstances, the first thing that needs to be done is for coal extraction to be demonopolized and a properly competitive coal exchange set up for trading in Ukraine. This means forcing the break-up of DTEK’s coal extraction assets into at least 3-4 companies with truly independent end owners. These owners will be interested in expanding their output by pushing out competitors and that will be in a position to properly raise the profile of Ukraine’s hydrocarbons sector. This would immediately lead to lower prices for coal and, therefore, for electricity that is generated using it at the country’s TESs.

Instead, those lobbying for importing electricity from Russia come across as “useful idiots” promoting Moscow’s concept of an energy empire in Ukraine and control over other countries by gaining dominant positions on their energy markets – gas, petroleum products, electricity, nuclear fuel, and so on. By not focusing on demonopolization and developing a competitive market in Ukraine rather than importing more and more thermal coal and electricity produced in Russia has already led to a major reduction in output at Ukraine’s mines (see **Share of domestic and imported thermal coal**). In August, the latest month for which data was available, imports of thermal coal from Russia were already 150% more than what was produced at state mines in Ukraine.

What’s worse, the current government not only is not reducing but even strengthening DTEK’s monopolist position on the Ukrainian coal market. Until not long ago, the company controlled around 80%, but by August its share of domestic extraction was already at 90% (see Growing monopoly). This is all happening while Ukraine’s own coal extraction and generation are in decline because the current leadership is only deepening this process by its actions.

At the same time, efforts by officials in the government, such as Andriy Herus, to equate the import of electricity from Russia and the import of fuel rods for Ukraine’s AESs simply deflect attention and try to persuade everybody that it’s all “no big deal.” For one thing, the supply of nuclear fuel has been diversifying in recent years, even if not as quickly as we might like. According to Derzhstat, RosAtom’s share of deliveries was down to 56% in the first 8 months of 2019, while Westinghouse’s share was up to 44%. To focus on increasing imports of electricity and thermal coal from Russia, which the Zelenskyy administration is doing, on the contrary, guarantees a sharp increase in Ukraine’s dependence on the enemy in an area where it is completely unnecessary (see Electric chair vs gas injection?).

If Ukraine continues to play with fire by increasing its use of Russian electricity, it will simply be replacing the monopoly and blackmail of Akhmetov’s DTEK with the monopoly and blackmail of OAO RAO UES of Russia. This is not only completely unacceptable in terms of national security, but extremely damaging to economic growth, to the process of leaving the orbit of Ukraine’s one-time colonizer, and to the ongoing reorientation of Ukraine’s energy sector towards integration with the EU. ■



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In the trap of luxury

Current economic trends towards a stronger hryvnia, bigger debts, and imported goods that threaten domestic manufacturers pose serious threats

Oleksandr Kramar

Ukraine is increasingly reaping the fruits of the import dependency into which it has systematically moved over the past few decades. The steep revaluation of hryvnia via accumulation of debt since the latest transfer of power has sharply aggravated problems accumulated over the years of misguided economic policies.

Ukrainians spent UAH 1.5 trillion on imported goods in 2018. According to official data alone, Ukraine imported US \$57.2 billion in goods in 2018 and is forecast to import US \$61bn in 2019. It's no secret that a great share of imports comes through semi-legal schemes, where declared customs value (DCV) is much lower than the real value, or through outright smuggling. Data from Derzhstat, the government statistics service, also points to a trend for the net share of imports to increase in the balance of trade, year-on-year. In 2005, Ukraine imported 29.5% of all goods sold on its territory, including 42.4% of foodstuff. In 2018, that share was at 58%, including 64.7% of foodstuffs.

According to the Ministry of Finance's report on the 2019 budget, domestic borrowings tripled in Q3, rising **UAH 67.6bn**, from **UAH 32bn** to **UAH 100.4bn**. This means that **UAH 27.6bn** of borrowed money was used to cover current budget spending, compared to only **UAH 6.6bn** in Q3'18

Meanwhile, critical imports are on the decline. These include fuels and commodities, as well as machinery and equipment that Ukraine cannot manufacture but needs to modernize its economy. By contrast, imported food are gaining position on the domestic market, even though domestic agri-business and SMEs alike are more than capable of engaging in this type of production.

SHRINKING TAX COLLECTIONS

This import-dependent economic model has put Ukraine in a position where the quantity of imports is a critical component of budget revenues. In 2019, for example, different import fees were expected to generate UAH 415.3bn of the UAH 860.7bn of total budget revenues expected from taxes. The negative impact of this dependency is becoming more and more of a burden for Ukraine.

Meanwhile, the steep revaluation of hryvnia has made it more difficult to fill the state budget. According to the Treasury, Customs failed to meet its revenue plan for Q3'2019 and fell 10.2% behind collections in the same period of 2018. This trend has been getting worse every month. In July 2019, Customs was UAH 0.9bn short of planned collections, and 0.5% below revenues for July 2018. In September 2019, the shortage was UAH 4.9bn or 12.6% below the September 2018 figure. Q4 2019 is looking even worse. In October 2019, the shortfall was UAH 5.8bn,

or 14.7% down from 2018. By November 18, revenues were already 19.3% below last year.

The tax administration has been performing equally poorly. Domestic taxes collected in July 2019 outperformed planned revenues by 23.4%, while July 2018 outperformed by 43.5%. In August 2019, however, collections were 6.1% short of planned and only 11% higher than August 2018. In October 2019, the shortage was 8% and this was 5% below the October 2018 figure – less even than inflation for this period.

Shrinking tax revenues are the result of an import-oriented economic model: industrial decline has been growing as domestic producers lose their competitive edge, both at home and abroad. While the processing output inched up 1.1% over January-May 2019, it has been in the red since June, declining 4-6% month-on-month in some months. Moreover, the industries that drove GDP growth to a record-breaking 4.6% in Q2'2019 were the same ones that pay little in the way of taxes for a variety of reasons: trade was up +4.5%, agriculture +7.3%, other services +14.5%, and construction +20.5%. Moreover, thanks to temporarily favorable factors, commodity exports grew, further aggravating budget shortfalls as they mean higher VAT reimbursements to exporters.

GROWING DEBTS

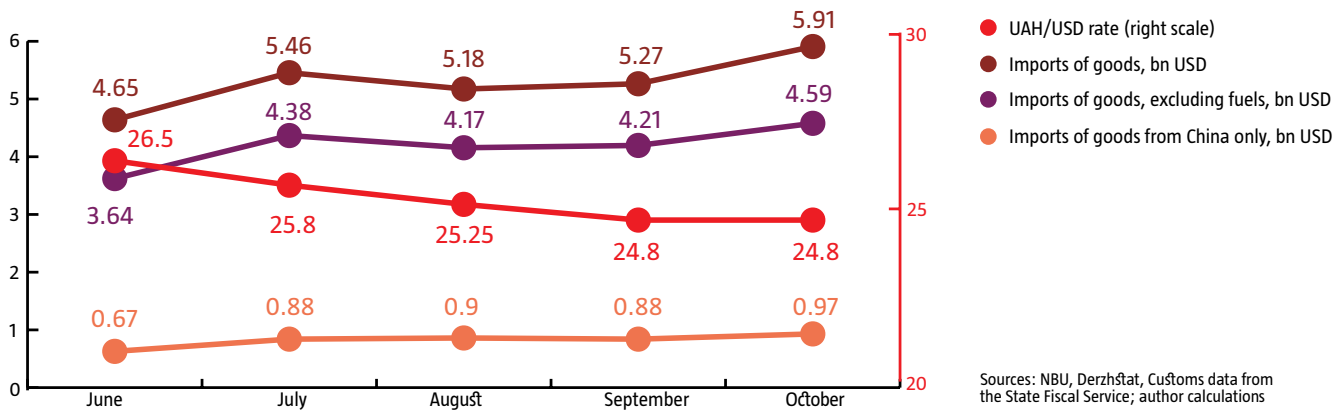
Ukraine compensates for this massive shortfall in budget revenues by borrowing, mostly by placing hryvnia-denominated bonds on the domestic market. According to the Ministry of Finance's report on the 2019 budget, domestic borrowings tripled in Q3, rising UAH 67.6bn, from UAH 32bn to UAH 100.4bn. Foreign borrowings decreased UAH 17.9bn, from UAH 22.4bn to UAH 4.5bn. All payments to service the public debt were only UAH 29.5bn higher than in 2018. This means that UAH 27.6bn of borrowed money was used to cover current budget spending, compared to only UAH 6.6bn in Q3'18.

From May through September 2019, Ukraine sold over UAH 60bn-worth of government bonds, while hryvnia went from UAH 26.80 to UAH 24.10 to the US dollar. In October, the amount invested by foreigners in Ukraine's government bonds was over UAH 100bn, and it keeps growing. Foreign investors are mostly buying mid-term bonds due in two-four years. Their high yields of 13-15% over this period can offset even a serious devaluation of hryvnia, which makes such speculative investment beneficial in an environment where most developed countries offer zero to negative interest rates. As they buy bonds, foreigners bring in currency to Ukraine and sell it in the country, which artificially strengthens the hryvnia. The net result is that revenues from Customs decline, while actual import rates rise.

On November 5, MinFin sold UAH 3.14bn in government bonds. Four-year bonds with a weighted average yield of 13.3% accounted for UAH 2.31bn, the lion's share of the total. On No-

Driving imports

Dynamic of hryvnia exchange rate and various imports, June – October 2019



November 12, MinFin sold three-year UAH-denominated bonds worth UAH 2.64bn, with an weighted average yield of 13.1%, and dollar-denominated bonds worth US \$304.9mn. At UAH 264mn and UAH 524mn, six- and 11-month bonds barely sold despite 13.7%-14.1% yields and smaller installments. On November 19, just bonds worth just UAH 1.32bn were sold, including barely 10% in three-month bonds, and almost half, worth UAH 664mn, due in 22 months, on September 30, 2021. Their weighted average annual yield is 13.5%.

Despite the cheery headlines about another successful bond placement, in reality, every time MinFin sells government bonds, it pushes the hryvnia up or down, to the day. When bonds sales are high, the hryvnia gets stronger; when the sales are weaker, it sinks a bit.

A SUICIDAL PATH

A stronger hryvnia makes imported goods more attractive and leads to their growth at the same time as it chokes competition among Ukrainian goods both internationally—other than for commodities—, and domestically: imports from the world's megafactories in China and other Asian countries squeeze out "made in Ukraine" goods. As a result, Ukrainian exports have been stagnating and even declining in all categories except ores, grains, oilseeds and oils. At the same time, revenues from such commodity goods are neither sustainable, nor reliable.

Ukraine imported a total of US \$28.2bn in goods in the first six months of 2019, an average of US \$4.7bn per month. In July, imports grew to US \$5.46bn, and in October they were US \$5.91bn. This growth is mostly driven by consumer goods, not fuels, one of the critical imports. For example, Ukraine imported US \$22.47bn-worth of fuels over January-July 2019, an average US \$3.74bn monthly, including US \$3.64bn in June. This figure rose to US \$4.38bn in July and US \$4.59bn in October.

Meanwhile, imports of consumer goods from China are growing the fastest, for a total of US \$3.92bn in the first six months of 2019 – an average of US \$653mn per month. Chinese imports were US \$665 in June, US \$880mn in July, US \$903mn in August and US \$965mn in October.

Consumer imports to Ukraine are *de facto* driven by the state bond debt pyramid that Government is growing as a panacea, while budget revenues are in decline as a result of plummeting Customs and tax revenues. The debt pyramid is making imports cheaper in hryvnia, aggravating the problem of budget fulfillment and driving further borrowings. This further strengthens the hryvnia and reduces budget revenues.

This vicious cycle is damaging both Ukraine's current budget revenues and its long-term economic prospects. The strengthening hryvnia pushes revenues further down, forcing the government to tighten public spending. As *The Ukrainian Week* reported previously, social spending is the first item to be cut. Yet, relatively low-income vulnerable groups and public sector employees actually tend to buy few imported goods. These are the two groups that mostly spend on domestically-made goods and services. As their incomes go down, driven by cuts in public spending, it stifles domestic demand for goods and services made in Ukraine.

Other public expenditures that could fuel demand for domestic goods and services are curbed too. Instead, the focus remains on purchasing foreign equipment: Interior Minister Arsen Avakov recently decided to buy patrol boats worth several hundred million euros from France after buying French helicopters last year – because, unlike many western countries, there is no "buy Ukrainian" requirement in public procurements.

MY KINGDOM FOR A HORSE?

The new administration's bet on a land market to fix the trade deficit caused by this suicidal policy will actually make things worse. The money that will come to Ukraine from foreign buyers will further strengthen the hryvnia for a time, fueling more imports of consumer goods. The planned revision of criteria for subsidy eligibility will leave many landowners with a serious shortage of money, pushing them to sell land faster, pushing property prices go down and bringing more foreign currency into Ukraine. This will continue propping up the hryvnia and undermining tax revenues from imports, even if in dollar terms they grow.

In the end, the easy money Ukraine will borrow via hryvnia-denominated government bonds or sales of farmland risks being absorbed by imported consumer goods whose producers are looking for new markets as trade wars intensify across the world. What Ukrainians will end up with is new debts and the loss of a good portion of their national assets, farmland, some privatized enterprises and, most importantly, an undermined non-commodity economy. This will be hit by the sharp decline in domestic competitiveness as imports get cheaper and of Ukraine's position on global market as the hryvnia revalues.

Ukraine still has time to replace its import- and debt-dependent development model – really a financial and economic model for self-immolation – with a model focused on developing national manufacturing to drive import substitution and exports. ■

A little less conversation, a little more reforms

How economic transformations drive GDP growth

Lyubomyr Shavalyuk

In early October, the IMF published its World Economic Outlook that looks fairly pessimistic. The global economy is slowing down as a result of trade and geopolitical problems. Industrial production and international trade are stagnating. Central banks apply quantitative easing but its capacity is very limited given low interest rates, so it will not resolve a relatively serious crisis. Making the situation look more dramatic is the proposal to apply coordinated international fiscal support if the global economy continues to slow further. In fact, this is a call to create something like a supranational budget.

GREY ECONOMY IN UKRAINE IS SEEN AS AN EVIL THAT HAS TO BE ELIMINATED, AND THIS STRUGGLE MERITS EFFORTS OF THE STATE APPARATUS. FOR QUALIFIED ECONOMISTS, GREY ECONOMY IS JUST A SYMPTOM AND A PRODUCT OF INEFFICIENCY

The World Economic Outlook inspires little optimism, but some elements look hopeful. One is the study of the impact of economic reforms published in a separate section. It has some interesting conclusions that trigger reflections on transformations in Ukraine.

The study covers 1973-2014 and 90 countries, including 48 developing or formerly developing ones, and 20 low-income countries. The IMF has compiled an extensive database of reforms with six categories: international trade, foreign and domestic funding, markets for goods and services (based on power and telecommunications industries), labor market and public governance. Modeling the link between GDP growth and changes in these spheres, the IMF shows how reforms work in reality via quantitative measurement of their efficiency. Some conclusions may seem obvious. But research like this helps fine-tune information filters in an era overwhelmed by the noise around transformations in Ukraine.

The main takeaway is that, for an average country, a package of reforms in all six categories allows them to increase GDP by over 7% during six years and halve the time needed to catch up with living standards in developed countries. In the long run, economic growth multiplies as the effect of transformations accumulates and spills over to adjacent sectors. This is all it takes. If we want to live better, we need to do reforms regardless of who initiates, enforces, controls them and speaks about them. Things will not get better if we remain inactive.

Still, there are nuances. Firstly, reforms are better when implemented in comprehensive packages, not individually. The study says that most developing economies have many market imperfections, so removing one of them will not necessarily help unless others are fixed too. At the same

time, changes in some categories create synergy with other transformations reinforcing their positive impact. The study points to two vectors: strengthening public governance and expanding access to funding.

Efficiency of reforms is perfectly captured in the Liebig law of the minimum: unless you eliminate the most critical factor that keeps you behind, the system will not get better. This means that reforming of one segment that is not necessarily the worst one may well go unnoticed, while even small changes in the sectors that lag behind most of all can have positive impact on the entire economy. The Liebig law explains why some transformations have dubious results while others trigger a chain reaction of positive effects.

When projected to Ukraine, its economic development could get on a whole new level nobody dreams of now the moment it ensures the rule of law. Without progress in this most flawed segment, the efficiency of other reforms will most likely be poor and cause many disputes in society.

Secondly, reforms are better when implemented in a good time when the economy grows. This boosts the effect of some of them severalfold. The study shows that the effect of financial liberalization at the stage where the economy grows is threefold the effect at the stage of a crisis. In the latter case, the reform can actually aggravate economic downfall. Liberalization of the labor market generates a visible positive result in a good economic environment and leads to a growth of unemployment during a crisis.

Projection of these results to Ukraine leads to this conclusion. When looked at without the media hype, the post-EuroMaidan reforms have done much, but the results were far from perfect or expected. One of the reasons is that the reform process started at the peak of a sharp economic crisis and some of the changes aggravated rather than smoothed it. But it is because they did not have a full-fledged effect then, they can have it now. Because there were then implemented in a crisis environment while now the economy is in a good shape. Now is the perfect moment to launch the reforms that were not implemented before. And it needs to be used.

Thirdly, the study tackles political consequences of reform implementation. This aspect raises a number of interesting conclusions. First and foremost, the results of transformations are often too dispersed to create clear links between the changes implemented and the improvement of life in the eyes of the population. In fact, there is nobody to assess the reforms and to praise and recognize the reformers. Also, it takes time – three years on average – until reforms deliver visible results. Unless reformers embark on changes right after elections, the fruits of their efforts will most likely be reaped by their successors – and those will hardly miss a chance to present the positive accomplishments as their own.



A favorable moment. The IMF researchers believe that reforms should be started immediately after elections and implemented when the economy moves upward

But when transformations lead to economic losses, especially for the influential groups and individuals with the means to spread negativity in the media, the population develops a clear link between these losses and the actions of the reforms, destroying their election rates. To be fair, the population hardly holds on to bad blood for too long. The study shows that serious losses in elections were caused by the reforms conducted during the election year while all changes implemented before that were forgotten and had virtually zero effect on election rates.

A projection of these on Ukrainian realm leads to similar conclusions. If the new team in power plans to get re-elected, it should launch most of the planned transformations in the first year of its term in office. That is the only case in which the improvement of life as a result of these reforms will become visible by the end of their term in office and could be used as part of the agitation for the next elections. In addition to that, the entire period between the implemented reforms and the moment when life gets visibly better as a result – nearly three years – requires proper communications policy. For now, the results are not yet here and political opponents are active. The last three years offer a good illustration: some work has been done on reforms, but there has been no sharp growth of the GDP. This created a foundation for a tsunami of criticism and political negativity that determined the election outcome.

Finally, a number of other factors beyond the spheres under reform reinforces the impact of transformations on economic growth. Quantitatively, the countries with strong public governance have double the pace of GDP growth as a result of reforms compared to the countries with poor governance. This is why it is extremely important to develop effective public institutions regardless of the phase of the political cycle and the stage of transformation. This is one of the reasons why the outcome of Ukraine's transformations has been so flimsy so far.

The second factor is the share of the grey economy. The greater the effect of reforms, the more companies switch to transparency thus contributing to the improvement of the GDP statistics. Fun fact: grey economy in Ukraine is

seen as an evil that has to be eliminated, and this struggle merits efforts of the state apparatus. For qualified economists, grey economy is just a symptom and a product of inefficiency. The IMF's study mentions that as well. Those working in the shadow economy do not do this out of ill intent; they do so because they are unable to make ends meet if they pay all taxes. The recommendation is simple: implement changes that will decrease the cost of labor for the employer and the losses incurred as a result of corruption fees – and entrepreneurs will start moving out of the shadow. The thing is that transparent work creates a lot of advantages, including access to funds and foreign markets, top quality professionals who prefer to work for serious companies, a change to improve productivity thanks to higher capital absorption capacity and more. Many would probably like to leave the shadow economy but they lack a small incentive. The state has every opportunity to help these actors. This is a partnership approach to the problem, but those who fill the treasury in Ukraine do not share it unfortunately.

The IMF's study proves that there is space for transformations in developed countries. Ukraine has even more of that. When the global economic growth slows down and many speak of a looming global crisis, well-thought reforms allow governments to control over the situation and not fear an economic downturn. The attempt to launch changes after the Revolution of Dignity was not entirely successful, but Ukraine has gained experience and a network of proactive people ready to deliver change. All these accomplishments of the past five years have not vanished. Smartly applied in the current favorable moment of economic growth, it can bring far better results than it did before. The main thing is to go beyond the information war, guarantee economic security – including from oligarchs and other influential groups, and draft and implement a comprehensive package of reforms aimed at the most backward points as soon as possible, avoiding distractions with secondary things. It will not be easy, but this is worth the effort. As the IMF's study shows, the result will not take too long to arrive. ■

Social policy: Entrenching poverty

What kinds of social policy initiatives is the new administration preparing?

Oleksandr Kramar

In presenting the draft 2020 budget in second reading, the Government announced in advance that it was expanding social spending, which appear to be the biggest item in the new budget. At first glance, the draft 2020 budget really does show a record high amount for the Ministry of Social Policy for all the years of independence: UAH 293.4 billion. By comparison, the ministry's 2019 budget was UAH 237.2bn. But a closer look reveals that actual social spending will be even less than in 2019.

To cover up the reduced spending, the Government did some clever maneuvering and transferred funding for certain social programs for which UAH 64.8bn had been allocated directly by the Finance Ministry in 2019, to the Social Policy Ministry. This includes subventions to local budgets to pay for social assistance to various social groups and discounts and subsidies for fuel. In addition, the Social Policy Ministry's budget for next year has been expanded by UAH 5.1bn to support the Pension Fund. When all is said and done, the ministry will have UAH 120.8bn to spend on all its programs, without counting the subsidy for the Pension Fund, compared to UAH 134.5bn it had for these programs in 2019.

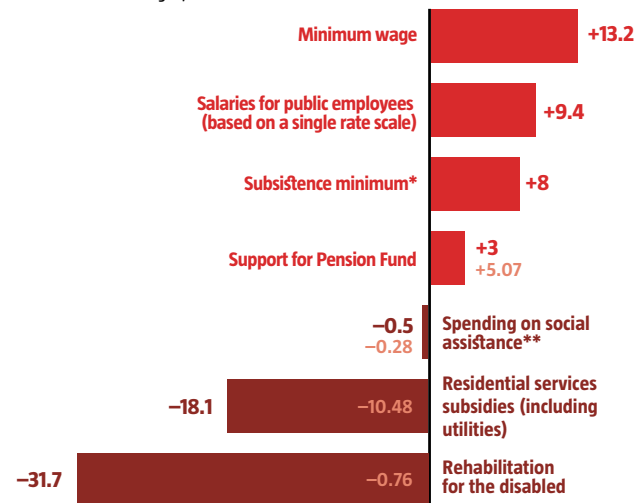
In short, funding has actually been cut 10% or UAH 13.7bn. This does not even take into account inflation, which even the most optimistic forecasters peg at 5.5% this coming year. A closer look at specific spending areas at the Social Policy Ministry in 2020 (see **Taking from the weakest**), the largest chunk will be taken from those who have the least ability to protest such action and at the same time the greatest need for government social support.

CREATIVE MATH

Back during the election campaign, the new president's team was actively criticizing the level of social standards in Ukraine, especially the subsistence minimum, for not meeting the real needs of the public. After being appointed premier, Oleksiy Honcharuk himself raised this issue. And during a major press marathon, President Volodymyr Zelenskiy announced that the subsistence minimum for Ukrainians needed "to realistically be around UAH 4,300 at the current exchange rate." This indicator was declaratively formulated as "take decisive steps in 2020 to bring the subsistence minimum closer to its real value, which could be around UAH 4,251," and it has made its way into the first draft of the 2020 budget that was submitted to the Verkhovna Rada in September.

Taking from the weakest

Change in spending for key social items in the 2020 State Budget compared to the 2019 State Budget, %



■ 2020 compared to 2019, blns UAH

*December 2019 compared to December 2020

**For children, orphans or those deprived of parental supervision, poor families, the disabled, and so on

Sources: Appendices to the Law "On the 2019 State Budget" and the Bill "On the 2020 State Budget" prepared for second reading, author calculations

But while it was still under debate, the Ministry of Finance announced that should such an indicator be established for the subsistence minimum, the budget would have additional expenditures worth UAH 366.3 billion. And so the Cabinet was faced with the question, how to carry out this promise made at the highest level to make the subsistence minimum "its real size," without actually increasing it at all? And so ministers engaged in some creative mathematics that could have a far-reaching impact.

The new Minister of Social Policy, Yulia Sokolovska, announced a radical revision of the application of the subsistence minimum, arguing that it had "stopped being an indicator of poverty and is being used as a fiscal indicator today:" more than 150 types of benefits and financial indicators are linked to it, including, in addition to social benefits, discounts and pensions, the tourist tax, alimony and child support, license fees, administrative fees, customs fees, court fees, fines, wages, salaries,

stipends, per diems, and so on. According to Sokolovska, it's this "link" makes it impossible to raise the size of the subsistence minimum to its real value to help those who really need it. By raising this minimum, she says, "we will automatically increase costs for all these other payments, which is why it has to be cancelled."

However, with a more careful look at the bill "On amending certain legislative acts," drafted by the ministry to institute this change, it turns out that, under cover of this supposed decision to unlink the subsistence minimum from those indicators that really are not connected to social policy, the Government is actually trying to eliminate the role of the subsistence minimum altogether.

MUSICAL CHAIRS WITH WELFARE

Possibly one of the most difficult subjects in the press these days is the rule to change Art. 10 of the Law "On state support for families with children." The intent of this law was to restrict the number of eligible families to only those whose monthly household income per person works out to 15% or less of the total amount of such assistance, as set in the budget for the given year. This proposed rule raised quite a noise, even from UNICEF as one that could sharply worsen child protections in Ukraine. Sokolovska reacted very quickly and stated that the innovation was being discarded.

In reality, this initiative was almost harmless compared to the other social initiatives of the new Social Policy Minister. Of course, it would have become yet another hit over the demographic situation in Ukraine, it would have removed incentives for couples with a household income close to the average to have more children. However, by limiting eligibility to a monthly household income per capita at 15% or lower, which is a maximum of UAH 6,150 today, would at least have meant that such families would be supported at a level far above the subsistence minimum. Clearly, such families don't have a single source for the child or the mother to survive, otherwise they would be eligible for this kind of assistance.

Instead, the much more dangerous consequence that will deepen poverty is the "unbundling" of a slew of social benefits from the subsistence minimum. The Social Policy Ministry has declared that the proposed changes will preserve the link to "pensions based on age and other forms of social benefits and assistance that are the main source of income for people." Still, the actual changes written into the bill drafted by the agency will, in fact, cut most benefits that are not only the main but often the only source of income for a slew of social categories that cannot take care of themselves on their own.

It is not for nothing that Art. 5 on the basis of Ukrainian legislation regarding mandatory public social insurance excludes the rule that it shall be done based on the principle of "ensuring a standard of living not lower than the subsistence minimum established by law through providing pensions, other forms of social benefits and assistance that are the basic source of survival."

FLOATING INDICATORS

From now on, the bill proposes not linking the subsistence minimum to government social standards for children who are orphaned or whose parents have lost parental rights, but to have the standard established in the process of approving the state budget every year. Similarly, where current legislation provides for a "minimum

guaranteed size of child support for one child cannot be less than 50% of the subsistence minimum for a child of a specific age," the proposed changes replace the subsistence minimum with an indicator arbitrarily set by the Government. What's also hard to understand is the logic of dropping the norm for establishing assistance that is at the level of the subsistence minimum for the child of a single parent when the other parent has died.

The Government has also unbundled assistance to the disabled from the subsistence minimum, which includes care provided by others, a slew of seriously sick children and mentally ill individuals. Payments for worker's compensation for on-the-job accidents which come out of the Mandatory State Social Insurance Fund have also been unlinked to the subsistence minimum. This also affects benefits to minor children who are insured by this Fund through an insured individual who was killed on the job.

To cover up the reduced spending, the Government did some clever maneuvering and transferred funding for certain social programs for which UAH 64.8bn had been allocated directly by the Finance Ministry in 2019, to the Social Policy Ministry. This includes subventions to local budgets to pay for social assistance to various social groups and discounts and subsidies for fuel

Although the new minister promised to personally pay attention to benefits for children, changes to the Law "On state support for families with children" propose completely blurring the criteria for identifying such children and their families, and to leave the issue up to a Cabinet decision. For instance, the current version of the law states that "a poor family with children is a family that for serious reasons or reasons beyond its control has an average household income lower than the subsistence minimum." The Social Policy Ministry proposes completely removing this definition but offers no replacement. In this way, the Government will be able to hand-manage the determination of which families and with what income level will be eligible for social welfare. This means that the approach could change every year during the budget drafting process.

SAYING ONE THING, DOING ANOTHER

Social Policy Minister Yulia Sokolovska has also insisted that the link to the subsistence minimum for pensions on the basis of age will be maintained. In fact, changes to Art. 28 "On universal mandatory state pension insurance" cancel the rule that the "minimum pension for age in a man with 35 years of insured service or a woman with 30 years of insured service shall be the same as the subsistence minimum for individuals who have become disabled." This, too, has been replaced by an indicator that is up to the Cabinet to establish.

And so, although the ministry assures everyone that in 2020 benefits for various categories will remain at the level that they would be if linked to the subsistence minimum for now, there is nothing in place that will ensure that these won't be frozen and shrink due to inflation. After all, it was thanks to this link that all these benefits kept rising, for the disabled, to support children whose parents had lost their parental right, to help single moth-

ers raise kids, and other groups who receive social benefits. Dropping this link and replacing it by a figure that the Cabinet can freely establish every year means that in future they could simply be cut without restrictions.

What's more, not indexing certain indicators or indexing them inadequately is much simpler than a universal indicator like the subsistence minimum. After all, it is normally established and draws attention, precisely because it is a key indicator when debating the budget, whether by MPs or by the press. Meanwhile, individual indicators for various benefits can be indexed variously or even reduced in absolute number should there be a shortfall in financial resources. Related to this, the changes proposed by the Social Policy Ministry to Art. 9 of the Law "On wages and salaries." Here, the discussion is about removing the rule that the minimum wage has to be no lower than the subsistence minimum for able-bodied individuals and replacing it by an unusually vague formulation, that the minimum wage is determined "taking into account" not just the subsistence minimum, but also "the financial capacities of the State Budget."

PARADIGM SHIFTS NEEDED

The Ukrainian Week has written repeatedly about systemic flaws in Ukraine's social policies, especially on the fact that when these are not aimed at protecting those who cannot protect themselves, it harms economic development, reduces the national wealth, and only impoverishes the country as a whole. To constantly redistribute from those who earn money on behalf of those who don't want to work only creates a discourag-

THE APPROACH OF THE NEW ADMINISTRATION AND SPECIFICALLY OF THE SOCIAL POLICY MINISTRY IN TERMS OF REFORM IS NOT SO MUCH RESTRICT THE UNCONTROLLED INAPPROPRIATE USE OF FUNDING

FOR SOCIAL PROGRAMS BUT EFFECTIVELY PUNISHING THOSE WHO CAN'T OVERCOME POVERTY FOR OBJECTIVE REASONS AND CIRCUMSTANCES BEYOND THEIR CONTROL FOR BEING POOR

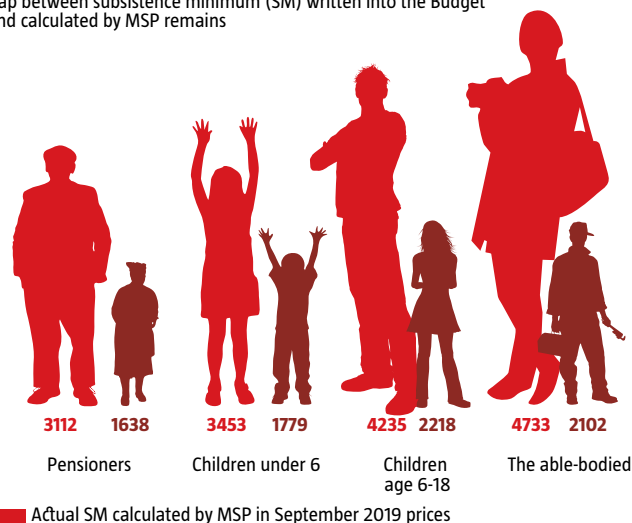
ing uncertainty about how the fruits of their labor are being used, for most people, and this blocks the country's growth.

Ukraine's social system has long needed serious reform and greater targeting. Social policy needs to constantly work to reduce the room for fakers to abuse the system, individuals who can but don't want to earn money for themselves and their families at even the minimum level or who engage in an anti-social lifestyle. The reform priority needs to be eliminating the numberless individuals and households that take advantage of corrupt schemes to claim privileges and discounts, such as subsidies on gas and electricity.

The energy of the poorer folks should be channeled into learning and being motivated to work in those areas where there is the most demand for their labor. This will increase the number of Ukrainians who can benefit from the results of economic growth while reducing the number of those who cannot to those who deliberately reject the opportunities offered to make their own lives better. The physically and mentally able can undertake work that is needed by the society rather than indulge in the illusion that they can live at even the minimum

Maintaining poverty

Gap between subsistence minimum (SM) written into the Budget and calculated by MSP remains



Sources: MSP data and the Bill "On the 2020 State Budget" prepared for second reading, author calculations

level on government benefits that are intended to "overcome or reduce social inequality." These areas of work should become priorities for social policy under this or any other government that truly wishes to minimize if not overcome the scale of poverty in Ukraine.

With those who genuinely need social protection from the state, the situation is completely different. They truly do not have the means to ensure even a minimal necessary level of independent life. Here the government's social role should be strengthened and the volume of assistance correspond to the real subsistence minimum for this category of citizens. However, it is evident that the current Government using really very much needed changes as a cover for radical initiatives aimed at mechanically reducing spending on social policy.

Interestingly, Social Policy Minister Sokolovska was director of the Ministry of Finance's Department for Social Budget Expenditures in 2015-2016. This likely determined her approach to social policy through prism of the traditional priority of all finance ministries in the world to reduce public spending, rather than resolving this or that problem that faces the sectoral agencies. However, rolling back social support is clearly not just the course taken by the new ministry leadership, but by the entire Zelenskiy team.

What's more, the approach of the new administration and specifically of the Social Policy Ministry in terms of reform is not so much restrict the uncontrolled inappropriate use of funding for social programs but effectively punishing those who can't overcome poverty for objective reasons and circumstances beyond their control for being poor. The consequence of this kind of policy will be a sharp decline in the standard of living and a hand-managed style of determining social benefits and guarantees to a slew of social groups for whom these funds are the main, and sometimes even the only, means to survive. If things go on this way, Ukraine will not only not overcome poverty, but will preserve it and possibly even increase its scale and depth. ■

The post-honeymoon mood

Ukrainians are not yet disappointed with the choice of the president and MPs. But some of the government's actions no longer excite the majority

Andriy Holub

November 20 marked half a year since Volodymyr Zelenskiy was officially inaugurated as President of Ukraine with a speech in parliament. November 29 marked three months since the 9th Verkhovna Rada embarked on its powers.

"I would say that the honeymoon of those in power and the voters is over, but they are still in a candy period. It's relatively sweet when people are still positive about the newly-elected authorities, especially President Zelenskiy," says Iryna Bekeshkina, director of the Democratic Initiatives Foundation.

This quote is from the presentation of the new public opinion poll where sociologists focused on the voters' assessment of the first steps of the new government. The November poll by the Democratic Initiatives and the Kyiv International Institute of Sociology (KIIS) provides data for comparison of popular sentiments in late fall with those recorded immediately after the elections this summer.

The first numbers from sociologists confirm Bekeshkina's words. 36% of Ukrainians believed in November that developments in Ukraine were generally moving in the right direction and 39% had the opposite view. This means that the president and his team failed to keep a large part of optimists positive over three months of fall. At the end of summer, 50% believed that developments in Ukraine were going in the right direction and 25% held the opposite opinion.

Still, the new government could have lost much more. Viktor Yushchenko, Ukraine's third president, offers a good example. Nobody could have dreamt of having 50% of the citizens approving of the developments in the past 15 years. The previous record at 47% was in March 2005, measured by the Democratic Initiatives, when Yushchenko was making his first steps in office. Six months later, his approval rate tumbled to 16%. When Petro Poroshenko's term in office was coming to an end in August 2018, 11% of those polled approved of developments in the country.

Scandals and communication failures have hit Volodymyr Zelenskiy and his team, but not fatally. For Viktor Yushchenko, the key reason for his plummeting approval rate was a serious political rival in his camp. The last straw was the dismissal of Yulia Tymoshenko's Government after half a year in power. Volodymyr Zelenskiy does not have any competitors of this scale.

President Zelenskiy could grow even more reassured by the numbers from the citizens who still believe that their choice in the presidential race was correct: this indicator has improved slightly to over 69% lately. According to the pollsters, this indicator is generally equal for all candidates. The share of people disappointed with their choice of candidate in the first and the second rounds has increased somewhat from 1.5% to 6.7%. But these are mostly people who struggled to make a definitive choice back then. So they have not been convinced supporters of any candidate from day one.

Similarly, the share of those who are mostly positive about the first steps from the president and his team has hardly changed since August – from 62.8% then to 62% now. At the same time, the number of people with a negative perception of the government's decisions has doubled from 13% in August to 23.9% now. This is too the dynamics for those who did not have a clear preference during the elections.

But other numbers show a potentially serious problem for Zelenskiy and his team. Presidents and parliaments change while expectations of voters on what the government should do remain unchanged. The key desire of most Ukrainians (73.7%) is stopping the fighting in the Donbas. This is followed by 51.3% for an increase of wages and pensions, 37.4% for cutting utility rates, 35.3% for punishing corrupt officials and 27.8% for curbing the influence of oligarchs on politics. Social appetite for these four steps has increased by half since summer. At the same time, just 4% of the citizens expect the "people power", a key message of Zelenskiy as presidential candidate.

When it comes to the president's first real moves, almost all of his liberal economic initiatives are unpopular. Leading the list are two decisions: lifting the ban on farmland sale with almost 24% supporting it and almost 58% opposing it, and possible privatization of big enterprises with 22.5% in favor versus 55.5% against. The initiative to legalize the gambling industry has found equally little support with 37.6% supporting it and 49.3% opposing it. The proposal to legalize amber mining is the only exception as over 70% support it. The new government's economic reforms, while often seen positively in the West and among activists, should deliver a very quick effect that most of the population will visibly benefit from. Unless this happens, Zelenskiy's rating will end up being hostage to the impossible dream of the majority about lower utility fees.

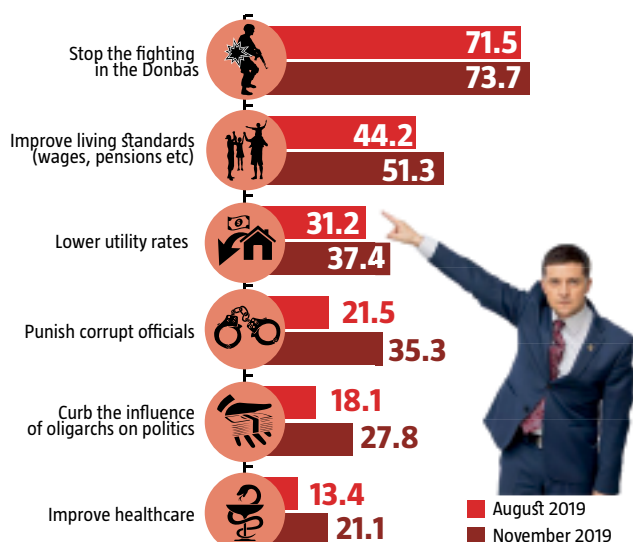
Moves towards a solution in the Donbas are now saving the government's popularity. Despite the concerns of the proactive part of the population, 59% view the withdrawal of troops as a positive thing, and 75% support Zelenskiy's initiative to start negotiations with Russia's President Vladimir Putin to solve the conflict in the Donbas. However, these figures carry their risks. According to Bekeshkina, Ukrainian citizens are not very positive when it comes to specific concessions to Russia even if they generally want peace and welcome talks with Putin. A survey about possible compromises to end the war that the Democratic Initiatives plan to present in the near future confirms this. In December 2018, none of the compromises currently discussed – from the lifting of the blockade to a special status for the occupied territory – has the support of at least a third of all respondents.

The newly elected MPs already fare worse than the president. While 82% are convinced that their choice in the parliamentary election was correct, 47% are unhappy with how the current Rada works. Among the Servant of the People supporters, 51% are unhappy and 30% are happy.

There is no uniformity in assessments of the monomajority in the Rada. Nearly 40% of the citizens support it and an equal number opposes having a monopoly majority in parliament. Even the voters of the party in power vary in how they assess their preferred party: just 59% of the Servant of the People supporters are in favor of its monopoly majority. The main surprise of the recent survey is the change in public attitude towards inexperienced politicians. In August, 35% were positive about the lack of political experience, 25% were negative about it, and 26% thought that this fact alone does not mean much. In November, the figures were 24% and 41% respectively, and 26% still believed that

What Ukrainians expect of President Zelenskiy...

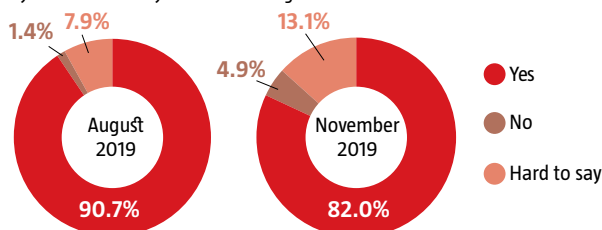
In your view, what should President Zelenskiy and his team do first?*



**17 options were offered to those polled, and they could choose five. These options have gained over 10%

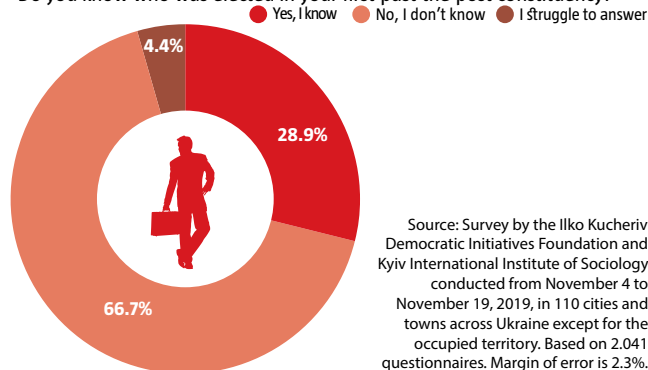
The majority is not yet disappointed with their parliamentary choice but...

Do you believe that you made the right choice in the Verkhovna Rada election?



...they still don't know their first-past-the-post MP and ...

Do you know who was elected in your first-past-the-post constituency?



Source: Survey by the Ilko Kucheriv Democratic Initiatives Foundation and Kyiv International Institute of Sociology conducted from November 4 to November 19, 2019, in 110 cities and towns across Ukraine except for the occupied territory. Based on 2,041 questionnaires. Margin of error is 2.3%.

this fact alone does not matter. Unsurprisingly, the Opposition Platform – For Life voters are the most sceptical about the lack of political experience at 68%, and those of the European Solidarity at 73%. Among the Servant of the People voters, 36% think this is a positive thing while 25% believe it to be negative.

A steep change in the way many people perceive “politicians from the street” was triggered by the scandals with a number of MPs and government officials. Most of the notorious MPs were elected through first-past-the-post constituencies. But the November poll revealed that only 29% of those polled know the name of the MP elected in their constituency. Among the voters

...and how they assess the real decisions of the new government

How do you assess the first decisions and proposals of President Zelenskiy?*

The most supported initiatives:



Initiate negotiations with Russia's President Putin to solve the conflict in the Donbas — **75%**

Legalize amber mining — **70.7%**

Resume dialogue with Poland on problematic historical issues — **63.1%**

Grant citizenship to the foreigners who defended Ukraine's territorial integrity — **61.2%**

Fully overhaul the Central Election Commission — **48.6%**

The least supported initiatives:



Launch the land market and lift the ban on farmland sale by the end of the year — **57.9%**

Privatize big government-owned enterprises — **55.5%**

Legalize the gambling industry — **49.3%**

The least relevant:

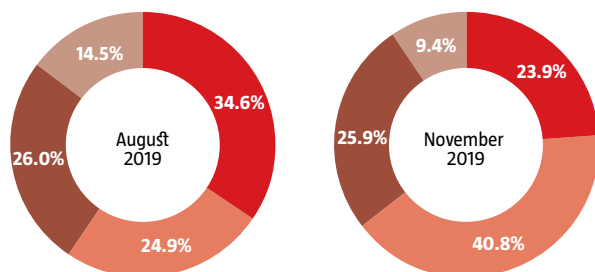


Early local elections in Kyiv — **59.6%**

**The list of options was offered by the sociologists. The least relevant section

...they tend to appreciate the lack of political experience less

Most MPs in the new Rada were never in politics. Do you think it's good or bad?



- I think it's a positive thing, it will ensure full renewal of politics
- I think it's a negative thing because unprofessional people will not be able to solve Ukraine's problems in a qualified manner
- This could be positive (if they learn and engage qualified specialists) and negative (if they believe that they know and can do everything)
- I struggle to answer

of the Servant of the People which gained total victory in the elections, 37% don't know their representative. The figures for the Opposition Platform – For Life and European Solidarity are similar.

It is thus unsurprising that 48.6% of the voters supports total restaffing of the Central Election Commission even though a record-breaking 83% approved the 2019 elections as free and fair. The key demand of the voters in 2019 was to punish “the old politicians” for unfulfilled promises at any price. In one way or another, this demand covered all spheres of public governance and was implemented through the elections. It is now time to look at “the new politicians” closer. ■

After Viatrovych

How the current political environment may affect the work of the Ukrainian Institute of National Memory

Maksym Vikhrov

Last week, the Cabinet of Ministers endorsed a candidate of the new head of the Ukrainian Institute of National Memory (UINM). A 33-year-old Anton Drobovych, Doctor of Philosophy, the head of Educational Programs at the Holocaust Memorial Center “Babyn Yar”, an expert at the Institute of Social and Economic Research, and Associate Professor of the Department of Cultural Studies at Drahomanov NPU became Volodymyr Viatrovych’s successor. The public has accepted the appointment ambiguously, but it is too early to predict how the functioning of the UINM under Drobovych’s rule will change. There is no reason to expect a pro-Russian turn, as it was under the rule of Valery Soldatenko, who headed the institute at the time of Viktor Yanukovich. But there are other risks that can affect not only the efficiency but also the content of the work of the UINM.

The first and foremost risk factor is related to the political situation after the change of government. “Everything that can

alienate the Ukrainians – religion, language, territory, some historical leaders – should be taken off the table until we end the war”, – Dmytro Razumkov outlined Zelenskiy’s position even before the presidential election. It was later discovered that unifying and patriotic rhetoric could also be used to criticize the memory policy of previous years. “We remember our history, we support the historical heroes. So why don’t we, all of us, support the heroes of modern times?” – asks rhetorically Volodymyr Zelenskiy, expressing dissatisfaction with the great number of streets named after Taras Shevchenko and Stepan Bandera. By the way, during the decommunization, only 34 topographic sites in Ukraine were renamed after Bandera. “I would very much like to see more streets in Ukraine with such names as Mulberry Street, Cherry or Apple Street. These are the names that do not cause conflict” – said Vice-Speaker Ruslan Stefanchuk. Such sentiments were reflected in the position of Volodymyr Borodyansky, the head of the Ministry of



PHOTO: UKRINFORM

Focusing on liberalization. “Official memory inclusivity”, which Anton Drobovych sticks to, could provide a basis for a pro-Russian rematch and revisions in favor of Hungary or Poland

Culture, Youth and Sports (which the UINM is subordinated to). “There is an ambiguous figure for our society, – the minister said about Bandera. – This is our common history. It still hurts many people. And before making decisions whether to name or not to name, to heroize or not to heroize, we must realize that we have had different periods in history.”

Of course, it's not just about Bandera, as much as about a perceivable demand in the higher echelons of power for a change of the direction taken by the UINM in previous years. First of all, it concerns the period of the first and second liberation competitions, for excessive attention to which Borodyansky criticizes the previous leadership of the UINM. According to the minister, the Institute of National Memory “narrowed Ukrainian history before the beginning of the 20th century” and to “a certain pantheon of people who lived during this period.” To the outside observer, the rhetoric of the new government may seem quite right and progressive. If it were not for the slight problem: the historical events of the first half of the 20th century are critically important for the formation of Ukrainian national identity. At the same time, restoring our collective memory of this period requires perhaps the most

the pace of the reform). Drobovych himself much more sharply criticized the methods of “decommunizers”, blaming them for “thoughtless dismantling of monuments” and “flagrant interference in the territory of art”. “So why are these people better than ISIS in Palmyra? It's hard to say”, – Drobovych resented in 2015. In his view, decommunization “must be creative; it should not produce aggression and revenge, but critical thinking, humor and irony, creative search and dialogism”. If the topic of local referendums has already been forgotten by the Zelenskiy team, the search for “gentle” methods of memory policy realization can completely paralyze it. The experience of decommunization shows that in many places the process of renaming could be permanently delayed in endless public discussions and disputes. Therefore, it's quite possible that the policy of decolonization, which the previous leadership of the UINM planned to transit to, will be blocked without explicit ideological reversals: it is enough to abandon effective methods in favor of “creative”, and to bury the decision-making process in delays and discussions in the name of “democracy”.

And finally. The “liberal” revisionism may touch the very principles of memory policy. “Increasing the level of official memory inclusivity” that Drobovych lays the stress on can be interpreted and implemented differently. He understands this as “making greater efforts to preserve the memory of the common history of Ukrainians and Ukrainian Poles, Jews, Armenians, Tatars, Greeks, Bulgarians, and others.” According to Drobovych, “we are a very diverse political nation, and this should be better felt through the activities of the UINM. What is behind it time will tell. In particular, this could mean reorienting the institute towards “celebrating diversity” and promoting multiculturalism instead of fostering Ukrainian national identity. It is quite possible that the weakening of the UINM positions will be supported by certain circles of the public, and especially by the pro-Russian public, irritated by the “Banderazation” of Vyatrovych times. Such “liberalization” will also suit the authorities as a way of “taking off the table” of many annoying topics and difficult tasks in the humanitarian sphere. In the past, the concept of “multinational Ukraine” was repeatedly used as an argument against Ukrainization. If the government still does not dare to cross the red lines, then in the pro-Russian camp they are quite actively testing the waters. It is worth mentioning the recent attempts to return the Soviet names to Kyiv Bandera and Shukhevych Avenues, as well as to Kharkiv Hryhorenko Avenue. Needless to say, that “liberalization” of the UINM position (and the government in general) will lead to the revitalization of revanchist forces that will appeal to “democracy” and “dialogue”.

We should not forget the pressure of our western neighbors, in particular Poland, whose leadership since 2016 has openly sabotaged the Ukrainian-Polish historical dialogue. Meanwhile, Iryna Vereshchuk, the people's deputy from the *The Servant of the People* accused Vyatrovych of worsening relations with Poland. Zelenskiy later said he had agreed with President Andrzej Duda to end the controversy over historic events. It is possible that the Ukrainian memory policy will be an area where “servants” will make the most generous concessions. In short, the risks are very serious. If the UINM management is unable (or unwilling) to avoid them, the work of the institution may undergo significant changes in the coming years. And they are unlikely to be for the better. In the worst case scenario, the institute risks moving away from the main principles of its activity and from the reform driver to become a department of “creativity” and “dialogs”. Of course, these changes will not be irreversible, but Ukraine needs to make up for the wasted time, so such a scenario is extremely undesirable. However, we will soon find out what the work of the UINM will be like in the next five years. ■

IT IS QUITE POSSIBLE THAT THE WEAKENING OF THE UINM POSITIONS WILL BE SUPPORTED BY CERTAIN CIRCLES OF THE PUBLIC, AND ESPECIALLY BY THE PRO-RUSSIAN PUBLIC, IRRITATED BY THE “BANDERAZATION” OF VYATROVYCH TIMES

enlightening efforts, since for more than half a century it was thoroughly cleansed by Soviet Union repression and propaganda machine. Therefore, in practice, “broadening” the view on history and avoiding “conflicting” themes may result in the removal of the UINM from performing one of its key tasks.

The second threat is how the authorities (and now also the new leadership) will understand the content of the UINM functioning. Among his priorities in his post, Drobovych mentions that he aims at “preventing the institution from being assumed as a trumpet for agitation, ideological struggle or propaganda, and transforming it into an available tool for citizens to establish social dialogue and promote sound identity.” Minister Borodyansky said earlier in the same spirit: “I believe that we need to stop instrumentalizing history. That is, stop using it as a tool to achieve some special results. This is what Russia has been doing for many years. But we are not Russia.” References to the Russian Federation have long been a classic of manipulation, but it's not what is important. Setting on the rejection of “agitation” and “achievement of some special results” directly contradicts the relevant Cabinet of Ministers’ provisions on the UINM, which list the specific goals and objectives of the Institute. If you exclude everything that can be called agitation, it is hard to imagine what will remain. For the formation of national memory is, by definition, within the realm of ideological strife, no matter how old-fashioned or illiberal it may sound.

It's just “liberalization” that the third group of risks for the UINM functioning associated with. It's no secret that the driver of decommunization, especially in the southeastern regions, was the state. Due to the specific tasks and timing of the implementation for the local authorities, the enormous work of cleansing the communist symbolism was done quickly and more or less qualitatively. But the current government has come in the wake of “democratic” populism. For example, Dmytro Razumkov stated that renaming issues should be taken to local referendums. Volodymyr Borodyanskiy put it mildly, saying that we should get back to this issue “after certain stages of national reflection” (that is, in fact, we should slow down

President's hometown

Today of Kryvyi Rih

Denys Kazansky, Kryvyi Rih

Tell me where you are from and I'll tell you who you are. It's a rephrasing of the famous saying. The environment shapes a person, especially in the early stages of his or her life, when the formation of personality just begins. And so for a better understanding of the person, sometimes it is enough to simply ask what city he or she grew up in.

Let's just recall Viktor Yanukovich, whose image was inextricably linked to Yenakiieve and its criminal tone. This bond was so strong that even when the former President fled Ukraine, he in some sense took his native Yenakiieve with him.

The new Ukrainian president has a similar story: the same strong connection with his hometown, to which he is firmly attached with the Kvartal 95 brand. And, apparently,

in the next five years, Kryvyi Rih can become the same symbolic and iconic place for all Ukrainians, as in the first half of 2010 was gloomy and depressed Yenakiieve.

Volodymyr Zelenskiy's hometown is no less paradoxical than his political career. At first glance, a typical Soviet industrial center: a gray, sad cluster of typical houses, a working village that, under certain circumstances, has grown to extraordinary proportions. However, this impression is misleading. Unique specifics and identity are hidden behind the unpretentious scenery. You can label Kryvyi Rih any name, but hardly uninteresting. And the meteoric rise of its most popular native-born is a good reason to look more closely at it.

Kryvyi Rih is considered the longest city in Europe. The local authorities claim that its length is 126 km, but this is



an outright exaggeration. If you go from north to south by car, the speedometer will show about 70 km. But it's still very much. The city was formed this way not by accident. It stretched along the Kryvyi Rih iron ore basin. Mining and processing enterprises appeared there along the entire length of the iron ore deposits, which, when viewed from above, resemble beads in a necklace. And such features of the settlement created certain patterns of behavior of its inhabitants.

The anomalously large distances as for the city with population of about 600,000 people made the movement of people around Kryvyi Rih not very comfortable. Public transportation will take about an hour and twenty minutes to get from the center located in its southern part to the northern suburbs. The express streetcar, city's mark of pride, opened in 1986, had to improve the situation. As the tracks in the center are laid underground, the tram is considered to be an analog of the subway, and Kryvyi Rih belongs to those few cities in Ukraine where that type of transport is available. However, it is not possible to reach all the districts by express streetcar; it does not go to the remotest ones.

This feature of the city prompts dwellers to look for work closer to home and, accordingly, less likely to move from their neighborhoods. Enterprises, most of which function normally nowadays, have also added some specifics. Those who work at ore mining and processing mills, factories and mines often live in surrounding townsites and neighborhoods and do not often need to travel outside their boundaries.

Such separation of Kryvyi Rih districts at one time formed several generations of "raiders". That was the name of youth gangs who fought each other and periodically wreaked havoc on the streets. The heyday of these groups came in the second half of the 1980s – the first half of the 1990s. The young citizens of Kryvyi Rih massively joined gangs and periodically raided competitors (hence their name). During such a raid, a crowd of young men with chains, knives, sticks, and sometimes-homemade firearms swept through a hostile area, like a tornado, beating everyone they met along the way. That happened in large Soviet industrial centers. On a nation-wide scale, sociologists, Komsomol leaders and the first free media in the days of perestroika spoke about the so-called Kazan (by the name of the capital of Tatarstan) phenomenon: the formation of youth gangs on a territorial basis. In Ukraine, this phenomenon was most pronounced in Kryvyi Rih.

There are many eyewitness recollections in the network revealing the events of those times. In the streets there was a real war in which teenagers were periodically killed and maimed. There were also clashes with the militia. It is interesting that nothing similar was observed even in the depressed towns of Donbas, which in Ukraine have traditionally been considered the main cradle of crime. Probably, the compact location of neighborhoods and surrounding settlements played a positive role there.

The "raiders" disappeared in the early 1990s, when the leaders of youth gangs went into full-fledged criminal gangs, and ordinary members in the new realities of market econo-



my found more interesting occupations for themselves. But the memory of them is still alive. Today, people remember that horror period. The flourishing of street gangs, apparently, was facilitated by the city's special address system. In addition to the streets and districts, Kryvyi Rih is divided into quarters. There are about 200 of them there, and that led to an increase in the number of gangs. Gangs of "raiders" appeared not only in certain neighborhoods and towns, but also in quarters.

This quarter system is confusing to the visitors of the city, but the locals are well-oriented and easily determine the district by the number of the quarter. The very 95th quarter (kvartal) (people called it Piatak) well-known on the entire post-Soviet territory now, and which the KVK (Club of Funny and Inventive) team of the same name made famous, is only one of dozens. This is not a noticeable traffic intersection in the center, surrounded by typical high-rise buildings and kiosks. Vechirniy Kvartal (Evening Quarter – entertaining TV show) viewers do not imagine this place to be so different, but the brand has long lived its life and has little to do with the quarter after which it was named.

Since, unlike most industrial cities of Ukraine, Kryvyi Rih survived in the 1990s with practically no major economic losses and generally retained its industrial complex, the working specifics are clearly expressed in it today. It is noticeable that service industry is not well-developed there, as for an industrial center with population of more than 600 thousand. By the level of urban redevelopment, Kryvbas (so the locals abbreviate the city's name) has remained some-

where in the heyday of the "raiders" movement. Despite the quite huge budget for the provincial city (last year it exceeded UAH 6 billion, which is much more than in some regional centers), Kryvyi Rih seems neglected, facades of buildings are hardly ever repaired, pavements are broken, parks are delapidated, public transport is mostly represented by route minibuses.

The author of this publication used to live in Kryvyi Rih in 2005–2006. And when, almost a decade and a half later, I found myself there again, I noticed that the city had hardly changed. New buildings haven't appeared in the center, no new public spaces either. Moreover, the infrastructure that used to exist has even degraded in some places. For example, the benches on Vulytsia Yesenina (in the very center, near the city hall building), which in 2006 you could still sit on, are rotten and collapsed.

It is impossible to explain such a situation for lack of funds. The budget of Kryvyi Rih is large enough to finance the mounting of modern benches, planting lawns and ornamental plants. So, the point is the insolvency of local authorities. However, now that a number of Kryvyi Rih natives have come to power, the opposite may be the case when the city will soon be demonstrably repaired and tidied up. At least this approach is entirely in Ukrainian traditions.

New circumstances give Kryvyi Rih a good chance to reconsider its own image, take advantage of the situation and receive dividends from the current situation. In particular, to develop industrial tourism and exploit its specificity for commercial purposes. ■



The culture of poverty

What poorer Ukrainians think of subsidies, the rich, and themselves

Maksym Vikhrov

The scale of poverty in Ukraine is not easy to assess. Typically, researchers and officials float numbers ranging from 10% to 60%, depending on their methodology. However great the gap in the results, the impact of the problem is unambiguous. What makes assessments hard is that poverty is not just a question of material lack, but also a set of socio-psychological circumstances, convictions and behavioral models that, put together, establish a kind of culture – or perhaps more correctly subculture – of poverty. This subculture is handed down from generation to generation, fosters the recreation of poverty even as objective economic indicators continue to climb upward. This makes combating poverty impossible unless the way of thinking of the poor is understood.

The latest attempt to study the subculture of poverty in Ukraine was undertaken by the Asian and Middle Eastern Studies (AMES) in May 2019 and Ukrainian Catholic University's Analytical Center. Combining sociological methods such as focus groups, in-depth semi-structured interviews and questionnaires made it possible to expose some of the characteris-

tics of the mentality of poorer Ukrainians. Although this was only a pilot study, its results made it possible to understand not just the poor but the overall mood in Ukrainian society.

For starters, how do poorer Ukrainians see themselves? According to the respondents in the study, more than 60% of Ukrainians consider themselves impoverished, 26% see themselves as average, and about 11% consider themselves well off. True, respondents found it hard to place themselves in the social structure. Poor people often offer vague generalizations, such as “I’m just like everybody else,” “there’s enough for everything,” and so on. They don’t see social assistance, such as breaks or subsidies as a marker of poverty but are more inclined to think of it as “little cheats” that everyone takes advantage when the opportunity arises. Nor do they think the inability to buy expensive gadgets like smart phones, tablets and so on a sign of poverty – especially since even poorer Ukrainians have access to them these days, even if it’s through penny-pinching, borrowing, loans and so on. They think of poverty in a very literal sense, as a chronic inability to satisfy basic needs,



The poverty ecosystem. The poor districts of Ukraine's cities are easy to spot because of the large number of pawn shops and game rooms. In Zakarpattia, they even have signs hanging in Hungarian

among which the leading items are buying decent food and paying utility bills. However, attitudes towards actual poverty vary. The poverty that comes with age, inability to work, large families, and so on is seen as socially acceptable and worthy of sympathy. However, they condemn poverty associated with alcoholism, sloth, the inability to manage money, and living on welfare payments.

Poorer Ukrainians also look at the middle class through the prism of able to satisfy basic needs. To them, people in the middle class are those who can feed themselves properly, who own their homes, and travel abroad for vacations. Even while being aware of the social distance, the poor are positive about the middle class and connect its better standing primarily with entrepreneurial activity – mostly small and micro business – and emphasize the personal characteristics needed to engage in it: to be responsible, hard-working and independent. In general, the middle class, even if narrowed down to micro and small business, is a positive example for how to get out of poverty for the poorer element in the population.

When it comes to the rich, however, those they consider the elite or upper class, Ukraine's poorer population have a clearly negative attitude. Perceiving wealth as the unrestricted ability to satisfy their basic needs, they associate it with greed, excessive consumption, illegal sources of income, and so on. However, the researchers noted that respondents were most negative towards the "distant wealthy," that is, to an abstract "elite" and "oligarchs" about whom they only knew from the press. They felt greater loyalty towards the wealthy who were closer to them, such as local business owners. Despite their bias, respondents found excuses for them, noting that they worked hard, that they were good at what they did, and so on.

So, it appears that poorer Ukrainians see social inequality as tied mostly to people's personal qualities and individual life situations. There's a positive aspect to this: at least Ukraine's poorer citizens don't tend to blame their situation on the "bourgeois bloodsuckers" as Marxists liked to call them. On the other hand, the researchers note that this kind of "individualized" view of poverty tends to encourage people to accept their situation and to see difficulties as a judgment of themselves. This kind of fatalism affects people's economic behavior, which tends to be dominated by passive strategies. The most common response on growing difficulties is economizing: settling for lower-quality food and buying used clothing. In other words, instead of looking for a way to overcome their poverty, poorer Ukrainians are more inclined to adapt to it. An important feature in the lives of the poor are various forms of indebtedness, from small bank loans to the purchase of food on credit, reduced utility rates, social benefits, subsidies and other forms of public assistance.

Interestingly, poorer Ukrainians tend to look down on social benefits: benefits to single mothers encourage women to raise kids on their own while subsidies for residential services foster unofficial employment or deliberate unemployment, and discourage saving. This illustrates very clearly that the current quasi-soviet system of social support system is exhausted as its downsides are evident even to its primary beneficiaries.

Among active strategies for getting out of poverty, poorer Ukrainians first mention migrating for work, but they even look at this with skepticism. Typically they point out that migrant labor involves quite a few complications and often does not really lead to significant long-term improvement in material standing. Moreover, personal experience as migrant workers is connected to "culture shock," as they are expected to work far more intensively than at home. What's more, after they return home, migrant workers admit that they lose the

pace, that is, they start working less intensively, which understandably leads to economic consequences.

In talking about their jobs in Ukraine, poorer Ukrainians generally are not able to clearly outline their own job duties and functions. At the same time, they are all convinced that they should be paid, on average, three times more than what they are currently earning. This testifies to the poor organization of work by employers and the attitudes of employees themselves to their work. Moonlighting, generally in the shadow sector, is also common among poorer Ukrainians, not the least because it is easier to qualify for subsidies and other forms of public assistance if they can officially claim to be jobless.

According to the respondents in the study, more than **60%** of Ukrainians consider themselves impoverished, **26%** see themselves as average, and about **11%** consider themselves well off. True, respondents found it hard to place themselves in the social structure

The authors of the study asked their respondents to suggest ways to overcome poverty in Ukraine, but the respondents seemed to have trouble with this. On one hand, they pointed out that people need to work for themselves, but on the other, they expected the government to ensure jobs, a decent salary, moderate utility rates, and other conditions. Clearly, the liberal model is blended with traditional paternalism in their minds: they consider that those in power are the reason for poverty because they are not "of the people," not "patriotic," and don't care about ordinary people. All this leads to a predictable political orientation. The most common catch-phrases that appeal to them are "order," "stability," "social protection," and a "strong" leader who can ensure it all.

When it comes to their own participation in transforming society, although they blame Ukrainian society for being passive, they tend to call for a more abstracted form of "civic society." What's more, they don't include themselves in this "civic society" that is supposed to fight for its rights, blaming their own passivity on the poverty that forces them to expend all their energies on just surviving from day to day. But this is not the most important aspect revealed by the study. Most respondents, and they were members of the poorer element of Ukrainian society, are afraid to seriously improve their material standing. This fear is tied to their perception that wealth is accompanied by greater risks, possible illegal activity, and that a wealthy lifestyle is a socially unacceptable, or at least suspicious phenomenon.

In a sense, the subculture of poverty creates a vicious cycle around those who are involved in it. The lives of the poor come down to a struggle for daily survival, but despite the hardship of such a situation, it also is beginning to be accepted as the norm or fate. The most obvious strategy is one of passive adaptation to difficulties and the expectation that the vicious cycle will one day be broken thanks to some "higher power," in the shape of the government and an outstanding leader.

This makes it clear that poverty cannot be fought simply by spending more on public assistance in its various forms. Clearly the government's strategic objective must be to stimulate its poorer citizens to be more actively engaged in improving their own situation. How exactly to do this is a question with many unknown factors. But even in the best case, this will cost political ratings: those who were used to being given fish for the last few decades aren't going to be thrilled that someone is now giving them a fishing rod instead. ■

Dead Souls: The people's census

What those “dead souls” are hiding in occupied Donbas

Denys Kazanskiy

In the last five years, ORDiLO, the occupied counties of Donetsk and Luhansk Oblasts, have turned into a virtual *terra incognita*. The lack of reliable official data coupled with strict censorship of the press has created an informational vacuum that is largely filled with conjectures and rumors these days. The size of the population, the popular mood among those living in ORDiLO, the state of the local economy, the statistical decline in industrial output compared to pre-war 2013 – all this information is now a secret.

Yes, there is an approximate notion about the state of the economy and the mood in occupied Donbas, but this is no longer the 19th century outside, but the 21st, and the internet is so far not prohibited in the territory, so occasionally some numbers do slip through. Still, curious researchers, politicians and experts always want to see specific numbers, because they can't refer to their own perceptions as a source in reports and bills of law. But hard numbers are possibly known only to the occupation administrators and their Moscow handlers. For understandable reasons, they are in no hurry to publish these numbers, either: it would paint a picture that was far too joyless and unflattering to the “Russian defenders of the Donbas.” And so, what is published is generally fantastical statistics that show a growing population, burgeoning prosperity and impressive spiritual unity among those living in the occupied territory.

IT'S IMPORTANT TO UNDERSTAND THAT GETTING PRECISE INFORMATION ABOUT THE STATE OF THINGS IN ORDiLO WILL BE IMPOSSIBLE UNTIL UKRAINIAN POLITICIANS, EXPERTS AND PRESS HAVE ACCESS TO THE OCCUPIED TERRITORY. **THIS IS EXACTLY WHAT RUSSIA'S LEADERSHIP WANTS TO TAKE ADVANTAGE OF TO THE FULLEST IN ORDER TO ESTABLISH THE THICKEST POSSIBLE SMOKESCREEN AROUND THE OCCUPIED AREA**

The latest census in ORDiLO is one example of this kind of window-dressing. The “republican” leadership has announced that the final results of the census will be published only in QII of 2020. However, on November 6, information about the size of the population in the “republic” as of October 2019 appeared on the site of the “main statistical administration of DNR.” These numbers make it clear exactly what kind of picture is being prepared for the final report next year.

The size of cities occupied by Russian proxies is, in some cases, according to the DNR statistics office, higher than it was before the war started. This is without question an outright lie, since the population of the entire Donbas has been steadily shrinking since even before independence. When you add more than five years of continuous conflict, population numbers today cannot possibly match numbers from 2013. For instance, in 2014, the city of Donetsk officially had a population of 949,825. Today, DNR claims that its population is 943,770 (see **A funhouse mirror**). This is clearly absurd because Donetsk lost hundreds of thousands of its residents

A funhouse mirror

Population of Donetsk Oblast (total territory)*



Population of DNR**



Population of Donetsk (city)*



Population of Donetsk (city)**



*Source: Derzhstat, the Ukrainian statistics bureau, 2014

**Source: Main Statistics Administration of DNR, October 2019

over five years of war and occupation. With entire neighborhoods emptied out in this oblast capital, the most optimistic estimates of its current population are about 700,000.

Where life still smolders in Donetsk itself, in other towns in the oblast, things are much less cheerful, especially in those population centers that are close to the conflict zone. However, there, too, the DNR statistics office sees no problems and reports that the population is growing.

A most fantastic picture is being presented of Debaltseve, a one time major railway hub that was taken over in early 2015. According to Ukrainian figures, the population was 25,525 in 2014, but in 2019, DNR says that the permanent population is 25,696. Yet the town was half-destroyed by the battles that took place there and residents *en masse* fled the constant shooting that took place over the course of several months. Neither DNR nor Russian Federation sources have ever mentioned that the town was half empty after the battles and that at most 12-14,000 live there now. But the statisticians of the “young republics” have their own view of the world: they claim that the population of Debaltseve has grown for the first time since the 1980s. Is it possible that

constant shelling from GRADs has given locals the urge to procreate in a depressed town where not a single factory is operating normally to this day?

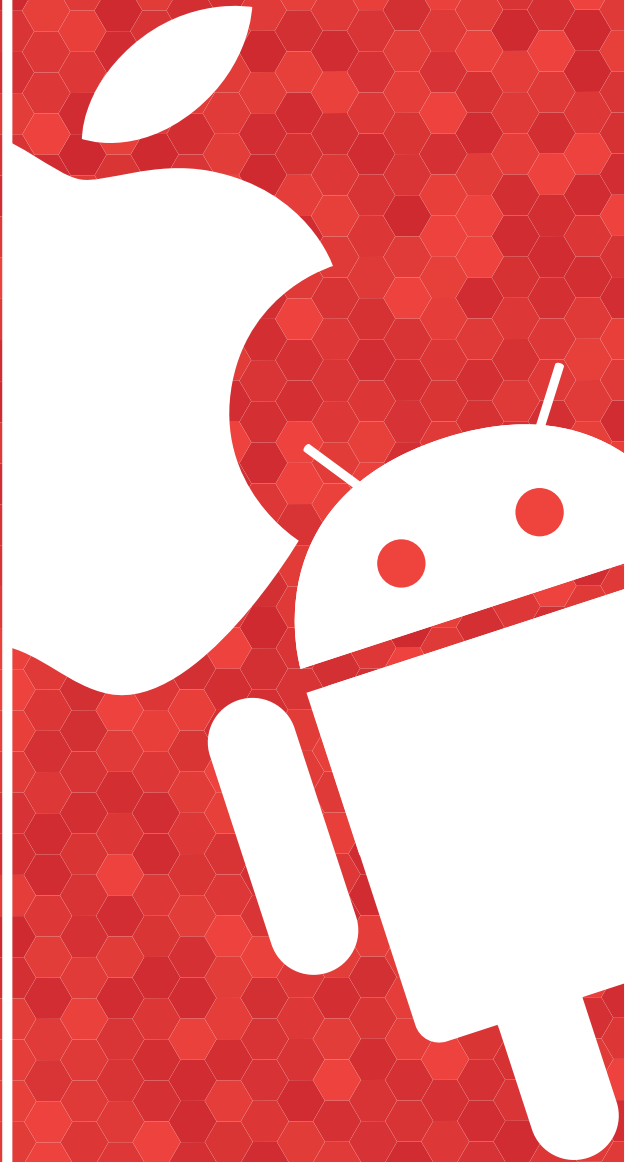
A similar image is being presented of Ilovaisk, Horlivka and other towns in occupied Donetsk Oblast. The numbers are really not worth analyzing, they are so patently false. They are, however, laying the foundation for presenting the final results of the “census” to demonstrate the unbelievable, flourishing prosperity of occupied Donbas since it threw off the yoke of “Ukrainian oppression.” Yet the main purpose of such manipulation is obviously not just to establish some ideologically suitable image. The real goal is much more pragmatic: to establish a phalanx of around a million “dead souls” in preparation for eventual reintegration into Ukraine. This will make it possible to present results in local elections that suit the proxy leadership and to claim substantial amounts of government funding. Clearly, Kyiv needs to prepare itself for such a development and not take any of these statistics seriously, no matter what.

Unsurprisingly, Ukraine’s politicians, press and civic organizations continue to make efforts to study life in ORDiLO in a variety of ways and to establish a real picture. But any data collected under the current circumstances is subject to a huge margin of error. How can anyone talk about objective surveys of the occupied territories given censorship and dictatorship? Even if some pollsters manage to undertake a completely unbiased and honest survey on the streets without being stopped by the MGB (“State Security Ministry”) FSB and other “antifascist” agents, there’s no guarantee that respondents will answer any questions frankly. People who live in a ghetto where anyone can be accused of being a Ukrainian spy and be sent “to the basement” for “questioning” without an investigation or a trial aren’t likely to express a preference for Ukraine to strangers in the street, even if they feel it. And so the results of any opinion polls in ORDiLO, such as those published from time to time in the Ukrainian press, need to be taken with a few grains of salt.

Not long ago *Dzerkalo Tyzhnia* published such a survey on its site. In the most recent figures arrived at by the Kharkiv-based New Image Marketing Group jointly with the Ukrainian Institute for the Future, most of the residents of ORDiLO who were surveyed were anti-Ukrainian and said that they wanted to integrate into Russia. Should such a result be considered sensational? It’s obvious that this attitude really is widespread in the occupied territories because those who supported Ukraine have mostly left the region in the last five years, while those who stayed behind have been bombarded with anti-Ukrainian propaganda day and night. But the results of this experiment still cannot be taken at face value because people living under a totalitarian threat cannot be truly open in their responses.

One way or another, it’s important to understand that getting precise information about the state of things in ORDiLO will be impossible until Ukrainian politicians, experts and press have access to the occupied territory. This is exactly what Russia’s leadership wants to take advantage of to the fullest in order to establish the thickest possible smokescreen around the occupied area. Moscow’s plans have not changed: to integrate a Trojan horse into Ukraine in the shape of these two “national republics.” For this horse to be the most effective, its contents have to be carefully prepared well in advance. It’s understood that the ideal option for Russia would be for ORDiLO to remain an inaccessible and unknown territory for Ukraine where its puppets can generate whatever election results they want and whatever economic indicators suit Moscow. ■

ТИЖДЕНЬ



Opinion under occupation

How are residents of ORDiLO being polled for their opinions and how reliable are the results?

Maksym Vikhrov

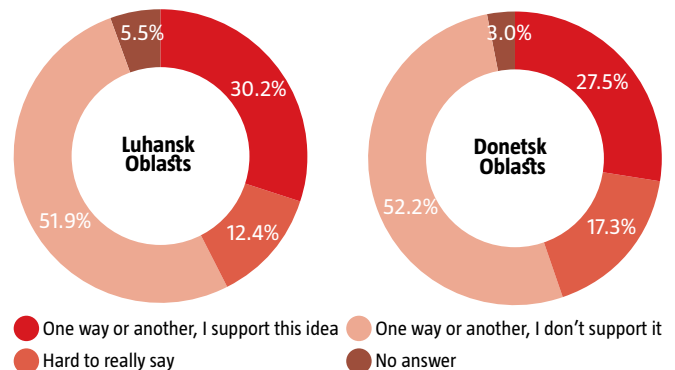
What Ukrainians, their politicians and experts think about the reintegration of occupied Donbas is broadly known. The latter two groups have free access to media spaces and are happy to use them, while the mood of ordinary Ukrainians is constantly tracked by sociologists. But when it comes to attitudes on the other side of the line of contact, that's a question that's much harder to answer. Rallies, flash mobs, group petitions and other public events take place in ORDiLO exclusively on orders from those in charge of the two pseudo-republics. In short, they are no indicator of anything.

When it comes to opinion polls, however, the situation is much more difficult in occupied Donbas. Not long ago, Serhiy Syvokho, an advisor to the NSC Secretary, confirmed that the Zelenskiy team had commissioned a survey of the voter mood in ORDiLO and that the president was confident in the reliability of the outcome of such a survey. Syvokho did not say what the numbers were or who carried out the survey, but that such a survey is taking place is no news. Despite everything going on there, pollsters, including Ukrainian and international ones, really do work in the occupied zone. The question is how much their results can be taken at face value. Probably not much, although not only political commentators but also officials who are responsible for formulating the government's strategy towards the Donbas trust them.

One of the last surveys to cover all of the Donbas was in April-May 2014, carried out by the Kyiv International Institute of Sociology. It showed that 8.4% supported independence for the region while 22.5% favored joining Russia (see **The mood in the Donbas in April-May 2014**). At the same time, KIIS undertook another survey that yielded similar results: 27.5% of residents in Donetsk Oblast supported joining Russia, while 30.3% of residents in Luhansk Oblast did (see **The mood in Donetsk in April 2014**). This shows that the separatists among locals in the Donbas represented less than one third of the population. Over 2015–2016, KIIS carried out some more surveys that partly or fully encompassed the occupied territories. The poll was done in the form of a personal interview, which is considered the most reliable. However, under the conditions at the time, it was also the most risky. Moreover, residents of the two “republics” were asked not just about their daily humanitarian needs but also what they thought of the situation in the Donbas, attitudes towards Ukrainian parties and politicians, about their confidence in social institutions and about whether they thought there was a war between Ukraine and Russia.

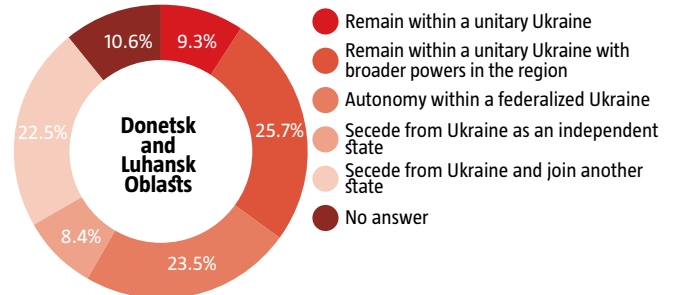
In 2016–2017, the Ministry of Information Policy also attempted to test the mood in ORDiLO, commissioning the IFAK International Research Agency. IFAK ran two polls in both the Ukrainian and Russian proxy side of the line of contact, also using personal interview methodology. The survey touched on a series of politically sensitive issues. According to the published results, in 2017, 43% of the residents of ORDiLO wanted to see their “republics” granted special status within Ukraine while the same proportion, 43% wanted the territory to become independent (see **The mood in ORDiLO in 2016 and 2017**). Unfortunately, the results of these two surveys raise serious doubts because of

The mood in Donetsk in April 2014*



*What do you think of the idea that your oblast should separate from Ukraine and join Russia?
Source: KIIS survey, April 10-15, 2014

The mood in the Donbas in April-May 2014*

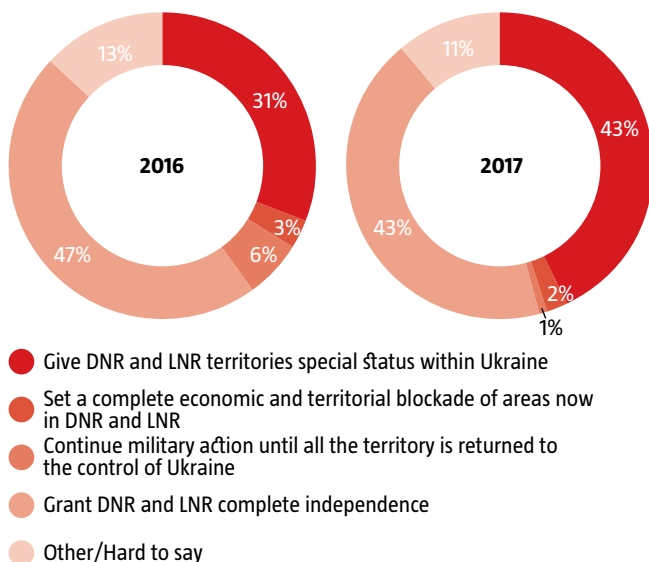


*Which of these options would you choose for your oblast if you could?
Source: KIIS survey, April 29-May 11, 2014

the company that carried them out. For instance, IFAK presented the option of returning ORDiLO to a unitary Ukraine, unlike the other options, exclusively by force. Moreover, among the options respondents were offered was “a complete economic and territorial blockade” of ORDiLO itself. This kind of questioning must be laid at the feet of the authors of the survey.

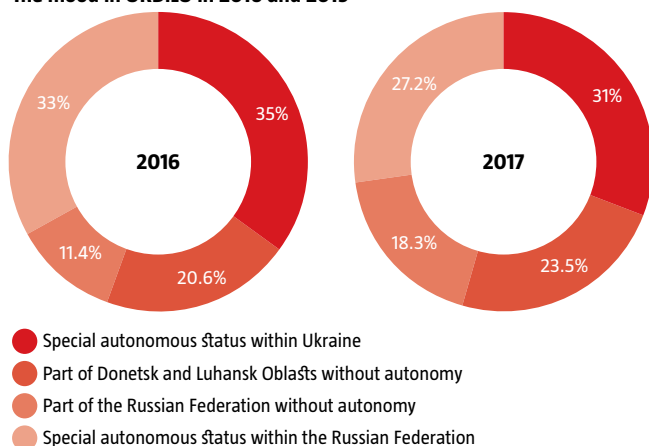
Among the opinion polls carried out in ORDiLO by international organizations, the best-known survey was the Center for Eastern European and International Studies, which ran two waves, in 2016 and 2019. The results for 2016 showed that 35% of ORDiLO residents supported the idea of returning to Ukraine as an autonomous entity, while 20.6% favored returning without autonomy. 33.1% wanted autonomy within Russia and another 11.4% wanted to join Russia without autonomy. There were no significant shifts in 2019: the share of those who wanted to return to Ukraine or Russia was 54.5% and 44.5%, compared to 55.5% and 44.5% in 2016 (see **The mood in ORDiLO in 2016 and 2019**). Still the surveys mentioned here are only a small fraction of the dozens of studies that have been carried out in the years of occupation – possibly even hundreds at this point. In short, Syvokho's statements about the absence of numbers coming from the occupied territories should not

The mood in ORDiLO in 2016 and 2017



Source: the IFAK Institute, commissioned by the Ministry of Information Policy of Ukraine, 2016–2017

The mood in ORDiLO in 2016 and 2019



Source: ZOlS, the Center for Eastern European and International Studies, 2016–2019

be believed. In any case, there's nothing extraordinary in these measurements. It's another question entirely to what extent these results can be trusted.

Debate over the reliability and point of surveys in ORDiLO began to circulate in sociological circles in Ukraine back in 2014. One of the most open discussions among experts from top polling organizations in Ukraine took place in May 2015 at Shevchenko National University in Kyiv. Some researchers, including KIIS General Manager Volodymyr Paniotto, insisted on the purpose and feasibility of such surveys. Another group, including Democratic Initiative Fund (DIF) Director Iryna Bekeshkina, noted that there were methodological problems that would affect the quality of the results obtained.

In the first place, there were organizational issues for pollsters. In order to survey using personal interviews, a network of trained interviewers had to be in place locally, but this was often difficult because of ongoing military action. A necessary phase of a sociological study is quality control over the work of the interviewers, a selection process that typically involves telephone calls to potential respondents. Unfortunately, this is impossible to do under the circumstances. In short, cooperation with groups of interviewers in ORDiLO is based purely on

trust. Meanwhile, the interviewers' work presents serious risks to the lives of these individuals, because those who interview residents of the "republics" at the behest of a Ukrainian organization can very easily find themselves being interrogated in some basement. Given the spy-mania that has been cultivated by the occupying administration, this kind of outcome is entirely possible. How much this affects the quality of the research is impossible to determine.

Telephone interview methodology is far safer for both the interviewers and interviewees, as it is not done face-to-face. This is how the Center for Eastern European and International Studies undertook its survey. Marketing specialists actually prefer the low cost and convenience of telephone surveys, but professional sociologists are fairly critical of the method. Firstly, they require an abbreviated format and a slew of thematic restrictions. Talking to people over the phone about political views when the respondents are in the epicenter of a war and under foreign occupation is not the best approach. Secondly, the landline network is sharply in decline in an era of widespread mobile communications. In ORDiLO, especially in smaller towns and villages, such networks may have been simply destroyed or be out of commission altogether.

But what affects the results of such surveys far more is the state of the respondents themselves. Firstly, residents in the occupied territories are understandably much more suspicious because of fear for their own lives. As a February 2018 DIF survey illustrated, residents of ORDiLO with whom respondents were in contact generally avoided discussing anything political, especially over the phone. Nor is this surprising, given that the occupation administration has engaged in political persecution on a very wide scale since Day One. These "investigations" too often end up with show trials in a kangaroo court and severe sentences. Moreover, people haven't forgotten the chaotic massacres of 2014–15, when thousands if not tens of thousands of locals found themselves being interrogated in basements or were killed outright for their "wrong" and "seditious" political positions.

At the same time, residents of ORDiLO are afraid of Ukraine as a result of relentless propaganda and scaremongering about the "secret prisons of the SBU" and "filtration camps" – the latter which are a modern Russian invention. And so, expecting natural trust towards strangers who present themselves as interviewers is quite pointless, even ridiculous. In practice, this distrust results in massive refusals to participate in surveys and insincere responses. Of course, the silence of a respondent can also speak volumes, but it's rarely possible to interpret such silences unambiguously.

And so, it's worth treating any sociological data from ORDiLO with caution, even if it has been collected by a reputable organization using the most reliable methodology. However, this doesn't remove the need to study public opinion in the occupied territories. In a situation where hybrid warfare is being waged, not to mention the prospect of reintegrating ORDiLO, such information is definitely useful intelligence, but still unreliable, based on the circumstances under which it has been gained. Another point is that public opinion in the occupied territories has been distorted by severe pressure from propaganda compounded by informational isolation. That means that even the most honest responses will continue to be the responses of individuals who have been bombarded with disinformation, terrorized and turned against Ukraine.

In short, it makes no sense at all for Ukraine to base its policies towards the region or to develop strategies for deoccupying and reintegrating ORDiLO on the opinions of locals. In order to know what the people there really think, they first have to be liberated, from the physical and informational violence they have suffered under Russia's proxies. ■

Stagnation 2.0

What the Russian authorities can do to preserve the current regime

Yuriy Lapayev

Vladimir Putin has already set a record of being at the helm of state. He has been in the Kremlin longer than Brezhnev, and he is close to Stalin, who ruled for 29 years. All this time, he, as a talented actor, has been playing quite successfully to popular effect a part of an ordinary Russian, as if he were one of them through and through. But, unlike the assumed apartment neighbor, positive, without excessive passion for alcohol and with a righteous (from the Russian point of view) fight against the whole aggressive world. That helped boost his ratings and gave him a chance to hold on to his stardom for so long.

However, the “problem-2024” has already appeared on the horizon – the year when Putin’s another, fourth presidential term expires. The year when you have to come up with some new idea again. It would be unacceptable for a democratic leader of a civilized country to cling to power, but Russia has long been considered neither civilized nor democratic. For about 20 years.

THE ONLY THING THAT IS PRACTICALLY UNCHANGED AND IS A SORT OF AN INVARIABLE AMONG THE POLITICAL LEADERSHIP OF THE RUSSIAN FEDERATION IS THE ATTITUDE TOWARDS UKRAINE. UNDER ANY CIRCUMSTANCES, UNDER ANY CRISIS OR SANCTIONS, UNDER ANY KREMLIN POLITICIANS, THE POLITICAL AGENDA OF THE “FINAL RESOLUTION OF THE UKRAINIAN ISSUE” WILL BE MAINTAINED

For the current Kremlin head, there are several options for solving this problem. The first involves a handsome gesture with Putin’s retirement from official power: an assumed pension with the transfer to the symbolic post of “honorary sambo wrestler” or chairman of the bikers’ association. Some Russian version of Deng Xiaoping or Nazarbayev, when the levers of influence and the actual leadership of the country remain, despite the emergence of another figurehead. In part, this technique was already worked out during a “castling move” with Dmitry Medvedev in 2008. It does not require much effort, and is unlikely to cause rejection on the part of the Russians, because at least officially the Constitution of the Russian Federation will not be violated. However, some Russian experts doubt the likelihood of such an option. Indeed, few believe that Putin can easily officially disappear from political stardom.

Despite the growing role of social networks, television remains one of the most important sources of power in modern Russia: the one who is shown during prime time hours is the leader of the state. Accordingly, devoid of media presence, Putin may lose legitimacy in the eyes of the environment and competitors. The master should be seated in the Kremlin, not at the cottage in Barvikha. It is in fact an invitation to the Brezhnev-style rebellion, when a group of conspirators dismissed current General Secretary Khrushchov from his position “for reasons of health” while he was on vacation in Pitsunda.

In this scenario, competitors will quickly call Putin on all foreign policy risky ventures. It’s not that Russian oligarchs or top officials are very concerned about the fate of Georgia, Ukraine, or Skripal, but they can count the damage from sanctions. It could

also be a great opportunity to pin on Putin full responsibility for unpopular economic and social decisions. Such as the 2018 pension reform, which, according to Russian sociologists (as far as they can be trusted in today’s Russia), has caused the Russian president’s anti-rating to rise: he is now distrusted by about a third of citizens. This is just the case when the wallet has overcome the TV, because the painful reforms completely offset the positive impact of “CrimeaIsOurs”. Most likely, he himself understands it well, so it’s not worth expecting that he will quietly take well-deserved rest. For the current Russian president, the notion of strength and weakness is decisive not only in domestic but also in foreign policy issues. He has no right to show weakness.

Another likely option is to amend the Russian Constitution. These amendments may concern the removal of restrictions on the presidency term, the number of consecutive terms, or the renaming of the post to any “everlasting Russian” analogue. The risk arising from this option is certain dissatisfaction within the country, which, of course, will not be a big problem to quell in the usual way: with OMON (riot squads) truncheons and crowded prison vans.

However, it should be taken into consideration that over the last two years, the proportion of those who do not want to see Putin as the next president has increased from 20% to 40%. People feel that the current regime leads to nowhere; the elite see no trends of the state development for the next 5-10 years. If for most of the older generation, Putin is still a symbol of stability and order, then for a young person born and raised and living an independent life under the same leader, this is not true. They do not know what stability is, they have not survived the “wild 1990s”, but they see that the country has been stagnant for a long time. This is where embarrassing conversations for the Kremlin begin, “one can’t live this way, and we should do something”. It is this kind of youth, the number of which is constantly growing in various protests, although they are still relatively non-aggressive and safe for the regime, but things can change.

The impact of television is gradually declining, with the new generation increasingly trusting YouTube, not the Ostankino Television Tower. Over time, opponents of the regime will increasingly get out of the reach of official propaganda, thus adding to the ranks of the opposition. Although it does not exist today (“classical” opponents of the regime like Aleksey “Crimea is not a sandwich” Navalny or Ksenia “the Second Referendum” Sobchak are not counted), but in case of a worsening of the situation it is quite capable to take definite shape. Indicative protest votes for the Communists will be the first signs. With a certain degree of negativity, such a move may be observed in the West. Of course, you should not expect any additional sanctions or boycotts, but the impact on the relationship will not be delayed.

Another possible option is the official transformation of Russia into a parliamentary republic. In that event, unlike the president, the chairman of the ruling party in the State Duma will theoretically have the opportunity to rule forever. At least until the party has a majority in parliament. A kind of Chinese version. At the same time, it requires a constant winning of the “United Russia” party in parliamentary elections, which, against the background of the recent defeat of the ruling party in the regional



Playing “Musical chairs”. Further unification of Russia and Belarus raises the difficult question: who of the two presidents will remain the sole chairman of the Union State?

elections, has ceased to be an easy task. In addition, in this case, it will jeopardize the existing rigid hierarchical structure and can destroy the individual leadership. Putin is unlikely to be happy to seek compromises with his neighbors in parliament.

There is another unpleasant trend: the increasing popularity of governors. They are practically catching up with the president in their ratings. This obviously indicates a gradual loss of control over the regions and the prospect of increasing their independence, which will again affect the results of voting and the distribution of seats in parliament.

The creation of a new state based on the Russian Federation is an unconventional solution. There are a number of potential candidates for accession there: Belarus, “the Republic of Abkhazia” and “South Ossetia”. The Ukrainian “DPR / LNR” may also be considered, and they are almost ready for the Russian mass media rhetoric: they allegedly have already earned their independence and have paid with their blood the right to become part of the Russian Federation. Such a political stunt will allow Moscow to officially proclaim a new format of the confederation, in fact a new state. And to Putin, it will give the reason to start all over with a blank slate, “forgetting” about past presidential terms. Russia is a generous soul and can well afford a few more fully subsidized regions like Chechnya, which now receives about 83% of all its finances from the federal budget. Whether Russian society, which already understands that support for self-declared states is worth a lot of money and that money is being taken from the regions, will swallow a bitter pill of such a development is a question that remains open.

The reaction of the international community still remains unknown, because in this case, it is likely that there will be more than just “deep concern”. However, recent news from Belarus

about stepping up integration in the Union State, including the creation of a unified government and parliament, hints that the Kremlin considers such a plan at least as a backup one. Russian reality show audience needs good success stories, because “CrimeaIsOurs” is in the past, Syria has turned out to be not positive at all, the population has been tired of the incomprehensible wars in the middle of nowhere. Therefore, a new fairy tale about the growth of a great powerful state may well become a working one, and at least for some time distract from the inconvenient issues for the Kremlin. The likelihood and feasibility of each of these scenarios are different; they may vary depending on external and internal factors. The only thing that is practically unchanged and is a sort of an invariable among the political leadership of the Russian Federation is the attitude towards Ukraine. Under any circumstances, under any crisis or sanctions, under any Kremlin politicians, the political agenda of the “final resolution of the Ukrainian issue” will be maintained. The military plans of the Russian Federation have not undergone any changes since the change of president in Kyiv. Troops are still standing near our borders, ready to go as invaders or “peacekeepers”. “Humanitarian convoys” continue to illegally break into Ukraine, shelling in the Donbas has not stopped, Ukrainian soldiers are still being killed. In the international arena, the Kremlin does not stop the economic and diplomatic pressure on our country; the Nord Stream-2 is nearing completion, international courts are continuing to review issues, resolutions are being adopted. It doesn't really matter what the negotiations in “Normandy format” end up with, because it is only a short episode in the war that has been going on for centuries. Therefore, thinking about who will stay or will be replaced in the Kremlin, one should not hope for better too much. ■

Capitulation kozak-style: The death of 1,000 cuts

How Ukraine's statehood collapsed in the 17th and 18th centuries

Nazar Rozlutskiy



Painter: Andriy Vankhnenko

Subjugation and intimidation. The Baturyn massacre was a prologue to the full liquidation of Ukrainian autonomy in the 18th century

When people speak about Ukraine capitulating to Russia, they think of it as a landmark development and definitely a tragic one. The average observer imagines a public memorandum or, on the contrary, a secret protocol, a flurry of diplomatic activity and, quite possibly, military action. That's why many underestimate the danger of the capitulation process, as it is something that can span years and even decades. At the time, no single individual decision might have

seen as critical, but the steady accumulation of systematic and consistent decisions eventually destroyed the public, civic and cultural foundations of Ukrainian institutions completely. This is what the Chinese call *lingchi*, the death by a thousand cuts, but in this case it's the state and national body. The world will barely notice the loss of Ukraine's agency, not only as a state but as a territory. In fact, Ukraine has gone through this more than once in its long history.

1654. The Treaty of Pereyaslav. The Kozak Hetmanate became Muscovy's ally in the war against Rzecz Pospolita. The March Articles on the terms of relations between the Tsar and the kozaks stipulated the full independence of the Kozak Hetmanate in its domestic politics plus some allied commitments and restrictions in its foreign policy.

Much can be said about internal squabbles that were the main factor in the Hetmanate's loss of agency or

about the “cursed” geopolitical triangle of Muscovy, Rzech Pospolita and the Ottoman Porte – Russia, Poland and Turkey, to this day Ukraine’s biggest immediate neighbors – that the young Ukrainian state found itself in surrounded by. But this article will focus entirely on the policies of Muscovy, later the Russian Empire, that permitted it to completely swallow Ukrainian lands within its ever-growing imperial body.

1657. Bohdan Khmelnytsky dies. The Hetman-led state was in a very difficult geopolitical position, but it was still there. It had territory, a fairly large and well-organized army, a relatively established central and regional power structure, a haphazard system of taxation and economic activity, and active international relations. The starting conditions were not great, but they were not the worst either. Nearly 140 years remained until the Kozak Hetmanate was fully absorbed into the Russian Empire.

1657–1659. Muscovy works to undermine Hetman Ivan Vy-

hovskiy, who pursued independent policies, entered into a war with Muscovy and defeated its army near Konotop. Vyhovskiy is removed through the sabotage of the kozak establishment.

1659. A new Treaty of Pereyaslav, now with Yuriy Khmelnytsky. The Hetman is forbidden to conduct an independent foreign policy and to appoint or remove colonels without approval from the Tsar. Instead, the Hetman must send the kozak army upon first demand in any war with the Poles or the Ottomans. Kozaks are forbidden to re-elect the Hetman. Moscow’s garrisons are placed in five cities across Ukraine.

1663 and 1665. Hetman Briukhovetskiy signs Baturyn and Moscow Articles granting Moscow the right to place garrisons in all major cities of the Kozak Hetmanate. The maintenance costs are burdened on the local population. Ukrainian cities and lands are transferred to the Tsar’s direct rule. The Tsar’s governors are entitled to collect taxes

for their treasury. Merchants face serious restrictions in trade. In fact, the kozaks remain the only ones who have any real rights, albeit curtailed.

1667. Muscovy and Rzech Pospolita sign the Truce of Andrusovo. This divides the territory of the Kozak Hetmanate in two: the Poles get the Right Bank while the Muscovites end up with the Left Bank and Kyiv. The position of the kozaks, their establishment and the Hetman is not taken into account. It’s only 13 years since Bohdan Khmelnytsky signed the ill-fated Treaty of Pereyaslav.

1669. After a massive rebellion, Moscow realizes that it had tried to incorporate the Kozak Hetmanate far too fast while the Truce of Andrusovo had split Ukraine’s territory, a risky step. The Hlukhiv Articles signed by Hetman Demian Mnohohrshniy restored some of the rights of the Hetman administration. Among other things, the Tsar’s garrisons were left in just five cities, while fiscal policies were handed back to the Hetman’s bureaucracy. »



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1672. Newly-elected Hetman Samoilovych signs the Konotop Articles. They officially entitle Moscow to negotiate the status of the Hetmanate and Zaporozhian Host with other states without any Kozak representation. Ukrainian lands were turned de jure turn into a bargaining chip. The articles abolished company regiments, the Hetman's personal units. From this time on, the Hetman had no military power of his own; his right to manage the kozak army had already been lost under Pereyaslav-2.

1686. Moscow and Warsaw sign the Treaty of Perpetual Peace, an agreement to finally break

THAT'S WHY MANY UNDERESTIMATE THE DANGER OF THE CAPITULATION PROCESS, AS IT IS SOMETHING THAT CAN SPAN YEARS AND EVEN DECADES. AT THE TIME, NO SINGLE INDIVIDUAL DECISION MIGHT HAVE SEEN AS CRITICAL, BUT THE STEADY ACCUMULATION OF SYSTEMATIC AND CONSISTENT DECISIONS EVENTUALLY DESTROYED THE PUBLIC, CIVIC AND CULTURAL FOUNDATIONS OF UKRAINIAN INSTITUTIONS COMPLETELY

up the Hetmanate. That same year, the Kyiv Metropole is illegally annexed to the Moscow Patriarchate. The Ukrainian Church loses independence.

1687. Hetman Ivan Mazepa signs the Kolomak Articles. Among other things, these articles focus on abolishing national differentiation of Ukrainians by encouraging marriages between "the Little Russian people and the Great Russian people." They oblige the kozak establishment to engage in spying on the Hetman and reporting on him to the Tsar's administration. Some of the "more minor" aspects of the articles included the placement of a regiment of Moscow riflemen in Baturyn, the seat of the Hetman.

These were the conditions in which Ivan Mazepa found Ukraine. Obviously, it was hardly the "good neighborhood, friendship and voluntary unification" as soviet and post-soviet propaganda portrayed it in different variations. Just 13 years later, Muscovy launched the Great Northern War against the Swedish Empire and Tsar Peter I demanded that thousands of kozaks join battle without proper supplies. In fact, kozaks were forced to work on a grandiose building frenzy of the emerging empire, including the building of Saint Petersburg, as well as channels and fortifications beyond the Hetmanate. Using the state of war as an excuse,

Moscow's governors squeezed more and more economic resources from the Hetmanate and oppressed the rights and freedoms of the kozaks, the urban population and the peasantry more and more. When the Swedish army drew nearer to Ukraine, the Tsar told Mazepa that he would not allocate a single soldier, so Mazepa had to figure out a way to defend his land. Under the circumstances, Mazepa switched to the Swedish side.

1708. The sack of Baturyn. In retaliation, the Muscovite army penetrated the fortified town of Baturyn and slaughtered 15,000 civilians living there. Those atrocities were a demonstrative revenge intended to intimidate the rest of the population of the Hetmanate. Peter's next step was to destroy Zaporozhian Sich. It was only revived in that territory some 26 years later when Russia's rulers once again needed allies to fight against Crimea and the Porte.

1709. The Battle of Poltava. The defeat of Mazepa and the Swedes in the 1709 Battle of Poltava brought an end to the Ukrainian statehood project. The Reshetylivka Articles submitted by Hetman Ivan Skoropadskiy that July further limited the Hetman's already curtailed powers. But the Russian government and its representatives—Muscovy became the Russian Empire in 1721—had no intention of honoring them. After Skoropadskiy died, Peter I decided that it was time to abolish the institution of the Hetman once and for all. Instead of scheduling elections, he established the Little Russian Collegium as a separate entity to rule the territory of the Kozak Hetmanate. The kozak leadership that tried to oppose the new order was arrested and its leader, Pavlo Polubotok, died in jail.

1720-1750. Slow destruction and russification. The Ottoman Porte was the major opponent of the Russian Empire, meaning that the timing was not right for a "final solution" in the Ukrainian question. As the Russian empire grew by leaps and bounds, having allies rather than enemies on its southern frontier worked for the Tsar. Because of that, the institution of the Hetman was restored and abolished on and off, while rank-and-file

kozaks were allowed to rebuild the Sich on its original territory and exercise their own administration in the Lower Dnipro valley. Still, bits and pieces were chipped away from the kozak lands from time to time to resettle people from the Balkans. As a result, temporary entities like Novoserdia and Sloviandobro emerged there. Meanwhile, the real imperial offensive unfolded in the humanitarian domain: decrees came out to ban books in Ukrainian, withdraw old Ukrainian books from use, and rewrite all state decrees and instructions in Russian only.

1764-65. Catherine "unifies" Ukraine. The ultimate "unification" of Ukraine started after Catherine II came to power. In 1764, she finally abolished the institution of the Hetman and established the Second Little Russian Collegium. In 1765, she abolished the kozak military order of regiments and companies in Sloboda Ukraine, which did not report to the Hetman but were self-governing. Ukraine had finally been turned into an ordinary Russian gubernia or province.

1775. The Sich is abolished. Following the Russo-Turkish war won with the help of the kozaks, Catherine II abolished Zaporozhian Sich and all kozak freedoms in the Lower Dnipro valley. The order of regiments and hundreds was abolished throughout the Hetmanate in the 1780s and serfdom was introduced among Left-Bank Ukraine peasantry, units of registered kozaks were merged with the Russian army, russification intensified, and favorable conditions were created for the russification of the kozak elite by equating their rights with those of Russian aristocracy. The incorporation of Ukraine into the Russian imperial body was thus conducted in all spheres.

1786. Second Little Russian Collegium is disbanded, having served its purpose in ultimately destroying the remnants of Ukrainian independence. New imperial gubernias replaced the Kozak Hetmanate and Zaporozhian Sich. After Right-Bank Ukraine, Podillia and Volyn were annexed from Rzecz Pospolita, this well-tested strategy was applied to that territory as well.

By the end of the 18th century, no signs of differentiation between Ukrainian and Russian territory remained. And yet, no one step in this process had been seen as the ultimate capitulation. ■



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Festival of Giant Chinese Lanterns (Spivuche Pole, Kyiv)

This unusual festival of light, great atmosphere, and family pleasure starts on December 13 in Kyiv. One of the best landscape parks in the capital, Spivuche Pole will become a real winter fairytale with giant light installations—the organizers promise more than 30 of them. But that's not all! Guests to the Festival of Chinese Lanterns will enjoy many different stage shows, a holiday bazaar, and an exciting show that will thrill all comers, from the littlest to the biggest.



Pikkardiyska Tertsiya Shevchenko Academic Oblast Ukrainian Music and Drama Theater of Volyn (ploshcha Teatralna 2, Lutsk)

In a performing career that spans more than 20 years old, *Pikkardiyska Tertsiya* has won millions of hearts, and not only in their native Ukraine. Over the years, the all-male *a capella* group has performed more than 300 songs in all kinds of styles, from rock, folk and jazz, to pop, rock 'n' roll and classics. And it continues to enthral audiences with its virtuoso interpretations and rich repertoire. Maybe that's why their concerts are always sell-outs, while "Starenkiy Tramvai" (The Old Tram) and "Plyve Kacha" (A duck is swimming), the song that mourned the Heavenly Hundred, have long ago become classics.



Ice Sculpture Show Frantsuzkiy Bulvar Shopping Mall (vul. Akademika Pavlova 44-B, Kharkiv)

This will be the first-ever professional ice sculpture exhibition in Ukraine, so don't miss it! With world-class sculptors participating, here's the perfect opportunity for kids and grown-ups alike to spend some fun hours in a magical kingdom filled with favorite animated characters and superheroes, and to take pictures with them. Of course, they're all made of ice, as though Elsa from "Frozen" just dropped by. Factoid: the sculptors used more than 50 tonnes of ice to make their fantastic creations. Hard to believe? Come down yourself and see it with your own eyes. Kharkiv welcomes everyone to come visit this wonderful world of ice.



December 23, 20:00 ————— January 6, 19:00 ————— January 7, 19:00 —————

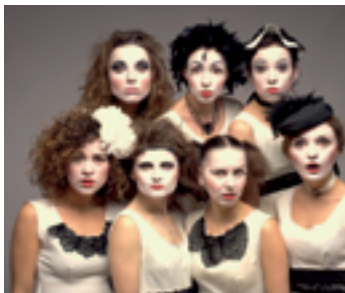
Scriabin. The best from 30 years Solomiya Krushelnyska Opera House of Lviv (prospekt Svobody 28, Lviv)

Scriabin's frontman, Kuzma, may be gone, but his music lives on. Heartfelt and easy to catch, his songs reflect life in all its colorful changes, make the listener think, and push us to try to be better. For this concert, the group will sing all the old favorites to the accompaniment of the symphonic orchestra. "Old photographs," "Movchaty" (Silence), "People like boats," "City of happy people," "Sleep by yourself (my love)," and other hits will provide the musical framework for a special video and photo show on a large screen telling us the story of the life of the real Kuzma, Andriy Kuzmenko of Lviv.



Dakh Daughters Band Caribbean Club (vul. S. Petliury 4, Kyiv)

Christmas this year promises to be even more magical in the company of the wild Dakh Daughters. This theatrical musical group calls its show a "freak cabaret," and every performance is a truly unique celebration of the musical cabaret and crazy theater. This time, fans can look forward to a special surprise: in addition to their well-known faves, Dakh Daughters will perform a series of new compositions, including traditional Christmas carols and koliada in their own interpretation, along with hits from their Air album, which came out in April. PS: Don't forget to see them in the equally magical movie, *Hutsulka Ksenia*.



Oleh Skrypka and the NAONI Orchestra. Rizdvo concert and Shchedryk Ukraina Performance Hall (vul. Velyka Vasylkivska 103, Kyiv)

After their sold-out concert last year, the inimitable Oleh Skrypka and the NAOI orchestra couldn't possibly let their fans down during this year's Christmas season! And so we have the traditional Rizdvo (Christmas Day) program that's guaranteed to get encores. What can you look forward to? New koliada, old favorites, and surprises that the performers are keeping mum about for now. A fairytale holiday atmosphere is guaranteed. Why not join us? The new venue promises an even more wonderful evening.

