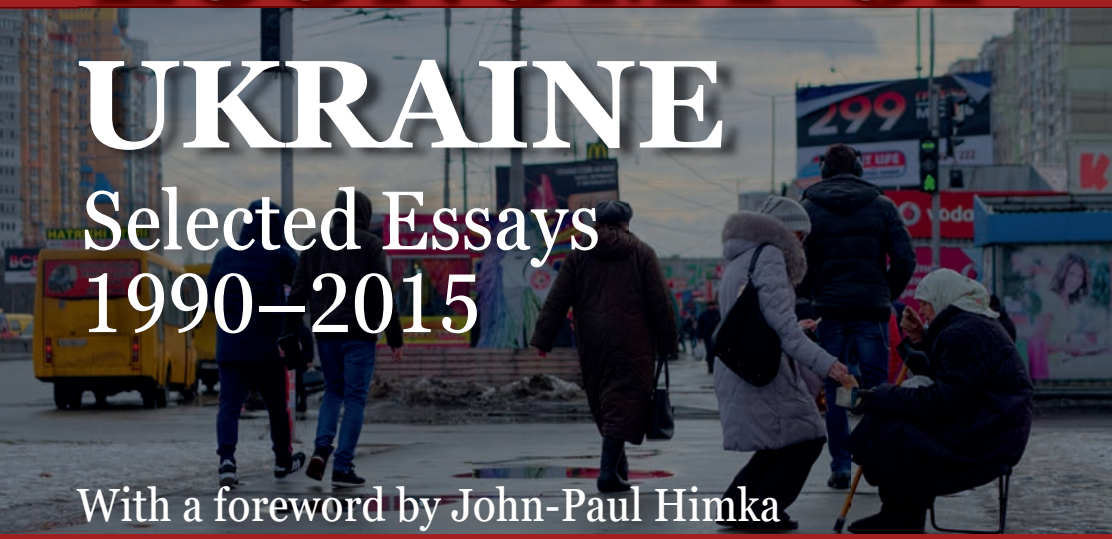
Marko Bojcun

TOWARDS A POLITICAL ECONOMY OF UKRAINE

Selected Essays 1990–2015



With a foreword by John-Paul Himka

Ukrainian Voices, vol. 3

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Marko Bojcun

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Marko Bojcun

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Abbreviations

bcm—billion cubic metres
bn—billion
BRIC—Brazil, Russia, India, China
CBMMO—Capacity Building in Migration Management Programme
CIA—Central Intelligence Agency of the United States of America
CIS—Commonwealth of Independent States
cm—cubic metres
Comecon—Council for Mutual Economic Assistance; after 1991 renamed Organisation for International Economic Co-operation
CPSU—Communist Party of the Soviet Union
CPU—Communist Party of Ukraine
EU—European Union
FDI—Foreign Direct Investment
FSB—Federal Security Service of the Russian Federation
FSU—Former Soviet Union
G7—Group of Seven (USA, Canada, Japan, Germany, United Kingdom, France, Italy)
G8—Group of Eight (USA, Canada, Japan, Germany, United Kingdom, France, Italy, Russian Federation)
GATT—General Agreement on Tariffs and Trade
GDP—Gross Domestic Product
GUUAM—Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova
ha—hectares
IMF—International Monetary Fund
IOM—International Organisation for Migration
KGB—Committee for State Security of the Soviet Union
kwh—kilowatt hours
m—million
mcm—million cubic metres
mt—million tons
NATO—North Atlantic Treaty Organisation
NBU—National Bank of Ukraine
ODI—Overseas Direct Investment

PCA—Partnership and Co-operation Agreement
PHARE—Poland and Hungary Assistance for the Restructuring of the Economy
Rukh—People's Movement of Ukraine for Restructuring
SAWS—Seasonal Agricultural Workers Programme, United Kingdom
SBS—Sector Based Scheme, United Kingdom
SBU—Security Service of Ukraine
SPU—Socialist Party of Ukraine
TACIS—Technical Assistance to the Commonwealth of Independent States
tr—trillion
t—ton
UHU—Ukrainian Helsinki Union
UN—United Nations
UPR—Ukrainian People's Republic
USSR—Union of Soviet Socialist Republics
VAT—Value Added Tax

Foreword

Anyone who wants to understand how Ukraine functions (and also malfunctions) should study the essays that Marko Bojcun has collected here in a single volume. The essays date from various years, starting in 1990, shortly before Ukraine became an independent country. Reading and rereading them, even after so many years, I am struck by their clarity of explanation and the untarnished validity of their content. Even though they were all written close to the events they analyse, somehow they have managed to avoid becoming superseded or even stale and remain valuable sources to the history of contemporary Ukraine. I ascribe their longevity to Marko's approach, which is unique in the field of Ukrainian studies.

Marko likes to focus on the nexus between politics and economics. Although Marx is not cited or even mentioned so much as once in this collection, his spirit hovers over it. All the essays look at the economic underpinnings of certain political results, although never in a simplistic base-and-superstructure fashion. Almost half the book analyses the 1990s, when the transition from the Soviet planned economy to a market economy took place. This period laid the track for the future course of Ukraine's development and deserves the detailed treatment that Marko devotes to it.

Another aspect of Marko's approach that distinguishes it from much of the literature on the Ukrainian transition is the conceptual distance he maintains from capitalism. Marko keeps the reader aware that the transition has not been from the clunky planned economy into some kind of putative normalcy, into some natural and rational culmination of economic evolution, but from one specific, historically-formed type of economic system into another, from Soviet-style socialism into Western-dominated capitalism. He is aware of the features of the latter, both positive and negative for Ukraine, and this awareness gives him a vantage point in analysis that committed free-marketers have difficulty reaching.

Workers and workers' movements find extensive treatment in Marko's texts, especially those of the Donbas. After 2014 and the

outbreak of war and separatism in the eastern part of that region, it is particularly interesting to be reminded of all the workers' activism that emerged there in 1978, 1989–90, and 1992–93. Those moments are infrequently cited in analyses of the current conflictual situation. Could anyone back then have guessed the direction things would take?

Actually, Marko had a clear sense of the possible problem already in 1990. Considering the larger historical context, he wrote: "The main weakness of previous bids for Ukraine's independence—in 1917 and during World War II—lay in the historic division between Western Ukrainian nationalism and the Eastern Ukrainian proletariat. The former saw national unification and independence as a panacea without considering fully the political and social egalitarian aspirations of workers in such a movement for a new state. The latter, a multinational working class with a sizeable Russian component in the most industrialized part of Ukraine, was radical in social and political demands, but not quite sure whether its region should belong to Ukraine or to Russia." Throughout the essays in this volume, Marko has kept an eye on regionalism, particularly the east-west divide in Ukraine. Again, the strong sense of a regionally divided Ukraine has by no means been shared by all analysts. Many have not wanted to see the divisions and have constructed in their imaginations a united Ukrainian people with a single will and a cohesive Ukrainian state to which it pledged loyalty. But the reality kept exposing itself, with every election and with every revolutionary moment on Kyiv's Maidan.

The essays are sensitive to Ukraine's delicate geopolitical situation between Russia and the West. Marko's position again stands out among analysts. Most analysts writing in English concentrate on Russia's designs on Ukraine, which have been more apparent since the crisis on 2014. Analysis of Western relations with Ukraine has been, by contrast, relatively neglected. This is similar to the case of Marko's approach to the economic formations in the transition; more or less everyone else agreed about the need for Ukraine to move away from the Soviet planned economy, but they paid little attention to the nature of the goal for which Ukraine was naturally expected to strive: the free market economy, aka capitalism. Just as

Marko looked critically at capitalism's role in Ukraine, so too he looks critically at the West as well as Russia. He illuminates, but not with soft lighting, Ukrainians' labour emigration to Western Europe and the EU's blatant toying with Ukraine. In Marko's view, one has to factor into the analysis the "rivalry between Russian and European imperialisms to incorporate Ukraine into their respective transnational strategies." And as he points out, neither of the two vectors was willing to acknowledge how they had complicated the environment of the new born state: "The fact that [Ukraine's] economy was closely tied to both the Russian and EU markets, asymmetrically but nevertheless in equally strong measure—through debt to the West, energy supplies from the East, and trade with both—was simply ignored by Russian and EU leaders."

Marko also takes an expertly aimed shot at Western hubris towards post-Soviet Ukraine. In the 1994 parliamentary elections in Ukraine, some candidates distributed goody bags to boost support, a practice condemned by the Western democracies. But Marko is absolutely correct to observe: "While these were certainly violations of Ukraine's electoral law, one may well ask what is a more serious distortion of the democratic process—the delivery of food packets to pensioners containing condensed milk, barley, sugar and a leaflet from the donor candidate, or the undisclosed donation by a large corporation of millions of pounds/dollars to the election campaign fund of a political party?" He wrote this in 1995, and a quarter of a century later the goody bags have disappeared from Ukrainian politics, but the corporate distortion of elections in the West has only increased.

Marko brings a highly intelligent leftist perspective to his analysis of Ukraine's politics and economy. Some American, British, and German leftists, so opposed to Western policies and particularly those of the United States, have sought to justify the policies of anti-Western forces such as the Islamists or Russia. In the latter case, this has led to some anti-Ukraine and anti-Ukrainian rhetoric marked by essentialism and prejudice. Marko is certainly not one of this kind of leftist. He stands on the left, but he also stands for deeper democracy and for Ukraine. How did he arrive at this standpoint?

Here I will say a bit about one station on Marko's journey to become the insightful, original analyst that he became. We were both involved in a particular milieu in Canada in the 1970s and 1980s, the Ukrainian Canadian anti-Soviet left. We had our own journals. One was *Meta*, which came out mainly in English in 1975–79. Marko was a member of the editorial collective, which was based in Toronto, where he then lived. The journal described itself on its cover as "a forum for left wing analysis and discussion on the Ukrainian question, Eastern Europe and related international issues." Marko was also a member of the editorial board of *Diialoh*, which came out entirely in Ukrainian from 1977 to 1987. The politics of this journal was well captured by the motto it bore on its cover: "For socialism and democracy in an independent Ukraine." The audience the journal was aimed at was Ukrainians in Poland, Czechoslovakia, and the USSR. Emissaries from the group travelled into Eastern Europe with copies of the journal. To be honest, its greatest impact was not on Ukrainians in the communist states, but on the young people that put it together in Canada. Most of the work on the journal—typing, layout, reproduction—was done in Edmonton, Alberta, about 3500 kilometres west of Toronto, where Marko lived, but the collective held regular conferences that Marko attended. Marko also penned two long analyses in 1981, under his pseudonym Taras Lehkyi, one on the situation in Poland in that year, the year of the Gdańsk strikes and rise of Solidarity, and the other on the Soviet invasion of Afghanistan that had begun two years earlier. The latter article can be found on the internet, reprinted by the leftist Ukrainian site *Vpered* in February 2019.

The leftism in our milieu varied from orthodox Marxist to more vaguely progressive, with strong feminist elements. Many of the members of the *Meta* and *Diialoh* collectives had been active in organizations of the Fourth International, including Marko. These Trotskyists preferred the terminology "anti-Stalinist" to "anti-Soviet," since the latter term in the cold war era conjured up right-wing reaction. The moment of our greatest enthusiasm was 1981, when the workers in Poland rose up against the communist regime, supported by dissident, left-leaning intellectuals like Adam Michnik and the late Jacek Kuron. This was our vision: that the Soviet

proletariat would rise up against the regime and insist on installing genuine and democratic socialism. And we felt that Ukraine would be the vanguard of this revolution, since its population suffered from both social and national oppression. It turned out we were wrong about this, and Marko's essays in this volume document his recalibration to the actual results of the historical process.

During the 1970s and 1980s we all believed in the need for Ukraine to become an independent country. And when it happened, when Ukraine declared independence and the Soviet Union collapsed in 1991, the cohesion among us became fissiparous. I often recall the words attributed to the Polish statesman, Józef Piłsudski: "Comrades, I took the red tram of socialism to the stop called independence, and that's where I got off." Some of us went off to Ukraine to help build the state. Some of us remained in the West and tried to make sense of the new situation. Some of us dropped out.

Marko, by then living in London, charted his own course. The essays that follow constitute the logbook.

John-Paul Himka
Professor Emeritus, University of Alberta

Ukraine: The Issue of National Self-determination*

The Ukrainian Soviet Socialist Republic was established by the Bolsheviks after the 1917 Revolution and Civil War. It had a population of approximately 30 million people on a territory of 443,000 square kilometres, encompassing present-day Central and Eastern Ukraine. Western Ukraine came under control of the newly established states of Poland, Czechoslovakia and Romania. In December 1922 the Ukrainian SSR formally joined the USSR on the basis of the Treaty of Union. It was further enlarged during World War II with the annexation by the Soviet Army of Galicia and Volyn from Poland in 1939, northern Bukovyna and sections of Bessarabia from Romania in 1940, and Transcarpathia from Czechoslovakia in 1945. With the transfer of Crimea in 1954 from the Russian SFSR to the Ukrainian SSR, the republic further grew to its present size of 603,700 square kilometres.

With the collapse of Czarism in 1917, political control of the Ukrainian provinces of the Russian Empire was contested by the Provisional Government based in Petrograd, the Central Rada based in Kyiv and the workers parties (mainly Mensheviks and Bolsheviks) based in the urban soviets. The Rada emerged the strongest contender in October 1917. It took power with the overwhelming support of peasants on the land and in the army and with a growing base among workers, especially in the northern provinces. In November the Rada declared the formation of the Ukrainian People's Republic (UPR).

Although the Bolsheviks entered the 1917 Revolution largely convinced that new nation states were an anachronism, their branches in Ukraine supported the Rada against the Provisional Government in October and then sought a place in the leadership of the Ukrainian People's Republic. Having failed to find agree-

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* First published in: *The Times Guide to Eastern Europe: Inside the other Europe*, ed. Keith Sword (London: Times Book:, 1990), 224–236.

ment on their proportional representation, the Bolsheviks withdrew and established a competing Ukrainian People's Republic government in December 1917, with headquarters in Kharkiv based mainly on the urban soviets of the Donbas region in southeastern Ukraine. The Kharkiv-based UPR became the Russian Bolsheviks' fig leaf for their military intervention against the Kyiv-based UPR in January 1918 which led the latter to declare independence from Soviet Russia in January 1918 and to seek military support from the Austro-Hungarian armies.

After three years of civil war, foreign interventions by Axis, Entente, White and Red armies, and no less than 14 separate governments, the Bolsheviks finally took power in Ukraine with the military and economic backing of Soviet Russia. They consolidated power here during the 1920s by conceding the New Economic Policy to the peasantry, which gave them a chance to prosper as individual producers, and by admitting left wing sections of the patriotic intelligentsia to the Communist Party, to government office, the educational system, mass media and the trade unions. Through such institutions the Ukrainian intelligentsia set out in the 1920s to make Ukrainian the language of civic life, education and economic activity, and to strengthen the republic's rights vis-a-vis Moscow.

The first post-revolutionary decade is considered a golden era of national rebirth. The second decade leading up to World War saw a brutal collectivization of agriculture, the death of approximately seven million peasants in the famine of 1932–3, the extermination by Stalin's secret police of an entire generation of Ukraine's political, cultural, scientific and religious leaders, and the crash industrialisation programme with which Stalin prepared his country for war.

World War II, which brought about the unification of practically all Ukrainian territories into the Ukrainian SSR, also cost the republic six million lives, or 30 percent of the USSR's total human losses, and the destruction of much housing, industry and communications, amounting to 47 percent of the USSR's material losses. These were compounded by the outbreak of famine in Ukraine in 1946, the continuing campaign by Soviet units in Western Ukraine

against the guerrilla Ukrainian Insurgent Army and the mass deportations to Siberia and the Far East of this region's villagers on suspicion of nationalism and disloyalty to the Soviet regime. 'When the casualties of the civil war, collectivisation, the purges and the Second World War are combined, more than half the male and a quarter of the female population perished'.[1]

The status quo in Ukraine was challenged in the latter half of the 1950s and 1960s (the period of de-Stalinization throughout the USSR) by the opposition or dissident movement. Unlike its counterpart in Russia, the Ukrainian opposition movement was supported actively by workers, both in membership of its various organizations and participation in meetings, petitions, etc., particularly in its early years. This movement had as its primary objectives the restitution of civil rights and national self-determination for the republic. It gained support within the Communist Party of Ukraine and a number of key republican state institutions, in response to which the central Communist leadership under Leonid Brezhnev ordered the movement to be crushed. A wave of arrests of prominent oppositionists swept the republic in January 1972 and many were subsequently incarcerated to long terms in labour camps, psychiatric prison hospitals and internal exile. The Communist Party of Ukraine was purged of its patriotically inclined members and its First Secretary, Petro Shelest, was removed from office.

Volodymyr Shcherbytsky, Brezhnev's faithful ally, replaced Shelest in 1973. He ruled the republic until 1989 when he retired from office and died soon afterwards in February 1990. By the end of his term in office Shcherbytsky had discredited himself publicly by his iron rule, subservience to Moscow and his cover up of the immediate and long term effects of the 1986 Chernobyl disaster. His failure to cope with the July 1989 miners' strike in Donbas or the emergence of the Popular Movement of Ukraine for Restructuring (Rukh) made him appear out of step with the times and a liability for the Party. In September 1989, after careful preparation in Moscow by the CPSU Politburo, a plenum of the CPU Central Committee

1 Bohdan Krawchenko, *Social Change and National Consciousness in Twentieth-century Ukraine* (London: Macmillan, 1985), 171.

in Kyiv elected Volodymyr Ivashko as the Party's new republican First Secretary. At 57 years of age and a Party member since 1960, lvashko was described by Mikhail Gorbachev as 'intelligent, cultured and simply very accessible'[2]. His task was to steer the republic through an impending storm of political change, which was already blowing in adjacent Eastern Europe, and to keep the Party in office.

The political terrain

Three key political forces were evident in Ukraine at the beginning of 1990: the Communist Party, Rukh and an array of independent workers' organizations, principally among the miners. Also, several new political parties were about to formally constitute themselves and seek office within a multi-party electoral system. The signal for such a system was given in February 1990 by the CPSU's declaration that it would give up its monopoly of power. The Ukrainian republican elections in March came too soon for a genuine multi-party contest here, but their outcome showed clearly that the CPU was destined to share power or to become a minor party in opposition.

The Communist Party of Ukraine claimed 3.3 million members at the beginning of 1989, one-sixth of the CPSU's total. However, it was losing both members and authority within society at large, because its leadership under Shcherbytsky was associated with the Brezhnev era. It was failing to improve the economic situation or to make any concessions to popular demands for change in linguistic and cultural policy, nuclear energy, environmental protection and political reform.

Through its control of electoral commissions the Party prevented the nomination of all but a few Rukh candidates to stand in the first all-Union elections in March and April 1989 to the Congress of People's Deputies. The electorate responded with a boycott of many single candidate constituency elections, thus defeating unpopular nominees of the CPU apparatus. On the other hand, reform-

2 *Moscow Radio*, 28 September 1989.

minded Communists in other constituencies who had publicly declared support for Rukh's programme were elected to the Congress.

Ivashko's first months in office saw the Party leadership steering several progressive pieces of legislation through the Ukrainian Verkhovna Rada (parliament): on improving the status of the Ukrainian language in the republic; making its electoral law more democratic; and declaring the need to close the Chernobyl nuclear power station for good. Such measures were intended to improve the CPU's image and to convince the population that Ivashko's elevation signalled a major turn to responsible and accountable government in the republic. But they did not arrest the flow of resignations from the Party. More alarming still, a wave of mass protest against oblast Party leaders on charges of corruption and patronage swept the republic in the first three months of 1990, forcing their resignation in five of the 25 oblasts. Ivashko acknowledged in March 1990 that it was no longer easy to attract professionals and people of standing in the community to the Party and spoke of his previous career as a college lecturer as "the better years of my life".[3]

Rukh has its origins in 1988 when attempts were made in various cities to launch popular front organizations on the model of those in the Baltic states. The most active participants in such attempts were former political prisoners just released from labour camps and exile, radical students and members of the Ukrainian Writers' Union. Many of the last were also members of the Communist Party. However, all these attempts were crushed by the authorities until November 1988, when an initiative committee composed of prominent Kyivan writers and other intellectuals was formed in Kyiv. The committee wrote Rukh's draft programme, which was published in February 1989 in *Literaturna Ukraina*, the writers' union newspaper. Local Rukh branches sprang up in all 25 oblasts, the strongest centres being Kyiv, Lviv and the towns of Central and Western Ukraine.

Despite intense pressure applied by the CPU leadership against its own members in Rukh, as well as a continuous campaign

3 Interview with Marko Bojcun for *HTV Wales*, 1 March 1990, *Ukraine Today*, No. 2, August 1990, 19–23.

of slander and abuse against the organization in the state controlled media, Rukh prepared and convened its first national congress in Kyiv on 8–10 September 1989. Of the 1,158 delegates in attendance representing 280,000 Rukh members, almost a quarter were CPU members. Engineers, teachers, industrial and cultural workers were well represented. Ukrainians made up a majority of those in attendance, followed by Russians and Jews. Among the informal groups whose members were active also in Rukh, the Ukrainian Helsinki Union was the best organized and most prominent.

The founding congress adopted a new programme that deleted all previous acknowledgements of the 'leading role' of the Communist Party and declared 'humanism, democracy, openness, pluralism, social justice and internationalism' as its guiding principles. It elected Ivan Drach, a well-known writer, as its head and Mykhailo Horyn of the Ukrainian Helsinki Union as chairman of its ten-member Secretariat. It declared its intention to issue a national newspaper, establish permanent headquarters in Kyiv and run its candidates in future election campaigns.

The retirement of Shcherbytsky and his replacement by Ivashko soon after Rukh's first national congress was interpreted by many political observers as the Party's attempt to stem defections from its ranks to Rukh. Some in the CPU leadership like Leonid Kravchuk, Ideological Secretary in the Politburo and its emissary to the Rukh Congress, saw that a clear split in the CPU's ranks might result from the rapidly changing political conjuncture, and entertained the idea of a "Hungarian evolution": a split between the old conservative wing and the younger reform Communists, but with the latter seeking to draw the more moderate and federalist wing of Rukh into a new formation with them.

As noted above, the CPU leadership also launched a number of legislative initiatives to improve its image. Finally, it skilfully dragged out negotiations with Rukh over the latter's access to printing facilities for a national newspaper and its legal registration. Both questions were critical to Rukh's participation in the March elections. In the end, Rukh was not registered until mid-February 1990, after nominations of election candidates were closed, and so its candidates were forced to seek nomination by other, registered

organizations or on the basis of place of residence or occupation (as permitted in the new electoral law). Rukh managed to produce the first issue of its newspaper, *Narodna hazeta*, at the end of February, too late to have a significant impact on the first round of elections on 4 March. Yet it was still ascendant in the first months of 1990, with a membership surpassing half a million and an ability to organize, for example a 300-mile human chain across the republic on 21 January to mark the anniversary of Ukrainian independence in 1918.

The third important political force to consider in Ukraine is the independent workers' movement, centred in 1989 and 1990 around Donbas mining communities. This movement was triggered by the July 1989 miners' strike, which spread from the Russian Republic into Ukraine and encompassed all of Donbas and the Galician-Volynian coalfield. As in other parts of the Soviet Union, Ukrainian miners established strike committees to lead them, negotiate with the government and maintain order in the towns. The strike committees evolved into workers' control committees in August, after negotiations were concluded, which were charged with monitoring implementation of the agreement. The control committees united into a regional organization in August and set out in September to found the Donbas Union of Workers, an independent union encompassing workers in all industries.

The workers' movement first emerged in Donbas for several reasons. Ukrainian miners have a long tradition of struggle, even in the most difficult years. The Association of Free Trade Unions, established in 1978 by Vladimir Klebanov and suppressed mainly by psychiatric abuse of its leading members, was based here. Problems of housing, food supply and working conditions became worse in the 1970s and 1980s as the central government shifted capital investment away from Donbas into Western Siberian open cut mining. The accident rate soared. In 1987, in the midst of a spate of fatalities in the pits, the Ukrainian republic's coal ministry was abolished and control of the industry was recentralized in Moscow even more. By 1989 the situation here was clearly coming to a breaking

point: in the first three months there were eleven strikes. A lull followed, and the twelfth strike on 17 July brought Donbas into the country-wide miners' strike.

The strikers did not limit themselves to economic demands, although these were clearly of paramount immediate importance. The miners wanted a form of enterprise autonomy and regional cost accounting that gave their own organizations control of capital investments, the wage fund, management appointments, domestic wholesale trade and a part in international trade of their coal as well. They demanded the removal of unpopular trade union, government and police officials; the Chervonohrad miners in Western Ukraine demanded Shcherbytsky's removal. Most important of all, strike committees in Ukraine and other parts of the Soviet Union demanded the abolition of Article 6 of the Soviet Constitution that guaranteed political power to the Communist Party.

Further evidence of a rapid politicization of miners included: participation of their strike leaders as observers in the September Rukh congress; readiness to mount a general strike if the original CPU draft of the new republic election law was not withdrawn (the original draft reserved a number of uncontested seats for CPU-sponsored organizations); fielding candidates in the March elections; and the mounting of strikes and demonstrations in Donetsk oblast on the eve of the elections to force the oblast CPU leadership to resign.

The miners' strike and its aftermath had a lasting impact upon other groups of Ukrainian wage earners. First, it demonstrated to them how the strike weapon could be applied effectively, without creating pretexts for a violent reaction from the authorities. This led to the formation of strike committees in numerous towns and cities that accepted the strike as a weapon of last resort in the pursuit of all manner of popular demands. Second, the miners impressed upon other workers the value of independent organization, which took form later in the Donbas Union of Workers, the Horlivka Workers' Union and Yednist (Unity), formed in February 1990 in Kharkiv by workers' committees from 16 towns and cities across the republic.